

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 and the Series 2017C Bonds is includible in the gross income of the owners thereof for federal income tax purposes. As further described under “**TAX MATTERS**” herein, legislation is pending in Congress that would significantly change individual and corporate income tax rates and the alternative minimum tax for tax years after 2017. Interest on the Series 2017 Bonds is not exempt from present Illinois income taxes. See “**TAX MATTERS**” herein regarding certain other tax considerations.

\$743,735,000

SALES TAX SECURITIZATION CORPORATION

Sales Tax Securitization Bonds,

\$172,065,000 Series 2017A

\$400,630,000 Taxable Series 2017B

\$171,040,000 Taxable Series 2017C



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**”), the Sales Tax Securitization Bonds, Taxable Series 2017B (the “**Series 2017B Bonds**”) and the Sales Tax Securitization Bonds, Taxable Series 2017C (the “**Series 2017C Bonds**”) and together with the Series 2017B Bonds, the “**Taxable Bonds**”; the Taxable Bonds 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 December 1, 2017 (the “**Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), a First Supplemental Trust Indenture for the Series 2017A Bonds and the Series 2017B Bonds, dated as of December 1, 2017, by and between the Corporation and the Trustee, and a Second Supplemental Indenture for the Series 2017C Bonds, dated as of December 1, 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 and certain of the City’s outstanding general obligation 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 14, 2017.

Jefferies[†]

George K. Baum & Company

Hutchinson, Shockey, Erley & Co.

Rice Financial Products Company

Valdés & Moreno, Inc.

December 6, 2017, as supplemented on December 7, 2017 to include the terms of and information with respect to the Series 2017C Bonds.

[†] Sole Underwriter for the Series 2017C Bonds.

MATURITY SCHEDULE

\$743,735,000 Sales Tax Securitization Bonds, Series 2017

\$172,065,000 Sales Tax Securitization Bonds, Series 2017A

<u>Maturity (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†] No.</u>
2020	\$ 3,000,000	5.00%	1.70%	79467BAA3
2021	3,150,000	5.00	1.78	79467BAB1
2022	15,045,000	5.00	1.87	79467BAC9
2023	15,800,000	5.00	1.95	79467BAD7
2024	16,590,000	5.00	2.05	79467BAE5
2025	17,420,000	5.00	2.13	79467BAF2
2026	18,290,000	5.00	2.16	79467BAG0
2027	19,205,000	5.00	2.22	79467BAH8
2028	20,165,000	5.00	2.27	79467BAJ4
2029	21,170,000	5.00	2.33 ⁽¹⁾	79467BAK1
2030	22,230,000	5.00	2.40 ⁽¹⁾	79467BAL9

\$400,630,000 Sales Tax Securitization Bonds, Taxable Series 2017B

\$50,485,000 Series 2017B Serial Bonds

<u>Maturity (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[†] No.</u>
2031	\$24,825,000	3.372%	100%	79467BAM7
2032	25,660,000	3.422	100	79467BAN5

\$350,145,000 3.587% Series 2017B Term Bonds Due January 1, 2043, Price 100%, CUSIP[†] No. 79467BAR6

\$171,040,000 Sales Tax Securitization Bonds, Taxable Series 2017C

<u>Maturity (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†] No.</u>
2022	\$12,000,000	2.596%	79467BAS4
2023	17,905,000	2.754	79467BAT2
2024	18,400,000	2.854	79467BAU9
2025	18,925,000	2.980	79467BAV7
2026	19,490,000	3.105	79467BAW5
2027	20,090,000	3.180	79467BAX3
2028	20,730,000	3.230	79467BAY1
2029	21,400,000	3.280	79467BAZ8
2030	22,100,000	3.330	79467BBA2

⁽¹⁾ Priced to first optional call on January 1, 2028.

[†] 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 \$172,065,000 (the “**Series 2017A Bonds**”), Sales Tax Securitization Bonds, Taxable Series 2017B in the aggregate principal amount of \$400,630,000 (the “**Series 2017B Bonds**”) and Sales Tax Securitization Bonds, Taxable Series 2017C in the aggregate principal amount of \$171,040,000 (the “**Series 2017C Bonds**” and together with the Series 2017B Bonds, the “**Taxable Bonds**”); the Taxable Bonds 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 and certain of the City’s outstanding general obligation 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 (i) a resolution (the “**Resolution**”) adopted by the board of directors of the Corporation on November 2, 2017, and (ii) a Master Trust Indenture, dated as of December 1, 2017 (the “**Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), a First Supplemental Trust Indenture for the Series 2017A Bonds and the Series 2017B Bonds, dated as of December 1, 2017, by and between the Corporation and the Trustee, and a Second Supplemental Indenture for the Series 2017C Bonds, dated as of December 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**”.

Division 13 of 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 the date of issuance of the Series 2017 Bonds (the “**Sale Agreement**”), on the date of issuance 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 the 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”. The Act provides that

obligations issued by the Corporation (including the Secured Obligations) shall be secured by a statutory lien (with the meaning given to such term in Section 101(53) of Title 11 of the United States Code (the “**Bankruptcy Code**”)) on the Sales Tax Revenues received or entitled to be received by the Corporation, which shall automatically attach from the time obligations are issued without further action or authorization by the Corporation or any other entity. See “SECURITY FOR THE SECURED OBLIGATIONS—Statutory Lien”.

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 — “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS 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 the City, (i) 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) 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 and the Indenture has been discharged in accordance with its terms. “**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 Fund 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 will 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) will be deposited, on the Closing Date, into the City Proceeds Account within the Proceeds Fund, 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 or escrow agent 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 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 as holder of the Residual Certificate the City may apply Residual Revenues for any lawful corporate purpose of the City, including the payment of indebtedness secured thereby.

(c) The City 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 will 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 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.

(d) The City will at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid to the holders of any tax-exempt Secured Obligations issued by the Corporation 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 Secured Obligation to be an "arbitrage bond" as defined in the Code and any applicable regulations issued thereunder. Further, 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 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 will execute and comply with the tax certificate provided by Transaction Counsel in connection with the issuance of such tax-exempt Secured Obligations.

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

Covenants of the Corporation

The Corporation covenants as follows:

(a) While any Secured Obligations are outstanding, at least one membership position on the Corporation's board of directors will be reserved for an Independent Director as defined in the Corporation's bylaws as on file with the Illinois Secretary of State on the Closing Date, provided, however, that the Independent Director will not have any Prohibited Relationships; and further provided, however, that the position of Independent Director may remain vacant until such Independent Director is required for a Specified Vote (as defined herein). See "THE CORPORATION" 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 will 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 1986 (805 ILCS 105), as amended, (vii) timely and fully perform and comply with all obligations under the Sale Agreement, the Indenture, the Bond Purchase Agreements for the Series 2017 Bonds by and between the Corporation and the Underwriters (as defined herein) and the Residual Certificate (collectively, the "**Transaction Documents**") and any bond purchase agreement entered into by the Corporation in connection with the issuance of any Secured Obligations subsequent to the issuance of the Series 2017 Bonds (each, a "**Future Bond Purchase Agreement**"), and (viii) not make any change in the character of its business that could adversely affect the enforceability of any Transaction Document or Future Bond Purchase Agreement or the ability of the Corporation to perform its obligations under the Sale Agreement, any other Transaction Document, or any Future Bond Purchase Agreement 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 Residual Certificate holder's 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 and included in the Indenture; (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 in each Fiscal Year (a) the lesser of (1) \$250,000 (the “**Operating Cap**”) and (2) the budgeted Corporation Expenses for such Fiscal Year less (b) the amount on deposit in the Operating Fund as of the first day of such Fiscal Year available for the 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 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**”). The Resolution authorizes the issuance of the Series 2017 Bonds and any Additional Bonds up to an aggregate principal amount of \$3,000,000,000. The Ordinance (as defined herein) adopted by the City authorized the issuance of Secured Obligations, including the Series 2017 Bonds, in one or more series in an aggregate principal amount not to exceed \$3,000,000,000. Additional Bonds in excess of the \$3,000,000,000 limitation and any Subordinated Indebtedness must be authorized by an ordinance of the City which approves the amount and the terms of such Additional Bonds or Subordinated Indebtedness and the purposes for which the proceeds of such Additional Bonds or Subordinated Indebtedness will be used.

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 (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 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 Revenues that were paid to the City in the most recently completed fiscal year of the City; 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 — “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS 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 — “CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS 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.

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 this paragraph are limited to injunctive relief. The Corporation includes this pledge and agreement of the City in the Indenture.

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 as holder of the Residual Certificate the City may apply Residual Revenues for any lawful corporate purpose of the City, including the payment of indebtedness secured thereby.

Tax Covenant. The City will at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid to the holders of any tax-exempt Secured Obligations issued by the Corporation shall be and remain excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code and applicable regulations issued thereunder. No proceeds of the Secured Obligations received by the City shall at any time be used directly or indirectly to acquire securities, obligations or investment property the acquisition or holding of which would cause any tax-exempt Secured Obligation to be an “arbitrage bond” as defined in the Code and any applicable regulations issued thereunder. 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).

Statutory Lien

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

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 require that the Department of Revenue pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected under the Home Rule Sales Tax Statutes.

(i) The Home Rule Municipal Retailers' Occupation Tax ("**Home Rule Municipal Retailers' Occupation Tax**") is currently imposed on persons selling in the City at retail most items of nontitled tangible personal property at a rate of 1.25 percent of the gross receipts from such sales. This tax must be imposed in increments of 0.25 percent, and can only be imposed if the City also imposes a municipal service occupation tax.

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

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

Currently there is no 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 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 on persons engaged in the business of selling at retail tangible personal property (other than grocery food, drugs and medical appliances) ("general merchandise") at the rate of 6.25 percent on gross receipts from such sales and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances. The Illinois Retailers' Occupation Tax Act requires that the Department of Revenue deposit a portion of the net receipts from this tax in the Local Government Tax Fund (16 percent of the tax on general merchandise and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated the portion of these tax amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City, and pursuant to the Sale Agreement will assign these amounts to the Corporation.

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

(iii) The Illinois Use Tax ("**Illinois Use Tax**") is currently imposed on the privilege of using in the State most items of tangible personal property (other than grocery food, drugs and medical appliances) ("general taxable property") at the rate of 6.25 percent of either the selling price or fair market value of such property and at the rate of 1.00 percent of either the selling price or fair market value of grocery food, drugs and medical appliances, in each case purchased outside the State. The Illinois Use Tax Act requires that the Department of Revenue deposit portions of the net receipts of this tax in the Local Government Tax Fund (16 percent of the tax on tangible personal property titled or registered by a State governmental agency) and in the State and Local Sales Tax Reform Fund (20 percent of the tax on general taxable property other than titled tangible personal property and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated 100 percent of the amounts deposited in the Local Government Tax Fund from this tax for the sale of titled or registered items for which State addresses for titling or registration purposes are given as being in the City and 20 percent of the amounts deposited in the State and Local Sales Tax Reform Fund from this tax, and pursuant to the Sale Agreement will assign these amounts to the Corporation.

(iv) The Illinois Service Use Tax (“**Illinois Service Use Tax**”) is currently imposed on the privilege of using in the State most items of tangible personal property (other than grocery food, drugs and medical appliances) (“general taxed tangible personal property”) at the rate of 6.25 percent of the selling price of such general taxed tangible personal property and at the rate of 1.00 percent on sales of grocery food, drugs and medical appliances, in both cases transferred as an incident to the sale outside the State of a service from a service provider. The Illinois Service Use Tax Act requires 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 taxed tangible personal property other than titled tangible personal property and 100 percent of the tax on grocery food, drugs and medical appliances). The City is allocated 20 percent of the amounts deposited in the State and Local Sales Tax Reform Fund from this tax, and pursuant to the Sale Agreement will assign these amounts to the Corporation.

Any change in the tax rates or amount of net tax receipts allocated to the City constituting Local Share Sales Tax Revenues would require the enactment of legislation by the Illinois General Assembly. See “INVESTMENT AND LEGAL CONSIDERATIONS—Adverse Change in Laws”. In the Act, the State pledges to and agrees with the City that the State will not limit or alter the basis on which the City’s share or percentage of Sales Tax Revenues is derived, or the use of the Sales Tax Revenues, so as to impair the terms of any contract, including the Sale Agreement, made by the City with the Corporation or any contract executed by the Corporation in connection with the issuance of obligations by the Corporation for the benefit of the City. See “SECURITY FOR THE 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 measured on the gross receipts from the retail sale or the cost price of the tangible personal property transferred by the service provider and generally are collected by the seller from the purchaser. The Home Rule Sales Taxes are generally measured on the same basis, and are subject to the same exemptions, as the State Sales Taxes. The Home Rule Sales Taxes are collected by the 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 requires that within ten days after receipt by the State Comptroller of the disbursement certification, the State Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the 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 general taxed property, respectively, and 100 percent of the 1.00 percent tax on grocery food, drugs and medical appliances) realized for the preceding month from the Illinois Retailers’ Occupation Tax and the Illinois Service Occupation Tax and (b) 16 percent of the net revenue realized for the preceding month from the Illinois Use Tax of 6.25 percent on the sale of titled tangible personal property and (ii) the State and Local Sales Tax Reform Fund a

percentage of the net revenue (20 percent of the 6.25 percent tax on general taxable property and general taxed tangible personal property, respectively, in each case excluding the sales of titled tangible personal property, and 100 percent of the 1.00 percent tax on grocery food, drugs and medical appliances) realized for the preceding month from the Illinois Use Tax and the Illinois Service Use Tax. "Net revenue" is the revenue collected by the State pursuant to the applicable State Sales Tax Statute, less the amount paid out during that month as refunds to taxpayers for overpayment of liability. With respect to amounts paid into the Local Government Tax Fund, the State Finance Act provides that on or before the 25th day of each calendar month, the Department of Revenue prepares and certifies to the State Comptroller the disbursement of amounts due to each municipality from amounts collected during the second preceding calendar month on deposit in the Local Government Tax Fund. The State Finance Act requires that within ten days after receipt by the State Comptroller of the disbursement certification, the State Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the Department of Revenue's certification. With respect to amounts paid into the State and Local Sales Tax Reform Fund, the State Finance Act requires that, subject to appropriation to the Department of Revenue, the City receives 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".

The following chart summarizes certain aspects of the Sales Tax Revenues.

Summary of Sales Tax Revenues

	Tax	Items Taxed	Tax Rate	% of Net Tax Collections Payable to Corporation	Subject to Annual State Appropriation
Home Rule Sales Taxes	Municipal Retailers' Occupation Tax	<ul style="list-style-type: none"> ■ Tax imposed on persons selling in the City at retail most items of nontitled tangible personal property <ul style="list-style-type: none"> — The amount of tax is based on the gross receipts 	1.25%	100%	No
	Municipal Service Occupation Tax	<ul style="list-style-type: none"> ■ Tax imposed on persons making sales in the City of services where tangible personal property or real estate is transferred <ul style="list-style-type: none"> — The amount of tax is based on the selling price 	1.25%	100%	No
	Municipal Use Tax on Titled Personal Property	<ul style="list-style-type: none"> ■ Tax imposed on the privilege of using within the City titled personal property that is purchased at retail from a retailer and that is titled or registered in the City <ul style="list-style-type: none"> — The amount of tax is based on the selling price ■ Collected on sales in Cook County and five contiguous counties 	1.25%	100%	No
State Sales Taxes	Illinois Retailers' Occupation Tax	<ul style="list-style-type: none"> ■ Tax imposed on persons engaged in the business of selling at retail tangible personal property (other than grocery food, drugs and medical appliances) <ul style="list-style-type: none"> — The amount of tax is based on the gross receipts 	6.25%	16% ¹	No
		<ul style="list-style-type: none"> — Tax on grocery food, drugs and medical appliances 	1.00%	100% ¹	No
	Illinois Service Occupation Tax	<ul style="list-style-type: none"> ■ Tax imposed on persons making sales of service where tangible personal property is transferred (other than grocery food, drugs and medical appliances) <ul style="list-style-type: none"> — The amount of tax is based on the selling price 	6.25%	16% ¹	No
		<ul style="list-style-type: none"> — Tax on grocery food, drugs and medical appliances 	1.00%	100% ¹	No
	Illinois Use Tax	<ul style="list-style-type: none"> ■ Tax imposed on the privilege of using in the State most items of titled tangible personal property purchased outside the State <ul style="list-style-type: none"> — The amount of tax is based on the selling price or fair market value 	6.25%	16% ¹	No
		<ul style="list-style-type: none"> ■ Tax imposed on the privilege of using in the State most items of nontitled tangible personal property purchased outside the State <ul style="list-style-type: none"> — The amount of tax is based on the selling price or fair market value 	6.25%	4%	Yes
		<ul style="list-style-type: none"> — Tax on grocery food, drugs and medical appliances purchased outside of the State 	1.00%	20%	Yes
	Illinois Service Use Tax	<ul style="list-style-type: none"> ■ Tax imposed on the privilege of using in the State most items of tangible personal property transferred as an incident to the sale outside the State of a service from a service provider <ul style="list-style-type: none"> — The amount of tax is based on the selling price 	6.25%	4%	Yes
		<ul style="list-style-type: none"> — Tax on grocery food, drugs and medical appliances transferred as an incident to the sale outside the State of a service from a service provider 	1.00%	20%	Yes

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

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)

Year Ended December 31,	Home Rule Sales Tax Revenues ⁽²⁾	Percent Change Over Prior Year	Local Share Sales Tax Revenues	Percent Change Over Prior Year	Total Pledged Sales Tax Revenues	Percent Change Over Prior Year
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 ⁽¹⁾	242,259	N/A	304,593	N/A	546,853	N/A

Source: City of Chicago

⁽¹⁾ Through October 31, 2017. Unaudited.

⁽²⁾ 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)**

Month	2013	2014	2015	2016	2017⁽¹⁾
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

⁽¹⁾ Through October 31, 2017. Unaudited.

**Monthly Local Share Sales Tax Revenues
2013- 2017
(Dollars in Thousands)**

Month	2013	2014	2015	2016	2017⁽¹⁾
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 ⁽²⁾	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

⁽¹⁾ Through October 31, 2017. Unaudited.

⁽²⁾ 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 ⁽¹⁾	
	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total
Home Rule Sales Taxes:										
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
State Sales Taxes:										
Retailers' and Service Occupation ⁽²⁾	252,972	43.9	261,989	43.4	278,490	43.2	283,598	43.1	234,134	42.8
Use ⁽³⁾	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

⁽¹⁾ Through October 31, 2017. Unaudited.

⁽²⁾ Includes Illinois Use Tax on titled personal property.

⁽³⁾ 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

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 January 1, 2028 at a Redemption Price of par plus any accrued interest thereon to the date fixed for redemption.

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.

Taxable Bonds

Make Whole Optional Redemption of Taxable Bonds

The Taxable 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 Taxable Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Taxable Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date such Taxable Bonds are to be redeemed, discounted to the date of redemption of such Taxable 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 15 basis points plus accrued interest on such Taxable Bonds being redeemed to the date fixed for redemption.

The make whole optional redemption price of any Taxable 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 Taxable 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 Taxable 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 of Series 2017B Bonds

The Series 2017B Bonds maturing on January 1, 2043 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, 2043

<u>Year</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2033	\$26,540,000
2034	27,490,000
2035	28,470,000
2036	29,490,000
2037	30,545,000
2038	31,635,000
2039	32,765,000
2040	33,940,000
2041	35,150,000
2042	36,410,000
2043 [†]	37,710,000

[†] 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 Taxable Bonds to be Redeemed

If less than all of the Taxable Bonds of a single Series and maturity are to be redeemed, the particular Taxable Bonds or portions thereof to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with DTC procedures, provided that the selection for redemption of such Taxable 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 Taxable Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Taxable Bonds on a pro-rata pass-through distribution of principal basis as discussed above, then the Taxable 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 Corporation Act of 1986 of the State of Illinois (805 ILCS 105), as amended, and organized in accordance with an ordinance adopted by the City Council of the City (the “**Council**”) on October 11, 2017 (the “**Ordinance**”). The Corporation was organized for the limited purpose of purchasing the Sales Tax Revenues and issuing bonds, notes, or other obligations for the benefit of the City. 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.

In the Sale Agreement, the City covenants that any Independent Director will not have any of the relationships described in the next sentence (collectively, the “**Prohibited Relationships**”). The Independent Director will not (i) be a City Elected Official (as defined below), a State Elected Official (as defined below) or a member of the governing

board of any Affiliated Local Government (as defined below) or of any Affiliated Corporate Entity (as defined below); (ii) have a Familial Relationship (as defined below) with any City Elected Official, any State Elected Official or any member of the governing board of any Affiliated Local Government or of any Affiliated Corporate Entity; (iii) have a Familial Relationship with any person who is an employee of the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State; (iv) be an employee of the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State; and will not have been such an employee within the five years preceding the date of appointment; or (v) be Doing Business (as defined below) or seeking to Do Business (as defined below) with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State and will not, within the five years preceding the date of appointment, have Done Business (as defined below) with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State. The term “**City Elected Official**” means the Mayor, the City Treasurer, the City Clerk and each Alderman of the City. The term “**State Elected Official**” means the following officials of the State: the Governor, the Lieutenant Governor, the Attorney General, the Secretary of State, the State Comptroller, the State Treasurer and each member of the General Assembly. The term “**Affiliated Local Government**” means: the Board of Education of the City of Chicago; the Chicago Transit Authority; the Chicago Park District; Community College District No. 508, County of Cook and State of Illinois; and the Chicago Housing Authority. The term “**Affiliated Corporate Entity**” means any corporation, partnership, limited liability company or other legal entity established pursuant to an ordinance adopted by the City Council of the City and whose governing body is appointed by the City. The term “**Familial Relationship**” means any person who is related as spouse or domestic partner or as any of the following, whether by blood or by adoption: parent, child, brother, sister, aunt, uncle, niece, nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother or half-sister. The terms “**Do Business**,” “**Doing Business**” and “**Done Business**” mean any one or any combination of sales, purchases, leases or contracts in an amount in excess of \$10,000 in any 12 consecutive months.

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 Comptroller 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 and refund certain of the City's outstanding general obligation bonds (collectively, 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 trustees or escrow agents for the Refinanced Obligations on the Closing Date. The City will enter into one or more escrow deposit agreements with the trustees or escrow agents for the Refinanced Obligations with respect to the funds deposited with such trustees or escrow agents. 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".

The Corporation currently plans to issue approximately \$800,000,000 in Additional Bonds (the "**Anticipated Series 2018 Bonds**") during the first quarter of 2018, which would be secured on a parity basis with the Series 2017 Bonds. The proceeds of the Anticipated Series 2018 Bonds are expected to be applied to redeem certain of the City's outstanding general obligation bonds.

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:	\$743,735,000.00
Original Issue Premium:	33,917,114.00
Funds held for the Refinanced Obligations:	<u>14,090,286.49</u>
Total Sources	<u>\$791,742,400.49</u>

Uses of Funds:

Deposit with trustees/escrow agents to refund Refinanced Obligations:	\$785,206,763.86
Costs of Issuance [†] :	2,279,665.72
Underwriters' Discount:	<u>4,255,970.91</u>
Total Uses	<u>\$791,742,400.49</u>

[†] Includes legal fees, verification agent's fees, rating fees and certain other expenses related to the issuance of the Series 2017 Bonds.

ANNUAL DEBT SERVICE

The following table sets forth the debt service requirements for the Bonds.

Year Ending January 1	Principal	Interest	Total
2019	-	\$ 29,451,361	\$ 29,451,361
2020	\$ 3,000,000	28,123,316	31,123,316
2021	3,150,000	27,973,316	31,123,316
2022	27,045,000	27,815,816	54,860,816
2023	33,705,000	26,752,046	60,457,046
2024	34,990,000	25,468,942	60,458,942
2025	36,345,000	24,114,306	60,459,306
2026	37,780,000	22,679,341	60,459,341
2027	39,295,000	21,159,676	60,454,676
2028	40,895,000	19,560,564	60,455,564
2029	42,570,000	17,882,735	60,452,735
2030	44,330,000	16,122,315	60,452,315
2031	24,825,000	14,274,885	39,099,885
2032	25,660,000	13,437,786	39,097,786
2033	26,540,000	12,559,701	39,099,701
2034	27,490,000	11,607,711	39,097,711
2035	28,470,000	10,621,645	39,091,645
2036	29,490,000	9,600,426	39,090,426
2037	30,545,000	8,542,620	39,087,620
2038	31,635,000	7,446,971	39,081,971
2039	32,765,000	6,312,223	39,077,223
2040	33,940,000	5,136,943	39,076,943
2041	35,150,000	3,919,515	39,069,515
2042	36,410,000	2,658,684	39,068,684
2043	37,710,000	1,352,658	39,062,658
Total	\$743,735,000	\$394,575,502	\$1,138,310,502

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; if the Governor takes no action within the 60-day period, the bill becomes law. A veto by the Governor may be overridden by a vote of three-fifths of the members elected to each house of the Illinois General Assembly. 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 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 efforts have been made to prevent Bondholders from being confused that the Series 2017 Bonds are City-issued or City-backed bonds, thereby eliminating a central factor that would be required for substantive consolidation of the Corporation with the City. Notwithstanding the foregoing, no assurance can be given that the risk of substantive consolidation has been eliminated. If a party in interest (including the City itself) were to take the position that the assets and liabilities of the Corporation should be substantively consolidated with those of the City, delays in payments on the Series 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. Since the Corporation has not existed prior to the adoption of the Ordinance by the Council on October 11, 2017, the Corporation has not issued any bonds or other obligations subject to the requirements of the Rule during the past five years.

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 in the tables titled "Annual Sales Tax Revenues", "Monthly Home Rule Sales Tax Revenues",

“Monthly Local Share 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 and Agreement dated the date of delivery of the Series 2017A Bonds (the “**Tax Certificate**”), the Corporation has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2017A Bonds from gross income for federal income tax purposes under Section 103 of the Code. Pursuant to the Sale Agreement and the Tax Certificate, the City has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 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 Certificate. 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 Premium

Each maturity of the Series 2017A Bonds (each a “**2017A Premium Bond**”, and collectively, the “**2017A Premium Bonds**”) is being offered at a price in excess of its principal amount. 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 a 2017A Premium Bond callable prior to its 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. In addition, there is legislation currently pending in Congress which, if enacted, would significantly change the individual and corporate income tax rates and the alternative minimum tax for individuals and corporations effective for tax years beginning after 2017. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2017A Bonds. Prospective purchasers of the Series 2017A Bonds should consult their own tax advisors regarding the impact of any change in law or proposed 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 Section 103 of the Code 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.

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 a Series 2017B Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of a Series 2017B Bond may also result in a deemed sale or exchange of such Series 2017B Bond 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.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2017B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2017B Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. In this regard, there is legislation currently pending in Congress which, if enacted, would significantly change the individual and corporate income tax rates for tax years beginning after 2017. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2017B Bonds. Prospective purchasers of the Series 2017B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2017B Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2017B BONDS.

Series 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds.

Taxation of Interest Generally

Interest on the Series 2017C Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers (other than those who purchase Series 2017C 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 2017C Bonds. In general, interest paid on the Series 2017C 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 2017C 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 2017C Bonds issued with original issue discount (“**Discount Bonds**”). A Series 2017C 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 2017C 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 Series 2017C 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 2017C Bond’s “stated redemption price at maturity” is the total of all payments provided by the Series 2017C 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 Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Discount Bond for each day during

the taxable year in which such holder held such Bond. The daily portion of original issue discount on any 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 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 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 Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount 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 2017C 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 2017C 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 2017C 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 Series 2017C 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 2017C Bond who acquires such Series 2017C Bond at a market discount also may be required to defer, until the maturity date of such Series 2017C 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 2017C 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 2017C 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 2017C Bond for the days during the taxable year on which the owner held the Series 2017C 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 2017C 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 2017C Bond who purchases such Series 2017C 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 2017C Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2017C 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 2017C Bonds who acquire such Series 2017C Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2017C 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 2017C Bond is the price such owner pays for the Series 2017C 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 2017C Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2017C 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 2017C Bond is held as a capital asset (except in the case of Series 2017C Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2017C Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of a Series 2017C Bond may also result in a deemed sale or exchange of such Series 2017C Bond under certain circumstances.

EACH POTENTIAL HOLDER OF SERIES 2017C BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE SERIES 2017C BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds nor as to the taxability of the Series 2017C Bonds or the income therefrom under the laws of any jurisdiction other than the State.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2017C Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2017C Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. In this regard, there is legislation currently pending in Congress which, if enacted, would significantly change the individual and corporate income tax rates for tax years beginning after 2017. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2017C Bonds. Prospective purchasers of the Series 2017C Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2017C Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2017C 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 Taxable 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 Taxable 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 Taxable 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 Taxable Bonds, including the

reasonable expectation of purchasers of Taxable Bonds that the Taxable 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 Taxable Bonds for ERISA purposes could change subsequent to issuance of the Taxable Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the Taxable Bonds or a characterization of the Taxable Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Taxable Bonds or any interest therein by a Benefit Plan Investor is prohibited.

However without regard to whether the Taxable Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Taxable Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Corporation or the 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 Taxable 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 Taxable Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Taxable 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 Taxable 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 Taxable 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 Taxable Bonds at any time that the ratings on the Taxable Bonds are below investment grade or the Taxable Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Taxable 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 Taxable 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, Fitch, Inc. (“**Fitch**”) will assign a rating of “AAA-Stable”, Kroll Bond Rating Agency Inc. (“**KBRA**”) will assign a rating of “AAA-Stable” and S&P Global Ratings (“**S&P**” and together with Fitch and KBRA, each a “**Rating Agency**”) will assign a rating of “AA-Stable” 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: Fitch Ratings, One State Street Plaza, New York, New York 10004, Kroll Bond Rating Agency Inc., 845 Third Avenue, New York, New York 10022 and S&P Global Ratings, 55 Water Street, New York, New York 10041.

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 2017A Bonds and the Series 2017B Bonds are being purchased by the underwriters listed on the cover page hereof (the “**2017AB Underwriters**”), for whom Jefferies LLC (“**Jefferies**”) is acting as lead manager. The Series 2017C Bonds are being purchased by Jefferies, as sole underwriter (together with the 2017AB Underwriters, the “**Underwriters**”).

The 2017AB Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all, but not less than all, of the Series 2017A Bonds and the Series 2017B Bonds from the Corporation at an aggregate underwriters' discount of \$3,556,506.57, which underwriters' discount includes reimbursement for expenses of counsel and other expenses. Jefferies LLC has agreed, subject to certain conditions, to purchase all, but not less than all, of the Series 2017C Bonds from the Corporation at an aggregate underwriter's discount of \$699,464.34, which underwriter's 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 applicable Underwriters. The Series 2017 Bonds may be offered and sold to certain dealers (including the applicable Underwriters and other dealers depositing Series 2017 Bonds into investment trusts) at prices lower than such public offering prices.

Jefferies, an Underwriter of the Series 2017 Bonds, has entered into an agreement with E*TRADE Securities LLC ("**E*TRADE**") for the retail distribution of municipal securities. Pursuant to the agreement, Jefferies will sell Series 2017 Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

Valdés & Moreno, Inc. ("**V&M**") has entered into distribution agreements with Neighborly Securities, Rockfleet Financial Services, Inc. and Tribal Capital Markets, LLC, whereby V&M can potentially distribute municipal securities to retail investors through such entities. As part of this arrangement, V&M will compensate these firms part of the takedown for its selling efforts with respect to the Series 2017A Bonds and the Series 2017B Bonds.

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.

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

December __, 2017

Sales Tax Securitization Corporation
55 E. Monroe St.
Chicago, Illinois 60603

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$172,065,000 aggregate principal amount of Sales Tax Securitization Bonds, Series 2017A (the “Series 2017A Bonds”), \$400,630,000 aggregate principal amount of Sales Tax Securitization Bonds, Taxable Series 2017B (the “Series 2017B Bonds”), and \$171,040,000 aggregate principal amount of Sales Tax Securitization Bonds, Taxable Series 2017C (the “Series 2017C Bonds”, and together with the Series 2017A Bonds and the Series 2017B Bonds, the “Series 2017 Bonds”), by the Sales Tax Securitization Corporation (the “Corporation”), a not-for-profit corporation organized under the General Not For Profit Corporation Act of 1986, 805 ILCS 105, as amended, and an instrumentality of the City of Chicago (the “City”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

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

The Series 2017 Bonds are part of an issue of bonds of the Corporation (the “Bonds”), which the Corporation has established and created under the terms of the Master Indenture and is authorized to issue from time to time for the purposes authorized by the Master Indenture, as then in effect, and without limitation as to amount, except as provided in the Master Indenture or as may be limited by law. The Series 2017 Bonds are being issued for the purposes set forth in the Indentures.

The Corporation is authorized to issue Bonds, in addition to the Series 2017 Bonds, only upon the terms and conditions set forth in the Master Indenture and such Bonds, when issued, will with all other Bonds which have been or may be issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Master Indenture.

The Series 2017A Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on July 1, 2018, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$ 3,000,000	5.00%	2026	\$18,290,000	5.00%
2021	3,150,000	5.00	2027	19,205,000	5.00
2022	15,045,000	5.00	2028	20,165,000	5.00
2023	15,800,000	5.00	2029	21,170,000	5.00
2024	16,590,000	5.00	2030	22,230,000	5.00
2025	17,420,000	5.00			

The Series 2017B Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on July 1, 2018, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2031	\$24,825,000	3.372%
2032	25,660,000	3.422
2043	350,145,000	3.587

The Series 2017C Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on July 1, 2018, and semiannually thereafter on January 1 and July 1, in each of the years and at the respective principal amounts and rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$12,000,000	2.596%
2023	17,905,000	2.754
2024	18,400,000	2.854
2025	18,925,000	2.980
2026	19,490,000	3.105
2027	20,090,000	3.180
2028	20,730,000	3.230
2029	21,400,000	3.280
2030	22,100,000	3.330

The Series 2017 Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or integral multiples thereof. The Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds are each numbered consecutively from one upward in order of issuance.

The Series 2017A Bonds and the Series 2017B Bonds are subject to redemption prior to maturity as provided in the First Supplemental Trust Indenture. The Series 2017C Bonds are subject to redemption prior to maturity as provided in the Second Supplemental Trust Indenture.

The Series 2017 Bonds are being issued to (i) provide funds for the Corporation to purchase all of the City's right, title and interest in and to the Sales Tax Revenues (as defined below) from the City pursuant to the Sale Agreement (as defined below), and (ii) pay the costs associated with the issuance of the Series 2017 Bonds. The City, the Corporation and the Trustee have entered into an Assignment, Purchase and Sale Agreement, dated as of the date hereof (the "Sale Agreement"), pursuant to which the City assigned its rights in and to certain payments payable upon the order of the State Comptroller of the State of Illinois (the "State") to or upon the order of the City or the Corporation as transferee resulting from certain taxes (i) imposed by the City pursuant to its home rule powers as currently authorized by the Municipal Code of Chicago (the "Home Rule Sales Tax Revenues"), and (ii) imposed by the State pursuant to State law (the "Local Share Sales Tax Revenues," and together with the Home Rule Sales Tax Revenues, the "Sales Tax Revenues"). The Corporation, in consideration for such assignment, has agreed to issue its Bonds and apply the net proceeds for the purposes permitted by the Master Indenture. We assume the parties will perform their respective covenants in the Master Indenture and the Sale Agreement in all material respects.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 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. The Corporation has covenanted in the Master Indenture, the City has covenanted in the Sale Agreement, and the Corporation and the City have each covenanted in the Tax Certificate and Agreement dated the date hereof (the "Tax Certificate") to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2017A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation and the City have made certain representations and certifications in the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

We have examined an executed Series 2017A Bond, an executed Series 2017B Bond and an executed Series 2017C Bond and, in our opinion, the forms of said bonds and their execution are regular and proper.

We are of the opinion that:

1. The Corporation has been duly formed and is validly existing as a not-for-profit corporation under the General Not For Profit Corporation Act of 1986, 805 ILCS 105, as amended, with the right and lawful authority and power to enter into the Indentures and to issue the Bonds thereunder, including the Series 2017 Bonds.
2. The Indentures have been duly authorized, executed and delivered by the Corporation and are legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms.
3. The Series 2017 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, and in accordance with the Indentures. The Series 2017 Bonds are legal, valid and binding special obligations of the Corporation payable as provided in the Indentures, are enforceable in accordance with their terms and the terms of the Indentures and are entitled to the equal benefits of the Master Indenture.
4. The Corporation has the right and lawful authority and power to enter into the Sale Agreement and the Sale Agreement has been duly authorized, executed and delivered by the Corporation and is a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.
5. Under existing law, and assuming compliance with the tax covenants described above and the accuracy of the aforementioned representations and certifications of the Corporation and the City, interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the 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.

6. Interest on the Series 2017B Bonds and the Series 2017C Bonds is includable in gross income for federal income tax purposes.

7. Interest on the Series 2017 Bonds is not exempt from present State of Illinois income taxes.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Indentures, the Series 2017 Bonds, and the Sale Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization, receivership, arrangements, fraudulent conveyances or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

Except as stated in paragraphs 5, 6 and 7 above, we express no opinion as to any other federal, state, local or foreign tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2017 Bonds. Furthermore, we express no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2017 Bonds, or the interest thereon, if any action is taken with respect to Series 2017 Bonds or the proceeds thereof upon the advice or approval of other counsel.

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

Very truly yours,

APPENDIX C

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definition of Certain Terms

“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 Illinois 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 the section of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

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

“Bond” means any bond of the Corporation authorized and issued pursuant to the Indenture 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 the section of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

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

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

“City Proceeds Account” means the account within the Proceeds Fund so designated, created and established pursuant to the section of the Indenture described herein under “Establishment of Funds and Accounts”.

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

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

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

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

“Costs of Issuance Account” means the account within the Proceeds Fund so designated, created and established pursuant to the section of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

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

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

“Debt Service Reserve Deposit Requirement” means (i) for each required withdrawal from the Debt Service Reserve Fund pursuant to the second paragraph of the section of the Indenture described herein under the heading “Debt Service Fund”, the amount required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement assuming twelve (12) equal monthly deposits and (ii) for any required deposits to the Debt Service Reserve Fund in connection with the issuance of Additional 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 the section of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

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

(ii) a Municipal Obligation (a) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Municipal Obligation by the obligor thereof to give due notice of redemption and to call such Municipal Obligation for redemption on the date or dates specified in such instructions and such Municipal Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clause (i) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Municipal Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that at the time an investment therein is made is rated in the highest rating category by at least two Rating Services without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation.

“Deferred Income Bond” means any 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 of New York, 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 under the Indenture.

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

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

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

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

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

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

“**Initial Bonds**” means (i) the Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Series 2017A and the Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Taxable Series 2017B, authorized to be issued by a First Supplemental Trust Indenture, dated as of December 1, 2017, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee, and (ii) the Sales Tax Securitization Corporation Sales Tax Securitization Bonds, Taxable Series 2017C, authorized to be issued by a Second Supplemental Trust Indenture, dated as of December 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 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.

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

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

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

“**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 Fiscal Year; *provided, however*, that for purposes of this definition:

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

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

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

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

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

“Outstanding”, when used in reference to Secured Obligations, means, as of a particular date, all such Secured Obligations authenticated and delivered under the Indenture 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 the provisions of the Indenture described herein under the heading “Defeasance”;

(iii) any Bond paid pursuant to the Indenture or any Bond in lieu of or in substitution for which another Bond, as applicable, shall have been authenticated and delivered pursuant to the Indenture;

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

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

“Paying Agent” means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Indenture 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 the section of the Indenture described herein under “Establishment of Funds and Accounts”.

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

“Record Date” means, when used in relation to the 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 to the Indenture or to the applicable Supplemental Indenture.

“Refunding Bonds” shall mean any of the Bonds authorized by the provisions of the Indenture described herein under the heading “Refunding Bonds”;

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

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

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

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

“Residual Fund” means the fund so designated, created and established pursuant to the provisions of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

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

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

“Sale Agreement” means the Assignment, Purchase and Sale Agreement, dated as of the date of issuance of the Initial Bonds, 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 in the Indenture 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 the provisions of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

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

“**Sinking Fund Installment**” means, as of any date of computation, the amount of money required to be paid on a single future January 1 for the retirement of any Bonds which mature after said future January 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 the section of the Indenture described herein under the heading “Establishment of Funds and Accounts”.

“**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 of the Indenture.

“**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 bond counsel as may be selected by the Corporation for a specific purpose under the Indenture.

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

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

“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.

Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions of the Indenture. Such summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such and all provisions.

Liability under the Series 2017 Bonds

The Series 2017 Bonds are special obligations of the Corporation payable solely from the Trust Estate, as provided in the Indenture. The Series 2017 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.

(Indenture Section 2.01)

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, executed by the Corporation and delivered to the Trustee. The Corporation shall, in addition to other requirements of the Indenture deliver to the Trustee: (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; (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, including a copy of the ordinance of the City Council of the City authorizing 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 as required by the Indenture; (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 amount then required to be therein; (h) a certificate of an Authorized Officer of the Corporation stating that the Corporation is not, and, as a result of the issuance of such Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture or stating that after the issuance of the Bonds the Corporation will no longer be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture; (i) a certificate of an Authorized Officer of the Corporation setting forth (1) (A) Maximum Annual Debt Service after giving effect to the issuance of the Bonds of such Series (exclusive of Capitalized Interest and Bonds for which provision for the payment thereof has been made in accordance with the Indenture 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 (i); 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.

(Indenture Section 2.02)

Refunding Bonds

Subject to the provisions of the Indenture, Bonds may be issued by the Corporation for the purpose of refunding any Outstanding Bonds without satisfying the provisions of clauses (i) and (j) of the heading “Issuance of Bonds” above, provided that the Corporation delivers a certificate of an Authorized Officer of the Corporation to the effect that the Corporation projects that the amount payable in any Fiscal Year for the principal and Sinking Fund Installments of and interest on all Outstanding 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.

(Indenture Section 2.04)

Subordinated Indebtedness

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

(Indenture Section 2.05)

Residual Certificate

Subject to the provisions of the Indenture, all amounts in the Residual Fund shall be paid to or on the order of the holder of the Residual Certificate free and clear of the lien of the 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.

(Indenture Section 2.06)

Authorization of Redemption

Bonds subject to redemption prior to maturity pursuant to the Indenture or to a Supplemental Indenture shall be redeemable, in accordance with the Indenture, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Indenture or in the Supplemental Indenture authorizing such Series.

(Indenture Section 4.01)

Redemption at the Election of the Corporation

The Series, maturities and principal amounts thereof to be so redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Indenture or in the Supplemental Indenture authorizing such Series. The Corporation shall pay to the Trustee on or prior to the redemption date an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to

redeem on the redemption date at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds to be so redeemed.

(Indenture Section 4.02)

Redemption Other Than at Corporation's Election

Whenever by the terms of the Indenture 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 the Indenture, give the notice of redemption and pay out of money available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Indenture.

(Indenture Section 4.03)

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 provided in this paragraph) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of 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.

(Indenture Section 4.04)

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. 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 the Depository, in accordance with the rules of the Depository) nor more than sixty (60) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the 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 in the Indenture. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Indenture. 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, 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 at the most recent address therefor, or to any successor thereof (or, if the Bonds are held by the Depository, in accordance

with the procedures of the Depository). Such copy shall be sent by first class mail, but mailing such copy shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copy was mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

(Indenture Section 4.05)

Pledge of Trust Estate

The Corporation to secure the payment of the principal and Redemption Price of and interest on the Bonds and Subordinated Indebtedness and performance and observance of all of the covenants and conditions contained in the Indenture or any Supplemental Indentures, has conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and does convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee its successor or successors and its or their assigns forever, with power of sale, the Trust Estate. The 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.

(Indenture Section 5.01)

Establishment of Funds and Accounts

The following funds and separate accounts within funds are established by the Indenture and shall be held, in trust, and maintained by the Trustee:

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

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

The Operating Fund is established and created by the Indenture and shall be held by the Trustee for the benefit of the Corporation.

The Residual Fund is established and created by the Indenture and shall be held by the Trustee for the benefit of the holder of the Residual Certificate.

For purposes of internal accounting, each such fund may contain one or more accounts or subaccounts, as the Corporation may deem proper. All money at any time deposited in any fund, account or subaccount created and pledged by the Indenture 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 in the Indenture.

(Indenture Section 5.02)

Application of Money in the Proceeds Fund

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.

Money in the City Proceeds Account of the Proceeds Fund shall be paid to or upon the direction of the City in accordance with a Direction Letter. Except as otherwise provided in the Indenture and in any applicable Supplemental Indenture money in the Costs of Issuance Account of the Proceeds Fund shall be used only to pay the Costs of Issuance of the Bonds. Such payments shall be made by the Trustee upon the written direction of an Authorized Officer of the Corporation.

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

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

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

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

(Indenture Section 5.04)

Deposit of Sales Tax Revenues in the Securitized Sales Tax Revenue Fund

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 the Indenture.

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

Debt Service Fund

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

In the event that on the second Business Day or on any subsequent date preceding any date on which the principal or Sinking Fund Installment of or interest on Outstanding Bonds is due the amount in the Debt Service Fund is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds due on said date, the Trustee shall withdraw, first, from the Debt Retirement Fund, and then, from the Debt Service Reserve Fund, and deposit to the Debt Service Fund, such amount as will increase the amount therein to an amount sufficient to make such payments; *provided, however*, no amount shall be withdrawn from the Debt

Retirement Fund if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased.

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

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

(Indenture Section 5.07)

Debt Service Reserve Fund

The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of 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 the Indenture.

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

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

For the purposes of this section and the provisions of the Indenture described herein under the heading "Transfer of Investments", in computing the amount on deposit in the Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

Money held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the

second paragraph of “Debt Service Fund” herein; **provided, however**, that no payment under a Reserve Fund Facility shall be sought unless and until money is not available in the Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund pursuant to this paragraph cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; **provided, further**, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time money is to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, *pro rata*, based upon the respective amounts then available to be paid thereunder.

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

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

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

(Indenture Section 5.08)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the Corporation for deposit therein and, notwithstanding any other provisions of the Indenture, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Corporation, money on deposit in any other funds or accounts held by the Trustee under the Indenture at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Corporation to make payments to the Department of the Treasury of the

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

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

(Indenture Section 5.09)

Subordinated Indebtedness Fund

Subject to the 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 by the Indenture to be applied to a purpose other than those of the Subordinated Indebtedness Fund as may be required for payment of Subordinated Indebtedness. The Trustee shall pay out of the Subordinated Indebtedness Fund all amounts required for such payments in accordance with the Supplemental Indenture authorizing the issuance of such Subordinated Indebtedness. Money in the Subordinated Indebtedness Fund that on the last day of each Fiscal Year is in excess of the amount then required by the Indenture to be therein may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant to the Indenture; provided, however, that if no direction has been given by the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

(Indenture Section 5.10)

Debt Retirement Fund

Money deposited in the Debt Retirement Fund during any Fiscal Year may during any subsequent Fiscal Year be applied at the direction of an Authorized Officer of the Corporation to the purchase or redemption of Outstanding Bonds or to pay or make provision for payment of Outstanding Bonds in accordance with the 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.

(Indenture Section 5.11)

Residual Fund

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

(Indenture Section 5.12)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Indenture, if at any time the amounts held in the Debt Service Fund, the Debt Service Reserve Fund and the Debt Retirement Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the provisions of the Indenture described in the second paragraph under the heading herein entitled “Defeasance” for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Corporation may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture and by each Supplemental Indenture as provided in the Indenture, or (ii) give the Trustee irrevocable instructions in accordance with the provisions of the Indenture described in the second paragraph under the heading herein entitled “Defeasance” and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance with the Indenture.

(Indenture Section 5.13)

Transfer of Investments

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

(Indenture Section 5.14)

Computation of Assets of Certain Funds

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

(Indenture Section 5.15)

Investment of Funds and Accounts Held by the Trustee

Subject to the limitations set forth in this paragraph, money held under the Indenture, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee in any Eligible Investments in accordance with the direction of an Authorized Officer of the Corporation given in writing. Money in the Debt Service Fund shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) or (iv) of the definition of the term “Eligible Investments” set forth under “Definitions of Certain Terms” and such investments shall mature no later than the date on which such moneys are required to be used to pay principal or Sinking Fund Installments of and interest on Bonds when due. Money in the Capitalized Interest Account shall only be invested in Eligible Investments of the type described in clause (i), (ii), (iii) and (iv) of the definition of the term “Eligible Investments” set forth under “Definitions of Certain Terms” and such investments shall mature no later than the date on which such moneys are required to be used to pay interest on Bonds when due. No investment of money in the Debt Service Reserve Fund shall mature more than five years after the date such investment is purchased or made unless the Corporation shall direct the Trustee to put or tender such investment not later than one Business Day prior to each December 15 and June 15 prior to the investment’s stated maturity date for (x) purchase at a price not less than one hundred percent (100%) of the stated principal amount of such investment by the issuer or an entity whose senior unenhanced long-

term debt obligations are rated by at least two Rating Services at least as high as the rating assigned by such Rating Services on the Corporation's Outstanding unenhanced Bonds without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation or (y) redemption by the issuer at a price not less than one hundred percent (100%) of the stated principal amount thereof.

(Indenture Section 6.01)

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.

(Indenture Section 7.01)

Corporate Existence

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

(Indenture Section 7.05)

Accounts and Audits

The Corporation shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Corporation by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Corporation, shall be subject to the inspection of the City, the Trustee, each Provider or of any Holder of a Bond or a representative of any of the foregoing duly authorized in writing. The Corporation shall cause such books and accounts to be audited annually after the end of its fiscal year by an independent certified public accounting firm selected by the Corporation. Annually within thirty (30) days after receipt by the Corporation of the report of such audit, a signed copy of such report shall be furnished to the Trustee and to the City.

(Indenture Section 7.06)

Creation of Liens

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

(Indenture Section 7.07)

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 appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this section are subject to the provisions of the Indenture.

(Indenture Section 7.09)

Amendments, Waivers, Etc.

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

No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all of the several Series of 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.

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

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

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

For the purposes of this section, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration if the same adversely affects or diminishes the rights of the Holders of the 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.

(Indenture Section 7.10)

Budget of Corporation Expenses

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

(Indenture Section 7.11)

Payment of Lawful Charges

The Corporation shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Trust Estate, when the same shall become due. Except as otherwise expressly permitted by the Indenture, the Corporation shall not create or suffer to be created any lien or charge upon the Trust Estate, except the pledge and lien created or permitted by the Indenture.

(Indenture Section 7.12)

Enforcement of Rights

The Corporation shall diligently commence and pursue any and all actions (i) to enforce its rights under the Sale Agreement and (ii) to enforce the City's obligations under the Sale Agreement. If the Corporation fails to enforce its rights and the City's obligations under the Sale Agreement, pursuant to the provisions of the Indenture described below under the heading "Enforcement of Remedies", the Trustee shall have the right to enforce such rights and obligations, including the City's non-impairment covenant pursuant to Section 6.01 of the Sale Agreement.

(Indenture Section 7.13)

Transfer of Residual Certificate

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

(Indenture Section 7.14)

Tax Covenant

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

(Indenture Section 7.16)

Agreement of the City

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

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

(Indenture Section 7.17)

Agreement of the State

In the Act, the State pledges to and agrees with the City and the Corporation that the State will not limit or alter the rights and powers vested in any State Entity by the Act with respect to the disposition of the Sales Tax Revenues so as to impair the terms of the Sale Agreement or the 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 Indenture.

The Corporation 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 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.

(Indenture Section 7.18)

Modification and Amendment without Consent

The Corporation may execute and deliver at any time or from time to time Supplemental Indentures: (a) to provide for the issuance of a Series of Bonds pursuant to the provisions of the Indenture 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 the 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 in the Indenture; (d) to prescribe further limitations and restrictions upon the issuance of Secured Obligations and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (e) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (f) to confirm, as further assurance, any pledge under the Indenture, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Indenture, of the Sales Tax Revenues, or any pledge of any other money, investments thereof or funds; (g) to modify any of the provisions of the Indenture or any previously adopted Supplemental Indenture to accommodate the issuance of Subordinated Indebtedness provided that such modifications do not materially and adversely affect the rights of any of the Holders of Bonds; (h) to modify any of the provisions of the Indenture or of any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Secured Obligations of any Series of Secured Obligations Outstanding as of the effective date of such Supplemental Indenture shall cease to be Outstanding, and all Secured Obligations issued under such Supplemental Indentures shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture; (i) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising thereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Indenture as theretofore in effect, or to modify any of the provisions of the Indenture or of any previous Supplemental Indenture in any other respect, provided that such

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

(Indenture Section 9.01)

Supplemental Indentures Effective with Consent of Bondholders

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

(Indenture Section 9.02)

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 the Indenture. Nothing contained in the general provisions relating to the Supplemental Indentures shall affect or limit the rights or obligations of the Corporation to make, do, execute or deliver any Supplemental Indenture, act or other instrument pursuant to the provisions of the Indenture or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

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

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

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

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

(Indenture Section 9.03)

Powers of Amendment

Except as provided by the provisions of the Indenture described above under the heading “Modification and Amendment without Consent”, any modification or amendment of the Indenture and of the rights and obligations of the Corporation and of the Holders of the Bonds under the Indenture, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the provisions of the Indenture described herein under the heading “Consent of Bondholders”, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount

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

(Indenture Section 10.01)

Consent of Bondholders

The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the Indenture described herein under the heading “Powers of Amendment” to take effect when and as provided in this section. Upon the adoption of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer; shall be filed with the Trustee for the inspection of the Holders of Bonds. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved in writing by the Trustee) together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed or distributed by Electronic Means by the Corporation to each affected Holder of Bonds. Such Supplemental Indenture shall not become effective until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the provisions of the Indenture described herein under the heading “Powers of Amendment” and (b) an opinion of Transaction Counsel stating that such Supplemental Indenture has been duly and lawfully executed, delivered and filed by the Corporation in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this section provided. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder of such Bonds (whether or not such subsequent Holder has notice thereof). At any time after the Holders of the required percentages of 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.

(Indenture Section 10.02)

Modifications by Unanimous Consent

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

(Indenture Section 10.03)

Events of Default

An event of default under the Indenture and under each Supplemental Indenture (herein called "event of default") shall include: (a) payment of the principal or Redemption Price of any Bond shall not be made by the Corporation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or (b) payment of an installment of interest on any Bond shall not be made by the Corporation when the same shall become due and payable; or (c) the Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained therein or in the Bonds or in any Supplemental Indenture on the part of the Corporation to be performed and such default shall continue for ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 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 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.

(Indenture Section 11.01)

No Acceleration With Respect to the Secured Obligations

There shall be no right of acceleration with respect to the Secured Obligations.

(Indenture Section 11.02)

Enforcement of Remedies

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

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

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

(Indenture Section 11.03)

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 under the Indenture, or for any other remedy under the Indenture unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than a majority in principal amount of the Outstanding Bonds, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

(Indenture Section 11.07)

Agreement to Subordinate

All Subordinated Indebtedness shall be 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. 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 not contained in the Indenture will be set forth in the Supplemental Indenture authorizing such Subordinated Indebtedness and shall be subject to the provisions and limitations set forth in the Indenture.

(Indenture Section 11.12)

Defeasance

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, in the Indenture, and in the applicable Supplemental Indenture, then the pledge of the Trust Estate and all other rights granted by the Indenture to such Bonds shall be discharged and satisfied.

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 the previous paragraph 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 the Indenture 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 the Indenture 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) in the event of a defeasance of a Tax Exempt Bond, the Corporation shall have delivered to the Trustee an opinion of Transaction Counsel to the effect that said Bond having been deemed to have been paid as provided in the Indenture would not (A) cause said Bond to be considered to have been “reissued” for purposes of Section 1001 of the Code and (B) adversely affect the exclusion of interest on such Tax Exempt Bond from gross income for purposes of federal income taxation. The Corporation shall give written notice to the Trustee of its selection of the Series and maturity payment of which shall be made in accordance with this section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the section of the Indenture described herein under the heading “Selection of Bonds to be Redeemed”. 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 thereof, 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 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 by the Indenture.

(Indenture Section 12.01)

No Recourse under Indenture or on the Bonds

All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Indenture 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, on the Indenture 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.

(Indenture Section 14.04)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, the then current Accreted Value of such 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 to the Indenture 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 of the Indenture, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity, the difference between the Accreted Value of such 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.

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 to the Indenture 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 of the Indenture, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price, the difference between the Appreciated Value of such 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.

(Indenture Section 14.07)

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. The following is subject to delivery of the required redemption notices. CUSIP numbers are provided for convenience and no representation is made with respect to the accuracy of such CUSIP numbers. All of the bonds listed below are the Refinanced Obligations described in “PLAN OF FINANCE”.

Sales Tax Revenue Bonds

Series	CUSIP Number	Maturity Date	Interest Rate	Outstanding Principal	Principal Refunded	Redemption Date	Redemption Price
2002	16768T-JQ8	1/1/2018	3.000%	\$ 605,000	\$ 605,000	N/A	N/A
2002	16768T-JR6	1/1/2019	4.000	635,000	635,000	N/A	N/A
2002	16768T-JS4	1/1/2020	5.000	5,250,000	5,250,000	N/A	N/A
2002	16768T-JT2	1/1/2021	5.000	5,490,000	5,490,000	N/A	N/A
2002	16768T-JU9	1/1/2022	5.000	5,735,000	5,735,000	N/A	N/A
2002	16768T-JV7	1/1/2023	5.000	5,995,000	5,995,000	N/A	N/A
2002	16768T-JW5	1/1/2024	5.000	6,265,000	6,265,000	N/A	N/A
2002	16768T-JX3	1/1/2025	5.000	6,550,000	6,550,000	N/A	N/A
2002	16768T-JY1	1/1/2026	5.000	6,850,000	6,850,000	1/1/2025	100%
2002	16768T-JZ8	1/1/2027	5.000	7,155,000	7,155,000	1/1/2025	100
2002	16768T-KA1	1/1/2028	5.000	7,485,000	7,485,000	1/1/2025	100
2002	16768T-KB9	1/1/2029	5.000	7,820,000	7,820,000	1/1/2025	100
2002	16768T-KC7	1/1/2030	5.000	8,170,000	8,170,000	1/1/2025	100
2002	16768T-KD5	1/1/2031	5.000	8,545,000	8,545,000	1/1/2025	100
2002	16768T-KE3	1/1/2032	5.000	8,935,000	8,935,000	1/1/2025	100
2002	16768T-KF0	1/1/2033	5.000	9,335,000	9,335,000	1/1/2025	100
2002	16768T-KG8	1/1/2034	5.000	9,760,000	9,760,000	1/1/2025	100
2011A	16768T-JK1	1/1/2035	4.375	9,890,000	9,890,000	1/1/2022	100
2011A ⁽³⁾	16768T-JL9	1/1/2038	5.250	94,520,000	94,520,000	1/1/2022	100
2011A ⁽³⁾	16768T-JJ4	1/1/2041	5.000	109,930,000	109,930,000	1/1/2022	100
2011B	16768T-JH8	1/1/2035	5.504	18,565,000	18,565,000	1/16/2018	Make Whole ⁽²⁾
2009A	16768T-HL1	1/1/2018	4.250	1,090,000	1,090,000	N/A	N/A
2009A	16768T-HM9	1/1/2019	4.250	1,130,000	1,130,000	N/A	N/A
2009A	16768T-HN7	1/1/2020	4.250	1,180,000	1,180,000	N/A	N/A
2009A	16768T-HZ0	1/1/2021	4.500	2,400,000	2,400,000	1/1/2020	100
2009A	16768T-HP2	1/1/2021	3.750	2,500,000	2,500,000	1/1/2020	100
2009A	16768T-HQ0	1/1/2022	5.000	5,090,000	5,090,000	1/1/2020	100
2009A	16768T-HR8	1/1/2023	5.000	5,260,000	5,260,000	1/1/2020	100
2009A	16768T-HS6	1/1/2024	5.000	5,510,000	5,510,000	1/1/2020	100
2009A	16768T-HT4	1/1/2025	5.000	5,765,000	5,765,000	1/1/2020	100
2009A	16768T-HU1	1/1/2026	5.000	6,030,000	6,030,000	1/1/2020	100
2009A	16768T-HV9	1/1/2027	5.000	6,310,000	6,310,000	1/1/2020	100
2009A	16768T-HW7	1/1/2028	5.000	11,255,000	11,255,000	1/1/2020	100
2009A	16768T-HY3	1/1/2029	5.000	10,905,000	10,905,000	1/1/2020	100
2009A	16768T-HX5	1/1/2029	4.000	4,305,000	4,305,000	1/1/2020	100
2009B	16768T-JA3	1/1/2031	6.000	2,150,000	2,150,000	1/1/2020	100
2009C ⁽¹⁾	16768T-JB1	1/1/2028	N/A	N/A	3,435,000	N/A	N/A
2009C ⁽¹⁾	16768T-JC9	1/1/2030	N/A	N/A	15,910,000	N/A	N/A
2009C ⁽¹⁾	16768T-JD7	1/1/2031	N/A	N/A	13,730,000	N/A	N/A
2009C ⁽¹⁾	16768T-JE5	1/1/2032	N/A	N/A	15,985,000	N/A	N/A
2009C ⁽¹⁾	16768T-JF2	1/1/2033	N/A	N/A	15,960,000	N/A	N/A
2009C ⁽¹⁾	16768T-JG0	1/1/2034	N/A	N/A	15,930,000	N/A	N/A

2005	16768T-EY6	1/1/2019	5.000	12,870,000	12,870,000	1/16/2018	100
2005	16768T-EZ3	1/1/2020	5.000	8,925,000	8,925,000	1/16/2018	100
2005	16768T-FB5	1/1/2021	5.000	5,685,000	5,685,000	1/16/2018	100
2005	16768T-FC3	1/1/2022	5.000	5,965,000	5,965,000	1/16/2018	100
2005	16768T-FD1	1/1/2023	5.000	6,265,000	6,265,000	1/16/2018	100
2005	16768T-FE9	1/1/2024	5.000	6,575,000	6,575,000	1/16/2018	100
2005	16768T-FF6	1/1/2025	5.000	6,905,000	6,905,000	1/16/2018	100
2005	16768T-FG4	1/1/2026	5.000	7,250,000	7,250,000	1/16/2018	100
2005	16768T-FJ8	1/1/2027	5.000	7,615,000	7,615,000	1/16/2018	100

General Obligation Bonds

Series	CUSIP Number	Maturity Date	Interest Rate	Outstanding Principal	Principal Refunded	Redemption Date	Redemption Price
2001A ⁽⁴⁾	167485-J44	1/1/2023	5.590%	\$2,345,000	\$ 940,000	1/16/2018	100%
2001A ⁽⁴⁾	167485-J51	1/1/2024	5.600	2,480,000	995,000	1/16/2018	100
2001A ⁽⁴⁾	167485-J69	1/1/2025	5.610	2,615,000	1,050,000	1/16/2018	100
2001A ⁽⁴⁾	167485-J77	1/1/2026	5.620	2,765,000	1,110,000	1/16/2018	100
2001A ⁽⁴⁾	167485-J85	1/1/2027	5.650	2,920,000	1,170,000	1/16/2018	100
2001A ⁽⁴⁾	167485-J93	1/1/2028	5.650	3,080,000	1,235,000	1/16/2018	100
2001A ⁽⁴⁾	167485-K26	1/1/2029	5.650	3,255,000	1,305,000	1/16/2018	100
2001A ⁽⁴⁾	167485-K34	1/1/2030	5.650	3,440,000	1,380,000	1/16/2018	100
2002A ⁽³⁾	167485-MR9	1/1/2039	5.625	850,000	850,000	1/16/2018	100
2002A ⁽³⁾	167485-W49	1/1/2042	5.000	1,455,000	1,455,000	1/16/2018	100
2003A ⁽³⁾	167486-TJ8	1/1/2027	5.000	580,000	580,000	1/16/2018	100
2003A ⁽³⁾	167486-QK8	1/1/2034	5.000	14,305,000	4,915,000	1/16/2018	100
2003A ⁽³⁾	167485-3A7	1/1/2042	5.000	19,955,000	8,085,000	1/16/2018	100
2003C ⁽³⁾	167484-Y32	1/1/2028	4.750	16,135,000	2,440,000	1/16/2018	100
2003C ⁽³⁾	167485-3M1	1/1/2035	5.000	17,645,000	2,670,000	1/16/2018	100
NA21-2003 ⁽³⁾	167485-3P4	1/1/2033	5.000	9,650,000	1,400,000	1/16/2018	100
2004A	167484-4M3	1/1/2018	5.500	4,585,000	4,585,000	N/A	N/A
2004A	167485-2L4	1/1/2028	5.000	3,145,000	2,310,000	1/16/2018	100
2004A	167485-2M2	1/1/2029	5.250	3,305,000	2,425,000	1/16/2018	100
2004A ⁽³⁾	167485-2N0	1/1/2034	5.000	54,865,000	14,115,000	1/16/2018	100
2005A	167486-A33	1/1/2019	5.000	10,240,000	590,000	1/16/2018	100
2005A	167485-CC3	1/1/2020	4.000	250,000	10,000	1/16/2018	100
2005A	167485-CD1	1/1/2020	5.000	26,385,000	610,000	1/16/2018	100
2005A	167485-CE9	1/1/2021	4.000	300,000	10,000	1/16/2018	100
2005A	167485-CF6	1/1/2021	5.000	12,440,000	290,000	1/16/2018	100
2005A	167486-YB9	1/1/2022	5.000	885,000	310,000	1/16/2018	100
2005A	167486-YC7	1/1/2023	5.000	420,000	150,000	1/16/2018	100
2005A	167486-YD5	1/1/2024	5.000	500,000	175,000	1/16/2018	100
2005A	167485-CK5	1/1/2025	4.250	210,000	30,000	1/16/2018	100
2005A	167486-YE3	1/1/2025	5.000	325,000	115,000	1/16/2018	100
2005A	167485-CM1	1/1/2026	4.250	500,000	15,000	1/16/2018	100
2005A	167486-YF0	1/1/2026	5.000	280,000	100,000	1/16/2018	100
2005A	167485-CP4	1/1/2027	5.000	3,095,000	75,000	1/16/2018	100
2005A	167485-CQ2	1/1/2028	4.375	1,790,000	45,000	1/16/2018	100
2005A	167485-CR0	1/1/2028	5.000	1,170,000	30,000	1/16/2018	100
2005B	167485-HN4	1/1/2021	5.000	16,950,000	385,000	1/16/2018	100
2005B	167486-YP8	1/1/2022	5.000	380,000	380,000	1/16/2018	100
2005B	167486-YQ6	1/1/2023	5.000	475,000	475,000	1/16/2018	100
2005B	167486-YR4	1/1/2024	5.000	465,000	465,000	1/16/2018	100

2005B	167486-YS2	1/1/2025	5.000	405,000	405,000	1/16/2018	100
2005B	167486-YT0	1/1/2026	5.000	5,810,000	405,000	1/16/2018	100
2005B	167485-HU8	1/1/2027	5.000	26,380,000	595,000	1/16/2018	100
2005B	167485-HV6	1/1/2028	5.000	27,485,000	620,000	1/16/2018	100
2005B	167485-HW4	1/1/2029	5.000	21,170,000	480,000	1/16/2018	100
2005B	167485-HX2	1/1/2030	5.000	16,680,000	380,000	1/16/2018	100
2005B	167485-HY0	1/1/2032	4.750	32,650,000	745,000	1/16/2018	100
2006A	167485-QX2	1/1/2020	5.000	27,990,000	2,500,000	1/16/2018	100
2006A	167485-QY0	1/1/2021	4.500	15,000,000	1,340,000	1/16/2018	100
2006A	167485-QZ7	1/1/2021	5.000	24,325,000	2,170,000	1/16/2018	100
2006A	167486-ZD4	1/1/2022	5.000	5,790,000	4,440,000	1/16/2018	100
2006A	167486-ZE2	1/1/2023	5.000	5,965,000	4,575,000	1/16/2018	100
2006A	167486-ZF9	1/1/2024	5.000	5,755,000	4,415,000	1/16/2018	100
2006A	167486-ZG7	1/1/2025	5.000	3,650,000	2,800,000	1/16/2018	100
2006A	167486-ZH5	1/1/2026	5.000	3,670,000	2,815,000	1/16/2018	100
2006A	167485-RF0	1/1/2027	5.000	26,760,000	2,390,000	1/16/2018	100
2006A	167485-RG8	1/1/2028	5.000	23,000,000	2,055,000	1/16/2018	100
2006A	167485-RJ2	1/1/2031	4.625	26,500,000	2,365,000	1/16/2018	100
2006A ⁽³⁾	167485-RH6	1/1/2030	4.750	49,455,000	4,415,000	1/16/2018	100
2006A ⁽³⁾	167485-RK9	1/1/2036	4.750	51,700,000	4,620,000	1/16/2018	100
2006A ⁽³⁾	167485-RL7	1/1/2038	4.750	28,220,000	2,520,000	1/16/2018	100
2007A	167485-C25	1/1/2020	4.000	945,000	20,000	1/16/2018	100
2007A	167485-C33	1/1/2020	5.000	1,300,000	355,000	1/16/2018	100
2007A	167485-C41	1/1/2021	4.000	480,000	10,000	1/16/2018	100
2007A	167485-C58	1/1/2021	5.000	10,815,000	220,000	1/16/2018	100
2007A	167485-C66	1/1/2022	5.000	11,850,000	240,000	1/16/2018	100
2007A	167485-C74	1/1/2023	5.000	19,085,000	385,000	1/16/2018	100
2007A	167485-C82	1/1/2024	5.000	20,585,000	415,000	1/16/2018	100
2007A	167485-C90	1/1/2025	5.000	49,590,000	1,000,000	1/16/2018	100
2007A	167485-D24	1/1/2026	4.250	6,530,000	135,000	1/16/2018	100
2007A	167485-D32	1/1/2026	5.000	33,830,000	685,000	1/16/2018	100
2007A	167485-D40	1/1/2027	5.000	40,035,000	810,000	1/16/2018	100
2007A	167485-D73	1/1/2033	4.500	2,635,000	55,000	1/16/2018	100
2007A ⁽³⁾	167485-D81	1/1/2033	5.000	40,615,000	855,000	1/16/2018	100
2007A ⁽³⁾	167485-D65	1/1/2032	5.000	79,615,000	1,615,000	1/16/2018	100
2007A ⁽³⁾	167485-D57	1/1/2029	5.000	58,105,000	1,175,000	1/16/2018	100
2007A ⁽³⁾	167485-D99	1/1/2037	5.000	104,490,000	2,115,000	1/16/2018	100
2007C	167485-Q79	1/1/2019	5.000	12,815,000	1,310,000	1/16/2018	100
2007C	167485-Q87	1/1/2020	5.000	9,845,000	1,010,000	1/16/2018	100
2007C	167485-Q95	1/1/2021	5.000	5,990,000	615,000	1/16/2018	100
2007C	167485-R29	1/1/2022	5.000	7,575,000	775,000	1/16/2018	100
2007C	167485-R37	1/1/2023	5.000	8,130,000	835,000	1/16/2018	100
2007C	167485-R45	1/1/2024	4.250	2,670,000	275,000	1/16/2018	100
2007C	167485-R52	1/1/2024	5.000	4,640,000	475,000	1/16/2018	100
2007C	167485-R60	1/1/2025	5.000	25,890,000	2,650,000	1/16/2018	100
2007C	167485-R78	1/1/2026	5.000	26,105,000	2,670,000	1/16/2018	100
2007C	167485-R86	1/1/2027	5.000	19,590,000	2,005,000	1/16/2018	100
2007C	167485-R94	1/1/2028	5.000	21,495,000	2,200,000	1/16/2018	100
2007C	167485-S28	1/1/2029	5.000	27,315,000	2,795,000	1/16/2018	100
2007C	167485-S36	1/1/2030	5.000	27,605,000	2,825,000	1/16/2018	100
2007C	167485-S44	1/1/2031	5.000	28,550,000	2,920,000	1/16/2018	100
2007C	167485-S51	1/1/2032	5.000	12,575,000	1,290,000	1/16/2018	100
2008A	167485-5E7	1/1/2018	5.000	8,220,000	8,220,000	N/A	N/A
2008A	167485-5F4	1/1/2019	5.000	12,775,000	1,280,000	1/16/2018	100
2008A	167485-5G2	1/1/2020	4.000	6,545,000	330,000	1/16/2018	100
2008A	167485-5H0	1/1/2020	5.000	19,425,000	970,000	1/16/2018	100
2008A	167485-5J6	1/1/2021	5.250	23,880,000	1,190,000	1/16/2018	100
2008A	167485-5K3	1/1/2022	5.250	24,950,000	1,245,000	1/16/2018	100

2008A	167485-5L1	1/1/2023	5.250	24,715,000	1,235,000	1/16/2018	100
2008A	167485-5M9	1/1/2024	5.250	24,090,000	1,205,000	1/16/2018	100
2008A	167485-5N7	1/1/2025	5.250	27,075,000	1,350,000	1/16/2018	100
2008A	167485-5P2	1/1/2026	5.250	12,840,000	640,000	1/16/2018	100
2008A	167485-5Q0	1/1/2027	5.250	13,515,000	675,000	1/16/2018	100
2008A	167485-5R8	1/1/2028	5.250	14,225,000	710,000	1/16/2018	100
2008A	167485-5S6	1/1/2033	4.625	5,450,000	275,000	1/16/2018	100
2008A ⁽³⁾	167485-5T4	1/1/2033	5.250	58,505,000	2,930,000	1/16/2018	100
2008A ⁽³⁾	167485-5U1	1/1/2037	5.250	52,875,000	2,640,000	1/16/2018	100

⁽¹⁾ Capital Appreciation Bonds. Amounts shown reflect final accreted value at each respective maturity.

⁽²⁾ Determined on the third business day before the redemption date.

⁽³⁾ Maturity date listed is stated maturity of a term bond. Amounts shown reflect outstanding amounts and amounts being refunded of such term bond.

⁽⁴⁾ Conversion Bonds. Amounts shown reflect the accreted value of each respective maturity upon conversion.

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