

In the opinion of Nixon Peabody LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois (“Co-Transaction Counsel”), under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the Sales Tax Securitization Corporation and the City of Chicago described herein, interest on the Second Lien Series 2021A Bonds (as defined herein) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Co-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. Under existing law, interest on the Second Lien Series 2021B Bonds (as defined herein) is included in gross income for federal income tax purposes. Interest on the Second Lien Series 2021A Bonds and the Second Lien Series 2021B Bonds is not exempt from present Illinois income taxes. See “TAX MATTERS” herein regarding certain other tax considerations.

SALES TAX SECURITIZATION CORPORATION



\$394,155,000
SECOND LIEN SALES TAX
SECURITIZATION BONDS
SERIES 2021A

\$609,865,000
SECOND LIEN SALES TAX
SECURITIZATION BONDS
TAXABLE SERIES 2021B

Dated: Date of Delivery

Due: January 1, As Shown on the 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 *et seq.*), as amended. The Corporation is an instrumentality of, but separate and apart from, the City of Chicago (the “City”).

This Offering Circular contains information relating to the Corporation’s (i) Second Lien Sales Tax Securitization Bonds, Series 2021A (the “**Second Lien Series 2021A Bonds**”) and (ii) Second Lien Sales Tax Securitization Bonds, Taxable Series 2021B (the “**Second Lien Series 2021B Bonds**”) and, together with the Second Lien Series 2021A Bonds, the “Second Lien Series 2021 Bonds”).

The Second Lien Series 2021 Bonds are being issued pursuant to a Master Trust Indenture, dated as of December 1, 2017 (the “**Master Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), as heretofore supplemented and as supplemented by the Second Lien Supplemental Trust Indenture, dated as of January 1, 2020 (the “**Second Lien Supplemental Indenture**”), and the Second Supplement to the Second Lien Supplemental Trust Indenture, dated as of December 1, 2021 (the “**Second Supplement to Second Lien Supplemental Indenture**”) and, together with the Master Indenture and the Second Lien Supplemental Indenture, the “**Indenture**”). The Second Lien Series 2021 Bonds will be secured by a lien or charge on the Trust Estate (as defined herein) that is subject to and subordinate to the first-priority lien on the Trust Estate securing Senior Lien Bonds (as defined herein) issued by the Corporation.

The Second Lien Series 2021 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 Second Lien Series 2021 Bonds. Purchasers of the Second Lien Series 2021 Bonds will not receive certificates representing their interests in the Second Lien Series 2021 Bonds repurchased. The Second Lien Series 2021 Bonds will be issued in authorized denominations of \$5,000 or an integral multiple thereof.

Interest on the Second Lien Series 2021 Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2022. Principal and Redemption Price (as defined herein) of and interest on the Second Lien Series 2021 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 Second Lien Series 2021 Bonds. As long as Cede & Co., as nominee of DTC, is the registered owner of the Second Lien Series 2021 Bonds, payments on the Second Lien Series 2021 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 – DTC BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**.

The Second Lien Series 2021A Bonds are not subject to redemption. The Second Lien Series 2021B Bonds are subject to optional and mandatory redemption, as described herein. See “**THE SECOND LIEN SERIES 2021 BONDS – REDEMPTION OF SECOND LIEN SERIES 2021A BONDS**” and “**– REDEMPTION OF SECOND LIEN SERIES 2021B BONDS**.”

The Second Lien Series 2021 Bonds are limited obligations of the Corporation and are payable solely from the Sales Tax Revenues (as defined herein) and the other collateral pledged under the Indenture. The Corporation has purchased the Sales Tax Revenues from the City pursuant to the Sale Agreement (as defined herein). A portion of the proceeds of the Second Lien Series 2021 Bonds will be conveyed by the Corporation to the City pursuant to the Sale Agreement and used by the City to (i) refund certain outstanding general obligation bonds of the City; (ii) refund certain outstanding motor fuel tax bonds of the City; (iii) repay a loan obtained by the City under the Transportation Infrastructure Finance and Innovation Act, and (iv) repurchase by means of a tender offer certain outstanding general obligation bonds and outstanding motor fuel tax bonds of the City. The remaining proceeds of the Second Lien Series 2021 Bonds, together with certain other available funds of the Corporation, will be used by the Corporation to (i) refund Senior Lien Bonds; (ii) fund capitalized interest on the Second Lien Series 2021 Bonds; and (iii) pay the costs of issuance of the Second Lien Series 2021 Bonds. See “**PLAN OF FINANCE**.”

The Second Lien Series 2021 Bonds will be issued as Subordinated Indebtedness (as defined herein) secured by a lien or charge on the Subordinated Indebtedness Fund (as defined herein) that is subject to and subordinate to the first-priority lien on the Trust Estate granted to holders of Senior Lien Bonds outstanding or hereafter issued in accordance with the priority set forth in the Indenture. The Corporation has no financial assets available for the payment of Senior Lien Bonds or Subordinated Indebtedness other than the Sales Tax Revenues and the other collateral pledged under the Indenture.

See the inside cover page for maturity dates, principal amounts, interest rates, yields and CUSIP numbers.

The Second Lien Series 2021 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 Illinois General Assembly levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of, or interest on, the Second Lien Series 2021 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 City or the State is, or shall be deemed to be, pledged to the payment of any of the Second Lien Series 2021 Bonds. The Corporation has no taxing power.

The Second Lien Series 2021 Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters (as defined herein), subject to the approval of legality by Co-Transaction Counsel. Certain legal matters with respect to the Corporation will be passed upon by (i) Co-Transaction Counsel, (ii) Mayer Brown LLP, Chicago, Illinois, as counsel to the Corporation, and (iii) in connection with the preparation of this Offering Circular, Golden Holley James LLP, Chicago, Illinois, and the Hardwick Law Firm, LLC, Chicago, Illinois, as Co-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, Chicago, Illinois, as Special Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois, and Neal & Leroy, LLC, Chicago, Illinois, Co-Underwriters’ Counsel. It is expected that the Second Lien Series 2021 Bonds will be available for delivery in book-entry form only through the facilities of DTC on or about December 22, 2021.

Loop Capital Markets

Goldman Sachs & Co. LLC

Cabrera Capital Markets LLC

Stifel, Nicolaus & Company, Incorporated

Estrada Hinojosa

Fifth Third Securities, Inc.

Huntington Capital Markets

Melvin Securities, LLC

PNC Capital Markets LLC

Ramirez & Co., Inc.

Valdés & Moreno Inc.

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

\$394,155,000

**SALES TAX SECURITIZATION CORPORATION
SECOND LIEN SALES TAX SECURITIZATION BONDS
SERIES 2021A**

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number †
2024	\$ 21,250,000	5.000%	0.470%	109.118	79467BDZ5
2025	29,980,000	5.000	0.560	113.299	79467BEA9
2026	18,875,000	5.000	0.710	116.992	79467BEB7
2027	44,000,000	5.000	0.850	120.372	79467BEC5
2028	29,635,000	5.000	1.040	123.068	79467BED3
2029	24,225,000	5.000	1.220	125.373	79467BEE1
2030	45,930,000	5.000	1.350	127.671	79467BEF8
2031	41,955,000	5.000	1.420	130.223	79467BEG6
2032	46,390,000	5.000	1.520	132.245	79467BEH4
2033	87,555,000	5.000	1.630	133.880	79467BEJ0
2034	4,360,000	5.000	1.780	134.718	79467BEK7

\$609,865,000

**SALES TAX SECURITIZATION CORPORATION
SECOND LIEN SALES TAX SECURITIZATION BONDS
TAXABLE SERIES 2021B**

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number †
2023	\$ 70,000,000	0.790%	0.790%	100.000	79467BDV4

\$77,700,000 3.118% Term Bond due January 1, 2036
Yield 3.118% Price 100.000 CUSIP No.† 79467BDW2

\$383,040,000 3.238% Term Bond due January 1, 2042
Yield 3.238% Price 100.000 CUSIP No.† 79467BDX0

\$79,125,000 3.338% Term Bond due January 1, 2048
Yield 3.338% Price 100.000 CUSIP No.† 79467BDY8

† 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 are being provided solely for the convenience of the bondholders only at the time of the issuance of the Second Lien Series 2021 Bonds, and neither the Corporation nor the Underwriters make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to change after the issuance of the Second Lien Series 2021 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 Second Lien Series 2021 Bonds.

REGARDING THIS OFFERING CIRCULAR

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE OR MAINTAIN THE PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING OVERALLOTMENT 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.**”

This Offering Circular, including the Appendices, contains certain opinions, estimates, and forward-looking statements and information, including projections, that are based on the Corporation’s beliefs as well as assumptions made by and information currently available to the Corporation. Such opinions, estimates, projections and forward-looking statements set forth in this Offering Circular were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Corporation, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of the Corporation’s knowledge and belief, the expected course of action and the expected future financial performance of the Corporation. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and the readers of this Offering Circular are cautioned not to place undue reliance on such opinions, statements or prospective financial information.

The prospective financial information set forth in this Offering Circular, except for certain information sourced to parties other than the Corporation, is the sole product of the Corporation. The Corporation’s independent auditors have not compiled, examined, or performed any procedures with respect to, or been consulted in connection with the preparation of, the prospective financial information contained herein. The Corporation’s independent auditors assume no responsibility for the content of the prospective financial information set forth in this Offering Circular, disclaim any association with such prospective financial information, and have not, nor have any other independent auditors, expressed any opinion or any other form of assurance on such information or its achievability. *See* “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS**” and “**SALES TAX REVENUES – PROJECTED SALES TAX REVENUES.**”

Furthermore, any historical information described in this Offering Circular, including information concerning collections of taxes described under “**SALES TAX REVENUES,**” should be considered in light of the possible or probable negative impact from the COVID-19 pandemic. For further information on COVID-19

and its actual and potential long-term effects, *see* “COVID-19” and “SALES TAX REVENUES – PROJECTED SALES TAX REVENUES.”

References in this Offering Circular to the Indenture and the Sale Agreement 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 and may be obtained upon written request to 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, the City 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. *See* “INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.”

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 SECOND LIEN SERIES 2021 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. 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 under this heading “**INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES**” to “Bonds” or “Securities” mean the Second Lien Series 2021B Bonds offered hereby.

EUROPEAN ECONOMIC AREA AND UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR THE UNITED KINGDOM (EACH, A “**RELEVANT STATE**”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “**MIFID II**”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION 2017/1129 (EU) (AS AMENDED OR SUPERSEDED, THE “**PROSPECTUS REGULATION**”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “**PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN A RELEVANT STATE HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN A RELEVANT STATE MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THIS OFFERING CIRCULAR HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF BONDS IN ANY RELEVANT STATE WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF BONDS. THIS OFFERING CIRCULAR IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION.

UNITED KINGDOM

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT:

A. IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED 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**”)) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE COMPANY; AND

B. IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

HONG KONG

THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (“**COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**”) OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (“**SECURITIES AND FUTURES ORDINANCE**”), OR (II) TO “**PROFESSIONAL INVESTORS**” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN

THE DOCUMENT BEING A “**PROSPECTUS**” AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “**PROFESSIONAL INVESTORS**” IN HONG KONG AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

SINGAPORE

THIS OFFERING CIRCULAR HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE “**SFA**”)) UNDER SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) PURSUANT TO SECTION 275(1) OF THE SFA, OR ANY PERSON PURSUANT TO SECTION 275(1A) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA, IN EACH CASE SUBJECT TO CONDITIONS SET FORTH IN THE SFA.

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR, THE SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION HAS ACQUIRED THE BONDS UNDER SECTION 275 OF THE SFA EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), (2) WHERE SUCH TRANSFER ARISES FROM AN OFFER IN THAT CORPORATION’S SECURITIES PURSUANT TO SECTION 275(1A) OF THE SFA, (3) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER, (4) WHERE THE TRANSFER IS BY OPERATION OF LAW, (5) AS SPECIFIED IN SECTION 276(7) OF THE SFA, OR (6) AS SPECIFIED IN REGULATION 32 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005 OF SINGAPORE (“**REGULATION 32**”).

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN ACCREDITED INVESTOR, THE BENEFICIARIES’ RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT TRUST HAS ACQUIRED THE BONDS UNDER SECTION 275 OF THE SFA EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), (2) WHERE SUCH TRANSFER ARISES FROM AN OFFER THAT IS MADE ON TERMS THAT SUCH RIGHTS OR INTEREST ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN \$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION (WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS), (3) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER, (4) WHERE THE TRANSFER IS BY OPERATION OF LAW, (5) AS SPECIFIED IN SECTION 276(7) OF THE SFA, OR (6) AS SPECIFIED IN REGULATION 32.

JAPAN

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED), OR THE FIEA. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE BENEFIT OF ANY RESIDENT OF JAPAN (INCLUDING ANY PERSON RESIDENT IN JAPAN OR ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN) OR TO OTHERS FOR REOFFERING 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 THE FIEA AND OTHERWISE IN COMPLIANCE WITH ANY RELEVANT LAWS AND REGULATIONS OF JAPAN.

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.

NOTICE TO PROSPECTIVE INVESTORS IN THE REPUBLIC OF 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 INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FSCMA"). THE BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD 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, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FETL"). FURTHERMORE, THE BONDS MAY NOT BE RESOLD TO KOREAN RESIDENTS UNLESS THE PURCHASER OF THE BONDS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO GOVERNMENT REPORTING REQUIREMENTS UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY, TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF THE BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE CORPORATION OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE CORPORATION OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

PROFESSIONALS INVOLVED IN THE OFFERING

SALES TAX SECURITIZATION CORPORATION

DIRECTORS

Jennie Huang Bennett, Chair, *Chief Financial Officer of the City*
Susie Park, Director, *Budget Director of the City*
Reshma Soni, Director, *Comptroller of the City*
Scott Waguespack, Director, *Chair of the Committee on Finance of the City Council*
Pat Dowell, Director, *Chair of the Committee on Budget and Government Operations of the City Council*

OFFICERS

Jennie Huang Bennett, President, *Chief Financial Officer of the City*
Jack Brofman, Secretary-Treasurer, *Deputy Chief Financial Officer of the City*

CITY OF CHICAGO

CORPORATION COUNSEL

Celia Meza, Esq.

SPECIAL COUNSEL TO THE CITY

Chapman and Cutler LLP, *Chicago, Illinois*

PROFESSIONAL SERVICES

CO-TRANSACTION COUNSEL

Nixon Peabody LLP, *Chicago, Illinois*
Sanchez Daniels & Hoffman LLP, *Chicago, Illinois*

COUNSEL TO THE CORPORATION

Mayer Brown LLP, *Chicago, Illinois*

CO-DISCLOSURE COUNSEL TO THE CORPORATION

Golden Holley James LLP, *Chicago, Illinois*
Hardwick Law Firm, LLC, *Chicago, Illinois*

CO-UNDERWRITERS' COUNSEL

McGuireWoods LLP, *Chicago, Illinois*
Neal & Leroy, LLC, *Chicago, Illinois*

CO-FINANCIAL ADVISORS

PFM Financial Advisors LLC
The RSI Group, LLC
Swap Financial Group, LLC

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OFFERING CIRCULAR

SALES TAX SECURITIZATION CORPORATION

\$394,155,000
SECOND LIEN SALES TAX
SECURITIZATION BONDS
SERIES 2021A

\$609,865,000
SECOND LIEN SALES TAX
SECURITIZATION BONDS
TAXABLE SERIES 2021B

INTRODUCTORY STATEMENT

This Offering Circular sets forth information concerning the issuance by the Sales Tax Securitization Corporation (the “**Corporation**”) of its (i) Second Lien Sales Tax Securitization Bonds, Series 2021A (the “**Second Lien Series 2021A Bonds**”) and (ii) Second Lien Sales Tax Securitization Bonds, Taxable Series 2021B (the “**Second Lien Series 2021B Bonds**”) and, together with the Second Lien Series 2021A Bonds, the “**Second Lien Series 2021 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 *et seq.*), as amended (the “**Corporation Act**”). *See* “**THE CORPORATION.**” The incorporation of the Corporation was authorized by an ordinance of the City of Chicago (the “**City**” or “**Chicago**”) passed by the City Council of the City (the “**City Council**”) on October 11, 2017 (the “**Incorporation Ordinance**”). The Corporation is an instrumentality of, but separate and apart from, the City.

The Second Lien Series 2021 Bonds will be issued by the Corporation pursuant to (i) an ordinance duly adopted by the City Council on November 24, 2020, as amended by an ordinance duly adopted by the City Council on October 27, 2021 (as amended, the “**City Authorizing Ordinance**”), authorizing the Corporation to issue Secured Obligations (as defined herein) and the City to issue its general obligation bonds; (ii) a resolution duly adopted by the Corporation’s Board of Directors on December 17, 2020 (the “**Corporation Authorizing Resolution**”), authorizing the Corporation to issue its Second Lien Bonds (the “**Authorized Second Lien Bonds**”); and (iii) a Master Trust Indenture, dated as of December 1, 2017 (the “**Master Indenture**”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”), as heretofore supplemented and as supplemented by the Second Lien Supplemental Trust Indenture, dated as of January 1, 2020 (the “**Second Lien Supplemental Indenture**”), and the Second Supplement to the Second Lien Supplemental Trust Indenture, dated as of December 1, 2021 (the “**Second Supplement to Second Lien Supplemental Indenture**”) and, together with the Master Indenture and the Second Lien Supplemental Indenture, the “**Indenture**”).

For information regarding the use of proceeds of the Second Lien Series 2021 Bonds, *see* “**PLAN OF FINANCE.**”

The Second Lien Series 2021 Bonds are limited obligations of the Corporation and payable solely from Sales Tax Revenues (as defined herein) and the other collateral pledged under the Indenture. The Corporation has purchased all of the City’s right, title and interest in and to the Sales Tax Revenues from the City pursuant to the Sale Agreement. The “**Sales Tax Revenues**” consist of (i) all amounts payable upon the order of the Comptroller of the State of Illinois (the “**State**”) 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 State of Illinois Department of Revenue (the “**Home Rule Sales Tax**

Revenues) and (ii) 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 State of Illinois Department of Revenue (the **“Local Share Sales Tax Revenues”**). The Sales Tax Revenues do not include amounts received from certain other sales taxes 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 established pursuant to the provisions of the Master Indenture 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 (as defined herein) (initially and currently the City) free and clear of the lien of the Indenture, and holders of Secured Obligations have no claim on the Residual Revenues. See **“SECURITY FOR THE SECOND LIEN BONDS – RESIDUAL REVENUES NOT PLEDGED TO THE SECOND LIEN BONDS”** and **“– FLOW OF FUNDS”** and **“THE RESIDUAL CERTIFICATE.”**

The Second Lien Series 2021 Bonds will be secured by a lien or charge on the Trust Estate (as defined herein) that is subject to and subordinate to the first-priority lien on the Trust Estate securing Senior Lien Bonds (as defined herein) issued by the Corporation. The Second Lien Series 2021 Bonds will be secured on a parity basis with other Second Lien Bonds issued by the Corporation. See **“SECURITY FOR THE SECOND LIEN BONDS – ADDITIONAL SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS.”**

THE SECOND LIEN SERIES 2021 BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE CITY OR OF 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 A GRANT TO THE HOLDERS THEREOF ANY RIGHT TO HAVE THE CITY OR THE ILLINOIS GENERAL ASSEMBLY LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SECOND LIEN SERIES 2021 BONDS. THE CORPORATION DOES NOT HAVE THE POWER TO PLEDGE THE CREDIT, THE REVENUES OR THE TAXING POWER OF THE CITY OR THE STATE, AND NEITHER THE CREDIT, THE REVENUES NOR THE TAXING POWER OF THE CITY OR THE STATE IS, OR SHALL BE DEEMED TO BE, PLEDGED TO THE PAYMENT OF ANY OF THE SECOND LIEN SERIES 2021 BONDS. THE CORPORATION HAS NO TAXING POWER.

COVID-19 became a global pandemic in early 2020. The COVID-19 pandemic has had a negative effect on the Chicago area economy and the City’s financial condition. For information on COVID-19 and its effects, see **“COVID-19”** and **“SALES TAX REVENUES – PROJECTED SALES TAX REVENUES.”**

Capitalized terms used and not otherwise defined in this Offering Circular shall have the meanings given such terms in the Indenture. See **APPENDIX C – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.**

PLAN OF FINANCE

The Corporation Authorizing Resolution and the City Authorizing Ordinance each provide that the proceeds of Authorized Second Lien Bonds may be used to (i) provide funding for any lawful purpose of the City, including but not limited to, funding for capital and infrastructure requirements of the City, refunding any outstanding obligations of the City and refunding outstanding obligations of the Corporation, and (ii) make payments to the City in consideration for the City’s assignment of the Sales Tax Revenues.

A portion of the proceeds of the Second Lien Series 2021 Bonds will be conveyed by the Corporation to the City pursuant to the Sale Agreement (as defined herein), and such proceeds will be used by the City, together with other available funds of the City, to implement the following plan of finance (the “**Financing Plan**”): (i) refund certain outstanding general obligation bonds of the City (the “**Refunded GO Bonds**”); (ii) refund certain outstanding motor fuel tax bonds of the City (the “**Refunded MFT Bonds**”); (iii) repay a loan (the “**TIFIA Loan**”) obtained by the City under the Transportation Infrastructure Finance and Innovation Act, and (iv) repurchase by means of a tender offer certain outstanding general obligation bonds and motor fuel tax bonds of the City (the “**Tendered Bonds**”). Pursuant to the Financing Plan, the remaining proceeds of the Second Lien Series 2021 Bonds will be used by the Corporation, together with certain available funds of the Corporation, to (i) refund certain Senior Lien Bonds (as defined herein) (the “**Refunded STSC Bonds**”); (ii) fund capitalized interest on the Second Lien Series 2021 Bonds; and (iii) pay the costs of issuance of the Second Lien Series 2021 Bonds. The Refunded GO Bonds, the Refunded MFT Bonds, the TIFIA Loan, the Tendered Bonds and the Refunded STSC Bonds are collectively referred to herein as the “**Refinanced Obligations.**” The Refinanced Obligations are described in **APPENDIX D – SUMMARY OF THE REFINANCED OBLIGATIONS.**

Contemporaneously with STSC’s issuance of the Second Lien Series 2021 Bonds, the City expects to issue its General Obligation Bonds, Series 2021A (the “**City GO Series 2021A Bonds**”) and General Obligation Bonds, Series 2021B (the “**City GO Series 2021B Bonds**” and, together with the City GO Series 2021A Bonds, the “**City GO Series 2021 Bonds**”). Proceeds of the City GO Series 2021A Bonds will be used, together with proceeds of the Second Lien Series 2021 Bonds, to fund the Financing Plan. The City will exchange the City GO Series 2021B Bonds for outstanding general obligation bonds of the City by means of an exchange offer.

Each of the City Authorizing Ordinance and the Corporation Authorizing Resolution set the debt issuance limit for the Financing Plan at an aggregate principal amount not to exceed \$2.35 billion (the “**Debt Limit**”), from any combination of general obligation debt of the City, Senior Lien Bonds or Second Lien Bonds. The combined aggregate principal amount of the Second Lien Series 2021 Bonds and the City GO Series 2021 Bonds will count toward the Debt Limit.

To provide for the payment of (and, in certain cases, the defeasance of) the Refunded GO Bonds, the Refunded MFT Bonds and the Refunded STSC Bonds (collectively, the “**Refunded Bonds**”), proceeds of the Second Lien Series 2021 Bonds and certain available funds of the Corporation and the City, as applicable, will be deposited pursuant to one or more escrow deposit agreements with the respective paying agents for the Refunded Bonds (collectively, the “**Escrow Agreements**”) upon issuance of the Second Lien Series 2021 Bonds. Pursuant to the Escrow Agreements, a portion of the amount deposited will be used to purchase securities constituting direct obligations of the United States of America (collectively, the “**Government Obligations**”) and to provide initial cash deposits. The principal of and interest on the Government Obligations, together with available cash deposits, will be sufficient (i) to pay when due the interest on the Refunded Bonds to their respective redemption dates and (ii) to redeem the Refunded Bonds and on their respective redemption dates at their respective redemption prices, all as set forth in **APPENDIX D – SUMMARY OF THE REFINANCED OBLIGATIONS.**

The Government Obligations purchased with the proceeds of the Second Lien Series 2021 Bonds, together with available cash deposits (collectively, the “**Escrow Funds**”), will be held in trust with the respective paying agents for the Refunded GO Bonds, the Refunded STSC Bonds and the Refunded MFT Bonds pursuant to the Escrow Agreements. Neither the cash on deposit, the Government Obligations nor the interest to be earned thereon will serve as security for or be available for the payment of the principal of or the interest on the Second Lien Series 2021 Bonds.

The accuracy of the mathematical computations regarding the adequacy of the maturing principal of and interest earnings on the Government Securities together with the initial cash deposits in the Escrow Funds to pay the redemption prices for the Refunded GO Bonds and the Refunded STSC Bonds will be verified by Robert Thomas, CPA, LLC. See “**PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS – VERIFICATION AGENT.**”

SOURCES AND USES OF FUNDS

The expected application of the proceeds of the Second Lien Series 2021 Bonds and debt service funds from the Refinanced Obligations are set forth below.

	Second Lien Series 2021A Bonds	Second Lien Series 2021B Bonds	Aggregate Sources of Funds
SOURCES OF FUNDS:			
Principal Amount of Second Lien Series 2021 Bonds	\$ 394,155,000.00	\$ 609,865,000.00	\$1,004,020,000.00
Original Issue Premium (Discount)	102,603,490.50	--	102,603,490.50
Debt Service Funds ¹	10,966,111.67	13,567,185.41	24,533,297.08
TOTAL SOURCES	<u>\$ 507,724,602.17</u>	<u>\$ 623,432,185.41</u>	<u>\$1,131,156,787.58</u>
USES OF FUNDS:			
Financing Plan	\$ 475,398,514.08	\$ 609,038,345.98	\$1,084,436,860.06
Deposit to Second Lien Capitalized Interest Account(s)	29,072,762.08	9,582,660.24	38,655,422.32
Costs of Issuance, including Underwriters’ Discount	3,253,326.01	4,811,179.19	8,064,505.20
TOTAL USES	<u>\$ 507,724,602.17</u>	<u>\$ 623,432,185.41</u>	<u>\$1,131,156,787.58</u>

¹ Represents amounts available from the related debt service funds of the Refinanced Obligations.

THE SECOND LIEN SERIES 2021 BONDS

The following describes certain terms of the Second Lien Series 2021 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 Second Lien Series 2021 Bonds. Copies of the Indenture may be obtained upon written request to the Trustee.

GENERAL

The Second Lien Series 2021 Bonds will be dated their date of delivery and will bear interest from their dated date until paid or redeemed, payable semiannually on each January 1 and July 1 (each, an “**Interest Payment Date**”), commencing July 1, 2022. The Second Lien Series 2021 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 Second Lien Series 2021 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Second Lien Series 2021

Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof (each, an “**Authorized Denomination**”).

Interest on the Second Lien Series 2021 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 Second Lien Series 2021 Bonds, by wire transfer of immediately available funds to such bank in the continental United States as such owner requests in writing.

The Second Lien Series 2021 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 Second Lien Series 2021 Bonds may be held through DTC, directly as a participant or indirectly through organizations that are participants in DTC. Details of payments of the Second Lien Series 2021 Bonds and the book-entry-only system are described in **APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**. Except as described in **APPENDIX A**, beneficial owners of the Second Lien Series 2021 Bonds will not receive or have the right to receive physical delivery of the Second Lien Series 2021 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 Direct Participant or an Indirect Participant (each as defined in **APPENDIX A**), the Direct Participant 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 Second Lien Series 2021 Bonds and to exercise voting rights, and (ii) the records of DTC and, if such beneficial owner is not a Direct Participant or an Indirect Participant, such beneficial owner’s Direct Participant or Indirect Participant, to evidence its beneficial ownership of the Second Lien Series 2021 Bonds. So long as DTC or its nominee is the registered owner of the Second Lien Series 2021 Bonds, references herein to Bondholders or Holders or registered owners of the Second Lien Series 2021 Bonds mean DTC or its nominee and do not mean the beneficial owners of the Second Lien Series 2021 Bonds.

Additional information regarding DTC, its book-entry-only system and the global clearance procedures applicable to the Second Lien Series 2021 Bonds can be found in **APPENDIX A – DTC BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**.

REDEMPTION OF SECOND LIEN SERIES 2021A BONDS

The Second Lien Series 2021A Bonds are not subject to redemption prior to maturity.

REDEMPTION OF SECOND LIEN SERIES 2021B BONDS

Optional Redemption of Second Lien Series 2021B Bonds

The Second Lien Series 2021B Bonds maturing on January 1, 2048 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, 2031, at a Redemption Price of par plus any accrued interest on such Second Lien Series 2021B Bonds being redeemed to the date fixed for redemption.

Optional Redemption of Second Lien Series 2021B Bonds at Make-Whole Optional Redemption Price

For purposes of this section, the following terms shall have the following respective meanings:

“**Business Day**” means any day other than a day on which banks in New York, New York, Chicago, Illinois, or the city in which the Trustee maintains its designated office are required or authorized to close.

“**Treasury Rate**” means, as of any redemption date for a Second Lien Series 2021B 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 Business Days 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 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 Second Lien Series 2021B Bond to be redeemed.

In addition to the Second Lien Series 2021B Bonds maturing on January 1, 2048, which are subject to optional redemption at par beginning January 1, 2031 as described under “– ***Optional Redemption of Second Lien Series 2021B Bonds***” above, the Second Lien Series 2021B 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, at a redemption price (the “**Make-Whole Optional Redemption Price**”) equal to the greater of: (A) the principal amount of such Second Lien Series 2021B Bonds to be redeemed or (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Second Lien Series 2021B Bonds to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date such Second Lien Series 2021B Bonds are to be redeemed), discounted to the date of redemption of such Second Lien Series 2021B Bonds to be redeemed on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus (i) with respect to the Second Lien Series 2021B Bonds maturing on January 1, 2023, 5 basis points, (ii) with respect to the Second Lien Series 2021B Bonds maturing on January 1, 2036, and January 1, 2048, 25 basis points and (iii) with respect to the Second Lien Series 2021B Bonds maturing on and after January 1, 2042, 20 basis points, plus, in each case, accrued interest on such Second Lien Series 2021B Bonds being redeemed to the date fixed for redemption.

The Make-Whole Optional Redemption Price of any Second Lien Series 2021B Bonds to be redeemed will be calculated by an independent accounting firm, investment banking firm or financial advisor (the “**Calculation Agent**”) retained by the Corporation at the Corporation’s expense. The Trustee and the Corporation may rely on the Calculation Agent’s determination of the Make-Whole Optional Redemption Price and will not be liable for such reliance. The Corporation shall confirm and transmit the Make-Whole Redemption Price as so calculated on such dates and to such parties as shall be necessary to effectuate such redemption.

Mandatory Redemption from Sinking Fund Installments of Second Lien Series 2021B Bonds

The Second Lien Series 2021B Bonds maturing on January 1, 2036 are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100 percent of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

<u>January 1,</u>	<u>Principal Amount</u>
2034	\$42,390,000
2035	13,280,000
2036 ¹	22,030,000

¹ Final maturity.

The Second Lien Series 2021B Bonds maturing on January 1, 2042 are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100 percent of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

<u>January 1,</u>	<u>Principal Amount</u>
2036	\$48,250,000
2037	47,460,000
2038	89,300,000
2039	56,845,000
2040	47,135,000
2041	67,155,000
2042 ¹	26,895,000

¹ Final maturity.

The Second Lien Series 2021B Bonds maturing on January 1, 2048 are Term Bonds subject to mandatory redemption from Sinking Fund Installments at a Redemption Price equal to 100 percent of the principal amount being redeemed, plus accrued interest, on the dates and in the amounts set forth below:

<u>January 1,</u>	<u>Principal Amount</u>
2043	\$46,405,000
2044	5,250,000
2045	5,185,000
2046	6,690,000
2047	4,625,000
2048 ¹	10,970,000

¹ Final maturity.

There will be credited against and in satisfaction of all or a portion of a Sinking Fund Installment payable on any date, the principal amount of Second Lien Series 2021B Bonds entitled to such Sinking Fund Installment (A) purchased with money in the Subordinate Lien Debt Service Fund pursuant to the Second Lien Supplemental Indenture, (B) redeemed at the option of the Corporation, (C) purchased by the City or the Corporation and delivered to the Trustee for cancellation or (D) deemed to have been paid in

accordance with the Second Lien Supplemental Indenture. Second Lien Series 2021B Bonds purchased with money in the Subordinate Lien Debt Service Fund will be applied against and in satisfaction of the Sinking Fund Installment of the Second Lien Series 2021B Bonds so purchased payable on the next succeeding January 1. Second Lien Series 2021B Bonds redeemed at the option of the Corporation, purchased by the Corporation or the City (other than from amounts on deposit in the Subordinate Lien Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Subordinate Lien Supplemental Indenture will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments payable on such dates as the Corporation specifies in a written direction of the Corporation delivered to the Trustee at least 20 days prior to the earliest date on which notice of redemption of the Second Lien Series 2021B Bonds entitled to such Sinking Fund Installment may be given by the Trustee and the Sinking Fund Installment payable on each date specified in such direction will be reduced by the principal amount of the Second Lien Series 2021B Bonds so purchased, redeemed or deemed to have been paid in accordance with the Second Lien Supplemental Indenture to be applied in satisfaction of such Sinking Fund Installment as set forth in such direction. To the extent the Corporation's obligation to make Sinking Fund Installments in a particular year is so satisfied, the redemption through mandatory Sinking Fund Installments of Second Lien Series 2021B Bonds of the maturity entitled to such Sinking Fund Installment will be reduced for such year.

Purchase of Second Lien Series 2021B Bonds to be Redeemed from Mandatory Sinking Funds

The Corporation may, at any time subsequent to the first day of any Fiscal Year, but in no event less than 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 Second Lien Subordinate Debt Service Account, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Second Lien Series 2021B Bonds to be redeemed from such Sinking Fund Installment. The principal amount of each Second Lien Series 2021B Bond so canceled will be credited against the Sinking Fund Installment due on such date.

Selection of Second Lien Series 2021B Bonds to be Redeemed

If less than all of the Second Lien Series 2021B Bonds of the same maturity and tenor are to be redeemed, the particular Second Lien Series 2021B 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 Second Lien Series 2021B 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, neither the Corporation, the Underwriters (as defined herein) or the Trustee can provide any assurance that DTC, DTC's Participants or any other intermediary will allocate the redemption of Second Lien Series 2021B Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Second Lien Series 2021B Bonds on a pro-rata pass-through distribution-of-principal basis as discussed above, then the Second Lien Series 2021B Bonds will be selected by lot for redemption in accordance with DTC procedures.

ADDITIONAL REDEMPTION PROVISIONS

Notice of Redemption

When Second Lien Series 2021B Bonds are to be redeemed, the Trustee will give notice of the redemption of the Second Lien Series 2021B Bonds in the name of the Corporation, which notice will specify the Second Lien Series 2021B Bonds to be redeemed, the maturity dates and interest rates of the

Second Lien Series 2021B Bonds to be redeemed and the date such Second Lien Series 2021B Bonds were issued; the numbers and other distinguishing marks of the Second Lien Series 2021B Bonds to be redeemed, including CUSIP numbers; the redemption date; the Redemption Price, if then known; and the principal amount of each Second Lien Series 2021B Bond to be redeemed. If the Corporation's obligation to redeem the Second Lien Series 2021B 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 Second Lien Series 2021B 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 20 days (or such shorter period if then permitted by DTC) nor more than 60 days prior to the redemption date by mail, to the registered owners of the Second Lien Series 2021 Bonds which are to be redeemed, at their last known addresses appearing on the registration books not more than 10 Business Days prior to the date such notice is given. The failure of any Holder of a Second Lien Series 2021 Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Second Lien Series 2021 Bonds.

Payment of Redeemed Second Lien Series 2021B Bonds

Notice having been given by mail in the manner described above, the Second Lien Series 2021B 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 Second Lien Series 2021B Bonds, at the office or offices specified in such notice, such Second Lien Series 2021B Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there is called for redemption less than all of the principal amount of a Second Lien Series 2021B Bond, the Corporation will execute and the Trustee will authenticate and deliver, upon the surrender of such Second Lien Series 2021B Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Second Lien Series 2021B Bond so surrendered, Second Lien Series 2021B Bonds of like Series, maturity and tenor in any of the Authorized Denominations. If, on the redemption date, money for the redemption of all Second Lien Series 2021B 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 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 Second Lien Series 2021B Bonds or portions thereof so called for redemption shall cease to accrue and such Second Lien Series 2021B Bonds shall no longer be considered to be Outstanding under the Indenture. If such money is not available on the redemption date, such Second Lien Series 2021B 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.

SECURITY FOR THE SECOND LIEN BONDS

PLEDGE OF TRUST ESTATE

Pursuant to the Second Lien Supplemental Indenture, the Second Lien Bonds, including the Second Lien Series 2021 Bonds, will be secured by a pledge of and security interest in the "Trust Estate," consisting of: (i) all right, title and interest of the Corporation in and to the Sales Tax Revenues, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues, and to bring actions and proceedings for the enforcement of the payment thereof; (ii)

all right, title and interest of the Corporation in, to and under the Sale Agreement, including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for the Sales Tax Revenues, to bring actions and proceedings for the enforcement of the payment thereof, and the State's non-impairment pledge and agreement authorized by the Act and included in the Indenture; (iii) 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 Second Lien Series 2021 Bonds is as expressly specified in the Indenture; and (iv) 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 Second Lien Bonds, including the Second Lien Series 2021 Bonds.

All Subordinated Indebtedness, including the Second Lien Series 2021 Bonds, will be secured by a lien on the Trust Estate that is subordinated, to the extent and in the manner provided in the Indenture, to the prior payment of the principal of and interest then due and payable on the Outstanding Senior Lien Bonds and any Additional Senior Lien Bonds upon issuance. Any such Senior Lien Bonds are secured by a first-priority lien on the Trust Estate.

The Trust Estate does not include the proceeds of any Second Lien Bonds held in the Second Lien City Proceeds Account or any other proceeds of the Second Lien Bonds paid to or at the direction of the City (but does include the proceeds of the Second Lien Bonds held in the Second Lien Capitalized Interest Account). None of the proceeds of the Second Lien Bonds held in the Second Lien 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 Second Lien Bonds or be part of the Trust Estate. Each registered owner of Second Lien Bonds (each, a "**Bondholder**" or "**Holder**"), by purchase of its Second Lien Bonds, waives any right in or to any proceeds derived from the issuance of Second Lien Bonds held in the Second Lien 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 Second Lien Bonds under the Indenture.

FLOW OF FUNDS

For purposes of this section "**– FLOW OF FUNDS,**" the following terms shall have the following respective meanings:

"Interest Funding Requirement" means, as of any date, 100 percent of the interest accrued on all Outstanding Senior Lien Bonds or Outstanding Second Lien Bonds, as applicable, as of the first day of the next succeeding calendar month, calculated based on a 360-day year consisting of twelve 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 Senior Lien Bonds or Outstanding Second Lien Bonds, as applicable, on the next succeeding Principal Payment Date, assuming that such amount was payable in 12 equal monthly installments on the first day of each calendar month ending on such Principal Payment Date.

The Sales Tax Revenues are collected by the State of Illinois Department of Revenue (the “**State Department of Revenue**”); *see* “**SALES TAX REVENUES – GENERAL – Collection**” and “–**Distribution.**” The City has irrevocably directed the State Comptroller, the State Treasurer and the Director of the State Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. The offices of the State Comptroller and of the State Treasurer and the State Department of Revenue, through authorized officials, have acknowledged that such direction by the City is irrevocable during the term of the Sale Agreement and have agreed to provide for the deposit of the Sales Tax Revenues with the Trustee until such time as the Trustee shall advise them of the termination of the Sale Agreement. The Master Indenture and the Second Lien Supplemental Indenture provide for the flow of Sales Tax Revenues from the Securitized Sales Tax Revenue Fund for Senior Lien Bonds and Subordinated Indebtedness as follows:

All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund as follows and in the following order of priority:

- (1) to the Operating Fund in each Fiscal Year, (i) the lesser of (a) the Operating Cap and (b) the budgeted Corporation Expenses for such Fiscal Year, less (ii) the amount on deposit in the Operating Fund as of the first day of such Fiscal Year available for the Corporation’s Expenses for such Fiscal Year;
- (2) to the Interest Account of the Debt Service Fund, an amount equal to (i) any interest then due and unpaid on Outstanding Senior Lien Bonds, plus (ii) 150 percent of the Interest Funding Requirement until the amount on deposit therein is equal to 100 percent of the interest due on all Outstanding Senior Lien Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Debt Service Fund from the Capitalized Interest Account of the Debt Service Fund;
- (3) to the Principal Account of the Debt Service Fund, an amount equal to (i) any principal and Sinking Fund Installments then due and unpaid on Outstanding Senior Lien Bonds, plus (ii) 150 percent of the Principal Funding Requirement until such amount on deposit therein is equal to 100 percent of the principal and Sinking Fund Installments due on all Outstanding Senior Lien Bonds on the next succeeding Principal Payment Date;
- (4) to reimburse, pro rata, each Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider;
- (5) upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund, the amount set forth in such direction;
- (6) to the Debt Service Reserve Fund, the Debt Service Reserve Deposit Requirement, if any;
- (7) to the Subordinated Indebtedness Fund, the amount required to be deposited therein as set forth in a Supplemental Indenture;
- (8) to the Corporation, the amount, if any, necessary to pay Corporation 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;
- (9) upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and

- (10) to the Residual Fund, any remaining balance.

Promptly following the deposit of Sales Tax Revenues into the Subordinated Indebtedness Fund, the Trustee shall, pursuant to the Second Lien Supplemental Indenture, withdraw from the Subordinated Indebtedness Fund and transfer and apply such amounts as follows on a parity basis among each series of Second Lien Bonds and in the following order of priority:

- (1) to the Interest Account of the Second Lien Subordinate Debt Service Account, an amount equal to (i) any interest then due and unpaid on Outstanding Second Lien Bonds, plus (ii) 120 percent of the Interest Funding Requirement, until the amount on deposit therein is equal to 100 percent of the interest due on all Outstanding Second Lien Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Second Lien Subordinate Debt Service Account from the Capitalized Interest Account of the Second Lien Subordinate Debt Service Account pursuant to the Indenture;
- (2) to the Principal Account of the Second Lien Subordinate Debt Service Account, an amount equal to (i) any principal and Sinking Fund Installments then due and unpaid on Outstanding Second Lien Bonds, plus (ii) 120 percent of the Principal Funding Requirement, until the amount on deposit therein is equal to 100 percent of the principal and credits to the Sinking Fund Installments due on all Outstanding Second Lien Bonds on the next succeeding January 1 (each, a “**Principal Payment Date**”);
- (3) upon the direction of an Authorized Officer of the Corporation, to the Second Lien Subordinate Arbitrage Rebate Account, the amount set forth in such direction;
- (4) to the Second Lien Subordinate Debt Service Reserve Account, the Second Lien Subordinate Debt Service Reserve Deposit Requirement, if any;
- (5) upon the direction of the Corporation, to the Second Lien Subordinate Debt Retirement Account, the amount set forth in such direction; and
- (6) to the Residual Fund, any remaining balance.

The Trustee will pay out of the Second Lien Subordinate Debt Service Account the principal and Sinking Fund Installments of and interest on all Outstanding Second Lien 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 Second Lien Bonds is due, the amount in the Second Lien Subordinate Debt Service Account is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Second Lien Bonds due on said date, the Trustee will withdraw, first, from the Second Lien Subordinate Debt Retirement Account and, then, from the Second Lien Subordinate Debt Service Reserve Account, and deposit to the Second Lien Subordinate Debt Service Account, such amount as will increase the amount therein to an amount sufficient to make such payments. No amount will be withdrawn from the Second Lien Subordinate Debt Retirement Account if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Second Lien Bonds theretofore called for redemption or contracted to be purchased.

There is no Debt Service Reserve Fund Requirement for the Outstanding Senior Lien Bonds. There is no Second Lien Subordinate Debt Service Reserve Account Requirement for the Second Lien Series 2021 Bonds.

On the last day of each Fiscal Year, money in the Second Lien Subordinate Debt Service Account in excess of the amount required to pay principal or Sinking Fund Installments of or interest on Outstanding Second Lien Bonds on the next succeeding Principal Payment Date (including income or interest earned on investment of money in the Second Lien Subordinate Debt Service Account) will be withdrawn and transferred first, if required by the Second Lien Supplemental Indenture, to the Second Lien Subordinate Debt Service Reserve Account in such amount, if any, as is necessary to make the amount on deposit therein equal to the Second Lien Subordinate Debt Service Reserve Account Requirement (if any), and second, any excess remaining, at the direction of the Corporation, may either be retained in the Second Lien Subordinate Debt Service Account or transferred to any other fund or account established pursuant to the Indenture. If no direction has been given by an Authorized Officer of the Corporation, the excess on the last day of each Fiscal Year will be transferred to the Residual Fund.

Money deposited in the Second Lien Subordinate Debt Retirement Account during any Fiscal Year may be applied, at the direction of the Corporation, during any subsequent Fiscal Year, to the purchase or redemption of Outstanding Second Lien Bonds or to pay or make provision for payment of Outstanding Second Lien 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 Second Lien Bonds in accordance with the Indenture if at such time the amount on deposit in the Second Lien Subordinate Debt Service Account is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Second Lien Subordinate Debt Retirement Account not required to pay the Redemption Price or purchase price of Second Lien Bonds theretofore called for redemption or contracted to be purchased, at the direction of an Authorized Officer of the Corporation, shall be withdrawn from the Second Lien Subordinate Debt Retirement Account and transferred to the Second Lien Subordinate Debt Service Account or the Second Lien Subordinate Arbitrage Rebate Account at any time money is required for the purposes of such accounts.

See, also, APPENDIX C – CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

RESIDUAL REVENUES NOT PLEDGED TO THE SECOND LIEN BONDS

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 and currently 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 and currently 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 Second Lien Bonds 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 Second Lien Supplemental Indenture means any one of the following events:

- (1) payment of the principal or Redemption Price of any Second Lien Bond is not made by the Corporation when due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (2) payment of an installment of interest on any Second Lien Bond is not made by the Corporation when due and payable; or
- (3) the Corporation defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Indenture related to Second Lien Bonds or the Second Lien Supplemental Indenture or in the Second Lien Bonds or any Supplemental Indenture relating to Additional Second Lien Bonds on the part of the Corporation to be performed, and such default shall continue for 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 25 percent in principal amount of the Outstanding Second Lien Bonds, unless, if such default is capable of being cured but is not capable of being cured within 90 days, the Corporation has commenced to cure such default within said 90 days and diligently prosecutes the cure thereof; or
- (4) the Corporation shall (A) generally not be paying its debts as they become due, (B) 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, (C) make a general assignment for the benefit of its creditors, (D) declare a moratorium or (E) take any corporate action to authorize any of the foregoing; or
- (5) 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 90 days after such appointment.

Remedies

If an Event of Default occurs:

- (a) The Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Outstanding Second Lien Bonds, shall protect and enforce its rights and the rights of the Holders of the Second Lien Bonds under the Second Lien Supplemental Indenture or under any Supplemental Indenture thereto or under the laws of the State by such suits, actions or special proceedings in equity or at law: (i) for specific performance of any covenant in the Second Lien Supplemental Indenture or any Supplemental Indenture thereto or in aid or execution of any power granted in the Second Lien Supplemental Indenture or any Supplemental Indenture thereto; or (ii) for an accounting against the

Corporation as if the Corporation were the trustee of an express trust; or (iii) 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 Second Lien Supplemental Indenture, including but not limited to the Sale Agreement, and of its rights and obligations under the Act.

(b) In the enforcement of any remedy under the Second Lien Supplemental Indenture and any Supplemental Indenture thereto, 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 Second Lien Supplemental Indenture, any Supplemental Indenture thereto or of the Second Lien Bonds, with interest on overdue payments of the principal of or interest on the Second Lien Bonds at the rate or rates of interest specified in such Second Lien Bonds, together with any and all costs and expenses of collection and of all proceedings under the Second Lien Supplemental Indenture, under any Supplemental Indenture thereto and under such Second Lien Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Second Lien Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided in the Second Lien Supplemental Indenture, in any Supplemental Indenture thereto and in such Second Lien 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.

(c) 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 10 days after knowledge of the occurrence thereof and to the Holders of the Second Lien Bonds within 30 days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Second Lien Bonds, the Trustee shall be protected in withholding notice thereof to the Holders of the Second Lien 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 Second Lien Bonds. In the case of the Holders of the Second Lien Bonds, each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof to all registered Holders of the Second Lien Bonds, as the names and addresses of such Holders appear on the books for registration and transfer of Second Lien Bonds as kept by the Trustee.

Neither the Trustee nor any Holder of Second Lien Bonds shall have any right in or to any proceeds derived from the issuance of Senior Lien Bonds held in the City Proceeds Account within the Proceeds Fund under the Master Indenture or derived from the issuance of any Second Lien Bonds held in the Second Lien 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 Holder of Second Lien Bonds by purchase of its Second Lien Bonds waives any right in or to any proceeds derived from the issuance of Senior Lien Bonds held in the City Proceeds Account within the Proceeds Fund under the Master Indenture or derived from the issuance of any Second Lien Bonds held in the Second Lien 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.

An Event of Default will not result in acceleration of the Second Lien Bonds, including the Second Lien Series 2021 Bonds.

Priority of Payments after Default

If at any time the money held by the Trustee under the Second Lien Supplemental Indenture and each Supplemental Indenture thereto is not sufficient to pay the principal of and interest on the Second Lien

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 Second Lien Supplemental Indenture or otherwise, shall be applied (after payment of all amounts owing to the Trustee under the Second Lien Supplemental Indenture) as follows:

- (1) 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
- (2) second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Second Lien 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 SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS

The Master Indenture permits the issuance by the Corporation of (i) bonds secured on a parity basis by a first-priority lien on the Trust Estate (“**Senior Lien Bonds**”) and (ii) Subordinated Indebtedness. The Senior Lien Bonds and Subordinated Indebtedness are defined collectively in the Master Indenture as “**Secured Obligations.**” The Authorized Second Lien Bonds, including the Second Lien Series 2021 Bonds, constitute Subordinated Indebtedness under the Indenture.

Additional Senior Lien Bonds

The Master Indenture authorizes the Corporation to issue Additional Senior Lien Bonds, provided any such Additional Senior Lien Bonds must be authorized by a resolution of the Corporation and an ordinance of the City which approves the amount and the terms of such Additional Senior Lien Bonds and the purposes for which the proceeds of such Additional Senior Lien Bonds will be used. Additional Senior Lien Bonds will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other requirements of the Indenture) of:

(a) (i) a certificate of the Corporation demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 400 percent of Maximum Annual Debt Service, after giving effect to the issuance of the Additional Senior Lien Bonds of such Series (exclusive of Capitalized Interest on Senior Lien Bonds and defeased Senior Lien Bonds on or prior to the date of issuance of the Additional Senior Lien Bonds then to be issued, including as a result of the issuance of the Additional Senior Lien Bonds then to be issued); or (ii) if the Additional Senior Lien Bonds to be issued are Refunding Bonds, either (1) a certificate of the Corporation described in (i) or (2) 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 Senior Lien 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 Senior Lien Bonds immediately prior to the issuance of such Refunding Bonds; and

(b) for as long as any Second Lien Bonds are Outstanding, a certificate of the Corporation stating that the Sales Tax Revenues for the most recently completed Fiscal Year were at least 175 percent of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds (exclusive of

(1) defeased Senior Lien Bonds on or prior to the date of issuance of the Additional Senior Lien Bonds then to be issued, including as a result of the issuance of the Additional Senior Lien Bonds then to be issued, and (2) defeased Second Lien Bonds on or prior to the date of issuance of the Additional Senior Lien Bonds then to be issued, including as a result of the issuance of the Additional Senior Lien Bonds then to be issued).

The City has also authorized the issuance of Additional Senior Lien Bonds under the City Authorizing Ordinance, provided, however, that (i) any such issuance pursuant to the City Authorizing Ordinance would require the adoption of an authorizing resolution by the Corporation and compliance with the other requirements for the issuance of Additional Senior Lien Bonds as described, and (ii) the combined aggregate principal amount of any such issuance and the Second Lien Series 2021 Bonds shall not exceed the amount of Secured Obligations authorized to be issued under the City Authorizing Ordinance.

Second Lien Bonds and Subordinated Indebtedness

The Master Indenture provides for the issuance of Subordinated Indebtedness that may be secured by a lien or charge on the Subordinated Indebtedness Fund that is subject to and subordinate to the lien on the Trust Estate securing the Senior Lien Bonds as set forth in any Supplemental Indenture related thereto. The Second Lien Supplemental Indenture establishes provisions for the issuance of the Second Lien Bonds as Subordinated Indebtedness pursuant to such provisions of the Master Indenture. The Corporation has authorized the issuance of the Second Lien Series 2021 Bonds pursuant to the Corporation Authorizing Resolution, the Master Indenture, the Second Lien Supplemental Indenture and the Second Supplement to Second Lien Supplemental Indenture. The City has authorized the issuance of the Second Lien Series 2021 Bonds pursuant to the City Authorizing Ordinance. For a discussion of the issuance of Subordinated Indebtedness subordinate to the Second Lien Bonds, *see* “– ***Additional Subordinated Indebtedness***” below.

Additional Second Lien Bonds

The Second Lien Supplemental Indenture authorizes the Corporation to issue Additional Second Lien Bonds, provided any such Additional Second Lien Bonds must be authorized by a resolution of the Corporation and an ordinance of the City which approves the amount and the terms of such Additional Second Lien Bonds and the purposes for which the proceeds of such Additional Second Lien Bonds will be used (the “**Second Lien Authorization Requirement**”). Additional Second Lien 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 an Authorized Officer of the Corporation demonstrating that the Sales Tax Revenues for the most recently completed Fiscal Year are at least 175 percent of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds after giving effect to the issuance of the Additional Second Lien Bonds of such Series (exclusive of (i) defeased Senior Lien Bonds on or prior to the date of issuance of the Additional Second Lien Bonds then to be issued, including as a result of the issuance of the Additional Second Lien Bonds then to be issued, and (ii) defeased Second Lien Bonds on or prior to the date of issuance of the Additional Second Lien Bonds then to be issued, including as a result of the issuance of the Additional Second Lien Bonds then to be issued); or

(b) if the Additional Second Lien Bonds to be issued are Refunding Second Lien 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 Senior Lien Bonds and Outstanding Second Lien Bonds, after giving effect to the issuance of the Refunding Second Lien 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 Senior Lien Bonds and Outstanding Second Lien Bonds immediately prior to the issuance of such Refunding Second Lien Bonds.

The Second Lien Authorization Requirement has been met with respect to Additional Second Lien Bonds issued pursuant to, and in an aggregate principal amount not exceeding, the Debt Limit.

Subject to the Debt Limit, increases in Sale Tax Revenues will increase the amount of Additional Senior Lien Bonds and Additional Second Lien Bonds issuable by the Corporation pursuant to the requirements of the Indenture.

Additional Subordinated Indebtedness

The Corporation reserves the right to incur Subordinated Indebtedness pursuant to a Supplemental Indenture in furtherance of its corporate purposes that is secured by a lien or charge on the Subordinated Indebtedness Fund that is subject to and subordinate to the lien or charge of the Second Lien Bonds.

For more information concerning the provisions of the Indenture applicable to the issuance of Subordinated Indebtedness, *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 State 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 State 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 agrees to use all reasonable efforts to pursue any action legally available to it to cause collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (i) the aggregate principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (ii) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture, (iii) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Indenture and (iv) any other deposits or other amounts required by the provisions of the Indenture for such Fiscal Year.

Protection of Title; Non-Impairment Covenant

Pursuant to the Act and the Sale Agreement, the City has irrevocably directed the Director of the State 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. In accordance with the Act and as set forth in the Sale Agreement, the City has pledged and agreed that it shall not take any action that would in any way materially adversely (i) impair the Corporation's right to receive the Sales Tax Revenues, (ii) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Holders of the Secured Obligations or (iii) 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 Sale 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 and the Corporation has included this pledge and agreement of the City in the Indenture.

Indebtedness Secured by Sales Tax Revenues

The City shall not issue any bonds or other evidences of indebtedness that are secured by a pledge or lien on all or any portion of the Sales Tax Revenues; provided that, 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 ensure 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 Internal Revenue Code of 1986, as amended, and applicable regulations issued thereunder (the "**Code**"). 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. Further, the City shall not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in any interest paid to the Holders of any such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City shall execute and comply with the tax certificate provided by Nixon Peabody LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois ("**Co-Transaction Counsel**"), in connection with the issuance of such tax-exempt Secured Obligations.

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Second Lien Series 2021A Bonds, the Corporation shall comply with the provisions of the Code applicable to the Second Lien Series 2021A Bonds necessary to maintain such exclusion, including, without limitation, the provisions of the Code which prescribe yield and other limits within which proceeds of the Second Lien Series 2021A Bonds are to be invested and which, in certain circumstances, require the rebate of certain earnings on such amounts to the U.S. Department of the Treasury in accordance with Section 148(f) of the Code. In furtherance of the foregoing, the Corporation shall comply with the tax certificate relating to the Second Lien Series 2021A Bonds.

STATUTORY LIEN

The Act provides that obligations issued by the Corporation 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. 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, person, governmental authority or officer (including the City). 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 State Department of Revenue and their respective agents, successors and transferees and creditors.

LIMITED OBLIGATIONS; NO INDEBTEDNESS OF THE CITY

The Secured Obligations, including the Second Lien Series 2021 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 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 a grant to the Holders thereof of any right to have the City or the Illinois General Assembly 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 City or the State, and neither the credit, the revenues nor the taxing power of the City or the State is, or shall be deemed to be, pledged to the payment of any of the Secured Obligations. The Corporation has no taxing power.

COVID-19

*The information and data set forth below and elsewhere in this Offering Circular regarding COVID-19 have been obtained by the Corporation from the City and other sources believed to be reliable. Such information is being provided solely for the purpose of describing the effects of the COVID-19 pandemic on Sales Tax Revenues. The Corporation is under no obligation to update COVID-19 information and data contained herein or elsewhere in this Offering Circular. See “**CONTINUING DISCLOSURE**.”*

The outbreak of COVID-19 was declared a public health emergency on January 30, 2020, and a global pandemic on March 11, 2020, by the World Health Organization. In March 2020, the Governor and the Mayor issued executive emergency orders designed to curtail the spread of the virus. These measures included restrictions on travel, limited person-to-person contact, cancellation of large gatherings and quarantining.

A growing vaccinated population and declining infection rates have resulted in the lifting of many COVID-19 restrictions on personal and commercial activity in the City and the State. Both the State and the City continue to impose mask mandates in certain settings.

The City is collaborating with the State to ensure that COVID-19 vaccines are efficiently delivered and made available in accordance with CDC guidelines. The City has multiple programs in place to encourage residents to get vaccinated, including the “Protect Chicago at Home” program which provides in-home vaccinations.

In early November 2021, the City recorded its highest number of COVID-19 tests and near lows for daily average cases and positivity rates. As of November 7, 2021, 60.3 percent of all City residents have been fully vaccinated, including 71.0 percent of City residents aged 18 and up, and 65.5 percent of all City residents have received at least one dose of a vaccine, including 76.7 percent of City residents aged 18 and up.

The COVID-19 pandemic and ensuing mitigation efforts reduced consumer and business activity, which led to increases in unemployment, declines in consumer spending and increases in business closures. The Chicago metropolitan area experienced a decline in gross domestic product (“GDP”) of 10.5 percent in the second quarter of 2020 compared to the first quarter of 2020. Since that time, there has not been a GDP decline in any subsequent quarter. Leisure and hospitality, food and beverage, retail, transportation and sports and entertainment have been the most affected industries.

The adverse impact of COVID-19 on the Corporation’s Sales Tax Revenues in 2020 was pronounced. Home Rule Sales Tax Revenues decreased 18.2 percent in 2020 compared to 2019, and Local Share Sales Tax Revenues decreased 4.7 percent year-over-year. *See* “**SALES TAX REVENUES – HISTORICAL COLLECTIONS OF SALES TAX REVENUES – Annual Collections.**” With the loosening of commercial and personal restrictions, and the reopening of businesses, retailers and public venues, the Corporation estimates that Sales Tax Revenues in 2021 will exceed pre-pandemic levels and continue to improve in 2022 and 2023. *See* “**SALES TAX REVENUES – PROJECTED SALES TAX REVENUES – Sales Tax Forecast.**”

Notwithstanding the improvements in economic activity, no assurance can be given as to the future impact of COVID-19 or other public health conditions on the State and City or the generation of Sales Tax Revenues. *See* “**INVESTMENT AND LEGAL CONSIDERATIONS – COVID-19.**”

Despite the significant drop in Sales Tax Revenues in 2020, the Corporation met all debt service requirements on its Outstanding Secured Obligations on a timely basis.

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.

For prospective financial information set forth in this Offering Circular, *see* disclaimer at “**REGARDING THIS OFFERING CIRCULAR**” and “**INVESTMENT AND LEGAL CONSIDERATIONS – FORWARD-LOOKING STATEMENTS.**”

Home Rule Sales Tax Revenues

The Home Rule Sales Tax Revenues result from the collection by the State Department of Revenue 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 State 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 non-titled 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 real estate or most items of tangible personal property are transferred, at a rate of 1.25 percent of the selling price of the tangible personal property transferred (either in the form of such items 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, subject to certain exemptions. 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 maximum 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 State Department of Revenue on behalf of the City is required either (i) to be filed with the State Department of Revenue on or before April 1 in order for the State Department of Revenue to make the rate increase effective beginning the next succeeding July 1 or (ii) to be filed with the State Department of Revenue on or before October 1 in order for the State 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 one 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 State 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 Illinois General Assembly while distributions from the State and Local Sales Tax Reform Fund are subject to annual appropriation by the Illinois General Assembly.

(i) The Illinois Retailers' Occupation Tax ("**Illinois Retailers' Occupation Tax**") is currently imposed, subject to certain exemptions, on persons engaged in the business of selling at retail most items of 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 State 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 portion of these tax amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City is allocated to the City, and pursuant to the Sale Agreement, the City has assigned these amounts to the Corporation.

(ii) The Illinois Service Occupation Tax ("**Illinois Service Occupation Tax**") is currently imposed, subject to certain exemptions, 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 most items of non-titled 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 State 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 portion of these tax amounts deposited in the Local Government Tax Fund from this tax resulting from sales that occurred in the City is allocated to the City, and pursuant to the Sale Agreement the City has assigned these amounts to the Corporation.

(iii) The Illinois Use Tax ("**Illinois Use Tax**") is currently imposed, subject to certain exemptions, 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. Effective October 1, 2018, the State expanded the application of the Illinois Use Tax to apply to out-of-state retailers making sales of tangible personal property to purchasers in Illinois if at the end of any calendar quarter (a) the cumulative gross receipts from such sales during the preceding 12-month period are \$100,000 or more; or (b) the retailer has entered into 200 or more separate transactions for such sales during the preceding 12-month period.

The Illinois Use Tax Act requires that the State 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) purchased outside the State. 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 (after certain deductions) from this tax are allocated to the City, and pursuant to the Sale Agreement the City has assigned these amounts to the Corporation.

(iv) The Illinois Service Use Tax (“**Illinois Service Use Tax**”) is currently imposed, subject to certain exemptions, 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. Effective October 1, 2018, the State expanded the application of the Illinois Service Use Tax to apply to out-of-state service providers making sales of service to purchasers in Illinois if at the end of any calendar quarter (a) the cumulative gross receipts from such sales during the preceding 12-month period are \$100,000 or more; or (b) the service provider has entered into 200 or more separate transactions for such sales of services during the preceding 12-month period. The Illinois Service Use Tax Act requires that the State 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 (after certain deductions) from this tax, and pursuant to the Sale Agreement has assigned 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 SECOND LIEN BONDS – CERTAIN COVENANTS OF THE STATE AND THE CITY – *Covenants of the State Contained in the Act.***”

Leveling the Playing Field Act

In 2019, the Illinois General Assembly passed Public Acts 101-31 and 101-604 amending the Home Rule Sales Tax Statutes and the State Sales Tax Statutes and enacted the Leveling the Playing Field for Illinois Retail Act (the “**Leveling the Playing Field Act**”). The Leveling the Playing Field Act implements a series of structural changes to the State sales and use tax laws to require remote retailers who meet a tax remittance threshold to remit to the State both the Illinois Retailers’ Occupation Tax revenues and the Home Rule Municipal Retailers’ Occupation Tax revenues (collectively, “**State and Local Retailers’ Occupation Taxes**”) beginning January 1, 2021. The changes are intended to “level the playing field” between State-based retailers and remote retailers by imposing State and Local Retailers’ Occupation Taxes on State retailers and remote retailers alike. In addition, the Leveling the Playing Field Act provides that

marketplace facilitators who meet a tax remittance threshold are required to remit State and Local Retailers' Occupation Taxes on their own sales made over the marketplace and on sales made on behalf of marketplace sellers. State and Local Retailers' Occupation Taxes on sales made by remote retailers or marketplace facilitators (on behalf of marketplace sellers) are incurred based on the rate in effect at the location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser. State and Local Retailers' Occupation Taxes for a marketplace facilitator's own marketplace sales will be incurred either at the rate in effect at the location of inventory in the State from which a sale is fulfilled or the location where selling activities otherwise occur or, for sales not fulfilled in the State, at the rate in effect at the purchaser's location.

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 State 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 State 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 State Department of Revenue four times per month. In some cases, use taxes are paid directly by the purchaser to the State 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. *See* TABLE 2. ANNUAL SALES TAX REVENUES below.

Pursuant to the Home Rule Sales Tax Statutes, the State 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 State 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 State Department of Revenue on behalf of the applicable municipality, less the administrative fee described below. Each of the Home Rule Sales Tax Statutes requires that within 10 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 State Department of Revenue's certification.

The State 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 June 4, 2018, the State Department of Revenue retains 1.5 percent of collections of the Home Rule Municipal Retailers' Occupation Tax and the Home Rule Municipal Service Occupation Tax. Pursuant to the Home Rule Municipal Use Tax Act, effective September 1, 2014, the State Department of Revenue retains 2.0 percent of collections of the Home Rule Municipal Use Tax.

Pursuant to the State Sales Tax Statutes, each month the State 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 State 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 10 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 State 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 State Department of Revenue, the City receives its allocable percentage of the money paid into the State and Local Sales Tax Reform Fund.

The City has irrevocably directed the State Comptroller, the State Treasurer and the Director of the State Department of Revenue to distribute all Sales Tax Revenues directly to the Trustee. The offices of the State Comptroller, the State Treasurer and the State Department of Revenue, through authorized officials, have acknowledged that such direction by the City is irrevocable during the term of the Sale Agreement, and have agreed to provide for the deposit of the Sales Tax Revenues with the Trustee until such time as the Trustee shall advise them of the termination of the Sale Agreement. See "**SECURITY FOR THE SECOND LIEN BONDS.**"

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TABLE 1. SUMMARY OF SALES TAX REVENUES summarizes certain aspects of the Sales Tax Revenues.

TABLE 1. SUMMARY OF SALES TAX REVENUES

Tax	Items Taxed	Tax Rate	Percentage of Net Tax Collections Payable to the Corporation	Subject to Annual State Appropriation?
HOME RULE SALES TAXES				
Municipal Retailers' Occupation Tax	Tax imposed on persons selling in the City at retail most items of non-titled tangible personal property. The amount of tax is based on the gross receipts.	1.25%	100%	No
Municipal Service Occupation Tax	Tax imposed on persons making sales in the City of services where tangible personal property or real estate is transferred. The amount of tax is based on the selling price.	1.25%	100%	No
Municipal Use Tax on Titled Personal Property	Tax imposed on the privilege of using within the City titled personal property that is purchased at retail from a retailer and that is titled or registered in the City. The amount of tax is based on the selling price. Collected on sales in Cook County and five contiguous counties.	1.25%	100%	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). 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). 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

Tax	Items Taxed	Tax Rate	Percentage of Net Tax Collections Payable to the Corporation	Subject to Annual State Appropriation?
<u>STATE SALES TAXES (CONT.)</u>				
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. 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 non-titled tangible personal property purchased outside the State. The amount of tax is based on the selling price or fair market value. 	6.25%	4%	Yes
	<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. 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

TABLE 2. ANNUAL SALES TAX REVENUES shows the historical annual Sales Tax Revenues on a cash basis from 2011 through 2021.

TABLE 2. ANNUAL SALES TAX REVENUES (2011-2021) (\$ IN MILLIONS)

Year Ended December 31	Home Rule Sales Tax Revenues ¹	Percent Change Over Prior Year	Local Share Sales Tax Revenues	Percent Change Over Prior Year	Total Sales Tax Revenues	Percent Change Over Prior Year
2011	\$235,908	--	\$281,189	--	\$517,097	--
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	292,991	(0.8)	368,647	1.4	661,638	0.4
2018	301,275	2.8	386,152	4.7	687,427	3.9
2019	307,056	1.9	406,764	5.3	713,820	3.8
2020 ²	251,101	(18.2)	387,625	(4.7)	638,726	(10.5)
2021 ³	280,406	--	394,818	--	675,225	--

¹ Shown net of all past fees and will be net of all applicable fees going forward.

² The decrease of Sales Tax Revenues in 2020 reflects the impact of the COVID-19 pandemic. See "COVID-19."

³ Through November 15, 2021.

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Monthly Collections

TABLE 3. MONTHLY HOME RULE SALES TAX REVENUES and TABLE 4. MONTHLY LOCAL SHARE SALES TAX REVENUES set out the historical monthly Home Rule Sales Tax Revenues and Local Share Sales Tax Revenues, respectively, on a cash basis from 2016 through 2021.

TABLE 3. MONTHLY HOME RULE SALES TAX REVENUES¹ (2016-2021) (\$ IN MILLIONS)

Month	2016	2017	2018	2019	2020	2021 ³
January	\$ 25,571	\$ 25,379	\$ 24,723	\$ 26,520	\$ 27,689	\$ 20,313
February	23,447	24,036	23,926	24,795	25,246	18,108
March	27,727	27,607	27,585	28,139	29,071	22,204
April	19,930	20,064	20,774	19,720	21,463	19,000
May	21,338	20,301	20,721	20,592	19,908	18,841
June	24,345	24,033	25,433	25,751	17,108	29,178
July	23,015	23,935	23,918	25,011	12,937	27,630
August	25,242	25,163	26,888	27,206	15,970	29,751
September	27,256	26,535	27,942	28,124	18,623	32,572
October	25,831	25,205	25,902	26,972	21,286	31,614
November	25,842	25,206	27,205	27,536	20,542	31,196
December	25,755	25,525	26,257	26,690	21,258	--
TOTAL ²	<u>\$295,299</u>	<u>\$292,991</u>	<u>\$301,275</u>	<u>\$307,056</u>	<u>\$251,101</u>	<u>\$280,406</u>

¹ Home Rule Sales Tax Revenues shown net of all past fees.

² Totals may not sum due to rounding.

³ Through November 15, 2021.

TABLE 4. MONTHLY LOCAL SHARE SALES TAX REVENUES¹ (2016-2021) (\$ IN MILLIONS)

Month	2016	2017	2018	2019	2020	2021 ³
January	\$ 30,726	\$ 31,241	\$ 31,621	\$ 34,696	\$ 37,308	\$ 33,205
February	22,402	29,967	31,625	33,781	34,313	32,247
March	42,040	36,939	37,515	38,976	41,229	41,320
April	25,738	26,245	27,757	27,484	31,192	28,722
May	27,057	25,812	27,258	28,806	28,465	27,627
June	30,541	30,631	32,625	33,906	29,739	38,295
July	28,769	29,353	30,141	33,057	26,359	36,340
August	30,717	30,940	33,356	34,948	28,985	38,128
September	33,223	32,517	34,564	35,693	31,273	40,735
October	30,390	30,948	32,705	35,177	33,348	38,818
November	30,525	32,020	33,351	34,862	32,111	39,379
December	31,318	32,034	33,634	35,379	33,303	--
TOTAL ²	<u>\$363,448</u>	<u>\$368,647</u>	<u>\$386,152</u>	<u>\$406,764</u>	<u>\$387,625</u>	<u>\$394,818</u>

¹ Home Rule Sales Tax Revenues shown net of all past fees.

² Totals may not sum due to rounding.

³ Through November 15, 2021.

September 2021 was the highest month of Sales Tax Revenues dating back to 2016, with November 2021 being the second highest month and October 2021 being the third highest month. Over the period from June through November 2021, total Sales Tax Revenues exceeded the total for the same period in 2019. The 2021 monthly highs starting in June 2021 demonstrate the rebound of Sales Tax Revenues to pre-pandemic levels.

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Components of Annual Collections

TABLE 5. COMPONENTS OF SALES TAX REVENUES shows on a cash basis the components of the Sales Tax Revenues from fiscal years 2016 through 2021. Certain preliminary components of Sales Tax Revenues for 2021 are figures derived from the Corporation’s general ledger.

TABLE 5. COMPONENTS OF SALES TAX REVENUES¹ (2016-2021) (\$ IN MILLIONS)

Tax	2016		2017		2018		2019		2020		2021 ⁵	
	Amount Collected	Percent of Total	Amount Collected	Percent of Total	Amount Collected	Percent of Total	Amount Collected	Percent of Total	Amount Collected	Percent of Total	Amount Collected	Percent of Total
HOME RULE SALES TAXES:												
Retailers’ and Service Occupation Taxes	\$257,053	39.0%	\$256,238	38.7%	\$263,974	38.4%	\$269,012	37.7%	\$211,321	33.1%	\$236,365	35.0%
Use Taxes	38,246	5.8	36,753	5.6	37,301	5.4	38,044	5.3	39,780	6.2	44,041	6.5
STATE SALES TAXES:												
Retailers’ and Service Occupation ²	\$283,598	43.1%	\$283,815	42.9%	\$293,204	42.7	\$299,963	42.0%	\$256,775	40.2%	\$273,349	40.5%
Use ³	79,849	12.1	84,832	12.8	92,948	13.5	106,801	15.0	130,850	20.5	121,470	18.0
TOTAL ⁴	<u>\$658,746</u>	<u>100.0%</u>	<u>\$661,638</u>	<u>100.0%</u>	<u>\$687,427</u>	<u>100.0%</u>	<u>\$713,820</u>	<u>100.0%</u>	<u>\$638,726</u>	<u>100.0%</u>	<u>\$ 675,225</u>	<u>100.0%</u>

¹ Home Rule Sales Tax Revenues shown net of all past fees.

² Includes Illinois Use Tax on titled personal property.

³ Excludes Illinois Use Tax on titled personal property.

⁴ Totals may not sum due to rounding.

⁵ Through November 15, 2021.

Sales Taxes Subject to Appropriation

The local share of the Illinois Use Tax and Illinois Service Use Tax are subject to annual appropriation by the Illinois General Assembly. TABLE 6. STATE APPROPRIATION OF SALES TAX REVENUES shows the breakout of amounts subject to appropriation by month from 2018 through 2021.

TABLE 6. STATE APPROPRIATION OF SALES TAX REVENUES¹ (2018-2021) (\$ IN THOUSANDS)

Payment Month	Payment Year	Monthly Receipts ²	Home Rule Sales Taxes		State Sales Taxes	
			Retailers' and Service Occupation Taxes	Use Taxes	Retailers' and Service Occupation Taxes ³	Use and Service Use Taxes ⁴
January	2018	\$56,344	\$21,868	\$2,855	\$24,312	\$ 7,309
February	2018	55,551	21,011	2,915	23,301	8,324
March	2018	65,100	24,647	2,938	27,226	10,289
April	2018	48,531	18,238	2,536	21,264	6,493
May	2018	47,979	18,144	2,577	20,607	6,651
June	2018	58,058	21,803	3,630	24,781	7,844
July	2018	54,059	20,852	3,066	23,179	6,962
August	2018	60,245	23,460	3,429	25,847	7,509
September	2018	62,506	24,538	3,405	26,587	7,977
October	2018	58,607	22,534	3,368	24,939	7,766
November	2018	60,557	23,861	3,344	25,921	7,430
December	2018	59,891	23,019	3,238	25,240	8,394
January	2019	61,216	23,379	3,141	25,864	8,832
February	2019	58,577	21,778	3,017	24,105	9,676
March	2019	67,115	25,002	3,137	27,465	11,510
April	2019	47,204	17,400	2,320	20,426	7,058
May	2019	49,398	17,889	2,703	20,813	7,993
June	2019	59,656	22,088	3,663	24,943	8,963
July	2019	58,068	21,730	3,281	24,525	8,532
August	2019	62,154	23,753	3,453	26,383	8,565
September	2019	63,816	24,772	3,352	27,001	8,692
October	2019	62,149	23,547	3,425	26,267	8,910
November	2019	62,398	24,012	3,524	26,287	8,575
December	2019	62,069	23,662	3,028	25,884	9,495
January	2020	64,997	24,449	3,241	26,972	10,336
February	2020	59,559	21,864	3,383	24,573	9,740
March	2020	70,299	25,609	3,462	28,201	13,027
April	2020	52,654	18,947	2,515	21,892	9,300
May	2020	48,373	17,067	2,841	20,265	8,201
June	2020	46,847	14,794	2,314	19,554	10,185
July	2020	39,296	10,978	1,958	15,631	10,729
August	2020	44,955	12,630	3,341	17,155	11,830
September	2020	49,896	14,437	4,186	19,339	11,934
October	2020	54,635	16,864	4,422	21,290	12,058
November	2020	52,653	16,360	4,181	20,586	11,525
December	2020	54,561	17,322	3,936	21,318	11,985
January	2021	53,519	16,693	3,621	20,691	12,514
February	2021	50,355	14,839	3,269	18,971	13,276
March	2021	63,524	18,612	3,592	22,959	18,361
April	2021	47,722	16,591	2,409	19,257	9,465
May	2021	46,468	15,773	3,067	19,090	8,538
June	2021	67,473	24,190	4,988	27,633	10,662
July	2021	63,970	22,859	4,771	26,570	9,770
August	2021	67,879	24,897	4,853	29,063	9,065
September	2021	73,307	27,822	4,750	30,530	10,205
October	2021	70,432	27,049	4,565	29,252	9,566
November	2021	70,575	27,040	4,156	29,331	10,047

¹ Home Rule Sales Tax Revenues shown net of all past fees.

² Totals may not sum due to rounding.

³ Includes Illinois Use Tax on titled personal property.

⁴ Excludes Illinois Use Tax on titled personal property.

Of the total Sales Tax Revenues in 2020, \$130.8 million, or 20.5 percent, were not subject to annual appropriation by the State. For the month of November 2021 and for the year 2021 through November 15, 2021, Sales Tax Revenues subject to appropriation were 14.2 percent and 18.0 percent, respectively.

PROJECTED SALES TAX REVENUES

2022 Budget Forecast Background

In August 2021, the City released its 2022 Budget Forecast, which projected Corporate Fund revenues and expenses through 2024. The 2022 Budget Forecast was prepared on a modified accrual basis. Projected Sales Tax revenues in this section were adjusted to be shown on a cash basis.

Forecasts of the recovery from the economic impact vary and are heavily influenced by assumptions about the ongoing effects of the COVID-19 pandemic. The City based its scenarios about the future economic conditions on an extensive review of forecasts from multiple sources, including conducting econometric modeling. The forecast is based on information available to the City at the time of the release and, as with any forecast, cannot fully anticipate the impact of future events, such as the amount of additional federal stimulus to support the recovery of the City's economy, the pace of growth or reduction of COVID-19 cases and the resulting impact on general health restrictions and the broader economic recovery.

Sales Tax Revenues are not included in the Budget Forecast as they are not property of the City. Instead, the Residual Revenues are included as a component of Proceeds and Transfers In Revenues. In order to calculate projected Residual Revenues, the City prepared a projection of the Sales Tax Revenues, as described below.

Forecast Assumptions

The City prepared three forecast scenarios; a base outlook, a negative outlook, and a positive outlook. The Sales Tax Revenues are consumer based, and, as a result, the baseline GDP assumptions for each of these revenue streams serves as a basis for the projections. The primary driver of economic conditions and changes in GDP in the near term is the course of the COVID-19 pandemic. The City's forecast scenarios make different assumptions about the course and duration of the pandemic and resultant effects on GDP and Sales Tax Revenues. *See "COVID-19."*

The Sales Tax Revenues were forecast until 2024 using projections of economic and demographic variables as well as trends and quarterly seasonality in economic activity and/or receipts. The economic and demographic variables include GDP, total employed residents, total employment, unemployment rate, personal income, and population of Illinois and the Chicago-Naperville-Arlington Heights Metropolitan Division ("MSAD"). The City's GDP forecasts were constructed using third party sources, including MSAD data from Oxford Economics and Congressional Budget Office Forecasts, along with historical data from Oxford Economics for the first quarter of 2001 to the second quarter of 2020, and three forecast scenarios (the third quarter of 2021 to the fourth quarter of 2024) of economic and demographic variables at the national, state, and MSAD levels. The underlying forecasts used by the City, adjusted for City-specific factors, are generally consistent with forecasts made by other nationally recognized firms or agencies and consensus forecast averages as of July 2021.

The base outlook assumes that the economy continues to recover as vaccination rates increase and restriction on business activity and gatherings continue to ease. The City assumes this is the most likely scenario. The base outlook projection assumes that the City will see 9.2 percent growth in GDP in 2021 and 5.3 percent growth in 2022. A full recovery of GDP to 2019 levels is expected by the end of 2021.

This baseline scenario assumes that no additional federal stimulus beyond the CARES Act is made available, that the City continues a steady trend toward full reopening and that the vaccine continues to be broadly disseminated.

The positive outlook assumes that additional consumer spending resulting from savings and stimulus funding during the pandemic and that there are no significant restrictions on resident movement or business activity beginning in the third quarter of 2021. Under the negative outlook, more variants of COVID-19 emerge and certain restrictions on business activity and resident movement remain in place.

SALES TAX FORECAST

TABLE 7. 2021 BUDGET FORECAST – SALES TAX REVENUES sets forth the Home Rule Sales Tax Revenue and Local Share Sales Tax Revenue on a historical basis for 2011 through 2020 and the Corporation’s baseline projection for 2021 through 2024. TABLE 7. 2021 BUDGET FORECAST – SALES TAX REVENUES shows that, in the baseline scenario, Sales Tax Revenue in 2021 exceeds the pre-pandemic Sales Tax Revenues in 2019.

TABLE 7. 2021 BUDGET FORECAST – SALES TAX REVENUES
(2011-2020 AND 2021-2024 PROJECTIONS) (\$ IN THOUSANDS)

Year Ended December 31,	Home Rule Sales Tax Revenues	Percent Change Over Prior Year	Local Share Sales Tax Revenues	Percent Change Over Prior Year	Total Sales Tax Revenues	Percent Change Over Prior Year
HISTORICAL REVENUES						
2011	\$235,908	--	\$281,189	--	\$517,097	--
2012	251,055	6.4%	295,912	5.2%	546,967	5.8%
2013	263,984	5.1	312,375	5.6	576,359	5.4
2014	276,193	4.6	327,379	4.8	603,572	4.7
2015	292,512	5.9	352,840	7.8	645,352	6.9
2016	295,299	1.0	363,448	3.0	658,745	2.1
2017	292,991	(0.8)	368,647	1.4	661,638	0.4
2018	301,275	2.8	386,152	4.7	687,427	3.9
2019	307,056	1.9	406,764	5.3	713,820	3.8
2020	251,101	(18.2)	387,625	(4.7)	638,726	(10.5)
PROJECTIONS						
2021 Projected	\$308,899	23.0%	434,134	12.0%	743,033	16.3%
2022 Projected	351,699	13.9	485,296	11.8	836,995	12.6
2023 Projected	378,781	7.7	522,665	7.7	901,446	7.7
2024 Projected	393,973	4.0	543,628	4.0	937,600	4.0

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 PLEGGED 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, including the Second Lien Series 2021 Bonds. The City-Collected Sales Taxes consist of (a) the use tax on non-titled 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 Indenture does not create indebtedness of the City for any purpose, including constitutional or statutory limitations.

OUTSTANDING SECURED OBLIGATIONS

TABLE 8. OUTSTANDING SENIOR LIEN BONDS AND SECOND LIEN BONDS sets forth the Series, original principal amounts, current Outstanding principal amounts and maturity dates for the Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds following the issuance of the Second Lien Series 2021 Bonds and implementation of the Financing Plan.

TABLE 8. OUTSTANDING SENIOR LIEN BONDS AND SECOND LIEN BONDS

Series	Original Principal Amount	Outstanding Principal Amount	Final Maturity Date
SENIOR LIEN BONDS:			
Series 2017A	\$ 172,065,000	\$ 150,870,000	January 1, 2030
Series 2017B	400,630,000	400,630,000	January 1, 2043
Series 2017C	171,040,000	159,040,000	January 1, 2030
Series 2018A	376,305,000	376,305,000	January 1, 2048
Series 2018B	303,975,000	303,975,000	January 1, 2048
Series 2018C	612,420,000	597,660,000	January 1, 2048
Series 2019A	605,430,000	599,550,000	January 1, 2048
TOTAL SENIOR LIEN BONDS	\$2,641,865,000	\$2,588,030,000	
SECOND LIEN BONDS:			
Series 2020A	\$ 521,105,000	\$ 521,105,000	January 1, 2040
Series 2020B	495,810,000	495,810,000	January 1, 2043
Series 2021A	394,155,000	394,155,000	January 1, 2034
Series 2021B	609,865,000	609,865,000	January 1, 2048
TOTAL SECOND LIEN BONDS	\$2,020,935,000	\$2,020,935,000	
TOTAL SENIOR LIEN BONDS AND SECOND LIEN BONDS	\$4,662,800,000	\$4,608,965,000	

ANNUAL DEBT SERVICE

TABLE 9. ANNUAL DEBT SERVICE sets forth the debt service requirements for all Outstanding Senior Lien Bonds, Outstanding Second Lien Bonds and the Second Lien Series 2021 Bonds, after giving effect to the implementation of the Financing Plan.

TABLE 9. ANNUAL DEBT SERVICE

Year ending January 1,	Senior Lien Bonds ¹	Second Lien Bonds ¹	Second Lien Series 2021 Bonds			Second Lien Bonds Total ¹	TOTAL SENIOR LIEN BONDS AND SECOND LIEN BONDS ¹
			Principal	Interest	Capitalized Interest		
2022	\$ 57,794,055	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 57,794,055
2023	170,348,109	64,024,347	70,000,000	38,670,650	28,801,547	143,893,450	314,241,559
2024	170,349,580	92,010,008	21,250,000	37,174,464	9,853,875	140,580,597	310,930,177
2025	170,349,071	92,012,761	29,980,000	36,111,964	--	158,104,725	328,453,796
2026	170,350,304	92,011,828	18,875,000	34,612,964	--	145,499,792	315,850,096
2027	170,346,213	92,014,078	44,000,000	33,669,214	--	169,683,292	340,029,505
2028	170,349,354	92,011,078	29,635,000	31,469,214	--	153,115,292	323,464,646
2029	170,345,480	92,011,078	24,225,000	29,987,464	--	146,223,542	316,569,022
2030	170,349,204	92,011,578	45,930,000	28,776,214	--	166,717,792	337,066,996
2031	170,346,902	89,784,828	41,955,000	26,479,714	--	158,219,542	328,566,444
2032	170,345,735	62,724,499	46,390,000	24,381,964	--	133,496,463	303,842,198
2033	170,346,684	58,541,470	87,555,000	22,062,464	--	168,158,934	338,505,618
2034	170,349,392	67,867,775	46,750,000	17,684,714	--	132,302,489	302,651,881
2035	170,348,247	61,735,275	13,280,000	16,144,994	--	91,160,269	261,508,516
2036	170,350,408	54,208,023	70,280,000	15,730,923	--	140,218,946	310,569,354
2037	170,349,517	51,596,523	47,460,000	13,481,693	--	112,538,216	282,887,733
2038	170,346,591	52,217,273	89,300,000	11,944,938	--	153,462,211	323,808,802
2039	170,350,090	32,969,473	56,845,000	9,053,404	--	98,867,877	269,217,967
2040	170,687,766	62,387,073	47,135,000	7,212,763	--	116,734,836	287,422,602
2041	170,688,131	62,386,943	67,155,000	5,686,532	--	135,228,475	305,916,606
2042	170,686,883	28,996,167	26,895,000	3,512,053	--	59,403,220	230,090,103
2043	170,688,068	28,991,274	46,405,000	2,641,193	--	78,037,467	248,725,535
2044	170,685,742	--	5,250,000	1,092,194	--	6,342,194	177,027,936
2045	170,684,919	--	5,185,000	916,949	--	6,101,949	176,786,868
2046	170,689,262	--	6,690,000	743,873	--	7,433,873	178,123,135
2047	170,685,662	--	4,625,000	520,561	--	5,145,561	175,831,223
2048	170,686,008	--	10,970,000	366,179	--	11,336,179	182,022,187
	<u>\$4, 489,897,377</u>	<u>\$1,422,513,352</u>	<u>\$1,004,020,000</u>	<u>\$450,129,247</u>	<u>\$38,655,422</u>	<u>\$2,838,007,176</u>	<u>\$7,327,904,553</u>

¹ Outstanding Senior Lien Bonds and Outstanding Second Lien Bonds are net of capitalized interest and reflect the expected impact of the Financing Plan, including the repayment and/or defeasance of the applicable Refinanced Obligations.

Based on Fiscal Year 2020 Sales Tax Revenues, coverage of aggregate maximum annual debt service is expected to be 1.88x following the issuance of the Second Lien Series 2021 Bonds. The Corporation estimates that the annual debt service coverage for 2021 will be 2.19x based on projected Sales Tax Revenues.

THE CORPORATION

GENERAL

The Corporation is a special purpose, bankruptcy-remote not-for-profit corporation incorporated under the provisions of the Corporation Act and organized in accordance with the Incorporation 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.

BOARD OF DIRECTORS

For purposes of this section “– **BOARD OF DIRECTORS**,” the following terms shall have the following respective meanings:

“**Affiliated Corporate Entity**” means any corporation, partnership, limited liability company or other legal entity established pursuant to an ordinance adopted by the City Council and whose governing body is appointed by the City.

“**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.

“**City Elected Official**” means the Mayor, the City Treasurer, the City Clerk and each Alderman of the City.

“**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.

“**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.

“**State Elected Official**” means the Governor of the State, the Lieutenant Governor of the State, the Attorney General of the State, the Secretary of State, the State Comptroller, the State Treasurer and each member of the Illinois General Assembly.

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 herein), the Board has five voting directors: (i) *ex officio*, the Chief Financial Officer of the City; (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 designated by the Finance Chair and approved by the Mayor of the City (the “**Finance Committee Designee**”); 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, 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, (i) 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**”); (ii) a creditor, supplier, employee, officer, family member, manager or contractor of the Corporation or any of its Affiliates; or (iii) a person who controls (whether directly, indirectly or otherwise) the Corporation or any of its Affiliates.

In the Sale Agreement, the City covenants that any Independent Director will not have any of the relationships described hereafter (collectively, “**Prohibited Relationships**”). The Independent Director (i) will not be a City Elected Official, a State Elected Official or a member of the governing board of any Affiliated Local Government or of any Affiliated Corporate Entity; (ii) will not have a Familial Relationship 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) will not 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) will not 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) will not be Doing Business or seeking to Do Business 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 with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State.

The bylaws of the Corporation provide that an Independent Director must be appointed to the Board prior to any vote of the Board to (i) 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); (ii) dissolve, liquidate, consolidate, combine, merge or sell substantially all of the Corporation’s 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); (iii) 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 (iv) take any other action which could be adverse to the interests of any holders of then-outstanding obligations issued by the Corporation (each, 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.

DIRECTORS AND OFFICERS

The Corporation’s current directors and officers, and their principal occupations, are set forth under “**PROFESSIONALS INVOLVED IN THE OFFERING**” in the forepart of this Offering Circular.

The Corporation has no other officers, directors or employees.

FINANCIAL DISCUSSION AND ANALYSIS

Fund Structure

The Corporation organizes its activities by two funds: the General Fund and the Debt Service Fund. The General Fund is the Corporation's general operating fund. Residual Revenues are recorded in the General Fund. The Debt Service Fund is used to account for the payment of principal and interest on the Corporation's Secured Obligations. Both funds of the Corporation are accounted for separately and presented on a consolidated basis as Governmental Funds.

Selected Financial Information

TABLE 10. HISTORICAL OPERATING RESULTS – GOVERNMENTAL FUNDS sets forth revenues, expenditures and other financing sources for the Corporation for fiscal (calendar) years 2018, 2019 and 2020 and represents the Governmental Funds. The financial information is based on the modified accrual basis of accounting as reported in the Corporation's audited basic financial statements. This table should be read in conjunction with the financial information for fiscal years 2019 and 2020 set forth in **APPENDIX E – SALES TAX SECURITIZATION CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020.**

TABLE 10. HISTORICAL OPERATING RESULTS – GOVERNMENTAL FUNDS (2018-2020) (\$ IN MILLIONS)

	2018	2019	2020
REVENUES:			
Local and State Sales Tax Revenues	\$ 697,340	\$ 721,769	\$ 611,268
Investment Income	--	--	901
Interest and Other Fiscal Charges	--	--	85
TOTAL REVENUES	<u>\$ 697,340</u>	<u>\$ 721,769</u>	<u>\$ 612,254</u>
EXPENDITURES:			
Interest and Other Fiscal Charges	\$ 67,161	\$ 120,314	\$ 165,193
Principal Retirement	--	3,000	3,150
General and Administrative	256	238	205
Payments to City	608,221	615,744	475,658
Amortization of Deferred Outflow	70,809	114,838	164,055
TOTAL EXPENDITURES	<u>\$ 746,447</u>	<u>\$ 854,134</u>	<u>\$ 808,261</u>
OTHER FINANCING SOURCES:			
Bond Proceeds	\$1,292,700	\$ 605,430	\$1,016,915
Premium on Bonds	110,063		113,387
TOTAL OTHER FINANCING SOURCES	<u>\$1,402,763</u>	<u>\$ 605,430</u>	<u>\$1,130,302</u>
NET CHANGE IN FUND BALANCE	<u>\$1,353,656</u>	<u>\$ 473,065</u>	<u>\$ 934,295</u>
FUND BALANCE – BEGINNING OF PERIOD	<u>\$ 795,307</u>	<u>\$2,148,963</u>	<u>\$2,622,028</u>
FUND BALANCE – END OF PERIOD	<u>\$2,148,963</u>	<u>\$2,622,028</u>	<u>\$3,556,323</u>

THE SALE AGREEMENT

The following summary describes certain terms and effects 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.

The Corporation has purchased all of the City's right, title and interest in and to the Sales Tax Revenues from the City pursuant to the Sale Agreement. The Corporation has no financial assets available for payment of Senior Lien Bonds or Subordinated Indebtedness (which Subordinated Indebtedness includes Second Lien Bonds), other than the Sales Tax Revenues and the other collateral pledged under the Indenture.

Division 13 of Article 8 of the Illinois Municipal Code (65 ILCS 5/8-13-5), 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 State 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, the City and the Corporation executed and entered into, and the Trustee acknowledged and agreed to, an Assignment, Purchase and Sale Agreement, dated as of December 14, 2017, as amended (the "**Sale Agreement**"), contemporaneously with the Corporation's initial issuance of the Senior Lien Series 2017 Bonds on December 14, 2017 (the "**Sale Date**"). Pursuant to the Sale Agreement, the City sold and conveyed to the Corporation, without recourse (subject to the obligations contained in the Sale Agreement), all right, title and interest of the City on the Sale Date in and to the Sales Tax Revenues. The purchase price paid and to be paid by the Corporation to the City under the Sale Agreement consists of the net proceeds of any Senior Lien Bonds (other than Senior Lien Bonds issued as Refunding Bonds (as defined in the Master Indenture)), any Subordinated Indebtedness (other than Subordinated Indebtedness issued to refund outstanding Secured Obligations) and an instrument (the "**Residual Certificate**") which was initially issued to the City, and is currently held by the City, which entitles the holder thereof to receive all funds that are on deposit in the Residual Fund ("**Residual Revenues**") each month after the required payments on such Secured Obligations and other payments and deposits required under the Indenture have been made. See "**THE SALE AGREEMENT – RESIDUAL REVENUES; MODIFICATION OF INDENTURE**" herein.

On the Sale Date, the City irrevocably directed the State Comptroller and the State Treasurer and the Director of the State Department of Revenue to pay all Sales Tax Revenues directly to the Trustee. The offices of the State Comptroller, the State Treasurer and the State Department of Revenue, through authorized officials, have acknowledged that such direction by the City is irrevocable during the term of the Sale Agreement, and have agreed to provide for the deposit of the Sales Tax Revenues with the Trustee until such time as the Trustee shall advise them of the termination of the Sale Agreement. See "**SECURITY FOR THE SECOND LIEN BONDS.**"

Upon receipt of any Sales Tax Revenues, the Trustee will immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund. 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 shall be secured by a statutory lien (with the meaning given to such term in Section 101(53) of the Bankruptcy Code) on the Sales Tax Revenues received or entitled to be received by the Corporation, which shall automatically attach from the time such obligations are issued without further action or authorization

by the Corporation or any other entity. *See* “**SECURITY FOR THE SECOND LIEN BONDS – STATUTORY LIEN.**”

CONVEYANCE OF CERTAIN SALES TAX REVENUES

For purposes of this section “– **CONVEYANCE OF CERTAIN SALES TAX REVENUES,**” the following term shall have the following meaning:

“**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, *i.e.*, from the Sale Date until the date on which there are no Secured Obligations remaining Outstanding and the Indenture has been discharged in accordance with its terms.

Pursuant to the Sale Agreement, the City has irrevocably sold and conveyed to the Corporation, absolutely and unconditionally, as of the Sale Date and for the duration of the Conveyance Period, 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 Sale 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 paid, without recourse, to the City the proceeds of previously issued Senior Lien Bonds and Second Lien Bonds. *See* “**SECURITY FOR THE SECOND LIEN BONDS – ADDITIONAL SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS – *Outstanding Senior Lien Bonds and Second Lien Bonds.***” The Corporation will pay and otherwise convey to or upon the order of the City, (a) on the date of issuance of the Second Lien Series 2021 Bonds, the portion of the proceeds of the Second Lien Series 2021 Bonds to be used by the City in connection with the Financing Plan, and (b) on their respective date of issuance, the net proceeds of any other Senior Lien Bonds (other than Refunding Bonds (as defined in the Master Indenture)) and any other Subordinated Indebtedness (other than Refunding Second Lien Bonds (as defined in the Master Indenture)). Pursuant to a Second Amendment to the Sale Agreement, to be dated the date of issuance of the Second Lien Series 2021 Bonds, the Corporation and the City will agree that the net proceeds of any Additional Bonds or Subordinated Indebtedness issued to refund any Secured Obligations of the Corporation will not be conveyed to the City.

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 Sale 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 SECOND LIEN BONDS – FLOW OF FUNDS**” have been made in full.

From and after the Sale 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 Sale 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.

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 issued and conveyed the Residual Certificate to the City on the Sale Date. In accordance with the Indenture, the Residual Revenues are paid to the holder of the Residual Certificate promptly upon the application of the Sales Tax Revenues each month pursuant to the Indenture.

In conjunction with the issuance on January 30, 2020 of the Corporation's Second Lien Sales Tax Securitization Bonds, Series 2020A and Taxable Series 2020B (the "**Second Lien Series 2020AB Bonds**"), the City, the Corporation and the Trustee entered into a First Amendment to Assignment, Purchase and Sale Agreement, dated as of January 30, 2020 (the "**First Amendment to Sale Agreement**"), which amended certain restrictions on transfer of the Residual Certificate and provided for the issuance of a new Residual Certificate to be initially held by the City. Prior to the execution of the First Amendment to Sale Agreement, the holder of the Residual Certificate was not permitted to transfer the Residual Certificate without the receipt by the Corporation and the City of an opinion of Transaction Counsel that such transfer would not adversely affect the exclusion of interest on any Tax-Exempt Second Lien Bond from gross income of the Holder thereof for purposes of federal income taxation. The First Amendment to Sale Agreement provides that the term Tax-Exempt Second Lien Bond, when used in connection with this restriction, includes any Secured Obligation issued under the Indenture or any Supplemental Indenture 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. Pursuant to the First Amendment to Sale Agreement, in conjunction with the issuance of the Second Lien Series 2020AB Bonds, the original Residual Certificate was delivered by the City to the Corporation for cancellation, and the Corporation issued a new Residual Certificate, dated January 30, 2020, to the City bearing the additional restriction language described in the previous sentence.

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 State Department of Revenue, the State Comptroller and the State Treasurer to transfer all Sales Tax Revenues directly to the Trustee as the assignee of the Corporation, (ii) shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the 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 and the Corporation has included this pledge and agreement of the City in the Indenture.

(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 agrees to use all reasonable efforts to pursue any action legally available to it to cause collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (i) the aggregate principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (ii) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture, (iii) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Indenture, and (iv) 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 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. Further, the City shall not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in any interest paid to the Holders of such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City shall execute and comply with the tax certificate provided by Transaction Counsel in connection with the issuance of such tax-exempt Secured Obligations.

(e) Any Independent Director appointed by the City will satisfy the requirements of the Corporation’s bylaws and will not have any Prohibited Relationships. *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 Board 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 Sale 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. *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 shall be defined and separately identified, (iii) maintain its books and records separately from the City and any other entity, (iv) segregate its assets from those of the City and any other entity, (v) strictly observe corporate formalities in its dealings, (vi) maintain compliance with the Corporation Act, (vii) timely and fully perform and comply with all obligations under the Sale Agreement, the Indenture, the bond purchase agreements relating to the Secured Obligations by and between the Corporation and the respective underwriters for a series of the Secured Obligations being issued, and the Residual Certificate (each, a “**Transaction Document**”) and (viii) not make any change in the character of its business that could adversely affect the enforceability of any Transaction Document or the ability of the Corporation to perform its obligations under the Sale Agreement, or any other Transaction Document without the prior written consent of the City and the Trustee.

(d) The Corporation will not amend its articles of incorporation, bylaws or other governing documents without the express written consent of the Trustee and the City.

(e) The Corporation will comply in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its existence, rights, franchises, qualifications, and privileges as a not-for-profit corporation.

(f) The Corporation will, as soon as practicable, pay to the City any amounts due to the City that are received by the Corporation in error.

COVENANT OF THE TRUSTEE

The Trustee pledges and agrees to (i) deposit the Sales Tax Revenues in the Securitized Sales Tax Revenue Fund and (ii) on a daily basis, if practicable, but in no event later than two Business Days after receipt thereof, apply the Sales Tax Revenues in accordance with the provisions of the Indenture.

AMENDMENTS

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. As provided under the Sale Agreement, the Corporation, the City and the Trustee entered into the First Amendment to Sale Agreement, as described under “**THE SALE AGREEMENT – RESIDUAL REVENUES; MODIFICATION OF INDENTURE**” herein.

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.

THE RESIDUAL CERTIFICATE

The Corporation has issued the Residual Certificate. The Residual Certificate has been conveyed 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.

As described under “**THE SALE AGREEMENT – RESIDUAL REVENUES; MODIFICATION OF INDENTURE**” herein, the initial Residual Certificate was canceled, and a new Residual Certificate was issued to the City, as a result of the execution of the First Amendment to Sale Agreement in conjunction with the issuance of the Second Lien Series 2020AB Bonds.

INVESTMENT AND LEGAL CONSIDERATIONS

The following discussion of investment and legal considerations should be reviewed by prospective investors prior to purchasing the Second Lien Series 2021 Bonds. Any one or more of the investment and legal considerations discussed herein could lead to a decrease in the market value and the liquidity of the Second Lien Series 2021 Bonds or, ultimately, a payment default on the Second Lien Series 2021 Bonds. There can be no assurance that other factors not discussed herein will not become material in the future.

COVID-19

Sales Tax Revenues have been adversely affected by COVID-19, the various governmental actions taken in response and changes in the behavior of businesses and people. In 2020, COVID-19 resulted in significant decline in Sales Tax Revenue due to diminished economic activity. The Corporation has seen an increase in Sales Tax Revenues to pre-pandemic levels due to the economic rebound in 2021. *See “COVID-19.”*

The extent to which the COVID-19 pandemic will affect Sales Tax Revenues going forward is dependent upon future developments, which are uncertain and cannot be fully predicted, including (i) the extent or duration of the COVID-19 outbreak, (ii) new information which may emerge concerning the severity of COVID-19, and the resulting actions by national, state and local governments to contain COVID-19 or treat its impact, (iii) the extent or duration of existing and future quarantines, travel restrictions, business closures and other measures related to the COVID-19 outbreak, and (iv) the extent to which the COVID-19 pandemic may disrupt the local and global economy, manufacturing or supply chains, and whether any such disruption may materially adversely affect the finances or operations of the City.

The Corporation cannot predict the scope or duration of the COVID-19 pandemic or any another potential outbreak or pandemic. The Corporation cannot predict the extent of the effect of the COVID-19

pandemic or another potential outbreak or pandemic may have on the State and City economies and Sales Tax Revenues.

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.

ONLINE SALES

Before 2021, the State did not collect sales taxes from online retailers. Effective January 1, 2021, the Leveling the Playing Field Tax Act requires online retailers to collect State and Local Retailers' Occupation Taxes and remit such taxes to the State Department of Revenue. The Corporation believes that the taxes collected from online retailers will result in an incremental increase in overall Sales Tax Revenues in future years, but no assurance can be given that this will occur. *See "SALES TAX REVENUES – GENERAL – Leveling the Playing Field Act."*

DELAYS IN RECEIPT OF SALES TAX REVENUE

The Corporation'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 20.5 percent of Sales Tax Revenues received by the Corporation in 2020) is subject to annual appropriation by the Illinois General Assembly. Appropriations are included in the State's annual budget. In 2015, the State's failure to adopt a timely budget resulted in a delay of three months before the City received its share of Illinois Use Tax and Illinois Service Use Tax. If the distribution of Illinois Use Tax and Illinois Service Use Tax by the State in future years is delayed, such delay could cause the Corporation to miss its scheduled debt service payments on Outstanding Secured Obligations. The Corporation believes that any delay in payment of debt service payments is unlikely, given that delay in 2015 did not result in late payments on the City's sales tax revenue bonds, and there have been no delays in the receipt of Illinois Use Tax and Illinois Service Use Tax by the City or the Corporation since that time.

Transfers of Sales Tax Revenues that are not subject to annual appropriation have not historically been delayed.

ADDITIONAL SECURED OBLIGATIONS

The Corporation may issue Additional Senior Lien Bonds, Additional Second Lien Bonds and Additional Subordinated Indebtedness. *See* “**SECURITY FOR THE SECOND LIEN BONDS – ADDITIONAL SENIOR LIEN BONDS AND SUBORDINATED INDEBTEDNESS.**”

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 SECOND LIEN BONDS – CERTAIN COVENANTS OF THE STATE AND THE CITY – Covenants of the State Contained in the Act.**”

LIMITED RESOURCES OF THE CORPORATION; SECOND LIEN BONDS ARE NOT A DEBT OF THE CITY OR STATE

The Second Lien Series 2021 Bonds are limited obligations of the Corporation and are payable only from the Trust Estate. The Second Lien Series 2021 Bonds do not represent or constitute a debt of the City or of 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 a grant to the Holders thereof any right to have the City or the Illinois General Assembly levy any taxes or appropriate any funds for the payment of the principal or Redemption Price of, or interest on, the Second Lien Series 2021 Bonds. The Corporation does not have the power to pledge the credit, the revenues or the taxing power of the City or the State, and neither the credit, the revenues nor the taxing power of the City or the State is, or shall be deemed to be, pledged to the payment of any of the Second Lien Series 2021 Bonds. The Corporation has no taxing power. *See* “**SECURITY FOR THE SECOND LIEN BONDS.**”

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 Second Lien Series 2021 Bonds. This means that should an Event of Default occur, the Trustee and the Holders of the Second Lien Series 2021 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 Second Lien Series 2021 Bonds. In addition, neither the Trustee nor the Holders of the Second Lien Series 2021 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 Second Lien Series 2021 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 Second Lien Series 2021 Bonds.

BANKRUPTCY OF THE CITY

Municipalities cannot file for protection under 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 Illinois General Assembly 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 Illinois General Assembly may adopt any legislation that would permit the City to file for bankruptcy relief. 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 a Chapter 9 case. It is also possible that Congress will enact legislation that changes the eligibility requirements for municipalities to file for relief under Chapter 9.

There may be possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Second Lien Series 2021 Bonds or other losses to the Holders of the Second Lien Series 2021 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 Second Lien Series 2021 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 opinions of Co-Transaction Counsel, discussed in the first paragraph below under “– *Certain Opinions*,” identify 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 Co-Transaction Counsel have 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 Second Lien Series 2021 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 Second Lien Series 2021 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 Second Lien Series 2021 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 opinions of Co-Transaction Counsel, discussed in the second paragraph below under “– *Certain Opinions*,” identify 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 Second Lien Series 2021 Bonds are not the obligations or debts of the City (or the State) and therefore the Holders of the Second Lien Series 2021 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 Second Lien Series 2021 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 Second Lien Series 2021 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 Second Lien Series 2021 Bonds could result.

Certain Opinions

Co-Transaction Counsel will render opinions 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 opinions will be assumptions that certain facts or circumstances will exist or occur, and Co-Transaction Counsel will provide no assurance that such facts or circumstances will exist or occur as assumed in the opinions. The opinions 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 opinions, 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 Second Lien Series 2021 Bonds.

Co-Transaction Counsel will also render opinions 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 opinions will be assumptions that certain facts or circumstances will exist or occur, and Co-Transaction Counsel can provide no assurance that such facts or circumstances will exist or occur as assumed in the opinions. The opinions 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 opinions, 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 Second Lien Series 2021 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.

CYBERSECURITY

The Corporation and the City entered into a Services Agreement, dated November 2, 2017, pursuant to which the City has agreed to provide services and support staff and make available office space and equipment to the Corporation. As such, the City uses its computer networks and systems in providing services to the Corporation. The State also uses its computer networks and systems in the collection and transfer of Sales Tax Revenues. Both the City's and State's computer networks and systems collect and store sensitive data and information relating to the Corporation and Sales Tax Revenues. The secure processing, maintenance and transmission of this information is critical to the successful operation of the Corporation.

Increasingly, governmental entities are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers and/or hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruption, access, modification, disclosure or destruction of data could result in interruption of services to the Corporation and the collection or transmission of Sales Tax Revenues.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City and the State are vulnerable to flooding, extreme fluctuations in weather temperature, damaging winds and other severe weather conditions. Risks to the City from climate change include fluctuations in the water levels of Lake Michigan. Higher lake water levels can cause shoreline erosion, flooding of buildings and streets, and damage to shoreline structures. The Corporation cannot predict the timing, extent or severity of climate change and its economic impact or its effect on Sales Tax Revenues.

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 plans (as defined in Section 3(32) of ERISA) (“**Governmental Plans**”) and church plans (as defined in Section 3(33) of ERISA) (“**Church Plans**”), and on Individual Retirement Accounts described in Section 408(b) of the Code (“**IRAs**” and, together with Governmental Plans and Church Plans, “**Tax-Favored Plans**”). Certain employee benefit plans such as Governmental Plans and, if no election has been made under Section 410(d) of the Code, Church Plans, are not subject to ERISA requirements. Additionally, such Governmental Plans and Church Plans are not subject to the requirements of Section 4975 of the Code, but may be subject to applicable federal, state or local law which is, to a material extent, similar to the foregoing provisions of ERISA or the Code (“**Similar Laws**”). Accordingly, assets of such plans may be invested in the Second Lien Series 2021 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

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) a fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by a plan; and (4) the owner of an IRA. 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. Without an exemption, an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Second Lien Series 2021 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 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 is little guidance on this matter, it appears that the Second Lien Series 2021 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 Second Lien Series 2021 Bonds, including the reasonable expectation of purchasers of Second Lien Series 2021 Bonds that the Second Lien Series 2021 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Second Lien Series 2021 Bonds are treated as an equity interest for such purposes, the acquisition or holding of Second Lien Series 2021 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Corporation, the Trustee or a 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 Second Lien Series 2021 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 Second Lien Series 2021 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 affiliates’) 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 Second Lien Series 2021 Bonds or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Second Lien Series 2021 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 Second Lien Series 2021 Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Second Lien Series 2021 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Second Lien Series 2021 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Corporation, the Trustee, the Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the Second Lien Series 2021 Bonds, the purchase of the Second Lien Series 2021 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Second Lien Series 2021 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Corporation, the Trustee or the Underwriters or any of their respective affiliates has investment authority or provides

investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Second Lien Series 2021 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 an 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 Similar Laws.

ABSENCE OF LITIGATION

There is no litigation pending in any court (either state or federal) to restrain or enjoin the issuance or delivery of the Second Lien Series 2021 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 Second Lien Series 2021 Bonds or the validity of the Second Lien Series 2021 Bonds.

FORCE MAJEURE EVENTS

There are certain unanticipated events beyond the Corporation's, the City's or State's control that could have a material adverse impact on the generation or collection of Sales Tax Revenues if they were to occur. These events include fire, flood, earthquake, epidemic, pandemic, adverse health conditions or other unavoidable casualties or acts of God, freight embargo, labor strikes or work stoppages, civil commotion, new acts of war or escalation of existing war conditions, sabotage, terrorism or enemy action, pollution, unknown subsurface or concealed conditions affecting the environment, and any similar causes. No assurance can be provided that such events will not occur, and, if any such events were to occur, no prediction can be provided as to the actual impact or severity of the impact on the generation or collection of Sales Tax Revenues.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain statements relating to future results that are forward-looking statements. When used in this Offering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes," "structured," "targets" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks (including, but not limited to risks related to the COVID-19 pandemic) that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, prospective investors in the Second Lien Series 2021 Bonds should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. The Corporation does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

REFERENCES TO TRANSACTION DOCUMENTS

The summaries or descriptions contained herein of provisions of the Indenture, the Sale Agreement, the Residual Certificate, the Continuing Disclosure Undertaking (as defined herein) and the Second Lien Series 2021 Bonds and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of these documents may be obtained from the office of the President of the Corporation.

CONTINUING DISCLOSURE

CONTINUING DISCLOSURE UNDERTAKING

Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer’s securities.

The Corporation will enter into a Continuing Disclosure Undertaking, dated the date of the issuance and delivery of the Second Lien Series 2021 Bonds (the “**Continuing Disclosure Undertaking**”), under the provisions of which it shall covenant for the benefit of the beneficial owners of the Second Lien Series 2021 Bonds to provide (i) certain financial information relating to the Corporation and certain information relating to the Sales Tax Revenues annually and (ii) notices of the occurrence of certain enumerated events, in certain cases, pursuant to the requirements of Section (b)(5) of Rule 15c2-12. The annual financial information and the material event notices will be filed electronically with the Municipal Securities Rulemaking Board (the “**MSRB**”) on its internet-based securities filing system, the Electronic Municipal Market Access (“**EMMA**”) website.

The information to be provided on an annual basis, the material events of which notice will be provided on an occurrence basis and a summary of other terms of the Continuing Disclosure Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the Corporation to comply with the Continuing Disclosure Undertaking will not constitute a default under the Second Lien Series 2021 Bonds or the Indenture, and beneficial owners of the Second Lien Series 2021 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. See “– **CONSEQUENCES OF FAILURE OF THE CORPORATION TO PROVIDE CONTINUING DISCLOSURE**” below. A failure by the Corporation to comply with the Continuing Disclosure Undertaking must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Second Lien Series 2021 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Second Lien Series 2021 Bonds and their market price.

The following is a summary of certain provisions of the Continuing Disclosure Undertaking and does not purport to be complete. This summary is subject to the detailed provisions of the Continuing Disclosure Undertaking, a copy of which is available upon request from the Corporation.

ANNUAL FINANCIAL DISCLOSURE

“**Annual Financial Information**” means financial information and operating data of the type included in this Offering Circular in TABLE 2. ANNUAL SALES TAX REVENUES, TABLE 3. MONTHLY HOME RULE SALES TAX REVENUES, TABLE 4. MONTHLY LOCAL SHARE SALES TAX REVENUES and TABLE 5. COMPONENTS OF SALES TAX REVENUES under the heading “**SALES TAX REVENUES – HISTORICAL COLLECTIONS OF SALES TAX REVENUES.**”

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

The Corporation will provide Annual Financial Information and Audited Financial Statements to the MSRB through its EMMA system not more than 210 days after the last day of the Corporation’s fiscal year, which currently is December 31, commencing with the fiscal year ended December 31, 2021. If

Audited Financial Statements are not available by such date, unaudited financial statements will be provided to the MSRB through its EMMA system, and the Audited Financial Statements will be filed within 30 days of availability to the Corporation.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Corporation shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to the Continuing Disclosure Undertaking, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to the MSRB through its EMMA system) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided. See “–**AMENDMENT OR WAIVER OF THE CONTINUING DISCLOSURE UNDERTAKING**” below.

REPORTABLE EVENTS DISCLOSURE

The Corporation will give, in a timely manner, not in excess of 10 business days after the occurrence thereof, notice to the MSRB through its EMMA system of the occurrence of any of the following (each, a “**Reportable Event**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Second Lien Series 2021 Bonds, or other material events affecting the tax status of the Second Lien Series 2021 Bonds;
- (7) modifications to rights of Holders of the Second Lien Series 2021 Bonds, if material;
- (8) Second Lien Series 2021 Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Second Lien Series 2021 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Corporation;
- (13) 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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) incurrence of a financial obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Corporation, any of which affect Holders of the Second Lien Series 2021 Bonds, if material; and
- (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Corporation, any of which reflect financial difficulties.

For the purposes of the Reportable Event identified in subparagraph (12), the event will be considered to have occurred when any of the following occurs: the appointment of a receiver, fiscal agent or other similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governmental 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.

For the purposes of the Reportable Events identified in subparagraphs (15) and (16), the term “financial obligation” means: (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

EMMA REQUIREMENTS

All documents submitted to the MSRB through its EMMA system pursuant to the Continuing Disclosure Undertaking shall be in electronic format and accompanied by identifying information, as prescribed by the MSRB, in accordance with Rule 15c2-12. 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.

CONSEQUENCES OF FAILURE OF THE CORPORATION TO PROVIDE CONTINUING DISCLOSURE

The Corporation shall give notice in a timely manner to the MSRB through its EMMA system of any failure to provide Annual Financial Information and Audited Financial Statements or notice of the occurrence of a Reportable Event as required under the Continuing Disclosure Undertaking.

In the event of a failure of the Corporation to comply with any provision of the Continuing Disclosure Undertaking, the beneficial owner of any Second Lien Series 2021 Bond may seek mandamus or specific performance by court order to cause the Corporation to comply with its obligations under the Continuing Disclosure Undertaking. The Continuing Disclosure Undertaking provides that any court order must be initiated in the Circuit Court of Cook County, Illinois. A default under the Continuing Disclosure Undertaking shall not be deemed a default under the Second Lien Series 2021 Bonds or the Indenture, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the Corporation to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

AMENDMENT OR WAIVER OF THE CONTINUING DISCLOSURE UNDERTAKING

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the Corporation may amend the Continuing Disclosure Undertaking, and any provision of the Continuing Disclosure

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 Continuing Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Second Lien Series 2021 Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, 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 Second Lien Series 2021 Bonds, as determined by a party unaffiliated with the Corporation (such as the Trustee or Co-Transaction Counsel) or by an approving vote of the beneficial owners of the Second Lien Series 2021 Bonds pursuant to the terms of the Indenture at the time of the amendment; or (B) the amendment or waiver is otherwise permitted by Rule 15c2-12.

TERMINATION OF CONTINUING DISCLOSURE UNDERTAKING

The Continuing Disclosure Undertaking shall be terminated if the Corporation shall no longer have any legal liability for any obligation on or relating to repayment of the Second Lien Series 2021 Bonds under the Indenture.

ADDITIONAL INFORMATION

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

PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

The Corporation has entered into continuing disclosure undertakings for previously issued Senior Lien Bonds and Second Lien Bonds.

In connection with prior continuing disclosure undertakings, on April 14, 2020, the Corporation filed a Reportable Event notice on EMMA regarding a January 14, 2020 downgrade by Fitch Ratings of its rating with respect to the Corporation's Sales Tax Securitization Bonds, Series 2017A, Taxable Series 2017B and Taxable Series 2017C, issued on December 14, 2017, the Corporation's Sales Tax Securitization Bonds, Series 2018A and Taxable Series 2018B, issued on February 22, 2018, the Corporation's Sales Tax Securitization Bonds, Series 2018C, issued on December 4, 2018, and the Corporation's Sales Tax Securitization Bonds, Taxable Series 2019A, issued on January 30, 2019. This was not filed within 10 business days of the occurrence of the rating change.

Except as described in the preceding paragraph, the Corporation has complied, in all material respects, with its previous continuing disclosure undertakings in written contracts or agreements, as described in subsection (b)(5)(i) of Rule 15c2-12.

COVID-19 DISCLOSURE

This Offering Circular includes descriptions of the COVID-19 outbreak and its actual and potential long-term implications for the Second Lien Series 2021 Bonds; *see, e.g.*, “COVID-19” and “SALES TAX

REVENUES – PROJECTED SALES TAX REVENUES.” The Corporation is under no obligation to update the information and data relating to COVID-19 contained in this Offering Circular. Furthermore, such matters will not be considered “Annual Financial Information” under the Continuing Disclosure Undertaking for purposes of Rule 15c2-12. See “– **ANNUAL FINANCIAL DISCLOSURE**” above.

TAX MATTERS

SECOND LIEN SERIES 2021A BONDS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Second Lien Series 2021A 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 Second Lien Series 2021A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Second Lien Series 2021A Bonds. Pursuant to the Indenture and a Tax Certificate and Agreement dated the date of delivery of the Second Lien Series 2021A 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 Second Lien Series 2021A 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 Second Lien Series 2021A 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. Co-Transaction Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Co-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 Second Lien Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Co-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.

State Taxes

Interest on the Second Lien Series 2021A Bonds is not exempt from present Illinois income taxes. Co-Transaction Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Second Lien Series 2021A Bonds nor as to the taxability of the Second Lien Series 2021A Bonds or the income therefrom under the laws of any jurisdiction other than the State.

Original Issue Premium

Second Lien Series 2021A Bonds sold at prices in excess of their principal amounts are “**Premium Second Lien Series 2021A Bonds**.” An initial purchaser with an initial adjusted basis in a Premium Second Lien Series 2021A Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and 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 Premium Second Lien Series 2021A Bond based on the purchaser’s yield to maturity (or, in the case of Premium Second Lien Series 2021A Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving

effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Second Lien Series 2021A Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Second Lien Series 2021A 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 Premium Second Lien Series 2021A Bonds. Owners of the Premium Second Lien Series 2021A Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Second Lien Series 2021A Bonds.

Ancillary Tax Matters

Ownership of the Second Lien Series 2021A 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 to carry the Second Lien Series 2021A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Second Lien Series 2021A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. In addition, interest on the Second Lien Series 2021A 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 Internal Revenue Service or (b) has been identified by the Internal Revenue Service as being subject to backup withholding.

Co-Transaction Counsel are not rendering any opinion as to any federal tax matters with respect to the Second Lien Series 2021A Bonds other than those described in the opinion attached as **APPENDIX B – PROPOSED FORM OF OPINIONS OF CO-TRANSACTION COUNSEL**. 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 Second Lien Series 2021A 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 Second Lien Series 2021A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Second Lien Series 2021A 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 Second Lien Series 2021A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Holders of the Second Lien Series 2021A Bonds may occur. Prospective purchasers of the Second Lien Series 2021A Bonds should consult their own tax advisors regarding the impact of any change in law on the Second Lien Series 2021A Bonds.

Co-Transaction Counsel have not undertaken to advise in the future whether any events after the date of issuance and delivery of the Second Lien Series 2021A Bonds may affect the tax status of interest

on the Second Lien Series 2021A Bonds. Co-Transaction Counsel express no opinion as to any federal, state or local tax law consequences with respect to the Second Lien Series 2021A Bonds, or the interest thereon, if any action is taken with respect to the Second Lien Series 2021A Bonds or the proceeds thereof upon the advice or approval of other counsel.

SECOND LIEN SERIES 2021B BONDS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B Bonds.

Taxation of Interest Generally

Interest on the Second Lien Series 2021B 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 will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Second Lien Series 2021B Bonds. In general, interest paid on the Second Lien Series 2021B 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 Second Lien Series 2021B Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Second Lien Series 2021B Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Second Lien Series 2021B Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Second Lien Series 2021B Bonds issued with original issue discount ("**Discount Second Lien Series 2021B Bonds**"). A Second Lien Series 2021B Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (as defined herein) over its "issue price" equals or exceeds one quarter of one percent of such Second Lien Series 2021B 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 Second Lien Series 2021B Bond's "**issue price**" is defined as the initial offering price to the public at which a substantial amount of the Second Lien Series 2021B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers. A Second Lien Series 2021B Bond's "**stated redemption price at maturity**" is the total of all payments provided by the Second Lien Series 2021B 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 includable in income by the initial Holder of a Discount Second Lien Series 2021B Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Second Lien Series 2021B Bond for each day during the taxable year in which such Holder held such Discount Second Lien Series 2021B Bond. The "**daily portion**" of original issue discount on any Discount Second Lien Series 2021B 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 Second Lien Series 2021B Bond, provided that each accrual period does not exceed 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 Second Lien Series 2021B Bond's "adjusted issue price" (as defined herein) 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 Second Lien Series 2021B Bond at the beginning of any accrual period is (i) the sum of (A) the issue price of the Discount Bond plus (B) the amount of original issue discount allocable to all prior accrual periods, minus (ii) the amount of any prior payments on the Discount Second Lien Series 2021B 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 Second Lien Series 2021B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

A Holder who purchases a Second Lien Series 2021B 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 Holder will generally be required either (i) 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 Second Lien Series 2021B Bond as ordinary income to the extent of any remaining accrued market discount or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such Holder 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 (i) on a constant interest basis or (ii) in proportion to the accrual of stated interest.

A Holder of a Second Lien Series 2021B Bond who acquires such Second Lien Series 2021B Bond at a market discount also may be required to defer, until the maturity date of such Second Lien Series 2021B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Second Lien Series 2021B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such Holder's gross income for the taxable year with respect to such Second Lien Series 2021B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Second Lien Series 2021B Bond for the days during the taxable year on which the Holder held the Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B Bond who purchases such Second Lien Series 2021B 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 Second Lien Series 2021B Bonds held by the Holder on the first day of the taxable year to which the election applies and to all Second Lien Series 2021B Bonds thereafter acquired by the Holder), such 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 Second Lien Series 2021B Bonds who acquire such Second Lien Series 2021B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Second Lien Series 2021B Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax on the "net investment income" of certain individuals, trusts and estates. 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 provision in their particular circumstances.

Sale or Redemption of Second Lien Series 2021B Bonds

A Bondholder's adjusted tax basis for a Second Lien Series 2021B Bond is the price such Holder pays for the Second Lien Series 2021B 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 Second Lien Series 2021B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Second Lien Series 2021B 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 Second Lien Series 2021B Bond is held as a capital asset (except in the case of Second Lien Series 2021B 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 Second Lien Series 2021B 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. In addition, the defeasance of a Second Lien Series 2021B Bond under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such Second Lien Series 2021B Bond.

EACH POTENTIAL HOLDER OF SECOND LIEN SERIES 2021B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SECOND LIEN SERIES 2021B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SECOND LIEN SERIES 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 percent (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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B Bonds. However, it should be noted that on December 13, 2018, the Internal Revenue Service issued proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

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 Second Lien Series 2021B Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Second Lien Series 2021B Bonds are outstanding, the Corporation, its agents or paying agents or a broker is required to provide the Internal Revenue Service 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 Second Lien Series 2021B 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 Internal Revenue Service.

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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B 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 Second Lien Series 2021B Bonds is not exempt from present Illinois income taxes. Co-Transaction Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Second Lien Series 2021B Bonds nor as to the taxability of the Second Lien Series 2021B 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 Second Lien Series 2021B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Second Lien Series 2021B 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. 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 Second Lien Series 2021B Bonds. Prospective purchasers of the Second Lien Series 2021B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Second Lien Series 2021B 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 SECOND LIEN SERIES 2021B BONDS.

RATINGS

The Second Lien Series 2021 Bonds have been assigned ratings of "AA-" (stable outlook) by Fitch Ratings, "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. and "AA-" (stable outlook) by S&P Global Ratings.

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.

There is no assurance that the initial ratings assigned to the Second Lien Series 2021 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 any of the rating agencies. Any such downward revision, suspension or withdrawal of the ratings by any of the rating agencies may have an adverse effect on the availability of a market for or the market price of the Second Lien Series 2021 Bonds.

PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS

CO-FINANCIAL ADVISORS

The Corporation has retained PFM Financial Advisors LLC, The RSI Group, LLC and Swap Financial Group, LLC to act as financial advisors (collectively, the “**Financial Advisors**”) in connection with the issuance and sale of the Second Lien Series 2021 Bonds. The Financial Advisors have provided advice on the plan of financing and structure of the Second Lien Series 2021 Bonds and have reviewed certain legal documents, including this Offering Circular, with respect to financial matters. The Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Offering Circular. Each Financial Advisor is a “municipal advisor” (as defined in Rule 15Ba1-1 of the Securities and Exchange Commission).

INDEPENDENT REGISTERED MUNICIPAL ADVISORS

The Corporation has retained Acacia Financial Group, Martin J. Luby LLC, PFM Financial Advisors LLC, Public Alternative Advisors, LLC, RSI Group, LLC, Sycamore Advisors, LLC and Swap Financial Group, LLC to serve as a pool of registered municipal advisors (collectively, the “**IRMAs**”), 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 various bond issuance programs and other financing ideas being considered by the Corporation. However, the IRMAs will not advise on the investment of Corporation funds. The IRMAs’ compensation is not dependent on the offering of the Second Lien Series 2021 Bonds.

INDEPENDENT AUDITORS

The basic financial statements of the Sales Tax Securitization Corporation as of and for the year ended December 31, 2020, included in **APPENDIX E** to this Offering Circular, have been audited by Deloitte & Touche LLP, an independent auditor, as stated in their report appearing in **APPENDIX E**.

VERIFICATION AGENT

Upon the delivery of the Second Lien Series 2021 Bonds, Robert Thomas, CPA, LLC (the “**Verification Agent**”), will deliver to the Corporation, the City, Co-Transaction Counsel and the Underwriters a report stating that the Verification Agent, 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 the Government 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 Second Lien Series 2021A Bonds and on the Government Obligations related to the tax-exempt Refinanced Obligations.

The Verification Agent will express no opinion on the attainability of any assumptions or the federal income tax status of the Second Lien Series 2021 Bonds.

UNDERWRITING

The Second Lien Series 2021 Bonds are being purchased by the underwriters listed on the cover page hereof (the “**Underwriters**”), for whom Loop Capital Markets LLC and Goldman Sachs & Co. LLC are acting as co-lead managers. Loop Capital Markets LLC, as representative on behalf of itself and the other Underwriters, has agreed, subject to certain conditions, to purchase (i) the Second Lien Series 2021A Bonds at a price equal to \$494,384,527.22, which represents the aggregate principal amount of the Second Lien Series 2021A Bonds, less an Underwriters’ discount of \$2,373,963.28, plus an original issue premium of \$102,603,490.50, and (ii) the Second Lien Series 2021B Bonds at a price equal to \$606,426,457.05, which represents the aggregate principal amount of the Second Lien Series 2021B Bonds, less an Underwriters’ discount of \$3,438,542.95.

The initial public offering prices of the Second Lien Series 2021 Bonds may be changed from time to time by the Underwriters. The Second Lien Series 2021 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Second Lien Series 2021 Bonds into investment trusts) at prices lower than such public offering prices.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Corporation and to persons and entities with relationships with the Corporation, for which they received or will receive customary fees and expenses. The City intends to use the net proceeds from this offering, conveyed to the City by the Corporation pursuant to the Sale Agreement, to implement the Financing Plan.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Corporation and of the City, including the Refinanced Obligations (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. (“**HSI**”), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

Melvin Securities LLC (“**Melvin**”) has entered into a distribution agreement with InspereX, pursuant to which InspereX may distribute Second Lien Series 2021 Bonds underwritten by or allocated to Melvin. Under the terms of this agreement, Melvin will share compensation with InspereX for InspereX’s sale of the Second Lien Series 2021 Bonds.

Stifel, Nicolaus & Company, Incorporated (“**Stifel**”), as an underwriter of the Second Lien Series 2021 Bonds, has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC (“**Vining-Sparks**”), for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks may purchase Second Lien Series 2021 Bonds from Stifel at the original issue price less a negotiated portion of the selling concession applicable to any Second Lien Series 2021 Bonds that Vining-Sparks sells.

Valdés & Moreno Inc. (“**V&M**”) has entered into a formal distribution agreement with Rockfleet Financial Services, Inc. (“**Rockfleet**”), a woman-owned business enterprise, whereby V&M can potentially distribute municipal securities to retail and institutional investors through Rockfleet. As part of this agreement, V&M will compensate Rockfleet part of the takedown for its selling efforts with respect to the Second Lien Series 2021 Bonds.

Goldman Sachs & Co. LLC and Loop Capital Markets LLC acted as dealer managers in connection with the Offer to Tender or Exchange Bonds and will receive customary compensation in connection therewith. In addition, certain of the Underwriters and/or their respective affiliates may hold a portion of the Tendered Bonds for their own account and/or for the accounts of their customers and, therefore, may receive a portion of the sale proceeds from the Second Lien Series 2021 Bonds.

LEGAL OPINIONS OF COUNSEL

Nixon Peabody LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, as Co-Transaction Counsel, will each render an opinion with respect to the validity of the Second Lien Series 2021 Bonds in substantially the forms set forth in **APPENDIX B – PROPOSED FORM OF OPINIONS OF CO-TRANSACTION COUNSEL**. Certain legal matters with respect to the Corporation will be passed upon by (i) Co-Transaction Counsel, (ii) Mayer Brown LLP, Chicago, Illinois, as counsel to the Corporation, and (iii) Golden Holley James LLC, Chicago, Illinois, and the Hardwick Law Firm, Chicago, Illinois, as Co-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, Chicago, Illinois, as Special Counsel to the City. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Chicago, Illinois, and Neal & Leroy LLC, Chicago, Illinois, as Co-Underwriters’ Counsel.

CERTIFICATION OF OFFERING CIRCULAR

The Second Lien Series 2021 Bonds are authorized and are being issued pursuant to the Corporation Authorizing Resolution and the City Authorizing Ordinance.

SALES TAX SECURITIZATION CORPORATION

By: /s/ Jennie Huang Bennett
President

APPENDIX A

**DTC BOOK-ENTRY-ONLY SYSTEM
AND GLOBAL CLEARANCE PROCEDURES**

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APPENDIX A

DTC BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

GENERAL

The information set forth in this **APPENDIX A** concerning DTC, Euroclear and Clearstream Banking (collectively, the “**Clearing Systems**”) has been obtained from sources that the Corporation believes to be reliable, but none of the Corporation, the Trustee or the Underwriters take any responsibility for the accuracy, completeness or adequacy of such information or make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The information set forth in this **APPENDIX A** is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. 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. None of the Clearing Systems is under any obligation to perform or continue to perform the procedures referred to in this **APPENDIX A**, and such procedures may be discontinued at any time.

None of the Corporation, the Trustee or the Underwriters will have any responsibility for the performance by the Clearing Systems, 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 in this **APPENDIX A**.

The Corporation will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Second Lien Series 2021 Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

NEITHER THE CORPORATION, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SECOND LIEN SERIES 2021 BONDS, REFERENCES HEREIN TO THE BONDHOLDERS OR HOLDERS OR REGISTERED OWNERS OF THE SECOND LIEN SERIES 2021 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SECOND LIEN SERIES 2021 BONDS.

DTC will act as the initial securities depository for the Second Lien Series 2021 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.

DTC BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Second Lien Series 2021 Bonds. The Second Lien Series 2021 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 the Second Lien Series 2021 Bonds in their aggregate principal amount 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**" and together with Direct Participants, "**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 Second Lien Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "**Beneficial Owner**") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Second Lien Series 2021 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Second Lien Series 2021 Bonds, except in the event that use of the book-entry system for the Second Lien Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Second Lien Series 2021 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 Second Lien Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Second Lien Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Second Lien Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to DTC. Subject to the provisions described in this Offering Circular under **“THE SECOND LIEN SERIES 2021 BONDS – REDEMPTION OF SECOND LIEN SERIES 2021A BONDS”** AND **“– REDEMPTION OF SECOND LIEN SERIES 2021B BONDS,”** if less than all of the Second Lien Series 2021 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Second Lien Series 2021 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Second Lien Series 2021 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 Second Lien Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, Redemption Price, Make-Whole Optional Redemption Price and interest on the Second Lien Series 2021 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 registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Redemption Price, Make-Whole Optional Redemption Price 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 Participants.

DTC may discontinue providing its services as securities depository with respect to the Second Lien Series 2021 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Second Lien Series 2021 Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Second Lien Series 2021 Bond certificates will be printed and delivered to DTC.

Each person for whom a Participant acquires an interest in the Second Lien Series 2021 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

NONE OF THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SECOND LIEN SERIES 2021 BONDS.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Second Lien Series 2021 Bonds, references herein to Bondholders or Holders or registered owners of the Second Lien Series 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Second Lien Series 2021 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

For every transfer and exchange of Second Lien Series 2021 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Corporation, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Second Lien Series 2021 Bonds if the Corporation determines that (i) DTC is unable to discharge its responsibilities with respect to the Second Lien Series 2021 Bonds or (ii) a continuation of the requirement that all of the outstanding Second Lien Series 2021 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners.

NONE OF THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SECOND LIEN SERIES 2021 BONDS UNDER THE INDENTURE; (III) THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SECOND LIEN SERIES 2021 BONDS; (IV) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, REDEMPTION PRICE OR MAKE-WHOLE OPTIONAL REDEMPTION PRICE OR INTEREST DUE WITH RESPECT TO THE SECOND LIEN SERIES 2021 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SECOND LIEN SERIES 2021 BONDS; OR (VI) ANY OTHER MATTER.

GLOBAL CLEARANCE PROCEDURES

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 Corporation expects that the Second Lien Series 2021B Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking.

Any Second Lien Series 2021B Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream Banking and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any Second Lien Series 2021B Bonds, the record holder will be DTC's nominee. 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.

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 participant 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 Direct 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 Second Lien Series 2021B Bonds; however, holders of book-entry interests in the Second Lien Series 2021B Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Second Lien Series 2021B Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Second Lien Series 2021B Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Second Lien Series 2021B Bonds will be credited to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of

delivery of the Second Lien Series 2021B Bonds against payment (value as on the date of delivery of the Second Lien Series 2021B Bonds). Direct Participants acting on behalf of purchasers electing to hold book-entry interests in the Second Lien Series 2021B Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. Direct Participants' securities accounts will be credited with book-entry interests in the Second Lien Series 2021B Bonds following confirmation of receipt of payment to the Corporation on the date of delivery of the Second Lien Series 2021B Bonds.

SECONDARY MARKET TRADING

Secondary market trades in the Second Lien Series 2021B 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 the applicable Clearing System in accordance with its respective procedures. Book-entry interests in the Second Lien Series 2021B Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Book-entry interests in the Second Lien Series 2021B 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. Transfers of book-entry interests in the Second Lien Series 2021B Bonds between Euroclear or Clearstream Banking and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Second Lien Series 2021B Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Second Lien Series 2021B Bonds, or to receive or make a payment or delivery of Second Lien Series 2021B Bonds, on a particular day may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used or Brussels if Euroclear is used.

APPENDIX B

PROPOSED FORM OF OPINIONS OF CO-TRANSACTION COUNSEL

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APPENDIX B

PROPOSED FORM OF OPINIONS OF CO-TRANSACTION COUNSEL

[Date of Delivery]

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 \$394,155,000 aggregate principal amount of Second Lien Sales Tax Securitization Bonds, Series 2021A (the "Series 2021A Bonds") and \$609,865,000 aggregate principal amount of Second Lien Sales Tax Securitization Bonds, Taxable Series 2021B (the "Series 2021B Bonds", and together with the Series 2021A Bonds, the "Series 2021AB 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 2021AB 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 Second Lien Supplemental Trust Indenture, dated as of January 1, 2020, by and between the Corporation and the Trustee (the "Second Lien Supplemental Indenture", and together with the Master Indenture, the "Second Lien Indenture"), authorizing the issuance of the Second Lien Bonds (as defined below) as Subordinated Indebtedness under the Master Indenture, and a Second Supplement to the Second Lien Supplemental Trust Indenture, dated as of December 1, 2021, by and between the Corporation and the Trustee, authorizing the issuance of the Series 2021AB Bonds (the "Second Supplemental Trust Indenture", which, together with the Second Lien 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 2021AB Bonds are part of an issue of bonds of the Corporation (the "Second Lien Bonds"), which the Corporation has established and created under the terms of the Second Lien Indenture and is authorized to issue from time to time for the purposes authorized by the Second Lien Indenture, as then in effect, and without limitation as to amount, except as provided in the Second Lien Indenture or as may be limited by law. The Series 2021AB Bonds are being issued for the purposes set forth in the Indentures.

The Corporation is authorized to issue Second Lien Bonds, in addition to the Series 2021AB Bonds, only upon the terms and conditions set forth in the Second Lien Indenture and such Second Lien Bonds, when issued, will with all other Second Lien 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 Second Lien Indenture.

The Series 2021A Bonds are dated and bear interest from their date of delivery and mature on January 1 and bear interest, payable beginning on July 1, 2022, 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>
2024	\$21,250,000	5.000%	2030	\$45,930,000	5.000%
2025	29,980,000	5.000	2031	41,955,000	5.000
2026	18,875,000	5.000	2032	46,390,000	5.000
2027	44,000,000	5.000	2033	87,555,000	5.000
2028	29,635,000	5.000	2034	4,360,000	5.000
2029	24,225,000	5.000			

The Series 2021B Bonds are dated and bear interest from their date of delivery and mature on January 1, and bear interest, payable beginning on July 1, 2022, 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>
2023	\$ 70,000,000	0.790%	2042	\$383,040,000	3.238%
2036	77,700,000	3.118	2048	79,125,000	3.338

The Series 2021AB Bonds are issuable in the form of fully registered bonds in denominations of \$5,000 or integral multiples thereof. The Series 2021A Bonds and the Series 2021B Bonds are each numbered consecutively from one upward in order of issuance.

The Series 2021AB Bonds are subject to redemption prior to maturity as provided in the Second Supplemental Trust Indenture.

The Series 2021AB Bonds are being issued to (i) refund certain outstanding general obligation bonds of the City; (ii) refund certain outstanding motor fuel tax bonds of the City; (iii) repurchase by means of a tender offer certain general obligation bonds and motor fuel tax bonds of the City; (iv) repay a loan obtained by the City under the Transportation Infrastructure Finance and Innovation Act; (v) refund certain Bonds of the Corporation; (vi) pay capitalized interest on the Series 2021AB Bonds; and (vii) pay costs of issuance, including underwriters' discount. The City, the Corporation and the Trustee have entered into an Assignment, Purchase and Sale Agreement, dated as of December 14, 2017, as amended by the First Amendment to Assignment, Purchase and Sale Agreement, dated as of January 30, 2020 and the Second Amendment to 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 Second Lien Bonds and apply the net proceeds for the purposes permitted by the Second Lien Indenture. We assume the parties will perform their respective covenants in the Second Lien 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 2021A 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 2021A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2021A Bonds. The Corporation has covenanted in the Indentures, 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 2021A 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 2021A Bond and an executed Series 2021B 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 Second Lien Bonds thereunder, including the Series 2021AB 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 2021AB 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 2021AB 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 Second Lien 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 2021A 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.

6. Interest on the Series 2021B Bonds is includible in gross income for federal income tax purposes.

7. Interest on the Series 2021AB 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 2021AB 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 amount, accrual or receipt of interest on, the Series 2021AB Bonds. Furthermore, we express no opinion as to any federal, state, local or foreign tax consequences with respect to the Series 2021AB Bonds, or the interest thereon, if any action is taken with respect to Series 2021AB 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**

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APPENDIX C

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

DEFINITIONS OF CERTAIN TERMS

“Accreted Value” means with respect to any Second Lien Bond or Senior Lien Bond that is a 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 30-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 Second Lien Bonds” means any Second Lien Bonds issued subsequent to the issuance of the Second Lien Series 2020AB Bonds.

“Additional Senior Lien Bonds” means any Senior Lien Bonds issued subsequent to the issuance of the Second Lien Series 2020AB Bonds.

“Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds” 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 Senior Lien Bonds and Outstanding Second Lien 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 any Senior Lien Bond that is a Capital Appreciation Bond and the Appreciated Value of any Senior Lien Bond that is a Deferred Income Bond becoming due at maturity or by virtue of any Sinking Fund Installment shall be included in the calculations of interest and principal payable only during the calendar year in which such Senior Lien Bond that is a Capital Appreciation Bond or a Senior Lien Bond that is a Deferred Income Bond matures or in which such Sinking Fund Installment is due (as such terms are defined in the Master Indenture); (ii) the principal and interest portions of the Accreted Value of any Second Lien Bond that is a Capital Appreciation Bond and the Appreciated Value of any Second Lien Bond that is a Deferred Income Bond becoming due at maturity or by virtue of any Sinking Fund Installment shall be included in the calculations of interest and principal payable only during the calendar year in which such Second Lien Bond that is a Capital Appreciation Bond or a Second Lien Bond that is a Deferred Income Bond matures or in which such Sinking Fund Installment is due (as such terms are defined in the Second Lien Supplemental Indenture); and (iii) Capitalized Interest (as such term is defined in the Master Indenture) payable on any Outstanding Senior Lien Bonds or Capitalized Interest (as such term is defined in the Second Lien Supplemental Indenture) payable on any Second Lien Bonds during a Fiscal Year shall be excluded from such calculation.

“Appreciated Value” means with respect to any Senior Lien Bond that is a Deferred Income Bond or Second Lien Bond that is a Deferred Income Bond (i) as of any Valuation Date, the amount set forth for

such date in the Supplemental Indenture authorizing such Senior Lien Bond that is a Deferred Income Bond or Second Lien Bond that is a 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 30-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.

“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.

“Book-Entry Bond” means a Second Lien 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 Second Lien Bond or Senior Lien 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 (i) with respect to Second Lien Bonds, interest on Second Lien Bonds payable from money on deposit in the Second Lien Capitalized Interest Account; and (ii) with respect to Senior Lien Bonds, interest on Senior Lien Bonds payable from money on deposit in the Capitalized Interest Account as provided in the Master Indenture.

“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 Master Indenture.

“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 Master 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 (as defined in this **APPENDIX C**) 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.

“Debt Retirement Fund” means the fund so designated, created and established pursuant to the Master Indenture.

“Debt Service Reserve Deposit Requirement” means with respect to any Series of Senior Lien Bonds, for each required withdrawal from the Debt Service Reserve Fund pursuant to the Master Indenture, the amount required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement under the Master Indenture or the amounts required to be deposited therein by any Supplemental Indenture.

“Debt Service Reserve Fund” means the fund so designated, created and established pursuant to the Master Indenture.

“Debt Service Reserve Fund Requirement” means, with respect to any Series of the Senior Lien Bonds, the amount of money, if any, required to be deposited in the Debt Service Reserve Fund under the Master Indenture.

“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 Second Lien Bond or Senior Lien Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Second Lien Bond or Senior Lien Bond, respectively, 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 Second Lien Bonds or Senior Lien Bonds.

“**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 to the Second Lien Supplemental Indenture authorizing a Series of Second Lien Bonds to serve as securities depository for Second Lien Bonds of such Series.

“**Determination of Taxability**” means, when used with respect to a Tax-Exempt Second Lien 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 Second Lien 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 Second Lien 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 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").

"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 Indenture as from time to time amended or supplemented by Supplemental Indentures to the Master Indenture, including the Second Lien Supplemental Indenture, and any supplements to the Second Lien Supplemental Indenture in accordance with the terms and provisions of the Master Indenture and the Second Lien Supplemental Indenture.

"Interest Commencement Date" means, with respect to any particular Second Lien Bond that is a Deferred Income Bond, the date prior to the maturity date thereof specified in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Second Lien Bond, after which interest accruing on such Deferred Income Bond shall be payable on the dates succeeding such Interest Commencement Date as specified in the Supplemental Indenture authorizing such Deferred Income Bond, and with respect to any particular Senior Lien Bond that is a Deferred Income Bond, the date prior to the maturity date thereof specified in the Master Indenture or Supplement thereof authorizing such Senior Lien Bond, after which interest accruing on such Deferred Income Bond shall be payable on the dates succeeding such Interest Commencement Date as specified at the Master Indenture or Supplement thereof authorizing such Deferred Income Bond.

“Interest Funding Requirement” means, as of any date, 100% of the interest accrued on all Outstanding Senior Lien Bonds or Outstanding Second Lien Bonds, as applicable, as of the first day of the next succeeding calendar month, calculated based on a 360-day year consisting of twelve 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 and in the Second Lien Supplemental Indenture 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.

“Master Indenture” means the Master Indenture of Trust, dated as of December 1, 2017, by and between the Corporation and the Trustee.

“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 Senior Lien Bonds then Outstanding 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 \$250,000.

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

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

(ii) any Senior Lien Bonds deemed to have been paid in accordance with the provisions of the Master Indenture described herein under the heading **“Defeasance”**;

(iii) any Senior Lien Bond paid pursuant to the Master Indenture or any Senior Lien Bond in lieu of or in substitution for which another Senior Lien Bond, as applicable, shall have been authenticated and delivered pursuant to the Master 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 Second Lien 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 Second Lien Supplemental Indenture or of a Supplemental Indenture thereto.

“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 Senior Lien Bonds or Outstanding Second Lien Bonds, as applicable, on the next succeeding Principal Payment Date assuming that such amount was payable in 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 Master Indenture.

“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 any Rating Service to the effect that the rating assigned, without regard to any insurance or other credit enhancement, to any of the Second Lien 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 Second Lien 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 Second Lien Bonds assigned at the request of the Corporation.

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

“Redemption Price” when used with respect to a Second Lien Bond means the principal amount of such Second Lien Bond plus the applicable premium, if any, payable upon redemption prior to maturity

thereof pursuant to the Second Lien Supplemental Indenture or to the applicable Supplemental Indenture thereto.

“**Refunding Bonds**” shall mean any of the Bonds authorized by Section 2.04 of the Master Indenture.

“**Refunding Second Lien Bonds**” shall mean any Second Lien Bond authorized by the provisions of the Second Lien Supplemental Indenture described herein under the heading “*Refunding Second Lien Bonds*.”

“**Reserve Fund Facility**” means a surety bond, insurance policy or letter of credit delivered in accordance with the provisions of the Second Lien Supplemental Indenture described under the heading “*Second Lien Debt Service Reserve Account*” to meet all or any part of the Second Lien Subordinate Debt Service Reserve Account Requirement, as provided in the Supplemental Indenture to the Second Lien Supplemental Indenture setting forth the applicable Second Lien Subordinate Debt Service Reserve Account Requirement, if any.

“**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 Master Indenture described herein under the heading “*Establishment of Fund and Accounts under the Master Indenture*.”

“**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 Master 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 Master Indenture because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Master Indenture.

“**Sale Agreement**” has the meaning ascribed thereto herein under the heading “**THE SALE AGREEMENT**.”

“**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 Master Indenture to S&P shall be effective so long as S&P is a Rating Service.

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

“**Second Lien Bonds**” means all Subordinated Indebtedness issued under the Second Lien Supplemental Trust Indenture and any Supplemental Indenture thereto, 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 Senior Lien Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund.

“Second Lien Capitalized Interest Account” means the account within the Second Lien Subordinate Debt Service Account so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“*Establishment of Funds and Accounts under the Second Lien Supplemental Trust Indenture.*”**

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

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

“Second Lien Proceeds Fund” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“*Establishment of Funds and Accounts under the Second Lien Supplemental Trust Indenture.*”**

“Second Lien Series 2021 Bonds” means collectively, the Corporation’s Second Lien Sales Tax Securitization Bonds, Series 2021A and the Corporation’s Second Lien Sales Tax Securitization Bonds, Taxable Series 2021B, authorized to be issued pursuant to a Second Supplement to the Second Lien Supplemental Trust Indenture, dated as of December 1, 2021, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee.

“Second Lien Subordinate Arbitrage Rebate Account” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“*Establishment of Funds and Accounts under the Second Lien Supplemental Trust Indenture.*”**

“Second Lien Subordinate Debt Retirement Account” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“*Establishment of Funds and Accounts under the Second Lien Supplemental Trust Indenture.*”**

“Second Lien Subordinate Debt Service Reserve Account” means the fund so designated, created and established pursuant to the section of the Second Lien Supplemental Trust Indenture described herein under the heading **“*Establishment of Funds and Accounts under the Second Lien Supplemental Trust Indenture.*”**

“Second Lien Subordinate Debt Service Reserve Deposit Requirement” means (i) for each required withdrawal from the Second Lien Subordinate Debt Service Reserve Account in accordance with the provisions of the Second Lien Supplemental Trust Indenture and described herein in the second paragraph under the heading **“*Second Lien Subordinate Debt Service Account,*”** the amount required to cause the amount on deposit in the Second Lien Subordinate Debt Service Reserve Account to equal the Second Lien Subordinate Debt Service Reserve Account Requirement assuming 12 equal monthly deposits and (ii) for any required deposits to the Second Lien Subordinate Debt Service Reserve Account in connection with the issuance of Additional Second Lien Bonds, the amounts required to be deposited

therein by the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing the issuance of such Series of Second Lien Bonds.

“**Second Lien Subordinate Debt Service Reserve Account Requirement**” means, with respect to any Series of Second Lien Bonds, the amount of money, if any, required to be deposited in the Second Lien Subordinate Debt Service Reserve Account as provided in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Series of Second Lien Bonds.

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

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

“**Securitized Sales Tax Revenue Fund**” means the fund so designated, created and established pursuant to the section of the Master Indenture described under the heading “*Establishment of Funds and Accounts under the Master Indenture.*”

“**Senior Lien Bond**” means any bond of the Corporation authorized and issued pursuant to the Master Indenture and to a Supplemental Indenture thereto secured by a first-priority lien on the Trust Estate.

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

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

“**Series**” means (i) with respect to Senior Lien Bonds, all of the Senior Lien Bonds authenticated and delivered on original issuance and pursuant to the Master Indenture and to the Supplemental Indenture authorizing such Senior Lien Bonds as a separate Series of Senior Lien Bonds, and any Senior Lien Bonds thereafter authenticated and delivered in lieu of or in substitution for such Senior Lien Bonds pursuant to the Master 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 Master 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 Second Lien Bond which matures after said future January 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Second Lien Bond.

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

“**State Entity**” means the State Comptroller, the State Treasurer or the State 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 Senior Lien Bonds and payable from amounts on deposit in the Subordinated Indebtedness Fund. The Second Lien Bonds are Subordinated Indebtedness of the Corporation.

“**Subordinated Indebtedness Fund**” means the fund so designated, created and established pursuant to pursuant to the section of the Master Indenture described herein under the heading “*Establishment of Accounts under the Master Indenture.*”

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

“**Tax-Exempt Second Lien Bond**” means any Second Lien 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 Second Lien 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 pursuant to the Indenture and having the duties, responsibilities and rights provided for therein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant thereto.

“**Valuation Date**” means (a) with respect to any Second Lien Bond that is a Capital Appreciation Bond, the date or dates set forth in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Second Lien Bond on which specific Accreted Values are assigned to such Capital Appreciation Bond, and with respect to any Second Lien Bond that is a Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing such Second Lien Bond on which specific Appreciated Values are assigned to such Second Lien Bond that is a Deferred Income Bond, and (b) with respect to any Senior Lien Bond that is a Capital Appreciation Bond, the date or dates set forth in the Master Indenture and any Supplement thereof authorizing such Senior Lien Bond on which specific Accreted Values are assigned to such Senior Lien Bond that is a Capital Appreciation Bond, and with respect to any Senior Lien Bond that is a Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Master Indenture and any Supplement thereof authorizing such Senior Lien Bond on which specific Appreciated Values are assigned to such Senior Lien Bond that is a Deferred Income Bond.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

Pledge of Trust Estate

The Corporation to secure the payment of the principal and Redemption Price of and interest on the Senior Lien Bonds and Subordinated Indebtedness and performance and observance of all of the covenants and conditions contained in the Master 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 Senior Lien 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 Senior Lien Bonds and Subordinated Indebtedness, including the Second Lien Bonds, to provide security for the Senior Lien Bonds and Subordinated Indebtedness, including the Second Lien Bonds, and is in addition to any statutory lien that may exist.

(Master Indenture Section 5.01)

Establishment of Funds and Accounts under the Master Indenture

The following funds and accounts were established under the Master Indenture to be held in trust as provided therein:

- Proceeds Fund
 - Securitized Sales Tax Revenue Fund
- Debt Service Fund
- Capitalized Interest Account
- Interest Account
- Principal Account
- Debt Service Reserve Fund
- Arbitrage Rebate Fund
- Subordinated Indebtedness Fund
 - Debt Retirement Fund

The Master Indenture also established the Operating Fund to be held by the Trustee for the benefit of the Corporation and the Residual Fund to be held by the Trustee for the benefit of the holder of the Residual Certificate.

(Master Indenture Section 5.02)

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

The City has directed the Director of the State 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 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 Master 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.

(Master Indenture Section 5.05)

Application of Sales Tax Revenues

All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund as follows and in the following order of priority:

All Sales Tax Revenues received by the Trustee shall be deposited on a daily basis, if practicable, but in no event more than two Business Days after receipt thereof by the Trustee, into the Securitized Sales Tax Revenue Fund as follows and in the following order of priority: (1) to the Operating Fund in each Fiscal Year (i) the lesser of (a) the Operating Cap and (b) the budgeted Corporation Expenses for such Fiscal Year less (ii) the amount on deposit in the Operating Fund as of the first day of such Fiscal Year available for the Corporation's Expenses for such Fiscal Year; (2) to the Interest Account of the Debt Service Fund, an amount equal to (a) any interest then due and unpaid on Outstanding Senior Lien Bonds, plus (b) 150 percent of the Interest Funding Requirement until the amount on deposit therein is equal to 100 percent of the interest due on all Outstanding Senior Lien Bonds on the next succeeding Interest Payment Date, less any amounts scheduled to be transferred to the Interest Account of the Debt Service Fund from the Capitalized Interest Account of the Debt Service Fund; (3) 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 Senior Lien Bonds, plus (b) 150 percent of the Principal Funding Requirement until such amount on deposit therein is equal to 100 percent of the principal and Sinking Fund Installments due on all Outstanding Senior Lien Bonds on the next succeeding Principal Payment Date; (4) to reimburse, pro rata, each Provider of a Reserve Facility as defined in the Master Indenture for the benefit of any Senior Lien Bonds for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider of such a Reserve Facility for Senior Lien Bonds; (5) upon the direction of an Authorized Officer of the Corporation, to the Arbitrage Rebate Fund the amount set forth in such direction; (6) to the Debt Service Reserve Fund, the Debt Service Reserve Deposit Requirement, if any; (7) to the Subordinated Indebtedness Fund, the amount required to be deposited therein as set forth in a Supplemental Indenture; (8) to the Corporation, the amount, if any, necessary to pay Corporation 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; (9) upon the direction of the Corporation, to the Debt Retirement Fund, the amount set forth in such direction; and (10) to the Residual Fund, any remaining balance.

(Master Indenture Section 5.06)

Subordinated Indebtedness Fund

Subject to the provisions for the application of Sales Tax Revenues under the Master Indenture and described herein under the headings "***Application of Sales Tax Revenues***," 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.

(Master Indenture Section 5.10)

Residual Fund

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

(Master Indenture Section 5.12)

Agreement to Subordinate

All Subordinated Indebtedness shall be subordinated, to the extent and in the manner provided in the Master Indenture, to the prior payment of the principal of and interest on the Senior Lien Bonds then due and payable. No Holder of Senior Lien 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 Master 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 Master Indenture.

(Master Indenture Section 11.12)

SUMMARY OF CERTAIN PROVISIONS OF THE SECOND LIEN SUPPLEMENTAL INDENTURE

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

Authorization of the Second Lien Bonds

The Second Lien Bonds are Subordinated Indebtedness of the Corporation payable solely from Sales Tax Revenues deposited into the Subordinate Indebtedness Fund that is subject and subordinated to the lien and charge on the Trust Estate for securing Outstanding Second Lien Bonds. The Second Lien Bonds are special obligations of the Corporation payable solely from the Trust Estate from amounts deposited in the Subordinated Indebtedness Fund in accordance with the priority set forth and the manner provided in the Master Indenture and described herein under the heading “*Application of Sales Tax Revenues.*”

The Second Lien 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.

(Second Lien Supplemental Indenture Section 2.01)

Issuance of Second Lien Bonds

The issuance of each Series of Additional Second Lien 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 Second Lien Supplemental Indenture deliver to the Trustee: (a) a copy of the Master Indenture, the Second Lien Supplemental Indenture and the Supplemental Indenture authorizing such Second Lien 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) copy of the direction of the City to the Director of the State 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 Secured Obligations remain Outstanding; (d) a certificate of an Authorized Officer of the City approving the issuance of the Second Lien Bonds, which certificate shall include a copy of the ordinance of the City Council of the City authorizing the issuance of such Second Lien Bonds and approving the amount and terms of such Second Lien Bonds and the purposes for which the proceeds of such Second Lien Bonds will be used; (e) if a Reserve Fund Facility is to be provided in connection with the issuance of the Second Lien Bonds of such Series, such Reserve Fund Facility and the opinion of counsel to the Provider as required by the Second Lien Supplemental Indenture; (f) a written order as to the delivery of such Second Lien Bonds, signed by an Authorized Officer of the Corporation, describing the Second Lien Bonds to be delivered, designating the purchaser or purchasers to whom such Second Lien Bonds are to be delivered and stating the consideration for such Second Lien Bonds; (g) a certificate of an Authorized Officer of the Corporation stating the amount, if any, required to be in the Second Lien Subordinate Debt Service Reserve Account after issuance of the Second Lien Bonds then to be issued, and that after deposit in the Second Lien Subordinate Debt Service Reserve Account of the amount, if any, to be deposited therein in connection with the issuance of such Second Lien Bonds, the amount on deposit in such fund will not be less than the Second Lien Subordinate Debt Service Reserve Account Requirement; (h) a certificate of an Authorized Officer of the Corporation stating that the Corporation is not, and, as a result of the issuance of such Second Lien Bonds, shall not be, in default in the performance of any of the covenants, conditions, agreements or provisions contained therein, or stating that after the issuance thereof the Corporation shall no longer be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Second Lien Supplemental Indenture; (i) a certificate of an Authorized Officer of the Corporation setting forth (1)(A) Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds (exclusive of Senior Lien Bonds for which provision for the payment thereof has been made in accordance with the provisions of the Master Indenture on or prior to the date of issuance of the Second Lien Bonds then to be issued, and Second Lien Bonds for which provision for the payment thereof has been made in accordance with the provisions of the Second Lien Supplemental Indenture on or prior to the date of issuance of the Second Lien Bonds then to be issued, including as a result of the issuance of the Second Lien Bonds then to be issued), and (B) the Operating Cap applicable for such Fiscal Year, and (2) Sales Tax Revenues for the most recently completed Fiscal Year; (j) a certificate of an Authorized Officer which demonstrates that the Sales Tax Revenues set forth in clause (i)(2) above are at least 175 percent of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds calculated as set forth in clause (i)(1)(A) above; and (k) an opinion of Transaction Counsel to the effect that the Master Indenture, the Second Lien Supplemental Indenture and the applicable Supplemental Indenture thereto authorizing the Series of Second Lien Bonds have each been duly and lawfully authorized, executed and delivered by the Corporation; that the Master Indenture, the Second Lien Supplemental Indenture and the applicable Supplemental Indenture thereto are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms; that the Master 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 Second Lien Supplemental Indenture permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Master Indenture, the Second Lien Supplemental Indenture and each applicable Supplemental Indenture thereto; and that the

Corporation is duly authorized and entitled to issue such Series of Second Lien Bonds and, upon the execution and delivery thereof and upon authentication by the Trustee, such Series of Second Lien Bonds will be duly and validly issued and will constitute valid and binding special obligations of the Corporation entitled to the benefits of the Second Lien Supplemental Indenture subject to the first lien priority of the Holders of the Senior Lien Bonds; provided, however, that such opinion may be qualified to the extent that enforceability of rights and remedies may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

(Second Lien Supplemental Indenture Section 2.02)

Refunding Second Lien Bonds

Subject to the provisions of the Second Lien Supplemental Indenture, Second Lien Bonds may be issued by the Corporation for the purpose of refunding any Outstanding Second Lien Bonds or Senior Lien Bonds Outstanding (“**Refunding Second Lien Bonds**”) without satisfying the provisions of clauses (i) and (j) of the heading “**Issuance of Second Lien 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 Second Lien Bonds and Senior Lien Bonds Outstanding after giving effect to the issuance of the Refunding Second Lien 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 Second Lien Bonds and Senior Lien Bonds Outstanding immediately prior to the issuance of such Refunding Second Lien Bonds.

(Second Lien Supplemental Indenture Section 2.04)

Authorization of Redemption

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

(Second Lien Supplemental 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 Second Lien Supplemental 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 Second Lien Bonds to be so redeemed.

(Second Lien Supplemental Indenture Section 4.02)

Redemption Other Than at Corporation's Election

Whenever by the terms of the Second Lien Supplemental Indenture the Trustee is required to redeem Second Lien Bonds through the application of mandatory Sinking Fund Installments, the Trustee

shall select the Second Lien Bonds of the Series and maturities to be redeemed in the manner provided in the Second Lien Supplemental 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 Second Lien Supplemental Indenture.

(Second Lien Supplemental Indenture Section 4.03)

Selection of Second Lien Bonds to be Redeemed

Unless otherwise provided in the Supplemental Indenture thereto authorizing the issuance of Second Lien Bonds of a Series, in the event of redemption of less than all of the Outstanding Second Lien Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Second Lien Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Second Lien Bond equal to the lowest denomination in which the Second Lien Bonds of such Series is 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 Second Lien Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Second Lien Bonds to be redeemed. In making such selections the Trustee may draw the Second Lien 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 Second Lien Bonds of a denomination of more than the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued, by the numbers assigned thereto) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Second Lien 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 Second Lien Bonds and select part of any Second Lien Bond for redemption. The Second Lien Bonds to be redeemed shall be the Second Lien Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Second Lien Bond of a denomination of more than the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Second Lien Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

(Second Lien Supplemental Indenture Section 4.04)

Notice of Redemption

Whenever Second Lien Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Second Lien Bonds in the name of the Corporation in accordance with the redemption provisions of the Second Lien Supplemental Indenture. Such notice shall be given by mailing a copy of such notice not less than 20 days (or, if the Second Lien Bonds are held by the Depository, in accordance with the rules of the Depository) nor more than 60 days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Second Lien Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than 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 Second Lien Bonds to be redeemed in the manner provided in the Second Lien Supplemental Indenture. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Second Lien Supplemental Indenture. The failure of any Holder of a Second Lien Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Second Lien Bonds.

The Trustee shall, if any of the Second Lien 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 20 days prior to the redemption at the most recent address therefor, or to any successor thereof (or, if the Second Lien Bonds are held by the Depository, such notice shall be given 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 Second Lien Bonds.

(Second Lien Supplemental Indenture Section 4.05)

Establishment of Funds and Accounts under the Second Lien Supplemental Indenture

The following separate accounts within the Second Lien Proceeds Fund were established under the Second Lien Supplemental Indenture to be held in trust as provided therein:

- Second Lien Costs of Issuance Account
- Second Lien City Proceeds Account

The following separate accounts within the Subordinated Indebtedness Fund were established under the Second Lien Supplemental Indenture to be held in trust as provided therein:

- Second Lien Subordinate Debt Service Account
- Capitalized Interest Account
- Interest Account
- Principal Account
- Second Lien Subordinate Debt Service Reserve Account
- Second Lien Subordinate Arbitrage Rebate Account
- Second Lien Subordinated Debt Retirement Account

The Second Lien City Proceeds Account within the Second Lien Proceeds Fund was established and created by the Second Lien Supplemental Indenture to be held in trust for the benefit of the City.

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 Second Lien Supplemental Indenture or by any Supplemental Indenture or required thereby to be created shall be held in trust for the benefit of the Holders of Second Lien Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Second Lien Supplemental Indenture.

(Second Lien Supplemental Indenture Section 5.01)

Application of Money in the Second Lien Proceeds Fund

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

Money in the Second Lien City Proceeds Account of the Second Lien 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 provisions of the Second Lien Supplemental Indenture, and in any applicable Supplemental Indenture thereto, money in the Second Lien Costs of Issuance Account of the Second Lien Proceeds Fund deposited pursuant to the provisions of the Second Lien Supplemental Indenture shall be used only to pay the Costs of Issuance of the Second Lien 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 Second Lien 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 Second Lien Subordinate Arbitrage Rebate Account, the amount determined by the Corporation to be required to be deposited therein;
- SECOND: To the Second Lien Subordinate Debt Service Reserve Account, such amount as shall be necessary to make the amount on deposit in such fund equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, if any; and
- THIRD: Any balance remaining, upon the written direction of the City.

(Second Lien Supplemental Indenture Section 5.03)

Second Lien Subordinate Debt Service Account

The Trustee shall pay out of the Second Lien Subordinate Debt Service Account the principal and Sinking Fund Installments of and interest on all Outstanding Second Lien 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 Second Lien Bonds is due the amount in the Second Lien Subordinate Debt Service Account is less than the amount required for payment of the interest on and the principal and Sinking Fund Installments of the Outstanding Second Lien Bonds due on said date, the Trustee shall withdraw first, from the Second Lien Subordinate Debt Retirement Account, and then from the Second Lien Subordinate Debt Service Reserve Account, and deposit to the Second Lien Subordinate Debt Service Account, 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 Second Lien Subordinate Debt Retirement Account if and to the extent such amount is required to pay the Redemption Price or purchase price of Outstanding Second Lien 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 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 Second Lien Subordinate Debt Service Account, 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 Second Lien Subordinate Debt Service Account 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 Second Lien Bonds on the next succeeding Principal Payment Date, including the income or interest earned on investment of money in the Second Lien Subordinate Debt Service Account, shall be withdrawn and transferred first, if required under the Second Lien Supplemental Indenture, to the Second Lien Subordinate Debt Service Reserve Account in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, and second, any excess remaining may at the direction of the Corporation either be retained therein or transferred to any other fund or account established pursuant thereto; provided, however, that if no direction has been given by an Authorized Officer of the Corporation, the excess on the last day of each Fiscal Year shall be transferred by the Trustee to the Residual Fund.

(Second Lien Supplemental Indenture Section 5.05)

Second Lien Subordinate Debt Service Reserve Account

The Trustee shall deposit to the credit of the Second Lien Subordinate Debt Service Reserve Account such proceeds of the sale of Second Lien Bonds, if any, as shall be prescribed in the Supplemental Indenture to the Second Lien Supplemental Indenture authorizing the issuance of such Series of Second Lien Bonds. If at any time the amount in the Second Lien Subordinate Debt Service Reserve Account is not at least equal to the Second Lien Subordinate Debt Service Reserve Account Requirement, the Corporation shall have no obligation to maintain or restore the Second Lien Subordinate Debt Service Reserve Account to the Second Lien Subordinate Debt Service Reserve Account Requirement other than as expressly provided in the Second Lien Supplemental 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 Second Lien Bonds for all or any part of the Second Lien Subordinate Debt Service Reserve Account Requirement, if any; provided, however, as a condition to delivery thereof (other than upon initial issuance of the Second Lien Bonds authorized and issued pursuant to the Second Lien Supplemental Indenture) the Trustee shall also receive (i) 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, (ii) 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 (iii) 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 Second Lien Subordinate Debt Service Reserve Account and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of the Second Lien Supplemental Indenture and the provisions of the Master Indenture requiring that the Trustee compute the value of the assets in each fund and account established under the Master Indenture, in computing any amount on deposit in the Second Lien Subordinate Debt

Service Reserve Account, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

Any money held for the credit of the Second Lien Subordinate Debt Service Reserve Account shall be withdrawn by the Trustee and deposited to the credit of the Second Lien Subordinate Debt Service Account at the times and in the amounts required to comply with the second paragraph of Second Lien Subordinate Debt Service Account under the Second Lien Supplemental Indenture described above herein; provided, however, that no payment under a Reserve Fund Facility shall be sought unless and until money is not available in the Second Lien Subordinate Debt Service Reserve Account and the amount required to be withdrawn from the Second Lien Subordinate Debt Service Reserve Account 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 Second Lien Subordinate Debt Service Reserve Account 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 Second Lien Subordinate Debt Service Reserve Account shall, at the written direction of the Corporation, be withdrawn by the Trustee and be deposited in the Second Lien Subordinate Arbitrage Rebate Account, the Second Lien Subordinate Debt Service Account, the Second Lien Subordinate Debt Retirement Account 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 Second Lien 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 Second Lien Subordinate Debt Service Reserve Account exceeds the Second Lien Subordinate Debt Service Reserve Account Requirement, if any, such excess shall be withdrawn by the trustee upon direction of the Corporation and deposited in the Second Lien Subordinate Arbitrage Rebate Account, the Second Lien Subordinate Debt Service Account, the Second Lien Subordinate Debt Retirement Account 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 Second Lien Subordinate Debt Service Account; 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 Second Lien 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 Second Lien Subordinate Debt Service Reserve Account, 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 Second Lien Bond from gross income for federal income tax purposes.

Notwithstanding the provisions of the Second Lien Supplemental Indenture, if, upon a Second Lien Bond having been deemed to have been paid in accordance with the Second Lien Bond defeasance provisions of the Second Lien Supplemental Indenture and described herein under the heading “*Defeasance*,” the amount held for the credit of the Second Lien Subordinate Debt Service Reserve Account will exceed the Second Lien Subordinate Debt Service Reserve Account 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 Second Lien Subordinate Debt Service Reserve Account and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on

such Second Lien 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 Second Lien 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 Second Lien Bond from gross income for federal income tax purposes; provided, however, that no such withdrawal shall be made if the amount remaining in the Second Lien Subordinate Debt Service Reserve Account following such withdrawal would be less than the Second Lien Subordinate Debt Service Reserve Account Requirement, if any.

(Second Lien Supplemental Indenture Section 5.06)

Second Lien Subordinate Arbitrage Rebate Account

The Trustee shall deposit to the Second Lien Subordinate Arbitrage Rebate Account any money delivered to it by the Corporation for deposit therein and, notwithstanding any provisions under the Second Lien Supplemental Indenture, shall transfer to the Second Lien Subordinate Arbitrage Rebate Account, 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 Second Lien Supplemental Indenture at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Second Lien Subordinate Arbitrage Rebate Account 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 Second Lien Subordinate Debt Service Reserve Account in such amount, if any, as may be necessary to make the amount on deposit in such fund equal to the Second Lien Subordinate Debt Service Reserve Account 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 thereto.

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 Second Lien Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held under the Second Lien Supplemental Indenture and deposit to the Second Lien Subordinate Arbitrage Rebate Account, 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 Second Lien Bonds and (ii) pay out of the Second Lien Subordinate Arbitrage Rebate Account to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Second Lien Supplemental Indenture Section 5.07)

Second Lien Subordinate Debt Retirement Account

Money deposited in the Second Lien Subordinate Debt Retirement Account 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 Second Lien Bonds or to pay or make provision for payment of Outstanding Second Lien Bonds in accordance with the Second Lien Bond defeasance provisions of the Second Lien Supplemental Indenture. In no event, however, may the Corporation call for

redemption, contract to purchase or make provision for payment of Outstanding Second Lien Bonds in accordance with the Second Lien Bonds defeasance provisions of the Second Lien Supplemental Indenture if at such time the amount on deposit in the Second Lien Subordinate Debt Service Account is less than the amount then required to be on deposit therein. Notwithstanding the foregoing, money in the Second Lien Subordinate Debt Retirement Account not required to pay the Redemption Price or purchase price of Second Lien 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 Second Lien Subordinate Debt Retirement Account and transferred to the Second Lien Subordinate Debt Service Account or the Second Lien Subordinate Arbitrage Rebate Account at any time money is required for the purposes of such funds.

(Second Lien Supplemental Indenture Section 5.08)

Application of Money in Certain Funds for Retirement of Second Lien Bonds

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

(Second Lien Supplemental Indenture Section 5.09)

Investment of Funds and Accounts Held by the Trustee

Subject to the limitations set forth in this paragraph, money held under the Second Lien Supplemental 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 Second Lien Subordinate Debt Service Account 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**” as defined herein and set forth in the Master Indenture 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 Second Lien Bonds when due. Money in the Capitalized Interest Account of the Second Lien Subordinate Debt Service 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**” as defined herein and set forth in the Master Indenture and such investments shall mature no later than the date on which such moneys are required to be used to pay interest on Second Lien Bonds when due. No investment of money in the Second Lien Subordinate Debt Service Reserve Account 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 100 percent 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 one of the Rating Services at least as high as

the rating assigned by such Rating Services on the Corporation's Outstanding unenhanced Second Lien 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 100 percent of the stated principal amount thereof.

(Second Lien Supplemental Indenture Section 6.01)

Payment of Principal and Interest

The Corporation shall pay or cause to be paid all Second Lien Bonds, including interest thereon, on the dates and at the places and in the manner provided in the Second Lien Bonds according to the true intent and meaning thereof.

(Second Lien Supplemental Indenture Section 7.01)

Powers as to Second Lien Bonds and Pledge

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

(Second Lien Supplemental Indenture Section 7.03)

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.

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

(Second Lien Supplemental 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 Senior Lien Bonds and Second Lien 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 Second Lien 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 30 days after receipt by the Corporation of the report of such audit, a signed copy of such report shall be furnished to the Trustee, to each Provider and to the City.

(Second Lien Supplemental Indenture Section 7.06)

Creation of Liens

Except as permitted in the Second Lien Supplemental Indenture and in the Master Indenture, the Corporation shall not create or cause to be created any lien or charge prior or equal to that of the Second Lien Bonds on the Trust Estate; provided, however, that nothing contained in the Second Lien Supplemental 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 the Second Lien Supplemental Indenture.

(Second Lien Supplemental Indenture Section 7.07)

Offices for Payment and Registration of Second Lien Bonds

The Corporation shall at all times maintain an office or agency in the State where Second Lien 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 to the Second Lien Supplemental Indenture, designate an additional Paying Agent or Paying Agents where Second Lien 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 Second Lien Bonds may be presented for registration, transfer or exchange and the Trustee is thereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Second Lien Bonds. The provisions of this section shall be subject to the provisions of the Second Lien Supplemental Indenture.

(Second Lien Supplemental Indenture Section 7.09)

Amendments, Waivers, Etc.

Except as otherwise provided in the Second Lien Supplemental 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 Second Lien Bonds as provided in the Second Lien Supplemental 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 Second Lien Bonds then Outstanding, or (b) in case less than all of the several Series of Second Lien 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 Second Lien 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 Second Lien Bonds of any specified Series and maturity remain Outstanding, the consent of the Holders of such Second Lien Bonds shall not be required and such Second Lien Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien Bonds under the Second Lien Supplemental Indenture.

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 Second Lien Bonds if the same does not adversely affect the Holders of Second Lien 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 Second Lien Supplemental Indenture and will not adversely affect the exclusion of interest on any Tax-Exempt Second Lien 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.

The purchasers of the Second Lien 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 Second Lien Bonds.

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 Second Lien 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 Second Lien Bonds then Outstanding in any material respect.

(Second Lien Supplemental 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 the Second Lien Supplemental Indenture.

(Second Lien Supplemental 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 Second Lien Supplemental 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 the Second Lien Supplemental Indenture.

(Second Lien Supplemental 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 the provisions for enforcement of remedies in the Second Lien Supplemental Indenture, 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.

(Second Lien Supplemental Indenture Section 7.13)

Transfer of Residual Certificate

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

(Second Lien Supplemental 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 any Tax-Exempt Second Lien Bond to become includable in gross income for federal income tax purposes.

(Second Lien Supplemental Indenture Section 7.16)

Agreement of the City

Pursuant to the Sale Agreement, the Corporation has included in the Second Lien Supplemental Indenture, for the benefit of the Holders of the Second Lien Bonds, 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 Holders of the Second Lien Bonds, or (C) impair the rights and remedies of the Holders of the Second Lien Bonds or the security for the Second Lien Bonds until the Second Lien Bonds, 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 Second Lien Bonds, are fully paid and discharged.

The Corporation acknowledges that the City's pledge and agreement is an important security provision of the Master Indenture and the Second Lien Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation thereby 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.

(Second Lien Supplemental 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 Second Lien Supplemental 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 Second Lien Supplemental Indenture.

The Corporation thereby acknowledges that the State's pledge and agreement is an important security provision of the Indenture and the Second Lien Bonds, and, to the fullest extent permitted by applicable federal or State law, the Corporation thereby 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.

(Second Lien Supplemental Indenture Section 7.18)

Additional Senior Lien Bonds Covenant

The Corporation covenants that, for so long as any Second Lien Bonds are Outstanding under the Second Lien Supplemental Indenture, in order to issue Senior Lien Bonds pursuant to the provision of the Master Indenture which authorizes the issuance of the Senior Lien Bonds, it shall deliver to the Trustee, in addition to the certificate setting forth the Maximum Annual Debt Service after giving effect to the issuance of the Senior Lien Bonds of such Series, and a certificate demonstrating that the Sales Tax Revenues are at least 400 percent of Maximum Annual Debt Service as required by the provisions of the Master Indenture, a certificate stating that the Sales Tax Revenues for the most recently completed Fiscal Year were at least 175 percent of Aggregate Maximum Annual Debt Service on Senior Lien Bonds and Second Lien Bonds (exclusive of (i) Senior Lien Bonds for which provision for the payment thereof has been made in accordance with the Senior Lien Bond defeasance provisions of the Master Indenture on or prior to the date of issuance of such Senior Lien Bonds then to be issued, including as a result of the issuance of such Senior Lien Bonds then to be issued, and (ii) Second Lien Bonds for which provision for the payment thereof has been made in accordance with Senior Lien Bond defeasance provisions under the Second Lien Supplemental Indenture described herein under the heading "*Defeasance*" on or prior to the date of issuance of such Senior Lien Bonds then to be issued.

(Second Lien Supplemental Indenture Section 7.19)

Modification and Amendment Without Consent

The Corporation may execute and deliver at any time or from time to time Supplemental Indentures to the Second Lien Supplemental Indenture for any one or more of the following purposes, and any such

Supplemental Indentures thereto shall become effective in accordance with its terms: (a) to provide for the issuance of a Series of Second Lien Bonds pursuant to the provisions of the Second Lien Supplemental Indenture and to prescribe the terms and conditions pursuant to which such Second Lien Bonds may be issued, paid or redeemed; (b) to provide for the issuance of Subordinated Indebtedness secured by a lien subject to that of the Senior Lien Bonds and the Second Lien Bonds, 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 thereto provide for any additional rights or remedies that are inconsistent with the provisions of the Second Lien Supplemental Indenture relating to the first-priority security interest granted to the Holders of Senior Lien Bonds and the second lien security interest granted to the Holders of Second Lien Bonds and the rights and remedies applicable thereto for so long as any such Senior Lien Bonds or Second Lien Bonds remain Outstanding; (c) to add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Second Lien Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Second Lien Supplemental Indenture or in the Master Indenture; (d) to prescribe further limitations and restrictions upon the issuance of Second Lien Bonds 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 thereof, 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 Second Lien Supplemental Indenture or in the Master Indenture; (f) to confirm, as further assurance, any pledge under the Second Lien Supplemental Indenture, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Second Lien Supplemental Indenture, of the Sales Tax Revenues, or any pledge of any other money, investments thereof or funds so long as it does not conflict with the Master Indenture; (g) to modify any of the provisions of the Second Lien Supplemental Indenture or any previously adopted Supplemental Indenture thereto to accommodate the issuance of Subordinated Indebtedness provided that such modifications do not materially and adversely affect the rights of any of the Senior Lien Bondholders or the Holders of Second Lien Bonds; (h) to modify any of the provisions of the Second Lien Supplemental Indenture or of any previously adopted Supplemental Indenture thereto in any other respects, provided that such modifications shall not be effective until after all Second Lien Bonds of any Series of Second Lien Bonds Outstanding as of the effective date of such Supplemental Indenture shall cease to be Outstanding, and all Second Lien Bonds issued under such Supplemental Indenture to the Second Lien Supplemental Indenture shall contain a specific reference to the modifications contained in such subsequent Supplemental Indenture thereto; (i) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Second Lien Supplemental 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 therewith as theretofore in effect, or to modify any of the provisions of the Second Lien Supplemental Indenture or of any previous Supplemental Indenture thereto in any other respect, provided that such modification shall not adversely affect the interests of the Senior Lien Bondholders or Holders of Second Lien Bonds in any material respect; or (j) to modify any of the provisions of the Second Lien Supplemental Indenture or of any previously adopted Supplemental Indenture thereto in any other respects, provided that such modifications shall not be effective unless there has been delivered to the Trustee (i) a Rating Confirmation (as defined in the Master Indenture) with respect to the Senior Lien Bonds and a Rating Confirmation (as defined in the Second Lien Supplemental Indenture) with respect to the Second Lien Bonds, and (ii) an opinion of Transaction Counsel to the effect that the same is not inconsistent therewith and will not adversely affect the exclusion of interest on any Tax-Exempt Second Lien Bond issued under the Second Lien Supplemental Indenture or under the Master Indenture from gross income for purposes of federal income taxation.

In no event shall the provisions of any Supplemental Indenture supplementing the Second Lien Supplemental Indenture provide for any additional rights or remedies that are inconsistent with the provisions of the Master Indenture relating to the first-priority security interest granted to the Holders of the Senior Lien Bonds and the rights and remedies applicable thereto for so long as any such Senior Lien Bonds remain Outstanding.

(Second Lien Supplemental Indenture Section 9.01)

Supplemental Indentures Effective with Consent of Holders of Second Lien Bonds

The provisions of the Second Lien Supplemental Indenture may also be modified or amended at any time or from time to time by a Supplemental Indenture thereto, subject to the consent of the Holders of Second Lien Bonds in accordance with and subject to the provisions of Article X of the Second Lien Supplemental Indenture as described herein under the headings “***Powers of Amendment,***” “***Consent of Holders of Second Lien Bonds***” and “***Modifications by Unanimous Consent,***” such Supplemental Indenture to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation.

(Second Lien Supplemental Indenture Section 9.02)

General Provisions Relating to Supplemental Indentures to the Second Lien Supplemental Indenture

The Second Lien Supplemental Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions of Article IX of the Second Lien Supplemental Indenture as described herein under the headings “***Modification and Amendment Without Consent***” and “***Supplemental Indentures Effective with Consent of Holders of Second Lien Bonds***” and Article X of the Second Lien Supplemental Indenture as described herein under the headings “***Powers of Amendment,***” “***Consent of Holders of Second Lien Bonds***” and “***Modifications by Unanimous Consent.***” Nothing contained in Article IX or Article X of the Second Lien Supplemental Indenture shall affect or limit the rights or obligations of the Corporation to make, do, execute or deliver any Supplemental Indenture thereto, act or other instrument pursuant to the provisions of the Second Lien Supplemental Indenture or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere therein 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 Second Lien Supplemental Indenture, is authorized or permitted thereby and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is authorized under the Second Lien Supplemental Indenture to accept delivery of a certified copy of any Supplemental Indenture permitted or authorized pursuant to the provisions the Second Lien Supplemental 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 of the Second Lien Supplemental Indenture.

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 Second Lien Supplemental Indenture has become effective, shall give written notice thereof to each Rating Service.

(Second Lien Supplemental Indenture Section 9.03)

Powers of Amendment

Except as provided in the provisions of the Second Lien Supplemental Indenture as described below under the heading “***Modifications by Unanimous Consent***,” any modification or amendment of the Second Lien Supplemental Indenture and of the rights and obligations of the Corporation and of the Holders of the Second Lien Bonds under the Second Lien Supplemental Indenture, in any particular, may be made by a Supplemental Indenture thereto, with the written consent given as provided in the provisions of the Second Lien Supplemental Indenture described under the heading “***Consent of Holders of Second Lien Bonds***,” (i) of the Holders of at least a majority in principal amount of the Second Lien Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Second Lien Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Second Lien 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 Second Lien Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Second Lien Bonds shall not be required and such Second Lien Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien Bonds under the Second Lien Supplemental Indenture. 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 Second Lien 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 Second Lien Bond, or shall reduce the percentages or otherwise affect the classes of Second Lien 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 thereof if the same adversely affects or diminishes the rights of the Holders of Second Lien Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the provisions of the Second Lien Supplemental Indenture, the Second Lien Bonds of any particular Series or maturity would be affected by any modification or amendment thereof and any such determination shall be binding and conclusive on the Corporation and all Holders of Second Lien Bonds. The Trustee may receive an opinion of counsel, including an opinion of Transaction Counsel, as conclusive evidence as to whether the Second Lien Bonds of any particular Series or maturity would be so affected by any such modification or amendment thereof.

(Second Lien Supplemental Indenture Section 10.01)

Consent of Holders of Second Lien Bonds

The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the Second Lien Supplemental Indenture described under the heading “***Powers of Amendment***” to take effect when and as described 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Bonds specified in the provisions of the Second Lien Supplemental Indenture described under the heading “*Powers of Amendment*” herein 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 Second Lien Supplemental Indenture, is authorized or permitted thereby, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as is hereinafter in this section provided. Any such consent shall be binding upon the Holder of the Second Lien Bonds giving such consent and on any subsequent Holder of such Second Lien Bonds (whether or not such subsequent Holder has notice thereof). At any time after the Holders of the required percentages of Second Lien Bonds shall have filed their consent to the Supplemental Indenture to the Second Lien Supplemental Indenture, notice, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentages of Second Lien Bonds and will be effective as provided in this section, may be given to the Holders of Second Lien Bonds by mailing such notice to Holders of Second Lien Bonds. The Corporation shall file with the Trustee proof of giving such notice. Such Supplemental Indenture to the Second Lien Supplemental Indenture shall be deemed conclusively binding upon the Corporation and the Holders of all Second Lien Bonds at the expiration of 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 60-day period; provided, however, that the Corporation during such 60-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.

(Second Lien Supplemental Indenture Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Second Lien Supplemental Indenture and the rights and obligations of the Corporation and of the Holders of the Second Lien 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 thereto certified by an Authorized Officer of the Corporation and the consent of the Holders of all of the Second Lien Bonds then Outstanding, such consent to be given as provided in the Second Lien Supplemental Indenture.

(Second Lien Supplemental Indenture Section 10.03)

Events of Default

An event of default shall exist under the Second Lien Supplemental Indenture and under each Supplemental Indenture thereto authorizing Second Lien Bonds (therein called an “event of default”) if: (a) payment of the principal or Redemption Price of any Second Lien 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 Second Lien 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 in the Master Indenture related to Second Lien Bonds or in the Second Lien Supplemental Indenture or in the Second Lien Bonds or in any Supplemental Indenture thereto on the part of the Corporation to be performed and such default shall continue for 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 25 percent in principal amount of the Outstanding Second Lien Bonds, unless, if

such default is capable of being cured but is not capable of being cured within 90 days, the Corporation has commenced to cure such default within said 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) 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 90 days after such appointment.

(Second Lien Supplemental Indenture Section 11.01)

No Acceleration with Respect to the Second Lien Bonds

There shall be no right of acceleration with respect to the Second Lien Bonds.

(Second Lien Supplemental Indenture Section 11.02)

Enforcement of Remedies; Limitations

Upon the happening and continuance of any event of default specified in the Second Lien Supplemental 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 Second Lien Bonds, shall proceed (subject to the provisions related to permitted acts under the Second Lien Supplemental Indenture), to protect and enforce its rights and the rights of the Holders of Second Lien Bonds under the Second Lien Supplemental Indenture or under any Supplemental Indenture thereto 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 under the Second Lien Supplemental Indenture or under any Supplemental Indenture thereto or in aid or execution of any power herein or therein granted, or for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights, including the enforcement of its rights and remedies, as assignee, under any agreement assigned to it under the Second Lien Supplemental 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 Second Lien Supplemental Indenture and under each Supplemental Indenture thereto 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 Second Lien Supplemental Indenture or of any Supplemental Indenture thereto or of the Second Lien Bonds, with interest on overdue payments of the principal of or interest on the Second Lien Bonds at the rate or rates of interest specified in such Second Lien Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under any Supplemental Indenture thereto and under such Second Lien Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Second Lien Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided in the Second Lien Supplemental Indenture, in any Supplemental Indenture thereto and in such Second Lien 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 Second Lien Supplemental Indenture to the contrary notwithstanding, neither the Trustee nor any Second Lien Bondholder shall have any right in or to any proceeds derived from the issuance of Second Lien Bonds held in the City Proceeds Account within the Proceeds Fund under the Master Indenture or derived from the issuance of any Second Lien Bonds held in the Second Lien 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 Second Lien Bondholder by purchase of its Second Lien Bonds waives any right in or to any proceeds derived from the issuance of Senior Lien Bonds held in the City Proceeds Account within the Proceeds Fund under the Master Indenture or derived from the issuance of Second Lien Bonds held in the Second Lien 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.

(Second Lien Supplemental Indenture Section 11.03)

Limitation of Rights of Individual Holders of Second Lien Bonds

No Holder of any of the Second Lien 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 Second Lien Supplemental Indenture, or for any other remedy thereunder 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 Second Lien 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 thereby 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.

(Second Lien Supplemental Indenture Section 11.07)

Defeasance

If the Corporation shall pay or cause to be paid to the Holders of Second Lien Bonds of a Series the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, herein, and in the applicable Supplemental Indenture to the Second Lien Supplemental Indenture, then the pledge of the Trust Estate and all other rights granted thereby to such Second Lien Bonds shall be discharged and satisfied.

Second Lien 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 the first paragraph under this section. All Outstanding Second Lien 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 first paragraph of this section if: (i) in case any of said Second Lien 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 provisions for the redemption of Second Lien Bonds under the Second Lien Supplemental Indenture notice of redemption on said date of such Second Lien 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 Second Lien Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) in the event said Second Lien Bonds are not by their terms subject to redemption within the next succeeding 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 Second Lien Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Second Lien Bonds that the deposit required by (ii) above has been made with the Trustee and that said Second Lien Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Second Lien Bonds; and (iv) in the event of a defeasance of a Tax-Exempt Second Lien Bond, the Corporation shall have delivered to the Trustee an opinion of Transaction Counsel to the effect that any Second Lien Bonds having been deemed to have been paid as provided in this section would not (A) cause said Second Lien Bonds 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 Second Lien 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 Second Lien Bonds of like Series and maturity payment of which shall be made in accordance with this section in the manner provided in the provisions for selection of Second Lien Bonds to be redeemed under the Second Lien Supplemental Indenture. 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 Second Lien 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 Second Lien Bonds on and prior to such redemption date or maturity date hereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Second Lien Bonds, as realized, be paid by the Trustee as follows: First, to the Second Lien Subordinate Arbitrage Rebate Account, 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 the Second Lien Supplemental Indenture.

(Second Lien Supplemental Indenture Section 12.01)

No Recourse under Indenture or On the Second Lien Bonds

All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Master Indenture and in the Second Lien Supplemental Indenture or in any Supplemental Indenture thereto 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 Second Lien Bonds or for any claims based thereon, hereon, on the Master Indenture or on the Supplemental Indenture thereto against any

member, officer or employee of the Corporation or any person executing the Second Lien Bonds, all such liability, if any, being expressly waived and released by every Holder of Second Lien Bonds by the acceptance of the Second Lien Bonds.

(Second Lien Supplemental 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 Second Lien Bond shall be deemed to be its principal amount. In computing the principal amount of Second Lien 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 Second Lien Supplemental Indenture for any purpose whatsoever, the Accreted Value of such Second Lien Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision of the Second Lien Supplemental 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 Second Lien Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Second Lien Bond on the date the Second Lien 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 Second Lien Bond shall be deemed to be its principal amount. In computing the principal amount of Second Lien 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 Second Lien Supplemental Indenture for any purpose whatsoever, the Appreciated Value of such Second Lien Bond as at the immediately preceding Valuation Date shall be deemed to be its principal amount. Notwithstanding any other provision the Second Lien Supplemental 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 Second Lien Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Second Lien Bond on the date the Second Lien Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

(Second Lien Supplemental Indenture Section 14.07)

APPENDIX D

SUMMARY OF THE REFINANCED OBLIGATIONS

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APPENDIX D

SUMMARY OF THE REFINANCED OBLIGATIONS

Series of Second Lien Series 2021 Bonds	Refunded Bonds Series	CUSIP Number ‡	Maturity Date	Outstanding Principal Amount	Interest Rate	Principal Amount Refunded	Redemption Date	Redemption / Purchase Price
STSC 2021A	GO 2002B	167486UF4	January 1, 2027	\$ 7,655,000	5.125%	\$ 3,285,000	December 22, 2021	114.420
STSC 2021A	GO 2002B	167486UG2	January 1, 2028	8,095,000	5.250	1,320,000	December 22, 2021	114.725
STSC 2021A	GO 2002B	167486UH0	January 1, 2029	8,555,000	5.250	2,415,000	December 22, 2021	114.657
STSC 2021A	GO 2002B	167486UM9	January 1, 2033	10,555,000	5.500	6,025,000	December 22, 2021	115.109
STSC 2021A	GO 2002B	167486UN7	January 1, 2034	11,195,000	5.500	1,500,000	December 22, 2021	115.029
STSC 2021A	GO 2002B	167486UP2	January 1, 2037 [¥]	13,095,000	5.500	2,780,000	December 22, 2021	114.793
						<u>\$ 17,325,000</u>		
STSC 2021B	GO 2003B	167486UX5	January 1, 2023	\$ 15,295,000	5.000%	\$ 15,295,000	Non-Callable	--
STSC 2021A	GO 2003B	167486VB2	January 1, 2027	4,655,000	5.125	615,000	December 22, 2021	114.410
STSC 2021A	GO 2003B	167486VC0	January 1, 2028	4,915,000	5.250	85,000	December 22, 2021	114.715
STSC 2021A	GO 2003B	167486VD8	January 1, 2029	5,190,000	5.250	3,280,000	December 22, 2021	114.648
STSC 2021A	GO 2003B	167486VF3	January 1, 2031	5,810,000	5.500	2,000,000	December 22, 2021	115.247
STSC 2021A	GO 2003B	167486VH9	January 1, 2033	6,510,000	5.500	2,510,000	December 22, 2021	115.084
						<u>\$ 23,785,000</u>		
STSC 2021A	GO 2005D	167486VK2	January 1, 2033	\$ 13,620,000	5.500%	\$ 4,570,000	December 22, 2021	115.084
STSC 2021A	GO 2005D	167486VL0	January 1, 2034	19,400,000	5.500	11,905,000	December 22, 2021	115.004
STSC 2021A	GO 2005D	167486VM8	January 1, 2037 [¥]	16,445,000	5.500	2,090,000	December 22, 2021	114.768
STSC 2021A	GO 2005D	167486VN6	January 1, 2038 [§]	31,260,000	5.500	2,670,000	December 22, 2021	114.570
STSC 2021A	GO 2005D	167486VN6	January 1, 2039 [§]	32,990,000	5.500	2,820,000	December 22, 2021	114.570
STSC 2021A	GO 2005D	167486VN6	January 1, 2040 [¥]	19,285,000	5.500	1,645,000	December 22, 2021	114.570
						<u>\$ 25,700,000</u>		

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§ Denotes sinking fund maturity of a term bond.

¥ Denotes final maturity of a term bond.

Series of Second Lien Series 2021 Bonds	Refunded Bonds Series	CUSIP Number ‡	Maturity Date	Outstanding Principal Amount	Interest Rate	Principal Amount Refunded	Redemption Date	Redemption / Purchase Price
STSC 2021A	GO 2007E	167486VQ9	January 1, 2037 [§]	\$ 4,670,000	5.500%	\$ 210,000	December 22, 2021	114.437
STSC 2021A	GO 2007E	167486VQ9	January 1, 2038 [§]	4,915,000	5.500	225,000	December 22, 2021	114.437
STSC 2021A	GO 2007E	167486VQ9	January 1, 2039 [§]	2,040,000	5.500	90,000	December 22, 2021	114.437
STSC 2021A	GO 2007E	167486VQ9	January 1, 2040 [§]	9,905,000	5.500	450,000	December 22, 2021	114.437
STSC 2021A	GO 2007E	167486VQ9	January 1, 2041 [§]	10,425,000	5.500	470,000	December 22, 2021	114.437
STSC 2021A	GO 2007E	167486VQ9	January 1, 2042 [¥]	10,965,000	5.500	500,000	December 22, 2021	114.437
						<u>\$ 1,945,000</u>		
STSC 2021A	GO 2007F	167486VR7	January 1, 2034 [§]	\$ 15,540,000	5.500%	\$ 1,085,000	December 22, 2021	114.924
STSC 2021A	GO 2007F	167486VS5	January 1, 2037 [§]	3,730,000	5.500	210,000	December 22, 2021	114.437
STSC 2021A	GO 2007F	167486VS5	January 1, 2038 [§]	3,930,000	5.500	220,000	December 22, 2021	114.437
STSC 2021A	GO 2007F	167486VS5	January 1, 2039 [§]	1,630,000	5.500	90,000	December 22, 2021	114.437
STSC 2021A	GO 2007F	167486VS5	January 1, 2040 [§]	7,925,000	5.500	440,000	December 22, 2021	114.437
STSC 2021A	GO 2007F	167486VS5	January 1, 2041 [§]	8,340,000	5.500	465,000	December 22, 2021	114.437
STSC 2021A	GO 2007F	167486VS5	January 1, 2042 [¥]	8,775,000	5.500	485,000	December 22, 2021	114.437
						<u>\$ 2,995,000</u>		
STSC 2021A	GO 2007G	167486VT3	January 1, 2034 [§]	\$ 3,885,000	5.500%	\$ 150,000	December 22, 2021	114.924
STSC 2021A	GO 2007G	167486VU0	January 1, 2037 [§]	930,000	5.500	5,000	December 22, 2021	114.437
STSC 2021A	GO 2007G	167486VU0	January 1, 2038 [§]	980,000	5.500	5,000	December 22, 2021	114.437
STSC 2021A	GO 2007G	167486VU0	January 1, 2040 [§]	1,980,000	5.500	10,000	December 22, 2021	114.437
STSC 2021A	GO 2007G	167486VU0	January 1, 2041 [§]	2,085,000	5.500	10,000	December 22, 2021	114.437
STSC 2021A	GO 2007G	167486VU0	January 1, 2042 [¥]	2,190,000	5.500	5,000	December 22, 2021	114.437
						<u>\$ 185,000</u>		
STSC 2021B	2008E	167486FA2	January 1, 2023 [§]	\$ 10,105,000	6.050%	\$ 2,000,000	Non-Callable	--
						<u>\$ 2,000,000</u>		

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Series of Second Lien Series 2021 Bonds	Refunded Bonds Series	CUSIP Number ‡	Maturity Date	Outstanding Principal Amount	Interest Rate	Principal Amount Refunded	Redemption Date	Redemption / Purchase Price
STSC 2021B	2009B	167486HL6	January 1, 2030 [§]	\$ 51,660,000	6.207%	\$ 3,850,000	December 22, 2021	122.682
STSC 2021B	2009B	167486HL6	January 1, 2031 [§]	68,215,000	6.207	5,080,000	December 22, 2021	122.682
STSC 2021B	2009B	167486HL6	January 1, 2032 [¥]	17,510,000	6.207	1,305,000	December 22, 2021	122.682
						<u>\$ 10,235,000</u>		
STSC 2021B	2010C-1	167486MM8	January 1, 2031 [§]	\$ 49,295,000	7.781%	\$ 9,260,000	December 22, 2021	139.361
STSC 2021B	2010C-1	167486MM8	January 1, 2032 [§]	53,130,000	7.781	9,980,000	December 22, 2021	139.361
STSC 2021B	2010C-1	167486MM8	January 1, 2033 [§]	57,270,000	7.781	10,755,000	December 22, 2021	139.361
STSC 2021B	2010C-1	167486MM8	January 1, 2034 [§]	61,720,000	7.781	11,595,000	December 22, 2021	139.361
STSC 2021B	2010C-1	167486MM8	January 1, 2035 [¥]	66,525,000	7.781	12,495,000	December 22, 2021	139.361
						<u>\$ 54,085,000</u>		
STSC 2021A	2011A	167486NF2	January 1, 2033 [§]	\$ 19,950,000	5.250%	\$ 5,000,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NF2	January 1, 2034 [§]	20,995,000	5.250	5,000,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NF2	January 1, 2035 [¥]	22,100,000	5.250	7,100,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NG0	January 1, 2036 [§]	23,260,000	5.000	8,260,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NG0	January 1, 2037 [§]	24,425,000	5.000	24,425,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NG0	January 1, 2038 [§]	25,645,000	5.000	25,645,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NG0	January 1, 2039 [§]	26,925,000	5.000	26,925,000	January 10, 2022	100.000
STSC 2021A	2011A	167486NG0	January 1, 2040 [¥]	28,270,000	5.000	28,270,000	January 10, 2022	100.000
						<u>\$ 130,625,000</u>		
STSC 2021B	2011B	167486NN5	January 1, 2041 [§]	\$ 91,665,000	6.034%	\$ 19,165,000	December 22, 2021	130.579
STSC 2021B	2011B	167486NN5	January 1, 2042 [¥]	97,195,000	6.034	20,325,000	December 22, 2021	130.579
						<u>\$ 39,490,000</u>		

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Series of Second Lien Series 2021 Bonds	Refunded Bonds Series	CUSIP Number ‡	Maturity Date	Outstanding Principal Amount	Interest Rate	Principal Amount Refunded	Redemption Date	Redemption / Purchase Price
STSC 2021B	2012B	167486PG8	January 1, 2039 §	\$ 13,650,000	5.432	\$ 2,785,000	December 22, 2021	122.490
STSC 2021B	2012B	167486PG8	January 1, 2040 §	33,060,000	5.432	6,745,000	December 22, 2021	122.490
STSC 2021B	2012B	167486PG8	January 1, 2041 §	80,245,000	5.432	16,370,000	December 22, 2021	122.490
STSC 2021B	2012B	167486PG8	January 1, 2042 ¥	84,600,000	5.432	17,255,000	December 22, 2021	122.490
						<u>\$ 43,155,000</u>		
STSC 2021A	2012C	167486PW3	January 1, 2023	\$ 17,470,000	5.000%	\$ 17,470,000	January 10, 2022	100.000
STSC 2021A	2012C	167486PL7	January 1, 2023	675,000	4.000	675,000	January 10, 2022	100.000
STSC 2021A	2012C	167486PX1	January 1, 2024	18,585,000	5.000	18,585,000	January 10, 2022	100.000
STSC 2021A	2012C	167486PM5	January 1, 2024	500,000	4.000	500,000	January 10, 2022	100.000
STSC 2021A	2012C	167486PN3	January 1, 2025	11,050,000	5.000	11,050,000	January 10, 2022	100.000
STSC 2021A	2012C	167486PP8	January 1, 2026	8,690,000	5.000	8,690,000	January 10, 2022	100.000
						<u>\$ 56,970,000</u>		
STSC 2021B	2014A	167486SK6	January 1, 2023	\$ 4,920,000	5.000%	\$ 4,920,000	Non-Callable	--
STSC 2021A	2014A	167486SM2	January 1, 2025	5,000,000	5.000	1,910,000	December 22, 2021	109.524
STSC 2021A	2014A	167486SN0	January 1, 2026	4,000,000	5.000	1,580,000	December 22, 2021	110.524
STSC 2021A	2014A	167486SP5	January 1, 2027	10,675,000	5.000	6,225,000	December 22, 2021	110.524
STSC 2021A	2014A	167486SW0	January 1, 2028	23,055,000	5.250	21,015,000	December 22, 2021	111.029
STSC 2021A	2014A	167486SQ3	January 1, 2029	30,270,000	5.250	4,460,000	December 22, 2021	111.029
STSC 2021A	2014A	167486SU4	January 1, 2034	49,700,000	5.000	15,000,000	December 22, 2021	110.524
						<u>\$ 55,110,000</u>		

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Series of Second Lien Series 2021 Bonds	Refunded Bonds Series	CUSIP Number ‡	Maturity Date	Outstanding Principal Amount	Interest Rate	Principal Amount Refunded	Redemption Date	Redemption / Purchase Price
STSC 2021B	2014B	167486SD2	January 1, 2037 §	\$ 28,240,000	6.314%	\$ 9,090,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2038 §	37,855,000	6.314	12,185,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2039 §	43,120,000	6.314	13,880,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2040 §	21,125,000	6.314	6,800,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2041 §	24,115,000	6.314	7,760,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2042 §	25,645,000	6.314	8,255,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2043 §	76,075,000	6.314	24,485,000	December 22, 2021	134.221
STSC 2021B	2014B	167486SD2	January 1, 2044 ¥	80,885,000	6.314	26,035,000	December 22, 2021	134.221
						<u>\$ 108,490,000</u>		
STSC 2021B	2015A	167486WG0	January 1, 2023	\$ 8,845,000	5.000%	\$ 8,845,000	Non-Callable	--
						<u>\$ 8,845,000</u>		
STSC 2021B	2015B	167486WB1	January 1, 2023	\$ 6,290,000	6.361%	\$ 6,290,000	Non-Callable	--
STSC 2021B	2015B	167486VV8	January 1, 2024 §	6,921,000	7.375	660,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2025 §	6,483,000	7.375	620,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2026 §	1,979,000	7.375	190,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2027 §	2,142,000	7.375	205,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2028 §	2,349,000	7.375	225,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2029 §	2,563,000	7.375	245,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2030 §	29,272,000	7.375	2,795,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2031 §	35,807,000	7.375	3,420,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2032 §	100,037,000	7.375	9,555,000	December 22, 2021	131.695
STSC 2021B	2015B	167486VV8	January 1, 2033 ¥	21,220,000	7.375	2,031,000	December 22, 2021	131.695
						<u>\$ 26,236,000</u>		
STSC 2021B	2015C	167486H28	January 1, 2023	\$ 54,880,000	5.000%	\$ 54,880,000	Non-Callable	--
						<u>\$ 54,880,000</u>		

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STSC 2021A	2019A	167486D63	January 1, 2031	\$ 11,730,000	5.000%	\$ 3,965,000	December 22, 2021	123.834
STSC 2021A	2019A	167486D89	January 1, 2039	46,900,000	5.000	20,835,000	December 22, 2021	122.814
STSC 2021A	2019A	167486D97	January 1, 2040	59,675,000	5.000	1,845,000	December 22, 2021	122.216
STSC 2021A	2019A	167486E21	January 1, 2041 §	35,385,000	5.000	920,000	December 22, 2021	121.288
STSC 2021A	2019A	167486E21	January 1, 2042 §	37,210,000	5.000	965,000	December 22, 2021	121.288
STSC 2021A	2019A	167486E21	January 1, 2043 §	72,995,000	5.000	1,895,000	December 22, 2021	121.288
STSC 2021A	2019A	167486E21	January 1, 2044 ¥	76,645,000	5.000	1,990,000	December 22, 2021	121.288
STSC 2021A	2019A	167486E39	January 1, 2045 §	47,310,000	5.500	5,000	December 22, 2021	124.369
STSC 2021A	2019A	167486E39	January 1, 2046 §	49,915,000	5.500	5,000	December 22, 2021	124.369
STSC 2021A	2019A	167486E39	January 1, 2047 §	52,660,000	5.500	5,000	December 22, 2021	124.369
STSC 2021A	2019A	167486E39	January 1, 2048 §	55,555,000	5.500	5,000	December 22, 2021	124.369
STSC 2021A	2019A	167486E39	January 1, 2049 ¥	58,615,000	5.500	5,000	December 22, 2021	124.369
						<u>\$ 32,440,000</u>		
STSC 2021B	2017B §	167486ZZ5	January 1, 2023	\$ 25,895,000	7.045%	\$ 25,895,000	Non-Callable	--
						<u>\$ 25,895,000</u>		
STSC 2021B	STSC 2017A	79467BAC9	January 1, 2022	\$ 15,045,000	5.000%	\$ 15,045,000	Non-Callable	--
						<u>\$ 15,045,000</u>		
STSC 2021B	STSC 2017C	79467BAS4	January 1, 2022	\$ 12,000,000	2.596%	\$ 12,000,000	Non-Callable	--
						<u>\$ 12,000,000</u>		
STSC 2021B	STSC 2018C	79467BBP9	January 1, 2022	\$ 14,760,000	5.000%	\$ 14,760,000	Non-Callable	--
						<u>\$ 14,760,000</u>		

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STSC 2021B	STSC 2019A §	79467BCM5	January 1, 2022	\$ 5,880,000	4.637%	\$ 5,880,000 \$ 5,880,000	Non-Callable	--
STSC 2021A	MFT 2013	16756KEF0	January 1, 2025	\$ 5,670,000	5.000%	\$ 3,595,000	December 22, 2021	109.524
STSC 2021A	MFT 2013	16756KEG8	January 1, 2026	5,955,000	5.000	5,250,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEH6	January 1, 2027	6,250,000	5.000	6,080,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEJ2	January 1, 2028	6,560,000	5.000	6,000,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEK9	January 1, 2029	6,890,000	5.000	4,000,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEL7	January 1, 2030	7,230,000	5.000	1,350,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEM5	January 1, 2031	7,595,000	5.000	1,065,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEN3	January 1, 2032	7,975,000	5.000	2,815,000	December 22, 2021	110.524
STSC 2021A	MFT 2013	16756KEP8	January 1, 2033	8,375,000	5.000	1,755,000	December 22, 2021	110.524
STSC 2021B	MFT 2013	16756KED5	January 1, 2023	5,135,000	5.000	5,135,000	Non-Callable	--
STSC 2021B	MFT 2013	16756KEE3	January 1, 2024	5,405,000	5.000	5,405,000	Non-Callable	--
STSC 2021B	MFT 2013	16756KEF0	January 1, 2025	5,670,000	5.000	2,075,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEG8	January 1, 2026	5,955,000	5.000	705,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEH6	January 1, 2027	6,250,000	5.000	170,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEJ2	January 1, 2028	6,560,000	5.000	560,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEK9	January 1, 2029	6,890,000	5.000	2,890,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEL7	January 1, 2030	7,230,000	5.000	5,880,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEM5	January 1, 2031	7,595,000	5.000	6,530,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEN3	January 1, 2032	7,975,000	5.000	5,160,000	January 1, 2024	100.000
STSC 2021B	MFT 2013	16756KEP8	January 1, 2033	8,375,000	5.000	6,620,000	January 1, 2024	100.000
						\$ 73,040,000		

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STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2022	532,067	3.330%	\$ 532,067	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2023	696,524	3.330	696,524	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2024	870,655	3.330	870,655	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2025	1,064,134	3.330	1,064,134	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2026	1,276,961	3.330	1,276,961	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2027	1,499,462	3.330	1,499,462	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2028	1,741,311	3.330	1,741,311	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2029	1,992,833	3.330	1,992,833	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2030	2,176,638	3.330	2,176,638	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2031	2,466,857	3.330	2,466,857	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2032	2,776,423	3.330	2,776,423	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2033	3,105,337	3.330	3,105,337	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2034	3,463,273	3.330	3,463,273	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2035	3,840,557	3.330	3,840,557	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2036	4,246,863	3.330	4,246,863	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2037	4,672,517	3.330	4,672,517	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2038	5,136,867	3.330	5,136,867	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2039	3,569,687	3.330	3,569,687	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2040	3,937,297	3.330	3,937,297	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2041	4,324,255	3.330	4,324,255	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2042	4,749,909	3.330	4,749,909	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2043	5,194,910	3.330	5,194,910	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2044	5,369,041	3.330	5,369,041	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2045	5,862,413	3.330	5,862,413	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2046	6,394,480	3.330	6,394,480	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2047	6,955,569	3.330	6,955,569	December 22, 2021	100.000
STSC 2021A & 2021B	TIFIA Loan	--	January 1, 2048	8,213,182	3.330	8,213,182	December 22, 2021	100.000
						\$ 96,130,022		
TOTAL:						\$ 937,246,022		

‡ Copyright, 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 are being provided solely for the convenience of the holders of the Second Lien Series 2021 Bonds only at the time of the issuance of the Second Lien Series 2021 Bonds, and neither the Corporation nor the Underwriters make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

§ Denotes sinking fund maturity of a term bond.

¥ Denotes final maturity of a term bond.

APPENDIX E

**SALES TAX SECURITIZATION CORPORATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

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Sales Tax Securitization Corporation

(A Component Unit of the City of Chicago, Illinois)

Basic Financial Statements as of and for the
Year Ended December 31, 2020, and
Independent Auditors' Report

SALES TAX SECURITIZATION CORPORATION

(A Component Unit of the City of Chicago, Illinois)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Sales Tax Securitization Corporation
City of Chicago, Illinois:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sales Tax Securitization Corporation (the "Corporation"), a component unit of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Corporation, as of December 31, 2020, and the respective changes in financial position thereof for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte & Touche LLP

July 13, 2021

SALES TAX SECURITIZATION CORPORATION

(A Component Unit of the City of Chicago, Illinois)

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in thousands, except as otherwise noted)

The following is a narrative overview and analysis of the financial activities of the Sales Tax Securitization Corporation (the "STSC" or the "Corporation") as of and for the year ended December 31, 2020. It should be read in conjunction with the STSC's government-wide financial statements, governmental funds financial statements and the notes to the basic financial statements. This report is made up of three sections: (1) management's discussion and analysis (this section); (2) basic financial statements; and (3) the statistical section. The basic financial statements consist of three parts: (1) the government-wide financial statements; (2) the governmental funds financial statements; and (3) the notes to the basic financial statements.

The government-wide financial statements, which include the statement of net position and the statement of activities, are presented to display information about the Corporation as a whole, in accordance with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). This is to provide the reader with a broad overview of the STSC's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The STSC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable, which are recognized when due.

The reconciliations of the governmental funds balance sheet to the statement of net position and the reconciliations of the governmental funds statement of revenues, expenditures and changes in fund balances to the statement of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

Financial Highlights and Overall Analysis—Government-Wide Financial Statements

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic in the face of the global spread of the virus. The COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. Financial markets in the U.S. and globally, have seen significant declines and volatility attributed to concerns over COVID-19. These adverse impacts have intensified and continue to evolve within the United States.

The City of Chicago provides essential services to residents, businesses and visitors and continues to operate throughout this pandemic. The City continues to operate its normal course of business. In response to the pandemic, the City of Chicago issued a stay at home order in March 2020 that closed all non-essential businesses and travel. As a result, Sales Tax Revenue has seen a significant decline in the second quarter of 2020. In July 2020, the City began to ease the restrictions and gradually open the City's businesses back up.

In January 2020, the STSC issued the Second Lien 2020A and 2020B Bonds on January 30, 2020. The 2020A Bonds were issued at interest rates between 4.00% and 5.00% with mandatory sinking funds or maturity dates between January 1, 2040 and January 1, 2043. The 2020B Bonds were issued at interest rates between 2.13% and 3.41%. The bonds are secured by a pledge of the Sales Tax Revenues. Net proceeds of \$1,044.6 million were used to provide funds for the City to refund and tender certain of the City's outstanding general obligation bonds and notes issued by the Chicago Infrastructure Trust, to pay for capitalized interest, and to pay costs of issuance.

The following summarizes the activities of the STSC for the year ended December 31, 2020 and for the year ended December 31, 2019:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues—		
Sales tax revenue	\$ 611,268	\$ 721,769
Investment Income	902	-
Other revenue	<u>85</u>	<u>-</u>
Total revenues	<u>612,255</u>	<u>721,769</u>
Expenses:		
Payment to the City of Chicago	475,658	615,744
Amortization of deferred outflows	164,055	114,838
Interest and other fiscal charges	144,558	111,054
Other	<u>205</u>	<u>238</u>
Total expenses	<u>784,476</u>	<u>841,874</u>
Change in net position (deficit)	(172,221)	(120,105)
Net position—Beginning of period	<u>(138,577)</u>	<u>(18,472)</u>
Net position—End of period	<u>\$ (310,798)</u>	<u>\$ (138,577)</u>

The STSC's revenues decreased by 15.2% in fiscal year 2020 primarily as a result of decreased economic activity associated with the COVID-19 pandemic. Expenses were primarily comprised of payments of residual Sales Tax Revenues to the City, amortization of deferred outflows and interest and other fiscal charges. Expenses decreased for fiscal year 2020 primarily as a result of decreased revenues resulting in decreased payments to the City of Chicago.

The following summarizes the STSC’s assets, liabilities, and net position as of December 31, 2020 and 2019:

	2020	2019
Assets—		
Non-capital	<u>\$ 290,100</u>	<u>\$ 257,292</u>
Total Assets	290,099	257,292
Deferred outflows	<u>3,456,986</u>	<u>2,576,421</u>
Total Assets and Deferred Outflows	<u>3,747,085</u>	<u>2,833,713</u>
Liabilities—		
Current liabilities	189,273	211,685
Long-term liabilities	<u>3,868,610</u>	<u>2,760,605</u>
Total Liabilities	<u>4,057,883</u>	<u>2,972,290</u>
Net Position—		
Unrestricted	<u>(310,798)</u>	<u>(138,577)</u>
Total net position (deficit)	<u>\$ (310,798)</u>	<u>\$ (138,577)</u>

As of December 31, 2020, the STSC’s assets consisted primarily of Sales Tax Receivable from the State and deferred outflows. Assets increased by \$32.8 million (12.8%) due primarily to an increase in cash restricted for debt service, which more than offset a reduction in sales tax receivable.

The deferred outflows of resources represent the unamortized portion of bond proceeds sold by the City to the Corporation in exchange for the Sales Tax Revenue. The deferred outflows will be amortized over the life of the bonds. The deferred outflows increased by \$880.6 million (34.2%) which was due to the net bond proceeds of \$1,044.6 million during 2020 which has been netted with the current year amortization of \$164.1 million.

The STSC’s liabilities are almost entirely composed of residual Sales Tax Revenues Payable to the City, bonds payable, and unamortized original issue premium. Liabilities increased by \$1,085.6 million (36.5%) primarily due to the gross bond proceeds of \$1,130.3 million during 2020 net of the current period amortization of the bond premium of \$19.1 million. The remaining amount of \$25.6 million represents a decrease in accrued interest and sales tax payable to the City.

Financial Highlights and Overall Analysis—Governmental Funds Financial Statements

The STSC reports governmental activity using two funds: (1) a general fund (“GF”) and (2) a debt service fund (“DSF”).

The following summarizes the changes in the GF fund balances for the years ended December 31, 2020 and 2019:

	2020	2019
General Fund		
Revenues:		
Sales tax revenue	<u>\$ 475,861</u>	<u>\$ 615,993</u>
Total revenues	<u>475,861</u>	<u>615,993</u>
Expenditures:		
General and administrative	205	238
Payments to City	<u>475,658</u>	<u>615,744</u>
Total expenditures	<u>475,863</u>	<u>615,982</u>
Net change in fund balances	(2)	11
Fund balances—Beginning of period	<u>243</u>	<u>232</u>
Fund balances—End of period	<u><u>\$ 241</u></u>	<u><u>\$ 243</u></u>

GF revenues were entirely composed of Sales Tax Revenues. Amounts not withheld for operations are returned to the City (“Payments to City”). GF revenues in 2020 were lower than 2019 due primarily to a reduction in Sales tax revenue overall and an increase in debt service withheld due to the issuance of the Series 2020 Bonds.

The following summarizes the changes in the fund balances of the STSC's DSF for the years ended December 31, 2020 and 2019:

	2020	2019
Revenues:		
Sales Tax Revenue	\$ 135,407	\$ 105,776
Investment income	901	-
Interest and other fiscal charges	<u>85</u>	<u>-</u>
Total Revenues	<u>136,393</u>	<u>105,776</u>
Expenditures:		
Principal Retirement	3,150	3,000
Interest and other fiscal charges	165,193	120,314
Amortization of deferred outflows	<u>164,055</u>	<u>114,838</u>
Total Expenditures	<u>332,398</u>	<u>238,152</u>
Other financing sources:		
Bond proceeds	1,016,915	605,430
Premium on bonds	<u>113,387</u>	<u>-</u>
Total other financing sources	<u>1,130,302</u>	<u>605,430</u>
Net change in fund balances	934,297	473,054
Fund balances—Beginning of year	<u>2,621,785</u>	<u>2,148,731</u>
Fund balances—End of year	<u>\$ 3,556,082</u>	<u>\$ 2,621,785</u>

DSF revenues were entirely composed of Sales Tax Revenues. Revenues in the DSF increased due to increased withholding requirements to pay debt service requirements. Expenditures were composed of interest and other fiscal charges and amortization of the deferred outflows related to the issuance of bonds.

The following summarizes the GF assets, liabilities and fund balances as of December 31, 2020 and 2019:

	2020	2019
Assets:		
Cash equivalents and investments	\$ 48	\$ 3
Sales tax receivable	<u>107,597</u>	<u>149,940</u>
Total assets	<u>107,645</u>	<u>149,943</u>
Liabilities:		
Accounts payable	<u>107,404</u>	<u>149,700</u>
Total liabilities	<u>107,404</u>	<u>149,700</u>
Fund balances:		
Unassigned	<u>241</u>	<u>243</u>
Total fund balances	<u>241</u>	<u>243</u>
Total liabilities and fund balances	<u>\$ 107,645</u>	<u>\$ 149,943</u>

GF assets were composed primarily of Sales Tax Receivables from the State of Illinois. The GF assets at December 31, 2020 totaled approximately \$107.6 million which is a decrease of \$42.3 million (28.2%) as compared to December 31, 2019. The increase in GF assets was primarily caused by a decrease of approximately \$14.9 million in Sales Tax Receivables being allocated to the DSF to fund debt service and a decrease of approximately \$27.4 million in sales tax revenues accrued during October through December which are received from the State in January through March. Liabilities were composed primarily of residual Sales Tax Revenues not needed for operations or debt service and payable to the City. Liabilities decreased by \$42.3 million (28.3%) caused by a decrease in Sales Tax receivables, which reduced accounts payable to the City of Chicago.

The following summarizes the STSC's DSF assets, liabilities, and fund balances as of December 31, 2020 and 2019:

	2020	2019
Assets:		
Restricted cash	\$ 121,067	\$ 62,433
Sales Tax Receivable and Other Assets	59,800	44,916
Accounts Receivable	<u>98</u>	<u>-</u>
Total assets	180,965	107,349
Deferred outflows	<u>3,456,986</u>	<u>2,576,421</u>
Total assets and deferred outflows	<u>\$ 3,637,951</u>	<u>\$ 2,683,770</u>
Liabilities:		
Bonds payable	\$ 3,150	\$ 3,000
Accrued interest	<u>78,719</u>	<u>58,985</u>
Total liabilities	<u>81,869</u>	<u>61,985</u>
Fund balances:		
Nonspendable	3,456,986	2,576,421
Restricted for debt service	<u>99,096</u>	<u>45,364</u>
Total fund balances	<u>3,556,082</u>	<u>2,621,785</u>
Total liabilities and fund balances	<u>\$ 3,637,951</u>	<u>\$ 2,683,770</u>

At December 31, 2020, the STSC's DSF assets consisted of cash equivalents restricted for payment of cost of issuance related to the 2020 Bonds and Sales Tax Revenues receivable restricted for debt service payments. The Sales Tax Receivable restricted for debt service reflects the amount of bond interest due on July 1 of the following fiscal year. DSF assets increased by \$73.6 million (68.6%) due to an increase in restricted cash due to increased withholding for debt service requirements. The deferred outflows of resources represent the unamortized portion of bond proceeds sold by the City to the Corporation in exchange for the Sales Tax Revenues. The deferred outflows will be amortized over the life of the bonds. The deferred outflows increased by \$880.6 million (34.2%) which was due to the net bond proceeds of \$1,044.6 million during 2020 which has been netted with the current year amortization of \$164.1 million.

At December 31, 2020, the STSC had credit ratings for its Sales Tax Securitization Bonds with three of the major rating agencies as follows:

	Fitch	Kroll	Standard & Poor's
Senior Lien	AA-	AAA	AA-
Second Lien	AA-	AA+	AA-

In January 2020, Fitch downgraded the ratings of the STSC Sales Tax Securitization Bonds from AAA to AA-, with a stable outlook due to a criteria change.

In January 2020, Kroll gave an initial rating of AA+ to the STSC Second Lien Bonds and Fitch gave an initial rating of AA- to the STSC Second Lien Bonds.

The global COVID-19 pandemic will have a significant negative impact on economic conditions in 2020, and likely beyond. The Corporation anticipates that sales tax revenues will decline in FY20, however, the shortfall is not expected to impact the Corporation's ability to pay its debt service obligations.

This financial report is designed to provide a general overview of the STSC's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to the Sales Tax Securitization Corporation, 55 E Monroe Street, Suite 3800, Chicago, Illinois 60603.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020
(Amounts in thousands)

ASSETS:	
Unrestricted cash	\$ 48
Restricted cash	121,067
Sales tax receivable	167,397
Accounts receivable	98
Other asset	<u>1,489</u>
Total assets	290,099
Deferred outflows	<u>3,456,986</u>
Total assets and deferred outflows	<u>3,747,085</u>
LIABILITIES:	
Accounts payable	10
Sales tax residual payable to the City	107,394
Accrued interest	78,719
Bonds payable—portion due within one year	3,150
Bonds payable—portion due after one year	<u>3,868,610</u>
Total liabilities	<u>4,057,883</u>
NET DEFICIT—Unrestricted	<u>(310,798)</u>
TOTAL NET DEFICIT	<u>\$ (310,798)</u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in thousands)

REVENUES:	
Sales tax revenue	\$ 611,268
Investment income	902
Other revenue	<u>85</u>
Total revenues	<u>612,255</u>
EXPENSES:	
Payment to City	475,658
Amortization of deferred outflow	164,055
Interest and other fiscal charges	144,558
General and administrative	<u>205</u>
Total expenses	<u>784,476</u>
CHANGE IN NET DEFICIT	(172,221)
NET DEFICIT—Beginning of period	<u>(138,577)</u>
NET DEFICIT—End of period	<u><u>\$ (310,798)</u></u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

GOVERNMENTAL FUNDS BALANCE SHEET
AS OF DECEMBER 31, 2020
(Amounts in thousands)

	General Fund	Debt Service Fund	Governmental Funds
ASSETS			
Unrestricted cash equivalents	\$ 48	\$ -	\$ 48
Restricted cash equivalents	-	121,067	121,067
Sales tax receivable	107,597	59,800	167,397
Accounts receivable	<u>-</u>	<u>98</u>	<u>98</u>
TOTAL ASSETS	107,645	180,965	288,610
Deferred Outflows	<u>-</u>	<u>3,456,986</u>	<u>3,456,986</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 107,645</u>	<u>\$ 3,637,951</u>	<u>\$ 3,745,596</u>
LIABILITIES			
Accounts payable	\$ 10	\$ -	\$ 10
Sales tax residual payable to City	107,394	-	107,394
Bonds payable—current	-	3,150	3,150
Accrued interest	<u>-</u>	<u>78,719</u>	<u>78,719</u>
Total liabilities	107,404	81,869	189,273
FUND BALANCES:			
Nonspendable	-	3,456,986	3,456,986
Restricted for debt service	-	99,096	99,096
Unassigned	<u>241</u>	<u>-</u>	<u>241</u>
Total fund balances	<u>241</u>	<u>3,556,082</u>	<u>3,556,323</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 107,645</u>	<u>\$ 3,637,951</u>	<u>\$ 3,745,596</u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020
(Amounts in thousands)**

TOTAL FUND BALANCES—Governmental funds	\$ 3,556,323
AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
Bond premiums are reported as other financing sources in the governmental funds financial statements when received. However, in the statement of net position, bond premiums are reported as a component of bonds payable and amortized over the life of the bonds.	(215,980)
Costs for bond insurance are reported as expenditures in governmental funds financial statements. However, in the statement of net position (deficit), those costs are reported as other assets and amortized over the life of the bonds.	1,489
Some liabilities are not due and payable from currently available financial resources at year end and are therefore not reported in the governmental fund financial statements, but are reported in the statement of net position. Those liabilities consist of bonds payable due after one year.	<u>(3,652,630)</u>
NET DEFICIT OF GOVERNMENTAL ACTIVITIES	<u>\$ (310,798)</u>

See accompanying notes to basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (Amounts in thousands)**

	General Fund	Debt Service Fund	Total Governmental Fund
REVENUES:			
Sales tax revenue	\$ 475,861	\$ 135,407	\$ 611,268
Investment income	-	901	901
Other revenue	-	85	85
	<u>475,861</u>	<u>136,393</u>	<u>612,254</u>
Total revenues			
EXPENDITURES:			
Principal retirement	-	3,150	3,150
Interest and other fiscal charges	-	165,193	165,193
General and administrative	205	-	205
Payments to City	475,658	-	475,658
Amortization of deferred outflow	-	164,055	164,055
	<u>475,863</u>	<u>332,398</u>	<u>808,261</u>
Total expenditures			
OTHER FINANCING SOURCES			
Bond proceeds	-	1,016,915	1,016,915
Premium on bonds	-	113,387	113,387
	<u>-</u>	<u>1,130,302</u>	<u>1,130,302</u>
Total other financing sources			
NET CHANGE IN FUND BALANCE	(2)	934,297	934,295
FUND BALANCE—Beginning of period	<u>243</u>	<u>2,621,785</u>	<u>2,622,028</u>
FUND BALANCE—End of period	<u>\$ 241</u>	<u>\$ 3,556,082</u>	<u>\$ 3,556,323</u>

See accompanying notes to the basic financial statements.

SALES TAX SECURITIZATION CORPORATION
(A Component Unit of the City of Chicago, Illinois)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in thousands)**

NET CHANGE IN FUND BALANCES—Total governmental funds	\$ 934,295
AMOUNTS REPORTED IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
Bond proceeds less principal retirement provide current financial resources to governmental funds, but bonds issued increase long-term liabilities in the statement of net position.	(1,013,765)
Costs for bond insurance are reported as expenditures in governmental funds financial statements. However, in the statement of net position (deficit), those costs are reported as other assets and amortized over the life of the bonds.	1,489
Governmental funds report bond premiums as other financing sources. However, in the statement of activities, premiums are amortized over the life of the debt.	<u>(94,240)</u>
CHANGE IN NET POSITION/(DEFICIT)—Governmental activities	<u>\$ (172,221)</u>

See accompanying notes to the basic financial statements.

SALES TAX SECURITIZATION CORPORATION

(A Component Unit of the City of Chicago, Illinois)

NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in thousands, except as noted)

1. ORGANIZATION

The Corporation is a special purpose, not-for-profit corporation incorporated under the provisions of the General Not For Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105), as amended, and organized in accordance with an ordinance adopted by the City Council (the "City Council") of the City of Chicago (the "City") on October 11, 2017. The Corporation was organized for the limited purpose of purchasing the Sales Tax Revenue from the City 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").

The Corporation has no employees. The Corporation and the City have entered into a services agreement pursuant to which the City provides administrative and support services to the Corporation. The STSC provides benefits exclusively to the City, and as a result, is presented as a blended component unit of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements—The government-wide financial statements of STSC, which include the statement of net position and the statement of activities, are presented to display information about the reporting entity as a whole, in accordance with GAAP as prescribed by the GASB. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The STSC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable, which is recognized when due.

The STSC uses two governmental funds for reporting its activities: a debt service fund ("DSF"), and a general fund ("GF"). The DSF is used to account for the accumulation of resources for payment of principal and interest on debt and the GF is used to account for all financial resources and activities not accounted for in the DSF, which are STSC's administrative and operating expenditures. Revenues are recognized within the DSF for payment of principal and interest on debt due in the following fiscal year and the residual is then recognized within the GF.

Fund balances of the governmental funds are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned. Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained for debt service or redemption in accordance with STSC's Master Trust Indenture, dated December 1, 2017, as supplemented (the "Indenture") are classified as restricted on the statement of net position and the governmental funds balance sheet.

The Board constitutes the STSC's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose; unless and until a subsequent resolution altering the commitment is adopted by the Board.

Fund balances which are constrained for use for a specific purpose based on the direction of any officer of the STSC who is duly authorized under the Indenture to direct the movement of such funds are accounted for and reported as assigned for such purpose unless and until a subsequent authorized action by the same, or another duly authorized officer, or by the Board, is taken which removes or changes the assignment. Resources that are not constrained are reported as unassigned in the governmental funds balance sheets and unrestricted in the statement of net position.

When both restricted and unrestricted resources are available for use for a specific purpose, it is the STSC's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is the STSC's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

The nonspendable portion represents a deferred outflow from the acquisition of sales tax revenues that will be amortized into expenditures over the life of the related bonds.

Long-Term Obligations—Bond premiums are capitalized and amortized over the life of the related debt using the effective interest method in the government-wide financial statements. The amounts of unamortized bond premium at December 31, 2020, were \$216.0 million, which were net of accumulated amortization of \$41.4 million.

Bond issuance costs are recognized as an expense/expenditure in the period incurred on both government-wide and governmental funds financial statements.

The governmental funds financial statements recognize bond premiums and discounts during the period of the related bond issuance. The face amount of debt issued is reported as another financing source, as is the premium on debt issued. Principal payments are reported as expenditures in the period made.

Interest expense is recognized as it is incurred on the accrual basis in the government-wide financial statements. Interest expenditures are recognized when due in the governmental funds' financial statements.

Debt—Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as financed purchase of the underlying asset, or accounts payable.

Sale Agreement—Pursuant to a sale agreement authorized by Division 13 of Article 8 of the Illinois Municipal Code, in 2017 the STSC entered into an Assignment, Purchase and Sale Agreement (“Sale Agreement”) with the City under which the City sold to the STSC its right, title and interest in and to certain sales tax revenues collected by the State of Illinois (the “Sales Tax Revenues”). The Sales Tax Revenues consist of (a) revenues resulting from collection of three separate taxes (collectively, the “Home Rule Sales Tax Revenues”) imposed by the City pursuant to its home rule powers and authority granted by State of Illinois statute; and (b) revenues resulting from the collection of four separate taxes (collectively, the “Local Share Sales Tax Revenues”) imposed by the State of Illinois. In exchange for selling its right, title and interest in the Sales Tax Revenues, the City received a residual certificate which represents the City’s ownership interest in excess Sales Tax Revenues to be received by the STSC to pay debt service requirements of any outstanding obligations and administrative costs during the term of the Sale Agreement. The Sale Agreement is effective until there are no secured obligations outstanding for the STSC.

Deferred Outflow—Represents bond proceeds paid to the City for the right, title and interest in the Sales Tax Revenues. The deferred outflow is amortized on a straight-line basis over the life of the related bond issuance.

Use of Estimates—The preparation of the basic financial statements in accordance with GAAP requires the STSC’s management to make estimates and assumptions in determining the reported amounts of assets, deferred inflows of resources, liabilities, and deferred outflows of resources as of the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

3. BONDS PAYABLE

In connection with the City’s sale of the Sales Tax Revenue to the STSC, the STSC issued the Second Lien 2020A and 2020B Bonds on January 30, 2020. The 2020A Bonds were issued at interest rates between 4.00% and 5.00% with mandatory sinking funds or maturity dates between January 1, 2040 and January 1, 2043. The 2020B Bonds were issued at interest rates between 2.13% and 3.41%. The bonds are secured by a pledge of the Sales Tax Revenues. Net proceeds of \$1,044.6 million were used to provide funds for the City to refund and tender certain of the City’s outstanding general obligation bonds and notes issued by the Chicago Infrastructure Trust, to pay for capitalized interest, and to pay costs of issuance.

A summary of changes in outstanding bonds during the year ended December 31, 2020, is as follows (figures in thousands of dollars):

	Year Ended December 31, 2020			
	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
Series 2017A	\$ 172,065	\$ -	\$ 3,000	\$ 169,065
Series 2017B	400,630	-	-	400,630
Series 2017C	171,040	-	-	171,040
Series 2018A	376,305	-	-	376,305
Series 2018B	303,975	-	-	303,975
Series 2018C	612,420	-	-	612,420
Series 2019A	605,430	-	-	605,430
Series 2020A	-	521,105	-	521,105
Series 2020B	-	495,810	-	495,810
	<hr/>	<hr/>	<hr/>	<hr/>
Total before premium	2,641,865	1,016,915	3,000	3,655,780
Premium	<hr/>	<hr/>	<hr/>	<hr/>
	121,740	113,387	19,147	215,980
	<hr/>	<hr/>	<hr/>	<hr/>
Total bonds payable and premium	<u>\$ 2,763,605</u>	<u>\$ 1,130,302</u>	<u>\$ 22,147</u>	<u>\$ 3,871,760</u>
Due within one year				<u>\$ 3,150</u>

The amount due within one year of \$3.15 million is presented as an expense within the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and as current portion of bonds payable on the Governmental Funds Balance Sheet. The total bonds payable of \$3,872 million in the table above includes the current portion of \$3.15 million and long-term portion of \$3,869 million of bonds payable and agrees to the Statement of Net Position. The current portion of \$3.15 million was paid on January 1, 2021.

Debt service requirements listed below for each year include amounts payable January 1 of the following year. Bonds maturing and interest payable January 1, 2021 have been excluded because funds for their payment have been provided for. Debt service requirements, including principal and interest, at December 31, 2020, are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 47,685	\$ 157,282	\$ 204,967
2022	79,165	155,207	234,372
2023	109,985	152,375	262,360
2024	113,600	148,762	262,362
2025	118,135	144,227	262,362
2026–2030	676,940	632,630	1,309,570
2031–2035	668,580	488,238	1,156,818
2036–2040	777,110	336,869	1,113,979
2041–2045	741,790	169,632	911,422
2046–2049	<u>319,640</u>	<u>21,732</u>	<u>341,372</u>
Total	<u>\$ 3,652,630</u>	<u>\$ 2,406,954</u>	<u>\$ 6,059,584</u>

4. SUBSEQUENT EVENTS

The Corporation has evaluated events occurring subsequent to December 31, 2020, and through July 13, 2021, the date the financial statements were available to be issued. The Corporation did not identify any subsequent events to be disclosed apart from those discussed below.

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**STATISTICAL SECTION
(UNAUDITED)**

TABLE 1**Annual Sales Tax Revenues (Unaudited)**

The following table shows the historical annual Sales Tax Revenues on a cash basis from 2011 through 2020.

Annual Sales Tax Revenues 2012–2020

(Dollars in thousands)

Years Ended December 31	Home Rule Sales Tax Revenues⁽¹⁾	Percent Change Over Prior Year	Local Share Sales Tax Revenues	Percent Change Over Prior Year	Total Sales Tax Revenues	Percent Change Over Prior Year
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	292,991	(0.8)	368,647	1.4	661,638	0.4
2018	301,275	2.8	386,152	4.7	687,427	3.9
2019	307,056	1.9	406,764	5.3	713,820	3.8
2020	251,101	(18.2)	387,625	(4.7)	638,726	(10.5)

Source: City of Chicago

⁽¹⁾ Shown net of all past fees and will be net of all applicable fees going forward.

TABLE 2**Monthly Home Rule Sales Tax Revenues (Unaudited)**

The following table shows the historical monthly Home Rule Sales Tax Revenues on a cash basis from 2017 through 2020.

Monthly Home Rule Sales Tax Revenues 2017–2020
(Dollars in thousands)

Month	2017	2018	2019	2020
January	\$ 25,379	\$ 24,723	\$ 26,520	\$ 27,689
February	24,036	23,926	24,795	25,246
March	27,607	27,585	28,139	29,071
April	20,064	20,774	19,720	21,463
May	20,301	20,721	20,592	19,908
June	24,033	25,433	25,751	17,108
July	23,935	23,918	25,011	12,937
August	25,163	26,888	27,206	15,970
September	26,535	27,942	28,124	18,623
October	25,205	25,902	26,972	21,286
November	25,206	27,205	27,536	20,542
December	<u>25,525</u>	<u>26,257</u>	<u>26,690</u>	<u>21,258</u>
	<u>\$ 292,991</u>	<u>\$ 301,275</u>	<u>\$ 307,056</u>	<u>\$ 251,101</u>

Source: City of Chicago

TABLE 3**Monthly Local Share Sales Tax Revenues (Unaudited)**

The following table shows the historical monthly Local Share Sales Tax Revenues on a cash basis from 2017 through 2020.

Monthly Local Share Sales Tax Revenues 2017–2020
(Dollars in thousands)

Month	2017	2018	2019	2020
January	\$ 31,241	\$ 31,621	\$ 34,696	\$ 37,308
February	29,967	31,625	33,781	34,313
March	36,939	37,515	38,976	41,229
April	26,245	27,757	27,484	31,192
May	25,812	27,258	28,806	28,465
June	30,631	32,625	33,906	29,739
July	29,353	30,141	33,057	26,359
August	30,940	33,356	34,948	28,985
September	32,517	34,564	35,693	31,273
October	30,948	32,705	35,177	33,348
November	32,020	33,351	34,862	32,111
December ⁽¹⁾	<u>32,034</u>	<u>33,634</u>	<u>35,379</u>	<u>33,303</u>
	<u>\$ 368,647</u>	<u>\$ 386,152</u>	<u>\$ 406,764</u>	<u>\$ 387,625</u>

Source: City of Chicago

⁽¹⁾ 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.

TABLE 4**Components of Sales Tax Revenues (Unaudited)**

The following table shows on a cash basis the components of the Sales Tax Revenues from January 1, 2017 through December 31, 2020.

**Components of Sales Tax Revenues 2017–2020
(Dollars in thousands)**

Tax	2017		2018		2019		2020	
	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total	Amount Collected	% of Total
Home rule sales tax revenues:								
Retailers' and service occupation	\$256,238	38.7 %	\$263,974	38.4 %	\$268,012	37.5 %	\$211,321	33.1 %
Use	36,753	5.6	37,301	5.4	38,044	5.3	39,780	6.20
Local share sales tax revenues:								
Retailers' and service occupation ⁽¹⁾	283,815	42.9	293,204	42.7	299,963	42.0	256,775	40.2
Use ⁽²⁾	<u>84,832</u>	<u>12.8</u>	<u>92,948</u>	<u>13.5</u>	<u>106,801</u>	<u>15.0</u>	<u>130,850</u>	<u>20.5</u>
Total	<u>\$661,638</u>	<u>100.0 %</u>	<u>\$687,427</u>	<u>100.0 %</u>	<u>\$713,820</u>	<u>100.0 %</u>	<u>\$638,726</u>	<u>100.0 %</u>

Source: City of Chicago

⁽¹⁾ Includes Illinois Use Tax on titled personal property.

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



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