



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: F2023-5, **Version:** 1

Department of Finance

CTTY OF CHICAGO

COUNCIL DIUISIQN

Andrea M. Valencia City

Clerk

121 North LaSalle Street City Hall

-Room 107 Chicago Illinois 60602

Re: City of Chicago \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) and \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Bonds")

Dear Ms. Valencia:

Attached is the Notification of Sale to the City Council certificate which is required to be filed with your office pursuant to Part B, Article III, Sections 3.1(h) and 3.1(i) of an ordinance adopted by the City Council of the City of Chicago (the "City Council") on November 24, 2020, and pursuant to Article 3, Sections 3.20(g) and 3.20(i) of an ordinance adopted by the City Council on October 27, 2021. An executed copy of the Bond Purchase Agreement, the Official Statement and the Trust Indentures for the Bonds are also included.

Please direct this filing to the City Council.

Very truly yours,

Jennie Huang Bennett Chief
Financial Officer

121 NORTH LASALLE STREET, SUITE 700, CHICAGO, ILLINOIS 60602
STATE OF ILLINOIS)

COUNTY OF COOK)

JAN 9 '23, 10:15 AM CHGO CITY CLERK

council:

NOTIFICATION OF SALE

\$503,690,000
GENERAL OBLIGATION BONDS, SERIES 2023A
(CHICAGO WORKS)

\$20,110,000
GENERAL OBLIGATION BONDS, SERIES 2023B
(CHICAGO RECOVERY PLAN)

BEING ISSUED BY THE CITY OF CHICAGO

To: The City Council of the City of Chicago

Please be advised that responsive to authority contained in an Ordinance (the "2020 Ordinance") adopted by the City Council (the "City Council") of the City of Chicago (the "City") on November 24, 2020, and an Ordinance (the "2021 Ordinance" and together with the 2020 Ordinance, the "Ordinances") adopted by the City Council of the City on October 27, 2021, which amended the 2020 Ordinance, a Bond Purchase Agreement dated December 8, 2022 (the "Bond Purchase Agreement"), providing for the sale of \$503,690,000 aggregate principal amount of General Obligation Bonds, Series 2023A (Chicago Works) (the "Series 2023A Bonds"), and \$20,110,000 aggregate principal amount of General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Bonds"), was entered into by me as the Chief Financial Officer of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council of the City, and the purchasers thereof named below (the "Underwriters"). The Bonds of each series are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to two levies of taxes to pay the Bonds (one such levy to pay the Series 2023A Bonds and one such levy to pay the Series 2023 B Bonds) and the interest thereon without limitation as to rate or amount and are being issued pursuant to the terms of, and are further secured by, a separate Trust Indenture and Recovery Trust Indenture, each dated as of January 1, 2023 (each an "Indenture" and together the "Indentures"), by and between the City and U.S. Bank Trust Company, National Association, Chicago, Illinois, as Trustee, Bond Registrar and Paying Agent for the respective series of Bonds (the "Trustee").

The Series 2023A Bonds were sold at a purchase price of \$523,082,718.57 (representing the aggregate principal amount of the Series 2023A Bonds plus net original issue premium of \$22,047,723.40 and less an underwriters' discount of \$2,655,004.83); and the Series 2023B Bonds were sold at the purchase price of \$21,062,935.29 (representing the aggregate principal amount of the Series 2023B Bonds

plus an original issue premium of \$1,059,037.10 and less an underwriters' discount of \$106,101.81). The aggregate purchase price for the Bonds is equal to \$544,145,653.86 (which represents the aggregate principal amount of the Bonds plus net original issue premium of \$23,106,760.50, and less an aggregate underwriters' discount of

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\$2,761,106.64). The Underwriters for the Bonds are RBC Capital Markets, LLC, UBS Financial Services Inc., Siebert Williams Shank & Co., LLC, Cabrera Capital Markets, LLC, Backstrom McCarley Berry & Co., LLC, Blaylock Van, LLC, Drexel Hamilton, LLC, Harvestons Securities, Inc., and Mesirow Financial, Inc. The compensation (including all fees) of \$2,655,004.83 being paid to the Underwriters in connection with the sale of the Series 2023A Bonds represents less than 5% of the aggregate principal amount of the Series 2023A Bonds. The compensation (including all fees) of \$106,101.81 being paid to the Underwriters in connection with the sale of the Series 2023B Bonds represents less than 5% of the aggregate principal amount of the Series 2023B Bonds.

Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Ordinances.

The proceeds of the Series 2023A Bonds will be used to provide funds for the purpose of (i) paying costs of the New Money Purposes, (ii) capitalizing or funding certain interest to become due on the Series 2023A Bonds, (iii) paying expenses of issuance of the Series 2023A Bonds (including the Underwriters' discount), and (iv) refinancing Line of Credit Indebtedness relating to interim financing for New Money Purposes. The proceeds of the Series 2023B Bonds will be used to provide funds for the purpose of (i) paying costs of the Recovery Purposes and (ii) expenses of issuance of the Series 2023B Bonds (including the Underwriters' discount).

Attached hereto as Exhibits 1 through 3, respectively, are executed copies of the Bond Purchase Agreement, the Official Statement dated December 8, 2022, and the Indentures pursuant to which the Bonds are being issued.

Pursuant to Part B, Article III, Section 3.1 (i) of the 2020 Ordinance and Article 3, Section 3.20(i) of the 2021 Ordinance, the undersigned hereby makes the following determinations: (a) the aggregate principal amount of the Bonds is \$523,800,000 and the series designation of the Bonds and principal amount of the Series 2023A Bonds and the Series 2023 B Bonds are set forth in the first paragraph hereof, (b) the Series 2023A Bonds are issued in denominations of \$5,000 or any integral multiple thereof, the Series 2023B Bonds are issued in denominations of \$5,000 or any integral multiple thereof, (c) the Bonds mature and are subject to redemption as set forth in Schedules IA and IB attached hereto, (d) the principal amounts and interest rates on the Bonds are set forth in Schedules IA and IB attached hereto, (e) a description of the Line of Credit Indebtedness to be paid or refunded with proceeds of the Series 2023 A Bonds and the date on and price at which such Line of Credit Indebtedness shall be paid or refunded is set forth in Schedule IC attached hereto, (f) no proceeds of the Series 2023B Bonds have been used to reimburse the City for amounts expended therefrom in connection with the payment of debt service relating to any Outstanding Indebtedness, (g) no bond insurance policies are being issued in connection with the issuance of the Bonds, (h) the Underwriters of the Bonds and the compensation paid thereto are as set forth above, and such compensation does not exceed five percent of the principal amount of the Bonds, (i) the Bonds are issued in book-entry form; the book entry depository is The Depository Trust Company, (j) the sale price of the Bonds is as set forth in the second paragraph of this

Notification of Sale, and such price with respect to each series of the Bonds is not less than 85 percent of the principal amount of such series of the Bonds, (k) the Trustee shall serve as Bond Registrar for each series of the Bonds pursuant to the Indentures.

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Pursuant to Part B, Article II, Section 2.2(a) of the 2020 Ordinance and Article 3, Section 3.13(a) of the 2021 Ordinance, the amount of taxes levied for the Bonds in each year have been determined, pursuant to the Ordinances, for the purpose of payment of the principal of and interest on the Bonds, as specified, in the Notification of Tax Levies filed concurrently with the City Clerk, copies of which are attached hereto as Schedule II.

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IN WITNESS WHEREOF, I have hereunto affixed my signature and caused to be affixed
hereto the corporate seal of the City this fjj day df n I 1^9^^

Andrea M. Valencia City Clerk

[SEAL]

EXHIBIT 1 BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

CITY OF CHICAGO

\$503,690,000 \$20,110,000

**GENERAL OBLIGATION BONDS, GENERAL OBLIGATION BONDS,
SERIES 2023A (CHICAGO WORKS) SERIES 2023B (CHICAGO RECOVERY PLAN)**

December 8, 2022

City of Chicago Office of the City Comptroller 121 North
LaSalle Street, 7th Floor Chicago, Illinois 60602 Attention:
Chief Financial Officer

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Representative"), on behalf of itself and the other underwriters listed below (collectively, the "Underwriters"), hereby offers to enter into this Bond Purchase Agreement (the "Agreement") with the City of Chicago (the "City"), for the purchase by the Underwriters, and sale by the City, of all but not less than all of the City's General Obligation Bonds, Series 2023A (Chicago Works) (the "Series 2023A Bonds") and the General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Bonds"). This offer is made subject to the acceptance by the City, evidenced by the signature of a duly authorized officer of the City in the space provided below, on or before 8:00 P.M., Chicago time on the date hereof, and upon such acceptance this Agreement shall be in full force and effect in accordance with its terms and shall be binding on the City and the Underwriters.

The Representative is duly authorized, and hereby represents and warrants that it is duly authorized, to act as Representative of the Underwriters and to execute this Agreement and has full authority to take such action as it may deem advisable with respect to all matters pertaining to this Agreement. Each Underwriter hereby severally represents to the City that it is registered and in good standing under the Securities Exchange Act of 1934, as amended (the "1934 Act"), as a municipal securities dealer.

The primary role of the Underwriters is to purchase the Bonds, for resale to investors, in an arm's-length commercial transaction between the City and the Underwriters. The Underwriters have financial and other interests that differ from those of the City.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement, as defined herein.

1. Agreement to Sell and Purchase.

(A) Upon the terms and conditions and based upon the representations, warranties and

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covenants herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the City, and the City hereby agrees to sell to the Underwriters: \$503,690,000 aggregate principal amount of the Series 2023A Bonds, at the purchase price of \$523,082,718.57 (representing the aggregate principal amount of the Series 2023A Bonds plus net original issue premium of \$22,047,723.40, less an underwriters' discount of \$2,655,004.83) and \$20,110,000 aggregate principal amount of the Series 2023B Bonds, at the purchase price of \$21,062,935.29 (representing the aggregate principal amount of the Series 2023B Bonds plus original issue premium of \$1,059,037.10, less an underwriters' discount of \$106,101.81). The Bonds shall have the dated date, maturity dates and optional redemption provisions and shall bear interest at the rates set forth in Schedule I hereto and being further described in the final Official Statement of the City (as defined below), relating to the Bonds.

(B) It shall be a condition to the City's obligation to sell and deliver the Bonds that all the Bonds be purchased and paid for by the Underwriters at the Closing (as defined in Section 8 hereof) and a condition to the Underwriters' obligation to purchase and pay for the Bonds that all Bonds be issued, sold and delivered by the City at the Closing. The Representative confirms that the Underwriters have offered the Bonds to the public at a public offering on or before the date of this Agreement at the initial offering price or prices set forth under "Terms of Bonds" contained in Schedule I.

2. Bond Authorization. The Series 2023 Bonds are being issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970 (the "Illinois Constitution"). The City Council of the City (the "City Council") adopted an ordinance on November 24, 2020 regarding the Series 2023A Bonds (the "2020 Ordinance") and an ordinance on October 27, 2021 (the "2021 Ordinance"). The 2021 Ordinance amended the 2020 Ordinance. The 2020 Ordinance, as amended by the 2021 Ordinance, is referred to as the "Series 2023A Bond Ordinance." The 2021 Ordinance is referred to as the "Series 2023B Bond Ordinance." The Series 2023A Bonds are authorized by the Series 2023A Bond Ordinance. The Series 2023B Bonds are authorized by the Series 2023B Bond Ordinance. The Series 2023 A Bond Ordinance and the Series 2023B Bond Ordinance are together referred to as the "Ordinances."

The Series 2023A Bonds are being issued pursuant to a Trust Indenture, dated as of January 1, 2023 (the "Series 2023 A Indenture"), between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Series 2023B Bonds are being issued pursuant to a Recovery Trust Indenture, dated as of January 1, 2023 (the "Series 2023B Indenture" and, together with the Series 2023A Indenture, the "Trust Indentures"), each between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds will mature, bear interest and have such other terms and conditions as are set forth on Schedule I hereto.

3. The Preliminary Official Statement. Attached hereto as Exhibit A is a copy of the Preliminary Official Statement of the City, dated November 28, 2022, relating to the Bonds (the "Preliminary Official Statement"). For

purposes of Rule 15c2-12 ("Rule 15c2-12"), adopted by the Securities and Exchange Commission (the "SEC") under the 1934 Act, the Preliminary Official Statement is "deemed final" by the City as of its date except for the omission of such information as is permitted by Rule 15c2-12(b)(1).

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4. Public Offering Price. The Underwriters have agreed to make a bona fide public offering of the Bonds at the initial offering prices set forth on Schedule I. The Representative will provide the City and Co-Bond Counsel (as defined herein) with a closing certificate confirming the reoffering yields and prices of the Bonds and the Underwriters acknowledge that the City and Co-Bond Counsel will rely on such certificate and that such reliance is material to the City in entering into this Agreement and in connection with the delivery of the Bonds.

5. Establishment of Issue Price.

A) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Co-Bond Counsel (as defined in Section 9 hereof), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

The Underwriters agree to make a bona fide public offering of the Bonds at the initial offering price or prices set forth under "Terms of Bonds" contained in Schedule I.

B) Except as otherwise set forth in Exhibit B, the City will treat the first price at which 10% of each maturity of the Bonds with the same credit and payment terms (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of Bonds with the same credit and payment terms. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the City the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

C) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit B attached hereto, except as otherwise set forth therein. Exhibit B also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds with the same credit and payment terms for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or

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- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds with the same credit and payment terms to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the City when the Underwriters have sold 10% of that maturity of the Bonds with the same credit and payment terms to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

D) The City acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

E) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the public the unsold Bonds of each maturity with the same credit and payment terms allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity with the same credit and payment terms or all Bonds of that maturity with the same credit and payment terms have been sold to the public, (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, (c) promptly notify the Representative of any sales of the Bonds that, to its knowledge, are made to a purchaser who is a related party to

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an underwriter participating in the initial sale of the Bonds (each such term as defined below), and (d) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public; and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds of each maturity with the same credit and payment terms allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity with the same credit and payment terms or all Bonds of that maturity with the same credit and payment terms have been sold to the public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(F) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

i) "public" means any person other than an underwriter or a related party,

ii) "underwriter" means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

iv) "sale date" means the date of execution of this Agreement by all parties.

6. The Official Statement.

A) The City shall provide, or cause to be provided, at its expense, to the Underwriters no later than the earlier of (i) seven (7) business days after the date of this Agreement or (ii) one (1) day prior to the Closing, three copies of the Official Statement of the City, dated the date hereof, relating to the Bonds (the "Official Statement"), signed on behalf of the City by the Chief Financial Officer, and the Official Statement so delivered shall be "final" for purposes of Rule 15c2-12. Such delivery of the Official Statement shall occur in sufficient time to accompany any confirmation that requests payment from any customer and in sufficient quantity to comply with the rules of the SEC and the Municipal Securities Rulemaking Board (the "MSRB").

B) If on or prior to the Closing or within twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined) any event known to the City relating to or affecting the City, the Ordinance or the Bonds, shall occur

which would cause the Official Statement to contain any untrue statement of a material fact or to omit a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, the City will promptly notify the Representative in writing of the circumstances and details of such event. If, as a result of such event, it is necessary, in the joint opinion of the City and the Representative to amend or supplement the Official Statement by stating or restating any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, the City will forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of or a supplement to such Official Statement in form and substance satisfactory to the City and the Representative, at the City's sole cost and expense, which will so amend or supplement such Official Statement so that, as amended or supplemented, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. For purposes of this Agreement, the term "end of the underwriting period" shall mean the later of the date of the Closing or the date on which an Underwriter no longer retains an unsold balance of the Bonds for sale to the public. The Underwriters agree that the date on which the end of the underwriting period shall occur shall be the date of the Closing, unless the Underwriters otherwise notify the City in writing prior to twenty-five (25) days after the date of the Closing that, to the best of their knowledge, the Underwriters retain for sale to the public an unsold balance of the Bonds, in which case the end of the underwriting period shall be extended for additional periods of thirty (30) days each upon receipt of additional written notification from the Underwriters that, to the best of their knowledge, there exists an unsold balance of the Bonds, but in no event shall the end of the underwriting period be extended longer than sixty (60) days after the date of the Closing.

The Official Statement shall be provided for distribution, at the expense of the City, in such quantity as may be requested by the Underwriters as set forth above in order to permit the Underwriters to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The City shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in MSRB Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Closing, to enable the Underwriters to comply with MSRB Rule G-32.

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(C) At or prior to the Closing, the Representative shall file, or cause to be filed, the Official Statement with the MSRB in compliance with the rules of the SEC and the MSRB. Promptly after the date after which the Underwriters are no longer obligated under Rule 15c2-12(b)(4) to deliver to potential customers the Official Statement, the Representative shall notify the City of such date in writing.

7. Representations. Warranties and Covenants of the City. The City represents and warrants to the Underwriters as of the date hereof that:

A) The City is a municipal corporation and home rule unit of local government, existing under the Constitution and laws of the State of Illinois (the "State").

B) The City Council has: (i) duly adopted the Ordinances, which remain in full force and effect; (ii) duly authorized and approved the execution and delivery of the Trust Indentures; (iii) duly authorized and approved the use of the Preliminary Official Statement prior to the date hereof in connection with the public offering and sale of the Bonds and duly authorized and approved the execution, delivery and distribution of the Official Statement in connection with the public offering and sale of the Bonds; and (iv) duly authorized and approved the execution and delivery of the Bonds, this Agreement and a continuing disclosure undertaking pursuant to the provisions of Section (b)(5) of Rule 15c2-12 (the "Undertaking").

C) With the exception of the disclosure described in the Preliminary Official Statement in the section titled

"SECONDARY MARKET DISCLOSURE - Corrective Action Related to Certain Bond Disclosure Requirements", the City has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

D) The City has full legal right, power and authority to: (i) adopt the Ordinances; (ii) deliver the Preliminary Official Statement and execute and deliver this Agreement, the Trust Indentures, the Undertaking and the Official Statement; (iii) issue, sell and deliver the Bonds to the Underwriters pursuant to the Ordinances and the Trust Indentures and as provided in this Agreement; and (iv) pay for the Bonds from the sources pledged under the Ordinances and the Trust Indentures for their payment.

E) The adoption of the Ordinances and compliance with the provisions thereof do not, and the execution and delivery of this Agreement, the Trust Indentures, the Undertaking and the Official Statement will not, in any material manner, violate any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof or of the United States of America (the "United States") or of any department, division, agency or instrumentality thereof, or any applicable judgment or decree to which the City is subject, or conflict with, in a material manner, or constitute a material breach of, or a material default under, any ordinance, agreement or other instrument to which the City is a party or is otherwise bound.

F) All approvals, consents and orders of, and filings (except, if any, under applicable state "blue sky" laws) with, any governmental authority, board, agency or commission having

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jurisdiction which would constitute a condition precedent to the performance by the City of its obligations under this Agreement, the Undertaking, the Ordinances, the Trust Indentures, and the Bonds have been obtained or made.

G) The financial statements of the City contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operations of the City as of the date and for the periods therein set forth, and the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles as applied to governmental units, consistently applied except as otherwise noted therein.

H) The Preliminary Official Statement as of its date did not and the Official Statement does not, as of its date, and will not, as of, the date of closing, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (excluding, in each case, any description of The Depository Trust Company ("DTC"), information under the captions "RATINGS," "TAX MATTERS," APPENDIX A - "DTC BOOK-ENTRY ONLY SYSTEM," APPENDIX B - "PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL," APPENDIX C - "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES", APPENDIX D - "CITY OF CHICAGO ECONOMIC AND DEMOGRAPHIC INFORMATION" (with respect to the information not explicitly sourced to the City), and information furnished by the Underwriters in writing, explicitly for inclusion in the Preliminary Official Statement and the Official Statement under the heading "PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS - Underwriting" and information designated as preliminary or permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12).

(I) Information in the Third-Party Sourced Retirement Fund Tables (as defined in the Preliminary Official Statement and the Official Statement) is sourced from documents published by the Retirement Funds, and the City takes no responsibility for the accuracy and completeness of such information; however, nothing has come to the attention of the City which would lead the

City to believe that the Third-Party Sourced Retirement Fund Tables are not true and correct in all material respects.

(J) The Ordinances, the Trust Indentures, this Agreement and the Undertaking, when duly executed and delivered by the parties thereto, as appropriate, will constitute legal, valid and binding obligations of the City enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies and the availability of equitable remedies generally).

(K) When delivered to the Representative, and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed and delivered and will constitute legal, valid and binding obligations of the City enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies and the availability of equitable remedies generally).

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(L) Except as disclosed in the Preliminary Official Statement as of its date and the Official Statement as of its date, there is no action, suit or proceeding, at law or in equity, or before or by a court, public board or body, pending or, to the City's knowledge, threatened, against the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the validity or enforceability of the Bonds, the Ordinance, the Trust Indentures, this Agreement, or the Undertaking or (ii) the excludability from federal income taxation of the interest on the Bonds under the Internal Revenue Code of 1986, as amended. (the "Code").

(M) The City has not taken, or omitted taking, and will not take or omit to take, any action, which action or omission would adversely affect the excludability from federal income taxation of the interest on the Bonds under the Code.

(N) Any certificate signed by any Authorized Officer of the City and delivered to the Representative at the Closing in connection with the issuance or sale of the Bonds shall be deemed to be a representation and warranty by the City to the Underwriters as to the statements made therein as of the date so delivered.

(O) The City will make available such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Bonds for offering and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate in writing; provided, however, that nothing in this Section shall require the City to consent to general service of process in any state or jurisdiction other than the State.

(P) The City will apply the proceeds of the Bonds in accordance with the Ordinances and the Trust Indentures.

(Q) The City acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the City and the Underwriters in which the Underwriters are acting solely as a principal and not acting as a municipal advisor, financial advisor or fiduciary to the City; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the City on other matters); (iii) the Underwriters have financial and other interests that differ from those of the City; and (iv) the City has consulted its own legal, account, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The City agrees that it will not claim that the Underwriters have rendered advisory services of any nature or respect, or owe a fiduciary or similar duty to the City, in

connection with such transaction or the process leading thereto.

8. Closing. Subject to the conditions set forth in this Agreement, the closing (the "Closing") of the sale of the Bonds by the City and the purchase of the Bonds by the Underwriters, shall take place at approximately 9:00 a.m., Chicago time, on January 9, 2023, at the offices of Ice Miller LLP, 200 W. Madison Street, Suite 3500, Chicago, Illinois 60606 (or at such other time, date and place as the City and the Representative mutually agree).

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A) At the Closing, the City shall deliver or cause to be delivered to DTC, as securities depository, for the account of the Underwriters one fully registered certificate for each interest rate and maturity of each series of the Bonds in the aggregate principal amount thereof, registered in the name of Cede & Co., as nominee for DTC.

B) Upon delivery of the Bonds to the Representative at the Closing, the City will deliver to the Representative the closing documents as set forth in Section 11 hereof.

C) The Representative will accept delivery of the Bonds and pay the purchase price therefor at the Closing by delivering federal funds checks or making federal funds wire transfers or otherwise confirming deposits of same day funds, as the City shall direct, to the City's account at a bank specified by the City, in an aggregate amount equal to the purchase price of the Bonds pursuant to Section 1 hereof

9. Reliance and Further Conditions of the Parties. The Underwriters and the City have entered into this Agreement in reliance upon the respective representations, warranties and agreements of the City and the Underwriters herein and the performance by the City and the Underwriters of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriters' obligations under this Agreement are and shall be subject to the following further condition that, at the time of the Closing, the Ordinances, the Trust Indentures, the Undertaking, and this Agreement shall be in full force and effect and the Ordinances and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to with respect to the Official Statement pursuant to Section 6 hereof, and the City shall have duly adopted and there shall be in full force and effect such ordinances as, in the opinion of Ice Miller LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, as co-bond counsel ("Co-Bond Counsel") shall be necessary in connection with the transactions contemplated hereby and thereby.

10. Termination of Agreement.

(A) The Underwriters shall have the right to cancel their obligations to purchase the Bonds and have the further right to terminate this Agreement, without liability therefor, by written notice to the City from the Representative, if, between the date hereof and the Closing:

(i) legislation shall be enacted by the Congress of the United States or adopted by either House thereof or shall have been introduced and favorably reported for passage to either House by any committee of such House to which such legislation had been referred for consideration, or a decision shall have been rendered by or adopted by either House or a decision by a court of the United States or the United States Tax Court or an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with respect to federal income taxation upon interest received on obligations of the general character of the Bonds which, in the Representative's reasonable opinion, does materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds;

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or

ii) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the SEC or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Bonds, or any similar obligations of any similar public body of the general character of the City, is in violation of, or has the effect of requiring the contemplated offering, sale and distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the enactment of the Ordinances or any ordinance of similar character is in violation of the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the issuance, sale or delivery of the Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Bonds which, in the Representative's reasonable opinion, does materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

iii) there shall have occurred any event which in the Representative's reasonable opinion, after consultation with its legal counsel, makes the Official Statement either (a) contain an untrue statement of a material fact or (b) omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in any material respect, and (y) the City fails to prepare or furnish or fails to cause to be prepared or furnished to the Underwriters an amendment or supplement to the Official Statement, pursuant to Section 6 hereof, which will amend or supplement the Official Statement so that, as amended or supplemented, the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in a material respect, or (z) the effect of the Official Statement as so supplemented is, in the reasonable opinion of the Representative, to materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), of the Bonds by the Underwriters set forth in Schedule I; or

iv) there shall be in force a general suspension of trading on The New York Stock Exchange, Inc., or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on The New York Stock Exchange, Inc., whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental authority having jurisdiction, or any national securities exchange shall have imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or

v) a general banking moratorium shall have been declared by either federal,

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(vi) State or New York authorities having jurisdiction and be in force; or

vii) . any legislation, ordinance, rule or regulation shall be enacted by the City or State, or any

department or agency thereof, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the reasonable opinion of the Representative, would have a material adverse effect on the market price or marketability of the Bonds; or

viii) a war involving the United States, an outbreak or escalation of or adverse development in hostilities or terrorist activities or other national or international calamity or crisis shall have occurred which, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds; or

ix) there shall be any proceeding or threatened proceeding by the SEC against the City and such proceeding or threatened proceeding, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds.

(B) If the City shall be unable to satisfy the conditions contained in this Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate, and neither the City nor the Underwriters shall have any further obligations hereunder with respect to the payment of the purchase price or the delivery of the Bonds.

11. Closing Conditions.

(A) The Underwriters' obligations to purchase, to accept delivery of and to pay for the Bonds at the Closing shall be conditioned upon the City's performance of its obligations under Sections 6, 7 and 8 hereof at or prior to closing and the Underwriters' receipt of the following documents:

- i) three copies of the Official Statement manually executed by the Chief Financial Officer;
- ii) the approving opinions, dated the date of the Closing, of Co-Bond Counsel to the City, substantially in the forms attached to the Official Statement as Appendix B;
- iii) the supplemental opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters and to the City, of Co-Bond Counsel, substantially in the form attached hereto as Exhibit C-1;
- iv) a letter, dated the date of the closing and addressed to the City and the Representative on behalf of the Underwriters, respectively, of Chapman and Cutler LLP, Special Disclosure Counsel to the City in connection with certain pension matters described in the Official Statement, substantially in the form attached hereto as Exhibit C-

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v) an opinion, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, of the Corporation Counsel of the City, substantially in the form attached hereto as Exhibit D;

vi) an opinion or opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, of Clark Hill PLC, Chicago, Illinois, as counsel for the Underwriters ("Underwriter's

Counsel"), in form and substance satisfactory to the Representative;

vii) an opinion or opinions, dated the date of the Closing and addressed to the Representative on behalf of the Underwriters, of Greenberg Traurig, LLP, Chicago, Illinois, and Burke Burns & Pinelli, Ltd., Chicago, Illinois, Co-Disclosure Counsel to the City, substantially in the form attached hereto as Exhibit E:

viii) a certificate, dated the date of the Closing, signed by the Chief Financial Officer, to the effect that (A) the representations and warranties of the City herein are correct in all material respects as of the date of the Closing; and (B) there has been no material adverse change in the financial condition of the City since December 31, 2021, as reflected in Appendix G to the Official Statement, except as set forth in the Official Statement;

ix) a certificate of the Trustee to the effect that the Trustee has full legal right, power and authority to act as the Trustee, Bond Registrar, and Paying Agent under the Ordinances and the Trust Indentures;

x) an executed copy of the Undertaking substantially in the form summarized in the Official Statement under the heading "SECONDARY MARKET DISCLOSURE";

xi) executed copies of the Trust Indentures;

xii) a copy of an agreement between the City and DTC relating to the safekeeping and book-entry form of the Bonds;

xiii) copies, duly certified by the City Clerk of the City, of the Ordinances, as passed by the City Council and approved by the Mayor;

xiv) evidence satisfactory to the Representative that the Bonds have ratings of "BBB+" (positive outlook) by S&P Global Ratings, "BBB" (positive outlook) by Fitch Ratings, Inc., "Baa3" (stable outlook) by Moody's Investors Service, Inc. and "A" (positive outlook) by Kroll Bond Rating Agency, Inc.; and

xv) such additional closing certificates and agreements related to the Bonds, including such tax certifications and agreements relating to the Bonds, as Co-Bond Counsel shall reasonably determine to be necessary to deliver their opinions as provided

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hereinabove.

(B) All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement will be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative, in its reasonable judgment. Payment for the Bonds and acceptance of the Bonds by the Underwriters shall constitute acknowledgment by the Underwriters of the City's full performance hereunder.

12. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, any and all expenses incident to the performance of the City's obligations hereunder, including but not limited to: (A) the cost of the preparation and printing or other reproduction of the Ordinance, the Trust Indentures, the Preliminary Official Statement and the Official Statement, as well as the cost of shipping the Preliminary Official Statement and the Official Statement; (B) the cost of the preparation and printing of the Bonds; (C) the fees and disbursements of Co-Bond Counsel, Special Pension Disclosure Counsel and Co-Disclosure Counsel; (D) the fees and disbursements of any experts or consultants retained by the City; (E) the fees of the Trustee; (F) the fees for the municipal bond ratings on the Bonds; and (G) the fees

of Digital Assurance Certification, L.L.C. for continuing disclosure undertaking compliance review. The City shall be responsible for any meal, travel and lodging expenses of its own officials and employees. The Underwriters will pay the expenses incurred by them or any of them in connection with their public offering and distribution of the Bonds, including, but not limited to, the CUSIP Global Services charges, Blue Sky memorandum costs and filing fees, any amounts required to be paid to the MSRB, the fees and expenses of Underwriters' Counsel and advertising expenses directly incurred by the Underwriters.

The City shall pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the City in connection with the marketing, issuance and delivery of the Bonds, including, but not limited to, meals, transportation and lodging of the City's employees and representatives.

13. Underwriters' Certificate. The City's obligations to sell and deliver the Bonds to the Underwriters at the Closing shall be conditioned upon the delivery by the Underwriters at the Closing of (A) a Representation Letter dated the date of the Closing, signed by the Representative and each of the Underwriters in the form attached hereto as Exhibit F, and (B) an Issue Price Certificate of the Representative, dated the date of the Closing, signed by the Representative, in form and substance satisfactory to the City and Co-Bond Counsel and substantially in the form attached hereto as Exhibit B.

14. Notices. Any notice or other communication to be given to the City under this Agreement shall be given by delivering the same in writing at the address set forth above, and any such notice or other communication to be given to the Underwriters shall be given by delivering the same in writing to the Representative at the following address:

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RBC Capital Markets, LLC
111S. Wacker Drive, Suite 3200
Chicago, Illinois 60606-4318
Attention: Carlos Pineiro, Managing Director

15. No Third Party Beneficiaries, Survival, Etc. This Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns of any Underwriter), and no other person, partnership, association or corporation including any purchaser of the Bonds shall acquire or have any right hereunder or by virtue hereof. All of the representations and agreements by the City in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Bonds.

16. Governing Law. The rights and obligations of the parties to this Agreement shall be governed by, construed and enforced in accordance with the laws of the State, without giving effect to the conflict of laws provisions thereof.

17. Representations and Warranties of the Underwriters. The Underwriters represent and warrant that:

A) Each Underwriter, on its own behalf, warrants and represents that it is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its

/ organization and that it is authorized to conduct business in the State.

B) This Agreement has been duly authorized, executed and delivered by the Representative on behalf of the Underwriters and assuming due authorization, execution and delivery by the City, is the legal binding joint and several obligation of the Representative on behalf of itself and the Underwriters enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights generally and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution. Each Underwriter represents, warrants and covenants that it is and will be in compliance with all applicable laws, rules and regulations in connection with the offering, issuance and sale of the Bonds.

C) They have heretofore authorized the Representative to execute any document on behalf of or exercise any authority of and otherwise to act for the Underwriters in all matters under or pertaining to this Agreement. Each Underwriter has warranted and confirmed to the Representative, and the Representative warrants and confirms to the City that: (i) it is duly registered under the 1934 Act, as a broker/dealer or municipal securities dealer and has duly paid the fee prescribed by MSRB Rule A-12 or is exempt from such requirements, (ii) it is (a) a member in good standing of the Financial Industry Regulatory Authority ("FINRA") or (b) otherwise eligible under FINRA rules to receive underwriting discounts and concessions available to such members with respect to underwriters of municipal securities, and (iii) it has complied with the dealer registration requirements, if any, of the various jurisdictions in which it offers Bonds for sale. The Underwriters represent, warrant and covenant that they are and will be in compliance

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with all applicable laws, rules and regulations in connection with the offering, issuance and sale of the Bonds.

D) To the knowledge of the Underwriters, no person holding office of the City, either by election or appointment, is in any manner financially interested, either directly in the officer's own name or indirectly in the name of any other person, association, trust or corporation, in any contract or agreement being entered into by the Underwriters or the performance of any work to be carried out by the Underwriters in connection with the issuance and sale of the Bonds upon which said officer may be called upon to act or vote.

E) Each Underwriter severally represents to the City that neither the Underwriter, nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce, the United States Department of State or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List. Such representation shall be provided to the City in the form attached hereto as Exhibit F.

For purposes of this representation, "Affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

F) The Underwriters may enter into distribution agreements with certain financial institutions for the

distribution of municipal securities, including the Bonds, at the initial public offering price. In accordance with such arrangements, the Underwriters may share a portion of its underwriting compensation.

18. Approval. The approval of the Underwriters when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Representative and delivered to the City..

19. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors" and "assigns" shall not include any purchaser of any Bond or Bonds from the Underwriters or from any third party with whom the Underwriters enter into a distribution agreement to sell the Bonds, merely because of such purchase.

20. Enforceability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any

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jurisdiction or jurisdictions, or in all jurisdictions, because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

21. Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same document.

22. Cooperation with City Inspector General. As acknowledged by each Underwriters' Representation Letter, each Underwriter understands and agrees that it is required to and will comply with the provisions of Chapter 2-56 of the Municipal Code of Chicago. Pursuant to Section 2-56-090 of the Municipal Code of Chicago, it shall be the duty of each Underwriter to cooperate with the inspector general in any investigation or hearing undertaken pursuant to Chapter 2-56. Every Underwriter shall report, directly and without undue delay, to the City's inspector general any and all information concerning conduct by any person which such Underwriter knows to involve corrupt activity, pursuant to Section 2-156-018(b) of the Municipal Code of Chicago. As acknowledged by each Underwriters' Representation Letter, any Underwriter's knowing failure to report corrupt activity as required in subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, shall constitute an event of default under this Agreement. For purposes of subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, "corrupt activity" shall mean any conduct set forth in subparagraph (a)(1), (2) or (3) of Section 1-23-020 of the Municipal Code of Chicago:

A) bribery or attempted bribery, or its equivalent under any local, state or federal law, of any public officer or employee of the City or of any sister agency; or

B) theft, fraud, forgery, perjury, dishonesty or deceit, or attempted theft, fraud, forgery, perjury, dishonesty or deceit, or its equivalent under any local, state or federal law, against the City or of any sister agency; or

C) conspiring to engage in any of the acts set forth in items (A) or (B) of above.

The Underwriters (individually and collectively) agree and covenant that no payment, gratuity or offer of employment shall be made in connection with this Agreement, by or on behalf of a subcontractor to any Underwriters or any higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or

order related to this Agreement.

23. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

[Signature page follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement in connection with the City of Chicago General Obligation Bonds, Series 2023A (Chicago Works) and the City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan) to be executed by their duly authorized representatives as of the date first above written.

Very truly yours,

THE UNDERWRITERS

RBC Capital Markets, LLC

UBS Financial Services Inc.

Siebert Williams Shank & Co., LLC

Cabrera Capital Markets, LLC

Backstrom McCarley Berry & Co., LLC

\

Blaylock Van, LLC

Drexel Hamilton, LLC Harvestons Securities, Inc.

Mesirow Financial, Inc.

By. RBC CAPITAL MARICETS, LLC.

as Representative / , (\

By:

Carlo Pineiro, Managing Director

V

Accepted by the City:

CITY OF CHICAGO

By: .<^0/or5_e^^r^ Jennie Huang Bennett Chief Financial Officer

Concurred:

By:
Scott Waguespack Chairman, Committee on Finance
of the City Council

Signature Page for Bond Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement in connection with the City of Chicago General Obligation Bonds, Series 2023A (Chicago Works) and the City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan) to be executed by their duly authorized representatives as of the date first above written.

Very truly yours,

THE UNDERWRITERS

RBC Capital Markets, LLC UBS Financial Services Inc. Siebert
Williams Shank & Co., LLC Cabrera Capital Markets, LLC
Backstrom McCarley Berry & Co., LLC Blaylock Van, LLC Drexel
Hamilton, LLC Harvestons Securities, Inc. Mesirow Financial, Inc.

By: RBC CAPITAL MARKETS, LLC, as Representative

By:

Carlos Pineiro, Managing Director

Accepted by the City:

CITY OF CHICAGO

By: :
Jennie Huang Bennett Chief Financial Officer

Concurred

Scott Waguespack, Chairman, Committee on Finance
of the City Council

Signature Page for Bond Purchase Agreement

SCHEDULE I

TERMS OF SERIES 2023A BONDS AND SERIES 2023B BONDS

- 1. Aggregate Principal Amount: \$523,800,000
- 2. Dated: Date of Issuance (January 9, 2023)
- 3. Maturities, Principal Amounts, Interest Rates, Prices and CUSIP Numbers:

\$ 503,690,000 GENERAL OBLIGATION BONDS SERIES
2023A (CHICAGO WORKS)

Maturity (January 1)

	2029	2033	2034	2035	2035	2036	2037	2038	2039	2040	2041	2043
Principal Amount	\$5,000,000	3,000,000	30,000,000	39,250,000	39,250,000	3,000,000	4,000,000	87,560,000	116,950,000	75,680,000	40,790,000	59,210,000
Interest Rate	5.000%	5.000	5.000	4.000	5.000	5.250	5.250	5.250	5.500	5.500	5.500	5.500
Yield	3.800%	4.090'	4.190 ⁺	4.450	4.320 ⁺	4.490 ⁺	4.580 ⁺					

4.650⁺
4.690'
4.720'
4.780*
4.830*

Price

106.362 106.779 106.007 95.855 105.014 105.563 104.885 104.361 105.878 105.653 104.228 103.927
Initial CUSIP Number*

167486N54 167486N62 167486N70 167486N88 167486N96 167486P29 167486P37 167486P45 167486P52
167486P60 167486P78 167486P86

⁺ CUSIP data herein is provided by CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Neither the City, the Financial Advisors nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the initial CUSIP numbers nor is any representation made as to their correctness with respect to the Series 2023 A Bonds or Series 2023B Bonds, as applicable, as included herein or at any time in the future. The initial CUSIP number for a specific maturity, interest rate, and call date is subject to being changed after the issuance of the Series 2023A Bonds or Series 2023B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023A Bonds or the Series 2023B Bonds, as applicable.

⁺ Yield calculated to the 1/1/2032 optional redemption date. * Yield calculated to the 1/1/2030 optional redemption date.

**\$20,110,000 CITY OF CHICAGO GENERAL OBLIGATION BONDS,
SERIES 2023B (CHICAGO RECOVERY PLAN)**

Maturity (January 1)
Principal Amount

Interest Rate
Initial CUSIP Number*

2038 2039
\$8,110,000 12,000,000
5.250% 5.500
4.650%⁺ 4.690⁺
104.361 105.878
167486P94 167486Q28

Redemption of the Series 2023A Bonds

Optional Redemption

The Series 2023A Bonds maturing January 1, 2033 through January 1, 2040 are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2032, and if less than all of the outstanding Series 2023A Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023A Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023 A Bonds being redeemed plus accrued interest to the date fixed for redemption.

The Series 2023A Bonds maturing on or after January 1, 2041 are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2030, and if less than all of the outstanding Series 2023A Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023A Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023A Bonds being redeemed plus accrued interest to the date fixed for redemption.

t CUSIP data herein is provided by CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Neither the City, the Financial Advisors nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the initial CUSIP numbers nor is any representation made as to their correctness with respect to the Series 2023A Bonds or Series 2023B Bonds, as applicable, as included herein or at any time in the future. The initial CUSIP number for a specific maturity, interest rate, and call date is subject to being changed after the issuance of the Series 2023A Bonds or Series 2023B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023A Bonds or the Series 2023B Bonds, as applicable.

" Yield calculated to the 1/1/2032 optional redemption date.

Redemption of the Series 2023B Bonds

Optional Redemption

The Series 2023B Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2032, and if less than all of the outstanding Series 2023B Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023B Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023B Bonds being redeemed plus accrued interest to the date fixed for redemption.

EXHIBIT A PRELIMINARY OFFICIAL STATEMENT

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EXHIBIT B FORM OF ISSUE PRICE CERTIFICATE

CITY OF CHICAGO

\$503,690,000	\$20,110,000
GENERAL OBLIGATION BONDS,	GENERAL OBLIGATION BONDS,
SERIES 2023A (CHICAGO WORKS)	SERIES 2023B (CHICAGO RECOVERY PLAN)

The undersigned, RBC Capital Markets, LLC (the "Representative"), on behalf of itself, UBS Financial Services Inc., Siebert Williams Shank & Co., LLC, Cabrera Capital Markets, LLC, Backstrom McCarley Berry & Co., LLC, Blaylock Van, LLC, Drexel Hamilton, LLC, Harvestons Securities, Inc. and Mesirow Financial, Inc. (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

I. General

The Representative and the City of Chicago, Illinois (the "City") have executed a bond purchase agreement in connection with the Bonds on the Sale Date. The Representative has not modified the bond purchase agreement since its execution on the Sale Date.

II. Price

1. *General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.*

2. *Hold the Offering Price Maturities.*

A. *The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.*

B. As set forth in the Bond Purchase Agreement the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail or third party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party agreement, to comply with the hold-the-offering-price rule.

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C. No Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. Defined Terms

1. General Rule Maturities means those Maturities of the Bonds not listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

2. Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities" which consist of the 20 and 20

Maturities of the Bonds.

3. Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity

4. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the City, an Underwriter or a Related Party to an Underwriter or the City.

6. A person is a "Related Party" to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 8, 2022.

8. Underwriter means (i) any person that agrees pursuant to a written contract with the City (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the

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initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

IV. Yield

The undersigned has used the issue price to compute the yield on the Bonds. The term "yield", when used herein, refers to that discount rate that, when used in computing the present value as of the date hereof of all expected payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the date hereof. The yield for the Bonds, as computed in the manner described, is .

V. Use of Representations

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this Certificate is attached. The representations and certifications set forth in this

certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ice Miller LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, in connection with each rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the City from time to time relating to the Bonds. The representations set forth herein in Section II.2 relating to the Hold-the-Offering-Price Maturities are based upon written representations received by the Representative from the other Underwriters.

[signature page immediately follows]

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Very truly yours,

RBC CAPITAL MARKETS, LLC, as Representative of the Underwriting Group

By

Its: Managing Director

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SCHEDULE A TO EXHIBIT B

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES
OF THE HOLD-THE-OFFERING-PRICE
MATURITIES**

CITY OF CHICAGO

\$503,690,000 \$20,110,000

**GENERAL OBLIGATION BONDS, GENERAL OBLIGATION BONDS,
SERIES 2023A (CHICAGO WORKS) SERIES 2023B (CHICAGO RECOVERY PLAN)**

The Bonds are dated January 9, 2023, and are due on January 1 of the years, in the amounts, bearing interest at the rates, and first sold and offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

Series 2023A Bonds

HOLD-THE-OFFERING-PRICE.

Maturity If Marked

Year 2029 2033 2034 2035 2035 2036 2037 2038 2039 2040 2041 2043

Principal Amount (\$) \$5,000,000 3,000,000 30,000,000 39,250,000 39,250,000
3,000,000 4,000,000 87,560,000 116,950,000 75,680,000 40,790,000
59,210,000

Interest Rate(%) 5.000% 5.000 5.000 4.000 5.000 5.250 5.250 5.250 5.500
5.500 5.500 5.500

First Sale Price of AT least 10% (% of Par) 106.362 106.779 106.007 95.855
105.014 105.563 104.885 104.361 105.878 105.653 104.228 103.927

Offer Price (% of Par) 106.362 106.779 106.007 95.855 105.014 105.563
104.885 104.361 105.878 105.653 104.228 103.927

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A ****

2038 ^m^j
2039 f?'* 10,000
12^00,000

Price

Inter_{Est} of At r^Loy^{AST}lo%
S-250% L^EJ^R) 5-500 l^o4.36l

Of_{Fer}Price

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SCHEDULE B TO EXHIBIT B PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

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EXHIBIT C-1

SUPPLEMENTAL OPINION OF CO-BOND COUNSEL

January 9, 2023

City of Chicago
Department of Finance
121 North LaSalle Street, 7th Floor
Chicago, Illinois 60602
RJ3C Capital Markets, LLC, as Representative of the Underwriters named in the Bond Purchase Agreement, dated December 8, 2022, between such Underwriters and the City of Chicago Chicago, Illinois 60602

Re: City of Chicago
\$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) \$20,110.000 General Obligation

Bonds. Series 2023B (Chicago Recovery Plan)

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the City of Chicago (the "City") of its \$503,690,000 General Obligation Bonds, Series 2023 A (Chicago Works) (the "Series 2023A Bonds") and its \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Series 2023B Bonds" and together with the Series 2023 A Bonds, the "Bonds"). As Co-Bond Counsel, we have examined the proceedings, certificates, records and documents that we have deemed necessary and relevant as a basis for the opinions hereinafter set forth. During the course of this examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as certified copies. All capitalized terms used but not defined herein have the meanings given them in the Bond Purchase Agreement, dated December 8, 2022, with respect to the Bonds (the "Purchase Agreement"), by and between the City and RBC Capital Markets, LLC, as Representative of the Underwriters. We have delivered our approving legal opinion of even date herewith with respect to the validity of the Bonds and the Underwriters may rely upon such opinion as if it was addressed to the Underwriters.

Based upon the foregoing, we are of the opinion that:

1. The Purchase Agreement has been duly authorized, executed and delivered by the City, and assuming the due authorization, execution and delivery of the Purchase Agreement by the other party thereto, constitutes a legal, valid and binding contractual obligation of the City enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, liquidation, reorganization moratorium or similar laws relating to the enforcement of creditors' rights and remedies and except that enforcement by equitable and similar remedies, such as mandamus, may be subject to the exercise of judicial discretion, or otherwise limited, in accordance with general principles of law or equity applicable to those remedies. For the purposes of this opinion we have assumed that the Purchase Agreement was not made or procured in a manner prohibited by the Public Officer Prohibited Activities Act, 50 Illinois Compiled Statutes 105.

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2. The Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with any current public offering and sale of the Bonds, to register the Bonds under the Securities Act or qualify the Ordinances or the Trust Indentures under the Trust Indenture Act.

3. We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. In our capacity as Co-Bond Counsel in connection with the issuance of the Bonds we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "THE SERIES 2023 BONDS," "SECURITY FOR THE 2023 BONDS" and "TAX MATTERS" and in APPENDIX C - "Certain Definitions and Summary Certain Provisions of the Indentures" insofar as such statements purport to summarize or describe certain provisions of the Bonds, the Ordinances and the Trust Indentures. The purpose of our professional engagement was not to establish or confirm factual matters in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth under these captions. Subject to the foregoing, the summary descriptions in the Official Statement under such captions and in said APPENDIX C, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of the Bonds, the Ordinances and the Trust Indentures are accurate summaries of such provisions in all material respects. In addition, the information in the Official Statement under the caption "TAX MATTERS" purporting to describe or summarize our opinions concerning certain federal and

State of Illinois tax matters relating to the Bonds has been reviewed by us and is an accurate summary in all material respects. Except as specifically described in this paragraph, we make no statement with respect to and have not undertaken to determine independently the accuracy, fairness or completeness of any statements contained or incorporated by reference in the Official Statement.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements (except those described in paragraph 3, above). In our capacity as Co-Bond Counsel we participated in conferences with representatives, including counsel, of the Underwriters and the City at which conferences the contents of the Official Statement and related matters were discussed. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and in reliance thereon, without independent verification, we advise you as a matter of fact and not opinion that, during the course of our role as Co-Bond Counsel to the City with respect to the Bonds, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement (except for statements under the captions "THE CITY," "PLAN OF FINANCING," "SOURCES AND USES

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OF FUNDS," "CHICAGO WORKS," "CHICAGO RECOVERY PLAN," "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES," "FINANCIAL DISCUSSION AND ANALYSIS," "PENSION BENEFITS PROVIDED BY THE CITY," "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS," "GENERAL OBLIGATION DEBT," "INVESTMENT CONSIDERATIONS," "LITIGATION," "INDEPENDENT AUDITORS," "RATINGS," "PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS," "UNDERWRITING" and "SECONDARY MARKET DISCLOSURE," and in APPENDICES A, D, E, F and G, and the financial and statistical data in the Official Statement, as to all of which we express no view), as of its date or as of the date of this letter, contained or contains an untrue statement of a material fact or omitted or omits a material fact necessary to make the statements in it, in light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

This letter is furnished by us as Co-Bond Counsel to the City. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. This letter is solely for the benefit of the Underwriters and the City and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriters) without our prior written consent.

Very truly yours,

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EXHIBIT C-2

LETTER OF SPECIAL DISCLOSURE COUNSEL

City of Chicago
Department of Finance
121 North LaSalle Street, 7th Floor
Chicago, Illinois 60602

RBC Capital Markets, LLC, as Representative of the Underwriters named in the Bond Purchase Agreement, dated December 8, 2022, between such Underwriters and the City of Chicago Chicago, Illinois 60602

Re: City of Chicago
\$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) \$20,110,000 General
Obligation Bonds. Series 2023B (Chicago Recovery Plan)

Ladies and Gentlemen:

We have acted as special disclosure counsel to the City of Chicago (the "City"), solely in connection with the information contained, under the captions "FINANCIAL DISCUSSION AND ANALYSIS - Overlapping Taxing Districts' Pensions Obligations", "PENSION BENEFITS PROVIDED BY THE CITY" and "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS" (the "Pension Sections ") of the Preliminary Official Statement, dated November 28, 2022 (the "Preliminary Official Statement"), and the Official Statement dated December 8, 2022 (the "Official Statement"), each relating to the General Obligation Bonds, Series 2023A (Chicago Works) and General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Bonds") issued by the City on this date.

In accordance with our understanding with the City, we have reviewed the Pension Sections, certificates of officers of the City and other appropriate persons, and such other records, reports, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the conclusion hereinafter expressed. As to

facts material to the views expressed herein, we have, with the consent of the City, relied upon oral or written statements or representations of officers or other representatives or agents of or consultants to the City and of or to the Municipal Employees' Annuity and Benefit Fund of Chicago, the Policemen's Annuity and Benefit Fund of Chicago, the Firemen's Annuity and Benefit Fund of Chicago, and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (collectively, the "Retirement Funds"), including the representations and warranties of the City in the Bond Purchase Agreement dated December 8, 2022 (the "Bond Purchase Agreement"), with respect to the Bonds, between the City and RBC Capital Markets, LLC, on behalf of itself and the other underwriters named therein (collectively, the "Underwriters"). We have not independently verified such matters. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement.

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In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with the permission of the City are assuming and relying on, the validity, accuracy and sufficiency of the records, reports, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein). We have assumed that all records, reports, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Pension Sections and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as special disclosure counsel to the City, to assist the City in discharging its responsibility with respect to the Pension Sections, we participated in conferences and correspondence with representatives of the City, the City's attorneys, Co-Disclosure Counsel to the City, representatives of the Underwriters, counsel to the Underwriters, and other persons involved in the preparation of information for the Pension Sections, during which the contents of the Pension Sections and related matters were discussed and revised. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Pension Sections, and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Pension Sections involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and correspondence, and in reliance thereon and on our limited review of the records, reports, documents, certificates, statements, representations, warranties, opinions and matters mentioned above, without independent verification, we advise the addressees of this letter (the "Addressees") as a matter of fact and not opinion that, during our engagement as special disclosure counsel to the City in connection with the Pension Sections, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such limited role which caused us to believe that the Pension Sections (apart from the Third-Party Sourced Retirement Fund Tables, the financial statements or other financial, operating, numerical, accounting or statistical data or forecasts, estimates, projections, assumptions or expressions of opinion, or matters of litigation contained or incorporated therein, as to which we do not express any conclusion or belief) contained as of the dates of the Preliminary Official Statement and the Official Statement or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered herein with respect to any other portions of the Preliminary Official Statement or the Official Statement or any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

By acceptance of this letter you recognize and acknowledge that: (i) the preceding paragraph is not a legal opinion but is rather in the nature of negative observations based on certain limited activities performed by specific

lawyers in our firm during our engagement to the City as special disclosure counsel in connection with the Pension Sections; (ii) the scope of those activities performed by us for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws; (iii) those activities performed by us rely on third party representations, warranties, certifications, statements

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and opinions, including and primarily, representations, warranties and certifications made by the City, and are otherwise subject to the conditions set forth herein. By acceptance of this letter, the Underwriters further recognize and acknowledge that (i) we have not been engaged to act, and have not acted, as your counsel for any purpose in connection with the issuance of the Bonds; (ii) no attorney-client relationship exists or has at any time existed between us in connection with the Bonds or by virtue of this letter; and (iii) this letter is based upon our review of proceedings and other documents undertaken as part of our engagement with the City, and in order to deliver this letter we neither undertook any duties or responsibilities to you nor conducted any activities in addition to those undertaken or conducted for the benefit of, and requested by, the City. Consequently, we make no representation that our review has been adequate for your purposes.

We express herein no opinion or belief herein with respect to the validity of the Bonds or the taxation thereof or of the interest thereon, and our expression of belief with respect to the Pension Sections assumes the validity of the Bonds and the tax treatment of the interest payable thereon for federal income tax purposes, all as set forth in the opinions of Co-Bond Counsel.

This letter is furnished by us in our limited capacity as special disclosure counsel to the City in connection with the Pension Sections and is solely for the benefit of the Addressees. This letter may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds from the Underwriters) without our prior written consent, except that such letter may be referenced in the Preliminary Official Statement, the Official Statement and the Bond Purchase Agreement with respect to the Bonds and included in the transcript of proceedings for the Bonds. This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

Respectfully submitted,

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EXHIBIT D

OPINION OF CORPORATION COUNSEL OF THE CITY

January 9, 2023

RBC Capital Markets, LLC, as Representative of the Underwriters
named in the Bond Purchase Agreement, dated December 8, 2022,
between such Underwriters and the City of Chicago Chicago,
Illinois 60602

Ladies and Gentlemen:

This opinion is given to you pursuant to Section 1 l(A)(v) of that certain Bond Purchase Agreement dated December 8, 2022 (the "Bond Purchase Agreement"), between the City of Chicago (the "City") and RBC Capital Markets, LLC, as representative of a group of underwriters (the "Representative"), with respect to the purchase of the City of Chicago \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) and \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (collectively, the "Bonds"). The Bonds are being issued in accordance with the Trust Indentures between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee") dated as of January 1, 2023 (the "Indentures"). The Bonds are authorized by an ordinance of the City adopted by the City Council of the City (the "City Council") on November 24, 2020, as amended by an ordinance adopted by the City Council on October 27, 2021 (together, the "Ordinances"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Bond Purchase Agreement.

In connection with the issuance of the Bonds, I have caused to be examined a certified copy of the record of proceedings of the City Council pertaining to the issuance of the Bonds by the City, and executed counterparts, where applicable, of the following documents:

- a) the Ordinances;
- b) the Indentures;
- c) the Bond Purchase Agreement; and

d) that certain Continuing Disclosure Undertaking dated the date hereof pursuant to the requirements of Section (b)(5) of Rule 15c-12 of the Securities and Exchange Commission (the "Undertaking");

On the basis of such examination and review of such other information, records and documents as was deemed necessary or advisable, I am of the opinion that:

1. The City is a home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois with full power and authority, among other things, to adopt the Ordinances, to authorize the issuance of the Bonds, and to execute and deliver the Indentures, the Bond Purchase Agreement, and the Undertaking.

2. The Bond Purchase Agreement, the Indentures and the Undertaking have been duly authorized, executed and delivered by, and the Ordinances have been duly adopted by, the City, and, assuming the due execution and delivery by the other parties thereto, as appropriate, such instruments constitute legal and valid obligations of the City in each case enforceable in accordance with their respective terms except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies and the availability of equitable remedies generally.

3. To my knowledge, compliance with the provisions of the Bonds, the Ordinances, the Indentures, the Bond Purchase Agreement, and the Undertaking does not conflict in a material manner with, or constitute a material breach of or material default under, any applicable law, administrative regulation, court order or consent decree of the State of Illinois, or any department, division, agency or instrumentality thereof or of the United States of America or any ordinance, agreement or other instrument to which the City is a party or is otherwise subject.

4. To my knowledge, all approvals, consents and orders of and findings (except with respect to state "blue sky" or securities laws) with any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the performance by the City of its obligations under the Ordinances, the Indentures, the Bond Purchase Agreement, the Undertaking, and the Bonds have been obtained.

5. Except as disclosed in the Preliminary Official Statement as of its date and the Official Statement as of its date, there is no litigation or proceeding pending, or to my knowledge, threatened, materially affecting the existence of the City or seeking to restrain or enjoin the issuance of the Bonds, or contesting the validity or enforceability of the Bonds, the Ordinances, the Indentures, the Bond Purchase Agreement or the Undertaking, or the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or the powers of the City or its authority with respect to the Bonds, the Ordinances, the Indentures, the Bond Purchase Agreement or the Undertaking.

Nothing has come to my attention which would lead me to believe that the Official Statement (excluding any financial, economic, tabular, statistical, demographic and numerical information, operating data, any forecasts and projections, estimates, assumptions or expressions of opinion; any information regarding DTC and its book entry only system of registration; any information contained in the sections entitled "FINANCIAL DISCUSSION AND ANALYSIS -Overlapping Taxing Districts' Pension Obligations," "PENSION BENEFITS PROVIDED BY THE CITY," "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS," "PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS," and "TAX MATTERS"; and any information contained in the appendices thereto or incorporated by reference in the Official Statement as to all of which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements

therein, in the light of the circumstances under which they were made, not misleading in any material respect.

No opinion is expressed as to any "blue sky" or other securities laws or as to the laws regarding taxation of any state or the United States of America, or any disclosure or compliance related thereto.

The statements contained herein are made in an official capacity and not personally and no personal responsibility shall derive from them. Further, the only opinions that are expressed are the opinions specifically set forth herein, and no opinion is implied or should be inferred as to any other matter or transaction.

No one other than you shall be entitled to rely on this opinion.

Very truly yours,

Celia Meza Corporation Counsel
EXHIBIT E

OPINION OF CO-DISCLOSURE COUNSEL

January 9, 2023

City of Chicago Chicago, Illinois

RBC Capital Markets, LLC
as Representative of the Underwriters
Chicago, Illinois

Re: City of Chicago
\$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) \$20,110,000 General
Obligation Bonds, Series 2023B (Chicago Recovery Plan)

Ladies and Gentlemen:

We have acted as Co-Disclosure Counsel to the City of Chicago (the "Issuer") in connection with the issuance of the above-referenced bonds (collectively, the "Bonds"). Capitalized but undefined terms used herein shall have the meanings assigned thereto in the Issuer's final Official Statement, dated December 8, 2022, relating to the Bonds (the "Official Statement").

In our capacity as Co-Disclosure Counsel, we have examined copies of the Preliminary Official Statement, the Official Statement and the Trust Indentures between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee") dated as of January 1, 2023 (the "Indentures"). In connection with our review of the Preliminary Official Statement and the Official Statement, we have (a) reviewed certain information furnished to us by and (b) participated in telephone and video conferences and generally discussed certain information and statements therein with representatives of the Issuer and members of the following: Chapman and Cutler LLP, in its capacity as special pension disclosure counsel to the Issuer; Ice Miller LLP and Sanchez Daniels & Hoffman LLP, in their capacity as co-bond counsel ("Co-Bond Counsel"); Public Alternative Advisors LLC, Phoenix Capital Partners, LLP, and PFM Financial Advisors LLC, in their capacity as co-financial advisors; RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and UBS Financial Services Inc., in their capacity as co-lead managers; and Clark Hill PLC, in its capacity as counsel to the Underwriters.

We have also reviewed certain proceedings of the Issuer, and originals or copies identified to our satisfaction of such agreements, proceedings, resolutions, opinions, certificates and other documents furnished to us as we have considered necessary to enable us to render the statements in this letter. We have assumed, but not independently verified, the genuineness of signatures on documents submitted to us as originals, the authenticity thereof and the conformity with the originals of any documents submitted to us as copies or specimens and relied upon certificates

and/or opinions of certain of the parties referenced above relating to certain disclosures in the Preliminary Official Statement, the Official Statement, and upon various other documentation and information provided by such parties.

Consistent with the scope of our engagement as Co-Disclosure Counsel, we do not express any opinion or view herein on the authorization, sale, delivery, issuance or validity of the Bonds or the exemption of interest on the Bonds from federal and state income tax, as applicable.

To the extent that the statements expressed herein relate to or are dependent upon (a) the determination that the proceedings and actions relating to the authorization, sale, delivery, and issuance of the Bonds are lawful and valid under the laws of the State of Illinois (the "State"), (b) the determination that the Bonds and the Indentures are valid and legally binding obligations of the Issuer enforceable in accordance with their respective terms, or (c) the tax-exempt status of the Bonds, we understand that you are relying upon the opinions delivered on the date hereof of Co-Bond Counsel and Corporation Counsel, as the case may be, and no opinion is expressed herein as to any such matters.

The scope of our engagement as Co-Disclosure Counsel with respect to the issuance of the Bonds was not to establish factual matters and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Preliminary Official Statement and the Official Statement we are not passing on and do not assume any responsibility for, except as set forth below, the accuracy, completeness or fairness of the contents of the Preliminary Official Statement and the Official Statement and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements.

Based solely on the foregoing, we advise that, although we have made no independent investigation or verification of the accuracy, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Preliminary Official Statement or the Official Statement, during the course of the activities described in the preceding paragraph, we are of the opinion that: (A) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and it is not necessary in connection with the public offering and sale of the Bonds to register any security under the Securities Act of 1933, as amended and no ordinance or indenture in respect of the Bonds is required to be qualified under the Trust Indenture Act of 1939, as amended, (B) the Continuing Disclosure Undertaking complies with the requirements of paragraph (b)(5) of Rule 15c2-12 in effect as of the date of the Closing and (C) no facts came to the attention of the attorneys in our firm rendering legal services in connection with this matter which have caused us to believe that the information in the Preliminary Official Statement or the Official Statement (excluding any financial, economic, tabular, statistical, demographic and numerical information, operating data, any forecasts and projections, estimates, assumptions or expressions of opinion; any information regarding DTC and its book-entry only system of registration; any information contained in the sections entitled "FINANCIAL DISCUSSION AND ANALYSIS - Overlapping Taxing Districts' Pension Obligations," "PENSION BENEFITS PROVIDED BY THE CITY," "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS," "PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS," and "TAX MATTERS"; and any information contained in the appendices thereto or incorporated by reference in the Preliminary Official Statement or the Official Statement as to all of which no opinion is expressed) as of its date and as of the date of this letter contained or contains

any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The statements expressed herein are based solely on the laws of the State and of the United States of America as currently in effect and not the laws of any other jurisdiction. Accordingly, we express no opinion herein as of any subsequent date or with respect to any pending legislation nor make any statement regarding the effect or application of the laws of any other state or jurisdiction.

This letter is being delivered to you as of the date hereof. We expressly disclaim any obligation to update any matter in this letter or advise you of any matters which may come to our attention subsequent to the date hereof.

This letter is furnished to you by us in our capacity as Co-Disclosure Counsel, is solely for the benefit of the addressees named above and is rendered solely in connection with the transaction to which this letter relates. This letter may not be used or relied upon, circulated, quoted, published, referred to or communicated to any party, other than the addressees named above, for any purpose whatsoever nor may copies hereof be delivered to any other person without our prior written approval in each instance.

The statements expressed herein are limited to the matters set forth herein and to the documents referred to herein, and no other statement should be inferred beyond the matters expressly stated herein.

Respectfully submitted,

EXHIBIT F REPRESENTATION LETTER

City of Chicago
Department of Finance
121 North LaSalle Street, 7th Floor
Chicago, Illinois 60602

RBC Capital Markets, LLC, as Representative of the Underwriters named in the Bond Purchase Agreement, dated December 8, 2022, between such Underwriters and the City of Chicago Chicago, Illinois 60602

Re: City of Chicago
\$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) \$20,110,000 General
Obligation Bonds, Series 2023B (Chicago Recovery Plan)

Ladies and Gentlemen:

Pursuant to the Bond Purchase Agreement dated December 8, 2022 (the "Purchase Agreement"), between the City of Chicago (the "City") and RBC Capital Markets, LLC, as representative (the "Representative") of the underwriters named therein (each, an "Underwriter") relating to the City's \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works) (the "Series 2023A Bonds") and \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Series 2023B Bonds", and together with the Series 2023A Bonds, the "Bonds"), each of the undersigned Underwriters severally represents to the City that:

i) It is registered and in good standing under the Securities Exchange Act of 1934, as amended (the "1934 Act"), as a municipal securities dealer.

ii) Neither the Representative nor any of the other Underwriters, nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce, the U.S. Department of State or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List.

For purposes of this representation, "Affiliate, " when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

iii) The undersigned Underwriters agree that in the event that any Underwriter or any of its Affiliates appears on any of the lists described in paragraph (ii) above, at any time prior to the Closing (as defined in the Purchase Agreement) with respect to the Bonds, that Underwriter

shall be deemed to have submitted to the Representative its Withdrawal From Agreement Among Underwriters.

(iv) Each undersigned Underwriter understands and agrees that it is required to and will comply with the provisions of Chapter 2-56 of the Municipal Code of Chicago. Pursuant to Section 2-56-090 of the Municipal Code of Chicago, it shall be the duty of each Underwriter to cooperate with the inspector general in any investigation or hearing undertaken pursuant to Chapter 2-56. Every Underwriter shall report, directly and without undue delay, to the City's inspector general any and all information concerning conduct by any person which such Underwriter knows to involve corrupt activity, pursuant to Section 2-156-018(b) of the Municipal Code of Chicago. Any Underwriter's knowing failure to report corrupt activity as required in subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, shall constitute an event of default under the Purchase Agreement. For purposes of subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, "corrupt activity" shall mean any conduct set forth in subparagraph (a)(1), (2) or (3) of Section 1-23-020 of the Municipal Code of Chicago:

1) bribery or attempted bribery, or its equivalent under any local, state or federal law, of any public officer or employee of the City or of any sister agency; or

2) theft, fraud, forgery, perjury, dishonesty or deceit, or attempted theft, fraud, forgery, perjury, dishonesty or deceit, or its equivalent under any local, state or federal law, against the City or of any sister agency; or

(3) conspiring to engage in any of the acts set forth in items (1) or (2) of above.

The Underwriters (individually and collectively) agree and covenant that no payment, gratuity or offer of employment shall be made in connection with the Purchase Agreement, by or on behalf of a subcontractor to the Underwriter or any higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order related to this Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Representation Letter in connection with the Bonds to be executed by their duly authorized representatives as of the date written below.

Dated: January 9, 2023

RBC CAPITAL MARKETS, LLC

By:

Title:

UBS FINANCIAL SERVICES INC.

By: _ Title:

SIEBERT WILLIAMS SHANK & CO., LLC

By: .

Title:

CABRERA CAPITAL MARKETS, LLC

By:

Title:

BACKSTROM MCCARLEY BERRY & CO., LLC

By:

Title:

BLAYLOCK VAN, LLC

By: .

Title:

DREXEL HAMILTON, LLC

By:

Title:

HARVESTONS SECURITIES, INC.

By:

Title:

MESIROW FINANCIAL, INC.

By:

Title:

EXHIBIT 2

OFFICIAL STATEMENT DATED DECEMBER 8, 2022

NEW ISSUES - BOOK-ENTRY ONLY

Subject, to compliance by the City of Chicago with certain covenants, in the separate opinions of Ice Miller LLP, Chicago, Illinois, and Sanchez Daniels & Hoffman LLP, Chicago, Illinois, Co-Bond Counsel ("Co-Bond Counsel"), under present law, interest on the Series 2023A Bonds and the Series 2023B Bonds (each as hereinafter defined) is excludible from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code (as hereinafter defined)) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Series 2023 Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

CITY OF CHICAGO

\$503,690,000 \$20,110,000

GENERAL OBLIGATION BONDS, GENERAL OBLIGATION BONDS,

SERIES 2023A

SERIES 2023B

(CHICAGO WORKS)

(CHICAGO RECOVERY PLAN)

Dated: Date of Delivery

Due: January 1, As Shown on the Inside Front Cover

This Official Statement contains information relating to the (i) City of Chicago General Obligation Bonds, Series 2023A (Chicago Works) (the "Series 2023A Bonds") and (ii) City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Series 2023 Bonds").

The Series 2023 Bonds are issuable as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2023 Bonds. Purchasers or initial owners of the Series 2023 Bonds will not receive certificates representing their interests in the Series 2023 Bonds purchased or acquired. Ownership by the beneficial owners of the Series 2023 Bonds will be evidenced by book-entry only. The Series 2023 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See "THE SERIES 2023 BONDS."

Interest on the Series 2023 Bonds will accrue from the date of issuance and be payable on each January 1 and July 1, commencing July 1, 2023. Principal of and interest on the Series 2023 Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee under the Indentures described herein, to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2023 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2023 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "Appendix A - DTC Book-Entry-Only System".

The proceeds of the Series 2023A Bonds are expected to be used to: (i) fund certain projects that are part of the Chicago Works program that started in 2021; (ii) refinance one or more line of credit agreements to provide funds for interim financing for Chicago Works purposes; (iii) fund capitalized interest on the Series 2023A Bonds; and (iv) pay costs of issuance of the Series 2023A Bonds. See "CHICAGO WORKS." The proceeds of the Series 2023B Bonds are expected to be used to: (i) finance portions of certain projects that are part of the Chicago Recovery Plan as hereinafter defined ("CRP Projects"); and (ii) pay costs of issuance of the Series 2023B Bonds. See "Chicago Recovery Plan," "PLAN OF FINANCE," and "SOURCES AND USES OF FUNDS."

The Series 2023 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2023 BONDS -Redemption of the Series 2023A Bonds" and "-Redemption of the Series 2023B Bonds."

For maturities, principal amounts, interest rates, yields, prices and CUSIP numbers of the Series 2023 Bonds, see the inside front cover page.

The Series 2023 Bonds are direct and general obligations of the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the Series 2023 Bonds and the interest thereon without limitation as to rate or amount. The City has pledged its full faith and credit for the payment of the principal of and interest on the Series 2023 Bonds. See "SECURITY FOR THE SERIES 2023 BONDS."

Prospective investors should read this Official Statement in its entirety prior to making an investment decision to purchase the Series 2023 Bonds.

The Series 2023 Bonds are being offered when, as and if issued and subject to the delivery of approving legal opinions by Co-Bond Counsel and to certain other conditions. Certain legal matters will be passed on for the City (i) by its Corporation Counsel, (ii) in connection with the preparation of this Official Statement, by Greenberg Traurig, LLP, Chicago, Illinois, and Burke Burns & Pinelli, Ltd., Co-Disclosure Counsel to the City, and (iii) in connection with certain pension matters described in this Official Statement, by Chapman and Culler LLP, Chicago, Illinois, as Special Pension Disclosure Counsel to the City. Certain legal matters will be passed on for the Underwriters by Clark Hill PLC, Chicago, Illinois, Underwriters' Counsel. It is expected that the Series 2023 Bonds will be available for delivery through the facilities of DTC on or about January 9, 2023.

RBC CAPITAL MARKETS

SIEBERT WILLIAMS SHANK & CO., LLC UBS

CABRERA CAPITAL

BACKSTROM MCCARLEY BERRY

BLAYLOCK VAN, LLC

DREXEL HAMILTON

HARVESTONS

MESIROW FINANCIAL

Dated: December 8, 2022

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

**\$503,690,000 CITY OF CHICAGO GENERAL
OBLIGATION BONDS, SERIES 2023A (CHICAGO
WORKS)**

Maturity Principal (January 1) Amount

Interest Rate	Yield	Initial CUSIP
		Price Number ^f
2029		\$ 5,000,000
2033		3,000,000
2034		30,000,000
2035		39,250,000
2035		39,250,000
2036		3,000,000
2037		4,000,000
2038		87,560,000
2039		116,950,000
2040		75,680,000
2041		40,790,000
2041		204359,210,000
5.000%		3.800%
5.000		4.090 ⁺
5.000		4.190 ⁺
4.000		4.450
5.000		4.320 ⁺
5.250		4.490 ⁺
5.250		4.580 ⁺
5.250		4.650 ⁺
5.500		4.690 [*]
5.500		4.720 [*]
5.500		4.780 [*]
5.500		4.830 [']
106.362		167486N54
106.779		167486N62
106.007		167486N70
95.855		167486N88
105.014		167486N96
105.563		167486P29
104.885		167486P37
104.361		167486P45
105.878		167486P52
105.653		167486P60
104.228		167486P78

103.927 167486P86

**\$20,110,000 CITY OF CHICAGO GENERAL OBLIGATION BONDS,
SERIES 2023B (CHICAGO RECOVERY PLAN)**

<u>Maturity (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP Number</u> ^T
2038	\$ 8,110,000	5.250%	4.650% ⁺	104.361	167486P94
2039	12,000,000	5.500	4.690 ⁺	105.878	167486Q28

^f CUSIP data herein is provided by CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Neither the City, the Financial Advisors nor the Underwriters (as defined herein) or their agents or counsel is responsible for the selection, use or accuracy of the initial CUSIP numbers nor is any representation made as to their correctness with respect to the Series 2023A Bonds or Series 2023B Bonds, as applicable, as included herein or at any time in the future. The initial CUSIP number for a specific series, maturity, interest rate, and call date is subject to being changed after the issuance of the Series 2023A Bonds or Series 2023 B Bonds, as applicable, as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023A Bonds or Series 2023B Bonds, as applicable. ⁺ Yield calculated to 1/1/2032 optional redemption date. ^{*} Yield calculated to 1/1/2030 optional redemption date.

CITY OF CHICAGO

Mayor
Lori E. Lightfoot

City Treasurer
Melissa Conyears-Ervin

City Clerk Andrea M. Valencia

City Council Committee On Finance

Scott Waguespack, Chairman

Chief Financial Officer Jennie Huang Bennett

City comptroller

Reshma Soni

Budget director Susie Park

Corporation Counsel Celia Meza, Esq.

Co-bond Counsel

Ice Miller LLP Chicago, Illinois

Sanchez Daniels & Hoffman LLP Chicago, Illinois

Co-Disclosure Counsel

Greenberg Traurig, LLP Chicago, Illinois

Burke Burns & Pinelli, Ltd. Chicago, Illinois

Special pension disclosure Counsel

Chapman and Cutler LLP Chicago, Illinois

Co-Financial Advisors

Public Alternative Advisors LLC Phoenix Capital Partners, LLP PFM Financial Advisors LLC

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REGARDING THIS OFFICIAL STATEMENT

Certain information contained or incorporated by reference in this Official Statement has been obtained by the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. The references in this Official Statement to the Series 2023 Bonds, the Indentures and the Bond Ordinances and the summaries thereof do not purport to be complete or definitive and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of Series 2023 Bonds pursuant to this Official Statement shall under any circumstances create the implication that there has been no change in the matters referred to in this Official Statement since the date hereof. Prospective purchasers of the Series 2023 Bonds are expected to conduct their own review and analysis before making an investment decision.

No dealer, broker, salesperson, or any other person has been authorized by the City or the Underwriters to give any information or to make any representation other than as contained or incorporated by reference in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2023 Bonds.

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

This Official Statement includes forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City, including the COVID-19 pandemic, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. See "COVID-19 PANDEMIC," "INVESTMENT CONSIDERATIONS - FORWARD-LOOKING STATEMENTS," "CORPORATE FUND BUDGETS AND FORECASTS" and "PENSION BENEFITS PROVIDED BY THE CITY."

The prospective financial information set forth in this Official Statement, except for certain information sourced to parties other than the City, is solely the product of the City. Neither the City's independent auditors, nor any other independent auditors, have compiled, examined or performed any procedures with respect to, or been consulted in connection with the preparation of, the prospective financial information contained herein. The City's independent auditors assume no responsibility for the content of the prospective financial information set forth in this Official Statement, 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.

The Series 2023 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. Furthermore, any information obtained from such websites and presented herein or references to such websites not purporting to be quoted in full are qualified in their entirety by reference to the complete contents of the website summarized or described. References to website addresses are current as of the date of this Official Statement. The City is under no obligation to update any website references or references to information contained therein.

The summaries or descriptions contained herein of provisions of the Bond Ordinances, the Indentures, the Undertaking (each as hereinafter defined) and the Series 2023 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 City's Chief Financial Officer.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility 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.

THE SERIES 2023 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAVE THE INDENTURES OR THE BOND ORDINANCES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2023 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2023 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2023 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2023 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2023 BONDS INTO INVESTMENT ACCOUNTS.

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OFFICIAL STATEMENT

CITY OF CHICAGO

**\$503,690,000 GENERAL OBLIGATION BONDS, SERIES 2023A (CHICAGO WORKS)
\$20,110,000 GENERAL OBLIGATION BONDS, SERIES 2023B (CHICAGO RECOVERY PLAN)**

INTRODUCTION

This Official Statement is furnished by the City of Chicago (the "City") to provide information with respect to the City's (i) General Obligation Bonds, Series 2023A (Chicago Works) (the "Series 2023A Bonds") and (ii) General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Series 2023 Bonds" and, each individually a "Series"). Capitalized terms used in this Official Statement, unless otherwise defined, are defined in "Appendix C - Certain Definitions and Summary of Certain Provisions of the Indentures - Glossary of Terms".

The Series 2023 Bonds are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to two levies of taxes to pay the Series 2023 Bonds (one such levy to pay the Series 2023A Bonds and one such levy to pay the Series 2023B Bonds) and the interest thereon without limitation as to rate or amount. Each Series of the Series 2023 Bonds is further secured by other moneys, securities and funds pledged under the respective Indentures (as hereinafter defined). The City anticipates abating the two property tax levies in part for the Series 2023 Bonds if certain other revenues dedicated for the payment of debt service on the Series 2023 Bonds are available to the City as permitted under the Bond Ordinances (as hereinafter defined). See "SECURITY FOR THE SERIES 2023 BONDS."

The proceeds of the Series 2023A Bonds are expected to be used to: (i) fund certain projects that are part of the Chicago Works program that started in 2021; (ii) refinance one or more line of credit agreements to provide funds for interim financing for Chicago Works purposes; (iii) fund capitalized interest on the Series 2023A Bonds; and (iv) pay costs of issuance of the Series 2023A Bonds. See "CHICAGO WORKS." The proceeds of the Series 2023 B Bonds are expected to be used to: (i) finance portions of certain projects that are part of the Chicago Recovery Plan ("CRP Projects"); and (ii) pay costs of issuance of the Series 2023B Bonds. See "CHICAGO RECOVERY PLAN," "PLAN OF FINANCE," "SOURCES AND USES OF FUNDS," and "GENERAL OBLIGATION DEBT."

The Series 2023 Bonds are being issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970 (the "Illinois Constitution"). The City Council of the City (the "City Council") adopted an ordinance on November 24, 2020 regarding the Series 2023A Bonds (the "2020 Ordinance") and an ordinance on October 27, 2021 (the "2021 Ordinance"). The 2021 Ordinance amended the 2020 Ordinance. The 2020

Ordinance, as amended by the 2021 Ordinance, is referred to as the "Series 2023A Bond Ordinance." The 2021 Ordinance is referred to as the "Series 2023B Bond Ordinance." The Series 2023A Bonds are authorized by the Series 2023A Bond Ordinance. The Series 2023B Bonds are authorized by the Series 2023B Bond Ordinance. The Series 2023A Bond Ordinance and the Series 2023B Bond Ordinance are together referred to as the "Bond Ordinances."

The Series 2023 A Bond Ordinance authorized an aggregate principal amount not to exceed \$2,350,000,000 of general obligation bonds and sales tax bonds to be issued by the Sales Tax Securitization Corporation for refunding purposes and an aggregate principal amount not to exceed \$1,560,000,000 of general obligation bonds for new money purposes. Pursuant to authority under the Series 2023A Bond Ordinance, on December 22, 2021, the City issued its \$447,260,000 General Obligation Bonds, Series 2021A and its \$219,153,000 General Obligation Bonds, Series 2021B (collectively, the "Series 2021 Bonds") and the Sales Tax Securitization Corporation issued its \$394,155,000 Second Lien Sales Tax Securitization Bonds, Series 2021A and its \$609,865,000 Second Lien Sales Tax Securitization Bonds, Series 2021B; all of which bond series were issued for refunding purposes. The Series 2023A Bond Ordinance provided for a levy (the "2020 Levy") of ad valorem property taxes on all taxable property in the City to pay debt service on the general obligation bonds authorized under the Series 2023A Bond Ordinance, provided that the levy shall not exceed \$175,000,000 in any single levy year. The Series 2021 Bonds and the Series 2023A Bonds are both secured by the 2020 Levy, which will also secure any future general obligation bonds issued pursuant to the Series 2023A Bond Ordinance. Each series of general obligation bonds issued pursuant to the Series 2023A Bond Ordinance will have an equal claim on the 2020 Levy.

The Series 2023B Bond Ordinance authorized an aggregate principal amount not to exceed \$660,000,000 of general obligation bonds for recovery purposes. The City has not previously issued bonds pursuant to the authority in the Series 2023B Bond Ordinance. The Series 2023B Bond Ordinance provided for a levy (the "2021 Levy") of ad valorem property taxes on all taxable property in the City to pay debt service on the general obligation bonds authorized under the Series 2023B Bond Ordinance, provided that the levy shall not exceed \$75,000,000 in any single levy year. The Series 2023B Bonds are secured by the 2021 Levy which will also secure any future general obligation bonds issued pursuant to the Series 2023B Bond Ordinance. Each series of general obligation bonds issued pursuant to the Series 2023B Bond Ordinance will have an equal claim on the 2021 Levy.

The Series 2023A Bonds are being issued pursuant to a Trust Indenture, dated as of January 1, 2023 (the "Series 2023A Indenture"), between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Series 2023B Bonds are being issued pursuant to a Recovery Trust Indenture, dated as of January 1, 2023 (the "Series 2023B Indenture" and, together with the Series 2023A Indenture, the "Indentures" and, each individually, an "Indenture"), between the City and the Trustee. See "APPENDIX C - CERTAIN Definitions and Summary of Certain Provisions of the Indentures".

THE SERIES 2023 BONDS

General

The Series 2023 Bonds mature on January 1 of the years and in the amounts set forth on the inside front cover of this Official Statement. The Series 2023 Bonds are fully registered bonds. The Series 2023 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Each Series 2023 Bond will bear interest at the rates set forth on the inside cover of this Official Statement from the later of its date or the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount of such Series 2023 Bond is paid, such interest being payable on January 1 and July 1 of each year, commencing on July 1, 2023. Interest on each Series 2023 Bond will be paid to the person in whose name such Bond is registered at the close of business on the Record Date next preceding the applicable Interest Payment Date.

The Trustee will serve as bond registrar and paying agent for the Series 2023 Bonds. The Series 2023 Bonds will initially be registered through a book-entry-only system operated by The Depository Trust Company, New York, New York ("DTC"). Beneficial interests in the Series 2023 Bonds may be held through DTC, directly as a participant or indirectly through organizations that are participants in DTC. Details of payments of the Series 2023 Bonds and the book-entry-only system are described in Appendix A. Except as described in Appendix A, beneficial owners of the Series 2023 Bonds will not receive or have the right to receive physical delivery of the Series 2023 Bonds and will not be or be considered to be the Registered Owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC Participant (as defined in Appendix A), the DTC Participant who will act on behalf of such beneficial owner to receive notices and payments of principal or Redemption Price of and interest on the Series 2023 Bonds and to exercise voting rights, and (ii) the records of DTC and, if such beneficial owner is not a DTC Participant, such beneficial owner's DTC Participant, to evidence its beneficial ownership of the Series 2023 Bonds. So long as DTC or its nominee is the Registered Owner of the Series 2023 Bonds, references herein to "holders" or "Registered Owners" of such Series 2023 Bonds means DTC or its nominee and do not mean the beneficial owners of such Series 2023 Bonds. See "Appendix A-DTC Book-Entry-Only System".

Payment of the Series 2023 Bonds

The principal and Redemption Price of the Series 2023 Bonds will be payable in lawful money of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee.

Interest on each Series 2023 Bond will be paid to the person in whose name such Series 2023 Bond is registered at the close of business on the Record Date next preceding the applicable Interest Payment Date, by check or draft of the Trustee, or, at the option of any Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2023 Bonds, by wire transfer of immediately available funds to such bank in the continental United States of America as the Registered Owner of such Series 2023 Bonds requests in writing to the Trustee.

Redemption of the Series 2023A Bonds

Optional Redemption

The Series 2023 A Bonds maturing on January 1, 2033 through January 1, 2040, are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2032, and if less than all of the outstanding Series 2023 A Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023A Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023A Bonds being redeemed plus accrued

interest to the date fixed for redemption.

The Series 2023A Bonds maturing on or after January 1, 2041, are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2030, and if less than all of the outstanding Series 2023 A Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023A Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023A Bonds being redeemed plus accrued interest to the date fixed for redemption.

The City is authorized to sell (at prices as the City shall determine) or waive any right the City may have to call any of the Series 2023A Bonds for optional redemption, in whole or in part; provided, that such sale or waiver does not adversely affect the excludability of interest on the Series 2023 A Bonds from gross income for federal income tax purposes.

Redemption of the Series 2023B Bonds

Optional Redemption

The Series 2023B Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2032, and if less than all of the outstanding Series 2023B Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023B Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023B Bonds being redeemed plus accrued interest to the date fixed for redemption.

The City is authorized to sell (at prices as the City shall determine) or waive any right the City may have to call any of the Series 2023B Bonds for optional redemption, in whole or in part; provided, that such sale or waiver does not adversely affect the excludability of interest on the Series 2023B Bonds from gross income for federal income tax purposes.

Selection of Series 2023 Bonds for Redemption

The Series 2023 Bonds may be redeemed only in principal amounts of \$5,000 or any integral multiple thereof ("Authorized Denominations").

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While the Series 2023 Bonds are registered in the book-entry system and so long as DTC or a successor securities depository is the sole Registered Owner of the Series 2023 Bonds, if less than all of the Series 2023 Bonds of a Series, Maturity Date, interest rate, and call date are to be redeemed prior to maturity, the particular Series 2023 Bonds or portions of such Series 2023 Bonds will be selected by lot by DTC or such successor securities depository in such manner as DTC or such successor securities depository may determine. See "Appendix A - DTC Book-Entry-Only System" for additional information.

If a Series of the Series 2023 Bonds is not registered in the book-entry system or DTC or a successor securities depository is not the sole registered owner of such Series 2023 Bonds, such redemption shall be by lot in such manner as the Trustee may determine among such Series 2023 Bonds. In selecting Series 2023 Bonds for redemption, the Trustee shall assign to each Series 2023 Bond of like Series, Maturity Date, interest rate, and call date a distinctive number for each applicable minimum Authorized Denomination of such Series 2023 Bond and shall select by lot from the numbers so assigned as many numbers as, at such minimum Authorized Denomination for each number, shall equal the principal

amount of such Series 2023 Bonds to be redeemed. In such case, the Series 2023 Bonds to be redeemed shall be those to which were assigned numbers so selected; provided that only so much of the principal amount of each Series 2023 Bond shall be redeemed as shall equal such minimum Authorized Denomination for each number assigned to it and so selected. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2023 Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Series 2023 Bond shall forthwith surrender such Series 2023 Bond to the Trustee for (i) payment to such Registered Owner of the Redemption Price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (ii) delivery to such Registered Owner of a new Series 2023 Bond or Series 2023 Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2023 Bond. New Series 2023 Bonds representing the unredeemed balance of the principal amount of such Series 2023 Bonds shall be issued to the Registered Owner thereof without charge therefor.

Notice of Redemption of Series 2023 Bonds

Unless waived by any owner of Series 2023 Bonds to be redeemed, notice of the call for any such redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2023 Bond or Series 2023 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee, but the failure to mail any such notice or any defect therein as to any Series 2023 Bond shall not affect the validity of the proceedings for the redemption of any other Series 2023 Bond. Any notice of redemption mailed with respect to a Series of the Series 2023 Bonds as provided under the applicable Indenture shall be conclusively presumed to have been given whether or not actually received by the addressee. All notices of redemption with respect to the Series 2023 Bonds shall state: (i) the redemption date; (ii) the Redemption Price; (iii) if less than all outstanding Series 2023 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates) of the Series 2023 Bonds to be redeemed; (iv) that on the redemption date the Redemption Price will become due and payable upon each such Series 2023 Bond or portion thereof called for redemption, and

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that interest thereon shall cease to accrue or compound from and after said date; (v) the place where such Series 2023 Bonds are to be surrendered for payment of the Redemption Price; and (vi) such other information as shall be deemed necessary by the Trustee at the time such notice is given to comply with law, regulation or industry standard.

Such notice may state that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the applicable Redemption Price of such Series 2023 Bonds. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Series 2023 Bonds and such failure to deposit such funds shall not constitute an Event of Default under the applicable Indenture. The Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2023 Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for the Series 2023 Bonds, the City shall deposit with the Trustee an amount of money sufficient to pay the applicable Redemption Price of all the Series 2023 Bonds or portions thereof which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Series 2023 Bonds, or portions thereof, to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City defaults in the payment of the Redemption Price or unless, in the event of a conditional notice as described above, the necessary moneys were not deposited), such Series 2023 Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Series 2023 Bonds for redemption in accordance with said notice, such Series 2023

Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2023 Bond, there shall be prepared for the Registered Owner a new Series 2023 Bond or Series 2023 Bonds of the same Series, Maturity Date, interest rate, and call date in the amount of the unpaid principal.

If any Series 2023 Bonds, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by such Series 2023 Bonds, or portion thereof, so called for redemption. All Series 2023 Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued.

Failure to give notice in the manner described above with respect to any Series 2023 Bonds, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2023 Bonds with respect to which notice was properly given. Upon the happening of the above conditions, and if sufficient moneys are on deposit with the Trustee on the applicable Redemption Date to redeem the Series 2023 Bonds to be redeemed and to pay interest due thereon and premium, if any, the Series 2023 Bonds thus called will not, after the applicable Redemption Date, bear interest, be protected by the applicable Indenture or Bond Ordinance or be deemed to be outstanding under the provisions of the applicable Indenture.

If any Series 2023 Bonds are transferred or exchanged on the Bond Register after notice has been given calling such Series 2023 Bonds for redemption, the Trustee will attach a copy of

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such notice to the Series 2023 Bond or Series 2023 Bonds issued in connection with such transfer or exchange.

Series 2023 Bonds Not Presented for Payment

If any Series 2023 Bond is not presented for payment when the principal amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Series 2023 Bond are held by the Trustee for the benefit of the Registered Owner of such Series 2023 Bond, the Trustee shall hold such moneys for the benefit of the Registered Owner of such Series 2023 Bond without liability to the Registered Owner for interest. The Registered Owner of such Series 2023 Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Series 2023 Bond.

Registration and Transfers

The Bond Register for the registration and transfer of the Series 2023 Bonds will be kept at the Designated Corporate Trust Office of the Trustee, as the registrar for the City in connection with the Series 2023 Bonds. See "Appendix A - DTC Book-Entry-Only System" for a discussion of registration and transfer of the beneficial ownership interests in Series 2023 Bonds while they are in the book-entry system. The following provisions relate to the registration and transfer of Series 2023 Bonds when such Series 2023 Bonds are in certificated form.

Subject to the limitations described in the following paragraph, (i) upon surrender for registration of transfer of any Series 2023 Bond at the Designated Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the holder of such Series 2023 Bond or such holder's attorney duly authorized in writing in such form and with guarantee of signature as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees, one or more fully registered Series 2023 Bonds of the same Series, Maturity Date, interest rate, and call date of Authorized Denominations, for a like principal amount bearing numbers not contemporaneously

outstanding and (ii) Series 2023 Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Series 2023 Bonds of the same Series, Maturity Date, interest rate, and call date of other Authorized Denominations bearing numbers not contemporaneously outstanding.

The Trustee shall not be required to transfer or exchange any Series 2023 Bonds during the period commencing on the Record Date next preceding any Interest Payment Date of such Series 2023 Bonds and ending on such Interest Payment Date, or to transfer or exchange any Series 2023 Bonds after the mailing of notice calling such Series 2023 Bonds for redemption has been made as provided in the applicable Indenture or during the period of 15 days next preceding the giving of notice of redemption of such Series 2023 Bonds.

No service charge shall be made for any transfer or exchange of Series 2023 Bonds, but the City or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of such Series 2023 Bonds, except that no such payment may be required in the case of the issuance of a

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Series 2023 Bond or Series 2023 Bonds for the unredeemed portion of a Series 2023 Bond surrendered for redemption.

Series 2023 Bonds delivered upon any registration of transfer or exchange will be valid general obligations of the City, evidencing the same debt as the Series 2023 Bonds surrendered, will be secured by the applicable Indenture and will be entitled to all of the security and benefits of the applicable Indenture and of the applicable Bond Ordinance to the same extent as such Series 2023 Bond surrendered.

Registered Owner Treated as Absolute Owner

The City, the Trustee and any Paying Agent may treat the Registered Owner of any Series 2023 Bond as the absolute owner thereof for all purposes, whether or not such Series 2023 Bond shall be overdue and shall not be bound by any notice to the contrary. All payments of or on account of the principal of and interest on any such Series 2023 Bond as provided in the applicable Indenture shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative, but such registration may be changed as provided in such Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2023 Bond to the extent of the sum or sums so paid.

SECURITY FOR THE SERIES 2023 BONDS

General Obligations of the City

The Series 2023 Bonds are each direct and general obligations of the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levies of taxes to pay the Series of the Series 2023 Bonds and the interest thereon without limitation as to rate or amount. The Bond Ordinances each provide for the respective levy of such ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in an amount not less than the amount necessary to pay, as and when due, all principal of and interest on each Series of the Series 2023 Bonds (the "Bond Property Tax Levies"). Each Series of the Series 2023 Bonds is further secured by certain other moneys, securities and funds pledged under the applicable Indenture. See "Appendix C - Certain Definitions and Summary of Certain Provisions of the Indentures". The Bond Ordinances also authorize the City to use the proceeds of the Bond Property Tax Levies for costs of periodic fees and expenses payable to parties involved in the provision of ongoing services relating to the Series 2023 Bonds, such as rating agencies and entities providing financial

market information to be used in connection with the structuring and sale of the Series 2023 Bonds (the "Ongoing Financing Services"). In each of the respective Indentures, the City covenants that, until all of such Series 2023 Bonds have first been fully paid or fully defeased in accordance with such Indenture, the Bond Property Tax Levies shall not be used for any purpose other than the payment of (i) principal of, interest on and Redemption Price, if any, on such Series 2023 Bonds (or for the purchase by the City of such Series 2023 Bonds which are then cancelled), and (ii) Ongoing Financing Services; provided, however, that the Bond Property Tax Levies are subject to abatement as provided in the Bond Ordinances. The Bond Property Tax Levies will be on file with the County Clerk of The County of Cook, Illinois (the "Cook County Clerk") and the County Clerk of The County of DuPage,

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Illinois (the "DuPage County Clerk" and, together with the Cook County Clerk, the "County Clerks") at the time of issuance of the Series 2023 Bonds. See "FINANCIAL DISCUSSION AND ANALYSIS - Property Taxes," "Appendix E - City of Chicago Property Taxes and "INVESTMENT CONSIDERATIONS - Property Tax Delay".

The City has pledged its full faith and credit to the payment of the Series 2023 Bonds. Under the Bond Ordinances, the City is obligated to appropriate amounts sufficient to pay principal of and interest on the Series 2023 Bonds authorized by each of the Bond Ordinances for the years such amounts are due, and the City covenanted in the Bond Ordinances to take timely action as required by law to carry out such obligations; however, if for any such year the City fails to do so, each of the Bond Ordinances constitute a continuing appropriation of such respective amounts without any further action by the City.

If the revenues raised by the Bond Property Tax Levies are not available in time to make any payments of principal of or interest on each Series of the Series 2023 Bonds when due, then the Chief Financial Officer or the Chief Financial Officer's designee are directed in each of the Bond Ordinances to make such payments from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for that purpose in advance of the collection of the applicable Bond Property Tax Levies, and when the proceeds thereof are received, such other funds shall be replenished.

Pursuant to each of the Bond Ordinances, the City reserves the right to abate all or a portion of the Bond Property Tax Levies for any year to the extent the City has on hand, on or before March 31 of such year (or such earlier date as may be required by law), funds dedicated for the payment of principal of, interest on and Redemption Price, if any, on the applicable Series of the Series 2023 Bonds.

Property Tax Collection Process for the Series 2023 Bonds

The City's annual aggregate property tax levy is used primarily to pay debt service on the City's general obligation debt and to fund City contributions to the City's pension plans. See "FINANCIAL DISCUSSION AND ANALYSIS - Property Taxes." The Bond Property Tax Levies are included in the calculation of the City's annual aggregate property tax levy.

Set forth on the following page is a general schematic of the process by which the Bond Property Tax Levies in The County of Cook, Illinois ("Cook County") (being the county in which approximately 99.99 percent of the taxable property in the City is located) are levied, billed, collected, and remitted to the City and, ultimately, to the Trustee.

Table 1. Property Tax Collection Process for the Series 2023 Bonds

Other Legally Available City Funds

Tax Levies Series 2023 Bonds

Each Bond Ordinance provides for the levy and collection of a direct annual tax upon all taxable property in the City in not less than the amount needed to make payments of debt service on the applicable Series 2023 Bonds, and a certified copy of said Bond Ordinance is filed with the Cook County Clerk prior to the issuance of such Series 2023 Bonds.

The City informs the Cook County Clerk of its annual aggregate tax levy (which includes confirmation of the Bond Property Tax Levies), and the Cook County Clerk determines the property tax for the City and all overlapping taxing districts for each City parcel.

The Cook County Treasurer issues the tax bills, collects the property taxes and remits the City's share of property taxes to the City Treasurer.

The City Treasurer deposits the portion of the property taxes earmarked for general obligation debt (including the Series 2023 Bonds) into the Bond, Note Redemption and Interest Fund held by the City Treasurer described in the paragraph following this chart.

The City Treasurer remits from the Bond, Note Redemption and Interest Fund an amount equal to the applicable Principal and Interest Account Requirement for each Series of the Series 2023 Bonds to the Trustee for deposit into the applicable Bond Fund sufficiently in advance to enable the Trustee to make debt service and Ongoing Financing Services fee payments on the Series 2023 Bonds on or prior to the scheduled debt service payment dates. If property taxes are insufficient, payments to the Trustee are to be made by the City from any other legally available revenues.

The Trustee makes the principal and interest payments for each Series of the Series 2023 Bonds to the holders thereof on the scheduled debt service payment dates.

As shown above, when property taxes are remitted by the Cook County Treasurer to the City, the property taxes for debt service are deposited and held in the Bond, Note Redemption and Interest Fund maintained by the City Treasurer. The Bond, Note Redemption and Interest Fund is used for the payment of

debt service on all of the City's general obligation bonds and notes, including the Series 2023 Bonds, for which the City has levied property taxes, and is one of a number of governmental funds used by the City to account for its governmental activities.

Lien and Security Interest Status

Holders of the Series 2023 Bonds do not have a statutory lien on remittances from the Bond Property Tax Levies or any other funds on deposit in the Bond, Note Redemption and Interest Fund. The Bond, Note Redemption and Interest Fund is held by the City Treasurer. Until remittances from the Bond Property Tax Levies are deposited with the Trustee for the applicable Series of the Series 2023 Bonds as described under "SECURITY FOR THE SERIES 2023 BONDS," any claim for payment made by holders of such Series 2023 Bonds against such funds, or any other funds in the Bond, Note Redemption and Interest Fund, will be subject to any competing claims which may exist against such funds which may include claims from holders of

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the City's other outstanding general obligation debt. See "GENERAL OBLIGATION DEBT." Once remittances from the Bond Property Tax Levies are deposited with the Trustee as described in Table I. Property Tax Collection Process for the Series 2023 Bonds above, such funds are subject to the security interest of the respective holders of the Series 2023 Bonds and may be used by the Trustee solely for the purposes authorized by the applicable Indenture, including payment of principal of and interest on the applicable Series 2023 Bonds as described under "SECURITY FOR THE SERIES 2023 BONDS." See "INVESTMENT CONSIDERATIONS - Bankruptcy" and "- Uncertain Enforcement of Remedies."

There is no guarantee that the flow of revenues from the Bond Property Tax Levies will always be maintained as described above. The City Council could alter the Bond Property Tax Levies, or the City could use remittances from the Bond Property Tax Levies or other funds held in the Bond, Note Redemption and Interest Fund for other uses besides debt service on the Series 2023 Bonds as authorized by the Bond Ordinances. The Illinois General Assembly could alter the procedure by which property taxes are extended and collected. However, because the Series 2023 Bonds are a general obligation of the City to which it has pledged its full faith and credit, if revenues from the Bond Property Tax Levies were insufficient to pay debt service on the Series 2023 Bonds, the City would still be obligated to find other sources of funds to remit to the Trustee for the payment of principal of and interest on the Series 2023 Bonds when due.

For additional information on real property assessment, tax levies and collections, see "Appendix E - City of Chicago Property Taxes" and "INVESTMENT CONSIDERATIONS - Property Tax Delay".

PLAN OF FINANCE

General

The proceeds of the Series 2023A Bonds are expected to be used to: (i) fund certain projects that are part of the Chicago Works program that started in 2021; (ii) refinance one or more line of credit agreements to provide funds for interim financing for Chicago Works purposes; (iii) fund capitalized interest on the Series 2023A Bonds; and (iv) pay costs of issuance of the Series 2023A Bonds (collectively, the "Series 2023A GO Financing Plan"). See "CHICAGO WORKS." The proceeds of the Series 2023B Bonds are expected to be used to: (i) finance portions of certain CRP Projects; and (ii) pay costs of issuance of the Series 2023B Bonds (collectively, the "Series 2023B GO Financing Plan," and together with the Series 2023A GO Financing Plan, the "2023 GO Financing Plan"). See "CHICAGO RECOVERY PLAN," "SOURCES AND USES OF FUNDS," and "GENERAL OBLIGATION DEBT."

Sales Tax Securitization Corporation*

In January of 2023, the City expects that the Sales Tax Securitization Corporation ("STSC") will issue four series of its sales tax bonds: (i) the Sales Tax Securitization Bonds, Series 2023A (Social Bonds), in the expected principal amount of \$103,645,000 ("Senior Lien Series 2023A Bonds"); (ii) the Sales Tax Securitization Bonds, Series 2023B (Social Bonds), in the

* The information in this subsection has been provided by STSC and is preliminary and subject to change.

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expected principal amount of \$52,925,000 ("Senior Lien Series 2023B Bonds," and together with the Senior Lien Series 2023A Bonds, the "Senior Lien Series 2023 Bonds"); (iii) the Second Lien Sales Tax Securitization Bonds, Refunding Series 2023A ("Second Lien Series 2023A Bonds"); and (iv) the Second Lien Sales Tax Securitization Bonds, Taxable Refunding Series 2023B ("Second Lien Series 2023B Bonds") (collectively, the "STSC Series 2023 Bonds"). STSC will issue its Second Lien Series 2023A Bonds and Second Lien Series 2023B Bonds in amounts to be determined based on the results of a planned refinancing of certain of its outstanding Sales Tax Securitization Bonds and certain of the City's outstanding general obligation bonds.

The proceeds of the STSC Series 2023 Bonds are expected to be used to implement the following plan of finance (the "2023 STSC Financing Plan" and, together with the 2023 GO Financing Plan, the "Financing Plan"):

A portion of the proceeds of the Senior Lien Series 2023 Bonds are expected to be conveyed by STSC to the City pursuant to an Assignment, Purchase and Sale Agreement, dated as of December 14, 2017, as amended (the "Sale Agreement"), executed and entered into by the City and STSC, and acknowledged and agreed to by The Bank of New York Mellon Trust Company, N.A., as trustee and used by the City to finance portions of certain CRP Projects. The City expects to finance the following types of CRP Projects with such portion of the proceeds of the Senior Lien Series 2023A Bonds: (i) the development of permanent supportive housing, (ii) the development of non-congregate housing, (iii) fleet decarbonization, (iv) community development grants; (v) a tree canopy equity expansion program; (vi) the development of mixed-use housing and (vii) a vacant lot reduction strategy. The remaining proceeds of the Senior Lien Series 2023 Bonds, together with certain other available funds of STSC, will be used by STSC to (i) fund capitalized interest on the Senior Lien Series 2023 Bonds and (ii) pay the costs of issuance of the Senior Lien Series 2023 Bonds. A portion of the proceeds of the Second Lien Series 2023A Bonds and the Second Lien Series 2023B Bonds are expected to be used by the City to refinance and/or repurchase by means of a tender offer certain general obligation bonds of the City and/or Sales Tax Securitization bonds of STSC.

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SOURCES AND USES OF FUNDS The following table sets forth the sources and uses of funds from the sale of the Series 2023

Sources of Funds:	Series 2023 A Bonds	Series 2023B Bonds
Principal Amount	\$503,690,000.00	\$20,110,000.00
<u>Net Premium/Discount</u>	<u>22,047,723.40</u>	<u>1,059,037.10</u>
<u>TOTAL SOURCES</u>		<u>\$525,737,723.40</u> <u>\$21,169,037.10</u>
Uses of Funds:		
Projects		
Chicago Works Projects	\$ 65,000,000.00	\$ 0.00
CRP Projects		0.00 21,000,000.00
Refinancing of line of credit agreement(s) for Chicago Works Projects	450,000,000.00	0.00
Capitalized Interest		6,541,429.37 0.00
<u>Costs of Issuance, including Underwriters' Discount</u>	<u>4,196,294.03</u>	<u>169,037.10</u>
TOTAL USES	\$525,737,723.40	\$21,169,037.10

THE CITY

General

Chicago is the third most populous city in the United States with a population of approximately 2.7 million. The City, located on the shores of Lake Michigan in the Midwestern United States, is the commercial and cultural center of a large and diverse regional economy. Trade, transportation and utilities, professional and business services, education and health services, government, leisure and hospitality and manufacturing are among the Chicago region's largest industry sectors. The City's transportation and distribution network includes Chicago O'Hare International Airport, Chicago Midway International Airport, rail traffic interchanges for the country's six largest freight railroad companies and two harbors capable of handling oceangoing ships and barges. See "Appendix D - City of Chicago Economic and Demographic Information".

Government

The City was incorporated in 1837. The City is a municipal corporation and home rule unit of local government under the Illinois Constitution and, as such, "may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt," except that it can "impose taxes upon or measured by income or earnings or upon occupation" only if authorized by statute.

The Mayor and the City Council govern the City. The City Clerk and the City Treasurer along with the Mayor are the only three Citywide elected officials. The City is divided into 50 legislative districts, or wards. Each ward is represented by an alderman who is elected by their constituency. The Citywide officials and the 50 aldermen are elected to serve coterminous four-year terms. The 50 aldermen comprise the City Council, which serves as the legislative branch of government of the City. The legislative powers of the City Council are granted by the Illinois General Assembly and by home rule provisions of the Illinois Constitution.

As the legislative body of the City, the City Council usually meets once every month except in August recess, to exercise general and specific powers delegated by State law. The City Council votes on loans extended by the City that exceed certain limits, bond issues, the City's short-term borrowing programs (whether general obligation or revenue), land acquisitions and sales, zoning changes, traffic control issues, certain mayoral appointees and financial appropriations. The City Council's standing committees work with individual departments on the execution of City activities and review proposed ordinances, resolutions and orders before they are voted on by the full City Council.

The Committee on Finance of the City Council considers ordinances, orders or resolutions that are referred or submitted to the Committee on Finance by aldermen, the Office of the Mayor, various City departments and the general public. The Committee on Finance has jurisdiction over tax levies; general obligation bonds and revenue bond programs; revenue orders, ordinances and resolutions; the financing of municipal services and capital developments; and matters generally affecting the Department of Finance, the City Comptroller, the City Treasurer and the solicitation of funds for charitable or other purposes on the streets and other public places.

CHICAGO WORKS

The City's 2023-2027 Five Year Capital Improvement Program includes the continuation of the Chicago Works program that started in 2021 ("Chicago Works"). Chicago Works is a rolling five-year, \$4.5 billion plan anticipated to address a backlog of deferred public infrastructure maintenance and spur local economic development and job creation. In total, the five-year Chicago Works program is expected to address 57 percent of the City's existing deferred maintenance needs.

Chicago Works is intended to modernize infrastructure in order to enhance economic outcomes, public health, climate resiliency and the quality of life for all City residents. Chicago Works will use a needs-based approach to accelerate investments in City infrastructure, including roadways, sidewalks, buildings, waterfronts, public transit, public utilities, bridges and viaducts, street lighting, pedestrian and cyclist right-of-way, and municipal facilities, among other investments.

In Chicago Works, the City designs streets to safely accommodate all transportation modes including pedestrians, cyclists, cars, and public transit. The Complete Streets program, following the Vision Zero approach, makes streets safer and more accessible to everyone by creating designated bike and bus lanes and building pedestrian amenities such as refuge islands and curb extensions. The Traffic Signal program makes crossing intersections safer for all modes of

transportation by modernizing turning and crosswalk signals. The Concrete Construction program constructs curb ramps which help persons with disabilities, parents pushing strollers, and people over the age of 60 to cross streets safely. These infrastructure modifications to City streets benefit public health, increase safety, and better connect residents to employment, schools, recreation, and businesses.

Chicago Works will expand the INVEST South/West initiative to design and revitalize these areas to stimulate new investment, attract new opportunities, and preserve the character of the neighborhoods. Specifically, the Streetscape program transforms economic corridors into more efficient and welcoming places by constructing plazas, improving stormwater management, and installing bike shelters and historical kiosks that accentuate neighborhood identity. The Economic Development program will award grants to act as additional catalysts for economic growth along commercial corridors.

Chicago Works prepares the City for a future with more severe weather events and a changing environment. For instance, the Shoreline and Pathways program will reconstruct the Morgan Shoal shoreline between 45th and 51st Streets. This shoreline revetment project will reduce flooding and provide residents with a renovated recreation area. In addition to investments in resilient infrastructure, the Chicago Works IT, Fleet and Equipment program will reduce the City's carbon footprint by electrifying City vehicles with the goal of having an all-electric vehicle fleet by 2035.

The table below provides categories of capital projects being funded through Chicago Works, as described in the Series 2023A Bond Ordinance and a subsequent bond ordinance adopted by the City Council on November 7, 2022 for the purposes of financing \$1.85 billion of Chicago Works for 2023 and 2024 (together with the Series 2023A Bond Ordinance, the "Chicago Works Bond Ordinances"). The Chicago Works Bond Ordinances authorized \$3.41 billion for the purpose of funding Chicago Works. The anticipated new money purposes as described in the Chicago Works Bond Ordinances are described below. Proceeds of the Series 2023A Bonds are expected to fund a portion of these projects.

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Anticipated New Money Purposes

Street Resurfacing IT, Fleet & Equipment

Bridges & Viaducts

Aldermanic Menu

Complete Streets

Facilities

Street Lighting

Sidewalks & Pedestrian Right-of-Way

Waterways & Pathways

Traffic Signals

2020 Annual Programs

Lead Service Line Replacements - Private

Economic Development

Costs of Issuance and Capitalized Interest

2020 Equipment Total Authorization

Arterial street, residential street and WPA street replacement and resurfacing

IT system upgrades, vehicle and equipment replacement, Chicago Fire Department ("CFD") bunker gear, and public safety cameras.

Bridge repair/replacement, underpass rehabilitation and vertical clearance improvements to accommodate modern vehicle sizes.

Provides each alderperson with \$1.5 million in annual funding to meet the needs of their communities from a menu of cost estimated options.

Bike lanes, pedestrian improvements (pedestrian safety islands, curb extensions, crosswalks), pavement markings and trees.

Facility maintenance and upgrades, environmental remediation and hazardous demolition.

Repair and replacement of hazardous poles and rewiring of circuits on arterial and residential streets.

Sidewalk repair/replacement, curb repair/replacement and ADA curb ramp installation.

Shoreline remediation and Englewood Trail. See "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES - Environmental Measures- Lakefront-Shoreline Preservation."

Replacement of traffic signals at priority intersections and installation of emergency back-up power for major intersections.

2020 capital costs associated with Aldermanic Menu, Street Resurfacing, IT, Fleet & Equipment, Complete Streets and Traffic Signals

Backup funding for the replacement of privately-owned portions of lead service lines. See "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES - Environmental Measures- Lead Service Line Replacement Program."

Grants to private businesses and non-profits to support projects that provide needed public amenities and bring vacant space into productive use.

2020 capital equipment costs associated with the above-listed anticipated new money purposes

\$502,436,600 440,057,724

435,893,750

432,000,000

409,167,000

330,548,500

191,268,750

176,187,500 145,295,000

109,365,500 86,000,000 60,000,000

40,000,000

37,779,676 14,000,000

\$3,410,000,000

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CHICAGO RECOVERY PLAN

General. The City has received \$1,887 billion in federal funds from federal stimulus programs for certain expenditures incurred or to be incurred from March 2021 through December 2024. In September 2021, the City announced a plan to invest \$567 million in federal stimulus funds and \$660 million in general obligation bond proceeds in various investments across the City designed to support Thriving and Safe Communities as well as an Equitable Economic Recovery. Further, the City used approximately \$ 1.3 billion of federal funds to support one-time revenue loss during the economic recovery from the pandemic in FY2020-2023. This aggregate \$2,547 billion spending plan to support the City's recovery from the pandemic is known as the "Chicago Recovery Plan."

Figure 1. Sources and Uses of Funds for the Chicago Recovery Plan

\$2,547M - Chicago Recovery Plan

A

Local Fiscal Recovery Fund CLFRF): \$1,887M

Bonds: \$660M

V

Essential City Services: \$1,320M

LFRR Initiatives: \$567M

Bond Initiatives: \$660M

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A detailed summary of the proposed projects, the proposed allocation of Chicago Recovery Plan investments for the proposed projects and the proposed allocation of COVID-19 Recovery Funds and bond proceeds among the proposed projects are set forth in "Appendix F - Chicago Recovery Plan Proposed Projects by Funding Source".

Targeted Initiatives. The new initiatives proposed in the Chicago Recovery Plan are divided into two areas of focus.

"Thriving & Safe Communities" represents the City's commitment to address the root causes of community violence by investing in the core social and community supports needed to create safer communities for all Chicagoans to thrive. These initiatives focus on providing the following:

- urgent financial support to families;
- access to summer and after-school programs for youth;
- public health services, including mental health, maternal health and access to healthy food;

- increased access to educational opportunities for low-income youth and families;
- \$85 million in increased funding for violence prevention strategies as well as additional supports for victims of violence, an increase from no funding in 2019;
- housing support for those at risk of homelessness; and
- \$400 million in investments which address root causes of violence.

"Equitable Economic Recovery" provides targeted economic relief and neighborhood development support to businesses and communities hardest hit by the pandemic and invests in the City's businesses and commercial communities to drive economic recovery in the following forms of long-lasting investments:

- workforce support;
- place-based development;
- improvements to the City's infrastructure and ability to deliver services to residents; and
- funding for arts and culture to drive economic growth and build wealth in historically underserved areas. The City's arts and cultural institutions benefit all City communities and represent a key area of recovery investments.

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Table 3. Chicago Recovery Plan Investments (\$ in millions)

		Allocation
Targeted Initiatives		
Thriving & Safe Communities		
Affordable Housing	\$ 157.4	
Assistance to Families	157.0	
Homelessness Support Services	117.0	
City Priorities for Health & Wellness	108.0	
Environmental Justice	86.8	
Violence Prevention	85.0	
<u>Youth Opportunities</u>		<u>65.0</u>
<u>Total Thriving & Safe Communities</u>		<u>\$ 776.2</u>
Equitable Economic Recovery		
Community Development	\$ 166.0	

Community Climate Investments	101.3	
Small Business & Workforce Support	87.0	
Parks & Infrastructure	60.6	
Travel & Industry Support	20.0	
<u>Arts & Culture</u>		<u>16.0</u>
<u>Total Equitable Economic Recovery</u>		<u>\$ 450.9</u>
<u>Total Targeted Initiatives</u>		<u>\$ 1,227.1</u>
Essential City Services		
Q2-Q4 2021 Essential City Services	\$ 782.2	
2022 Essential City Services	385.0	
2023 <u>Essential City Services</u>		<u>152.4</u>
<u>Total Essential City Services</u>		<u>\$ 1,319.6</u>
<u>Total Chicago Recovery Plan Investments</u>		<u>\$ 2,546.7</u>

Note: Totals may not sum due to rounding.

Anticipated Outcomes. The City is tracking the performance and impact of the Chicago Recovery Plan through a dedicated Program Management Office (the "PMO"). The establishment of a dedicated PMO allows the City to develop implementation plans with clear outcomes, milestones and performance measures for each initiative by engaging with initiative leaders and a leadership steering committee. The PMO will promote execution within budget and timeframes while supporting required reporting to the U.S. Treasury.

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As a part of the development of the Chicago Recovery Plan, the City has estimated potential outcomes and the intended economic and financial benefits for each proposed investment within the Chicago Recovery Plan. The City anticipates that the Chicago Recovery Plan may have both quantifiable and less quantifiable benefits for the City, including population retention, new employment opportunities, revenue enhancement, cost reductions and climate benefits.

The City anticipates the following impacts of the Chicago Recovery Plan:

- 1 million residents served through the expansion of public safety and health support initiatives, including mental health services;
- 100,000 residents connected to mental health services, improving long-term health outcomes and addressing one of the key root causes of community violence;
- 3,000 vulnerable and homeless residents connected with housing and supportive services;
- 45,000 households having received financial assistance to improve financial stability in the wake of COVID-19;
- 25,000 residents provided access to additional broadband internet services;
- 5,000 students having received grants to support enrollment, attendance and engagement in school;
- 4,000 housing units created and upgraded to provide safe and affordable homes;

- 60,000 small businesses and entrepreneurs supported;
- 40,000 new jobs created or supported, with 30,000 jobs as potential employment opportunities for Chicago youth;
- **75,000 new trees planted across the City over five years, the largest tree canopy program in the City's history (see "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES - Environmental Measures - 2022 Chicago Climate Action Plan");**
- 3,000 vacant lots prepared for sale and use;
- 2,500 new public art projects and artists supported; and
- 175 new neighborhood amenities developed in communities, including grocery stores, commercial spaces, recreation areas and more.

As a part of the economic and financial planning around the Chicago Recovery Plan, the City estimates that the Chicago Recovery Plan could generate \$29.5 million annually of additional tax revenue on a recurring basis, for the City and \$8.6 million in additional property tax revenues for other taxing bodies, with benefits including population retention, new employment opportunities and property value increases. In addition, the City estimates that the proposed capital investments alone could generate approximately 7,000 new jobs, which could result in increased potential one-time tax revenues of an estimated \$26.3 million for the City, including income taxes, sales and use taxes, property taxes and other personal taxes. The City expects to track these or similar outcomes through the PMO as initiatives are developed throughout the course of the implementation of the Chicago Recovery Plan.

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CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES

General

This section includes a summary of some, but not all, of the environmental, social and governance (collectively, "ESG") measures (as identified by the City, in its sole discretion) that the City has implemented, is implementing or intends to implement (collectively, "City ESG Measures"). The City believes that the intended purposes of the City ESG Measures fall under one or more of the below described ESG categories. Several of the City ESG Measures described in this section include programs that are part of the Chicago Recovery Plan or Chicago Works. See "CHICAGO WORKS" and "CHICAGO RECOVERY PLAN" above.

This section includes forward-looking statements which represent the City's best estimates on the timing of amounts spent on and/or expected results of the City ESG Measures. The City does not guarantee the accuracy of such forward-looking statements which are subject to a variety of risks and uncertainties that could cause actual timing of, amounts spent on and/or actual results of the City ESG Measures to differ materially from those that have been forecast, and are subject to change at any time. Also, see "INVESTMENT CONSIDERATIONS - FORWARD-LOOKING STATEMENTS" herein. Additionally, this section includes statements of interim financial information which are the City's best estimates and have not been audited. The City does not plan to supplement this Official Statement based on changes to any information in this section. Further, the City does not plan to provide continuing disclosure with respect to the City ESG Measures.

Environmental Measures

2022 Chicago Climate Action Plan

The City released its 2022 Chicago Climate Action Plan in April 2022 (the "Climate Action Plan") which is an update of its 2008 climate action plan. One of the key goals of the Climate Action Plan is to reduce the City's carbon footprint by approximately 62 percent by 2040 using the 2017 Chicago Greenhouse Gas Emissions Inventory of 31 million metric tons of carbon dioxide equivalent as a baseline. The initiatives in the Climate Action Plan are organized into three levels: pillars, strategies and actions. The five pillars support the high-level goals of the Climate Action Plan. The five pillars and their related strategies are:

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Table 4. Chicago Climate Action Plan Pillars and Strategies

Pillars	Strategies
(1) Increase access to utility savings and renewable energy, prioritizing households	
(2) Build circular economies to create jobs and reduce waste	
a) retrofit buildings and	
b) connect communities to renewable energy	
reduce waste and landfilling	
(3) Deliver a robust zero-emission mobility network that connects communities and improves air quality	
a) make walking, biking, or transit viable options for all trips;	
b) increase transit performance and encourage equitable transit-oriented development; and	
c) enable zero-emission transit and fleets.	
4) Drive equitable development of Chicago's (a) 100 percent clean renewable energy;	
4) clean-energy future	(b) enable building and personal vehicle electrification;
	c) align building codes and standards with climate best practices;

- d) decommission fossil power; and
- e) enable interconnection and storage.

- 5) Strengthen communities and protect health
- (a) collect relevant data;
 - b) enable data-driven decision-making; and
 - c) enable community resiliency.

In August 2022, the City signed an energy supply agreement with retail electricity supplier Constellation Energy Corporation ("Constellation") for an initial five-year term beginning in January 2023. As part of the agreement with Constellation, beginning in 2025, the City will partially source its large energy uses such as the airports, Harold Washington Library Center and Jardine Water Purification Plant with 100 percent clean, renewable energy from a new solar generation installation currently being developed by Swift Current Energy in downstate Sangamon and Morgan Counties. The City will also procure Renewable Energy Credits from other sources for its remaining power uses, such as small- and medium-sized buildings and streetlights.

The City cannot guarantee that the Climate Action Plan will be implemented as described herein or guarantee any results. See "INVESTMENT CONSIDERATIONS - Forward-Looking Statements" and "City of Chicago Economic and Demographic Information - Environment".

Climate Resiliency

The City also committed in the Chicago Recovery Plan to climate resiliency and mitigation through an approximately \$188 million investment in community climate and environmental justice investments. See subsections entitled, "Environmental Justice Initiatives" and "Community Climate Investments" in "Appendix F - Chicago Recovery Plan by Funding Source".

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Lakefront-Shoreline Preservation

Swings in evaporation and precipitation can cause fluctuations in Lake Michigan's water levels, which may present risks to the Chicago metropolitan area for flooding and damage. See "INVESTMENT CONSIDERATIONS - ENVIRONMENTAL CONSIDERATIONS - Lake Water Levels and Lakefront Erosion."

The City has partnered with the Chicago Park District (the "Park District") and the U.S. Army Corps of Engineers to protect the City's shoreline from erosion and deterioration through capital improvement projects (the "Lakefront-Shoreline Program"). As part of Phase I of Lakefront-Shoreline Program, nine miles of lakeshore have been reconstructed, with 1.5 miles remaining. Two remaining projects in Phase I are reconstructions at Morgan Shoal and Promontory Point, as described below. The Lakefront-Shoreline Program is administered by the Chicago Department of Transportation. Costs are to be shared equally between the City and the Park District. In addition, the State has \$132 million in funds earmarked for the Lakefront-Shoreline Program in the State's fiscal year 2023 capital budget. Highlights from the 2023-2027 Lakefront-Shoreline Program are set forth in Table 5. 2023-2027 Lakefront-Shoreline Program below.

Comprised of 4,500 linear feet of shoreline that will be reconstructed. Morgan Shoal is an outcropping of bedrock close to the lake surface.

Table 5. 2023-2027 Lakefront-Shoreline Program (\$ in millions)

Project	Amount	Description
Morgan Shoal Project	\$ 190.0	

45th Street-51st Street Shoreline Reconstruction

Promontory Point 5.0 Project

54th Street-56th Street Shoreline Reconstruction

Phase II Feasibility Study 3.0

This area is on the National Register of Historic Places and is the southernmost peninsula, constructed as a result of Burnham's Chicago Plan of 1909. The project will reconstruct and protect 4,500 linear feet of shoreline.

A Phase II Feasibility Study is to be conducted by the U.S. Army Corps of Engineers, to assess the next eight miles of shoreline revetment needs.

Source: 2023-2027 Chicago Works Program.

The City has earmarked a portion of the \$60 million allocated in the Chicago Recovery Plan to climate-related infrastructure investments to support pollution control from any overflow as well as certain flood mitigation improvements.

The City cannot guarantee that the Lakefront-Shoreline Program will be implemented as described herein or guarantee any results. See "INVESTMENT CONSIDERATIONS -Forward-Looking Statements."

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Lead Service Line Replacement Program

There are approximately 400,000 lead service lines in the City, primarily in single-family and two-flat residences, the full replacement of which is expected to cost an estimated \$6 to \$10 billion.

In September 2020, the City launched Phase I of the Lead Service Line Replacement Program, which is voluntary for property owners. Phase I aims to provide assistance to residents who wish to replace their lead service lines and prioritizes those who are low-income. The Department of Water Management ("DWM") and the City's Department of Public Health share responsibility for administering the program. The City is offering two methods of City-assisted replacement in Phase I: (i) an Equity Lead Service Line Replacement Program, in which the City will pay contractors to provide complete lead service line replacement for eligible low-income residents, and (ii) a Homeowner-Initiated Lead Service Line Replacement Program, in which the City will waive up to \$3,100 in permit fees for qualified homeowners who wish to replace their lead service lines. Lead service line replacement consists of replacement from the water main to the external shut-off valve into the home.

DWM monitors tap water quality and performs testing 24 hours a day, seven days a week. The City's tap water meets all U.S. Environmental Protection Agency and State health standards for safe, clean drinking water. DWM had no violation of a contaminant level or of any other water quality standard in its most recent Consumer Confidence Report, delivered earlier in 2022.

On August 27, 2021, the Lead Service Line Replacement and Notification Act, 415 ILCS 5/17.12 (the "Lead Service Line Replacement Act"), was signed into state law. Among other things, the Lead Service Line Replacement Act requires the owners and operators of community water supplies in the State to develop, implement and maintain a comprehensive water lead service line replacement plan. The legislation provides no funding for the replacement. Under the Lead Service Line Replacement Act, the City has 50 years (with the possibility of up to 15 years of extensions) to

complete the lead service line replacement work. The 50-year replacement period for the City does not begin until April 15, 2027.

On November 15, 2021, the Infrastructure Investment and Jobs Act, Public Law 117-58, was signed into federal law. Among other things, the Infrastructure Investment and Jobs Act provides historic funding for investments in water infrastructure. One highlight of the investments is \$15 billion in funding specifically earmarked for lead service line replacement being made available to the states through the existing State Revolving Fund ("SRF") programs. The new funding is expected to be provided over the course of five years beginning with federal fiscal year 2022. The Infrastructure Investment and Jobs Act provided that 49% of the funding must be provided in the form of additional subsidies to disadvantaged communities, which in Illinois will likely take the form of forgivable loans; the remaining funding will be provided for the purpose of loans under existing SRF programs. For federal fiscal year 2022, Illinois received an allotment of \$107.0 million for lead service line replacement. The Illinois Environmental Protection Agency has not yet determined how Illinois' funding will be distributed to communities throughout the state.

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The City is in the process of negotiating a loan agreement with the US Environmental Protection Agency for a loan under the Water Infrastructure Finance and Innovation Act ("WIFIA") for \$336 million to begin funding replacement of the public sides of lead service lines and replacement of water mains. The City expects to use federal funds from the Infrastructure Investment and Jobs Act, WIFIA loan proceeds and loan proceeds through City borrowings to fund the lead service line replacement program.

The City cannot guarantee that the Lead Service Line Replacement Program will be implemented as described herein. See "INVESTMENT CONSIDERATIONS - FORWARD-Looking Statements."

Divestment of City Funds in Fossil Fuels

On March 23, 2022, the City Council passed Ordinance 02022-672 (the "Divestment Ordinance") which requires the City Treasurer to include in the City Treasurer's written investment policy a list of the top companies that are coal, oil and gas reserve owners, ranked by the potential carbon emissions embedded in their reserves, which shall be updated by the City Treasurer at least annually. The Divestment Ordinance also requires the City Treasurer to (i) annually report to the Committee on Finance of the City Council of any changes, or whether there have been no changes, to such list; (ii) the City Treasurer shall not invest any City funds in securities or other obligations of the companies on the list; and (iii) shall divest from all securities or other obligations of the companies on the list, as soon as practicable and in accordance with the written investment policy.

Social Measures

INVEST South/West

In October 2019, the City announced a new strategy to support revitalization on the City's south and west sides. INVEST South/West is an equitable community development initiative that targets the resources of multiple City departments, sister agencies, community organizations and corporate partners toward 12 commercial corridors in 10 communities on the south and west sides

of the City. See TABLE 6. COMMUNITIES AND COMMERCIAL CORRIDORS BENEFITING FROM INVEST South/West and Figure 2. Map of Communities and Commercial Corridors Benefiting from INVEST South/West below for more information on the 12 commercial corridors and the 10 communities.

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Communities and Commercial Corridors Benefiting from INVEST South/West

Community Auburn Austin Bronzeville Greater Englewood Humboldt Park Humboldt Park New City North Lawndale
Greater Roseland Greater Roseland South Chicago South Shore

Commercial Corridor 79th Street and Ashland Avenue Chicago Avenue
Cottage Grove Avenue, 43rd Street, and 47th Street 63rd Street and Halsted Street Chicago Avenue North Avenue
47th Street and Ashland Avenue
Ogden Avenue
South Michigan Avenue
111th Street
Commercial Avenue
79th Street

Figure 2. Map of Communities and Commercial Corridors Benefiting from
INVEST South/West

The City initially committed \$750 million in public funding to this initiative, which consists of \$250 million in repurposed business development and infrastructure funding through the City's Department of Planning and Development and \$500 million in planned infrastructure improvements from other City departments and sister agencies, including the Park District and the

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Chicago Transit Authority. In total, the City estimates that \$282 million of public funding for the project will be invested as part of Chicago Works, largely through streetscape improvements.

As of November 15, 2022, the initiative has \$2.2 billion of investment commitments, consisting of approximately \$1.0 billion in public resources and \$1.2 billion in private and philanthropic capital.

The Chicago Recovery Plan has been aligned to amplify INVEST South/West retail activation, commercial development and infrastructure investments. The Chicago Recovery Plan includes a significant increase in community development and affordable housing initiatives. The City's coordinated public investments fall within four community

development priorities:

Table 7. INVEST South/West Publicly Funded Community Development Priorities
(\$ in millions)

Investments Date	Amount Invested to
Transportation and Mobility	\$295.0
Parks and Open Spaces	115.0
Housing Investments	335.0
Small Business, Arts and Community Infrastructure	255.0

Total: \$1,000.0

The City has awarded three rounds of Requests for Proposals (the "INVEST South/West RFPs") to develop sites along 10 of the INVEST South/West priority corridors. More than \$400 million is expected to be invested across the 13 proposed projects catalyzed through the INVEST South/West RFP process. Nine projects are currently scheduled to begin construction in 2023. Construction on two of the projects has begun and two more projects are expected to break ground by the end of 2022:

- Austin United Alliance (Austin): Construction began in 2022 on the \$39.5 million proposed project that includes 78 residential units, 10,000 square feet of proposed commercial space and a public courtyard.
- Evergreen Imagine (Auburn Gresham): Construction began in 2022 on the \$43.5 million proposed project that includes 8,500 square feet of commercial space and 58 housing units across two sites.
- Englewood Connect (Englewood): \$ 13.9 million proposed eco-friendly culinary hub and business incubator which is scheduled to break ground by the end of 2022.
- THRIVE Englewood (Englewood): \$35.3 million proposed project with 61 residential units and 2,400 square feet of ground floor retail which is scheduled to break ground by the end of 2022.

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Each INVEST South/West RFP site is meant to spur additional economic activity and investment in the surrounding area, including an intentional emphasis on developer diversity. This allows minority-led development teams with deep roots on the South and West Sides of the City to lead developments in those very same communities.

The City cannot guarantee that the INVEST South/West initiatives will be implemented as described herein or guarantee any results. See "INVESTMENT CONSIDERATIONS -Forward-Looking Statements."

Digital ExLUity

Increased internet access for communities is necessary to enable participation in remote learning, in addition to other activities such as workforce development, job searching, skills training, writing a resume, receiving tele-healthcare, enrolling in government benefits, and more.

Chicago Connected

Launched in June 2020, Chicago Connected is a broadband program which provides no-cost internet for four years to qualifying families with a child enrolled in a school operated by CBOE (as hereinafter defined). The program is funded by CBOE, 10 philanthropic donors, and a portion of funding provided to the City under the Coronavirus Aid, Relief, and Economic Security Act. United Way of Metro Chicago and Children First Fund serve as fiscal agents.

In its first two years, the program has connected more than 60,000 households - equivalent to roughly 100,000 students - to at-home broadband. Families can sign up using an activation code issued by CBOE, which they can redeem through a participating internet service provider. Chicago Connected has also made digital learning resources available to families for free, through partnerships with more than 20 community-based organizations. Chicago Connected families have completed over 28,000 digital learning hours. See "Appendix D - City of Chicago Economic and Demographic Information" for more details around recent demographic information describing the current state of internet accessibility in the City.

Governance Measures Police Oversight

The chief executive officer of the Chicago Police Department ("CPD") is the Superintendent of Police, who is appointed by the Mayor upon recommendation of the seven-member Community Commission for Public Safety and Accountability ("CCPSA") and with the advice and consent of the City Council. The Superintendent of Police is responsible for the general management and control of CPD.

COPA (as defined herein), CPD and the Police Board (hereafter described) all serve roles in oversight of CPD and the investigation of police misconduct. The responsibility to receive complaints of alleged misconduct by CPD officers rests with COPA. Depending on the nature of the allegations, either COPA or CPD's Bureau of Internal Affairs will investigate the complaint. The Police Board's role is to decide those disciplinary matters that are filed with the Police Board.

The Police Board

The Police Board decides disciplinary matters involving allegations of serious misconduct made against CPD members. The Police Board has the responsibility to:

- Decide cases when the Superintendent of Police files charges to discharge a police officer from CPD; and
- Rule on matters in which the COPA Chief Administrator and the Superintendent of Police do not agree regarding discipline of a CPD officer.

The Police Board is required under the Municipal Code to post on its website its findings and decisions in disciplinary cases. Reports of disciplinary cases and decisions are posted monthly, quarterly, and annually on its website.

Civilian Office of Police Accountability

Following earlier efforts at oversight of CPD practices and personnel, the City Council passed an ordinance in 2016 to establish the Civilian Office of Police Accountability ("COPA"), a civilian oversight agency of CPD. Among various powers and responsibilities, COPA has the power and authority to conduct investigations into:

- i) complaints against CPD members alleging domestic violence, excessive force, coercion or verbal abuse;
- ii) all incidents, including those in which no allegation of misconduct is made, in which a CPD member:
 - a. discharges a firearm in a manner that potentially could strike another individual,

- b. discharges a stun gun or taser in a manner that results in death or serious bodily injury or,
- c. discharges other weapons or uses CPD-issued equipment as a weapon that results in death or serious bodily injury;
- iii) incidents, including those in which no allegation of misconduct is made, where a person dies or sustains a serious bodily injury while detained, in CPD's custody or as a result of police actions, such as during attempts to apprehend a suspect;
- iv) incidents of an "officer-involved death" (as defined in the Police and Community Relations Act of the State, 50 ILCS 727/1-5); and
- v) complaints against CPD members alleging improper search or seizure of either individuals or property or unlawful denial of access to counsel.

Consent Decree

In August 2017, the State Attorney General filed a lawsuit in federal district court to seek an enforceable consent decree ("Consent Decree") to implement reforms outlined by the U.S. Department of Justice ("DOJ") in its investigation of CPD following a decision by DOJ in 2017 not to seek a consent decree. The City and the State Attorney General's Office then negotiated a draft consent decree, which was approved by the district court on January 31, 2019. The Consent Decree addressed the following issues: (i) use of force, (ii) community policing, (iii) impartial policing, (iv) accountability and transparency, (v) recruitment, hiring and promotion, (vi) training

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and supervision, (vii) officer wellness, (viii) crisis intervention and (ix) data management. The district court appointed an independent monitor to assist the court in determining whether CPD is in compliance with the Consent Decree.

The independent monitor assesses the City's progress twice per year in the Independent Monitoring Reports. In the most recent available report from April 2022, the independent monitor found the City to be in some level of compliance with 380 paragraphs of the Consent Decree out of the 523 paragraphs that were assessed by the independent monitor. The City made progress in the crisis intervention section of the Consent Decree which addresses interacting with individuals experiencing behavioral or mental health crisis. Progress in this section included efforts by CPD, the City's Office of Emergency Management and Communications ("OEMC"), and the Chicago Council on Mental Health Equity on policy, training and community engagement. The City also maintained the level of progress previously made in the use of force section, including efforts to engage the community in revising existing policy.

Community Commission for Public Safety and Accountability

In July 2021, the City Council passed an ordinance establishing the seven-member CCPSA and a district council in each of the 22 CPD districts. CCPSA's powers include playing a central role in selecting and removing the Superintendent of Police and the COPA Chief Administrator; setting CPD policy (not including policies covered by the Consent Decree); establishing annual goals and evaluating progress for CPD and COPA; and promoting community engagement and transparency. Beginning in 2023, each district council will be created and will have three civilian members elected by residents of that district in regular municipal elections. The district councils' roles include building stronger connection between CPD and the community at the district level; holding monthly public meetings where residents can work with CPD on local initiatives and raise concerns about policing in the district; working with the community to get input on CPD policies and practices; and ensuring a channel of communication for regular community input to CCPSA. After the first district council elections in 2023, a nominating committee, consisting of one member from each district council, will recommend persons to be appointed by the Mayor as members of CCPSA. Each of the seven CCPSA members (other than an initial interim CCPSA) are appointed by the Mayor from the nominees selected by the nominating committee; such appointments are also subject to the approval by the City Council. In September 2022, the Mayor appointed members on an interim basis to CCPSA, who will serve until their successors are appointed

following the first district council elections as described above.

Enterprise Risk Management: Settlements and Judgments

In July 2019, the City appointed its first Chief Risk Officer (the "CRO") to oversee the then-new Office of Risk Management for the City. Since then, the CRO has developed a comprehensive enterprise risk management ("ERM") program aimed at identifying and mitigating risks across City departments, including the cost of claims, judgments and settlements. Areas of focus include reducing vehicular accidents, damage to property, workplace accidents and improving departmental practices. See "INVESTMENT CONSIDERATIONS - Forward-Looking Statements."

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CPD has also implemented an ERM system. The CPD ERM program aims to institutionalize practices around risk management, including ongoing reviews of department policies, procedures, training and compliance, as well as increasing cultural awareness around identifying and responding to risks that may create liability for the City. Recent risk management initiatives in CPD include: (i) the implementation of a permanent foot pursuit policy that emphasizes safety for officers and member of the public; (ii) completed delivery of the 40-hour in-service training program, delivering training to more than 95% of officers on key topics like officer wellness, community policing, de-escalation, and use of force; (iii) drafted over 15 new policies in the first half of 2022 targeting topics such as accountability, foot pursuit, crisis intervention, community and religious interactions; and (iv) continued the Tactical Review and Evaluation Division's review of investigatory stops and use of force incidents. The City expects these efforts to continue to improve internal City processes to avoid future financial impacts from settlements and judgments. However, the City cannot guarantee such results. See "INVESTMENT CONSIDERATIONS - Forward-Looking Statements."

Over the last five years, the City paid an average of approximately \$149.7 million each year due to settlements and judgments. Of these amounts, approximately 57 percent were CPD-related.

Table 8. Settlements and Judgments (Fiscal Years 2017-2021) (\$ in millions)

	2017	2018	2019	2020	2021
Settlements & Judgments					
CPD-Related	\$ 49.0	\$ 93.5	\$ 60.0	\$ 109.0	\$ 116.4
Other	66.0	92.9	92.4	29.0	40.5
<u>TOTAL</u>	<u>\$115.1</u>	<u>\$186.4</u>	<u>\$152.3</u>	<u>\$138.0</u>	<u>\$156.9</u>

Note: Amounts are inclusive of outside counsel costs and other legal fees. Totals may not sum due to rounding.

Workers' Compensation

In June 2019, the City announced reforms to the City's workers' compensation program to improve services for injured workers and to help prevent fraud, waste and abuse in the administration of claims. By implementing these reforms to the workers' compensation program, the City has improved its workers' compensation program in the following ways:

- increased the settlement of aged non-litigated claims by 47 percent;
- reduced the number of days an employee was off work by 19 percent;
- reduced the average cost of claims that were settled by 19 percent

- implemented a return-to-work program to allow employees the opportunity to gradually transition back to work and enhance productivity

The City expects workers' compensation costs to further decline over the mid- and long-term through additional reform measures including telephonic nurse triage services and an effective return-to-work program. However, such anticipated results are estimates, and the City cannot

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guarantee such results. See "INVESTMENT CONSIDERATIONS - Forward-Looking Statements."

COVID-19 PANDEMIC

For information relating to the effects of the COVID-19 pandemic on the revenues and expenditures of the City in Fiscal Years 2020 and 2021, see "FINANCIAL DISCUSSION AND ANALYSIS," "CORPORATE FUND BUDGETS AND FORECASTS," and "Appendix G -City of Chicago Basic Financial Statements for the Year Ended December 31, 2021".

FINANCIAL DISCUSSION AND ANALYSIS

City Fund Structure

The City organizes its activities by funds, each of which is accounted for separately. Each fund has a specific set of revenue sources, which are utilized to support a specific set of City services and functions. Descriptions of the City's eight major governmental funds and its special revenue and proprietary funds are set forth below. See "Appendix G - City of Chicago Basic Financial Statements for the Year Ended December 31, 2021".

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Table 9. City Fund Structure

Purpose

General Fund

Federal, State and Local Grants Fund

Special Taxing Areas Fund

Service Concession and Reserve Fund

Bond, note Redemption and Interest Fund

Community Development and Improvement Projects Fund

STSC Debt Service Fund

Pension Fund

Special Revenue Funds

Proprietary Funds

The General Fund is the City's general operating fund and supports essential City services and activities, such as police and fire protection, trash collection and public health programs. The General Fund also supports a portion of the City's share of pension contributions for its employees. General Fund revenues come primarily from a variety of local and intergovernmental taxes, fees and fines. See "- General Fund" below.

Grant funding, largely from the State and federal governments, makes up a significant and recurring source of revenue for the City and is utilized to provide a range of City services and certain capital improvements.

The Special Taxing Areas Fund accounts for expenditures for special area operations and maintenance and for redevelopment project costs as provided by tax levies on special areas, including TIF Districts (as hereinafter defined).

Established in connection with the long-term lease/concession of City assets to create reserves for unexpected contingencies, emergencies or revenue shortfalls. These reserves are not included in the City's annual operating budget. See "-BUDGET STABILIZATION FUND-Asset Lease and Concession Reserves" below.

Accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax and

investment income.

The Community Development and Improvement Projects Fund accounts for proceeds of debt used to acquire property, finance construction and finance authorized expenditures and supporting services for various activities. See "CHICAGO WORKS" above.

The STSC Debt Service Fund accounts for the expenditures for principal and interest as provided by sales tax revenues.

The Pension Fund accounts for the City's contribution to the City's four Employees' Annuity and Benefit Funds as provided by the tax levy and other sources of revenue, including the allocable share from special revenue and proprietary funds.

The City's special revenue funds (the "Special Revenue Funds") are used to account for revenue from specific sources that by law are designated to finance particular functions, such as road repair, snow removal, the library system, emergency management and special events and tourism promotion.

The City's proprietary funds (the "Enterprise Funds") include the water fund, the sewer fund and a separate fund for each of the City's major airports. These funds are self-supporting, since each fund derives its revenue from charges and associated user fees.

The revenue sources of the Federal, State and Local Grants Fund; the Community Development and Improvement Projects Fund; and the Enterprise Funds are restricted as to use by law, and the revenue sources of the Special Revenue Funds are largely dedicated to specific services and functions. The revenues from these funds are not otherwise available to pay for general Citywide expenses, including debt service on the City's general obligation bonds or notes

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(including the Series 2023 Bonds) and the City's pension costs exceeding amounts properly allocable to the funds.

General Fund

The City has historically presented information on the City's Corporate Fund in connection with its general obligation bond issues. The Corporate Fund comprises approximately 99.0 percent and non-major operating funds (with fund balances not restricted or committed consistent with the Governmental Accounting Standards Board ("GASB")) comprise the remaining 1.0 percent of the City's General Fund, which is the City's primary operating fund and accounts for all of the City's sources and uses of general operating revenue. The General Fund, and not the Corporate Fund, is included in the City's basic financial statements. The City is presenting information in this Official Statement about the General Fund in order to facilitate the reader's review of the City's basic financial statements. See "Appendix G - City of Chicago Basic Financial Statements for the Year Ended December 31, 2021".

The General Fund does not account for certain portions of the City's pension obligations including those that are paid from the City's property tax levy and the Enterprise Funds, nor does it account for the principal and interest payments on the City's long-term general obligation bonds that are paid from the property tax levy. For information regarding the use of the City's property taxes for the payment of pension costs and general obligation bond debt service, see "-Property Taxes - Use of City Property Tax Levy" below.

Selected Financial Information

The following Table 10. General Fund - Resources, Expenditures and Changes in Fund Balances sets forth revenues and other financing sources (collectively, "Resources"), expenditures and other financing uses and changes in fund balance for the General Fund on a historical basis for the years 2017 to 2021. The financial information is based on the modified accrual basis of accounting for the General Fund as reported in the City's audited basic financial statements for the years 2017 to 2021, respectively. Table 10. General Fund - Resources, Expenditures and Changes in Fund Balances should be read in conjunction with the financial information set forth in "Appendix G - City of Chicago Basic Financial Statements for the Year Ended December 31, 2021".

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Table 10. General Fund - Resources, Expenditures and Changes in Fund Balances (Fiscal Years 2017-2021) (\$ in thousands)

[illegible]

\$3,454,858	\$3,597,453	\$3,752,341	\$3,668,057	\$4,683,948
\$ 104,601	\$ (455,704)	\$ (459,569)	\$ (593,876)	\$ (51,439)
\$ 608,221	19,321	(127,390)		
			150,810	29,417
			(268,263)	
				\$ 615,744
				35,136
				(190,524)
				<u>640,589</u>
				31,589
				(306,743)
			\$ 450,000	
\$ 475,657	24,827	(336,542)		
\$ 16,565	\$ 44,448	\$		
\$ (88,036)	\$ 500,152	\$ 460,356	\$ 613,942	\$ 365,217
				269,582
				2,214
				\$ 359,485
				5,878
				<u>335,923</u>
				3,496
787	\$ 20,066	\$ 313,778		
			288,361	\$ 332,327
			(482)	2,809
\$ 288,361	\$ 332,327	\$ 335,923	\$ 359,485	\$ 679,141

"Sales Tax" does not include State-Collected Sales Tax Revenues sold to STSC after the December 14, 2017 date of sale of the State-Collected Sales Tax Revenues "Transfers In" includes Residual Sales Tax Revenues received by the City from STSC See "-General Fund Revenues - Sales Taxes" and "-Other Financing Sources (Uses)" below. Includes the City's share of state income taxes, including personal property tax replacement taxes.

Includes Transaction, Transportation, Recreation and Business Taxes, as well as the City's share of the State Auto Rental Tax.
Includes Internal Service, Licenses and Permits, Fines, Investment Income, Charges for Services and Miscellaneous Revenues

"Public Safety" expenditures consist of operating expenses related to the Office of Public Safety Administration, CPD, OEMC, CFD, COPA, Department of Buildings, Department of Business Affairs and Consumer Protection and Commission on Animal Care and Control

Includes Health, Streets and Sanitation, Transportation, Cultural and Recreational, Employee Pensions and Other Current Expenditures. Represents debt service on general obligation bonds that are not paid from an annual property tax levy See "GENERAL OBLIGATION DEBT-Long-Term General Obligation Debt."

Includes transfers to the Pension Fund for annual budgeted pension fund contributions. In 2021, transfers out to the Pension Fund from the General Fund were \$90.4 million.

Fund Balance - End of Year for 2021 includes unassigned fund balance of \$318.1 million (see Table 17. Total Budget Stabilization Funds (Fiscal Years 2012-2021) (\$ In Millions)).

Sources: The respective City of Chicago Comprehensive Annual Financial Report ("City CAFR"), Exhibit 4, for the years 2016 through 2019, the City of Chicago Annual Comprehensive Financial Report for the Year Ended December 31, 2020 (the "2020 City ACFR"), Exhibit 4, and the City of Chicago Annual Comprehensive Financial Report for the Year Ended December 31, 2021 (the "2021 City ACFR", and together with the 2020 City ACFR, the "2020 and 2021 City ACFR"), Exhibit 4. Totals may not sum due to rounding.

General Fund Revenues

The General Fund's revenue sources consist of utility taxes, sales taxes, State income taxes, other taxes, federal and State grants and other revenues. With the exception of federal and state grants, which are less than 1 percent of overall General Fund revenues, the various sources of General Fund revenues are described below.

Utility Taxes

Utility taxes consist of taxes on the purchase of telecommunications services, electricity, natural gas and cable television. The following Table 11. Utility Tax Revenue sets forth the sources of utility tax revenue

for the years 2017 through 2021. Overall utility tax revenues saw a six percent decline from 2019 to 2020, partially due to the effects of the COVID-19 pandemic, including the reduced use of utilities due to employees working from home. Utility taxes increased by four percent from 2020 to 2021 due largely to employees returning to work from working from home.

Table 11. Utility Tax Revenue (Fiscal Years 2017-2021) (\$ in thousands)

	2017	2018	2019	2020	2021
Gas	\$124,681	\$128,580	\$128,293	\$114,354	\$134,297
Electric	95,389	98,510	96,097	93,920	95,737
Commonwealth Edison	88,311	90,847	88,601	86,129	66,820
Telecommunication	101,892	87,440	77,613	73,002	87,674
Cable Television	28,706	26,683	26,056	23,963	23,483
Total Utility Tax	\$438,979	\$432,060	\$416,660	\$391,368	\$408,011

Sources: Respective City CAFR, Schedule A-1, for the years 2016 through 2019; 2020 and 2021 City ACFR, Schedule A-1. Totals may not sum due to rounding.

Gas Taxes

The City imposes two natural gas-related taxes. The natural gas occupation tax is an 8.0 percent tax imposed on gross receipts for gas and delivery charges. The natural gas use tax is imposed at a rate of 6.3 cents per therm on entities not subject to the natural gas occupation tax. Natural gas tax collections are highly dependent upon weather conditions and price. Colder weather increases consumption and associated tax revenues, as natural gas is used to heat homes and buildings. Because the natural gas occupation tax is a percentage of gross revenues as opposed to a per-unit rate, these revenues are more directly impacted by price than electricity taxes, which are imposed entirely on a per-unit basis.

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Electric and Commonwealth Edison Taxes

The City's electricity taxes (shown in Table 11. Utility Tax Revenue above under "Electric" and "Commonwealth Edison") are charged based on the number of kilowatt hours of electricity used. Revenues from electricity taxes are dependent upon consumption and weather conditions, particularly summer temperatures due to the electricity needed to cool homes and buildings. Electricity rates, conservation efforts and technological changes that contribute to energy efficiency also affect the amount of electricity used and thus revenue from these taxes.

Telecommunications Tax

Revenue from telecommunications taxes, which are levied by the City on charges for landline telephone services in the City, has declined over the past decade, reflecting trends in the industry and consumer preferences. The overall decline in revenues was due in part to the continuing reduction in the use of landlines as more customers rely solely on wireless services, as well as a decline in the number of wireless accounts as use of online communication services has increased. In addition, federal law exempts most wireless data services, such as mobile broadband, from taxation. Consequently, growth in the market for such wireless services has resulted in decreased telecommunications tax revenues for the City.

Sales Taxes

Sales Taxes include certain sales taxes revenues collected by the City ("City-Collected Sales Tax Revenues") and sales tax revenues collected by the State ("State-Collected Sales Tax Revenues"). On December 14, 2017, the City entered into an Assignment, Purchase and Sale Agreement with STSC (as amended, the "STSC Agreement"), pursuant to which the City sold to STSC the City's rights to receive State-Collected Sales Tax Revenues, and in return the City received the proceeds of bonds issued by STSC and secured by such State-Collected Sales Tax Revenues (the "STSC Transaction"). In conjunction with STSC's issuance of its Second Lien Sales Tax Securitization Bonds, Series 2020A and Taxable Series 2020B, and the issuance of its Second Lien Sales Tax Securitization Bonds, Series 2021A and Taxable Series 2021B, the STSC Agreement was amended by a First and a Second Amendment to Assignment, Purchase and Sale Agreement, each respectively dated as of January 30, 2020, and as of December 22, 2021.

STSC uses the State-Collected Sales Tax Revenues to pay its operating expenses and pay debt service on STSC's bonds. Thereafter, any remaining State-Collected Sales Tax Revenues (the "Residual Sales Tax Revenues") are transferred to the City and are recorded in the City's General Fund as "Transfers In" rather than recorded as "Revenues," as they were previously. Sales Taxes in the General Fund for 2017 onward are reduced as a result of the sale of the State-Collected Sales Tax Revenues to STSC. Transfers In in the General Fund for 2017 onward are increased as a result of deposits of Residual Sales Tax Revenues from STSC for those years; see "- Other Financing Sources (Uses)" below. Residual Sales Tax Revenues transferred to the City decreased by 23 percent between 2019 and 2020 due to increased withholdings for debt service by STSC and decreased economic activity as a result of the COVID-19 pandemic. Residual Sales Tax Revenues increased by 41 percent between 2020 and 2021, due to economic recovery from the COVID-19 pandemic, partially offset by increases in withholding for STSC debt service.

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City-Collected Sales Tax Revenues consist of the use tax on non-titled personal property and 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. City-Collected Sales Tax Revenues were not sold to STSC and continue to be recorded in the City's General Fund as revenues. City-Collected Sales Tax Revenues declined by eight percent from 2019 to 2020, due to reductions in business and restaurant activity as a result of the COVID-19 pandemic and increased by 32 percent from 2020 to 2021 as the economy recovered.

State Income Taxes

State income tax revenues consist of the City's share of the state income taxes, including personal property tax replacement taxes ("PPRT"). The following Table 12. State Income Taxes sets forth sources of state income tax revenue received by the General Fund for the years 2017 through 2021. State income taxes increased by 53 percent from 2020 to 2021, due to higher individual and corporate earnings and an expansion of the tax base due to changes to the Illinois Income Tax Act ("IITA") from Public Act 102-0016. These IITA changes included decoupling from federal 100 percent bonus depreciation, limitations on the use of net loss deductions, and changes to foreign dividends reporting.

Table 12. State Income Taxes (Fiscal Years 2017-2021) (\$ in thousands)

	2017	2018	2019	2020	2021
Income Taxes	\$239,894	\$255,028	\$284,220	\$321,432	\$376,733
PPRT	148,342	137,421	185,594	165,830	370,734

Total State Income

Tax

\$388,236 \$392,449 \$469,814 \$487,262 \$747,467

Sources: Respective City CAFR, Schedule A-1, for the years 2017 through 2019; 2020 and 2021 City ACFR, Schedule A-1. Totals may not sum due to rounding.

Income Tax

Income tax revenues are impacted by a combination of factors, including employment rates, population, federal rules and the timing of state distributions. The City's share of State income tax revenues can vary with changes in the State's personal and corporate income tax rates and/or changes to the percentage of total income tax receipts paid into the Local Government Distributive Fund (the "LGDF"). The LGDF is the fund from which all municipalities and counties in the State are paid their share of Illinois Individual Income Tax revenue and most of their share of Corporate Income Tax revenue, with the remainder of Corporate Income Tax revenues distributed through PPRT.

Distributions from LGDF are based on a municipality's share of the State's population or a county's unincorporated population as a share of the State's population.

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Table 13. Historical Income Tax Rates and Income Tax Revenue Shares Distributed below shows the changes in income tax rates over time and the changes in the share of income tax revenue distributed to local governments through the LGDF.

Table 13. Historical Income Tax Rates and Income Tax Revenue Shares Distributed

Period Beginning

January 1, 2011 January 1, 2015 July 1, 2017 July 1, 2018 July 1, 2020 August 1, 2022

Period Ending

December 31, 2014 June 30, 2017 June 30, 2018 June 30, 2020 July 31, 2022

Income Tax Rates Individual Corporate

5.00% 7.00% 3.75 5.25 4.95 7.00 4.95 7.00 4.95 7.00 4.95 7.00
6.00%
8.00
6.06
6.06
6.06
6.16

LGDE Share of Net Income Tax Revenues Individual Corporate

6.86%

9.14
6.85
6.85
6.85
6.85

LGDF Reduction

10.00% 5.00

Effective LGDF Share of Net Income Tax Revenues Individual Corporate

6.00%	6.86%
8.00	9.14
5.45	6.17
5.76	6.51
6.06	6.85
6.16	6.82

Note: During State fiscal year 2018, a special provision in the State's FY2018 Budget Implementation Act provided for a reduction of 10 percent of deposits into the LGDF. The "Effective LGDF Share of Net Income Tax Revenues" shows the effect of this reduction on municipalities and counties. Similar provisions were enacted in the State's FY2019 Budget Implementation Act and the State's FY2020 Budget Implementation Act, as well; though, in those two fiscal years, the reduction was 5 percent rather than 10 percent.

In 2018, the State began depositing income tax revenue directly into the LGDF instead of the revenue first passing through the State's general revenue fund with a subsequent transfer to the LGDF. The State reduced the amount deposited into the LGDF by another 10.0 percent for State fiscal year 2018. For the State's fiscal years 2019 and 2020, the amount deposited into LGDF was reduced by 5.0 percent. There was no reduction in State fiscal years 2021 or 2022. In addition to the increased revenue due to the elimination of the reduction, the City expects an increase in revenues due to the City's population reported in the 2020 Census. Distribution through LGDF is distributed to municipalities and counties based on population; accordingly, the increase in the City's population as a percentage of the State's population also increases the City's share of LGDF. The City also expects an increase in revenues due to the August 1, 2022 increase of the share of individual income taxes being distributed through LGDF.

Personal Property Tax Replacement Taxes

PPRT derive revenues primarily from an additional State income tax levied by the State on corporations, partnerships, trusts and S corporations. Currently, corporations pay a 2.5 percent tax on income, while partnerships, trusts and S corporations pay a 1.5 percent tax on income. PPRT also derive some revenues from various taxes imposed on utilities at various rates. PPRT are collected by the State and paid to local governments in order to replace revenues that were lost when the State eliminated the authority of local governments to collect personal property taxes on business entities.

Other Taxes

Other tax revenues consist of various taxes imposed by the City, such as transportation taxes, transaction taxes, recreation taxes, and business taxes, as well as the City's share of the State

auto rental tax. The following Table 14. Other Taxes sets forth sources of other tax revenue for the years 2017 through 2021.

Table 14. Other Taxes (Fiscal Years 2017-2021)(\$ in thousands)

	2017	2018	2019	2020	2021
Transportation Taxes					
Parking	\$ 135,363	\$ 133,997	\$ 144,064	\$ 65,360	\$ 104,627
Vehicle Fuel	54,230	53,676	54,076	34,113	54,896
Ground Transportation	85,406	119,411	138,818	94,439	96,172
Transaction Taxes					
Real Property	\$ 161,737	\$ 175,500	\$ 152,420	\$ 130,318	\$ 184,144
Personal Property Lease	265,724	295,432	328,670	344,131	491,143
Motor Vehicle Lessor	6,757	6,575	6,696	3,015	4,129
Recreation Taxes					
Amusement	\$ 172,617	\$ 195,500	\$ 196,547	\$ 104,273	\$ 159,134
Automatic Amusement	443	376	397	384	300
Liquor	32,631	33,012	31,978	27,478	29,832
Boat Mooring	1,303	1,841	1,057	990	1,530
Cigarette	21,254	21,269	19,786	20,815	17,365
Cannabis	--	1,731	5,096		
Off Track Betting	554	477	431	251	301
Soft Drink	24,338	27,040	25,305	22,202	25,880
Business Taxes					
Hotel	\$ 131,609	\$ 130,393	\$ 133,681	\$ 25,672	\$ 65,467
Foreign Fire Insurance	5,603	5,131	5,483	6,146	7,790
Shopping Bag Tax	5,642	6,391	6,396	6,258	7,477
State Auto Rental Taxes	\$ 4,137	\$ 4,115	\$ 4,442	\$ 2,083	\$ 3,937
Total Other Taxes	\$1,109,348	\$1,210,136	\$1,250,247	\$ 889,659	\$1,259,220

Sources: Respective City CAFR, Schedule A-1, for the years 2017 through 2019; 2020 and 2021 City ACFR, Schedule A-1.
Totals may not sum due to rounding.

With the exception of "State Auto Rental Taxes," which are immaterial, the various sources of other taxes are described below.

Transportation Taxes

Transportation tax revenues include taxes on vehicle fuel, garage parking and hired ground transportation. Transportation taxes saw a 42 percent reduction from 2019 to 2020 due to the effects of the COVID-19 pandemic. Due to increased vehicle fuel and parking tax revenue resulting from the recovery from the pandemic, transportation taxes have seen a 32 percent increase from 2020 to 2021.

this category of revenues, except for 2020 due to the pandemic. The City increased parking garage taxes by 2.0 percent in 2015 that contributed to revenue growth. The current parking garage tax rate is 22.0 percent on total charges for daily parking during the work week, weekly and monthly parking; 20.0 percent on total charges for daily parking on the weekends; and 20.0 percent of the gross amount of consideration received by a valet parking business in connection with its valet parking operations in the City, including all related service fees or similar charges.

As of January 1, 2021 the Vehicle Fuel Tax is 8 cents per gallon except for aviation fuel which is taxed at 5 cents per gallon. The revenues from the tax on aviation fuel is subject to the use requirements of 49 U.S.C. § 47107(b) and 49 U.S.C. § 47133, which require that the revenues be used for airport-related purposes.

In recent years the City has included a number of revisions to the ground transportation tax. In 2015, a \$5.00 per trip surcharge on all transportation network provider ("TNP") vehicles for airport, Navy Pier and McCormick Place pick-up and drop-off went into effect. Before November 2015, TNP companies were not authorized to pick up at Chicago airports, though they were authorized to pick up at Navy Pier and McCormick Place with no surcharge. There was no surcharge associated with drop-offs at any of these locations. The \$5.00 per trip surcharge went into effect in November 2015. In 2017, the City implemented an additional fee on ground transportation providers, a portion of the revenues from which are designated to fund transportation capital infrastructure.

Beginning in January 2020, the City introduced a new pricing structure for TNP vehicles intended to help reduce congestion in the central business district.

- Single-rider vehicles would have a surcharge of \$1.13 per vehicle per ride, plus \$1.75 per vehicle per ride that includes a pickup, drop-off or both within the central business district.
- Shared rides would have a surcharge of \$0.53 per vehicle per ride, plus \$0.60 per vehicle per ride that includes a pickup, drop-off or both within the central business district.
- The additional surcharge for trips into or from the central business district applies only between 6:00 a.m. and 10:00 p.m. on weekdays.
- Both single-rider vehicles and shared rides are still subject to the additional \$5.00 surcharge for each trip that includes a pickup, drop-off or both at an airport, Navy Pier or McCormick Place.

As a result of expanded service areas and increases in usage and rates, ground transportation revenues increased from \$10.4 million in 2014 to \$138.8 million in 2019, with a reduction to \$94.4 million in 2020 (a \$44.4 million, or 32 percent, decrease) and \$96.2 million in 2021, due to dramatically reduced levels of commuting and TNP ridership as a result of the COVID-19 pandemic.

Transaction Taxes

Transaction taxes include taxes on the transfer of real estate, the lease or rental of personal property, and the short-term lease of motor vehicles within the City. Transaction taxes declined by 2 percent between 2019 and 2020 due to the COVID-19 pandemic, and have increased by 42 percent between 2020 and 2021, primarily due to the increase of real property transactions and growth in non-possessory leases of certain cloud products. In 2021, there were more taxable real estate transactions than in any year since 2015.

The transaction tax on real property transactions is imposed at a rate of \$3.75 per \$500 value of the transferred property. Fluctuations in these revenue sources track closely with the economy and the real estate market and commercial and residential real estate activity and pricing impacted revenues during this time period.

Historically, the City had assessed a tax on companies for leasing software and computers that perform various business functions. Over time, companies have moved to accessing certain services through cloud applications and technology. The City increased the rate on non-possessory leases of certain cloud products to 7.25 percent effective January 1, 2020 and to 9.0 percent effective January 1, 2021 to match the tax for all personal property lease tax at 9.0 percent.

Recreation Taxes

Recreation taxes include taxes on amusement activities and devices, liquor, the mooring of boats, cigarettes, cannabis, off-track betting and non-alcoholic beverages. Recreation taxes declined by 35 percent between 2019 and 2020 due to business and live event closures as well as reduced tourism and leisure activity as a result of the COVID-19 pandemic. Recreation taxes increased by 34 percent between 2020 and 2021 due to the reopening of business and live events as well as increased tourism and leisure activity as the City was recovering from the COVID-19 pandemic.

Amusement taxes apply to most large sporting events, theater and musical performances in the City. Amusement tax revenues vary significantly from year to year due to a variety of factors, including tourism and the cost of attending live performances and sporting events. The current amusement tax rate of 9.0 percent is applied to charges to view live theatrical, live musical, or other live cultural performances that take place in a venue with a capacity of more than 1,500 people; there is no amusement tax for live theatrical, live musical or other live cultural performances in venues with a capacity of 1,500 people or fewer. For all other types of amusement activities, the tax rate is 9.0 percent. Amusement tax revenue is impacted by any post-season play of Chicago sports teams; the popularity of certain shows and theater performances opening in Chicago; economic factors; rate changes; and phase-outs of certain special exemptions. The phase-out of the partial tax exemption cable television companies received was eliminated in 2014, and 2015 was the first year that special seating areas, such as skyboxes, were taxed at the full rate.

Cigarette tax revenues declined from 2017 through 2019. After an increase of 5 percent in cigarette tax revenues from 2019 to 2020, cigarette tax revenues decreased by 17 percent in 2021. The overall trend of decline in smoking and a decrease in cigarette purchases in the City continued, as the tax rate increased in recent years. In 2016, the City started taxing liquid nicotine or "e-

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cigarettes." The tax was raised in 2019. The tax has two parts: a \$ 1.20 per milliliter of consumable liquid and a \$1.50 per product unit of consumable liquid. A product unit includes single-use e-cigarettes, replacement cartridges and bottles of e-liquid.

Business Taxes

The City's business tax revenues currently consist of revenue from taxes on hotel accommodations, foreign fire insurance tax and the checkout bag tax. Foreign fire insurance and checkout bag taxes are excluded from the more detailed discussion of business taxes below because the amounts received therefrom are immaterial. The City's business taxes declined by 74 percent from 2019 to 2020, driven by a reduction in hotel occupancy due to business and live event closures as well as reduced tourism and leisure activity as a result of the COVID-19 pandemic. The City's business taxes increased by 111 percent from 2020 to 2021, primarily driven by an increase in hotel occupancy due to the post-pandemic business recovery and the increased live events, tourism and leisure activity.

The City's hotel tax receipts have historically benefited from growth in tourism and business travel, as well as changes to the tax rate and the implementation of a surcharge on vacation rentals and shared housing units. Since 2012, the City has made a number of adjustments to the hotel tax rate and its application to new industries to significantly grow

tax revenue. In February 2015, the City began requiring website booking facilitators, also called home sharing facilitators, to collect the hotel accommodations tax on transactions facilitated by their websites. Additionally, starting in July 2016, the City implemented a 4.0 percent surcharge on rental of licensed vacation rentals and home sharing units. In May 2017, the City received a net settlement payment of over \$12 million from the resolution of a decade-long litigation related to payment of the City's hotel tax by internet hotel booking websites. Effective December 2018, the hotel base rate is 4.5 percent of the gross rental or leasing charge. For vacation rentals and shared housing units, a 6.0 percent surcharge in addition to the 4.5 percent base rate for a total City tax rate of 10.5 percent of the gross rental or leasing charge.

Other Revenues

Other revenues consist of internal service, licenses and permits, fines, investment income, charges for services, municipal utilities, leases, rentals and sales, and miscellaneous revenues. The following Table 15. Other Revenues sets forth the sources of other revenues for the years 2017 through 2021. Overall, other revenues increased by 21 percent from 2019 to 2020, due primarily to increase in internal service, charges for service and miscellaneous, offset by decreases in the remaining other revenues due to the effects of the pandemic. Other revenues increased 2 percent between 2020 and 2021, due to increases in revenues derived from charges for services and fines, offset by decreases in internal service and investment income.

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Table 15. Other Revenues (Fiscal Years 2017-2021) (\$ in thousands)

	2017	2018	2019	2020
Internal Service Licenses and Permits Fines				
Investment Income Charges for Services Municipal Utilities Leases, Rentals and Sales Miscellaneous				
\$ 347,738	\$ 270,172	\$ 283,067	\$ 444,572	\$ 385,557
133,500	139,792	135,980	107,810	115,588
344,925	336,900	319,182	230,638	315,965
6,978	1,627	31,353	24,140	(4,963)
182,148	185,728	196,488	375,545	391,211
7,654	7,761	7,724	7,055	7,371
25,885	35,724	41,954	11,303	15,477
71,194	68,970	75,039	122,308	125,532
Total Other Revenues	\$1,120,022	\$1,046,674	\$1,090,787	\$1,323,371
			\$1,351,738	

¹ "Total Other Revenues" of \$1,352 billion and "Internal Service" amounts of \$385,557 million, as set forth in the 2021 City ACFR, Schedule A-1, and shown here, may be inconsistent with amounts shown in Table 10. General Fund - Resources, Expenditures and Changes in Fund Balances, because the amounts set forth in the 2021 City ACFR, Schedule A-1, and shown here, exclude internal service adjustments for in-kind contributions of \$4,372 million that were included in Exhibit 4 of the 2021 City ACFR. See 2021 City ACFR, Footnote 3(b) for more information.

Sources: Respective City CAFR, Schedule A-1, for the years 2017 through 2019; 2020 and 2021 City ACFR, Schedule A-1. Totals may not sum due to rounding.

With the exception of "Investment Income" and "Municipal Utilities," which are immaterial sources, the various categories of other revenues, including major revenue types within the categories, are described below.

Internal Service

Internal service revenues are transfers to the General Fund for services provided to other City funds and departments, such as police, fire and sanitation services provided to the City's Enterprise Funds, and payments from the Board of Education of the City of Chicago ("CBOE") to reimburse the City for contributions made to MEABF (as hereinafter defined) on behalf of CBOE employees who are members of MEABF. See "PENSION BENEFITS PROVIDED BY THE CITY."

Licenses and Permits

License- and permit-related revenue is generated through fees for business licenses, building permits, and various other licenses and permits. License and permit activity often reflects economic health, with more construction commencing and businesses starting up when the economy is strong.

Fines

Fines consist of fines, forfeitures and penalties, including parking tickets, red-light and speed camera tickets and fines for items such as building code violations. Increases in fine and penalty rates and improved debt collection have impacted overall fine, forfeiture and penalty

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revenues, but the COVID-19 pandemic affected revenues in 2020, including the implementation of a number of amnesty and payment plan initiatives in the midst of the COVID-19 pandemic.

Charges for Services

Revenues from charges for services are generated by charging for activities such as inspections, public information requests and other services for private benefit. Revenues in 2016 and beyond reflect the implementation of a fee for garbage collection. In 2019, the State established a Ground Emergency Medical Transportation ("GEMT") program as a federal funding opportunity to allow State agencies that provide emergency medical transportation service for Medicaid patients to receive supplemental reimbursement for unrecovered costs associated with serving those patients. The program allows the City to collect an additional Medicaid reimbursement for ambulance services, above and beyond what the State reimburses the City for Medicaid claims. Further, the City secured increased reimbursement rates for ambulance services from \$180 to \$2,524 for an average trip. GEMT collections for 2021 were \$108 million.

Leases, Rentals and Sales

Revenues generated by the lease or sale of City-owned land, impounded vehicles, and other personal property account for a small percentage of overall General Fund revenue. In recent years, the City has implemented an online auction system for the sale of unneeded surplus materials and equipment. These revenues vary from year to year based on inventory of City property to be leased or sold and the market for such property.

Miscellaneous

Miscellaneous revenues include infrequent or one-time sources of revenues, such as insurance recoveries, settlements, and cash received from fund closeouts, as well as other revenues that do not fall into one of the revenue

categories mentioned above, such as municipal marketing fees and tax increment financing ("TIF") surpluses.

General Fund Expenditures

Total General Fund current expenditures have ranged from \$3.4 billion in 2017 to \$4.2 billion in 2021, as shown in Table 10. General Fund - Resources, Expenditures and Changes in Fund Balances. Generally, the relative proportion of total General Fund current expenditures has remained fairly consistent from year to year.

Public Safety

Each year, the largest portion of General Fund expenditures is dedicated to public safety functions, among others, and includes departments such as CPD, CFD and OEMC. This also includes the activities of (i) the Department of Buildings, which ensures the safety of residential and commercial buildings in the City by enforcing design, construction and maintenance standards and promoting conservation and rehabilitation through permitting and inspection processes, and (ii) the Department of Business Affairs and Consumer Protection, such as business licensing and support and consumer protection activities, including the regulation of the local taxicab industry.

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Public safety expenditures represent 56 percent of the General Fund current expenditures in 2021 and increased by \$235.6 million, or 11 percent, between 2020 and 2021.

General Government

General government expenditures support functions necessary to provide essential City services, including accounting and finance, contract management, human resources, legal advice, administrative services, vehicle and facilities maintenance, community services, City development, technology and systems expertise. These expenditures accounted for 36 percent of General Fund current expenditures in 2021 and increased by \$313.8 million, or 26 percent, between 2020 and 2021.

Other Current Expenditures

The following Table 16. Other Current Expenditures sets forth the other current expenditures of the General Fund by function for the years 2017 through 2021. Total other expenditures increased by \$15.1 million, or 7 percent, between 2020 and 2021.

Table 16. Other Current Expenditures (Fiscal Years 2017-2021) (\$ in thousands)

	2017	2018	2019	2020	2021
Health		\$ 30,083	\$ 30,767	\$ 33,612	\$ 33,581
Streets and Sanitation		197,491	206,499	213,451	218,667
Transportation		50,069	54,376	56,627	51,884
Employee Pensions		~	-	~	1,443
Other		-	1,258	7,054	305
					186
Total Other Current Expenditures		\$277,643	\$292,900	\$310,744	\$305,880
					\$320,995

Sources: Respective City CAFR, Exhibit 4, for the years 2017 through 2019; 2020 and 2021 City ACFR, Exhibit 4. Totals may not sum due to rounding.

With the exception of "Employee Pensions" and "Other" expenditures set forth in Table 16. Other Current Expenditures above, which are immaterial in amounts, the categories of Other Current Expenditures are described below.

Health

Health expenditures support the operations of the City's Department of Public Health, including providing health education to residents, access to care, guiding public health initiatives and monitoring and inspecting food establishments.

Streets and Sanitation

Streets and sanitation expenditures support the operations of the Department of Streets and Sanitation, including garbage and recycling collection, sweeping and plowing of streets, graffiti

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removal, cleaning of vacant lots, demolition of garages, towing of illegally parked vehicles, abatement of rodents and planting, trimming and removal of trees.

Transportation

Transportation expenditures support the operations of the Department of Transportation. These funds are used to build, repair, and maintain streets, sidewalks, and bridges and complete the planning and engineering behind the City's transportation infrastructure. Much of the Department of Transportation's major infrastructure construction is funded through State and federal grants, general obligation bond financing, TIF revenues and other sources, and thus construction is not represented as a General Fund expenditure.

Other Financing Sources (Uses)

Other Financing Sources (Uses) recorded in the General Fund include Residual Sales Tax Revenues received from STSC under the STSC Transaction in 2020 in the amount of \$475.7 million and in 2021, in the amount of \$640.6 million. See "- General Fund Revenues - Sales Taxes" above.

Other Financing Sources (Uses) recorded in the General Fund for 2020 and 2021 also include investment income on the City's Asset Lease and Concession Reserves. See "-Budget Stabilization Fund - Asset Lease and Concession Reserves" below.

Other Financing Sources (Uses) recorded in the General Fund also include transfers to the Pension Fund for annual required pension contributions. In 2020 and 2021, transfers to the Pension Fund were \$335.5 million and \$90.4 million, respectively.

Other Financing Sources (Uses) recorded in the General Fund periodically include transfers to the Debt Service Fund for annual required debt service payments. In 2021, the transfer to the Debt Service Fund was \$215.2 million.

Total Other Financing Sources (Uses) were \$365.2 million in 2021. See "GENERAL OBLIGATION DEBT - Short-Term General Obligation Debt."

Budget Stabilization Fund

The City's policy is to maintain sufficient unrestricted fund balances to mitigate current and future risks,

emergencies, or unanticipated budget shortfalls. As part of its financial and budget practices, the City establishes and maintains three sources of the unrestricted budgetary fund balance, referred to collectively as Budget Stabilization Fund or fund balance: (i) Asset Lease and Concession Reserves, (ii) Operating Liquidity Fund and (iii) Unassigned Fund Balance. Current City policy states that the City will maintain an unrestricted budgetary fund balance equivalent to no less than two months of Corporate Fund operating expenses.

In 2021, the City had combined Budget Stabilization Fund amounts of \$1.1 billion. This amount was in excess of the City policy of maintaining two months of Corporate Fund expenditures in 2021, which equaled \$780.7 million. Table 17. Total Budget Stabilization Funds below shows combined Budget Stabilization Funds for the last ten years.

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Table 17. Total Budget Stabilization Funds (Fiscal Years 2012-2021) (\$ in millions) Year-End Balance 2012 2013 2014
2015 2016 2017 2018 2019 2020 2021

Asset Lease and Concession										
Reserves	\$623.0	\$590.2	\$620.0	\$620.0	\$640.2	\$668.3	\$652.5	\$714.7	\$753.3	\$ 729.7
Operating										
Liquidity Fund	-	-	-	5.0	10.0	15.0	25.0	30.0	30.0	50.0
Unassigned Fund										
Balance	33.4	33.9	51.6	93.0	153.7	155.5	161.9	184.7	196.7	318.1
Total Budget Stabilization										
FUNDS	\$656.4	\$624.1	\$671.6	\$718.0	\$803.9	\$838.8	\$839.4	\$929.4	\$980.0	\$1,097.8

Sources: Respective City CAFR, for the years 2012 through 2019; 2020 and 2021 City ACFR. Totals may not sum due to rounding.

Asset Lease and Concession Reserves

The City established long-term reserves of \$500 million and \$400 million, respectively, with proceeds of the upfront payments from the long-term lease of the Chicago Skyway ("Skyway Lease") and the long-term concession for the City's metered parking system ("Metered Parking System Concession"). See "- Long-Term Leases, Concessions of City Facilities" below.

Interest earnings on the long-term reserves have been used for City operating expenses. Some of the principal of the long-term reserve from proceeds of the Metered Parking System Concession was used for City operating expenses from 2009 through 2011. The current aggregate balance of the long-term reserves is approximately \$729.7 million.

Operating Liquidity Fund

In 2016, the City created the Operating Liquidity Fund for purposes of fiscal management. The City has set aside a portion of the assigned fund balance since 2015 for the Operating Liquidity Fund, which is reflected in the City CAFR/ACFR in the assigned fund balance. The City appropriated the balance of the Operating Liquidity Fund as part of the 2021 Budget. However, following the receipt of federal funds and strong recovery in revenues, the Operating Liquidity Fund balance was not drawn. In 2021, the City assigned an additional \$20 million to the Operating Liquidity Fund, bringing the total balance to \$50 million. The \$20 million assignment represents an annual assignment of \$5 million per year for the years 2020 to 2023.

Unassigned Fund Balance

Surplus resources that are not assigned for a specific purpose or otherwise restricted make up the unassigned fund balance. Current City policy states that the City will appropriate no more

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than 1 percent of the value of the annual corporate budget from the prior year's audited unassigned fund balance in the current year's budget.

Capital Improvements

The City's 2023-2027 Five Year Capital Improvement Program includes Chicago Works. The City currently has the largest investment plan in the City's history through Chicago Works, the Chicago Recovery Plan, and INVEST South/West. See "CHICAGO WORKS," "CHICAGO RECOVERY PLAN," and "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES - Social Measures = INVEST South/West."

City Workforce

Personnel-related expenditures, including salaries and wages, pensions, healthcare, overtime pay, workers' compensation and unemployment compensation, account for roughly 80 percent of total Corporate Fund expenditures in recent years and are one of the largest drivers of expense growth.

The City's workforce has decreased slightly from 36,970 budgeted full-time equivalent positions ("FTEs") in 2010 to 36,383 budgeted FTEs in 2023, a decrease of approximately 1.6 percent. While the number of FTEs has decreased, the City's overall personnel-related costs are higher than they were 13 years ago due to contractual and prevailing wage increases and growing pension contributions.

The increase in personnel expenses is primarily due to salary increases resulting from contractual obligations under collective bargaining agreements ("CBAs"). Approximately 90 percent of the City's workforce is represented by unions covered by CBAs. While the overall number of City positions has decreased over the last 10 years, the relative proportion of union positions has increased. The City has CBAs with more than 40 different unions. The CBAs with each of these unions include regular salary increases for the covered employees, resulting in higher personnel costs each year.

The term of the CBA between the City and the Fraternal Order of Police, Lodge No. 7 ("FOP") originally commenced July 1, 2012 and expired June 30, 2017. The City and FOP are in negotiations for a successor agreement. In September 2021, the City and FOP entered into an interim agreement which includes a 20 percent wage increase from July 1, 2017 to January 1, 2025, of which 10.5 percent was retroactive. Wage increases are issued according to the schedule in Table 18. Base Salary Increases by Year in FOP CBA below.

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Table 18. Base Salary Increases by Year in FOP CBA

<u>Date</u>	<u>Base Salary Increase</u>
July 1, 2017	1.00%
January 1, 2018	2.25
January 1, 2019	2.25
January 1, 2020	2.50
January 1, 2021	2.50
January 1, 2022	2.50
January 1, 2023	2.50
January 1, 2024	2.50
January 1, 2025	2Xj()
Total	20.00%

Given the provisions of certain other CBAs, the retroactive wage increase for FOP resulted in retroactive wage increases for certain other City employees, with a total projected retroactive payment of \$377.6 million across all affected CBAs. The 2021 Budget included \$103.3 million for a portion of this cost; the remaining \$274.3 million was addressed through savings generated through the refinancing for savings of outstanding City general obligation bonds and STSC obligations with no increase to future debt service.

The City has a CBA with the Chicago Fire Fighters Union, Local 2 ("Local 2"), the term of which expired in June 2021. The City also has CBAs with the Coalition of Union Public Employees ("COUPE") and with the American Federation of State, County, and Municipal Employees ("AFSCME"), each for the period of 2017 through June 2022; each agreement provides for salary increases totaling 10.5 percent, over the five-year term of the respective agreement. For each of the expired CBAs, the City is currently in negotiations with the relevant union for a successor agreement; the provisions of the expired CBAs remain in effect during these negotiations.

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Table 19. Collective Bargaining agreements

Current CBA Expiration Date

Previous CBA Expiration Date

COUPE (Coalition of Unionized Public Employees) AFSCME, Council 31 (American Federation of State, County, and Municipal Employees, Council 31)

Unit II

ICOP (Illinois Council of Police)

Teamsters, Local 700-Supervising Police Communications Operator (SPCO)

Teamsters, Local 700-Shift Supervisor of Security

Communications Center (SSSCC)

Teamsters, Local 743-Nurses

INA (Illinois Nurses Association)

FOP, Lodge #7 (Fraternal Order of Police)

CFFU, Local 2 (Chicago Fire Fighters Union)

PBPA-Sergeants (Policemen's Benevolent and Protective Association)

PBPA-Lieutenants

PBPA-Captains

June 30, 2022

June 30, 2022 June 30, 2022 June 30, 2022

June 30, 2022

June 30, 2022 June 30, 2022 June 30, 2022 June 30, 2025 June 30, 2021

June 30, 2022 June 30, 2022 June 30, 2022

June 30, 2017

June 30, 2017 December 31, 2017 July 1, 2020

June 30, 2017

June 30, 2017 June 30, 2017 June 30, 2017 June 30, 2017 June 30, 2017

June 30, 2016 June 30, 2016 June 30, 2016

¹ COUPE is a coalition comprised of 30 individual trade collective bargaining units, each of which has its own collective bargaining agreement with the City. The expiration date for all 30 units is the same.

Property Taxes

The City levies ad valorem real property taxes pursuant to its authority as a home rule unit of local government under the Illinois Constitution. Real property taxes represent the single largest revenue source for the City. As part of the City's budget process each year, the City determines the aggregate property tax levy that will be levied in the next fiscal year and collected in the following year.

Equalized Assessed Valuation and Property Taxes

The City's aggregate property tax levy is divided by the equalized assessed value ("Equalized Assessed Valuation" or "EAV") of all property in the City to determine the tax rate that will be applied to an individual taxpayer's property. The tax rate is applied to the EAV of the taxpayer's property to determine the tax bill. Changes in EAV do not affect the

amount of the City's property tax revenue because the City's property taxes are levied at a flat dollar amount. For information on real property assessment, tax levy and tax collection in Cook County, see "Appendix E - City of Chicago Property Taxes" and "INVESTMENT CONSIDERATIONS - PROPERTY Tax DELAY".

The following Table 20. Assessed, Equalized Assessed and Estimated Value of All Taxable Property and Table 21. Property Taxes for All City Funds, Collections and Estimated Allowance for Uncollectible Taxes present statistical data regarding the City's property tax base, tax rates, tax levies and tax collections from 2012 forward.

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Revenue from the City's property tax levy has been utilized primarily to pay the City's debt service and employer pension contributions. A small amount of the levy is allocated to the library system.

The amounts and tax rates of the City's property tax levy for debt service and employer pension contribution by Retirement Fund (as hereinafter defined) are set forth in the following Table 22. Property Tax Levies and Table 23. Property Tax Rates Per \$ 100 of Equalized Assessed Valuation for the years indicated.

Uses of Property Tax Levies ¹							
Note Redemption and Interest ²	\$ 85,920	6.84%	\$ 100,920	17.46%	\$ 119,356	18.27%	\$ 119,362
	0.00%						
Bond Redemption and Interest	455,537	3.68	423,745	(6.98)	434,941	2.64	

124,568	(71.36)						
PABF ³	546,622	11.40	552,926	1.15	592,661	7.19	
801,466	35.23						
MEABF ³	124,706	0.00	178,209	42.90	124,706	(30.02)	
172,165	38.06						
FABF ³	223,116	4.94	229,420	2.83	257,077	12.06	
359,474	39.83						
<u>LABF³</u>	<u>11,070</u>	<u>0.00</u>	<u>28,882</u>		<u>160.90</u>		
<u>11,070</u>	<u>(61.67)</u>	<u>55,964</u>	<u>405.54</u>				
Total	\$1,446,971	6.48%	\$1,514,102	4.64%	\$1,539,811	1.70%	\$1,632,999 6.05%

¹ Does not include the levy for the School Building and Improvement Fund, which is accounted for in an agency fund.

² Includes Corporate, Chicago Public Library Maintenance and Operations, Chicago Public Library Building and Sites and City Relief Funds.

³ For information regarding the City's unfunded pension obligations, see "PENSION BENEFITS PROVIDED BY THE CITY - Funded Status of the Retirement Funds."

Source: Cook County Clerk's Office. Totals may not sum due to rounding.

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Table 23. Property Tax Rates Per \$100 of Equalized Assessed Valuation (2012-2021)

Tax Levy Year

Tax Extension (\$ in thousands)¹

Bond, Note Redemption and Interest³

Municipal

Policemen's Employees' Annuity and Annuity and Benefit Benefit

Firemen's Annuity and Benefit

Laborers' and Retirement Board Employees' Annuity and Benefit

2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

834,636 838,254 861,416 1,186,625 1,296,899 1,358,882 1,446,971 1,514,102 1,539,657
1,632,999
0.743170 0.779280 0.784415 0.717817 0.690240 0.677060 0.627160 0.597399 0.619162 0.251659
0.220459 0.221494 0.210554 0.510054 0.615146 0.639138 0.633142 0.629577 0.662014 0.826865
0.197892 0.195713 0.189848 0.175716 0.168467 0.162434 0.144445 0.202914 0.139299 0.177621
0.100313 0.130700 0.125339 0.252815 0.263192 0.276949 0.258431 0.261224 0.287160 0.370866
0.017166 0.016813 0.016844 0.015598 0.014955 0.014419 0.012822 0.032886 0.012365 0.057737
1.279 1.344 1.327 1.672 1.752 1.770 1.676 1.724 1.719 1.685

¹ Does not include levy for Special Service Areas, and net of collections for TIF Districts.

² Does not include levy for the Schools Building and Improvement Fund, which is accounted for in an agency fund.

³ Includes rates from the Chicago Public Library Bond, Note Redemption and Interest Fund.

Source: Cook County Clerk's Office. Totals may not sum due to rounding.

The majority of the tax levy increases in 2015 through 2018 reflect the \$543 million four-year phase-in of higher property taxes to fund the City's contributions to PABF and FABF (each as hereinafter defined). See "PENSION BENEFITS PROVIDED BY THE CITY - Determination of City's Contributions."

The City is one of several taxing districts reflected on a City resident's property tax bill. The amount of property taxes collected by Cook County is divided among these districts. For information on property taxes levied on real property within the City by overlapping taxing districts, see "- Overlapping Taxing Districts" below.

TIF Districts

In addition to the revenues the City receives from its general property tax levy, the City derives property tax revenue from the City's TIF redevelopment project areas ("TIF Districts"). TIF revenue must be utilized for specific types of expenses in specific districts and is not available for non-specified governmental uses. The City's TIF program began in 1984 with the goal of promoting business, industrial, and residential development in areas of the City that struggled to attract or retain housing, jobs, or commercial activity. The program is governed by a State law that allows municipalities to capture property tax revenues derived from the EAV growth above the base EAV that existed before an area was designated as a TIF District for the term of the TIF District, and to use that money (the tax increment) for job training, public improvements and incentives to attract private investment to the area.

When a TIF District ends, or the City, under certain circumstances, declares a surplus in the TIF District, the City returns the surplus funds to the Cook County Treasurer for distribution to the overlapping taxing districts based upon each district's share of the aggregate tax rate under the applicable tax code. Such surplus declaration occurs typically during the City's annual budget process.

Additionally, beginning in mid-2015, the City froze spending on new projects other than critical infrastructure in seven downtown TIF Districts. The City plans to declare as surplus all revenue not needed for current and committed projects in those TIF Districts. In addition, once all obligations are paid, it is expected that many of those TIF Districts will be terminated.

Set forth in the following Table 24. TIF Surplus is information about the amount of money returned to taxing districts from declared surplus or the expiration, repeal or termination of TIF Districts from 2017 through 2022 returned and the amount of money expected to be returned to taxing districts from surplus or the expiration, repeal or termination of TIF Districts in 2023.

Table 24. TIF Surplus (2017-2023) (\$ in millions) 2017 2018 2019 2020 2021
2022 2023

Declared	\$172.7	\$171.1	\$157.5	\$294.6	\$300.7	\$223.2	\$375.7
Expiration - - 2.1				2.6	11.9	47.1	7.3
Repeal							
Termination	4.0	-	16.1	3.0	-	L3	12.0
Total	\$176.7	\$171.1	\$175.7	\$300.2	\$312.6	\$271.6	\$395.0

Note: Totals may not sum due to rounding.

Upon the expiration, repeal or termination of TIF Districts, the incremental EAV of the district becomes a part of the aggregate EAV that is available to all overlapping taxing districts. Taxing districts, including the City, have the ability to recover their portion of the revenue from the incremental EAV by adding it to their levy following a TIF District's dissolution; this is considered to be "New Property" for levy purposes.

This practice yielded incremental EAV available to the City from 2019 through 2022 and is expected to yield incremental EAV available to the City in 2023 as set forth in Table 25. Expired TIF Districts and Recovered Incremental EAV below. The City is expected to continue to benefit from this "New Property" levy increase on an annual basis as TIF Districts are repealed, terminated or expire. The City has expired 18 TIFs since May 2019.

Table 25. Expired TIF Districts and Recovered Incremental EAV (2019-2023)

	(\$ IN MILLIONS) 2019 2020 2021 2022 2023				
Expired TIF Districts	4	4	3	7	10
Incremental EAV					
Recovered by the City	\$1-7	\$59.9	\$531.5	\$360.7	\$607.1

Overlapping Taxing Districts

Various governmental entities operate as separate, independent units of government and have authority to issue bonds and levy taxes on real property within the City. The major governmental entities, or overlapping taxing districts, are the CBOE; Cook County; Metropolitan Water Reclamation District of Greater Chicago ("MWRD"); the Park District; Community College District No. 508, County of Cook and State of Illinois ("City Colleges"); and the Forest Preserve District of Cook County ("Forest Preserve").

These governmental entities, other than Cook County, lack home rule status; accordingly, the amount by which they can increase their annual property tax levy is limited by tax cap legislation unless they obtain voter approval or State legislative authorization. The City can give no assurance as to whether, and to what extent, property taxes levied by overlapping taxing districts may increase in coming years.

The combined property tax rates of the City and overlapping taxing districts are set forth in Table 26. Combined Property Tax Rates of the City and Other Major Governmental Units Per \$ 100 Of Equalized Assessed Valuation for the years 2012 to 2021.

Table 26. Combined Property Tax Rates of the City and Other Major Governmental Units Per \$100 Of Equalized Assessed Valuation (2012-2021)

Tax Levy Year	City',	City of Chicago School Building & Improvement Fund	CBOE	Colleges	City District ²	Park MWRD	Forest Preserve District of Cook County	Cook County Total
2012	1.279	0.146	3.422	0.190	0.395	0.370	0.063	0.5316.396
2013	1.344	0.152	3.671	0.199	0.420	0.417	0.069	0.5606.832
2014	1.327	0.146	3.660	0.193	0.415	0.430	0.069	0.5686.808
2015	1.672	0.134	3.455	0.177	0.382	0.426	0.069	0.5526.867
2016	1.752	0.128	3.726	0.169	0.368	0.406	0.063	0.5337.145
2017	1.770	0.124	3.890	0.164	0.358	0.402	0.062	0.4967.266
2018	1.676	0.136	3.552	0.147	0.330	0.396	0.060	0.4896.786
2019	1.724	0.169	3.620	0.149	0.326	0.389	0.059	0.4546.890
2020	1.719	0.166	3.656	0.151	0.329	0.378	0.059	0.4536.911
2021	1.685	0.153	3.517	0.145	0.311	0.382	0.058	0.4466.697

¹ Includes the tax rates of both the City and the Chicago Public Library.

² Includes the tax rates of the Park District and the Park District's Aquarium and Museum Bond Fund. Source: Cook County Clerk's Office. Totals may not sum due to rounding.

The aggregate long-term general obligation debt of the City and the bonded debt of the overlapping taxing districts as of December 31 of the years 2012 through 2021 are set forth below. The debt numbers for Cook County, the Forest Preserve and MWRD include only a portion of the long-term general obligation debt of such entities and were calculated on a per capita basis based on the percentage of the population that lives in Chicago.

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Overlapping Taxing Districts' Pension Obligations

The overlapping taxing districts within the City maintain five pension funds for their respective employees that are supported by local government revenues. Statistical data for the City's four Retirement Funds (as hereinafter defined) and the five overlapping taxing districts' pension funds is set forth in the Table 28. City and Overlapping Taxing Districts Pension Funds Supported by Local Government Revenues below.

Table 28. City and Overlapping Taxing Districts Pension Funds Supported by Local Government Revenues

Unfunded Actuarial Accrued Liability (\$ in millions)¹
Unfunded Liability Per Capita²

Funded Ratio

Overlapping Taxing Districts' Pension Funds ³

- MWRD
- Cook County
- Forest Preserve
- CBOE⁴
- Park District

\$ 1,121.10 6,268.90 149.50 13,192.45 832.80

\$ 408.21 1,188.30 54.44 4,804.56 303.23

- 58.5%
- 67.2
- 59.4
- 47.5
- 32.0

Total Overlapping Taxing Districts' Pension Funds

City Retirement Funds

Total Pension Funds

¹ The "Unfunded Actuarial Accrued Liability" is calculated based on the actuarial value of assets.
² Per capita amounts are based on the U.S. Census Bureau's 2020 population count of the City (2,746,388) and of Cook County (5,275,541). The City's population was used to calculate the per capita numbers for the City and for the CBOE and the Park District, each of which has boundaries coterminous with the City. Cook County's population was used to calculate the per capita numbers for the Forest Preserve (which has boundaries coterminous with Cook County) and MWRD (which, though not coterminous with Cook County, has boundaries which overlap in excess of 98 percent with the boundaries of Cook County, measured by EAV).
³ Excludes City Colleges, the employees of which are members of the State Universities Retirement System (which is funded by the

State), and the Chicago Transit Authority pension fund, which is supported by local sales taxes, real estate transfer taxes, subsidies from the Regional Transportation Authority and fares.

⁴ CBOE makes contributions to the Chicago Teachers' Pension Fund. CBOE is not required to make contributions to MEABF for its employees that are members of MEABF, though the City has been reimbursed for a portion of the City's contributions to MEABF made with respect to CBOE employees, as described under "PENSION BENEFITS PROVIDED BY THE CITY - Determination of City's Contributions" herein.

⁵ Represents the average burden on a resident of the City as a result of the unfunded pension liabilities of the City and the overlapping taxing districts.

Sources: Most recent Annual Comprehensive Financial Report of the pension fund of the overlapping taxing district. Totals may not sum due to rounding.

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The information set forth in Table 28. City and Overlapping Taxing Districts Pension Funds Supported by Local Government Revenues may not incorporate the various reforms that have been adopted for certain of these pension funds and should not be relied upon for the financial condition of such pension funds currently. The information is presented only to provide an indication of the magnitude of the unfunded pension liabilities of the overlapping taxing districts when combined with the unfunded pension liabilities of the City. For additional detail on the liabilities of the City's four Retirement Funds, see "PENSION BENEFITS PROVIDED BY THE CITY - Funded Status of the Retirement Funds."

Long-Term Leases, Concessions of City Facilities

The City is a party to long-term lease or concession agreements with respect to certain City-owned facilities, as described below.

In 2005, the City entered into the 99-year Skyway Lease of the Chicago Skyway, under which Skyway Concession Company, LLC, was granted the right to collect and retain toll revenue from the Chicago Skyway. In return, the City received an upfront payment of \$1.83 billion.

In 2006, the City entered into the Chicago Downtown Public Parking System Concession and Lease Agreement (the "Parking Garages Lease Agreement") with Chicago Loop Parking, LLC ("CLP"), by which CLP was granted a 99-year concession to operate the public parking garages commonly referred to as Millennium Park, Grant Park North, Grant Park South and East Monroe (collectively the "Parking Garages"). Under the Parking Garages Lease Agreement, CLP was granted the right to operate and collect revenue from the Parking Garages in return for an upfront payment of \$563 million to the City. In May 2016, the concessionaire interest in the Parking Garages Lease Agreement was sold to Millennium Parking Garages LLC.

In 2009, the City entered into a long-term concession pursuant to the Chicago Metered Parking System Concession Agreement (the "Metered Parking Concession Agreement") with Chicago Parking Meters, LLC ("CPM"), under which CPM was granted a 75-year concession to operate the Metered Parking System, including the right to collect certain revenues derived from the metered parking spaces. In return, the City received an upfront payment of \$1.15 billion.

The City established long-term reserves with portions of the upfront payments from the Skyway Lease and the Metered Parking System Concession. See "- Budget Stabilization Fund - Asset Lease and Concession Reserves" above.

Under each of the Skyway Lease, the Metered Parking Concession Agreement and the Parking Garages Lease Agreement, the lessee/concessionaire has the right to terminate the transaction and receive payment from the City for the fair market value of the respective City facilities in the event that the City, Cook County or the State were to take certain actions which materially adversely affected the value of the respective City facilities.

The Parking Garages Lease Agreement includes a provision by which certain events can require the City to

compensate the lessee. One of those events is the granting of a license for the operation of a public garage that was not in existence as of the date of the Parking Garages Lease Agreement within a certain distance from the Parking Garages. In 2015, the City paid the lessee

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a judgment of approximately \$62 million as compensation for granting a public garage license for a new parking garage within the specified distance from the Parking Garages.

The Metered Parking Concession Agreement includes provisions by which the City can be required to compensate CPM if the City decreases the value of the Metered Parking System and/or fails to increase the value of the Metered Parking System as provided in the Metered Parking Concession Agreement. Pursuant to these provisions, during 2017 through 2021, the City made annual payments to CPM totaling \$19.7 million, \$19.4 million, \$11.0 million, \$6.25 million, and \$5.8 million, respectively. Changes to the way the City manages the Metered Parking Concession Agreement have resulted in the reduction and elimination of these payments in 2022.

The Metered Parking Concession Agreement also includes a provision by which the City can be required to compensate CPM if usage of the Metered Parking System by vehicles displaying disabled parking placards (which are exempt from paying for on-street metered parking) exceeds a certain threshold. Changes to State law governing disabled parking placards have resulted in a significant reduction of these payments. Since 2014, only one payment of \$171,456 has been required.

Illinois Sports Facilities Authority

The Illinois Sports Facilities Authority ("ISFA") is a State agency authorized to construct and operate sports facilities and provide financial assistance for governmental owners of sports facilities or their tenants. Beginning in 1980, the ISFA issued various series of bonds (and refunding bonds) for the development of the new Comiskey Park baseball stadium (now known as Guaranteed Rate Field) and a portion of the Chicago lakefront including Soldier Field. The ISFA bonds are payable from State and City annual subsidy payments of \$5 million each, with the City's subsidy taken from the City's share of the State income tax revenue distributed from the LGDF, and a 2 percent hotel tax imposed within the corporate limits of the City by the ISFA (the "ISFA Hotel Tax"). The State advances to the ISFA certified annual operating expenses less the amount of the subsidies. The State withholds collections from the ISFA Hotel Tax to repay advanced amounts. If the ISFA Hotel Tax is not sufficient to repay the State advance, the deficiency is automatically withdrawn from the City's share of the State income tax revenue distributed from the LGDF.

During State fiscal years ending June 30, 2021 and June 30, 2022, as a result of the negative economic impacts of the COVID-19 pandemic, which caused a reduction in hotel occupancy, ISFA hotel taxes declined significantly. Following a refunding transaction that reduced near-term debt service in State fiscal year 2021, the ISFA Hotel Tax was sufficient to fully repay the State advance, and no amounts were deducted from the City's share of the State income tax revenue distributed from the LGDF. The reduction in ISFA Hotel Tax revenues resulted in a deficiency of \$27.4 million during State fiscal year 2022, which was paid from the June and July 2022 LGDF allocations to the City. The future sufficiency of ISFA Hotel Tax collections to repay advanced amounts is dependent on hotel occupancy rates and the recovery of ISFA Hotel Tax collections.

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Sales Tax Securitization Corporation

As described above in "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - Sales Taxes," in December 2017, the City sold to STSC the City's right to receive State-Collected Sales Tax Revenues in exchange for the proceeds of bonds issued by STSC as well as the Residual Sales Tax Revenues. Currently, (i.e., prior to implementation of the Financing Plan), STSC has outstanding bonds in an aggregate principal amount of \$4,608,965,000. In 2021, STSC issued its Sales Tax Securitization Second Lien Bonds, Series 2021A Tax-Exempt (\$394.2 million) and Series 2021B Taxable (\$609.9 million). The City expects that STSC will issue the STSC Series 2023 Bonds in January 2023 to implement the Financing Plan. See "PLAN OF FINANCE." Future issues of debt by STSC may reduce the amount of Residual Sales Tax Revenues available to the City.

City Investment Policy

The investment of City funds is governed by the Municipal Code. Pursuant to the Municipal Code, the City Treasurer has adopted a Statement of Investment Policy and Guidelines for the purpose of establishing written cash management and investment guidelines to be followed by the City Treasurer's office in the investment of City funds. See Notes (1) and (4) in "Appendix G - City of Chicago Basic Financial Statements for the Year Ended December 31, 2021".

Amounts in a variety of funds of the City, including the General Fund, are invested on a comingled basis, and are referred to as the City's "consolidated cash." Consolidated cash may be used for interfund borrowings among various funds of the City, including, but not limited to, the General Fund, and such use reduces the need for external borrowing by the City to meet the needs of its funds. The City has maintained its consolidated cash, including interfund borrowing, so as to meet the obligations of its funds, including the General Fund, in a timely manner.

Notwithstanding the City's investment policy, all funds held under the Indentures must be held in Permitted Investments.

ANNUAL BUDGET

Budget Process

Each year, the City prepares an annual budget that accounts for revenue from taxes and other sources and sets forth a plan for how the City intends to utilize those resources over the course of the following year. In accordance with the Illinois Municipal Code, the City produces a balanced budget, meaning that its appropriated expenditures do not exceed the resources it estimates will be available for that year.

The budget process begins each summer, when City departments inform the City's Office of Budget and Management ("OBM") of their personnel and non-personnel needs for the upcoming year. Concurrently, OBM engages the public for feedback on the budget and continues the process of reviewing each department's operating and programmatic needs and developing detailed departmental budgets. OBM also estimates Citywide expenses, which include pension

contributions, employee healthcare and debt service. In addition, OBM prepares estimates on the amount of revenue that the City expects to collect in the following year. OBM then publishes the Budget Forecast that represents an overview of the City's revenues and expenditures, financial condition and revenue and expense projections.

In the fall, OBM works with departments to develop a final budget, consisting of the Budget Overview and Budget Recommendations, for the entire City government. The final budget is typically introduced to the City Council in October of each year. The City Council, through the Committee on the Budget and Government Operations, holds public hearings with each City department on the Mayor's proposed budget. Once the proposed budget, as amended, is adopted by the City Council and approved by the Mayor, it becomes the Annual Appropriation Ordinance. The Annual Appropriation Ordinance is implemented on January 1 of the following year and represents the City's operating budget for that year.

Budget Documents

The documents that are prepared as part of the City's budget process are set forth below. Such documents are not prepared for investors in securities issued by the City or as a basis for making investment decisions with respect to any bonds, notes or other debt obligations of the City, including the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds are cautioned not to rely on any of the information in the budget documents in connection with the offering of the Series 2023 Bonds.

Table 29. Annual Budget Documents

Document

Budget Forecast (formerly known as the Annual Financial Analysis)

Budget

Recommendations and Budget Overview

Annual Appropriation Ordinance

Provides a forecast of the City's finances for the next three years, a review of the City's revenues and expenditures for the past 10 years and analysis of the City's reserves, pension contributions, debt obligations and capital improvement program.

Constitutes the Mayor's proposed budget to the City Council in accordance with State law. Provides a summary of the proposed budget and detailed information on the City's anticipated revenues, expenditures and personnel.

The City's line-item budget as passed by the City Council.

Separate from the annual budget process, each year OBM produces a comprehensive list of capital improvements scheduled to occur in the City over the next five years, known as the Capital Improvement Program. OBM also creates a Consolidated Plan & Action Plan which sets forth priorities for the City's housing and non-housing community needs for federal entitlement funding.

Budget Calendar

The City's calendar for the annual budget process is presented in Table 30. Annual Budget Calendar.

Table 30. Annual Budget Calendar

	Month	Action
JUNE / JULY	Departments submit preliminary revenue and expense estimates to OBM.	
July /August	OBM receives detailed budget requests from City departments and holds a series of meetings with each department regarding the department's needs for the coming year. OBM publishes the Budget Forecast.	
September		
October/		
November/		
December		
January	Ongoing	
	In September, the Mayor submits the Budget Overview and Budget Recommendations to the City Council, and the City Council conducts hearings on the budget, including at least one public hearing, to gather comments on the proposed budget.	
	Additions or changes to the proposed budget are considered. The City Council must approve a balanced budget by December 31, at which point the budget recommendations become the Annual Appropriation Ordinance.	
	The City's Annual Appropriation Ordinance goes into effect.	
	Throughout the year, OBM monitors revenues and expenditures allocated through the Annual Appropriation Ordinance. OBM regularly reviews revenues, expenditures and any trends or events that may affect City finances. On an ongoing basis, City departments provide information about the performance of City programs to ensure that City resources are used in a manner that maximizes taxpayer value and provides the highest quality services.	

CORPORATE FUND BUDGETS AND FORECASTS

Overview of Corporate Fund Budgets and Financial Forecasts

The following discussion addresses the City's Corporate Fund 2022 year-end estimates, 2023 preliminary revenue and expense projections and three revenue and expense scenarios for the years 2024 and 2025: with a base outlook, a negative outlook and a positive outlook. The projections were prepared for and published in the 2023 Budget Forecast on August 10, 2022 and do not reflect the 2023 Budget (as hereinafter defined) as passed or the implementation of the Financing Plan. The projections were based on historical revenue and expenditure data, current economic and expense trends and conditions and other known factors that are anticipated to have an impact on the City's finances. The forecast focused on the City's Corporate Fund, which comprises approximately 99.0 percent of the City's General Fund and is the City's primary

*The estimates and projections are based on expectations and assumptions which existed at the time such estimates and projections were prepared, including, among other factors, evaluations of historical revenue and expenditure data, known changes or events, analyses of economic trends and current and anticipated laws and legislation affecting the City's finances. While the City believes that the numerous assumptions underlying the estimates and projections are reasonable, they are subject to certain contingencies and periodic revisions which may involve substantial change. The City makes no representation or warranty that these estimates and projections will be realized. The estimates and projections discussed below and elsewhere herein were not prepared with a view towards compliance with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. The estimates and projections assume that no substantive changes are made to City operations or the cost of City services. No cost-saving initiatives are incorporated into the estimates and projections. The estimates and projections are likely to change as future decisions are made in response to actual events, new or changing needs and Citywide priorities. No assurance can be given that actual results will conform to the estimates and projections provided. This prospective information is not fact and should not be relied upon as being necessarily indicative of future results. Purchasers of the Series 2023 Bonds are cautioned not to place undue reliance on this prospective financial information. The City is under no obligation to update the forward-looking statements. See **SECONDARY MARKET DISCLOSURE.**"*

Regarding prospective financial information set forth under this heading and elsewhere in this Official Statement, see "REGARDING THIS OFFICIAL STATEMENT" and "INVESTMENT CONSIDERATIONS - Forward-Looking Statements."

Budget Gaps

Each year, the City projects revenues and expenses for the coming year as part of its Budget Forecast process. The difference between revenues and expenditures anticipated by the City in the Budget Forecast each year is commonly referred to as the "budget gap." The budget gap is closed each year with the introduction of the Budget Recommendations, in which expenditures are balanced with forecasted available resources. Since 2020 the City has identified \$1.2 billion of structural solutions to help close past, present and future budget gaps: \$838 million in 2020, \$1.2 billion in 2021 and \$738 million in 2022 as a result of the COVID-19 pandemic, and \$128 million in 2023.

Methodology

The preliminary revenue and expense projections included in the 2023 Budget Forecast reflect the City's budget deficit, which is any budget imbalance between existing revenues and anticipated expenses for that budget year.

Prior to 2019, the budget deficit methodology did not include debt service and pensions as structural imbalances recorded under the Corporate Fund gap projections. Beginning with the 2020 budget deficit presented in the Budget Forecast published in August 2019, the methodology

for projecting the budget deficit includes known debt and pension structural imbalances. The Mayor's Budget Recommendations are presented each October with revenues and expenditures balanced.

Future years' budget deficits are projections for the Corporate Fund based on positive, negative or base economic scenarios founded on existing revenues and anticipated expenditures. These figures assume that no substantive changes are made to City operations or revenue sources.

Monthly Revenue Reports

In February 2021, the City began to publish monthly estimates of revenue collections ("Monthly Revenue Reports"). The Monthly Revenue Reports provide a summary of revenues received and transfers made in the City's Corporate Fund for the current fiscal year. The information contained in these reports is for informational purposes only and does not reflect final audited figures. Revenues reflect cash collections for the current budget year. Monthly collections for 2022 reflect the amount collected specifically in the reported month while the year-to-date collections reflect the cumulative amount collected for the year, through the reporting month. Due to a lag in collections, some revenue streams do not begin for the current budget year until the second, third, or fourth month.

Monthly Analysis

The most recent Monthly Revenue Report at the time of publication includes revenues collected through September 2022. Revenue collections through September 2022 exceeded budget estimates by \$281.4 million, or 9.97 percent. PPRT and Transaction taxes continue to outperform expectations. Fines, Forfeitures, and Penalties remain under budget due to greater compliance, while Licenses, Permits, and Certificates fell below budget, driven by the 'Other Permits and Certificates' category within this revenue source.

Budget Estimates and Financial Projections

The following Table 31. Corporate Fund Budget Estimates and Financial Projections show budget gap projections at the time of the 2023 Budget Forecast release in August 2022, as well as updated total revenue estimates and projections based on estimates prepared as of September 30, 2022, as part of the introduction of the 2023 Budget. See Table 36. Detailed Revenue Forecast As Of 2023 Budget (\$ In Millions) for additional detail.

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2022 Year-End Corporate Fund Estimates

2022 Year-End Revenues

At the time of the 2023 Budget Forecast, as detailed in Table 31. Corporate Fund Budget Estimates and Financial Projections, the City projected the Corporate Fund to end 2022 with a \$134.0 million improved performance (as compared to the amounts projected within the 2022 Budget), due to better than expected revenues and cost savings. Corporate Fund revenues were estimated to outperform budgeted projections by \$84.5 million and expenses decreased \$49.6 million as compared to the budget.

At the time of the introduction of the 2023 Budget, the City updated its revenue projections and 2022 year-end estimates. Corporate Fund revenues were estimated to outperform revenue projections at the time of the FY2022 budget by \$296.5 million. The revenue and expenditure estimates provided in this section reflect

the updated 2023 Budget projections for the 2022 year-end revenues.

Through 2022, many revenues have recovered favorably when compared to 2019 actual amounts grown at 3 percent year-over-year, though a number of categories still lag pre-pandemic levels:

- an \$194.2 million increase in charges for services between adjusted 2019 to 2022, largely due to increased State reimbursement for GEMT services as described under "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues" above;
- a \$190.8 million increase in internal service earnings between 2019 as adjusted and 2022, largely due to increased charges for services provided by the City, including reimbursement for employer pension contributions on behalf of sister agency employees and police services;
- a \$204.8 million increase in transaction taxes, largely due to high growth in computer leases as collected through the personal property lease transaction tax and the real estate property transaction tax; and
- an \$86 million increase in income taxes, \$17.3 million in City-Collected Sales Taxes and \$37.2 million in PPRT in 2022 as compared to adjusted 2019, largely due to higher-than-expected corporate income and changes in law as described under "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues".

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Table 32. Recovering Revenues sets out the revenue sources that have fully recovered or are exceeding 2019 actual amounts grown at 3 percent year-over-year in 2022.

Table 32. Recovering Revenues (\$ in millions)

Alternate Baseline 2022 Estimate¹

2022 Year-End Estimates²

Transaction Taxes Charges for Services³ Internal Service Earnings⁴ State Income Tax⁵ PPRT⁶
Other Revenue⁷ City-Collected Sales Taxes⁸ Reimbursements for City Services

Total

\$533.0 146.9 296.5 310.6 202.8 81.8 69.6 1.7

\$1,642.9

\$737.8 341.1 487.3 397.3 240.0 118.4 86.9 2.0

\$2,410.8
 194.2 190.8 86.7 37.2 36.6 17.3 0.3
 \$204.8 38.4%
 132.2 64.4 27.9 18.3 44.7 24.8 19.3
 \$767.9 46.7%

- ¹ Derived from 2019 actual amounts grown at annual growth rate of 3% to establish an alternative 2022 baseline.
- ² Based on estimates prepared as of September 30, 2022, as part of the introduction of the 2023 Budget.
- ³ See "FINANCIAL DISCUSSION AND ANALYSIS - GENERAL FUND - Other Revenues - Charges for Services."
- ⁴ See "FINANCIAL DISCUSSION AND ANALYSIS - GENERAL FUND - Other Revenues - Internal Service."
- ⁵ See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - State Income Taxes."
- ⁶ See "FINANCIAL DISCUSSION AND ANALYSIS - GENERAL FUND - General Fund Revenues - Sales Taxes."
- ⁷ See "FINANCIAL DISCUSSION AND ANALYSIS - GENERAL FUND - General Fund Revenues - State Income Taxes - Personal Property Tax Replacement Taxes."
- ⁸ See "FINANCIAL DISCUSSION AND ANALYSIS - GENERAL FUND - Other Revenue."

Note: Totals may not sum due to rounding.

Certain of the City's revenues continue to lag as compared to adjusted 2019 pre-COVID-19 levels. These include mostly tourism- and leisure-based revenues and revenues associated with office workers and associated commuting activity. Lagging revenues include:

- business taxes, 95 percent of which is hotel tax, are \$29.6 million below adjusted 2019 levels;
- STSC residual, which has seen robust gross sales tax growth offset by increased debt service withholding requirements;
- utility taxes, which are \$28.2 million below adjusted 2019 levels, partially due to reduced office activity; and

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- a \$35.3 million reduction in transportation taxes, largely in parking and ground transportation taxes due to reduced commute activity resulting from reduced office activity.

Table 33. Lagging Revenues sets out the revenue sources that remain depressed in 2022 as compared to 2019 actual amounts grown at 3 percent year-over-year.

Table 33. Lagging Revenues (\$ in millions)

Alternate Baseline 2022 Estimate¹

2022 Year-End Estimates²

Amount

STSC Residual
 Fines, Forfeitures and Penalties Transportation Taxes³ Business Taxes⁴
 Licenses, Permits and Certificates⁵
 Utility Taxes and Fees⁶
 Interest Income
 Leases, Rentals and Sales⁷
 Recreation Taxes⁸

Parking Tax
Municipal Auto Rental Tax

\$672.8 348.8 368.2 153.1 148.6 455.3 34.3 45.8 301.0 8.4 4.9
\$598.4 300.0 332.9 123.5 119.8 427.1 6.5 37.4 297.7 7.6 4.2
(\$74.4) (48.8) (35.3) (29.6) (28.8) (28.2) (27.8) (8.5) (3.4) (0.8) (0-6)

(11.1%) (14.0)
(9.6) (19.3) (19.4)
(6.2) (81.0) (18.5)
(1.1) (10.0) (12.7)

(\$286.0) (11.3%)

- ¹ Derived from 2019 actual amounts grown at annual growth rate of 3% to establish an alternative 2022 baseline.
- ² Based on estimates prepared as of September 30, 2022, as part of the introduction of the 2023 Budget.
- ³ Includes Parking, Vehicle Fuel and Ground Transportation taxes. See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - Other Taxes - Transportation Taxes."
- ⁴ Includes Hotel, Foreign Fire Insurance and Shopping Bag taxes. See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - Other Taxes - Business Taxes."
- ⁵ See "FINANCIAL DISCUSSION AND ANALYSIS - GENERAL FUND - General Fund Revenues - Other Revenues - Licenses and Permits."
- ⁶ Includes Gas, Electric, Commonwealth Edison and Telecommunication taxes. See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - Utility Taxes."
- ⁷ See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - Other Revenues - Leases, Rentals and Sales."
- ⁸ Includes Amusement, Automatic Amusement, Liquor, Boat Mooring, Cigarette, Cannabis, Off Track Betting and Soft Drink taxes. See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues - Other Taxes - Recreation Taxes."

Note: Totals may not sum due to rounding.

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2022 Year-End Expenditures

At the time of the 2023 Budget Forecast, as detailed in Table 31. Corporate Fund Budget Estimates and Financial Projections, Corporate Fund expenses decreased \$49.6 million as compared to the budget. As of the introduction of the 2023 Budget, the 2022 Corporate Fund expenditures are still projected to end the year below budget by \$49.6 million at \$4.85 billion. These estimates are based on year-to-date spending as of August 2022, incorporating payroll trends, market pricing for commodities, and known changes or events that have or are anticipated to occur during the remainder of 2022.

The 2022 year-end projection for personnel services are expected to end 2022 under budget by \$49.6 million, driven by anticipated healthcare savings as well as increased attrition. Other expenses are expected to end the year at budget. Combined with the revenue over-performance to budget of \$296.5 million, the City now projects a 2022 Corporate Fund budget surplus of \$346.1 million. The 2021 Corporate Fund budget year-end performance was \$451 million better than budget, \$131 million of which was utilized to prevent the previously appropriated draw on fund balance as part of the 2021 Budget.

2023 Corporate Fund Project[ons

The difference between revenues and expenditures anticipated by the City in the preliminary Corporate Fund budget estimate is the budget deficit, commonly referred to as the "gap." Based on current revenue and expenditure projections of existing operations, the City estimated a 2023 Corporate Fund gap of \$127.9 million, its second lowest in 16 years. See Table 31. Corporate Fund Budget Estimates and Financial Projections above.

The following is an outline of the City's operating revenue and expenditure projections for 2023 as of the release of the 2023 Budget Forecast in August 2022. These expenditure and revenue projections assume no substantive changes to City operations in 2023. Cost-saving initiatives are not incorporated into these estimates as the 2023 projections reflect the gap in the City's operating budget related to existing expenses and revenues. As in previous years, revenue and expense adjustments to close the gap are developed by the City, in consultation with elected officials and the general public.

2023 Projected Revenues

Corporate Fund revenues in 2023 were projected to increase from 2022 budgeted amounts by 2.0 percent, or \$100.3 million, to \$5.0 billion.

The increase in local tax revenue was driven primarily by an accelerated economic recovery from the COVID-19 impact on the City's economy. Local tax revenue was projected to increase by 8.6 percent or \$152.8 million from the 2022 budget.

The City's revenues have largely recovered to pre-pandemic levels (2019 levels plus an annual 3% growth rate). Further, the economic recovery of previously lagging revenues such as recreation taxes, certain businesses taxes such as hotel taxes and transportation taxes have recovered at an accelerated rate in the second half of 2022.

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Recreation taxes, driven by the expected return of Amusement Tax, were projected to grow \$36.3 million, or 13.2 percent, over the 2022 budget. Business taxes, primarily comprised of Hotel Tax, were expected to grow \$18.2 million, or 16.2 percent, in 2023 from the 2022 budget. Transportation taxes, which were the slowest to recover in 2021 and 2022, were expected to remain near 2022 budget levels with an estimated \$333.2 million in 2023.

Intergovernmental revenue was expected to increase by \$113.2 million, or 21.1 percent from the 2022 budget to \$649.4 million, as some of the growth in Income Tax and PPRT that occurred in 2022 is structural. Income Tax was projected to increase 2.9 percent from the 2022 budget. PPRT was projected to increase 62.5 percent or \$102.3 million from the 2022 budget.

Non-tax revenues were expected to decrease by \$131.1 million from the 2022 budget, or 8.8 percent, totaling \$1,364.8 million. This change was mostly due to an anticipated decrease to Other Revenue and Fines, Forfeitures and Penalties. The decline in Other Revenue was partially due to one-time sweeps of aging revenue accounts. The Fines, Forfeitures and Penalties revenue decrease was due to changes to fine collections and new fines and fees relief initiatives to provide relief to low-income individuals.

Proceeds and Transfers were projected to fall from the 2022 budget by \$183.1 million, or 17.5 percent, to \$865.8 million. This decrease was due to a reduction in revenue replacement funds applied from the American Rescue Plan ("ARP"). For 2023, \$152.4 million in revenue replacement for essential government services from ARP Local Fiscal Recovery Fund resources were planned, compared to \$385 million utilized in 2022.

Prior year assigned and unassigned available resources were expected to increase \$148.6 million from the 2022

budget due to additional resources from 2021 carried over.

2023 Projected Expenditures

The 2023 expenditures were forecast to grow by approximately \$228.2 million over 2022 budget levels to \$5,128.1 million. These projections were based on the 2022 budget and 2021 actuals, adjusted for anticipated growth trends and known changes to existing expenses such as normal increases in contractual services, commodities and materials costs, and contractual salary increases and cost of living adjustments.

This increase in 2023 is driven by several factors, including personnel, pension and contractual services, as described in the sections below.

Personnel

One contributor to the projected expense increases for 2023 are personnel costs, primarily wages and other related expenses. The 2023 projection for these expenses assumes salary and wages will grow based on required contractual wage and prevailing rate increases. Personnel expenditures are expected to grow by more than \$100.8 million in 2023 from the 2022 budget, totaling \$3,183.9 million.

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Pensions

As is discussed further in "PENSION BENEFITS PROVIDED BY THE CITY", the 2023 budget marks the second year that all four pension fund contributions will reflect a statutorily required actuarially-calculated contribution. Increases based on these required contributions, as well as a decline in contributions from other sources, were projected to result in a \$66.6 million increase to the Corporate Fund, totaling \$395.8 million in Corporate Fund subsidy. This contribution does not include the Corporate Fund's share of the 2023 Advance Pension Contribution (as defined herein). See "- 2023 Corporate Fund Projections - 2023 Budget" and "PENSION BENEFITS PROVIDED BY THE CITY."

Contractual Services

Contractual services were expected to increase by \$53.9 million from the 2022 budget. This is driven by expected inflationary impacts to contract costs, as well as planned contractual increases for elections and new and expanded information technology services.

2023 Budget

The Mayor presented the City's fiscal year 2023 budget to the City Council on October 3, 2022; the City Council approved the proposed 2023 budget and adopted the annual appropriation ordinance on November 7, 2022 (the "2023 Budget").

The 2023 Budget balances the \$127.9 million "gap" described in this section. See Table 31. Corporate Fund Budget Estimates and Financial Projections above. The 2023 Budget "gap" is closed primarily through increased revenues and new resources of \$391.7 million, partially offset by \$201.9 corporate funded allocation of the \$242 million 2023 Advance Pension Contribution (as defined herein) and \$61.9 million of other new investments, as set forth in Table 34.2023 Budget Gap Reconciliation below.

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Table 34. 2023 Corporate Fund Budget Gap Reconciliation (\$ in millions)

Increased Revenues and New Resources	
Improved Revenue Projections	\$260.0
Casino Upfront Payment	40.0
Additional TIF Surplus	56.0
Revenue Enforcement Efficiencies	20.2
Fund Sweeps	15.5
Subtotal	\$391.7
New Investments	
City Modernization	(\$7.5)
Public Safety	(13.5)
Homelessness Services	(6.4)
Supportive Services	(4.1)
Operational Increases	(30.4)
Subtotal	(\$61.9)
Corporate Fund Allocation of 2023 Advance	
Pension Contribution	(\$201.9)
Total	\$127.9

Source: 2023 Chicago Budget

Note: Totals may not sum due to rounding.

The City has experienced a strong economic recovery, which has bolstered the City's revenue performance by \$391.7 million from Budget Forecast projections. This strong revenue recovery has allowed the City to address its \$127.9 million budget gap while also creating a long-term sustainable financial path for the City, including the proposal of a new pension funding policy. The City was able to apply \$61.9 million towards new corporate fund investments in FY2023 within the context of a balanced budget. Further, since the passage of the FY2023 budget, the City now projects a further \$42.6 million improvement in revenues for a total of \$434.3 million improvement versus Budget Forecast as noted in Table 31. Corporate Fund Budget

Estimates and Financial Projections.

The City has largely matched one-time federal stimulus funds with one-time needs. \$1.3 billion (noted as "Essential City Services" in FIGURE 1) of the \$1.9 billion of federal ARP funds (noted as "Local Fiscal Recovery Fund" on FIGURE 1) were applied toward revenue replacement for the revenue loss experienced during the pandemic in FY2020 to FY2023. The \$567 million of federal ARP funds (noted as "LFRF Initiatives" in Figure 1) not applied toward revenue replacement will be invested in the critical community investments in the Chicago Recovery Plan. Most of these investments are one-time in nature, and the City expects that the ongoing investments are within the magnitude of the City's annual investments in the normal course of determining budgeting priorities. In addition, the City's out-year financial planning and projections already assumes the end of federal revenue replacement. See Figure 1. Sources and Uses of Funds for the Chicago Recovery Plan. The 2023 Budget, Chicago Works Bond Ordinances, and 2021 Ordinance also include \$100 million of additional investments for CPD, which includes two new helicopters, new vehicles, upgrades and repairs for police facilities, consent decree personnel and training, support for police recruitment, and new cell phones which will allow officers to file reports and get real time information from the field.

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Additionally, the City has made significant progress towards key financial milestones, such as fully funding the annual costs of City general long-term debt and improving the health of the City's pension funds. The City no longer engages in the practice of "scoop and toss" and, as of the 2023 budget, is fully accounting for the cost of its general long-term debt service (including general obligation, and reduced residual due to STSC debt service). From May 2019 through January 1, 2023, the City will have reduced its outstanding general long-term debt from \$11.0 billion to \$10.26 billion, a total reduction of \$747 million. Through fiscal year 2025, the City currently expects to amortize an additional \$1.04 billion of outstanding general long-term debt. This amortization of long-term debt will create capacity for the City to issue additional bonds to fund Chicago Works and the Chicago Recovery Plan without increasing the debt burden on taxpayers.

The City has also increased its annual pension contribution by \$1.3 billion over the last four years and \$2.2 billion over the last eight years. In 2021, for the first time in 15 years, the funded ratio for all four of the pension funds increased. In 2022, for the first time in the City's history, the City is paying an actuarially calculated contribution for all four pension funds.

With the 2023 Budget year, the City published a new debt and pension management policy (the "Pension Funding Policy") that states: "Starting in fiscal year 2023, the City will annually budget for an advance pension contribution which, in addition to the statutorily required contribution, and in the determination of the CFO, will not increase the total net pension liability of the City's four pension funds based on best efforts projections and information available at the time of budget. This total net pension liability calculation will be based on the GASB 67/68 calculation of net pension liability included annually in the City's Annual Comprehensive Financial Report and will include components of said calculation including interest cost derived from unfunded liability, normal cost, administrative costs, employee contributions and market value of the assets of the fund." It also provides that the advance contribution shall be paid in the first business day of the year in which such contributions are budgeted.

The City will include the investment losses and gains in line with the current practices for the statutory contribution. In 2022, a 10 to 15 percent investment loss is projected to cost \$110 million to \$164 million and such losses will be included in the Fiscal Year 2024 Budget and are included in the City's out-year financial planning. The City projects that the pension contribution included as part of the 2024 Budget will increase by \$201 million over 2023, including the advance pension contributions calculated in each year as part of the Pension Funding Policy.

Under the Pension Funding Policy, the City projects that it will contribute advance funding amounts of \$1.1 billion through 2030, resulting in reduced contributions of \$3.9 billion from 2031 to 2058, resulting in a net reduction in

total future pension contributions of \$2.8 billion. These advance contributions to all four funds will stabilize the overall level of the City's total net pension liability and prevent significant liquidation losses.

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Figure 3. Projected Contributions Under Existing Statutory Requirement
and Pension Funding Policy

The first of these advance pension contributions, for \$242.0 million, is included in the 2023 Budget adopted by the City Council on November 7, 2022 (the "2023 Advance Pension Contribution"). The 2023 Advance Pension Contribution, in addition to preventing an increase in the City's net pension liability, also avoids an estimated \$30 million in market losses due to asset liquidations. In accordance with the Pension Funding Policy, the 2023 Advance Pension Contribution will be paid on the first day of the 2023 fiscal year (January 2, 2023). The 2023 Advance Pension Contribution will be allocated as shown in Table 35. 2023 Advance Pension Contribution by Retirement Fund below.

Table 35. 2023 Advance Pension Contribution by Retirement Fund
(\$ in millions)

Retirement Fund Amount

MEABF\$101.6
LABF12.1
PABF89.5
FABF38.7

Total: \$242.0

2024 and 2025 Corporate Fund Outlook

The following three scenarios project budget gaps for the years 2024 and 2025 for the Corporate Fund based on different revenue and expenditure outlooks as of the time of the Budget Forecast released in August 2022. While the City showed an increase in the gap for 2024 and

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2025, these numbers do not include the structural changes made to City operations, revenue or the cost of City services as part of the 2023 Budget. These structural solutions, as discussed under "-2023 Corporate Fund Projections - 2023 Budget" above, will reduce future year budget gaps. Forecasts of the recovery from the economic contraction vary and are heavily influenced by assumptions about inflation and its impact on consumer confidence. The City incorporated

assumptions about rapidly rising inflation and its effects on the economy in the scenarios about the future economic conditions.

The majority of the projected expenditure increases in 2024 and 2025 are related to personnel and pension. The personnel assumptions account for required contractual salary and prevailing rate increases for current collective bargaining agreements as well as certain estimated salary and wage growth for collective bargaining agreements currently under negotiation.

The projected revenue forecasts vary based on the assumptions outlined below. All three scenarios anticipate varying economic growth assumptions over the period of the forecast. The projected gap in each of the scenarios highlights expenditure growth relative to revenue growth.

2024-2025 Base Outlook

The base outlook projected Corporate Fund revenue to continue to recover through 2023 but experiencing a contraction in 2024, with total revenues declining by 2.4 percent over the 2023 estimates to \$4,880.2 million. This scenario assumed growth will resume in 2025, with 1.5 percent increase in revenue to \$4,953.6 million.

Corporate Fund expenditures were projected to outpace revenue growth during this period, due to growth in wages and other personnel-related costs, as well as increasing pension obligations. In 2024, the projected expenditures would reach \$5,354.0 million, and in 2025, expenditures were projected to increase to \$5,507.3 million.

Most non-personnel expenditures were assumed to grow at historical average rates. Salaries and wages, along with healthcare, make up the largest portion of the City's operating budget. The projections were based on the assumption that the number of City employees will remain stable and that the costs associated with these positions will experience growth in line with long-term, historical trends.

Under this outlook, there would be budget shortfalls of \$473.8 million in 2024 and \$553.7 million in 2025. Please see Table 31. Corporate Fund Budget Estimates and Financial Projections for further updates to these projections since the release of the Budget Forecast in August 2022.

2024-2025 Negative Outlook

The negative outlook represents a scenario in which City finances are affected by unfavorable economic conditions. This scenario includes projections of low to negative growth in economically sensitive revenues, with the assumption that current economic uncertainties will lead to a sharp decline in revenue in 2024, but assumes muted growth in 2025. Expenditures in this scenario grow at a significantly higher rate. Under this outlook, total Corporate Fund revenues are projected to be \$4,523.9 million and \$4,595.8 million in 2024 and 2025, respectively.

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The negative outlook assumes a rapid increase in spending over the next three years. With an overall growth rate of 5.9 percent in 2024, and 4.8 percent in 2025, City spending would continue to outpace revenues. Most expenditure categories are assumed to grow at historically high rates, with personnel being the most significant driver. Under this outlook, there would be budget shortfalls of \$951.3 million in 2024 and \$1,141.4 million in 2025.

2024-2025 Positive Outlook

The positive outlook assumes a more optimistic outlook with economic conditions improving significantly as concerns over the pandemic and rising inflation fade, and consumer spending drives revenue collections.

The positive outlook projects a contraction in 2024 and growth in 2025. Total Corporate Fund revenues in 2024

are expected to be \$4,985.3 million in 2024 and \$5,089.9 million in 2025.

In this positive scenario, the City would have greater control over expenditures. In particular, the personnel-related costs would grow at a rate lower than the base outlook, resulting in an overall total of \$5,291.2 million in 2024 and \$5,355.6 million in 2025. The projected budget deficit would be \$306.1 million in 2024 and \$265.7 million in 2025.

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Table 36. Detailed Revenue Forecast as of 2023 Budget (\$ in millions) '

2020
ACFR

2021 ACFR

2022 Budget
2022 Year-End Estimates

2023 Projected

2024 Projected

2025 Projected

Revenues Local Tax Revenue

Utility Taxes and Fees	S 391.40	S 408.0
City-Collected Sales Taxes	58.7	77.7
Transaction Taxes	477.5	679.4
Transportation Taxes	193.9	255.7
Recreation Taxes	178.1	239.4
Business Taxes	31.9	80.7
Proceeds and Transfers In		
Residual Sales Tax Revenues	475.7	640.6
Other	474.8	813.6
Intergovernmental Revenue		
State Income Tax	321.4	376.7
PPRT	165.8	370.7
Other	3.5	5.8
Local Non-Tax Revenue		
Licenses, Permits and Certificates	107.8	115.6
Fines, Forfeitures and Penalties	230.6	316.0
Charges for Services	317.9	391.2
Leases, Rentals and Sales	11.3	15.5
Muni Parking	7.1	7.4
Other Revenue	122.3	125.5
Interest Income	24.1	-5.0
Internal Service Earnings	444.6	385.6
Prior Year Assigned and Unassigned Available Resources	-	~

388.9 73.1 582.3 336.1 274.4 112.7

569.9 479.0

366.6 163.7 6.0

119.6 369.7 340.4 29.3
7.6 137.0
6.5 485.8

51.4

427.1 86.9 737.8 332.9 297.7 123.5

598.4 479.0

397.3 240.0 6.2

119.8 300.0 341.1 37.4
7.6 118.4
6.5 487.3

51.4

406.5 90.1 811.8 367.9 318.4 126.4

619.4 246.4

377.4 266.0 6.2

123.6 302.2 363.6

32.0 7.7 150.0
10.3 586.5

222.1

408.5 92.0 753.8 340.1 304.1 123.5

598.4 94.0

379.3 267.3 6.3

124.2 300.0 365.4 32.1
7.7 150.7
6.5 589.5

49.4

410.6 94.0 735.7 347.5 310.7 128.9

619.4 94.0

381.2 268.7 6.3

124.8 300.0 367.2 32.3
7.8 151.5
6.5 592.4

49.8

\$4,038.5 \$5,300.1 \$4,899.9 \$5,196.4 \$5,434.5 \$4,993.0 \$5,029.2

¹ Based on estimates prepared as of September 30, 2022, as part of the introduction of the 2023 Budget. Note: Totals may not sum due to rounding.

Casino Developments

The City continues to pursue various new revenue sources to address potential out-year budget gaps. One of the key revenue sources targeted would be generated from a casino within the City.

In June 2019, the Illinois General Assembly passed the Illinois Gambling Act (230 ILCS 10) which authorized a casino in the City with a maximum of 4,000 gambling "positions," or seats, to place bets.

Following a competitive selection process for the casino operator, the City selected Bally's Corporation ("Bally's"). On May 25, 2022, the City Council passed a resolution approving the execution of a Host Community Agreement (the "HCA") between the City and Bally's Chicago Operating Company, LLC ("Bally's Chicago"), a subsidiary of Bally's. The permanent casino is expected to be a \$ 1.7 billion development creating 3,000 jobs during the construction of the facility

and 3,000 long-term operations jobs after opening. The HCA was executed on June 9, 2022 and closed on July 13, 2022.

Pursuant to the HCA, Bally's Chicago made an upfront payment of \$40 million to the City which the City received on June 15, 2022 and is considering as revenue for FY2023.

Bally's Chicago, as the holder of the Chicago owner's license, will have the opportunity to operate a temporary casino for up to 24 months (with a possible 12-month extension), which is expected to open in 2023 and, thereafter, a permanent casino located in the City. In order to operate a casino within the City, Bally's Chicago must apply to the Illinois Gaming Board (the "IGB") for the owner's license and meet the IGB's licensing requirements. The permanent casino is expected to be open in 2026.

Bally's has submitted its application to the IGB, has acquired the land for the permanent site, is expected to appear before the Planning Commission on December 12, 2022 for approval.

As shown below in Table 37. Projections of Revenue from Chicago Casino, the Chicago casino is projected to generate more than \$200 million per year in direct tax revenue for the City and related Chicago governmental entities when the casino reaches a steady state of operations.

Furthermore, it is expected that some customers currently patronizing casinos in the State of Indiana would visit the Chicago casino instead, resulting in an increase of approximately \$190 million in gross gaming revenue occurring in the State of Illinois, with a consequent increase in gaming tax revenues for Illinois taxing bodies. The City projects that the Chicago new casino is expected to generate net present value revenues from gaming of \$2.7 billion for the City and \$3.3 billion for the State.

State law requires that all revenues imposed upon the privilege of gaming ("Privilege Tax"), a portion of the taxes discussed in this section, that the City receives be used for the City's employer contributions to PABF and FABF. See "PENSION BENEFITS PROVIDED BY THE CITY - Determination of City's Contributions."

Privilege Tax is imposed and collected by the State. The State also imposes and collects a fee on each person admitted to a casino ("Admission Fee"). The City's share of Privilege Tax and Admission Fee revenues is distributed by the State and is subject to appropriation. The City cannot make any assurances that the Illinois General Assembly will, in all future years, actually appropriate the revenues subject to State appropriation or that the State will timely make payments pursuant to such appropriations.

The City cannot predict whether the IGB will approve Bally's Chicago's application for an owner's license or the timing for such approval. See "INVESTMENT CONSIDERATIONS -Forward -Looking Statements."

The City's current revenue projections from the casino are set forth in the table below. The following projections (collectively, the "Casino Projections") are based upon numerous variables that are subject to change. The Casino Projections are forward-looking statements based on certain assumptions and future events occurring. No assurance can be given that these assumptions will

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be realized or that actual events will not cause material changes to the data presented below. See "INVESTMENT CONSIDERATIONS - FORWARD-LOOKING STATEMENTS."

Table 37. Projections of Revenue from Bally's Casino (\$ in millions)

2023	2024	2025	2026	2027	2028
------	------	------	------	------	------

City Impact

Upfront and Fixed Payments	¹ Privilege Taxes and Admission Fees	Property Taxes	² Parking Taxes	Restaurant Taxes	Hotel Taxes
12.3	3.2	3.8	0.2		

PENSION BENEFITS PROVIDED BY THE CITY

General

Pursuant to the Illinois Pension Code, as revised from time to time (the "Pension Code"), the City contributes to four retirement funds (collectively, the "Retirement Funds"), which provide benefits upon retirement, death or disability to members of the Retirement Funds and their beneficiaries. The Retirement Funds are, in order from largest to smallest membership: (i) the Municipal Employees' Annuity and Benefit Fund of Chicago ("MEABF"); (ii) the Policemen's Annuity and Benefit Fund of Chicago ("PABF"); (iii) the Firemen's Annuity and Benefit Fund of Chicago ("FABF"); and (iv) the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("LABF"). The Retirement Funds' membership consists primarily of current and former employees of the City and their beneficiaries.

The Retirement Funds are established, administered and financed under the Pension Code, as separate bodies politic and corporate and for the benefit of the members of the Retirement Funds and their beneficiaries. The City's contributions to the Retirement Funds, and benefits for members of the Retirement Funds and their beneficiaries, are governed by the provisions of the Pension Code. See "-Determination of City's Contributions" below. This section describes, among other things, the current provisions of the Pension Code applicable to the City's funding of the Retirement Funds. No assurance can be made that the Pension Code will not be amended in the future.

Certain statements made in this section are based on projections, are forward-looking in nature and are developed using assumptions and information currently available. Such statements are subject to certain risks and uncertainties. The projections set forth in this section rely on information produced by the Retirement Funds' independent actuaries (except where specifically noted otherwise) and 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. This information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this section are cautioned not to place undue reliance on the prospective financial information. Neither the City, the City's independent auditors, nor any other independent accountants have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Regarding prospective financial information set forth under this heading and elsewhere in this Official Statement, see "REGARDING THIS OFFICIAL STATEMENT" and "INVESTMENT CONSIDERATIONS - Forward-Looking Statements."

Source Information

The information contained in this section relies in part on information produced by the Retirement Funds, their independent accountants and their independent actuaries (the "Source Information"). Neither the City nor the City's independent auditors have independently verified

the Source Information and make no representations nor express any opinion as to the accuracy of the Source Information.

Furthermore, where the tables in this section present aggregate information regarding the Retirement Funds, such aggregate information results solely from the application of arithmetic to the data presented in the Source Information and may not conform to the requirements for the presentation of such information by GASB.

Certain of the audited financial statements or annual comprehensive financial reports of the Retirement Funds (such audited financial statements or annual comprehensive financial report of a Retirement Fund being referred to herein as the "Retirement Fund Financial Statements"), and certain of the actuarial valuations of the Retirement Funds (each, an "Actuarial Valuation" and together, the "Actuarial Valuations"), may be obtained by contacting the Retirement Funds. Certain of these reports may also be available on the Retirement Funds' websites (www.meabf.org <<http://www.meabf.org>>; www.chipabf.org <<http://www.chipabf.org>>; www.labfchicago.org <<http://www.labfchicago.org>>; and www.fabf.org <<http://www.fabf.org>>).

The Retirement Funds typically release their Actuarial Valuations in the April or May following the close of their respective fiscal years on December 31. All of the Retirement Funds have released their Actuarial Valuations and Retirement Fund Financial Statements for the fiscal year ended December 31, 2021.

Background Information Regarding the Retirement Funds General

Each of the Retirement Funds is a single-employer, defined-benefit public employee retirement system. "Single-employer" refers to the fact that there is a single plan sponsor, in this case, the City. "Defined-benefit" refers to the fact that the Retirement Funds pay a periodic benefit to employees upon retirement and survivors in a fixed amount determined at the time of retirement. The amount of the periodic benefit is generally determined on the basis of service credits and salary. Eligible employees receive the defined benefit on a periodic basis for life, along with certain benefits to spouses and children that survive the death of the employee.

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan. Generally, in a defined-benefit pension plan, employees contribute a fixed percentage of their annual salary and employers contribute the additional amounts required (which amounts may be determined pursuant to statute, as in the case of the City), when combined with the investment earnings on plan assets, to pay the benefits under the pension plan. See Table 38. Membership, "- Determination of Employee Contributions" and "- Determination of City's Contributions" below.

The benefits available under the Retirement Funds accrue throughout the time an employee is an active member of the Retirement Funds. Although the benefits accrue during employment, certain age and service requirements must be achieved by an employee to generate a retirement or survivor's periodic defined benefit payment upon retirement or termination from the City. The Retirement Funds also provide certain disability benefits and retiree healthcare benefits to certain members. See "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS" below.

Section 5 of Article XIII of the Illinois Constitution (the "Pension Clause") provides as follows: "Membership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

The members of the Retirement Funds are divided into separate tiers based on the date on which they became a member of a Retirement Fund or a reciprocal fund, as described in the Pension Code. Employees who became members of the Retirement Funds (or a reciprocal fund) prior to January 1, 2011, are referred to as "Tier One Members," while employees who became members after January 1, 2011 are referred to as "Tier Two Members", provided, however, that certain MEABF and LABF members who became members after such date are "Tier Three Members" as hereinafter described. Tier Two Members receive less generous benefits than Tier One Members.

Public Act 100-023, which became effective on July 6, 2017 ("P.A. 100-23"), created an additional tier of members within MEABF and LABF ("Tier Three Members"). Tier Three Members consist of MEABF and LABF employees who became members on or after July 6, 2017 as well as certain Tier Two Members who elected (the "Tier

Three Election") to be considered Tier Three Members. The Tier Three Election had to be made between October 1, 2017 and November 15, 2017. Tier Three Members are subject to different provisions for the calculation of benefits under the Pension Code, including, but not limited to, a reduction in the age at which a member is eligible for a minimum formula annuity with 10 years of service, and separate contribution rates from those for Tier One Members and Tier Two Members.

P.A. 100-23 further provides that, following the adoption of an ordinance by the City Council deeming MEABF or LABF an "affected pension fund" under P.A. 100-23, Tier Three Members will have the option to opt-in to additional benefit and contribution changes from those currently applicable to Tier Three Members, as described in P.A. 100-23 (the "Future Tier Election"). As of the date hereof, the City Council has not adopted such an ordinance. The City provides no assurances as to whether such an ordinance providing for the Future Tier Election will be adopted in the future, nor can the City project the impact of the adoption of such ordinance on MEABF or LABF or the City's contributions to such Retirement Funds.

References in this section to "member" are references to the active, inactive and retired employees of the City and their beneficiaries, the active, inactive and retired employees of the Retirement Funds participating in the Retirement Funds and their beneficiaries, and with regard to MEABF and LABF, certain employees of the CBOE who are members of MEABF or LABF as described below, and their beneficiaries.

References in this section to the term "contribution" or "payment" when used in reference to any year refers to the actual payment of moneys by the City to a Retirement Fund. References to the term "levy year" reflect the year in which property tax levies, such as the Pension Levy (as hereinafter defined), are filed with the County Clerks. Such levies will be collected by the Counties, remitted to the City and contributed to the Retirement Funds in the calendar year following the levy year.

The Retirement Funds

Municipal Employees' Annuity and Benefit Fund of Chicago

MEABF is established by and administered under Article 8 of the Pension Code. MEABF provides age and service retirement benefits, survivor benefits and disability benefits to all eligible members. MEABF is administered under the direction of a five-member board of trustees (the "MEABF Board"), whose members are responsible for managing and administering MEABF for the benefit of its members. In addition to City and Retirement Fund employees, former employees and survivors, MEABF's membership includes non-instructional employees of the CBOE ("CBOE Employees"). With respect to MEABF, the terms "employee" and "member" include the CBOE Employees. The CBOE Employees account for almost half of MEABF's membership. The Mayor of the City, the City Clerk, the City Treasurer and members of the City Council may participate in MEABF if such persons file, while in office, written application to the MEABF Board.

Policemen's Annuity and Benefit Fund of Chicago

PABF is established by and administered under Article 5 of the Pension Code. PABF provides retirement and disability benefits to the police officers of the City, their surviving spouses and their children. PABF is administered by an eight-member board of trustees (the "PABF Board"). Members of the PABF Board are charged with administering the PABF under the Pension Code for the benefit of its members.

Firemen's Annuity and Benefit Fund of Chicago

FABF is established by and administered under Article 6 of the Pension Code. FABF provides retirement and disability benefits to fire service employees and their survivors. FABF is governed by an eight-member board of trustees (the "FABF Board"). Members of the FABF Board are statutorily mandated to discharge their duties solely in the interest of FABF's members.

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

LABF is established by and administered under Article 11 of the Pension Code. LABF provides retirement and disability benefits for employees of the City and the CBOE who are employed in a title recognized by the City as labor service and for the survivors of such employees. LABF is governed by an eight-member board of trustees (the "LABF Board" and, together with the MEABF Board, the PABF Board and the FABF Board, the "Retirement Fund Boards"). Members of the LABF Board are statutorily mandated to discharge their duties solely in the interest of LABF's members.

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The membership of the Retirement Funds as of December 3], 2021, was as follows:

Table 38. Membership

Retirement Fund				
Active Members		Inactive/ Entitled to Benefits		
Retirees and Beneficiaries				
MEABF	PABF	FABF	LABF	
				<u>32,925 12,126 4,735 2,602</u>
				21,304 940 154 1,473
				25,683 14,260 5,265 3,568
				79,912 27,326 10,154 7,643
125,035				

Source: 2021 City ACFR.

Each Retirement Fund Board is a fiduciary of its respective Retirement Fund and is authorized to perform all functions necessary for operation of such Retirement Fund. The Pension Code authorizes each Retirement Fund Board to make certain decisions, including decisions regarding the investment of funds, the management of assets, the disbursement of benefits, and the hiring of staff, financial advisors and asset managers. Each Retirement Fund Board is authorized to promulgate rules and procedures regarding the administration of benefits and other matters in accordance with the Illinois Administrative Procedure Act, and decisions awarding, limiting or denying benefits are subject to the Illinois Administrative Procedure Act. The Pension Code provides that the expenses incurred in connection with the

administration of the Retirement Funds are not construed to be debt imposed upon the City. Such expenses are the obligation of the Retirement Funds exclusively, as separate bodies politic and corporate.

Investments

Each Retirement Fund Board manages the investments of its respective Retirement Fund. State law regulates the types of investments in which the Retirement Funds' assets may be invested. Furthermore, the Retirement Fund Boards invest the Retirement Funds' assets in accordance with the prudent person rule, which requires members of the Retirement Fund Boards, who are fiduciaries of the Retirement Funds, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

In carrying out their investment duty, the Retirement Fund Boards may appoint and review investment managers as fiduciaries to manage the investment assets of the Retirement Funds. Such investment managers are granted discretionary authority to manage the Retirement Funds' assets. Additional information regarding the Retirement Funds' investments and investment management may be found on the Retirement Funds' websites.

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The following table provides information on the investment returns experienced by each of the Retirement Funds.

Table 39. Investment Rates of Return (Fiscal Years 2012-2021)

Fiscal Year				MEABF		FABF		LABF		PABF	
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
12.8%	16.1										
5.1											
2.1											
6.6	15.2	(5.7)	16.8	10.0	13.6						
16.2%	19.5										
3.4	(0.1)										
7.5	17.9	(6.6)	20.4	11.7	14.2						
14.6%	15.8										
3.2	(1.5)										
5.0	18.7	(6.4)	17.8	14.5	11.8						
12.4%	14.5										
6.2	(0.4)										
6.6	16.7	(5.7)	16.3	12.0	13.8						

Ten-Year Geometric Mean Return

Assumed Rate

¹ Reflects the assumed investment rate of return in the respective Actuarial Valuations of the Retirement Funds measured as of December 31, 2021, as discussed in further detail under "- Actuarial Assumptions -Assumed Investment Rate of Return" below.

Sources: For FABF, LABF and PABF, the respective Retirement Fund Financial Statements for the fiscal years 2015 through 2021; for MEABF, the MEABF Retirement Fund Financial Statements for the fiscal years ended December 31, 2017 and December 31, 2021. The ten-year geometric mean return was calculated by the City based on rates of return listed in the table.

The Retirement Funds have experienced negative investment rates of return during the fiscal year ending December 31, 2022, which experience is similar to investment returns in the broader financial markets. As of October 31, 2022, the year-to-date investment returns for each of the Retirement Funds were as follows: (i) MEABF: (12.8%), (ii) FABF: (16.8%), (iii) LABF: (14.8%), and (iv) PABF: (13.6%).

Determination of Employee Contributions

Currently, employees are required to contribute to their respective Retirement Fund as set forth in the Pension Code.

MEABF employees, other than Tier Three Members, currently contribute 8.5 percent of their salary to MEABF (consisting of a 6.5 percent contribution for employee benefits, a 1.5 percent contribution for spouse benefits and a 0.5 percent contribution for an annuity increase benefit). Tier Three Members contribute 11.5 percent of their salary, unless such Tier Three Member is a Tier Three Member as a result of the Tier Three Election, in which case such Tier Three Member contributes the lesser of 11.5 percent of salary and the normal cost, provided that

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such contribution may not be less than 8.5 percent of salary. P.A. 100-23 provides for additional changes to these contributions upon a Future Tier Election.

PABF employees currently contribute 9.0 percent of their salary to PABF (consisting of a 7.0 percent contribution for employee benefits, a 1.5 percent contribution for spouse benefits and a 0.5 percent contribution for an annuity increase benefit).

FABF employees currently contribute 9.125 percent of their salary to FABF (consisting of a 7.125 percent contribution for employee benefits, a 1.5 percent contribution for spouse benefits, a 0.375 percent contribution for an annuity increase benefit and a 0.125 percent contribution for disability benefits).

LABF employees, other than Tier Three Members, currently contribute 8.5 percent of their salary to LABF (consisting of a 6.5 percent contribution for employee benefits, a 1.5 percent contribution for spouse benefits, and a 0.5 percent contribution for an annuity increase benefit). Tier Three Members contribute 11.5 percent of their salary, unless such Tier Three Member is a Tier Three Member as a result of the Tier Three Election, in which case such Tier Three Member contributes the lesser of 11.5 percent of salary and the normal cost, provided that such contribution may not be less than 8.5 percent of salary. P.A. 100-23 provides for additional changes to these contributions upon a Future Tier Election.

Determination of City's Contributions

The provisions of the Pension Code mandate the amounts the City must contribute to the Retirement Funds, and the City is bound to contribute, and historically has contributed, the amounts required by the Pension Code.

The Pension Code provides that each Retirement Fund Board must annually certify to the City Council a determination of the required City contribution to such Retirement Fund. In making its request for the City's annual contribution, each Retirement Fund, acting through its Retirement Fund Board, annually approves and then submits a resolution to the City Council requesting that the City Council levy for a particular contribution amount. Except to the extent the City has used Other Available Funds (as hereinafter defined) in lieu of such levy, the City generally has levied

the amounts so requested. Property taxes levied in a year are payable in the following year.

Historically, the Pension Code required the City to contribute to a Retirement Fund a statutory multiple of the amount contributed to such Retirement Fund by the employees who are members in such Retirement Fund two years prior to the year in which the property tax used to generate the contribution was levied (the "Multiplier Funding System"). The statutory multiple applicable to a Retirement Fund was set forth in the Pension Code article applicable to such Retirement Fund. The Multiplier Funding System did not adjust for changes in the funding level of such Retirement Fund and, as such, the contributions determined in accordance with the Multiplier Funding System did not relate to, and in many years, were substantially less than, the contribution amounts that would have resulted from an actuarial determination of such contribution.

In 2010, the City-appointed Commission to Strengthen Chicago's Pension Funds released a report (the "CSCPF Report") that projected that the Retirement Funds would be insolvent by

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2030, assuming an 8 percent investment rate of return. In the projected scenario, the FABF would become insolvent in 2022, followed by the PABF in 2024, the MEABF in 2027 and finally the LABF in 2030. The CSCPF Report recommended, among other things, that the Multiplier Funding System be replaced with actuarial funding. In 2011, P.A. 96-1495 (as hereinafter defined) became law and instituted actuarial funding for PABF and FABF, providing that each fund was required to reach a 90 percent Funded Ratio by 2040, which was later extended to 2055 by P.A. 99-506 (as hereinafter defined). In June 2014, Public Act 98-0641 ("P.A. 98-641"), which implemented a ramp to actuarial funding for MEABF and LABF, requiring a 90 percent Funded Ratio by 2055, and reduced certain cost-of-living increases for annuitants, was enacted into law. P.A. 98-641 was subsequently found unconstitutional by the Illinois Supreme Court in 2016, which reinstituted the Multiplier Funding System and the prior cost-of-living increases for such Retirement Funds.

The City's contributions to the Retirement Funds are no longer calculated in accordance with the Multiplier Funding System. As noted above, Public Act 96-1495 ("P.A. 96-1495"), as modified by Public Act 99-506 ("P.A. 99-506" and, together with P.A. 96-1495, the "FABF/PABF Funding Legislation"), modified the articles of the Pension Code applicable to FABF and PABF to provide for calculation of the respective contributions to such Retirement Funds in accordance with the FABF/PABF Funding Plan (as hereinafter defined and described). P.A. 100-23 modified the articles of the Pension Code applicable to LABF and MEABF to provide for calculation of the respective contributions to such Retirement Funds in accordance with the LABF/MEABF Funding Plan (as hereinafter defined and described).

Pursuant to the FABF/PABF Funding Legislation, beginning in levy year 2020, the City must annually levy a property tax (unless Other Available Funds are used, as described below) for each of FABF and PABF in an amount necessary to achieve a Funded Ratio of 90 percent in such Retirement Funds by the end of fiscal year 2055 (the "FABF/PABF Actuarial Funding"). For levy years 2015 through 2019, the FABF/PABF Funding Legislation specified the amounts of the property taxes to be levied by the City (unless Other Available Funds are used) in gradually increasing amounts ahead of the FABF/PABF Actuarial Funding (the "FABF/PABF Phase-in Funding" and, together with the FABF/PABF Actuarial Funding, the "FABF/PABF Funding Plan"). The FABF/PABF Funding Legislation also mandated that any proceeds received by the City in relation to the operation of a casino in the City shall be expended by the City to satisfy the City's employer contribution obligations to FABF and PABF in any year. See "CORPORATE FUND BUDGETS AND FORECASTS - Casino Developments."

Pursuant to P.A. 100-23, beginning in levy year 2022, the City must annually levy a property tax (unless Other Available Funds are used) for each of LABF and MEABF in an amount necessary to achieve a Funded Ratio of 90 percent in such Retirement Funds by the end of fiscal year 2058 (the "LABF/MEABF Actuarial Funding"). For levy years 2017 through 2021, P.A. 100-23 specified the amounts of the property taxes to be levied by the City (unless Other Available Funds are used) in gradually increasing amounts ahead of the LABF/MEABF Actuarial Funding (the "LABF/MEABF Phase-in Funding" and, together with the LABF/MEABF Actuarial

Funding, the "LABF/MEABF Funding Plan").

During calendar year 2022, due to the negative investment returns experienced by the Retirement Funds combined with delays in the collection and distribution of the Pension Levy by the County, each of the Retirement Funds considered the liquidation of assets in order to make

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benefit payments to members. To avoid such asset sales, beginning in September 2022, the City began making monthly advance contributions to each of the Retirement Funds. Such advance contributions were made by the City in each of September, October and November 2022 (except that the City did not advance funds to LABF in September 2022) in a total amount of \$512.7 million. The advances to PABF (in an aggregate amount of \$220.0 million), \$30.1 million of the total FABF advances (the aggregate amount of which were \$77.7 million), and \$25.4 million of the total LABF advances (the aggregate amount of which were \$28.0 million) were advances on the City's required contributions to such Retirement Funds for Fiscal Year 2022. The City will reimburse itself by the amount of such advances from the proceeds of the Pension Levy upon disbursement thereof from the Cook County Treasurer. The balance of the LABF advances (\$2.6 million), the balance of the FABF advances (\$47.6 million) and all of the MEABF advances (in the amount of \$187.0 million) represent advances of the portion of the City's Fiscal Year 2023 contribution to such Retirement Funds funded from Other Available Funds (as hereinafter defined), payable in February 2023. None of the advance pension contributions described in this paragraph are part of or related to the Pension Funding Policy or the 2023 Advance Pension Contribution, both of which are described in the following paragraph.

In 2022 the City adopted the Pension Funding Policy. Considered independently of other factors, additional contributions to the Retirement Funds will decrease future contributions by the City to the Retirement Funds. The first of these advance pension contributions, in the aggregate amount of \$242.0 million, was adopted by the City Council as part of the 2023 Budget. See "ANNUAL BUDGET" and "CORPORATE FUND BUDGETS AND FORECASTS - 2023 Corporate Fund Projections" and "- 2023 Budget" for additional information. The City intends to use the Pension Funding Policy to prevent increases in the Retirement Funds' Net Pension Liabilities from year-to-year. Under current projections of the Net Pension Liability set forth in the Actuarial Valuations of the Retirement Funds, which Actuarial Valuations do not include the effects of the Pension Funding Policy, the City would achieve a stable Net Pension Liability seven years earlier than projected based on the stated goals of the Pension Funding Policy.

The City's contributions to the Retirement Funds have historically been made primarily from the proceeds of an annual levy of property taxes for each of the Retirement Funds (collectively, the "Pension Levy") by the City solely for such purpose, as provided by the Pension Code. However, the Pension Code allows the City to use any other legally available funds (collectively, the "Other Available Funds," as described below) in lieu of the Pension Levy to make its contributions to the Retirement Funds provided that such Other Available Funds are deposited with the City Treasurer for such purpose. The amount of the Pension Levy, like any City property tax levy, must be approved by the City Council. The Pension Levy is exclusive of and in addition to the amount of property taxes which the City levies for other purposes.

The portion of the City's contribution presently made from Other Available Funds consists of several revenue sources, including (i) General Fund revenues, and (ii) revenues of the enterprise systems (with respect to the portion of the contribution allocable to the employees of the respective enterprise systems). See "- Enterprise Fund Allocation of Retirement Fund Costs" below. The City has identified additional revenue sources to assist in making the increased contributions to LABF and MEABF as a result of the enactment of P.A. 100-23. With respect to LABF, the City expects that a portion of such increased contribution will be made from funds in the General Fund made available as a result of an increase in the 911 surcharge, which was

implemented in September 2014. With respect to MEABF, the City intends to continue to utilize revenues generated from a tax on water and sewer usage which was imposed by the City Council on September 14, 2016, to fund a portion of the increase in the City's contributions to MEABF. In 2020, CBOE began reimbursing the City in consideration for the City's employer contribution to MEABF with respect to the CBOE members of MEABF. The City expects to receive a reimbursement of \$75 million from CBOE in 2022.

The City's contributions to the Retirement Funds in accordance with the Pension Code through Fiscal Year 2022 have not been sufficient, when combined with employee contributions and investment returns, to offset increases in the Retirement Funds' liabilities, which has contributed to the significant underfunding of the Retirement Funds. Moreover, the contributions to the Retirement Funds in accordance with the Pension Code have had the effect of deferring the funding of the Retirement Funds' liabilities, which increases the costs of such liabilities and the associated financial risks, including the risk that each Retirement Fund will not be able to pay its obligations when due. Furthermore, increases in the City's contributions to the Retirement Funds caused the City to increase its revenues and may require the City to further increase its revenues, reduce its expenditures, or some combination thereof.

Diversion of Grant Money to the Retirement Funds

The Pension Code allows the State Comptroller to divert State grant money intended for the City to satisfy pension contribution shortfalls by the City (the "Recapture Provisions"). If the City fails to contribute to any Retirement Fund as required by the Pension Code, the City will be subject to a reallocation of grants of State funds to the City if, among other requirements: (i) the City fails to make a required payment to such Retirement Fund as set forth in the applicable statute, (ii) the subject Retirement Fund gives notice of the failure to the City, and (iii) such Retirement Fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, and the satisfaction of all other requirements, the State Comptroller will withhold grants of State funds from the City in an amount not in excess of the delinquent payment amount.

During fiscal years 2018 and 2019, the Retirement Funds each submitted claims to the State Comptroller pursuant to the Recapture Provisions for alleged shortfalls in contributions for contribution years 2016, 2017 and 2018. Such alleged shortfalls arose from the loss in collection of the Pension Levy. The City contested those claims based on the City's interpretation of the Pension Code. Specifically, the City argued that the applicable Pension Code provisions did not require the City to cover the loss in collection of the Pension Levy. In October 2019, the Circuit Court of Cook County, Illinois (the "Circuit Court") ruled against the City, and the City decided not to appeal that decision. The total amount diverted to the Retirement Funds pursuant to the Recapture Provisions for contribution years 2016, 2017 and 2018 was approximately \$42 million. Beginning with the 2021 Budget, the City has included an increase to the property tax levy to account for losses in collections.

Actuarial Valuation General

The Pension Code requires that the Retirement Funds annually submit to the City Council a report containing a detailed statement of the affairs of such Retirement Fund, its income and expenditures, and assets and liabilities, which consists of the Actuarial Valuation. With respect to the Retirement Funds, the Actuarial Valuation measures the financial

position of a Retirement Fund, determines the annual amount to be contributed by the City to such Retirement Fund pursuant to the statutory requirements described above, and produces certain information mandated by the financial reporting standards issued by GASB, as described below.

In producing the Actuarial Valuations, the Retirement Funds' actuaries use demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) to produce the information required by the Prior GASB Standards or the New GASB Standards, each as hereinafter defined. The Retirement Funds' Actuarial Valuations are publicly available and may be obtained from the Retirement Funds. See "- Source Information" above. A description of the statistics generated by the Retirement Funds' actuaries in the Actuarial Valuations follows in the next few paragraphs. This information was derived from the Source Information.

GASB, which is part of a private non-profit corporation known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. These principles have no legal effect and do not impose any legal liability on the City. The references to GASB principles in this section do not suggest and should not be construed to suggest otherwise.

Prior GASB Standards

For the fiscal years discussed in this section prior to and including the year ended December 31, 2013, the applicable GASB financial reporting standards were GASB Statement No. 25 ("GASB 25") and GASB Statement No. 27 ("GASB 27" and, together with GASB 25, the "Prior GASB Standards"). The Prior GASB Standards required the determination of the "Actuarially Required Contribution" (referred to in the Prior GASB Standards as the "Annually Required Contribution"), which was such pronouncement's method for calculating the annual amounts needed to fully fund the Retirement Funds. The Actuarially Required Contribution was a financial reporting requirement and not a funding requirement. The Prior GASB Standards also required the calculation of pension funding statistics such as the UAAL (as hereinafter defined) and the Funded Ratio in the Actuarial Valuation. In addition, the Prior GASB Standards allowed pension plans to prepare financial reports pursuant to a variety of approved actuarial methods, certain of which are described in "- Actuarial Methods" below.

As defined in GASB 25, the Actuarially Required Contribution consisted of two components: (1) that portion of the present value of pension plan benefits which is allocated to the valuation year by the actuarial cost method (as described in "- Actuarial Methods - Actuarial

Accrued Liability" below), termed the "Normal Cost"; and (2) an amortized portion of any UAAL.

The "Actuarial Accrued Liability" was an estimate of the present value of the benefits each Retirement Fund must pay to members as a result of past employment and participation in such Retirement Fund. The Actuarial Accrued Liability was calculated by use of a variety of demographic and other data (such as employee age, salary and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, retirement date and age and mortality and disability rates). The "Actuarial Value of Assets" reflected the value of the investments and other assets held by each Retirement Fund. Various methods existed under the Prior GASB Standards for calculating the Actuarial Value of Assets and the Actuarial Accrued Liability. For a discussion of the methods and assumptions used to calculate the Retirement Funds' Actuarial Accrued Liability and Actuarial Value of Assets under GASB 25, see "- ACTUARIAL Methods" and "- Actuarial Assumptions" below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability was referred to as the

"Unfunded Actuarial Accrued Liability" or "UAAL." The UAAL represented the present value of benefits attributed to past service that are in excess of plan assets. In addition, the actuary computed the "Funded Ratio," which was the Actuarial Value of Assets divided by the Actuarial Accrued Liability, expressed as a percentage. The Funded Ratio and the UAAL provide one way of measuring the financial health of a pension plan.

New GASB Standards

GASB 25 was replaced with GASB Statement No. 67 ("GASB 67") and GASB Statement No. 68 ("GASB 68" and, together with GASB 67, the "New GASB Standards") replaced GASB 27 beginning with the fiscal years ending December 31, 2014 and December 31, 2015, respectively. Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans. The New GASB Standards require calculation and disclosure of a "Net Pension Liability," which is the difference between the actuarial present value of projected benefit payments that are attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the "Total Pension Liability") and the fair market value of the pension plan's assets (referred to as the "Fiduciary Net Position"). This concept is similar to the UAAL, which was calculated under the Prior GASB Standards, but most likely will differ from the UAAL on any calculation date because the Fiduciary Net Position is calculated at fair market value and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

Furthermore, the New GASB Standards employ a rate, referred to in such statements as the "Discount Rate," which is used to discount projected benefit payments to their actuarial present values. The Discount Rate may be a blended rate comprised of (1) a long-term expected rate of return on a Retirement Fund's investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards (a "Blended Rate"). Therefore, in certain cases in which the assets of a Retirement Fund are not expected to be sufficient to pay the projected benefits of

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such Retirement Fund, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

The New GASB Standards no longer require the calculation of the Actuarially Required Contribution. Under the New GASB Standards, the actuaries for the Retirement Funds calculate an Actuarially Determined Contribution ("ADC") on a basis set forth in its Actuarial Valuation.

City's Contributions Not Related to GASB Standards

The City's contributions to the Retirement Funds are not based on the contribution calculations promulgated by GASB for reporting purposes. Instead, the City's contributions are calculated pursuant to the formulas established in the Pension Code. See "- Determination of City's Contributions" above.

The methods for contributing to the Retirement Funds set forth in the Pension Code do not conform to the manner of funding established by the Prior GASB Standards, which was based on the Actuarially Required Contribution. The difference between the City's actual contributions and the Actuarially Required Contribution (as calculated by the Retirement Funds' actuaries) for fiscal years 2012-2014 is shown in Table 40. Information Regarding City's Contributions - Aggregated below. Each Retirement Fund's Actuarially Required Contribution is equal to its Normal Cost plus an amortization of the Retirement Fund's UAAL over a 30-year period. MEABF, LABF and FABF amortize the UAAL on a level dollar basis, whereas PABF amortizes the UAAL on a level percent of payroll basis. Both methods of calculating the Actuarially Required Contribution were acceptable under the Prior GASB Standards.

Furthermore, following the expiration of the LABF/MEABF Phase-In Funding in 2022, the City will contribute an actuarially calculated amount to each of the Retirement Funds, as opposed to the previous, non-actuarial approach. The FABF/PABF Funding Plan and the LABF/MEABF Funding Plan (together, the "Funding Plans") differ from the manner of calculation required by the Prior GASB Standards for financial reporting purposes, primarily because the goal of the Funding Plans is to reach a Funded Ratio in the respective Retirement Funds of 90 percent whereas the Prior GASB Standards required the Retirement Funds to amortize the UAAL towards attainment of a 100 percent Funded Ratio.

Table 40. Information Regarding City Contributions - Aggregated below provides information on the Actuarially Required Contribution (and, beginning in fiscal year 2015, the ADC), the City's actual contributions in accordance with the Pension Code and the percentage of the Actuarially Required Contribution or ADC made in each year.

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Table 40. Information Regarding City Contributions - Aggregated (\$ in thousands)

Actuarially Required Contribution / Actuarially Determined Contribution

	Actual Employer Contribution ¹						
	Percentage of Actuarially Required Contribution / Actuarially Determined Contribution Contributed						
2012	2013	2014					
2015 ²							
2016 ²							
2017 ²							
2018 ²							
2019 ²							
2020 ²							
2021 ²							
\$1,470,905	1,695,278	1,740,973	1,866,097	2,198,449	2,413,466	2,516,037	
2,641,613	2,827,086	2,897,943					
\$ 440,120							
442,970	447,400	973,669 ³	590,262 ³	1,020,254	1,236,737	1,314,965	1,679,072
							1,814,509
29.9%							

26.1
25.7
52.2³
26.9³
42.3
49.2
49.8
59.4
62.6

¹ Includes the portion of PPRT contributed to the Retirement Funds in each year.

² As described under "- DETERMINATION OF City's CONTRIBUTIONS," the New GASB Standards no longer require the calculation of the Actuarially Required Contribution. Under the New GASB Standards, the actuaries for the Retirement Funds calculate an ADC on a basis set forth in its Actuarial Valuation.

³ The increase in contributions for fiscal year 2015 and subsequent decrease for fiscal year 2016 result from the timing of changes to the Pension Code with respect to PABF and FABF. P.A. 99-506, which modified the provisions of P.A. 96-1495, became effective in May 2016. Prior to the adoption of P.A. 99-506, the City's contributions to PABF and FABF were scheduled to increase substantially pursuant to P.A. 96-1495. The fiscal year 2015 Actuarial Valuations for PABF and FABF were prepared prior to the adoption of P.A. 99-506, and therefore recorded a receivable for employer contributions to be received during fiscal year 2016 based on the P.A. 96-1495 requirements. As a result of this modification, the actual employer contributions received were substantially less than the receivable reflected in the fiscal year 2015 Actuarial Valuations. For financial reporting purposes, this difference was reported as a reduction to the fiscal year 2016 employer contributions in the fiscal year 2016 Actuarial Valuations for PABF and FABF.

Sources: The Retirement Fund Financial Statements for each of the Retirement Funds. Data is presented in the aggregate for the Retirement Funds and uses assumptions and methods employed by each of the Retirement Funds.

The aggregate ADC of the Retirement Funds for Fiscal Years 2022 and 2023 are \$2,897,943,109 and \$3,010,531,870, respectively. The City has budgeted contributions of \$2,332,330,000 for the Fiscal Year 2022 contribution and \$2,666,678,000 for the Fiscal Year 2023 contribution.

Actuarial Methods

The Retirement Funds' actuaries employ a variety of actuarial methods to arrive at the pension statistics required by the Prior GASB Standards and the New GASB Standards. Certain of these methods are discussed in the following sections.

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Actuarial Value of Assets

Under the Prior GASB Standards, the Retirement Funds calculate their respective Actuarial Value of Assets by smoothing investment gains and losses over a period of five years, a method of valuation referred to as the "Asset Smoothing Method." Under the Asset Smoothing Method, the Retirement Funds recognize in the current year 20 percent of the investment gain or loss realized in that year and each of the previous four years. The Asset Smoothing Method was an allowable method of calculating the Actuarial Value of Assets under the Prior GASB Standards.

The Asset Smoothing Method lessens the immediate impact of market fluctuations on the Actuarial Value of Assets, which is used to calculate the UAAL and the Funded Ratio, that may otherwise occur as a result of market volatility. However, asset smoothing delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that differs from the market value of pension plan assets at the time of measurement. As a result, presenting the

Actuarial Value of Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually.

As described above, under the New GASB Standards, the Fiduciary Net Position is equal to the fair market value of a pension plan's assets as of the date of determination. As such, the Asset Smoothing Method does not apply to the determination of the Fiduciary Net Position under the New GASB Standards.

■ Table 41. Actuarial Value of Assets vs. Fair Value of Net Assets - Aggregated below provides a comparison of the assets of the Retirement Funds (as aggregated) on a fair value basis and after application of the Asset Smoothing Method.

Table 41. Actuarial Value of assets vs. Fair Value of Net Assets - aggregated (\$ in thousands)

Fiscal Year	Actuarial Value of Assets *	Fair Value of Net Assets Value	Actuarial Value as a Percentage of Fair
2012	\$10,531,448	10,391,269	97.5%
2013	10,513,564	9,980,946	93.4
2014	10,339,208	9,929,270	96.9
2015	10,391,269	9,656,442	103.0
2016	9,980,946	9,480,927	105.2
2017	9,929,270	9,828,348	98.6
2018	9,656,442	10,389,767	107.9
2019	9,480,927	10,955,433	99.0
2020	9,828,348		97.2
2021	10,389,767		94.4

The Actuarial Value of Assets is calculated through use of the Asset Smoothing Method. Sources The Actuarial Valuations of the Retirement Funds for the fiscal years 2012 through 2021. Data is presented in the aggregate for the Retirement Funds and uses assumptions and methods employed by each of the Retirement Funds.

Actuarial Accrued Liability

As the final step in the calculation of actuarial liabilities, the actuary applies a cost method to allocate the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by the development of the Actuarial Accrued Liability and the Normal Cost under the Prior GASB Standards and the Pension Code and the Total Pension Liability under the New GASB Standards. Currently, all of the Retirement Funds use the entry age normal actuarial cost method (the "EAN Method") with costs allocated on the basis of earnings. The EAN Method was an approved actuarial cost method under the Prior GASB Standards and is the only allowable actuarial cost method under the New GASB Standards.

Under the EAN Method, the present value of each employee's projected pension is assumed to be funded by annual installments equal to a level percentage of the employee's earnings for each year between entry age and assumed exit age. As calculated pursuant to the Prior GASB Standards, each employee's Normal Cost for the current year is equal to the portion of the value so determined, assigned to the current year. Therefore, the Normal Cost for the plan for the year is the sum of the Normal Costs of all employees.

The Actuarial Accrued Liability is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation date, i.e., for past service. This value changes as the employee's salary changes and years of service increase, and as some employees leave and new employees are hired. Future Normal Cost is the portion of the present value of benefits assigned to future years of service and is assumed to be funded annually.

Actuarial Assumptions

The Actuarial Valuations of the Retirement Funds use a variety of assumptions in order to calculate the statistics required by the Prior GASB Standards and the New GASB Standards. Although several of the assumptions are the same across all of the Retirement Funds, each Retirement Fund determines, within actuarial standards, the assumptions to be used in its Actuarial Valuation unless a specific assumption is fixed by the Pension Code. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Funds. Variances between the assumptions and actual results may cause increases or decreases in the statistics calculated pursuant to the Prior GASB Standards or the New GASB Standards. Additional information on each Retirement Fund's actuarial assumptions is available in the respective 2021 Actuarial Valuation of the Retirement Funds. See "- Source Information" above.

The actuarial assumptions used by the Retirement Funds are determined by the individual Retirement Fund Boards upon the advice of the actuary for each Retirement Fund Board. The Retirement Funds periodically perform experience studies to evaluate the actuarial assumptions in use. The purpose of an experience study is to validate that the actuarial assumptions used in the Actuarial Valuation continue to reasonably estimate the actual experience of the pension plan and, if necessary, to develop recommendations for modifications to the actuarial assumptions to ensure their continuing appropriateness.

Assumed Investment Rate of Return

The Actuarial Valuations assume an investment rate of return on the assets in each Retirement Fund. The average long-term investment rates of return currently assumed by the Retirement Funds are described in Table 39. Investment Rates OF Return above. Due to the volatility of the marketplace, however, the actual rate of return earned by the Retirement Funds on their assets in any year may be higher or lower than the assumed rate. Changes in the Retirement Funds' assets as a result of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio. As a result of the Retirement Funds' use of the Asset Smoothing Method, however, only a portion of these increases or decreases will be recognized in the current year, with the remaining gain or loss spread over the remaining four years. See "- Actuarial Methods - Actuarial Value of Assets" above.

The assumed investment rate of return is used by each Retirement Fund's actuary as the discount rate to determine the present value of future payments to such Retirement Fund's members. Such a determination is part of the actuary's process to develop the Actuarial Accrued Liability under the Prior GASB Standards. Reducing the assumed investment rate of return will, taken independently of other changes, produce a larger Actuarial Accrued Liability for each Retirement Fund. Furthermore, as discussed above, an increase in the Actuarial Accrued Liability will, taken independently, increase the UAAL, decrease the Funded Ratio and increase the Actuarially Required Contribution.

Under the New GASB Standards, each Retirement Fund's actuary will calculate the Discount Rate, as described under "- Actuarial Valuation-New GASB Standards" above, a reduction in which will, taken independently of other factors, produce a larger Total Pension Liability for each Retirement Fund. Information regarding the Discount Rate and

the sensitivity of the Total Pension Liability to changes in the Discount Rate is provided below in Table 49. Sensitivity of Net Pension Liability to Changes in the Discount Rate. The current investment rates of return assumed by each Retirement Funds are set forth in Table 39. Investment Rates of Return above.

Changes to the assumed investment rate of return did not impact contributions by the City to Retirement Funds when such contributions are specified in statute, such as the City's contributions to the Retirement Funds during the FABF/PABF Phase-in Funding and the LABF/MEABF Phase-in Funding Plan (together, the "Phase-In Periods"). Beginning in payment year 2023, following the expiration of the Phase-In Periods, when the City must contribute to the Retirement Funds on an actuarial basis, decreases in the assumed investment rate of return with respect to the Retirement Funds would, taken independently of other factors, increase the City's required contributions to the Retirement Funds because the UAAL of the Retirement Funds would increase as described above, and the Funding Plans require an amortization of the UAAL to reach a 90 percent funding target.

Funded Status of the Retirement Funds

In recent years, the City has contributed to the Retirement Funds the amounts determined by the City to be required by the Pension Code. Such contributions have been made from a combination of property tax revenues (through the Pension Levy), PPRT funds, General Fund

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revenues, enterprise revenues, and proceeds from a tax on water and sewer service in the City. However, these amounts have not been sufficient, when combined with employee contributions and investment returns, to offset increases in the liabilities of the Retirement Funds. Moreover, expenses related to the retiree health plan (as further described below) have been paid from the City's contributions, which has had the effect of reducing the Actuarial Value of Assets and decreasing the Funded Ratio.

Furthermore, the income from all sources (including employee contributions, City contributions and investment earnings) to the Retirement Funds has been lower than the cash outlays of the Retirement Funds in some recent years. As a result, the Retirement Funds have liquidated investments and used assets of the Retirement Funds to satisfy these cash outlays. The use of investment earnings or assets of the Retirement Funds for these purposes reduces the amount of assets on hand to pay benefits in the future and prevents the Retirement Funds from recognizing the full benefits of compounding investment returns.

The following Tables 42 through 47 summarize the financial condition and the funding trends of the Retirement Funds.

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VO vo^
wo" ocf Ov O
r- oo Tf VO*
C/O

CN VO
r- ov o^ co^
vo" CN
in oo
Tf^ CN
Tf VO" C/O

vo Ov
VO Tf
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ro^ ro^ o" m" Ov m m o Tf in"
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$$\text{ca.}$$

$$\text{C/3}$$

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CN "3

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*sr ro r- vo vo wo o oo co, *sr, in r-* oo" o" *sr oi -sr oi -

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O OO CN vo vo wo vo CN Ov in oo" vo" wo" wo" *sr WO WO

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vo^ (- m - Ov

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ro, oo oo^ ro^ CN OI OO, GO
Ov^ ^
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Tf

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Ov^ O^ ro oo ro^ o
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CO ro 60
vo ro r- Tf o, in oo^ m^
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VO n
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O O
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ro ro
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Ov Ov CN OJ 60

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O- oo- VO o
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r- r-
CN CN 60

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Ov Tf
m- m- CN CN 60

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ro- Cq
oo- ro- OJ OJ 60

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Tf O-

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ro ro

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ca ca CC C« •a tj '
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A variety of factors impact the Retirement Funds' UAAL and Funded Ratio. A lower return on investment than that assumed by the Retirement Funds and insufficient contributions when compared to the Normal Cost plus interest will each cause an increase in the UAAL and a decrease in the Funded Ratio. Conversely, higher returns on investment than assumed and contributions in excess of Normal Cost plus interest will decrease the UAAL and increase the Funded Ratio. In addition, legislative amendments, changes in actuarial assumptions, including, specifically, a change in the investment rate of return assumption, and certain other factors (including, but not limited to, higher or lower incidences of retirement, disability, in-service mortality, retiree mortality or terminations than assumed) will have an impact on the UAAL and the Funded Ratio.

Net Pension Liability and Discount Rate

As described in "- Actuarial Valuation - New GASB Standards" above, the New GASB Standards require the calculation of the Net Pension Liability, which is the difference between the Total Pension Liability and the Fiduciary Net Position. Furthermore, the Discount Rate is the blended rate at which the actuaries of the Retirement Funds discount projected benefit payments to their actuarial present values.

The following Tables 48 and 49 present information on the Net Pension Liability and the components thereof, the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

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Table 48. Net Pension Liability (\$ in thousands)

Total Pension Liability

Plan Net Position

Plan Net Position as
Net Pension a Percentage of Total Discount
Liability Pension Liability Rate

MEABF

2016	2017	2018	2019	2020	2021
\$23,291,271	16,282,396	16,808,614	17,260,356	17,814,812	18,401,580
54,436,227	4,554,018	3,914,180	4,080,642	4,090,239	4,308,269
\$18,855,044	11,728,378	12,894,434	13,179,714	13,724,573	14,093,311

19.0%
28.0
23.3
23.6
23.0
23.4
3.90%
7.00
7.00
7.00
7.00
7.00

LABF

2016
2017 ¹
2018
2019
2020
2021
\$3,693,645 2,630,107 2,693,404 2,775,649 2,858,334 2,905,524
51,167,740 1,267,554 1,094,683 1,187,549 1,269,742 1,334,102
\$2,525,905 1,362,553 1,598,721 1,588,100 1,588,592 1,571,422
31.6%
48.2
40.6
42.8
44.4
45.9
4.17%
7.07
7.11
7.00
6.84
6.77

PABF

2016 2017 2018 2019 2020 2021
513,113,091 13,454,462 13,313,258 14,789,602 15,494,740 16,340,008
\$2,865,019 3,122,066 2,905,180 3,162,429 3,441,898 3,846,664
\$10,248,072 10,332,396 10,408,078 11,627,173 12,052,842 12,493,344
21.8%
23.2
21.8
21.4
22.2
23.5
7.07%
7.00
7.18
6.43
6.28
6.26

FABF

2016 2017 2018 2019 2020 2021
\$5,149,258 5,746,150 6,252,360 6,542,491 6,901,131 7,004,906
51,019,014 1,126,153 1,035,790 1,149,821 1,308,887 1,466,398
\$4,130,244 4,619,997 5,216,570 5,392,670 5,592,244 5,538,508
19.8%

	2016	2017	2018	2019	2020	2021
\$45,247,265	38,113,115	39,067,636	41,368,098	43,069,017	44,652,018	
\$35,759,265	28,043,324	30,117,803	31,787,657	32,958,251	33,696,585	
21.0%						
26.4						
22.9						
23.2						
23.5						
24.5						

5 9,488,000 10,069,791 8,949,833 9,580,441 10,110,766 10,955,433

¹ The change in Total Pension Liability from fiscal year 2016 to fiscal year 2017 was due primarily to increases in the respective Discount Rate under the New GASB Standards from 3.90 percent (MEABF) and 4.17 percent (LABF) for fiscal year 2016 to 7.00 percent (MEABF) and 7.07 percent (LABF) for fiscal year 2017. This change in the Discount Rate was primarily caused by the enactment of P.A. 100-23, which made substantial changes to the funding provisions of the Pension Code. See "- DETERMINATION OF CITY'S CONTRIBUTIONS" herein.

Source: 2021 City ACFR and with respect to discount rate information, the MEABF Retirement Fund Financial Statements; GASB67/68 Statements of LABF, PABF, and FABF for the respective fiscal years of the Retirement Funds.

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Table 49. Sensitivity of Net Pension Liability to Changes in the Discount Rate (Fiscal Year 2021) (\$ in thousands)

Discount Rate Used in Fiscal Year 2021	1 % Decrease	Actuarial Valuation	1 % Increase

MEABF Discount Rate Net Pension Liability

LABF Discount Rate Net Pension Liability

6.00% \$16,366,262

5.77% \$ L915.412

7.00% \$14,093,311

6.77%' \$ 1,571,422

8.00% \$12,203,640

7.77% \$1,282,680

PABF Discount Rate Net Pension Liability

5.26% \$14,532,722

6.26%¹ \$12,493,344

7.26% \$10,796,708

FABF Discount Rate Net Pension Liability

5.75% \$ 6,378,443

6.75% \$ 5,538,508

7.75% \$ 4,835,563

Source: 2021 City ACFR.

¹ The Discount Rate in the Fiscal Year 2021 Actuarial Valuation for each of LABF and PABF constitutes a Blended Rate that is lower than the respective investment rate of return assumed by such funds. A Blended Rate was employed by the actuaries for LABF and PABF because, based on actuarial standards and assumptions, the net position and projected future contributions for LABF and PABF are projected to be sufficient to finance benefit payments through the years 2074 and 2077, respectively, which is short of the 100 year projection period required by the New GASB Standards. See "Actuarial Valuation-New GASB Standards" herein. In the Fiscal Year 2021 Actuarial Valuation, projected benefit payments are discounted during the time that assets are expected to be available to finance benefit payments at the assumed discount rate. Benefit payments beyond such year through the remainder of the 100-year projection period are discounted at a rate determined by a municipal bond index rate, which was 1.84% with respect to the Fiscal Year 2021 Actuarial Valuation. The municipal bond rate and the assumed discount rate are blended to establish a single Blended Rate for each Retirement Fund. The Discount Rates set forth in this Table 49 for PABF and LABF are the applicable Blended Rates for such Retirement Funds.

Projection of Funded Status

The following projections (collectively, the "Pension Projections") are based upon numerous variables that are subject to change. The Pension Projections are provided to indicate expected trends in the future funded status of the Retirement Funds. The Pension Projections are forward-looking statements regarding future events based on the current provisions of the Pension Code, the Retirement Funds' actuarial assumptions and assumptions made regarding such future events, including the assumption that all projected contributions to the Retirement Funds are made as required. No assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented in this subsection. See "INVESTMENT CONSIDERATIONS - Forward-Looking Statements."

The Pension Projections reflect the current provisions of the Pension Code and are based on data as of December 31, 2021. The Pension Projections do not consider the effects of the Pension Funding Policy on the future fair value of assets, UAAL, Funded Ratio and employer contributions of the Retirement Funds set forth in the following tables. Furthermore, the Pension

Projections provided in this section with respect to MEABF combine pension and certain post-employment healthcare benefits liabilities together in a single projection, whereas the projections with respect to the other Retirement Funds exclude such liabilities. Therefore, with respect to MEABF, such projections overstate the Actuarial Accrued Liability with respect to pension benefits by the amount of such liability. In addition, the City believes that such liability may be reduced based upon the outcome of the Lawsuit (as hereinafter defined). See "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS - CITY FUNDING OF Healthcare Benefits" herein.

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Table 50. Projection of Future Funding Status - MEABF (\$ in thousands)

<u>Fiscal Year</u>																
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
2056	2057	2058	2059	2060												
<u>Actuarial Accrued Liability (a)</u>																

\$18,847,901 19,257,104 19,649,018 20,020,895 20,371,189 20,697,732 21,001,260 21,281,073 21,533,851 21,757,801 21,953,305 22,120,995
22,260,378 22,371,936 22,457,018 22,516,462 22,551,629 22,564,685 22,574,011 22,566,106 22,544,019 22,509,149 22,464,116 22,411,191
22,351,790 22,288,541 22,219,627 22,146,070 22,068,298 21,987,226 21,904,620 21,816,768 21,722,727 21,623,313 21,519,705 21,413,584
21,298,517 21,175,494 21,043,668

Market Value of Assets (b)

\$ 4,605,543 4,887,722 5,157,661 5,413,344 5,653,866 5,877,410 6,085,692 6,279,131 6,455,581 6,614,093 6,756,361 6,885,220 7,002,176
7,109,580 7,211,045 7,309,892 7,410,195 7,516,962 7,651,649 7,803,989 7,980,898 8,187,838 8,431,180 8,717,609 9,053,180 9,445,297 9,897,622
10,415,875 11,006,416 11,676,292 12,433,891 13,282,830 14,228,908 15,280,799 16,448,490 17,743,146 19,168,665 19,057,945 18,939,301

Market UAAL (a-b)

\$14,242,358⁽²⁾ 14,369,382[^] 14,491,357[^] 14,607,551 14,717,323 14,820,322 14,915,568 15,001,942 15,078,270 15,143,708 15,196,944 15,235,775
15,258,202 15,262,356 15,245,973 15,206,570 15,141,434 15,047,723 14,922,362 14,762,117 14,563,121 14,321,311 14,032,936 13,693,582
13,298,610 12,843,244 12,322,005 11,730,195 11,061,882 10,310,934 9,470,729 8,533,938 7,493,819 6,342,514 5,071,215 3,670,438 2,129,852
2,117,549 2,104,367

Market
Funded Ratio
(b/a)

24.4%^{(2)>}
25.4^{<2>}
26.2^{<2>}
27.0
27.8
28.4
29.0
29.5
30.0
30.4
30.8
31.1
31.5
31.8
32.1
32.5
32.9
33.3
33.9
34.6
35.4
36.4
37.5
38.9
40.5
42.4
44.5
47.0
49.9
53.1
56.8
60.9
65.5
70.7
76.4
82.9
90.0
90.0
90.0

Employer Contribution¹

\$ 573,701 959,998 976,028 987,625 999,601 1,011,686 1,023,587 1,035,979 1,048,975 1,062,524 1,076,131 1,090,335 1,106,053 1,122,870
 1,140,519 1,159,224 1,179,123 1,200,279 1,222,615 1,246,174 1,270,846 1,297,214 1,325,208 1,354,094 1,384,324 1,415,759 1,448,210
 1,482,172 1,516,270 1,551,495 1,587,576 1,624,604 1,662,902 1,701,185 1,740,127 1,780,098 1,821,146 1,863,493 227,965

¹ Represents contributions expected to be made by the City during the fiscal year pursuant to the Pension Code.

2 The Actuarial Valuation for MEABF calculates the UAAL and the Funded Ratio on an actuarial basis. The values shown in this table have been calculated using the Fair Value of Assets and therefore differ from the values set forth in the Actuarial Valuation.

Source: The Actuarial Valuation of MEABF as of December 31, 2021.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding. Table 50. Projection of Future Funding Status - MEABF includes OPEB liabilities together in a single projection; therefore, such projections overstate the Actuarial Accrued Liability with respect to pension benefits by the amount of such OPEB liability. In addition, the City believes that the liability related to OPEB may be reduced based upon the outcome of the Lawsuit. See "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS - City Funding of Healthcare Benefits" herein. Projections are calculated on a cash basis.

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Table 51. Projection of Future Funding Status - LABF (\$ in thousands)

<u>Actuarial</u>	<u>Market Value</u>	<u>Market</u>			
<u>Accrued Liability</u>	<u>of Assets</u>	<u>Market UAAL</u>	<u>Funded Ratio</u>	<u>Employer</u>	
<u>Fiscal Year</u>	<u>(a)</u>	<u>(b)</u>	<u>(a-b)</u>	<u>(b/a)</u>	<u>Contribution¹</u>
2022	\$2,811,365	\$1,370,139	\$1,441,226	48.7%	\$116,549
2023	2,858,976	1,399,951	1,458,981	49.0	111,975
2024	2,904,533	1,428,289	1,476,244	49.2	113,639
2025	2,947,541	1,454,800	1,492,741	49.4	115,517
2026	2,987,530	1,479,065	1,508,465	49.5	117,324
2027	3,023,775	1,500,520	1,523,255	49.6	119,166
2028	3,055,974	1,519,041	1,536,933	49.7	121,087
2029	3,083,307	1,533,921	1,549,386	49.7	123,004
2030	3,105,523	1,545,182	1,560,341	49.8	125,073
2031	3,122,804	1,553,321	1,569,483	49.7	127,390
2032	3,136,029	1,559,333	1,576,696	49.7	129,706
2033	3,144,048	1,562,168	1,581,880	49.7	131,955
2034	3,147,124	1,562,163	1,584,961	49.6	134,136
2035	3,146,032	1,560,399	1,585,633	49.6	136,525
2036	3,141,421	1,557,661	1,583,760	49.6	138,925
2037	3,133,820	1,554,675	1,579,145	49.6	141,364
2038	3,123,478	1,551,761	1,571,717	49.7	143,681
2039	3,110,608	1,549,367	1,561,241	49.8	146,015
2040	3,096,259	1,548,881	1,547,378	50.1	148,523
2041	3,081,615	1,551,798	1,529,817	50.4	151,185
2042	3,067,483	1,559,114	1,508,369	50.8	153,812
2042	2043-3,054,468	1,571,743	1,482,725	51.5	156,482
2044	3,043,220	1,590,631	1,452,589	52.3	159,173
2045	3,033,779	1,616,016	1,417,763	53.3	161,708
2046	3,026,637	1,648,892	1,377,745	55.4	164,411
2047	3,022,426	1,690,218	1,332,208	55.9	167,122
2048	3,021,422	1,740,710	1,280,712	57.6	169,876
2049	3,024,084	1,801,312	1,222,772	59.6	172,713
2050	3,030,540	1,872,605	1,157,935	61.7	175,558
2051	3,040,080	1,954,299	1,085,781	64.3	178,335
2052	3,052,379	2,046,757	1,005,622	67.1	181,295
2053	3,067,470	2,150,551	916,919	70.1	184,238
2054	3,085,342	2,266,393	818,949	73.5	187,306
2055	3,106,034	2,395,100	710,934	77.1	190,502

2056	3,129,7942,537,667592,12781.1193,722
2057	3,157,0782,695,393461,68585.4197,007
2058	3,187,8362,869,095318,74190.0200,336
2059	3,222,0422,899,838322,20490.057,741
2060	3,259,5002,933,550325,95090.058,260

¹ Represents contributions expected to be made by the City during the following fiscal year pursuant to the Pension Code. The funded ratio includes these contributions as receivable contributions.

Source: The Actuarial Valuation of LABF as of December 31, 2021. Projections are calculated on a cash basis.

Note: Values in this tabic may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding.

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Table 52. Projection of Future Funding Status - FABF (\$ in thousands)

Fiscal Year

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055

Actuarial Accrued Liability (a)

\$ 7,181,938	7,354,700	7,523,038	7,686,495	7,844,006	7,993,879	8,136,727	8,273,337	8,404,099	8,528,064	8,644,812	8,754,766	8,858,468
8,957,159	9,051,508	9,141,995	9,229,095	9,313,575	9,396,476	9,477,493	9,555,874	9,632,204	9,706,743	9,779,444	9,850,292	9,919,414
9,987,860	10,057,307	10,129,472	10,205,396	10,285,595	10,371,374	10,464,586	10,567,074					

Market Value of Assets (b)

\$1,592,261	1,738,532	1,889,342	2,046,641	2,206,581	2,366,812	2,527,273	2,689,672	2,855,543	3,025,258	3,197,537	3,370,827	3,546,583
3,725,168	3,906,470	4,091,498	4,280,968	4,476,345	4,678,591	4,888,489	5,107,255	5,335,797	5,575,572	5,827,457	6,092,706	6,373,265
6,671,665	6,991,178	7,334,656	7,704,505	8,103,586	8,535,194	9,002,918	9,510,367					

Market UAAL (a-b)

\$5,589,677	5,616,168	5,633,696	5,639,854	5,637,425	5,627,067	5,609,454	5,583,665	5,548,556	5,502,806	5,447,275	5,383,939	5,311,885
5,231,991	5,145,038	5,050,497	4,948,127	4,837,230	4,717,885	4,589,004	4,448,619	4,296,407	4,131,171	3,951,987	3,757,586	3,546,149
3,316,195	3,066,129	2,794,816	2,500,891	2,182,009	1,836,180	1,461,668	1,056,707					

Market Funded Ratio (b/a)

22.2%
23.6
25.1
26.6
28.1
29.6
31.1
32.5
34.0
35.5
37.0
38.5
40.0
41.6

43.2
44.8
46.4
48.1
49.8
51.6
53.4
55.4
57.4
59.6
61.9
64.3
66.8
69.5
72.4
75.5
78.8
82.3
86.0
90.0

Employer Contribution¹

\$398,641	427,685	439,339	452,434	462,138	470,308	477,240	484,886	493,468	502,291
509,168	513,882	519,118	523,547	526,657	529,573	532,340	535,315	538,109	541,242
544,911	548,254	551,957	555,764	559,785	564,218	569,068	574,393	579,797	585,382
591,615	598,124	604,727	611,436						

¹ Represents contributions expected to be made by the City during the fiscal year.

Source: The Actuarial Valuation of FABF as of December 31, 2021. Projections are calculated on an accrual basis. However, with respect to the "Employer Contribution" column, the City has presented the data based on the year the employer contribution is actually made, rather than the preceding budget year.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding.

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Table 53. Projection of Future Funding Status - PABF (\$ in thousands)

Fiscal Year

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
<u>Actuarial Accrued Liability (a)</u>																
\$15,830,049	16,199,164	16,562,982	16,917,872	17,261,959	17,594,814	17,916,301	18,224,461	18,518,190	18,797,994	19,064,227	19,316,485	19,554,739	19,780,226	19,993,687	20,196,938	20,390,734
20,576,500	20,755,470	20,929,509	21,099,981	21,268,191	21,435,105	21,601,596	21,768,616	21,937,473	22,109,158	22,283,668	22,461,247	22,642,635	22,829,041	23,022,146	23,222,957	23,431,907
<u>Market Value of Assets (b)</u>																

\$ 4,047,435 4,301,959 4,564,684 4,833,302 5,108,029 5,391,649 5,684,333 5,981,760 6,283,121 6,590,965 6,908,318 7,236,334 7,574,910
7,924,842 8,285,274 8,658,772 9,045,995 9,449,642 9,872,349 10,318,447 10,791,322 11,294,319 11,830,680 12,404,050 13,018,382 13,678,097
14,387,438 15,149,621 15,968,386 16,848,209 17,794,306 18,812,629 19,908,718 21,087,877

Market UAAL (a-b)

\$11,782,614 11,897,205 11,998,298 12,084,570 12,153,930 12,203,165 12,231,968 12,242,701 12,235,069 12,207,029 12,155,909 12,080,151
11,979,829 11,855,384 11,708,413 11,538,166 11,344,739 11,126,858 10,883,121 10,611,062 10,308,659 9,973,872 9,604,425 9,197,546
8,750,234 8,259,376 7,721,720 7,134,047 6,492,861 5,794,426 5,034,735 4,209,517 3,314,239 2,344,030

Market

Funded Ratio

(b/a)

25.6%
26.6
27.6
28.6
29.6
30.6
31.7
32.8
33.9
35.1
36.2
37.5
38.7
40.1
41.4
42.9
44.4
45.9
47.6
49.3
51.1
53.1
55.2
57.4
59.8
62.4
65.1
68.0
71.1
74.4
77.9
81.7
85.7
90.0

Employer Contribution¹

\$ 799,447 851,100 872,782 894,135 916,268 940,532 963,511 982,126 999,645 1,018,007 1,037,832 1,057,503 1,075,123 1,090,537 1,102,442
1,113,561 1,122,940 1,132,129 1,141,325 1,151,622 1,162,363 1,173,427 1,184,889 1,197,120 1,210,138 1,223,890 1,238,236 1,252,877
1,267,884 1,283,188 1,298,783 1,314,614 1,330,630 1,346,871

¹ Represents contributions expected to be made by the City during the fiscal year.

Source: The Actuarial Valuation of PABF as of December 31, 2021. Projections are calculated on an accrual basis. However, with respect to the "Employer Contribution" column, the City has presented the data based on the year the employer contribution is actually made, rather than the preceding budget year.

Note: Values in this table may differ from the values to be derived by application of the formulas set forth in the column headers due to rounding.

Enterprise Fund Allocation of Retirement Fund Costs

The City allocates to its enterprise funds their share of the City's annual contribution to the Retirement Funds based upon the amount of services provided by City employees to the functions or enterprises related to or paid out of those funds. The enterprise funds account for their allocable share of the City's contributions to the Retirement Funds as operating and maintenance expenses. In addition, beginning in 2015, the financial statements of the enterprise funds include an allocation of the applicable Net Pension Liability to such enterprise funds as required by the New GASB Standards. The amounts allocable to the respective enterprise funds may be significant and may have a material effect on such financial statements. For fiscal year 2023, the City budgeted for the enterprise funds to reimburse the City approximately \$269.3 million, or 7.6 percent of the total appropriation, consisting of the allocable share of the City's pension contribution by the enterprise funds as follows: (i) from the Water Fund, \$92.2 million, (ii) from the Sewer Fund, \$32.5 million, (iii) from the Chicago Midway International Airport Fund, \$25.6 million, and (iv) from the Chicago O'Hare International Airport Fund, \$119.1 million. These reimbursements include the amounts allocable to each enterprise fund for its share of the 2023 Advance Pension Contribution.

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

OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS

City Funding of Healthcare Benefits

In 1983, the Illinois General Assembly amended the Pension Code to require PABF and FABF to contract with one or more insurance carrier(s) to provide group health insurance for their retirees and to pay specified subsidies toward the premiums of such insurance for certain eligible retirees, as further described below. The 1983 amendments stated that such subsidies were to be paid by those Funds from the City's property tax levies for PABF and FABF. In 1985, the Illinois General Assembly further amended the Pension Code to require MEABF and LABF to pay certain subsidies for their retirees' monthly premiums for health insurance (as further described below), with such subsidies being paid by those Funds from the City's property tax levies for MEABF and LABF. In 1987, the City sued the Retirement Funds asserting, among other things, that the City was not obligated to provide healthcare benefits to retired City employees. At that time, the City was providing a self-insured health plan for its retirees. To avoid the risk and expense of protracted litigation, the City entered into a settlement agreement on August 23, 1989. Following the expiration of this settlement agreement, the City entered into a second settlement agreement in 1997 and, following the second settlement agreement's expiration, a third settlement agreement in 2003 (the "2003 Settlement"). Pursuant to the 2003 Settlement, the City, the Retirement Funds, and the retirees shared the costs of the City's self-insured retiree healthcare plan until the 2003 Settlement expired on December 31, 2013. In connection with the expiration of the 2003 Settlement, the City announced plans to: (i) offer a healthcare plan to City employees who retired before August 23, 1989 (the "Pre-8/23/89 Retiree Group"), and pay up to 55 percent of the cost of that plan to those retirees for their lifetime; and (ii) provide a modified healthcare plan with

decreasing City contributions to City employees who retired on or after August 23, 1989 and to phase out such healthcare plan entirely by the beginning of 2017. The City subsequently confirmed that the City will pay 55 percent of the cost of the plan that it provides to the Pre-8/23/1989 Retiree Group for the lifetime of those retirees.

As a result, at present, the City pays 55 percent of the cost of the plan that it provides to the Pre-8/23/1989 Retiree Group. Beyond that, the City has not made payments related to retiree healthcare since December 31, 2016. As for the Retirement Funds, they stopped the health care subsidies on December 31, 2016, when the respective Pension Code provisions requiring such subsidies expired, but that subsequently changed as described below. For the Retirement Funds, the responsibility for offering a healthcare plan and making certain healthcare subsidy payments for City employees hired prior to the execution of the 2003 Settlement (currently determined to be June 30, 2003), but not retired before August 23, 1989 and meeting certain eligibility requirements (the "Pre-2003 Hiree Group") is presently the subject of a lawsuit, *Underwood v. City of Chicago* (the "Lawsuit"), as described in the following paragraphs.

On July 23, 2013, certain former and current City employees filed the Lawsuit against the City and the trustees of each of the four Retirement Fund Boards, seeking to bring a class action on behalf of current and former City employees who previously contributed or now contribute to one of the four Retirement Funds. The complaint advanced state law claims, including an alleged violation of the Pension Clause, and federal law claims, which were dismissed by the federal district court in an opinion that was affirmed on appeal by the Seventh Circuit Court of Appeals. The Lawsuit was then remanded to state court, where the Illinois Appellate Court held, on appeal from a decision of the Circuit Court, that members of the Pre-2003 Hiree Group stated a claim under the Pension Clause for certain benefits provided under the 1983 and 1985 amendments to the Pension Code. The appellate court affirmed the dismissal of the plaintiffs' remaining state law claims.

Regarding the Pension Clause claim, the appellate court held that the Pension Clause protects the fixed-rate subsidies required by the 1983 and 1985 amendments to the Pension Code, not a particular level of medical care. The subsidies provided under the 1983 and 1985 amendments to the Pension Code are \$21 or \$55 per month for certain PABF and FABF retirees (depending on Medicare eligibility) and \$25 per month for certain eligible MEABF and LABF retirees (age 65 and older with at least 15 years of service). The Illinois Supreme Court denied review of the appellate court's decision, and the case was remanded to the Circuit Court to effectuate the appellate court's mandate.

In addition, on February 1, 2019, the Circuit Court held that the 1983 and 1985 amendments to the Pension Code require the Retirement Funds, not the City, to pay the subsidies. The Circuit Court decision was upheld by the appellate court. The Retirement Funds have issued retroactive subsidy payments (going back to January 1, 2017) to the eligible retirees and began making contemporaneous subsidy payments in the amounts provided in the 1983 and 1985 amendments to the eligible retirees. With no viable claims remaining against the City, based on the City's motion, the Circuit Court granted summary judgment in the City's favor on September 9, 2021. Plaintiffs have appealed that ruling and many other previous rulings by the Circuit Court, including the Circuit Court's denial of plaintiffs' motion to file a seventh amended complaint. The

City has been defending and will continue to defend this matter vigorously. The City can give no assurance as to the ultimate outcome of the Lawsuit.

The benefits provided to retired City employees as described in this section are referred to hereinafter as

the "Health Benefits."

CBA Special Benefits

Under the CBAs with the FOP, the PBPA (Sergeants, Lieutenants and Captains) and the Local 2, certain retired PABF and FABF participants who retire after reaching age 55 with the required years of service are eligible to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members until the Medicare eligibility age (the "CBA Special Benefits" and, together with the Health Benefits, the "OPEB Benefits"). These members are required to contribute a percentage of their pension for healthcare coverage. The percentage that these retirees contribute varies depending on their age upon retirement: retirees retiring between ages 55 and 60 must contribute 3.5 percent of their pension, and those retiring at an age exceeding 60 years must contribute 1.5 percent of their pension. Neither PABF nor FABF currently makes contributions for their members with respect to these benefits, although PABF contributed \$95 per month for its participating members prior to January 1, 2017. It is not known at this time whether the CBA Special Benefits will be eliminated, modified or extended under a new CBA.

City Funding of OPEB Benefits

OPEB Benefits have been funded on a pay-as-you-go basis, which means no assets are accumulated to pay for the liabilities with respect to these benefits. For the Pre-8/23/89 Retiree Group, the City offers a healthcare plan to these members of the Retirement Funds, and pays 55 percent of the cost of this plan. For the Pre-2003 Hiree Group, the City has not made any payments with respect to OPEB Benefits for those members of the Retirement Funds since December 31, 2016, as described above. See Table 55. History of City's Contributions below for a schedule of historical contributions made by the City with respect to the OPEB Benefits.

The City's contributions to the Retirement Funds are made in accordance with the Pension Code, as described under "PENSION BENEFITS PROVIDED BY THE CITY" herein. Tables 42 through 46 under "PENSION BENEFITS PROVIDED BY THE CITY" herein present the Retirement Funds' statement of net assets, which incorporate the contributions described in this section as part of the "Administration" line item, provided, however, that such Tables 42 through 46 include payments made prior to the phase-out of healthcare benefits for retirees other than the Pre-8/23/1989 Retiree Group on December 31, 2016, which payments may differ from payments which may be required following the resolution of the Lawsuit.

Actuarial Considerations

General

The City has an Actuarial Valuation completed for its contributions toward the OPEB Benefits annually. The purpose and process behind an Actuarial Valuation are described above under "PENSION BENEFITS PROVIDED BY THE CITY - Actuarial Valuation." In

addition, the Retirement Funds produce an Actuarial Valuation for the liability of each Retirement Fund to its retirees for the Health Benefits.

Although these Actuarial Valuations all refer to the liability owed for the same benefits, the results of the Retirement Funds' Actuarial Valuations differ significantly from the City's Actuarial Valuation for two reasons. First, the City's Actuarial Valuation reflects the liabilities that the City has agreed to pay on behalf of the Pre-8/23/89 Retiree Group; further, since the Retirement Funds did not include the liabilities for the monthly subsidies for the Pre-2003 Hiree Group in their respective Actuarial Valuations (despite the fact that the 1983 and 1985 Pension Code amendments specify that the Retirement Funds are to make such payments), the City has included the liabilities for those monthly subsidies in

its Actuarial Valuation ("83/85 Pension Code Monthly Subsidies"). Second, the Actuarial Valuations of the City and the Retirement Funds differ because the actuarial methods and assumptions used for each purpose vary.

This section addresses the funded status of the City's obligation to make payments for the OPEB Benefits. For additional information on the amounts owed to members of the Retirement Funds for retiree healthcare benefits, see the Actuarial Valuations of the Retirement Funds, which are available as described in "PENSION BENEFITS PROVIDED BY THE CITY - SOURCE Information" above, and Note 11 to the 2021 City ACFR.

Actuarial Valuations

Separate actuarial valuations are prepared with respect to the Health Benefits and the CBA Special Benefits. The actuarial valuation for the Health Benefits includes: (i) lifetime benefits for the Pre-8/23/1989 Retiree Group and their dependents; (ii) lifetime fixed subsidy benefits for those members who are not members of the Pre-8/23/1989 Retiree Group but were hired prior to the execution of the 2003 Settlement (e.g., the 83/85 Pension Code Monthly Subsidies described above); and (iii) non-collectively bargained health benefits provided to duty disability participants under the active health plan payable to age 63/65. With respect to the CBA Special Benefits, the valuation now calculates liabilities as if payments on behalf of early retired, already retired and in-pay status employees will continue to be paid indefinitely.

The Actuarial Valuations utilize various actuarial methods and assumptions similar to those described in "PENSION BENEFITS PROVIDED BY THE CITY" above with respect to the Retirement Funds. The City does not use an actuarial method to calculate the Actuarial Value of Assets with respect to the OPEB Benefits because no assets are accumulated therein for payment of future benefits. As such, the Actuarial Value of Assets for the OPEB Benefits is always zero. Information regarding the specific actuarial methods and assumptions used in preparing the valuations for the OPEB Benefits are set forth in the 2021 City ACFR.

Funded Status

The following TABLES 54 and 55 provide information with respect to the funding progress with respect to retiree healthcare benefits as well as the City's contributions with respect to such benefits.

The City's net OPEB liability of the OPEB Benefits as of December 31, 2021, as determined in the Actuarial Valuation of that date, was \$2 billion. The OPEB Benefits are funded

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on a pay-as-you-go basis, which means no assets are accumulated to pay for the liabilities of the OPEB Benefits. TABLE 54. SCHEDULE OF FUNDING PROGRESS provides additional information regarding the calculation of the net OPEB liability.

Table 54. Schedule of Funding Progress (\$ in thousands)

<u>Total OPEB</u> <u>Year</u>	<u>Plan Net</u> <u>Liability</u>	<u>Net OPEB</u> <u>Position</u>	Plan Net Position as a Percentage of	
			<u>Total OPEB</u> <u>Liability</u>	<u>Liability</u>
2017	\$ 746,321	\$ 746,321	0.00	%
2018	684,632	684,632	0.00	
2019	828,787	828,787	0.00	
2020	1,963,340	1,963,340	0.00	
2021	2,000,017	2,000,017	0.00	

¹ Increase in "Total OPEB Liability" is due primarily to change in assumption. Prior to the 2020 City ACFR, the assumption made in

the City's financial statements was that certain OPEB Benefits would expire by December 31, 2022. Beginning with the 2020 City ACFR, the City's financial statements assume that these OPEB Benefits will continue indefinitely.

Sources: 2020 and 2021 City ACFR.

Table 55. History of City's Contributions below shows the net contributions made by the City with respect to retiree healthcare benefits described in this section in each of the last 10 fiscal years.

Table 55. History of City's Contributions (\$ in thousands)

<u>Year</u>	<u>Actual City Contribution</u>
2012	\$115,961
2013	139,336
2014	128,061
2015	96,551
2016	89,671
2017	82,515
2018	70,578
2019	70,277
2020	74,487
2021	90,978

Sources: Respective City CAFR for the years 2012 through 2019 and 2020 and 2021 City ACFR.

GENERAL OBLIGATION DEBT

Short-Term General Obligation Debt

The City has issued, and may from time to time issue, short-term debt, commercial paper and borrowings under revolving lines of credit, which comprise the City's short-term borrowing facilities (the "Short-Term Borrowing Program").

Under its Short-Term Borrowing Program, the City may issue general obligation commercial paper notes and borrow under general obligation lines of credit, both of which are general obligations of the City but do not have a specific property tax levy in place for their repayment. The Short-Term Borrowing Program is used by the City for working capital in anticipation of receipt of other revenue, to fund capital projects, debt refinancing or restructuring and to pay non-capital expenditures, such as settlements and judgments or retroactive payment of employment salaries and wages.

The City's 2002 ordinance for the Short-Term Borrowing Program allows for a maximum outstanding amount of general obligation commercial paper notes and/or general obligation lines of credit in the aggregate principal amount of \$1.0 billion. The City's borrowing capacity under its Short-Term Borrowing Program has varied over time and has ranged from a high of \$ 1.0 billion in 2015 to a low of \$100 million in 2019. The City has sized its borrowing capacity for

interim funding in anticipation of receiving revenues or issuing long-term general obligation bonds and to cover General Fund operating expenses.

Currently, the City has available borrowing capacity under its Short-Term Borrowing Program pursuant to two line of credit agreements. The City entered into a Revolving Line of Credit Agreement in December 2021 with RBC Capital Markets, LLC and Royal Bank of Canada with a borrowing capacity of up to \$225 million (the "RBC Line of Credit Agreement"). Additionally, the City entered into a Revolving Line of Credit Agreement in December 2021 with Wells Fargo Bank, National Association with a borrowing capacity of up to \$225 million (the "Wells Fargo Line of Credit Agreement"). Both the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement were entered into by the City to provide funding for Chicago Works. As of November 21, 2022, the outstanding balances on the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement were both \$107.5 million (\$215.0 million total outstanding). The City intends to draw an additional \$117.5 million on each of the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement (for a total of \$235 million) and expects to pay off the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement with proceeds from the Series 2023A Bonds. See "FINANCIAL DISCUSSION AND ANALYSIS" and "CHICAGO WORKS."

Long-Term General Obligation Debt

The City's long-term general obligation bonds are backed by the full faith and credit of the City. All taxable property within the City is subject to the levy of taxes, without regard to rate or amount, to pay the principal of and interest on a significant portion of such general obligation

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bonds. As described below, certain general obligation bonds of the City do not have a property tax levy in place for their repayment.

The City has three types of long-term general obligation bonds outstanding. For a significant portion of the City's long-term general obligation bonds, an annual property tax levy has been established to pay debt service on such bonds ("Tax Levy Bonds"). For certain other long-term general obligation bonds issued by the City (which make up a small subset of the City's general obligation bonds), either (i) an annual property tax levy has been established but is annually abated if certain other specified revenues are available that year for payment of debt service ("Alternate Revenue Bonds"), or (ii) no annual property tax levy has been established for debt service and payments of debt service are appropriated from sources of revenue other than property taxes ("Pledge Bonds"). Alternate Revenue Bonds include the City's General Obligation Bonds (Modern Schools Across Chicago Program), Series 2010A and 2010B and the City's General Obligation Bonds (Emergency Telephone System), Series 1999. Pledge Bonds consist of the MRL Note, as described in "MRL Financing LLC Promissory Note." All other long-term general obligation bonds of the City are Tax Levy Bonds.

Following are selected debt statistics regarding the City's long-term general obligation bonds from 2012 through 2021, as presented in the 2021 City ACFR.

Table 56. Long-Term General Obligation Selected Debt Statistics (2012-2021)

		Total Estimated Fair Cash		
Year	(\$ in thousands)	Aggregate Debt (\$ in thousands) ¹	Value Fair Cash Value	Ratio of Debt to Capita ²
2012	\$7,939,682	\$206,915,723	3.8%	\$2,945.43
2013	7,670,298	236,695,475	3.22%	845.49

2014	8,339,626	255,639,792	3.33,093.79
2015	9,041,892	278,027,604	3.33,354.32
2016	8,943,914	293,121,793	3.13,317.97
2017	9,609,625	306,074,351	3.13,564.93
2018	8,135,257	323,128,275	2.53,017.98
2019	8,162,338	335,856,711	2.43,028.02
2020	7,093,076	--2.12,582.69	
2021	5,874,455	--1.72,138.97	

i Source: The Civic Federation. Excludes railroad property, pollution control facilities and the portion of the City in DuPage County. Certain information for 2020 was not available at time of publication. The "Ratio of Debt to Fair Cash Value" for 2020 and 2021 is based on 2019 "Total Estimated Fair Cash Value."

Population source: U.S. Census Bureau. From 2010 through 2019, per capita calculation is based on the 2010 population of 2,695,598. For 2020 and 2021, per capita calculation is based on the 2020 population of 2,746,388.

The City's long-term general obligation debt service schedule for 2023 through 2048, upon implementation of the Financing Plan, is set forth in Table 57. Long-Term General Obligation Bonds Debt Service Schedule on the following page. Debt service due on December 31, 2022 and January 1, 2023 is excluded as it is due to be paid prior to the implementation of the Financing Plan.

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$$\begin{array}{c} \text{OO} \\ \text{Tf} \\ \text{O} \\ \text{CN} \end{array}$$

information, future events or otherwise.

Cap on Property Taxes

The Illinois Property Tax Code limits, among other things, the amount of property tax that can be extended for non-home rule units of local government located in Cook County and five adjacent counties (the "State Tax Cap"). As a home rule unit of government, the City is not subject to the State Tax Cap. A number of bills have been introduced in the Illinois General

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Assembly to limit or freeze property taxes, including those imposed by home rule units of local government such as the City. The application of the State Tax Cap to the City or any other measure that would limit or freeze property taxes imposed by the City would require a three-fifths vote of each house of the Illinois General Assembly. If the City were to become subject to a State-imposed property tax limitation restriction in the future similar to the State Tax Cap or any other restriction or freeze on property taxes, the City's ability to levy property taxes in amounts needed for its future funding needs may be adversely affected. See "Exhibit E - City of Chicago Property Taxes".

Property Tax Delay

Cook County's second installment of property tax bills for tax year 2021 was sent out later than usual in 2022. The payment for the second installment of property taxes for tax year 2021 will be due on December 30, 2022. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES - Collection" and "Appendix E - CITY OF CHICAGO PROPERTY TAXES". The full impact of the delay in issuing the property tax bills for tax year 2021 on the City is not measurable at this time. However, based on certain preliminary estimates and timing assumptions regarding the collection of the second installment of property taxes for tax year 2021 and the availability of certain other funds, the City anticipates that it will continue to be able to: (a) timely make its debt service payments and (b) fund its operations.

Environmental Considerations

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City is vulnerable to flooding, including extreme fluctuations in weather temperature, damaging winds and other severe weather conditions.

The City has developed a plan to address climate change, which is intended to measure and lessen the City's susceptibility to climate variation and its contributions to climate change. The City cannot predict the timing, extent or severity of climate change and its impact on the City's operations and finances. See "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES -Environmental Measures."

Lake Water Levels and Lakefront Erosion

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 City has responded by establishing a partnership with the Park District and the U.S. Army Corps of Engineers to protect the City's shoreline from erosion and deterioration. See "CITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES -Environmental Measures-Lakefront-Shoreline Preservation."

Effect of Future Ratings Downgrades

The interest rate the City pays on new issuances of general obligation debt is highly dependent on the City's credit ratings, and downward changes in the City's ratings could result in significantly higher interest rates payable by the City on future bond issuances and other borrowings.

Ratings downgrades below certain threshold levels would qualify as an event of default under the line of credit agreements. Such defaults could result in the City having to immediately repay any outstanding borrowings under the outstanding general obligation lines of credit. In such event, the City's liquidity position could be adversely affected as the City would likely be required to seek alternative funding arrangements from a smaller pool of credit providers willing to lend to the City. As of November 21, 2022, the outstanding balances on the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement were both \$107.5 million (\$215.0 million total outstanding). The City intends to draw an additional \$117.5 million on each of the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement (for a total of \$235 million) and expects to pay off portions of each of the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement with proceeds from the Series 2023A Bonds. See "GENERAL OBLIGATION DEBT - Short-Term General Obligation Debt."

Unfunded Pensions

The Retirement Funds have significant unfunded liabilities and low funding ratios. The City's required contributions to the Retirement Funds are projected to increase in future years as set forth under "PENSION BENEFITS PROVIDED BY THE CITY - Projection of Funded Status." Future required contribution increases beyond fiscal year 2022 may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the services provided by the City or limit the City's ability to generate additional revenues in the future. See "PENSION BENEFITS PROVIDED BY THE CITY - Net Pension Liability and Discount Rate" herein.

Overlapping Taxing Districts

A number of overlapping taxing districts whose jurisdictional limits overlap with the City have the power to raise taxes, including property taxes. See "FINANCIAL DISCUSSION AND ANALYSIS - Property Taxes - Overlapping Taxing Districts." The City does not control the amount or timing of the taxes levied by these overlapping taxing districts. Depending on the amount of such increase(s), an increase in the amount of taxes by these overlapping taxing districts could potentially be harmful to the City's economy and/or may make it more difficult for the City to increase taxes, including property taxes, to pay for its unfunded pensions. The City can give no assurance as to whether, and to what extent, property taxes levied by overlapping taxing districts may increase in coming years.

Structural Deficit

Over the past 10 years, the City has experienced an imbalance of tax revenues relative to operating expenditures resulting in operating budget gaps. Recurring operating budget gaps and increases in the City's debt burden could result in the need for new or enhanced revenue sources,

including tax increases, or reduction of essential City services. See "CORPORATE FUND BUDGETS AND FORECASTS - Budget Gaps."

Increased Debt Service Levels

From time to time, the City may issue additional short-term and long-term general obligation debt. Further increases in the City's general obligation debt and annual debt service could crowd out spending for other City services and/or require substantial increases in property taxes or other revenue sources. See "GENERAL OBLIGATION DEBT - LONG-TERM General Obligation Debt" and "- Short-Term General Obligation Debt."

Reductions and Delays in Receipt of State Revenues

State-collected tax revenue received by the City includes the Residual Sales Tax Revenues (upon transfer to the City from STSC), income tax and PPRT. See "FINANCIAL DISCUSSION AND ANALYSIS - General Fund - General Fund Revenues." From time to time, there have been proposals to close the State's budget gap by, among other things, reducing the local government distributive share of the State's income tax. If such a reduction were to become law, the City would lose significant income tax receipts. This proposal, or any other that reduces the State taxes received by the City, would have an immediate and adverse effect on the City's budget.

If the State were to delay any future payment of State taxes for an extended period, the City could be forced to delay payments to vendors, service providers or other recipients of City funds if other legally available funds were not on hand.

Adverse Change in Laws

There are a variety of State and federal laws, regulations and constitutional provisions that apply to the City's ability to raise taxes, fund its pension obligations or to reorganize its debts. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, interpretation or addition may have a material adverse effect, either directly or indirectly, on the City or the taxing authority of the City, which could materially adversely affect the City's operations or financial condition.

No Secondary market

There can be no assurances that a secondary market for the Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Series 2023 Bonds to maturity.

Bankruptcy

Under federal law, municipalities, including the City, are ineligible for bankruptcy unless specifically authorized to be a debtor in bankruptcy by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy. State law does not currently permit municipalities, including the City, to be debtors in bankruptcy, and therefore municipalities, including the City, are currently ineligible for bankruptcy.

As with all State law, the current prohibition on municipal bankruptcies is subject to review or change by State government. From time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois municipalities to be debtors in bankruptcy. The City is unable to predict whether the Illinois General Assembly will adopt any such legislation or the form of such legislation if enacted.

In the event of a change in State law to provide that the City is eligible to be a debtor in bankruptcy, and if that

authority were to be acted upon, there is no guarantee that the bankruptcy court would consider the holders of the Series 2023 Bonds to have a secured claim under the Bankruptcy Code with respect to remittances of the Bond Property Tax Levy or other moneys in the Bond, Note Redemption and Interest Fund. The Bond, Note Redemption and Interest Fund is not held by a trustee and is not subject to a statutory lien in favor of the holders of the Series 2023 Bonds. In addition, remittances of the Bond Property Tax Levy are not "special revenues" as defined in the Bankruptcy Code.

Uncertain Enforcement of Remedies

The Series 2023 Bonds are direct and general obligations of the City and all taxable property in the City is subject to levy to pay the debt service on the Series 2023 Bonds. The Series 2023 Bonds are not secured by a statutory lien on the Bond, Note Redemption and Interest Fund, any real property in the City or any physical assets of the City. The maturity of the Series 2023 Bonds cannot be accelerated in the event that the City fails to pay any installment of interest on, or principal of, the Series 2023 Bonds when due.

The remedies available to holders of the Series 2023 Bonds upon nonpayment of principal of or interest on the Series 2023 Bonds are uncertain and, in many respects, dependent upon discretionary judicial actions.

Cybersecurity

Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to departmental operations, the provision of citizen services and the City's finances through the collection of taxes and fees. Increasingly, governmental entities are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services or financial operations. 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 the efficiency of City commerce, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties,

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disruptions in operations and the services provided and the loss of confidence in City operations, ultimately adversely affecting City revenues.

The City's Department of Assets, Information, and Services has developed a set of information technology and security policies, in an effort to protect the confidentiality, integrity and availability of the City's information technology data and assets. These policies are applicable to all City information technology systems and networks, those entrusted to third parties, City employees and others, including but not limited to contractors, vendors and consultants.

No assurance can be given that any cyberattacks, if successful, will not have a material adverse effect on critical services provided by the City or the operations or financial condition of the City.

Force Majeure Events

There are certain unanticipated events beyond the City's control that could have a material adverse impact on City's operations and financial conditions, including the generation or collection of taxes and fees, 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 taxes and fees.

LITIGATION

There is no litigation pending in any court or, to the knowledge of the City, threatened, questioning the corporate existence of the City, or which would restrain or enjoin the issuance or delivery of the Series 2023 Bonds, or which concerns the proceedings of the City taken in connection with the Series 2023 Bonds or the City's pledge of its full faith, credit and resources to the payment of the Series 2023 Bonds.

The City is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, police conduct, discrimination, civil rights actions and other matters. The City believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

Property Tax Rate Objections

Each year, pursuant to the Illinois Property Tax Code, objections to portions of the City property tax levy are usually filed in the Circuit Court by owners of some properties in the City. All objections for tax years 2011 and before have been settled. Objections for tax years 2012 and following remain pending. The City is unable to predict the outcome of the pending objections.

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Retiree Healthcare Litigation

See the description of Underwood v. City of Chicago in "OTHER POST-EMPLOYMENT BENEFITS PROVIDED TO MEMBERS -City Funding of Healthcare Benefits" above.

Edmond v. City of Chicago

In June 2017, seven former and current African-American employees of DWM filed a complaint against the City and six former and current DWM employees, including the former DWM Commissioner, purportedly on behalf of themselves and a class of similarly-situated African-American DWM employees. The plaintiffs allege that the defendants engaged in discriminatory acts against them and the proposed class in the following ways: assigning less desirable work assignments; assigning less overtime; denying promotions; denying transfers, shifts and days off, subjecting them to unwelcomed racial intimidation and harassment, subjecting them to harsh and undue discipline; and subjecting them to retaliatory, adverse actions. The plaintiffs also allege they were subjected to, and harmed by, the systemic hostile work environment for African-Americans within DWM. The City intends to continue vigorously defend against this action.

Vaccination Policy Litigation

All City employees must now be fully vaccinated or have received an approved medical or religious exemption. In response to the vaccination policy, some City employees have filed charges, grievances or lawsuits against the City challenging the policy. The City continues to defend the policy.

Blaha v. City of Chicago

In 2018, certain individuals filed a putative class action in the Circuit Court, alleging that the City overcharges for various vehicle offenses in violation of the Illinois Vehicle Code. The statute contains a \$250 cap on standing, parking or compliance violations that are adjudicated administratively by the City, and elsewhere sets a \$500 cap for the same offenses. The City argued that the \$500 cap applies as the more recently enacted provision. The Circuit Court dismissed the complaint. In May 2022, the Illinois Appellate Court reversed the Circuit Court's judgment, ruled against the City and remanded the case back to the Circuit Court for further proceedings. The City filed a petition for leave to appeal to the Illinois Supreme Court, which was denied. The City will continue to defend this matter vigorously.

Watts Coordinated Pretrial Proceedings

Various individuals have filed 88 lawsuits against the City and former police officer Ronald Watts. Each plaintiff alleges that Watts, along with various other named defendants, framed the plaintiff for drug-related offenses. The plaintiffs' convictions have been overturned. The plaintiffs seek damages from the City for the time that they were in custody or on probation as a result of their convictions. The City will continue to defend this matter vigorously.

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INDEPENDENT AUDITORS

The basic financial statements of the City as of and for the year ended December 31, 2021, included in Appendix G to this Official Statement, have been audited by Deloitte & Touche LLP, an independent auditor, as stated in the report appearing thereon, which included reference to other auditors.

RATINGS

The Series 2023 Bonds are rated "Baa3" (stable outlook) by Moody's Investors Service, "BBB+" (positive outlook) by S&P Global Ratings, "BBB" (positive outlook) by Fitch Ratings, and "A" (positive outlook) by Kroll Bond Rating Agency, LLC.

A rating reflects only the view of the rating agency giving such rating. A rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time. An explanation of the significance of such rating may be obtained from such organization. There is no assurance that any rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have adverse consequences for the City or an adverse effect on the price at which the Series 2023 Bonds may be resold.

PROFESSIONAL SERVICES; UNDERWRITING; APPROVAL OF LEGAL MATTERS

Co-Financial Advisors

The City has retained Public Alternative Advisors LLC, Phoenix Capital Partners, LLP and PFM Financial Advisors LLC to act as co-financial advisors (the "Financial Advisors") in connection with the offering of the Series 2023 Bonds. The Financial Advisors have provided advice on the plan of financing and structure of the Series 2023 Bonds and have reviewed certain legal documents, including this Official Statement, 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 Official Statement. Each Financial Advisor is a "municipal advisor" as defined in Rule 15Ba1-1 of the Securities and Exchange Act of 1934, as amended (the "Securities and Exchange Act").

Independent Registered Municipal Advisors

The City has retained six firms (Acacia Financial Group, Martin J. Luby LLC, PFM Financial Advisors LLC, Public Alternative Advisors, LLC, RSI Group, LLC and Sycamore Advisors, LLC) to serve as a pool of independent registered municipal advisors (the "ERMAs") pursuant to Rule 15Ba1-1(d)(3)(vi) of the Securities and Exchange Act to evaluate financing proposals and recommendations in connection with the City's various bond issuance programs and other financing ideas being considered by the City; however, the IRMAs will not advise on the investment of City

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The IRMAs' compensation is not dependent on the funds held by the Office of the City Treasurer, offering of the Series -2023 Bonds.

Underwriting

The Series 2023 Bonds are being purchased by the underwriters listed on the cover page of this Official Statement (the "Underwriters"), for whom RBC Capital Markets, LLC; Siebert Williams Shank & Co., LLC; and UBS Financial Services Inc. ("UBS FSI") are acting as co-lead managers. RBC Capital Markets, LLC, as representative on behalf of itself and the other Underwriters, has agreed, subject to certain conditions, to purchase (a) the Series 2023A Bonds at a price equal to \$523,082,718.57 (which represents the aggregate principal amount of the Series 2023A Bonds, less an underwriters' discount of \$2,655,004.83, plus net original issue premium of \$22,047,723.40); and (b) the Series 2023B Bonds at a price equal to \$21,062,935.29 (which represents the aggregate principal amount of the Series 2023B Bonds, less an underwriters' discount of \$106,101.81, plus original issue premium of \$1,059,037.10).

The obligation of the Underwriters to accept delivery of the Series 2023 Bonds is subject to various conditions set forth in a Bond Purchase Agreement, dated December 8, 2022, between the Underwriters and the City. The Underwriters are obligated to purchase all of the Series 2023 Bonds if any of the Series 2023 Bonds are purchased.

RBC Municipal Products, LLC or the Royal Bank of Canada, each an affiliate of RBC Capital Markets, LLC, currently hold bonds of the City in its tender option bond program either in a common law trust established under the laws of the State of New York or a statutory trust established under the laws of the State of Delaware (Prior Trust). The Royal Bank of Canada provides credit protection to investors of the trust. As part of the plan of finance, a portion of the bonds held in the trust will be refinanced and a portion of the ownership interest and credit position of the Royal Bank of Canada will be eliminated. The nature of the RBC Line of Credit Agreement allows for the City to continue to make draws, under certain conditions, after such a refinancing through November 30, 2023.

UBS FSI, one of the underwriters of the Series 2023 Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") in order to distribute certain municipal securities offerings

(including the Series 2023 Bonds) to UBS Securities' institutional customers. Pursuant to such agreement, if any the Bonds are allocated to a UBS Securities institutional customer, UBS FSI will share a portion of the underwriting compensation attributable to such bonds with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

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 City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

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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 City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. 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.

Approval of Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the Series 2023 Bonds are subject to the approving legal opinions of Co-Bond Counsel, who have been retained by, and act as, bond counsel to the City. Except as noted below, Co-Bond Counsel have not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2023 Bonds and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that Co-Bond Counsel have, at the request and for the benefit of the City, reviewed only those portions of this Official Statement involving the description of the Series 2023 Bonds, the security for the Series 2023 Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the provisions of the Bond Ordinance and the Indentures and the description of the federal tax exemption of interest on the Series 2023 Bonds. This review was undertaken solely at the request of the City and did not include any obligation to establish or confirm other factual matters set forth herein.

Certain legal matters will be passed on for the City (i) by its Corporation Counsel, (ii) in connection with the preparation of this Official Statement, by Greenberg Traurig, LLP, Chicago, Illinois, and Burke Burns & Pinelli, Ltd., Chicago, Illinois, Co-Disclosure Counsel to the City, and (iii) in connection with certain pension matters described in this Official Statement, by Chapman and Cutler LLP, Chicago, Illinois, as Special Pension Disclosure Counsel. Certain legal matters will be passed on for the Underwriters by Clark Hill PLC, Chicago, Illinois, Underwriters' Counsel.

TAX MATTERS

In the opinion of Co-Bond Counsel, under existing federal statutes, decisions, regulations, and rulings, interest on the Series 2023 Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103

of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years

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beginning after December 31, 2022. This opinion relates only to the exclusion from gross income of interest on the Series 2023 Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the City with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2023 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. Interest on the Series 2023 Bonds is not exempt from present State of Illinois income taxes. See APPENDIX B hereto for the form of the approving opinions of Co-Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2023 Bonds as a condition to the exclusion from gross income of interest on the Series 2023 Bonds for federal income tax purposes. The City will covenant not to take any action, nor fail to take any action within its power and control, with respect to the Series 2023 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2023 Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Indentures, the Bond Ordinances, and certain certificates and agreements to be delivered on the date of delivery of the Series 2023 Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indentures if interest on the Series 2023 Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Series 2023 Bonds.

Although Co-Bond Counsel will render an opinion on the federal tax matters described above, the accrual or receipt of interest on the Series 2023 Bonds may otherwise affect a Series 2023 Tax-Exempt Bondholder's federal income tax liability. The nature and extent of these other tax consequences will depend upon the Series 2023 Tax-Exempt Bondholder's particular tax status and the Series 2023 Tax-Exempt Bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2023 Bonds. Co-Bond Counsel express no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2023 Bonds.

Amortizable Bond Premium

The initial offering prices of the Series 2023 A Bonds maturing on January 1, 2029 through 2034, and January 1, 2036 through 2043, and a portion of the Series 2023A Bonds maturing on January 1, 2035, and the Series 2023B Bonds maturing on January 1, 2038 and 2039 (collectively, the "Premium Bonds") are greater than the principal amount payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption, or payment at maturity or call). The amount of amortizable Bond Premium will be

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computed on the basis of the owner's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the State and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax exempt securities are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning treatment of Bond Premium.

Original Issue Discount

The initial offering prices of a portion of the Series 2023A Bonds maturing on January 1, 2035 (collectively, the "Discount Bonds") are less than the principal amounts payable at maturity or call date. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of each maturity of the Discount Bonds (or portions thereof) as set forth on the inside cover pages of this Official Statement (assuming it is the first price at which a substantial amount of that maturity, or a portion thereof, is sold) (the "Issue Price for such maturity"), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity, or a portion thereof, and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bonds on the basis of the yield to maturity determined on the basis of compounding semiannually (or shorter period from the date of the original issue). Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption, or payment at maturity). Owners of the Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors as to the amount of original discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described under the caption "TAX MATTERS" above, the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even

though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the

Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial public offering should consult their own tax advisers with regard to the other tax consequences of owning the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisers with respect to the State and local tax consequences of owning Discount Bonds. It is possible under the applicable provisions governing the determination of State and local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

SECONDARY MARKET DISCLOSURE

Continuing Disclosure Undertaking

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of each Series of the Series 2023 Bonds to send certain information annually and to provide notice of certain events related to the respective Series of the Series 2023 Bonds to the MSRB pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the "Rule"), as amended, adopted by the Securities and Exchange Commission under the Securities and Exchange Act. The MSRB has designated EMMA as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the Series 2023 Bonds, the Bond Ordinances or the Indentures, and beneficial owners of the Series 2023 Bonds are limited to the remedies described in the Undertaking. See "- CONSEQUENCES OF Failure of the City to Provide Information" below. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2023 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2023 Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

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Annual Financial Information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB, beginning in 2023. The City is required to deliver such information so that the MSRB receives the information by the dates specified in the Undertaking.

"Annual Financial Information" means information generally consistent with that contained in the following tables herein:

- i. Table 10. General Fund - Resources, Expenditures and Changes in Fund Balances;
- ii. Table 20. Assessed, Equalized Assessed and Estimated Value of All Taxable Property and Table 21. Property

Taxes for All City Funds, Collections and Estimated Allowance for Uncollectible Taxes;

- iii. Table 22. Property Tax Levies and Table 23. Property Tax Rates Per \$100 of Equalized Assessed Valuation;
- iv. Table 56. Long-Term General Obligation Selected Debt Statistics and Table 57. Long-Term General Obligation Bonds Debt Service Schedule; and
- v. Table 38. Membership; Table 39. Investment Rates of Return; Table 40. Information Regarding City Contributions - Aggregated; Table 41. Actuarial Value of Assets vs. Fair Value of Net Assets - Aggregated; Table 42. Financial Condition of the MEABF; Table 43. Financial Condition of the PABF; Table 44. Financial Condition of the FABF; Table 45. Financial Condition of the LABF; Table 46. Financial Condition of the Retirement Funds Combined; and Table 47. Schedule of Funding Progress - Combined for THE RETIREMENT FUNDS (collectively, the "Third-Party Sourced Retirement Fund Tables"). The information contained in the Third-Party Sourced Retirement Fund Tables is sourced from documents published by MEABF, PABF, FABF and LABF, and the City takes no responsibility for the accuracy and completeness of such information. If the information contained in the Third-Party Sourced Retirement Fund Tables is no longer publicly available or is not publicly available in the form, manner or time that the Annual Financial Information is required to be disseminated by the City, the City shall, as part of its Annual Financial Information for the year in which such a lack of availability arises, include a statement to that effect and to the effect that it will promptly file such information as it becomes available.

"Audited Financial Statements" means the audited basic financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB not more than 210 days after the last day of the City's fiscal year, which currently is December 31. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements will be included, and Audited Financial Statements will be filed within 30 days of availability to the City.

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Reportable Events Disclosure

The City covenants that it will file or cause to be filed in a timely manner, not in excess of 10 business days, to the MSRB the disclosure of the occurrence of a Reportable Event (defined below). Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Exchange Act. The "Reportable Events," with respect to a Series of the Series 2023 Bonds (certain of which may not be applicable to all Series of the Series 2023 Bonds) are:

- 1) Principal and interest payment delinquencies;
- 2) Non-payment related defaults, if material;
- 3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) Substitution of credit or liquidity providers, or their failure to perform;
- 6) Adverse tax opinions, the issuance by the IRS 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 respective Series of the Series 2023 Bonds, or other material events affecting the tax status of the respective Series of the Series 2023 Bonds;
- 7) Modifications to rights of holders of the respective Series of the Series 2023 Bonds, if material;

- 8) Bond calls, if material, and tender offers;
- 9) Defeasances;
- 10) Release, substitution or sale of property securing repayment of the respective Series of the Series 2023 Bonds, if material;
- 11) Rating changes;
- 12) Bankruptcy, insolvency, receivership or similar event of the City; such an event will be considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the City Council and the City's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;
- 13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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;

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- 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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the respective Series 2023 Bonds, if material; or
- 16) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

The term "financial obligation" as used in paragraphs (15) and (16) of the Reportable Events above 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 the Rule.

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking with respect to a Series of the Series 2023 Bonds, the Beneficial Owner of such Series of Series 2023 Bonds may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court. A default under the Undertaking shall not be deemed a default under the Series 2023 Bonds, the Bond Ordinances, or the Indentures, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the Undertaking may be waived, if: (A) (i) the amendment or 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 City or type of business conducted; (ii) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the offering or exchange of the Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2023 Bonds, as determined by a party unaffiliated with the City (such as Co-Bond Counsel), or, with respect to a Series of the Series 2023 Bonds, by approving vote of the Beneficial Owners of such Series 2023 Bonds pursuant to the terms of the

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applicable Indenture at the time of the amendment; or (B) the amendment or waiver is otherwise permitted by the Rule.

EMMA

All documents submitted to the MSRB through EMMA pursuant to the Undertaking shall be in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule. All documents submitted to the MSRB through EMMA will be word-searchable PDFs, configured to permit documents to be saved, viewed, printed and electronically retransmitted.

Termination of Undertaking

The Undertaking shall be terminated with respect to a Series of the Series 2023 Bonds if the City shall no longer have any legal liability for any obligation on or relating to repayment of such Series 2023 Bonds under the applicable Indenture or the Bond Ordinances.

Additional Information

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

Corrective Action Related to Certain Bond Disclosure Requirements

The City failed to comply with certain continuing disclosure undertakings previously entered into by it pursuant to the Rule as described below. Such noncompliance may or may not be material.

On May 18, 2015, S&P downgraded the rating of the City's then-outstanding second lien water revenue bonds from "AA-" to "A." The City timely filed an event notice on EMMA regarding this rating downgrade for all of its then-outstanding second lien water revenue bonds except the Second Lien Water Revenue Bonds, Taxable Project Series 2010B (Build America Bonds - Direct Payment) (the "Series 2010B Bonds") and the Second Lien Water Revenue Bonds,

Taxable Project Series 2010C (Qualified Energy Conservation Bonds - Direct Payment) (the "Series 2010C Bonds"). On November 28, 2017, the City filed an event notice on EMMA relating to this rating downgrade with respect to the Series 2010B Bonds and the Series 2010C Bonds.

In July 2015, the City filed on EMMA on a timely basis the audited financial statements for the Water Fund for the year 2014 for all then-outstanding water revenue bonds, except with respect to the Series 2010B Bonds and the Series 2010C Bonds. On July 16, 2015, the City filed

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on EMMA the 2014 audited financial statements for the Water Fund with respect to the Series 201 OB Bonds and the Series 2010C Bonds. On November 30, 2017, the City filed on EMMA a notice regarding its failure to file on a timely basis the 2014 audited financial statements with respect to the Series 2010B Bonds and the Series 2010C Bonds.

The City's Chicago Midway Airport Second Lien Revenue Refunding Bonds, Series 2014C (the "2014C Bonds") were secured by a letter of credit by J.P. Morgan Chase Bank, N.A. (the "Letter of Credit Bank"). On May 19, 2015, Fitch Ratings upgraded the long-term rating of the Letter of Credit Bank from "A+" to "AA-" and its short-term rating from "F1" to "F1+." On September 19, 2014, Moody's Investors Service ("Moody's") downgraded the long-term letter of credit supported rating of the 2014C Bonds from "Aa1" to "Aa2." On May 28, 2015, Moody's upgraded the long-term letter of credit supported rating of the 2014C Bonds from "Aa2" to "Aa1." Event notices with respect to such rating changes were not filed with EMMA. The City made such filings on July 13, 2018. The Letter of Credit Bank has since been replaced.

The City failed to file on a timely basis certain Annual Financial Information for the years 2017, 2018, or 2021, with respect to the City's Tax Increment Allocation Revenue Refunding Bonds (Pilsen Redevelopment Project), Series 2014A and Series 2014B (the "Pilsen Series 2014AB Bonds"). However, the Pilsen Series 2014 AB Bonds have since matured. The City filed on EMMA the 2021 annual information for the Pilsen bonds on July 29, 2022.

In July 2019, the City filed on EMMA on a timely basis the City's 2018 audited financial statements for the General Fund for all then-outstanding general obligation bonds of the City, except with respect to the City's General Obligation Bonds, Library Series 2008D (the "Series 2008D Bonds"). On December 17, 2019, those financial statements were filed on EMMA with respect to the Series 2008D Bonds, and the City filed on EMMA a notice regarding its failure to file on a timely basis the 2018 audited financial statements with respect to the Series 2008D Bonds.

On September 14, 2020, the City filed on EMMA a notice regarding its failure to file on a timely basis a certain capital improvements table for the years 2017, 2018 and 2019, among others, in connection with the City's General Obligation Bonds, Project and Refunding Series 2014A and Taxable Project and Refunding Series 2014B (the "Series 2014AB Bonds"). In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the years 2017, 2018 and 2019, among others, with respect to the Series 2014AB Bonds.

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

On July 8, 2021, S&P Global Ratings upgraded the rating of the City's Motor Fuel Tax Revenue Refunding Bonds, Series 2013 (Issue of June 2014), including the Riverwalk Transportation Infrastructure Finance and Innovation Act draw-down loan, from "BB+" to "BBB-." On July 27, 2021, the City filed with EMMA an event notice relating to this rating upgrade.

On November 12, 2021, the City filed a notice regarding its failure to file on a timely basis certain Annual Financial Information including certain capital improvements tables for the year 2020 and certain third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds. In connection with such notice filing, the City also filed on EMMA such capital improvements tables for the year 2020 and Tables 4 and 9 of the third-party sourced Retirement Fund tables with respect to the Series 2014AB Bonds. On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis certain Annual Financial Information in connection with the Series 2014AB Bonds and the City's General Obligation Bonds, Series 2021A and Series 2021B (the "Series 2021 Bonds"). In connection with such notice filing, the City filed Tables 1-10 on EMMA in connection with the Series 2014AB Bonds and the Series 2021 Bonds.

On December 8, 2021, the City filed a notice of incurrence of a financial obligation (i.e. loans incurred by the City pursuant to each of the RBC Line of Credit Agreement and the Wells Fargo Line of Credit Agreement) pertaining to the City's General Obligation Bonds, Series 2019A and General Obligation Refunding Bonds, Series 2020A. On December 8, 2021, the City also filed the redacted Wells Fargo Line of Credit Agreement with EMMA. On January 25, 2022, the City filed the redacted RBC Line of Credit Agreement with EMMA.

On August 9, 2022, the City filed on EMMA a notice regarding its failure to file on a timely basis certain Annual Financial Information in connection with the City's Second Lien Wastewater Transmission Revenue Bonds, Project Series 2017A and Refunding Series 2017B. In connection with such notice filing, the City also filed on EMMA a table titled "Historical Capital Improvement Program Funding by Source", including data from 2017 to 2021.

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CERTIFICATION OF OFFICIAL STATEMENT

The Series 2023 Bonds are authorized and are being issued pursuant to the City Council's approval under the powers of the City as a home rule unit under Article VII of the Illinois Constitution.

CITY OF CHICAGO

By: /s/ Jennie Huang Bennett

Jennie Huang Bennett, Chief Financial Officer

APPENDIX A DTC Book-Entry-Only System

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APPENDIX A DTC Book-Entry-Only System

The following description of the procedures and recordkeeping with respect to the beneficial ownership interests in the Series 2023 Bonds, payment of interest and other payments on the Series 2023 Bonds to DTC Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Series 2023 Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners is based on certain information furnished by DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof. Accordingly, neither the City nor the Underwriters of the Series 2023 Bonds makes any representation concerning these matters.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect, and the City expressly disclaims any responsibility to update this Official Statement to reflect any such changes. Investors wishing to use the facilities of DTC are advised to confirm the continued applicability of the rules, regulations and procedures of DTC. The City will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Series 2023 Bonds held through the facilities of DTC or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Depository Trust Company, New York, New York, will act as securities depository for the Series 2023 Bonds. The Series 2023 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 Series 2023 Bond certificate will be issued for each maturity of the Series 2023 Bonds bearing interest at a specific interest rate, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. 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 more than 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 and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Direct Participants and Indirect Participants

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(collectively, "DTC Participants") are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com <<http://www.dtcc.com>>.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond (a "Beneficial Owner") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by DTC Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond Ordinance, Indentures or other security documents.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and interest on the Series 2023 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Underwriters, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be

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requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of the DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2023 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bond certificates will be printed and delivered to DTC.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the City and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2023 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2023 Bond certificates will be printed and delivered to DTC.

Unless otherwise noted, the information contained in the preceding paragraphs of this APPENDIX A concerning DTC and DTC's book-entry system has been extracted from information furnished by DTC. Neither the City nor the Underwriters makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SO LONG AS THE SERIES 2023 BONDS ARE REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, THE CITY AND THE TRUSTEE MAY TREAT DTC (OR ITS NOMINEE) AS THE SOLE AND EXCLUSIVE REGISTERED OWNER OF THE SERIES 2023 BONDS FOR ALL PURPOSES UNDER THE BOND ORDINANCE AND INDENTURES, INCLUDING FOR THE PURPOSES OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2023 BONDS, GIVING ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN TO REGISTERED OWNERS UNDER THE BOND ORDINANCE AND INDENTURES, REGISTERING THE TRANSFER OF THE SERIES 2023 BONDS OR OTHER ACTION TO BE TAKEN BY REGISTERED OWNERS AND FOR ALL OTHER PURPOSES WHATSOEVER.

THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, TO ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2023 BONDS UNDER OR THROUGH DTC OR TO ANY DTC PARTICIPANT OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE CITY (KEPT BY THE TRUSTEE) AS BEING A REGISTERED OWNER THAT DTC OR DTC PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2023 BONDS: (i) PAYMENTS OF PRINCIPAL OR INTEREST ON THE SERIES 2023 BONDS; (ii) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2023 BONDS; OR (iii) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2023 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DTC PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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INTEREST AND PRINCIPAL WILL BE PAID BY THE CITY OR THE TRUSTEE TO DTC OR ITS NOMINEE. DISBURSEMENT OF SUCH PAYMENTS TO THE DIRECT PARTICIPANTS IS THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO THE BENEFICIAL OWNERS IS THE RESPONSIBILITY OF THE DTC PARTICIPANTS.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2023 Bonds, references in this Official Statement to the holders or registered owners of the Series 2023 Bonds (other than under the heading "TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2023 Bonds.

NONE OF THE CITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO: (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (ii) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2023 BONDS UNDER THE TERMS OF THE BOND ORDINANCE OR INDENTURES; (iii) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2023 BONDS; (iv) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2023 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR OTHER DTC NOMINEE AS THE REGISTERED HOLDER OF THE SERIES 2023 BONDS; OR (vi) ANY OTHER MATTER.

Each person for whom a DTC Participant acquires an interest in the Series 2023 Bonds, as nominee, may desire to make arrangements with such DTC Participant to receive a credit balance in the records of such DTC Participant and may desire to make arrangements with such DTC Participant to have all notices of redemption or other communications of DTC, which may affect such person, to be forwarded in writing by such DTC Participant and to have notification made of all interest payments. NONE OF THE CITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023 BONDS.

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

The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2023 Bonds if the City determines that DTC is unable to discharge its responsibilities with respect to the Series 2023 Bonds or that a continuation of the requirement that all of the Outstanding Series 2023 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the City or restricted registration is no longer in effect, Series 2023 Bond certificates will be delivered as described in the Bond Ordinances and Indentures.

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APPENDIX B Proposed Form of Opinions of Co-Bond Counsel

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January 9, 2023

City of Chicago
Chicago, Illinois

RBC Capital Markets, LLC
as representative of the underwriters named
in the Bond Purchase Agreement dated
U.S. Bank Trust Company, National December 8, 2022

Association, as trustee Chicago, Illinois

Re: City of Chicago
General Obligation Bonds, Series 2023A (Chicago Works) General Obligation Bonds, Series
2023B (Chicago Recovery Plan)

We have acted as Co-Bond Counsel in connection with the issuance by the City of Chicago, Illinois (the "City") of its fully registered General Obligation Bonds, Series 2023A (Chicago Works), in the aggregate principal amount of \$503,690,000 (the "Series 2023A Bonds") and its General Obligation Bonds, Series 2023B (Chicago Recovery Plan), in the aggregate principal amount of \$20,110,000 (the "Series 2023B Bonds" and together with the Series 2023 A Bonds, the "Bonds"), dated the date hereof, due on January 1 of the years and in the amounts and bearing interest as follows:

Series 2023A Bonds

PRINCIPAL INTEREST

YEAR

RATE

5.25%

5.25

5.50

5.50

5.50

5.50

PRINCIPAL INTEREST

2037 2038 2039 2040 2041 2043

5.00%

5.00

5.00

4.00

5.00

5.25

RATE (JANUARY 1) AMOUNT

\$ 4,000,000 87,560,000

116,950,000 75,680,000 40,790,000 59,210,000

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Series 2023B Bonds

YEAR PRINCIPAL

(JANUARY 1) AMOUNT

2038 \$ 8,110,000

2039 12,000,000

INTEREST

RATE

5.25% 5.50

The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City (the "City Council") on November 24, 2020 authorizing the Series 2023A Bonds (the "2020 Ordinance"), and an ordinance adopted by the City

Council on October 27, 2021 amending the 2020 Ordinance and authorizing the Series 2023B Bonds (collectively, the "Bond Ordinances"), as supplemented by a Notification of Sale dated January 9, 2023 (the "Notification of Sale"), and (i) a Trust Indenture, dated as of January 1, 2023 between the U.S. Bank Trust Company, National Association, as trustee (the "Trustee") and the City, relating to the Series 2023A Bonds, and (ii) a Trust Indenture, dated as of January 1, 2023 between the Trustee and the City, relating to the Series 2023B Bonds (collectively, the "Indentures"). Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Indentures.

The Bonds are subject to mandatory and optional redemption prior to maturity as provided in the Indentures.

In our capacity as Co-Bond Counsel, we have examined the following:

- a) a certified copy of the proceedings of the City Council adopting the Bond Ordinances and authorizing, among other things, the execution and delivery of the Indentures and the issuance of the Bonds;
- b) a certified copy of the Bond Ordinances, an executed copy of the Notification of Sale and an executed counterpart of the Indentures; and
- c) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The City has full power and authority and has taken all necessary corporate action to authorize the issuance of the Bonds and the execution and delivery of the Indentures.
2. The Indentures have each been duly and lawfully executed and delivered by the City and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Indentures are legal, valid and binding obligations of the City and, except as provided below, enforceable against the City in accordance with their respective terms.
3. The Bonds have been duly and validly authorized and issued in accordance with law and the Bonds, to the amount named, are valid and legally binding upon the City and, except as provided below, enforceable in accordance with their terms and the terms of the Indentures.

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January 9, 2023 Page 3

4. The Bonds are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes by the City to pay the same without limitation as to rate or amount. The Bonds are secured by the other moneys, securities and funds pledged under the Indentures.
5. Subject to the City's compliance with certain covenants, under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

6. Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds and the Indentures (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors generally now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. This opinion is based upon laws, regulations, rulings and decisions in effect on the date hereof. We assume no responsibility for updating this opinion to take into account any event, action, interpretation or change of law occurring subsequent to the date hereof that may affect the validity of any of the opinions expressed herein.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Very truly yours,

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APPENDIX C

Certain Definitions and Summary of Certain Provisions of the Indentures

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APPENDIX C

Certain Definitions and Summary of Certain Provisions of the Indentures

The following is a summary of certain provisions of the Indentures, to which reference is made for a complete statement of the provisions and contents thereof. Unless otherwise noted, the provisions as summarized are applicable to the two separate Indentures. Copies of each of the Indentures are available for review prior to the sale and delivery of the Series 2023 Bonds at the office of the City's Chief Financial Officer and thereafter at the office of the Trustee.

Glossary of Terms

The following are definitions of certain terms used in the Indentures and this Official Statement. This glossary is provided for

the convenience of the reader and does not purport to be comprehensive or definitive. All references herein to terms defined in the Indentures are qualified in their entirety by the definitions set forth in each of the Indentures.

"Authorized Officer" means (a) the Mayor, the Chief Financial Officer, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor or Chief Financial Officer and filed with the Trustee for so long as such designation shall be in effect, and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

"Beneficial Owner" means the owner of a beneficial interest in the Series 2023 Bonds registered in the name of Cede & Co., as nominee of DTC (or a successor securities depository or nominee for either of them).

"Bond Counsel" means one or more firms of nationally recognized bond counsel designated by the Corporation Counsel of the City.

"Bond Funds" means trust funds designated the "City of Chicago General Obligation Bonds, Series 2023 A (Chicago Works), Bond Fund" for the Series 2023 A Bonds and the "City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan), Bond Fund" for the Series 2023B Bonds, each established under the respective Indenture, and described under "FUNDS AND ACCOUNTS; INVESTMENTS - Bond Funds" in this APPENDIX C.

"Bond Ordinance" means: (i) in connection with- the Series 2023A Bonds, the ordinance authorizing the Series 2023A Bonds duly adopted by the City Council on November 24, 2020, as amended by an ordinance adopted by the City Council on October 27, 2021; and (ii) in connection with the Series 2023 B Bonds, the ordinance adopted by the City Council on October 27, 2021, authorizing the issuance of the Series 2023B Bonds.

"Bond Register" means the registration books of the City kept by the Trustee to evidence the registration and transfer of the Series 2023 Bonds.

"Bondholder," "holder," "owner of the Series 2023A Bonds," or "owner of the Series 2023B Bonds" means the Registered Owner or Beneficial Owner of any of the applicable Series of the Series 2023 Bonds, as the case may be.

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"Bond Year" means a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banks located in the city where the Designated Corporate Trust Office is located are authorized or required by law to close, and (iii) a day on which the New York Stock Exchange is closed.

"Capitalized Interest Account" means the Capitalized Interest Account established within the Bond Fund under the Series 2023A Bond Indenture for the Series 2023A Bonds and described under "FUNDS AND ACCOUNTS; INVESTMENTS - Capitalized Interest Account" in this APPENDIX C.

"Certificate" means an instrument of the City in writing signed by an Authorized Officer. Any such instrument in writing and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers, respectively, unless the officer signing such instrument knows that the opinion or representation with respect to the matters upon which such instrument may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel or accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indentures or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

"Chief Financial Officer" means the Chief Financial Officer, appointed by the Mayor, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer.

"City" means the City of Chicago, a municipal corporation and home rule unit of local government, organized and existing under the State Constitution and laws of the State.

"City Clerk" means the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to the Bond Ordinance.

"City Comptroller" means the City Comptroller of the City.

"City Council" means the City Council of the City.

"Code" means the United States Internal Revenue Code of 1986. References to the Code and to Sections of the Code shall include relevant final, temporary or proposed regulations thereunder as in effect from time to time and as applicable to obligations issued on the Date of Issuance.

"Date of Issuance" means January 9, 2023, the date of issuance and delivery of the Series 2023 Bonds to the initial purchasers thereof.

"Defeasance Obligations" means (A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; (C) obligations of the following government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) debt obligations, Federal Home Loan Banks (FHL Banks) debt obligations, Fannie Mae debt obligations, Resolution Funding Corp. (REFCORP)

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debt obligations, and U.S. Agency for International Development (U.S. A.I.D.) Guaranteed notes; (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C).

"Delivery Office" shall mean the following offices of the Trustee, for notice purposes and presentation of Series 2023 Bonds for payment or transfers:

For Purposes of Notice:

U.S. Bank Trust Company, National Association
190 South LaSalle, Chicago,
Illinois 60603
Attention: Global Corporate Trust

For Purposes of Presentation of Bonds for Payment or Transfers:

U.S. Bank Trust Company, National Association
111 Fillmore Avenue East, St. Paul, Minnesota 55107-1402
Attention: Global Corporate Trust

"Deposit Date " means the Business Day immediately preceding each Interest Payment Date.

"Designated Corporate Trust Office" means the corporate trust office of the Trustee located at the address of the Trustee set forth in the definition of "Delivery Office" above, as such address may be changed from time to time by the Trustee.

"DTC" means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository performing similar functions.

"Federal Obligation " means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

"Fitch " means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated, or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Indentures" means, collectively, the Series 2023A Bond Indenture and the Series 2023B Bond Indenture, and each individually an "Indenture".

"Interest Payment Date" means each January 1 and July 1. The initial Interest Payment Date shall be July 1, 2023.

"Issuance Costs" means the expenses and costs of the City with respect to the authorization, sale and delivery of the Series 2023 Bonds.

"Kroll" means Kroll Bond Rating Agency, LLC, its successors and assigns, and, if Kroll shall be dissolved or liquidated or shall no longer perform the functions of a security rating agency, "Kroll" shall

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be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Line of Credit Indebtedness" means funds the City has borrowed using one or more line of credit agreements to provide funds for interim financing for the Series 2023A Project.

"Maturity Date" means the applicable maturity date set forth on the inside front cover of this Official Statement for a Series of the Series 2023 Bonds.

"Mayor" means the Mayor of the City.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if Moody's shall be dissolved or liquidated or shall no longer perform the functions of a security rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

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

"Ongoing Financing Services" means any periodic fees and expenses payable to parties involved in the provision of ongoing services relating to a Series of the Series 2023 Bonds, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of such Series 2023 Bonds.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel in form and substance acceptable to the City.

"Outstanding" means, when used with reference to any Series 2023 Bonds, all of such obligations issued under the respective Indenture for such Series of the Series 2023 Bonds that are unpaid, provided that such term does not include:

a) Series 2023 Bonds canceled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

b) matured or redeemed Series 2023 Bonds which have not been presented for payment in accordance with the provisions of the applicable Indenture and for the payment of which the City has deposited funds with the Trustee;

c) Series 2023 Bonds for which the City has provided for payment by depositing in an irrevocable trust or escrow, cash or Defeasance Obligations, in each case, the maturing principal of and interest on which will be sufficient to pay at maturity, or if called for redemption on the applicable redemption date, the principal of, redemption premium, if any, and interest on such Series 2023 Bonds;

d) Series 2023 Bonds of a Series in lieu of or in exchange or substitution for which other Series 2023 Bonds of such Series shall have been authenticated and delivered pursuant to the respective Indenture; and

e) Series 2023 Bonds owned by the City and tendered to the Trustee for cancellation. "Outstanding Indebtedness" has the meaning assigned to such term in the Bond Ordinance.

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"Participant," when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Paying Agent" means the Trustee and any Paying Agent designated by the Trustee, and any successor thereto.

"Permitted Investments" means any of the following obligations or securities permitted under the laws of the State and the Municipal Code:

- a) interest-bearing general obligations of the United States of America, the State or the City;
- b) 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 City a return on such investment in lieu of interest;
- c) short-term discount obligations of the United States Government or United States Government agencies;
- d) certificates of deposit of national banks or banks located within the City which are either (i) fully collateralized at least 110 percent by marketable United States Government securities marked to market at least monthly or (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;
- e) 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;
- f) tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
- g) shares of money market mutual funds registered under the Investment Company Act of 1940, which shares are registered under the Securities Act of 1933, 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; and

(h) any other suitable investment instrument permitted by State laws and the Municipal

Code governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds.

"Pledged Taxes" has the meaning assigned to such term in the respective Bond Ordinances.

"Principal and Interest Accounts" means the Principal and Interest Accounts established within the respective Bond Fund under the Indenture for each Series of the Series 2023 Bonds, and described under "FUNDS AND ACCOUNTS; INVESTMENTS - Principal and Interest Accounts" in this APPENDIX C.

"Principal and Interest Account Requirement" means, for a Series of the Series 2023 Bonds, an amount equal to the total principal installment and interest due on such Series of the Series 2023 Bonds as of each January 1 and July 1 (including any mandatory redemption of such Series of the Series 2023 Bonds),

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which amount shall be deposited in the respective Principal and Interest Account under the respective Indenture not later than the Deposit Date for such Interest Payment Date.

"Project" means:

a) with regard to the Series 2023A Bonds: (i) the public right of way improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacements, curb and gutter repairs and replacements and environmental remediation; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements; (iii) transportation improvements (to City property and facilities and to property and facilities located within the City limits which are owned by other governmental entities), including street resurfacing, bridge and freight tunnel rehabilitation, viaduct rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) grants to assist not-for-profit organizations, or educational or cultural institutions, or to assist other municipal corporations, units of local government, school districts, the State or the United States of America; (v) the duly authorized acquisition of improved or unimproved real property within the City for municipal, industrial, commercial, or residential purposes; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; and (vii) constructing, equipping, altering, improving and repairing various municipal facilities and the sites thereof, including fire stations, police stations, libraries, senior and health centers and other municipal facilities; and

b) with regard to the Series 2023B Bonds: (i) the public right-of-way improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacements, curb and gutter repairs and replacements and environmental remediation; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, telecommunications facilities or equipment, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, waterway improvements, environmental improvements, riverbank stabilization, residential and commercial infrastructure redevelopment and improvements and railroad viaduct clearance improvements; (iii) transportation improvements (to City property and facilities and to property and facilities located within the City limits which are owned by other governmental entities), including street resurfacing, bridge and freight tunnel rehabilitation, viaduct rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) loans or grants to assist individuals, not-for-profit organizations, or educational or cultural institutions, or for-profit organizations, or to assist other municipal corporations, units of local government, school districts, the State or the United States of America; (v) the duly authorized acquisition of improved or unimproved real property within the City for municipal, industrial, commercial, recreational, community or residential purposes and the improvement or remediation of any such property; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; (vii) constructing, equipping, altering, improving and repairing various municipal facilities and the sites thereof, including fire stations, police stations, libraries, parks, parkways, senior and health centers and other municipal facilities; and (viii) programs to enhance economic development or improve the health, safety and welfare of City residents, including assisting persons and entities with the acquisition, construction and/or rehabilitation of property for residential, commercial, recreational, community or industrial purposes.

"Project Costs" means the costs of the Project.

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"Project Fund" means the Project Fund established under each Indenture, and described under "Funds and accounts; Investments - Project Fund" in this Appendix C.

"Qualified Collateral" means:

- a) Federal Obligations;
- b) direct and general obligations of any state of the United States of America or any political subdivision of the State which are rated not less than "AA" or "Aa2" or their equivalents by any nationally recognized securities rating agency; and
- c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under any annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

"Rating Agency" means any of Fitch, S&P, Kroll and, Moody's or another rating agency that has a credit rating assigned to the Series 2023 Bonds at the request of the City.

"Record Date" means each June 15 and December 15 (whether or not a Business Day).

"Redemption Price" means, with respect to the Series 2023 Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of the Series 2023 Bonds.

"Registered Owner" or "Owner" means the person or persons in whose name or names a Series 2023 Bond shall be registered in the Bond Register.

"S&P" means S&P Global Ratings, a division of S&P Global, Inc., its successors and assigns, and, if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Securities Depository" means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Series 2023 Bonds.

"Series 2023 Bonds" means, collectively, the Series 2023A Bonds and the Series 2023B Bonds.

"Series 2023A Bond Indenture" means the Trust Indenture by and between the City and the Trustee, dated as of January 1, 2023, as amended or supplemented from time to time, pursuant to which the Series 2023A Bonds are issued.

"Series 2023A Bonds" means the City's General Obligation Bonds, Series 2023A (Chicago Works).

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"Series 2023B Bond Indenture" means the Recovery Trust Indenture by and between the City and the Trustee, dated as of January 1, 2023, as amended or supplemented from time to time, pursuant to which the Series 2023 B Bonds are issued.

"Series 2023B Bonds" means the City's General Obligation Bonds, Series 2023B (Chicago Recovery Plan).

"State" means the State of Illinois.

"Supplemental Indenture" means any indenture modifying, altering, amending, supplementing or confirming the Indentures duly entered into in accordance with the terms thereof.

"Tax Certificate" means the tax certificate of the City dated the Date of Issuance pertaining to the Series 2023 Bonds.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association with trust powers, and its successors and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor trustee at the time serving as successor trustee under the Indentures.

AUTHORITY FOR INDENTURES

The Indentures are executed and delivered by the City by virtue of and pursuant to the applicable Bond Ordinance and as an exercise of its home rule powers. The City has ascertained, determined and declared that the execution and delivery of the Indentures are necessary to meet the public purposes and obligations of the City, that each and every act, matter, thing or course of conduct as to which provision is made in the Indentures is necessary or convenient in order to carry out and effectuate such purposes of the City and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement contained and made in the Indentures are necessary, useful or convenient in order to better secure the Series 2023 Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the City.

Indentures to Constitute Contract

In consideration of the purchase and acceptance of the Series 2023 Bonds by the holders of the Series 2023 Bonds, the provisions of the applicable Indenture and any Supplemental Indenture related thereto shall be a part of the contract of the City with the Owners of the respective Series of the Series 2023 Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee and the Owners from time to time of such Series 2023 Bonds. The City covenants and agrees with the Owners of the Series 2023 Bonds and the Trustee that it will faithfully perform all of the covenants and agreements contained in the applicable Indenture, in the applicable Bond Ordinance and in such Series 2023 Bonds.

The provisions of the Series 2023A Bond Indenture and the security thereunder apply solely to the Series 2023A Bonds; and the provisions of the Series 2023B Bond Indenture and the security thereunder apply solely to the Series 2023B Bonds.

Source of Payment of Series 2023 Bonds

Pursuant to the Bond Ordinance, the Series 2023 Bonds constitute direct and general obligations of the City for the punctual payment of which the City pledges its full faith and credit and, pursuant to the Bond Ordinance, the Pledged Taxes. The City covenants that, for each Series of the Series 2023 Bonds,

Indenture, the Pledged Taxes of such Series shall not be used for any purpose other than the payment of (i) principal of, interest on and Redemption Price, if any, on the respective Series 2023 Bonds (or for the purchase by the City of the respective Series 2023 Bonds which are then cancelled), and (ii) Ongoing Financing Services; provided, however, that the levy of Pledged Taxes is subject to abatement as provided in the Bond Ordinance. See "SECURITY FOR THE SERIES 2023 BONDS."

FUNDS AND ACCOUNTS; INVESTMENTS

Bond Funds

Pursuant to each Indenture, the City has established with the Trustee the applicable Bond Funds, each being a trust fund with respect to the applicable Series of the Series 2023 Bonds.

At each such time as required under each Indenture, the City shall deposit into the Principal and Interest Account of the respective Bond Fund, from funds of the City legally available therefor, an amount sufficient to satisfy the applicable Principal and Interest Account Requirement. Money on deposit in the Principal and Interest Account of the applicable Bond Fund shall be applied by the Trustee to pay the principal of (whether due at maturity or by mandatory redemption) and interest on the respective Series 2023 Bonds as the same become due.

Pending the use of moneys held in the applicable Bond Fund, the Trustee shall invest such moneys in Permitted Investments upon the direction of an Authorized Officer in writing to the Trustee. Income from such investments shall be credited to the account within such Bond Fund from which investment was made.

Each Indenture establishes within the respective Bond Fund the Principal and Interest Account in connection with the applicable Series of the Series 2023 Bonds. With respect to the Series 2023A Bonds, the Series 2023A Bond Indenture establishes within the applicable Bond Fund the Capitalized Interest Account in connection with the Series 2023A Bonds. See "- Principal and Interest Account" and "-Capitalized Interest Account," below.

Deposits into Bond Funds

Not later than each Deposit Date, the City shall cause to be on deposit in the Principal and Interest Account of each of the Bond Funds an amount equal to the respective Principal and Interest Account Requirement.

In addition to the Principal and Interest Account Requirement, there shall be deposited into each of the Bond Funds any other moneys (exclusive of proceeds applied to other funds or purposes pursuant to Section 4.02 of each Indenture) received by the Trustee under and pursuant to the respective Indenture, when accompanied by directions from an Authorized Officer that such moneys are to be paid into such Bond Funds and to one or more accounts therein.

Principal and Interest Accounts

Pursuant to each Indenture, the City has established with the Trustee the respective Principal and Interest Accounts, the same being separate trust accounts within the respective Bond Funds.

Amounts on deposit in the applicable Principal and Interest Accounts shall be used to pay principal and interest on the respective Series of the Series 2023 Bonds as the same shall become due, except for

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interest to be paid from the applicable Capitalized Interest Account for the Series 2023A Bonds, in accordance with the respective Indenture.

Capitalized Interest Account

Pursuant to the Series 2023A Bond Indenture, the City has established with the Trustee the Capitalized Interest Account, the

same being a separate trust account within the Bond Fund.

Moneys on deposit in the Capitalized Interest Account, and the interest earnings thereon, shall be applied to pay interest due on the Series 2023A Bonds on each of the following Interest Payment Dates in the amounts shown:

Series 2023A Bonds

Interest Payment Date July 1, 2023 January 1, 2024 July 1, 2024 January 1, 2025

Amount

\$1,448,465.95 \$1,515,836.46 \$1,788,563.48 \$1,788,563.48

Any amount remaining on deposit in the Capitalized Interest Account on January 1, 2025 shall be used to pay interest on the Series 2023A Bonds, as the City shall direct, before funds from the applicable Principal and Interest Account are used.

Project Funds

Pursuant to each Indenture, the City has established with the Trustee the Project Funds, the same being separate trust funds for the respective Series of the Series 2023 Bonds.

Moneys on deposit in the Project Funds will be paid out from time to time by the Trustee to or upon the order of the City in order to provide for the payment of Project Costs, to reimburse the City for the payment of Project Costs (or, with respect to the Series 2023A Bonds, to refinance Line of Credit Indebtedness), upon receipt by the Trustee of a certificate of an Authorized Officer describing the Project Costs to be paid or reimbursed with such moneys (including the identity of and method of payment for each payee).

Within each Project Fund, the City has established with the Trustee separate Cost of Issuance Accounts and Investment Earnings Accounts for the respective Series of the Series 2023 Bonds. Moneys on deposit in the respective Costs of Issuance Accounts shall be withdrawn by the Trustee and paid to or as directed by the City, upon receipt by the Trustee of a written disbursement request from the City identifying the Issuance Costs and the amounts thereof to be paid pursuant to such request. Moneys on deposit in the respective Series 2023 Costs of Issuance Account, including the investment earnings thereon, remaining after all disbursements for payment of the Issuance Costs have been made shall be deposited by the Trustee to the respective Series 2023 Investment Earnings Account. Moneys on deposit in the Investment Earnings Accounts, including the investment earnings thereon, shall be retained therein and deposited to the respective Project Fund, as the City shall direct in writing.

Investment of Moneys in Funds

Moneys in each Project Fund shall be invested at the written direction of an Authorized Officer to the fullest extent practicable in Permitted Investments maturing in such amounts and at such times as may

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be necessary to provide funds when needed to pay, as applicable, Project Costs or Issuance Costs of the respective Series of the Series 2023 Bonds, (or, with respect to the Series 2023A Bonds, to refinance Line of Credit Indebtedness) or pay such other costs as may be required to be paid from such moneys. The City may, and to the extent required for payments from the respective Project Fund shall, direct the Trustee in writing to sell any such Permitted Investments at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the respective Project Fund. Investment earnings received on moneys or securities in the respective Project Fund shall be deposited to the respective Series of the Series 2023 Investment Earnings Account.

Supplemental Indentures

Supplemental Indentures Not Requiring Bondholder Consent

In connection with each of the Indentures, a Supplemental Indenture may be authorized at any time by an ordinance adopted by the City Council and, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk, upon compliance with the provisions of the applicable Indenture and upon execution and delivery of such Supplemental Indenture by the City and the Trustee, shall be fully effective, in accordance with its terms and not subject to consent by the Owners of the applicable Series 2023 Bonds for the following purposes: (a) to add to the covenants and agreements of the City in the Indentures other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Indentures as theretofore in effect; (b) to add to the limitations and restrictions in the Indentures other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indentures as theretofore in effect; (c) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Indentures; (d) to confirm, as further assurance, the pledge under the Indentures, and the subjection of, additional properties, taxes or other collateral to any lien, claim or pledge created or to be created by the Indentures; (e) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indentures; (f) to insert such provisions clarifying matters or questions arising under the Indentures as are necessary or desirable and are not contrary to or inconsistent with the Indentures as theretofore in effect; or (g) to provide additional duties of the Trustee under the Indentures.

Supplemental Indentures Requiring Bondholder Consent

In connection with each of the Indentures, at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, subject to consent by the Owners of the applicable Series of the Series 2023 Bonds in accordance with and subject to the provisions of such Indenture, which Supplemental Indenture, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk, upon compliance with the provisions of such Indenture and upon execution and delivery of such Supplemental Indenture by the City and the Trustee, shall become fully effective in accordance with its terms.

Any modification or amendment of an Indenture or of the rights and obligations of the City and of the Owners of the applicable Series of the Series 2023 Bonds, in particular, which requires the consent of the applicable Series 2023 Bondholders, may be made by a Supplemental Indenture, with the written consent given as provided in the applicable Indenture: (a) of the Owners of a majority in principal amount of the applicable Series 2023 Bonds Outstanding at the time such consent is given; or (b) in case less than all of the then applicable Outstanding Series 2023 Bonds are affected by the modification or amendment, of the Owners of a majority in principal amount of the then applicable, Outstanding Series 2023 Bonds so affected. No such modification or amendment shall permit a change in the terms of redemption or maturity

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of the principal of any applicable Outstanding Series 2023 Bonds or of any installment of interest thereon or a reduction in the principal amount or the applicable Redemption Price thereof or in the rate of interest thereon without the consent of the applicable Owner of such Series 2023 Bonds, or shall reduce the percentages or otherwise affect the classes of applicable Series 2023 Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. An applicable Series 2023 Bond shall be deemed to be affected by a modification or amendment of the applicable Indenture if the same adversely affects or diminishes the rights of the applicable Owners of such Series 2023 Bond.

General Provisions

The Indentures shall not be modified or amended in any respect except as provided therein. Nothing in each of the Indentures shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any ordinance, resolution, act or other instrument pursuant to the provisions of the Indentures or the right or obligation of the City to execute and deliver to the Trustee any instrument which is required to be delivered to the Trustee pursuant to the respective Indenture.

Every Supplemental Indenture delivered to the Trustee for execution shall be accompanied by an opinion of counsel stating that such Supplemental Indenture has been duly and lawfully authorized by the City Council and executed by the City in accordance with the provisions of the applicable Indenture, is authorized or permitted by such Indenture and will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms.

The Trustee is authorized to enter into, execute and deliver a Supplemental Indenture and to make all further agreements and stipulations which may be therein contained, and the Trustee in taking such action shall receive and be fully protected in relying on an opinion of counsel that such Supplemental Indenture is authorized or permitted by the provisions of such Indenture.

No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

No Supplemental Indenture relating to the Series 2023A Bonds or the Series 2023B Bonds shall take effect unless and until there has been delivered to the Trustee an Opinion of Bond Counsel to the effect that such Supplemental Indenture does not adversely affect the exclusion from gross income for federal income tax purposes to which interest on the Series 2023A Bonds or the Series 2023B Bonds, as may be applicable.

Default and Remedies Defaults

Each of the following events is an "Event of Default" under each separate Indenture:

- a) payment of the principal or Redemption Price, if any, of any of the respective Series 2023 Bonds shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;
- b) payment of any installment of interest on any of the respective Series 2023 Bonds shall not be made when and as the same shall become due; or

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(c) the City shall fail or refuse to comply with the provisions of the applicable Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indentures or in the respective Series 2023 Bonds, which materially affects the rights of the Owners of the respective Series 2023 Bonds, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the Owners of not less than 25 percent in aggregate principal amount of the respective Series 2023 Bonds Outstanding; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all diligence.

Remedies

In connection with each Indenture, upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default (beyond the time periods specified therein) specified in paragraph (c) above, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in aggregate principal amount of the respective Series of the Series 2023 Bonds Outstanding together with indemnity satisfactory to it, shall proceed, in its own name, to protect and enforce its rights and the rights of the respective Owners of the Series 2023 Bonds by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

- i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the applicable Owners of the Series 2023 Bonds including the right to require the City to receive and collect taxes adequate to carry out the covenants and agreements as to such taxes and to require the City to carry out any other covenant or agreement with the applicable Owners of the Series 2023 Bonds and to perform its duties under the applicable Indenture;
- ii) by bringing suit upon the applicable Series 2023 Bonds;
- iii) by action or suit in equity, require the City to account as if it were the trustee of an express trust for the applicable Owners of the Series 2023 Bonds; and/or

iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the applicable Owners of the Series 2023 Bonds.

In the enforcement of any rights and remedies under each of the Indentures, 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 City, but only out of moneys pledged as security for the applicable Series 2023 Bonds for principal, Redemption Price, interest or otherwise, under any provision of the applicable Indenture or of the applicable Series 2023 Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the applicable Series 2023 Bonds, together with any and all costs and expenses of collection and of all proceedings under the applicable Indenture and under such applicable Series 2023 Bonds without prejudice to any other right or remedy of the Trustee or of the applicable Owners of the Series 2023 Bonds, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the Indentures for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Under no circumstance may the Trustee declare the principal of any applicable Series 2023 Bonds to be due and payable prior to the Maturity Date following the occurrence of an Event of Default under any of the Indentures.

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RESIGNATION OR REMOVAL OF THE TRUSTEE; SUCCESSORS

Under each of the Indentures the Trustee may at any time resign and be discharged of its duties and obligations created by the Indentures by giving not fewer than 60 days' written notice to the City and mailing notice thereof to the Owners of applicable Series 2023 Bonds at their addresses shown on the registration books kept by the Trustee within 20 days after the giving of such written notice. Such resignation shall take effect upon the appointment and acceptance of appointment of a successor by the City or the Owners of applicable Series 2023 Bonds as provided in the applicable Indenture.

The Trustee may be removed at any time by the Owners of a majority in principal amount of the applicable Series 2023 Bonds then Outstanding, excluding any applicable Series 2023 Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or by their attorneys duly authorized in writing and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor. The City may remove the Trustee at any time, except during the existence of an Event of Default, for such cause (or upon 30 days' notice for any reason) as shall be determined in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer and by mailing notice thereof to the applicable Owners of the Series 2023 Bonds at their addresses shown on the registration books kept by the Trustee. Any removal of the Trustee shall take effect upon the appointment and acceptance of appointment of a successor Trustee.

Under each Indenture if at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Owners of a majority in aggregate principal amount of the applicable Series 2023 Bonds then Outstanding, excluding any applicable Series 2023 Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed by such Owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City and the predecessor Trustee. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall be appointed by the applicable Owners of the Series 2023 Bonds as authorized in the applicable Indenture. The City shall mail notice to the applicable Owners of Series 2023 Bonds of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the applicable Owners of the Series 2023 Bonds. If in a proper case no appointment of a successor Trustee shall be made within 45 days after the Trustee shall have given to the City written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, or any applicable Owner of the Series 2023 Bonds, may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee. Any Trustee appointed shall be a bank, trust company or national banking association, in any such case having corporate trust powers, doing business and having a corporate trust office in the City.

Any successor Trustee appointed under an Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, a written instrument of acceptance respecting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the City, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under such Indenture, and shall pay over, assign and

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deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in such Indenture. Should any deed, conveyance or instrument in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far, as may be authorized by law, be executed, acknowledged and delivered by the City.

Defeasance

Each of the Indentures provides that if the City will pay to the Registered Owners of the applicable Series 2023 Bonds or provide for the payment of, the principal, premium, if any, and interest to become due on the applicable Series 2023 Bonds, then the applicable Indenture and the Bond Ordinance will be fully discharged and satisfied with respect to the applicable Series 2023 Bonds. Upon the satisfaction and discharge of the applicable Indenture, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and all fiduciaries will pay over or deliver to the City all funds, accounts and other moneys or securities held by them pursuant to the applicable Indenture which are not required for the payment or redemption of the applicable Series 2023 Bonds. Under each Indenture if payment or provision for payment is made to or for the Registered Owners of all or a portion of the applicable Series 2023 Bonds, of the principal of and interest due and to become due on any applicable Series 2023 Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee, all sums of money due and to become due according to the provisions of the applicable Indenture, then the estate and rights granted under the applicable Indenture and the Bond Ordinance shall cease, terminate and be void as to those applicable Series 2023 Bonds or portions thereof except for purposes of registration, transfer and exchange of the applicable Series 2023 Bonds and any such payment from such moneys or obligations. Any Series 2023 Bonds under the applicable Indenture will be deemed to be paid when payment of the principal of such applicable Series 2023 Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in such Indentures or otherwise), either (x) shall have been made or caused to have been made in accordance with the terms thereof, or (y) shall have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment, (2) Defeasance Obligations or (3) a combination of moneys and Defeasance Obligations, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment. If the City shall pay and discharge a portion of the applicable Series 2023 Bonds as aforesaid, such portion shall cease to be entitled to any lien, benefit or security under the applicable Indenture and the Bond Ordinance. The liability of the City with respect to such applicable Series 2023 Bonds will continue, but the Registered Owners thereof shall thereafter be entitled to payment (to the exclusion of all other Series 2023 Bondholders) only out of the cash and Defeasance Obligations deposited with the Trustee under the applicable Indenture.

No deposit pursuant to the paragraph above shall be made or accepted with respect to the Series 2023A Bonds or the Series 2023B Bonds and no use made of any such deposit, unless the Trustee shall have received an Opinion of Bond Counsel to the effect that such deposit and use would not cause the applicable Series 2023 Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision thereto.

A defeasance deposit of Defeasance Obligations may be subject to a subsequent sale of such Defeasance Obligations and reinvestment of all or a portion of the proceeds of that sale in Defeasance Obligations which, together with money to remain so held in trust, shall be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the defeased Series 2023 Bonds (all as confirmed by a nationally recognized firm of independent public accountants selected by the City). Amounts held

by the Trustee in excess of the amounts needed so to provide for payment of the defeased

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Series 2023 Bonds may be subject to withdrawal by the City. No such sale and reinvestment shall be made or accepted unless the Trustee shall have received an Opinion of Bond Counsel to the effect that such sale and reinvestment would not cause any of such defeased Series 2023 Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision thereto.

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APPENDIX D

City of Chicago Economic and Demographic Information

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City of Chicago Economic and Demographic Information

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Set forth in this Appendix D is certain economic and demographic information regarding the City. Sources of information are set forth in footnotes. With respect to non-City sources, the City considers these sources to be reliable but has made no independent verification of the information provided and does not warrant its accuracy.

ECONOMY

The Chicago metropolitan area has a population of approximately 9.5 million people, with over 4.8 million employees.^{1,2} The City's workforce is spread across a diverse array of industries. The City's large and diverse economy

contributed to a gross domestic product ("GDP") in the metropolitan area of approximately \$693 billion in 2020.³

The Chicago metropolitan area's largest industry sectors by employment include trade, transportation and utilities; professional and business services; education and health services; government; leisure and hospitality; and manufacturing.⁴ The City benefits from a concentration of talent in legal, engineering and financial services and from a growing population in the City center.⁵

In 2019, a record 60.8 million tourists visited the City.⁶ During 2020, due to the pandemic, the number of tourists visiting the City dropped to 16.3 million.⁷ A significant recovery took place in 2021, when approximately 30.5 million tourists visited the City in 2021, an 86.7% increase from 2020.⁸ See Table 12. Chicago O'Hare International Airport Monthly Enplanements and Table 13. Chicago Midway International Airport Monthly enplanements for 2022 recent enplanement trends providing early indications of the continued economic recovery in tourism and travel to the City.

Table 1. Chicago Area Employment by Sector (in thousands) (August 2022)⁹
Change from August 2021

Sector	Employees	Number Percent
TOTAL NONFARM	4,756.3	201.24.4%
Mining and Logging	1.90.00.0	
Construction	193.39.7	5.3
Manufacturing	415.013.9	3.5
Trade, Transportation and Utilities	968.339.0	4.2
Information	78.02.22.9	
Financial Activities	318.1(0.1)	(0.2)
Professional and Business Services	863.443.0	5.2
Education and Health Services	720.618.1	2.6
Leisure and Hospitality	492.660.2	13.9
Other Services	188.04.6	2.5
Government	517.111.2	2.2

¹ U.S. Census Bureau, "Metropolitan and Micropolitan Statistical Areas Population Totals and Components of Change: 2020-2021," <<https://www.census.gov/data/datasets/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html>>.

² U.S. Bureau of Labor Statistics, "Civilian labor force and unemployment by state and metropolitan area," <https://www.bls.gov/news.release/metro.101.htm>

³ U.S. Bureau of Economic Analysis, <<https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&MajorArea=5&Stat=17000&Area=16980&TableId=533&Statistic=3&Year=2020.2019&UnitOfMeasure=Levels&Rank=0&Drill=1>>.

⁴ U.S. Bureau of Labor Statistics, "Chicago Area Economic Summary, Updated October 4, 2022," <<https://www.bls.gov/regions/midwest/summary/bl.summary.chicago.pdf>>.

⁵ Chicago Metropolitan Agency for Planning, <https://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/the-chicago-region-s-local-industry-clusters>
Chicago Loop Alliance, "The Chicago Loop's New Demography." <<https://loopchicago.com/assets/The-Chicago-Loops-New-Demography.pdf>>.

⁶ Choose Chicago 2021 Annual Report, <<https://indd.adobe.com/view/256c9b98-f46f-48c7-9e01-c7e3194562rd>>.

⁷ See Footnote 6.

⁸ See Footnote 6.

⁹ U.S. Bureau of Labor Statistics, "Chicago Area Employment" <<https://www.bls.gov/regions/midwest/news.release/areacemployment.chicago.htm>>.

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POPULATION

Chicago is home to more than 2.7 million people who live in more than one million households.¹⁰ According to the 2020 Census, the City's population is up 1.9 percent compared to the 2010 Census, increasing as a percent of the State population, which has a positive impact on certain revenue streams.¹¹ The population of the United States, the State of Illinois, Cook County and the City for the census years 1980 to 2020 is set forth below.

Table 2. Population (1980-2020)

Total Population (1980-2020)

State of Illinois

1980 1990 2000 2010 2020

226,545,805 248,709,873 281,421,906 308,745,538 331,449,281

11,427,409 11,430,602 12,419,293 12,830,632 12,812,508

5,253,655 5,105,067 5,376,741 5,194,675 5,275,541

3,005,072 2,783,726 2,896,016 2,695,598 2,746,388

¹⁰ U.S. Census Bureau, "Resident population from decennial census." " See Footnote 10. ¹² See Footnote 10.

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Per Capita income and Wages

The per capita personal income (estimated annual earnings) for the United States, the State of Illinois, Cook County and the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (the "Chicago MSA") is set forth below for the years 2012 through 2021.¹³ Per capita personal income in the Chicago MSA continues to outpace the State of Illinois and the United States.

Tables. Per Capita Income (2012-2021)¹⁴

Year	United States ¹⁵	State of Illinois ¹⁶	Chicago MSA ¹⁷	Cook County ¹⁸
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	Year	United States	State of Illinois	Chicago MSA	Cook County
	2012	44,548	46,029	48,804	45,697
	2013	44,798	47,047	49,647	48,198
	2014	46,887	49,238	52,501	49,399
	2015	48,725	51,443	55,170	52,956
	2016	49,613	52,036	55,800	55,700
	2017	51,550	53,611	57,586	56,137
	2018	53,786	56,536	60,938	57,966
	2019	56,250	58,438	63,024	61,972
	2020	59,765	62,139	66,474	63,971
	2021	64,143	67,244	71,992	67,558

Median household income in the Chicago MSA in 2021 was \$78,166, compared to \$72,205 in the State of Illinois and \$69,717 in the United States.¹⁹

¹³ The Chicago MSA comprises the following counties:

- Illinois: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will Counties;
- Indiana: Jasper, Lake, Newton and Porter Counties; and
- Wisconsin: Kenosha County.

¹⁴ U.S. Bureau of Economic Analysis, Local Area Personal Income last updated: November 16, 2022

<https://www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas>. On November 14, 2019, the U.S. Bureau of Economic Analysis revised the statistics for 1998 through 2017. The figures presented here reflect the revised data and thus are not consistent with the City's past disclosure documents for its general obligation bonds.

¹⁵ U.S. Bureau of Economic Analysis, Table SAINC1,

<<https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&MajorArea=3&State=00000&Area=00000&TableId=21&Statistic=3&Drill=1>>

¹⁶ U.S. Bureau of Economic Analysis, Table SAINC1,

<https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&MajorArea=3&State=00000&Area=17000&TableId=21&Statistic=3&Drill=1>

¹⁷ U.S. Bureau of Economic Analysis, Table CAINC1,

<<https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&MajorArea=5&State=17000&Area=16980&TableId=20&Statistic=3&Drill=1>>

¹⁸ U.S. Bureau of Economic Analysis, Table CAINC1,

<<https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&MajorArea=4&State=17000&Area=17031&TableId=20&Statistic=3&Drill=1>>

¹⁹ U.S. Census Bureau,

<https://data.census.gov/tables?q=0100000US0400000US17310XX00US16980&tid=ACSDT1Y2021_B19013&tp=true>

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Digital equity

Citywide, one in five children under the age of eighteen lack access to broadband, equating to more than 110,000 children.²⁰ Predominantly black and Latinx/a/o low-income neighborhoods show large gaps in internet connectivity, including:

- Approximately 34% of households in Austin, or nearly 8,000 of all residing children;
- Approximately 32% of households in Humboldt Park, or 5,100 of all residing children; and
- Approximately 46% of households in West Englewood, or 3,100 of all residing children.²¹

In contrast, the most affluent neighborhoods show rates of connectivity near or above 90%.²² Compared to 2018, the number and percentage of Chicago households with access to an internet connection has increased to 999,538 and 87.7% from 880,259 and 81.7%; respectively.²³

Table 4. Households with Broadband internet access²⁴

	2018	2019	2020	2021	
					1,080,345 902,834 83.6%
					1,077,886 880,259 81.7%
					1,081,143 893,381 82.6%
					1,139,537 999,538 87.7%
All Households					
Households in Category	Households with broadband Internet	% of Household in Category			
					192,922 117,023 60.7%
					202,135 121,570 60.1%
					194,054 115,826 59.7%
					202,366 146,417 72.4%
Households with Income Less than \$20,000	Households in Category	Households with broadband Internet	% of Household in Category		
					423,139 346,783 82.0%
					448,424 356,937 79.6%
					420,411 361,762 86.0%
					424,810 342,649 80.7%
Households with \$20,000 to \$74,999	Households in Category	Households with broadband Internet	% of Household in Category		
					464,284 439,028 94.6%
					427,327 401,752 94.0%
					462,279 434,906 94.1%
					516,760 491,359 95.1%
Households with \$75,000 or more	Households in Category	Households with broadband Internet	% of Household in Category		

²⁰ Kids First Chicago, <<https://kidsfirstchicago.org/digital-cquitv-coronavii-us>>.

²¹ See Footnote 20.

²² See Footnote 20.

²³ See Footnote 24.

²⁴ U.S. Census Bureau, <<https://data.census.gov/label7F>> 1600000US1714000&tid=ACSST 1Y2018.S2801
<<https://data.census.gov/label7F>> 1600000US1714000&tid=ACSST 1Y2019.S2801

<<https://data.census.gov/label7F>> 1600000US1714000&tid=ACSST 5Y2020.S2801<<https://data.census.gov/label7F>>
1600000US1714000&tid=ACSST 1 Y2021.S2801.

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Employment

Total employment for the State of Illinois, the Chicago MSA, Cook County and the City for the years 2012 through 2022 is set forth below.

Table 5. Employment (2012-2022) (in thousands)²⁵

	State of Illinois ²⁶											Chicago MSA ²⁷	Cook County ²⁸	Chicago ²⁹
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022				
5,989	5,961	6,052	6,120	6,173	6,238	6,282	6,309	5,781	5,936	6,142				
4,447	4,466	4,541	4,597	4,649	4,731	4,766	4,793	4,386	4,507	4,701				
2,406	2,418	2,456	2,481	2,500	2,551	2,561	2,579	2,351	2,412	2,526				
1,232	1,238	1,257	1,271	1,282	1,312	1,320	1,331	1,216	1,247	1,306				

The annual unemployment rates for the United States, the State of Illinois, Cook County, the Chicago MSA and the City are set forth below for the years 2012 through 2022.

Table 6. Annual Unemployment Rates (2012-2022)³⁰

United States ³¹	State of Illinois											Chicago MSA	Cook County
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.4	3.8			
9.0	9.1	7.2	6.0	5.9	4.9	4.4	4.0	9.2	6.1	4.8			
9.1	9.1	7.2	6.0	5.8	4.9	4.1	3.9	9.5	6.2	4.7			
9.7	9.7	7.6	6.3	6.2	5.1	4.2	3.9	10.4	7.1	5.2			
10.0													
10.1	7.9												
,6.7	6.5	5.4	4.4	4.1									
11.2	7.6	5.4											

²⁵ U.S. Bureau of Labor Statistics, "Local Area Unemployment Statistics," data expressed as average of 12-month data, except for 2022, which is an average of January - August 2022.

²⁶ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUST1700000000000003>.

²⁷ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUMT1716980000000003>.

²⁸ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUCN1703100000000003>.

²⁹ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LAUCT1714000000000003>.

³⁰ See Footnote 25.

³¹ U.S. Bureau of Labor Statistics, <https://data.bls.gov/timeseries/LNU040000000>.

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The number of active City of Chicago employees by race and gender are shown in the following table.

Table 7. Number of Employees by Race and Gender (as of November 19, 2022)³²

	Female		Male	No Data Total
American Indian Alaskan Native	36	54	' - 90	
Asian	304	709	- 1,013	
Black or African American	4,045	5,068	1 9,114	
Hispanic	1,945	5,560	1 7,506	
White	2,564	10,323	- 12,887	
Native Hawaiian or Other Pacific Islander	6	78	- 34	

Two or More Race	112	159	- 271
No Ethnic Data	41	96	137
TOTAL	9,053	21,997	2 31,052

The percentage of total (non-farm) employment by major industry sector for the Chicago Metropolitan Division, State of Illinois and the United States for July 2022 is shown in the following table. Note that totals may not sum due to rounding.

Table 8. percentage of Total Non-Farm employment by Major Industry Sector (July 2022)

Sector	United States"	Chicago Metropolitan	
		Illinois ³⁴	Division ³⁵
Trade, Transportation and Utilities	18.8%	20.2%	19.9%
Education and Health Services	15.9	15.1	15.6
Professional and Business Services	14.7	16.0	19.0
Government	13.9	13.2	10.8
Leisure and Hospitality	10.9	9.6	10.3
Manufacturing	8.5	9.5	7.4
Financial Activities	5.9	6.7	7.3
Construction	5.2	3.8	3.8
Other Services	3.8	4.1	4.1
Information	2.0	1.6	1.9
Mining and Logging	0.4	0	0
TOTAL		100.0%	100.0% 100.0%

³² City of Chicago Active Employee Demographics, <<https://infonationportal.igchicago.org/city-of-chicago-active-employees->demographic/>>

³³ U.S. Bureau of Labor Statistics, "Current Employment Statistics (National)," <<http://www.bls.gov/web/empstat/ccseeb>> 1 a.htm.

³⁴ U.S. Bureau of Labor Statistics, <<http://www.bls.gov/regions/midwest/illinois.htm>>.

³⁵ U.S. Bureau of Labor Statistics, <<http://www.bls.gov/regions/midwest/il>> Chicago md.htm. The Chicago Metropolitan Division is a Census-defined area within the Chicago MSA. As of 2021, the Chicago Metropolitan Division consists of Cook, DuPage, McHenry, Will, Kendall, and Grundy counties. Kane County is part of the Elgin Metropolitan Division, Lake (IN), Porter, Jasper, and Newton counties are part of the Gary Metropolitan Division and Lake (IL) and Kenosha counties are part of Kenosha-Lake County Metropolitan Division.

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Employers

The Chicago MSA has thirty-five Fortune 500 and thirty-three S&P 500 headquarters, as shown in the following table. The list is based on the 2022 Fortune 500 list and the current S&P 500 listing.

Table 9. Fortune 500 and S&P 500 Companies Headquartered in the Chicago MS a (2022)³⁶

Fortune Rank	S&P Rank
249 142 78 19 211	
33 211	
87 244 398	
31 275	

115 250 388 263 256 349 445
292 183 170 323 423 474
315 329 395 119 345 412 347
18 38 60 63 66 73 86 99 117 121 139 146 152 166 185 202 252 281 283 284 292 331
352 369 376 402 422 423 433 441 444 475 476 492 493 553 636 711 753 887

Company

Walgreens Boots Alliance
Archer Daniels Midland
Boeing
AbbVie
Allstate
Caterpillar
Abbott Laboratories
Exelon
US Foods Holding Mondelz International Kraft Heinz
United Airlines Holdings
McDonald's
CDW
Jones Lang LaSalle Tenneco
Illinois Tool Works Discover Financial Services LKQ .
W.W. Grainger Baxter International Conagra Brands Molson Coors Beverage Univar Solutions Old Republic International Ulta Beauty Arthur J.
Gallagher Motorola Solutions Dover
Packaging Corp. of America Fortune Brands Home & Security Camping World Holdings Ingredion
CF Industries Holdings Northern Trust Zebra Technologies CME Group Ventas
CBOE Global Markets IDEX

Headquarters Location

Deerfield, IL Chicago, IL Chicago, IL North Chicago, IL Northbrook, IL Deerfield, IL Abbott Park, IL Chicago, IL Rosemont, IL Chicago,
IL
Chicago, IL and Pittsburgh, PA
Chicago, IL
Chicago, IL
Lincolnshire, IL
Chicago, IL
Lake Forest, IL
Glenview, IL
Riverwoods, IL
Chicago, IL
Lake Forest, IL
Deerfield, IL
Chicago, IL
Chicago, IL
Downers Grove, IL
Chicago, IL
Bolingbrook, IL
Rolling Meadows, IL
Chicago, IL
Downers Grove, IL
Lake Forest, IL
Deerfield, IL
Lincolnshire, IL
Westchester, IL
Deerfield, IL
Chicago, IL
Lincolnshire, IL
Chicago, IL
Chicago, IL
Chicago, IL
Northbrook, IL

Site Selection magazine named the Chicago MSA the "Top Metro" for new and expanded corporate facilities for three consecutive years from 2001 to 2003, for an additional three consecutive years from 2005 to 2007, for an additional year in 2010 and every year since 2013, a streak that reached its ninth consecutive

All data other than S&P 500 Rankings from Fortune Magazine: <<https://fortune.com/fortune500>>. S&P 500 rankings from Slickcharts: <https://www.slickcharts.com/sp500> <<http://www.slickcharts.com/sp500>>. Kraft Heinz maintains co-headquarters, one of which is located in the City.

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year in 2021. In 2020 alone, there were 327 corporate facility investment projects in the Chicago MSA; in 2021, there were 441 such projects.³⁸ During the current nine-year streak, the Chicago MSA has had more than 3,500 projects.

Of particular note, in 2021 and 2022, four Fortune 500 companies, the Kimberly-Clark Corporation ("Kimberly-Clark"), Discover Financial Services ("Discover"), the Kellogg Company (d.b.a. Kellogg's) ("Kellogg's"), and Alphabet Inc. subsidiary, Google LLC ("Google"), announced significant expansions in the Chicago metropolitan area.

- In 2021, Kimberly-Clark announced the relocation of their North American commercial center to the City's Fulton Market. The relocation is expected to add 250 jobs to the 90 jobs Kimberly-Clark already had in the City.³⁹
- In 2021, Discover opened a call center in the City's Southside neighborhood of Chatham in a redeveloped, formerly abandoned Target shopping center. The call center, which currently employs approximately 500, is expected to house 1,000 employees by 2024. The Discover Chatham facility, which is expected to hire most workers from within a 5-mile radius of the facility, has received the highest customer ratings among call centers in Discover's operation since opening.⁴⁰
- In June 2022, Kellogg's announced they would be splitting their company into three business units, with its snack division being globally headquartered in the City. The snack division is Kellogg's largest business unit, generating \$11.4 billion of the company's \$14.2 billion of revenue in 2021.⁴¹
- In July 2022, Google announced it will move into the Thompson Center, occupying its full 1.2 million square feet. This expansion builds on their current footprint in Fulton Market, where they employ nearly 2,000 people. Thousands of new Google jobs are expected to be

Site Selection Magazine, issues ranking Chicago MSA the "Top Metro" for new and expanded corporate facilities: <https://siteselection.com/issues/2022/mar/la-is-back-chicago-still-rules.cfm>; <<https://siteselection.com/issues/2022/1/mar/top-metros-of-2020-a-year-like-no-other.cfm>>: <<https://siteselection.com/issues/2020/mar/top-metros-fresh-faces-in-gateway-places.cfm>>: <<https://siteselection.com/issues/2019/mar/top-metros-of-2018-great-things-happen-here-hq2-or-not.cfm>>: <<https://siteselection.com/issues/2018/mar/top-metros-2017-repeat-defenders.cfm>>: <<https://siteselection.com/issues/2017/mar/top-metropolitans-of-2016.cfm>>: <<https://siteselection.com/issues/2016/mar/top-metropolitans.cfm>>: <<https://siteselection.com/issues/2015/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2014/mar/metros.cfm>>: <<https://siteselection.com/issues/2013/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2012/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2011/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2010/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2009/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2008/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2007/mar/top-metros.cfm>>: <<https://siteselection.com/issues/2006/mar/p176>>: <<https://siteselection.com/issues/2004/mar/p181>>: <<https://siteselection.com/issues/2003/mar/p168>>: <<https://siteselection.com/issues/2002/mar/p162>>

See Footnote 37.

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<https://www.chicagotribune.com/columns/rvan-ori/ct-biz-kimberly-clark-adding-250-jobs-rvan-ori-20210414->

<https://www.chicagotribune.com/columns/rvan-ori/ct-biz-kimberly-clark-adding-250-jobs-rvan-ori-20210414->

⁴⁰ <<https://news.wttw.com/2022/11/12/one-year-discover-s-chatham-customer-care-center-still-banking-community>>;

<<https://blockclubchicago.org/2022/08/02/closed-target-store-in-chatham-re-opens-as-a-discover-customer-care-center-with-a-promise-of-1000-jobs/>>

<<https://chicago.suntimes.com/business/2022/1/9/2022676556/discover-chatham-call-center-highest-customer-service-ratings-financial-company>>

⁴¹ <<https://news.wttw.com/2022/06/21/kellogg-split-3-companies-corporate-hq-high-growth-snacks-company-coming-chicago>>.

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located at the Thompson Center over time with redevelopment expected to be completed by 2026.⁴²

located at the Thompson Center over time, with redevelopment expected to be completed by 2026.

In May 2022, aircraft manufacturer Boeing Company announced that it would move its headquarters from the City to Arlington, VA; however, the company said that it would not reduce its Chicago workforce of 400 people.⁴³ In June 2022, Caterpillar Inc. announced that it is moving its headquarters and approximately 230 jobs from suburban Deerfield to Irving, TX.⁴⁴ In June 2022, the hedge fund Citadel recently announced the move of their headquarters from the City to Miami, FL; the company said it would keep an office in the City.⁴⁵

For the eighth year in a row, the Chicago MSA leads the U.S. in foreign direct investment (FDI) projects, according to the 2020 IBM Global Location Trends report.⁴⁶ In addition to the Fortune 500 and S&P 500 companies headquartered in the Chicago MSA, there are many companies not on those two lists that are located in or near the City. World Business Chicago ("WBC"), the City's public-private economic development agency, notes that there are more than 400 major corporate headquarters, offices or facilities located in the Chicago MSA.⁴⁷ Furthermore, WBC calculates that there were 173 pro-Chicago decisions (either corporate relocations or expansions) in 2021, and 145 in 2022 as of November 3, 2022, which have brought nearly 20,000 jobs, that in turn have created an additional 30,000 jobs.⁴⁸

In addition, the City has been recognized with the following accolades or rankings:

- #1 most diversified economy of the largest U.S. metros by employment;⁴⁹
- If the Chicago MSA was a separate country in 2020, it would have ranked #21 globally by GDP ahead of Poland, Thailand, Belgium and Sweden;⁵⁰
- #1 startup ecosystem for female founders and the largest percentage of women-founded startups in the world;⁵¹
- #1 city for highest venture capital multiple on invested capital (\$9.8 billion in growth capital in 2021, nearly \$7 billion which is venture capital, double that of 2020);⁵²
- #2 largest transportation and logistics sector in the country;⁵³
- #2 largest metropolitan statistical area in the U.S. as of July 2022 in terms of employees in manufacturing occupations with 417,000 employees;⁵⁴

<<https://news.wttw.com/2022/07/27/google-buvs-thompson-center-will-prsere-much-loved-loathed-loop-landmark>>
<https://w1av.vvbez.org/stories/google-to-buv-renovate-chicagos-thompson-center/24ef61cb-466e-4728-a646-50df996a6ebl>
 <<https://w1av.vvbez.org/stories/google-to-buv-renovate-chicagos-thompson-center/24ef61cb-466e-4728-a646-50df996a6ebl>>.
 <<https://www.washingtonpost.com/transportation/2022/05/06/boeing-headquarters-arlington-chicago/>>.
 <<https://www.washingtonpost.com/business/caterpillar-and-boeing-show-headquarters-dont-matter/2022/06/15/06897d20-ecc5->Itec-9800v.html>>
<https://www.chicagotribune.com/business/ct-biz-ken-griffin-chicago-hedge-fund-moving-miami-20220623->
 <<http://www.chicagotribune.com/business/ct-biz-ken-griffin-chicago-hedge-fund-moving-miami-20220623->
 <<https://worldbusinesschicago.com/chicago-l-city-in-north-america-for-foreign-direct-investment-2/>>.
 World Business Chicago, <<http://www.worldbusinesschicago.com>>.
 <<https://worldbusinesschicago.com/app/uploads/2022/10/Dashboard-v90.3.pdf>>.
 <<https://infograph.venngage.com/pl/e9ljPAnsIJ0Q>>.
 <<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>>
 <<https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&Major=Area^5&State=17000&Area=16980&IableId=533&Statistic=3&Year=2020,2019&UnitOfMeasure=Levels&Rank=Q&Drill=1>>
 <<https://startupgenome.com/fr/articles/chicago-top-ecosystem-for-female-founders>>.

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World Business Chicago.

<<https://worldbusinesschicago.com/app/uploads/2022/10/April-2022-Logistics-Tech-WBC-Chicago-Business-Jlulletin.pdf>>.

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<<https://www.bls.gov/regions/midwest/news-release/arcaemployment>> chicago.htm.

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- #2 ranking in "The 53 Best Cities in the World in 2022" by Time Out Media;⁵⁵
- Voted "Best Big City in the (J.S." for 6th year in a row by Conde Nast (2022);⁵⁶
- #2 host to top 250 conventions in 2022;⁵⁷ and
- McCormick Place is the largest convention center in North America⁵⁸

The non-governmental employers employing the greatest number of workers in the Chicago MSA as of the end of 2020 are set forth below.

Table 10. Largest Non-Governmental Employers in Chicago MSA (2020)⁵⁹

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Amazon.com Inc	27,050	2.17%
Advocate Aurora Healthcare	25,906	2.08%
Northwestern Memorial Healthcare	24,053	1.93%
University of Chicago	20,781	1.67%
Walmart Inc	18,500	1.48%
Walgreens Boots Alliance Inc	16,817	1.35%
JPMorgan Chase & Co	14,583	1.17%
United Continental Holdings Inc.	13,171	1.06%
Amita Health	13,051	1.05%
Jewel-Osco	10,892	0.87%

<<https://www.timtx.com/chicago/news/chicago-is-officially-the-2nd-best-city-in-the-world-071222>>.

<https://www.cntraveler.com/gallery/best-cities-us>;

<<https://www.av.marketwatch.com/story/this-big-city-is-america>> ^ 11664912813.

<https://www.simpleviewinc.com/blog/stories/nost/destination.s-to-host-the-niint-top-250-conventions-in-2022/>

<<https://www.simpleviewinc.com/blog/stories/nost/destination.s-to-host-the-niint-top-250-conventions-in-2022/>>. <https://www.mccormicknlace.com/>.

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Top 10 Parcels by EAV

The top 10 parcels, based on the 2020 EAV, are shown in the following table. As shown in the table below, the top 10 parcels based on EAV account for approximately 3.4 percent of the City's tax base.

parcels, based on EAV, account for approximately 3.4 percent of the City's tax base.

Table 11. Top 10 Parcels by EAV (\$ in thousands)⁶⁰

Rank	Property	2020 EAV	Percentage of Total EAV
1	Willis Tower	\$ 561,677	0.63%
2	One Prudential Plaza	315,893	0.35
3	Blue Cross Blue Shield Tower	314,458	0.35
4	400 West Lake St	308,831	0.35
5	AON Building	288,604	0.32
6	222 Merchandise Mart	261,224	0.29
7	300 N LaSalle	259,586	0.29
8	320 N Wells	259,550	0.29
9	Franklin Center, 227 W. Monroe	259,137	0.29
10	500 W. Madison	252,970	0.28
TOTAL		\$3,081,930	3.44%

TRANSPORTATION

Chicago's transportation and distribution network offers access to air, rail and water, with two harbors capable of handling ocean-going ships and barges, and an airport system that moved nearly 2.6 million metric tons of freight, mail and goods in 2021, a 26% increase from 2020.⁶¹ Chicago is the only region in North America served by the six largest of the Class I freight railroads.⁶²

The City's airports are hubs for American Airlines, United Airlines and Southwest Airlines, three of the largest airlines in the United States.⁶³ According to statistics compiled by Airports Council International in 2021, Chicago O'Hare International Airport ranked 13th worldwide and fourth in the United States in terms of total passengers.⁶⁴ According to the Chicago Department of Aviation, during 2021, Chicago O'Hare International Airport and Chicago Midway International Airport had 54.0 million and 15.9 million in total passenger volume, respectively.⁶⁵ In addition, at Chicago O'Hare International Airport the first phase of Terminal 5 is complete which will provide nearly half the capacity expansion of the overall O'Hare 21 capital plan. Chicago O'Hare International Airport has also experienced significantly improved financial metrics in 2021, including debt service coverage of 1.35x and 439 days cash on hand.⁶⁶

2021 City ACFR, based on data obtained from the Cook County Treasurer's Office and the Cook County Assessor's Office.

Chicago Department of Aviation, "Monthly Operations, Passengers, Cargo Summary By Class, December 2021," <https://vv.vv.flvchicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>
<<https://vv.vv.flvchicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>>.

Kansas City Southern Railroad, "Our Network," <<https://www.kcsouthcm.com/en-us/whv-choose-kcs/our-network/network-map>>. Statista, "Leading North American railroads in 2019, based on operating revenue (in billion U.S. dollars)," <<https://www.statista.com/statistics/271613/leading-north-american-railroad-companies-based-on-revenue/>>.

U.S. Department of Transportation, "Full Year 2021 and December 2021 U.S. Airline Traffic Data," <<https://twww.bts.gov/newsroom/full-year-2021-and-december-2021-us-airline-traffic-data>>.

Airports Council International, "AO World data reveals COVID-19's impact on world's busiest airports," <<https://aci.aero/2022/04/11/the-top-10-busiest-airports-in-the-world-revealed/>>.

Chicago Department of Aviation, "Monthly Operations, Passengers, Cargo Summary By Class, December 2021," <<https://vvwww.flvchicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>>.

See Footnote 60.

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Additionally, travel and tourism have rebounded, with a strong recovery in enplanements at Chicago O'Hare International Airport and Chicago Midway International Airport. In 2022, monthly enplanements have averaged 79% of 2019 levels and in June were 82% of 2019 levels.

Table 12 Chicago O'Hare international airport monthly Enplanements⁶⁷

Table 12. Chicago O'Hare International Airport Monthly Enplanements

2019	2020	2021	2022	
January	5,509,189	5,881,671	2,045,468	3,876,325
February	5,422,326	5,576,393	1,990,837	3,962,686
March	7,056,673	3,416,628	3,074,184	5,677,533
April	6,874,026	341,670	3,536,252	5,581,608
May	7,649,304	700,874	4,381,688	6,095,049
June	7,904,988	1,225,304	5,348,862	6,489,509
July	8,155,018	2,054,501	5,965,201	6,623,567
August	7,985,926	2,281,478	5,892,735	6,413,937
September	7,081,469	2,331,635	5,392,301	
October	7,540,084	2,555,414	5,813,566	
November	6,590,075	2,195,130	5,297,105	
December	6,880,039	2,296,572	5,264,334	

Table 13. Chicago Midway International Airport Monthly Enplanements⁶⁸

2019	2020	2021	2022	
January	1,314,812	1,341,970	695,843	947,651
February	1,286,244	1,275,314	660,931	1,000,453
March	1,799,465	745,862	1,068,551	1,426,899
April	1,779,656	89,610	1,204,329	1,504,465
May	1,907,318	294,366	1,398,963	1,706,807
June	1,913,308	712,622	1,611,614	2,018,714
July	1,934,513	724,454	1,791,111	2,111,432
August	1,906,652	696,533	1,679,225	2,060,579
September	1,730,410	712,821	1,498,477	
October	1,902,655	787,947	1,565,309	
November	1,634,762	672,289	1,392,173	
December	1,734,979	800,160	1,302,935	

The Chicago Transit Authority operates the second largest public transportation system in the nation, with 1,862 buses operating on 127 routes and 1,519 route miles, serving 10,715 bus stops, and 1,458 rail cars operating over eight routes and 224 miles of track, serving 145 stations.⁶⁹ The Chicago Transit Authority served 197.5 million combined bus and train rides in 2020.⁷⁰

The Chicago Transit

Chicago Department of Aviation, <https://www.flvchicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>
<<http://flvchicago.com/business/CDA/factsfigures/Pages/airtraffic.aspx>>. See Footnote 67.

Chicago Transit Authority, "Capital Grant Receipts Revenue Bonds, Refunding Series 2021,"
<<https://einma.msrb.org/P21465404-P21137075-P21549944.pdf>>.

See Footnote 69.

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Water Supply

The City is the State's largest water provider, supplying water to approximately 40% of all Illinois residents in nearly 120 communities. The City has strengthened its relationship with 48 regional water customers that serve about half of the 5 million

communities. The City has strengthened its relationship with 40 regional water customers that serve about half of the 9 million residents of the Chicago MSA served by the Chicago water system through the creation of a water advisory council. For the first time in three decades, the City has agreed to a preliminary water supply agreement with a new regional water supply customer, the City of Joliet. The City of Joliet is the third most populous city in Illinois, and together with the surrounding communities that will be a part of its regional water commission, will be the City's second largest regional water customer. The transaction is expected to generate approximately \$30 million of new annual water revenues and \$1 billion of new financial value to the City after the projected beginning of water delivery in 2030.

SCHOOLS AND EDUCATIONAL ATTAINMENT

The Chicago Public School ("CPS") system is the fourth largest school district⁷¹ in the nation, with 322,106 students enrolled at the start of the 2022-2023 school year.⁷² CPS comprises 423 district-run elementary schools, 91 district-run high schools, nine (two elementary schools and seven high schools) contract schools, 111 (53 elementary school and 58 high school) charter school campuses and one SAFE school, for a total of 635 schools, as of August 2022.⁷³ City Colleges of Chicago operates seven colleges and serves nearly 70,000 students.⁷⁴

Chicago Public Schools four- and five-year high school graduation rates for 2022 were 82.9% and 84.0%; respectively, up from 77.0% and 79.2% in 2017; respectively.⁷⁵

TABLE 14. CHICAGO PUBLIC SCHOOLS HIGH SCHOOL GRADUATION RATES⁷⁶

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Four-Year Graduation Rate	77.0%	77.6%	79.7%	80.6%	80.2%	82.9%
Five-Year Graduation Rate	79.2%	80.7%	80.9%	82.5%	83.8%	84.0%

Of Chicago's residents (ages 25 and older), 43.7 percent have at least bachelor's degrees, which is higher than the national average of 35.0 percent. Among the seven most populous cities in the United States, Chicago continues to have the highest share of residents ages 25 and older with a college degree.⁷⁷

⁷¹

<<https://www.wbez.org/stories/declining-enrollment-bumps-chicago-public-school->

⁷² <<https://www.cps.edu/about/stats-facts/>>.

⁷³ <<https://www.cps.edu/about/stats-facts/>>.

⁷⁴ <<https://www.ccc.edu/menu/Pages/Facts-Statistics.aspx>>.

⁷⁵ [Chicago Public Schools Cohort Graduation and Dropout Rates 2020 Method 2022 - Citywide.](#)

<<https://www.cps.edu/about/district-data/metrics/>><<https://www.cps.edu/globalassets/cps-pages/about-cps/district->data/metrics/metrics-cohortgraduationdropoutadjusted-citywide-2017to2022.xlsx>

⁷⁶ [Chicago Public Schools Cohort Graduation and Dropout Rates 2020 Method 2022 - Citywide.](#)

<<https://www.cps.edu/about/district-data/metrics/>><<https://www.cps.edu/globalassets/cps-pages/about-cps/district->data/metrics/metrics-cohortgraduationdropoutadjusted-citywide-2017to2022.xlsx>

⁷⁷ U.S. Census Bureau.

<[D-13](https://data.census.gov/table?q=010Q000US>1600000US0455000.0644000.0666000.1714000.3651000.4260000.4835000.4865000&tid=ACSSTIY2021.S1501.</p>
</div>
<div data-bbox=)

Cultural Attractions

Chicago is home to approximately 60 museums.⁷⁸ The City has over 8,800 acres of green space with 600 parks and 24 beaches.⁷⁹

GOVERNMENT

GOVERNMENT

The number of budgeted full-time-equivalent positions of the City for the years 2012 through 2021 is included in the following table.

Table 15. Budgeted Full-time-Equivalent Employees (2012-2021)⁸⁰

	Year	Budgeted Full-Time Equivalent Positions
2012	33,744	
2013	33,555	
2014	34,046	
2015	34,129	
2016	34,327	
2017	35,655	
2018	36,231	
2019	36,577	
2020	36,616	
2021	34,767	

CHICAGO POLICE DEPARTMENT EMPLOYEE DEMOGRAPHICS

The number of employees in the Chicago Police Department by race and gender are shown in the following table.

Table 16. Number of Employees in the Department of police by Race and Gender
(As of November 18, 2022)⁸¹

	Female		Male		No Data	Total
American Indian Alaskan Native	717- 24					
Asian	61351 - 412					
Black or African American	1,064	1,646		- 2,710		
Hispanic	9762,7871 3,764					
White	1,057	4,240		- 5,297		
Native Hawaiian or Other Pacific Islander	115- 16					
Two or More Race	2755- 82					
No Ethnic Data	8	22	-	30		
TOTAL			3,201	9,133	1	12,335

Choose Chicago, "Chicago Fun Facts," <http://vvvv\v.choosechicago.com/articles/view/chicago-fun-facts/452/>. See Footnote 78.

2021 City ACFR. Includes full-time-equivalent positions in grant-related programs.

City of Chicago Active Employee Demographics, [https://informationDortal.igchicago.org/city-of-chicago-active-employees->demographic/](https://informationDortal.igchicago.org/city-of-chicago-active-employees-https://https.V/informationDortal.igchicago.org/city-of-chicago-active-employees->demographic/).

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ACCESS TO HEALTHCARE

A portion of the City's strategy to combat poverty among its residents is dedicated to improving access to health care. Since 2008 (the first year data is available), the percentage of uninsured residents has decreased from 19.6% to 9.6% in 2020.⁸² Additionally, since 2016, the percentage of adult residents of the City report that they have at least one person they think of as their personal doctor or health care provider has increased from 72.6% to 81.7%.⁸³

personal doctor or health care provider has increased from 72.9% to 81.7%.

AFFORDABILITY

As of October of 2022, the 12-month change in CPI-U for the Chicago MSA was 7.7%, which was equal to the U.S. city average of 7.7%.⁸⁴

An individual earning a median wage and renting a unit of median cost would expend a similar amount of income in Chicago as in Chicago-comparable areas. Chicago offers a minimum wage of \$15.40 per hour versus the federal minimum wage of \$7.25 per hour.⁸⁵ More affordable housing and higher median average incomes reduce the number of work hours needed to afford a similar quality of life. As shown in TABLE 17. MEDIAN Wage AND MEDIAN RENT, Chicago is more affordable than New York City and Los Angeles but is slightly less affordable than Cook County and the State.

Table 17. Median Wage and Median rent

Income	Median Gross Annual Rent as a			
	Place	Median Income Among Renters ⁸⁶	Median Gross Monthly Rent ⁸⁷	Percentage of Median Among Renters ⁸⁸
United States		\$44,913	\$1,191	31.8%
Chicago		46,497	1,240	32.0
New York City		53,369	1,602	36.0
Illinois		42,573	1,106	31.2
Cook County		46,699	1,232	31.7
Los Angeles		51,903	1,703	39.4
Houston		41,153	1,120	32.7
Philadelphia		40,432	1,181	35.1

<<https://chicagohhealthatlas.org/indicators/UNS?topic=uninsured-rate>>.

<<https://chicagohhealthatlas.org/indicators/HCSPP?topic=primary-care-provider-rate>>.

Bureau of Labor Statistics,

<<https://data.bls.gov/timeseries/CLFUR0Q00SA0>>:

<<https://data.bls.gov/timeseries/CUURS23ASA0>>.

<<https://www.epi.org/minimum-wage-tracker/>>.

U.S. Census Bureau. <<https://data.census.gov/tables?t=ACSDT1>> Y2021 B25119. U.S. Census

Bureau. <<https://data.census.gov/tables?t=ACSDT1Y2021.B25064>>.

Calculated by dividing Median Income Among Renters by Median Gross Monthly Rent multiplied by 12.

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Housing Market

One Chicago: Housing Strategies for a Thriving City is the City's Five-Year Housing Plan that seeks to provide for a more equitable neighborhood landscape, including the support of more affordable housing in gentrifying neighborhoods, more tools to help property owners combat displacement, and more incentives for new housing construction in under-invested neighborhoods. Projections for

property owners combat displacement, and more incentives for new housing construction in under-invested neighborhoods. Projections for the five-year planning period estimate more than \$1.35 billion will be used to produce or preserve 40,000 units of housing. Over that planning period, the Department of Housing also expects to fund partner delegate agencies to provide housing-related information and assistance to 243,500 households in Chicago.

Table 18. Estimated Five-Year Housing Production (2019-23)¹

2019-23 Estimated Units Assisted by Income Level

Housing Production Initiatives

Subtotal, Multi-family Rehab and New Construction

Subtotal, Rental Assistance Subtotal, Other Multi-family Initiatives¹ Total Affordable Rental Programs Total Homcownership Programs² Total Home

Preservation Programs Total Housing Production Initiatives

Total Estimated Funding 2019-23

\$1,036,000,000

66,704,885

40,200.000

1,142,904,885

128,800,000

86.680.065

1,358,384,950

Below 15%

115 6,810

200 7,125

425 7,550

Below 30%

567 6,805

705 8,077

2.002 10,079

Below 50%

1,754

2.014 3,768 20 2.602 6,390

Below 60%

2,268

2.175 4,443 800 1.429 6,672

Below 80%

168

2.330 2,498 243 1.958 4,699

81%-100%

124

310 434 342 1.370 2,146

Over 100%

OVER 100%

204

1.200 1,404 543 316 2,263

5-Year Total

5,200 13,615

9.034 27,849

2,140 10.102 40,091

1 Includes a flexible housing subsidy supporting 100 units not in an income category 2.
Includes 192 TIF Purchase + Rehab units not in an income category

The monthly home sales and the median home sale prices for Chicago for the years 2017 through October 2022 are shown in the following tables.

Table 19. Chicago Monthly Home Sales (2017- October 2022)⁹⁰

	2017	2018	2019	2020	2021 2022
January	1,5751,4381,337	1,427	1,670	1,801	
February	1,5291,5301,422	1,472	1,628	1,879	
March	2,5462,3322,025	2,082	2,877	2,827	
April	2,6472,6982,555	2,018	3,283	3,181	
May	3,0463,0342,895	1,666	3,358	3,299	
June	3,3803,1682,766	2,020	3,767	3,293	
July	2,6992,7932,655	2,725	3,273	2,426	
August	2,7912,7162,543	2,813	2,831	2,293	
September	2,3552,0101,954	2,570	2,611	2,030	
October	2,1092,0982,048	2,541	2,417	1,709	
November	1,9591,8401,659	2,011	2,338		
December	2,0581,6981,861	2,220	2,392		

2019-23 Five-Year Housing Plan: One Chicago, <<https://www.chicago.gov/city/en/depts/doh/provdrs/goals-reports/sves/one-chicago-2019-2023.html>> reports/sves/one-chicago-2019-2023.html. Anticipated use of resources subject to program review and budgetary authorization.

Illinois Association of Realtors, "City of Chicago Monthly Housing Market Reports." <https://www.illinoisrealtors.org/marketstats/> <[http://www.illinoisrealtors.org/marketstats/](https://www.illinoisrealtors.org/marketstats/)>.

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Table 20. Chicago median home Sale Prices (2017 - October 2022)⁹¹

	2017	2018	2019	2020	2021	2022
January	\$255,000	\$265,000	\$252,000	\$269,000	\$310,000	\$310,000
February	246,000	272,000	273,900	290,000	320,000	320,000
March	295,000	314,000	291,450	320,000	345,000	345,000
April	297,500	309,950	310,000	339,450	374,000	370,000
May	305,600	306,000	315,000	315,000	351,000	352,000
June	306,750	312,750	319,900	329,500	351,000	367,000
July	300,000	309,000	306,250	330,000	345,000	350,000
August	284,000	285,000	289,900	335,000	335,000	317,500
September	275,000	287,400	292,750	322,500	320,000	320,000
October	260,000	272,500	275,356	315,000	312,000	320,000

October	260,000	272,500	275,500	295,000	312,000	320,000
November	256,000	262,000	270,000	295,000	327,000	
December	265,250	246,500	278,500	307,500	315,000	

Home sales have been robust, with the Case-Shiller index for Chicago at all-time highs and median home prices near all-time highs.^{92,93}

Table 21. S&P Case-Shiller Chicago Home Price Index (January 2000 = 100)⁹⁴

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
January	143.9	144.4156.7	175.8
February	144.1	145.1157.6	178.3
March	143.8	145.9159.1	179.5
April	144.2	146.1160.6	181.4
May	144.2	146.1162.5	183.6
June	144.5	145.4164.1	185.6
July	144.7	146.6165.7	186.7
August	144.8	148.6167.0	185.9
September	144.0	150.7168.2	
October	144.1	152.6169.8	
November	144.1	154.0171.8	
December	144.9	155.3174.0	

⁹¹ See Footnote 90.

⁹² S&P/Case-Shiller IL-Chicago Home Price Index (CHXRSA), Monthly, Seasonally Adjusted, <<https://fred.stlouisfed.org/series/CHXRSA>>.

⁹³ See Table 20. Chicago Median Home Sale Prices in this Appendix D.

⁹⁴ S&P/Case-Shiller IL-Chicago Home Price Index (CHXRSA), Monthly, Seasonally Adjusted, <https://fred.stlouisfed.org/series/CHXRSA> <<http://stlouisfed.org/series/CHXRSA>>.

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economic Recovery

COVID-19 reduced consumer and business activity, which led to increases in unemployment, business closures and a decline in GDP. However, after spiking in April 2020, unemployment in the Chicago MSA has declined substantially.

Table 22. Chicago MSA monthly Unemployment Rate⁹⁵

	2019	2020	2021	2022
January	5.1%			
February	4.7			
March	4.4			
April	3.8			

April	3.6		
May	3.5		
June	4.1		
July	4.0		
August	3.7		
September	3.4		
October	3.3		
November	3.1		
December	3.3		
4.1%	7.8%	5.1%	
4.1	7.4	4.9	
5.9	6.8	4.5	
17.9	6.7	4.1	
14.7	6.5	4.2	
1	7.6	4.8	
2	6.9	4.8	
2	10.1	6.2	4.9
9.2	5.1		
7.8	4.9		
7.6	4.3		
7.6 4.1			

ENVIRONMENT

Due to federal efforts such as the Clean Air Act and local efforts such as cleaner City fleets and sustainable development practices, overall air quality in the Chicago area has improved over time.⁹⁶ There are a few key facts demonstrating certain air quality issues in Chicago. According to the American Lung Association's 2022 "State of the Air" report, the Chicago area has seen an increase in days with high levels of ozone-polluted air - up to a yearly average of sixteen "unhealthy ozone days" from 2018-20.⁹⁷ Nevertheless, the Chicago area meets federal standards for fine particulate matter (PM2.5) pollution and levels have decreased by 40% since 2000.⁹⁸

Rating improvements

Since August 2022, Moody's Investors Service, S&P Global Ratings, Fitch Ratings, Inc., and Kroll Bond Rating Agency, LLC have awarded the City, one of the City's blended component units, the Sales Tax Securitization Corporation, and the City's enterprise activities ten rating upgrades and three positive outlooks.

U.S. Bureau of Labor Statistics. <<https://data.bls.gov/timeseries/LAUMT17>>1698000000003.

Air Quality and Health Report, <<https://www.chicago.gov/city/en/depts/cdph/provdrs/healthy/communities/svcs/air-quality-and-health.html>>

US EPA Air Quality - National Summary available at <<https://www.epa.gov/air-trends/air-quality-national-summary>>

American Lung Association, 2022 "State of the Air," <<https://www.lung.org/research/sota>>.

Air Quality and Health Report, <<https://www.chicago.gov/city/en/depts/cdph/provdrs/healthy/communities/svcs/air-quality-and-health.html>>

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Table 23. Recent Rating agency awards or Outlooks

Credit

General Obligation

General Obligation

General Obligation General Obligation

General Obligation

O'Hare General Airport Revenue O'Hare General Airport Revenue O'Hare Passenger Facilities Charge Water (Second Lien) Water (Second Lien) Wastewater (Second Lien) Wastewater (Senior and Second Lien) STSC (Senior Lien)

Rating Agency Fitch

Moody's S&P

Kroll

Fitch

S&P

S&P

Fitch

Moody's

Fitch

Moody's

Fitch

Rating Action

1 notch &
Revised
Outlook
1 notch
Revised
Outlook
Revised
Outlook
1 notch

1 notch

1 notch

1 notch 1 notch 1 notch

1 notch

1 notch

New Rating / Outlook

BBB (Positive)

BBB+ BBB+ (Positive) A (Positive)

Baa5 BBB+ (POSITIVE) A (POSITIVE)

A+

A+

A+

A

Baal A

Baa2 AA

Date

10/21/2022

11/08/2022 11/10/2022

11/21/2022

08/17/2022

08/18/2022

08/18/2022

11/04/2022 11/08/2022 11/04/2022

11/08/2022

10/21/2022

Date of Prior Upgrade

04/28/1998

04/30/2010 07/27/2005

02/05/2018

05/26/2016

09/29/2015

09/29/2015

04/30/2010 04/16/2010 04/30/2010

04/16/2010

N/A

See Moody's Investors Service; S&P Global Ratings; Fitch Ratings, Inc.; and Kroll Bond Rating Agency, LLC.

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APPENDIX E

CITY of Chicago Property Taxes

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APPENDIX E City of Chicago Property Taxes

Real Property assessment, Tax levy and Collection Procedures General

Information in this APPENDIX E provides a general summary of the current procedures for real property assessment, tax levy and tax collection in Cook County. The following is not an exhaustive discussion, nor can there be any assurance that the procedures described in this APPENDIX E will not be changed either retroactively or prospectively. The Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (the "Property Tax Code").

Substantially all (approximately 99.99 percent) of the "Equalized Assessed Valuation" (described below) of taxable property in the City is located in Cook County. The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth in this APPENDIX E and elsewhere in this Official Statement with respect to taxable property in the City does not reflect the portion situated in DuPage County.

Assessment

The Cook County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County, except for certain types of property (e.g. certain railroad property and pollution control equipment, which are assessed directly by the State). Approximately one-third of the real property in Cook County is reassessed each year on a repeating triennial schedule established by the Assessor. The suburbs in the northern portions of Cook County are currently being reassessed in 2022. The City was last reassessed in 2021. The suburbs in the western and southern portions of Cook County were last reassessed in 2020.

Real property in Cook County is separated into various classifications for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The current classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualifies for certain incentive classification wherein a property would be assessed at a reduced percentage, not lower than 10 percent.

wherein a property would be assessed at a reduced percentage, not lower than 10 percent.

The Cook County Board of Commissioners has adopted various amendments to Cook County's Real Property Assessment Classification Ordinance (the "Classification Ordinance"), pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain renewal periods of classifications and created new property classifications.

The Assessor has established procedures enabling taxpayers to contest the Assessor's tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment by the Assessor, and by Cook County Board of Review (the "Board of Review"). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor. Owners of property can appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a Statewide administrative body, or to the Circuit Court. The PTAB has the power to determine the Assessed

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Valuation of real property based on equity and the weight of the evidence. Based on the amount of the proposed change in assessed valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court or the Illinois Appellate Court under the Illinois Administrative Review Law.

In a series of PTAB decisions, the PTAB reduced the assessed valuations of certain commercial and industrial property in Cook County based upon the application of median levels of assessment derived from Illinois Department of Revenue ("IDOR") sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful. The City believes that the impact of any such case on the City would be minimal, as the City's ability to levy or collect real property taxes would be unaffected.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The City filed a petition to intervene in certain of these proceedings for the first time in 2003, but the Circuit Court denied the City's petition in early 2004. The City appealed the Circuit Court decision. On appeal, the Circuit Court decision was reversed, and the matter was remanded to the Circuit Court with instructions to allow the City to proceed with its petitions to intervene. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

A study of 2018 assessments by the International Association of Assessing Officers found that under the prior Assessor commercial properties were undervalued. As a result, the current Assessor has stated that his office has taken significant steps toward more accurate assessments. The Assessor's Office reports that this has resulted in a shift of the property tax burden from residential properties to commercial properties.

The Assessor's Office also recognized the impact COVID-19 has had on Cook County and made COVID-19 adjustments to reduce the market values of residential and commercial properties in 2020. The percentage reduction varied depending on the property classification and location.

Equalization

After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year, including any revisions made by the Board of Review, the IDOR reviews the assessments and determines an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county. The purpose of equalization is to bring the aggregate assessed value of all real property, except farmland and undeveloped coal, in each county to the statutory requirement of 33-1/3 percent of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in Cook County is multiplied by Cook County's Equalization Factor to determine the parcel's equalized assessed valuation (the "Equalized

multiplied by Cook County's Equalization Factor to determine the parcel's equalized assessed valuation (the "Equalized Assessed Valuation" or "EAV").

The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax

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base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. The Equalization Factors for each of the last 10 tax levy years, from 2012 through 2021 (the most recent years available), are listed in this Official Statement under "FINANCIAL DISCUSSION AND analysis - property taxes" (see table 18. assessed, equalized assessed and estimated Value of all Taxable Property).

In 1991, legislation was enacted by the State which provided that, for 1992 and for subsequent years' tax levies, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. This legislation impacts taxing districts with rate limits only and currently does not apply to the City. See "PROPERTY TAX LIMIT CONSIDERATIONS" below.

Exemptions

The Property Tax Code fully or partially exempts certain property from taxation. Certain property is fully exempt from taxation on the basis of ownership and/or use (e.g., public parks, not for profit schools, public schools, municipality and state owned property, churches, not for profit hospitals and public hospitals). In addition, the Property Tax Code provides for a variety of partial homestead exemptions, some of which are discussed below.

The annual general homestead exemption provides for the reduction of the EAV of certain property owned and used exclusively for residential purposes (a homestead) by the amount of the increase over the 1977 EAV, currently up to a maximum reduction of \$10,000 in Cook County and \$6,000 in all other counties. The following non-exhaustive homestead exemptions listed are also available.

Homestead Exemption

Homestead

Homestead

Homestead

Homestead improvements to an existing single-family residence

Homestead assessment freeze²

Senior citizens¹

Disabled veterans or their spouses

Disabled persons Owner of residence

Senior citizens;
Whose household income is
\$65,000 or less; and
Who (i) are the owner of record
or (ii) have a legal or equitable
interest

Reduce EAV by \$8,000

- Reduce EAV by \$2,500 or \$5,000, depending on extent of disability; or
- Provide 100% exemption

Reduce EAV by \$2,000

- Exempt up to \$75,000 of increase in fair cash value of home
- For at least four years from the date improvements completed and home occupied
- Freeze EAV
- In the first qualifying year and each qualifying year thereafter

Individuals at least 65 years of age.

Must apply with the chief county assessment office every year.

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Aside from homestead exemptions, upon application, review and approval by the Board of Review, or upon an appeal to the IDOR, there are exemptions generally available for properties of religious, charitable (including qualifying not-for-profit hospitals) and educational organizations, as well as units of federal, state and local governments.

Additionally, counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, long-time, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction of new residences in the area. On June 5, 2001, Cook County enacted the Longtime Homeowner Exemption Ordinance, which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners: (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner's triennial assessment does not exceed 115 percent of the Chicago Primary Metropolitan Statistical Area median income, as defined by the United States Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150 percent of the current average assessed value for properties in the assessment district where the property is located, (iv) whose property has a market value for assessment purposes of \$300,000 or less in the current reassessment year and (v) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property's fair cash value in excess of the \$45,000 allowance set forth in the Property Tax Code.

Tax Levy

There are over 800 units of local government (the "Units") located in whole or in part in Cook County that have taxing power. The major Units having taxing power over property within the City are the City, the Park District, the Board of Education of the City of Chicago, City Colleges, the Metropolitan Water Reclamation District of Greater Chicago, Cook County and the Forest

the City of Chicago, City Colleges, the Metropolitan Water Reclamation District of Greater Chicago, Cook County and the Forest Preserve.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real estate taxes, proceedings are adopted by the governing body for each Unit. The tax levy proceedings impose the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the "County Collector").

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared for the County Collector (the "Warrant Books") the tax (determined by multiplying that total tax rate by the EAV of that parcel), along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

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The Illinois Truth in Taxation Law (the "Truth in Taxation Law") contained within the Property Tax Code imposes procedural limitations on a Unit's real estate taxing powers and requires that a notice in a prescribed form must be published if the aggregate annual levy is estimated to exceed 105 percent of the levy of the preceding year, exclusive of levies for debt service, levies made for the purpose of paying amounts due under public building commission leases and election costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105 percent of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. The Truth in Taxation Law does not impose any limitations on the rate or amount of the levy to pay principal of and interest on the general obligations bonds and notes of the City.

Collection

Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill calculated at 55 percent of the prior year's tax bill. The second installment is for the balance of the current year's tax bill and is based on the current levy, assessed value and Equalization Factor and applicable tax rates and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

The following table sets forth the second installment penalty date for the tax years 2012 to 2021; the first installment penalty date has been March 1, March 2 or March 3 for all years.

Table 2. Second Installment Penalty Date

Tax Year	Penalty Date
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019
2019	October 1, 2020

2019	October 1, 2020
2020	October 1, 2021
2021	December 30, 2022

Cook County may provide for tax bills to be payable in four installments instead of two. Cook County has not determined to require payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit not less than weekly.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "Annual Tax Sale"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue interest at the rate of 1.5 percent per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus an additional penalty fee calculated from the penalty bid at sale, multiplied by a certain multiplier based on

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each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years, depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens and for civil actions to collect property taxes.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, and the property taxes remain unpaid, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.

A scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled every two years on all property on which three or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years, depending upon the type and occupancy of the property. The Scavenger Sale was last held on March 3, 2022.

The annual appropriation ordinance of the City has a provision for an allowance for uncollectible taxes for debt service. The City reviews this provision annually to determine whether adjustments are appropriate. For tax year 2022, collectible in 2023, the allowance for uncollectible taxes is approximately 4 percent of the estimated gross tax levy for debt service and pension contributions. For financial reporting purposes, uncollected taxes are written off by the City after four years but are fully reserved after one year.

Property Tax Limit Considerations

State of Illinois

The Property Tax Code limits (i) the amount of property taxes that can be extended for non-home rule units of local government located in Cook County and five adjacent counties and (ii) the ability of those entities to issue general obligation bonds without voter approval (collectively, the "State Tax Cap"). Generally, the extension of property taxes for a unit of local government subject to the State Tax Cap may increase in any year by 5 percent or the percent increase in the Consumer Price Index for the preceding year, whichever is less, or the amount approved by referendum. The State Tax Cap does not apply to "limited bonds" payable from a unit's "debt service extension base" or to "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act.

As a home rule unit of government, the City is not subject to the State Tax Cap. Under the Illinois Constitution, the enactment of legislation applying the State Tax Cap to the City and other home rule municipalities would require a law approved by the vote of three-fifths of the members of each house of the Illinois General Assembly and the concurrence of the Governor of the State. It is not possible to predict whether, or in what form, any property tax limitations applicable to the City would be enacted by the Illinois General Assembly. If the City were to become subject to a State imposed property tax limitation, the limitation would be subject to the same requirements as any other law.

the Illinois General Assembly. If the City were to become subject to a State-imposed property tax limitation restriction in the future similar to the State Tax Cap or any other restriction or freeze on property taxes, the City's ability to levy property taxes in amounts needed for its future funding needs may be adversely affected.

As a home rule unit of government, the City is not limited as to the amount of debt it may issue payable from ad valorem property taxes. Under the Illinois Constitution, the General Assembly may limit by law the amount and require referendum approval of such debt, but only to the extent such debt, in the aggregate, exceeds 3 percent of the assessed value of all taxable property in the City.

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State law imposes certain notice and public hearing requirements on non-home rule units of local government that propose to issue general obligation debt. These requirements do not apply to the City.

City of Chicago

In 1993, the City Council adopted an ordinance (the "Chicago Property Tax Limitation Ordinance") limiting, beginning in 1994, the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy (subject to certain adjustments) plus the lesser of (a) 5 percent or (b) the percentage increase in the annualized Consumer Price Index for all urban consumers for all items, as published by the United States Department of Labor, during the 12-month period most recently announced prior to the filing of the preliminary budget estimate report. The Chicago Property Tax Limitation Ordinance also provides that such limitation shall not reduce that portion of each levy attributable to the greater of (i) for any levy year, interest and principal on general obligation notes and bonds of the City outstanding on January 1, 1994, to be paid from collections of the levy made for such levy year, or (ii) the amount of the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy (the "Safe Harbor"). Additional safe harbors are provided for portions of any levy attributable to payments under installment contracts or public building commission leases or attributable to payments due as a result of the refunding of general obligation bonds or notes or of such installment contracts or leases.

Pursuant to each of the Bond Ordinances, the taxes levied by the City for the payment of principal and interest on the respective Series 2023 Bonds are not subject to the limitations contained in the Chicago Property Tax Limitation Ordinance.

Office of the City Clerk

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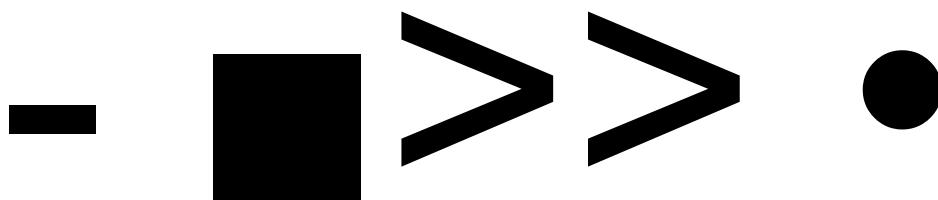
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Office of the City Clerk Page 324 of 584 Printed on 12/18/2023
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City of Chicago Basic Financial Statements for the Year Ended December 31, 2021

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Deloitte

City of Chicago

**Basic Financial Statements, Required Supplementary
Information, and Independent Auditors' Report as of and for
the Year Ended December 31, 2021**

Lori E. Lightfoot, Mayor

**Jennie Huang Bennett, Chief Financial Officer Reshma N. Soni, City
Comptroller**

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**CITY OF CHICAGO, ILLINOIS YEAR ENDED
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Lori E. Lightfoot, Mayor and Members of the City
Council City of Chicago, Illinois

Report on the Audit of the Financial Statements Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chicago, Illinois (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison statements for the General Fund and Pension Special Revenue Fund on the budgetary basis of accounting.

We did not audit the financial statements of the City's Pension Trust Funds (the "Trust Funds"), which represent 100 percent of the assets and revenues of the Trust Funds as of December 31, 2021, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Trust Funds, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting

principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors 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.

June 29, 2022

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**CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION
AND ANALYSIS YEAR ENDED DECEMBER 31, 2021**

Management's Discussion and Analysis

As management of the City of Chicago, Illinois (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage the readers to consider the information presented here.

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. Stock 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. Airports in the United States have also been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. As the impacts of COVID-19 start to subside, Chicago is seeing growth in the local economy as well as the travel and tourism industry, which show positive signs of economic recovery.

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.

Since the start of the COVID-19 pandemic, the City was awarded over \$3.6 billion in federal assistance in response to the impact of COVID-19 to cover expenses during the public health emergency, including \$1.9 billion in American Rescue Plan (ARP) Act funding distributed between 2021 and 2022, COVID-19 response and recovery, mitigation and prevention, providing food, healthcare and mental health support, housing and shelters, ongoing communication and outreach, rental assistance, supporting small businesses, funding for first responders and funding to support airport operations. In addition, the City is eligible for the Federal Emergency Management Agency (FEMA) Public Assistance Grant and will receive reimbursements for eligible costs under this grant.

2021 Financial Highlights

- Liabilities and Deferred Inflows of the City, in the government-wide financial statements, exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$27,121.3 million (net deficit). The net deficit is composed of \$4,324.7 million in net investment in capital assets and \$4,378.9 million in net position restricted for specific purposes, offset by an unrestricted deficit of \$35,824.9 million. The net deficit decreased in 2021 by \$1,300.2 million due to growth in economically sensitive revenues as the City started to recover from the impacts of the COVID-19 pandemic for both governmental and business-type activities, an increase in capital grant contributions and upfront grant funding for the COVID-19 pandemic response efforts, including \$1.0 billion in ARP Act funds received in 2021 with the remaining amount to be received in 2022.
- The City's total assets increased by \$1,202.6 million. This increase primarily relates to a \$984.1 million increase in cash and cash equivalents and investments from increased local revenues and grant funding for the COVID-19 response and \$324.2 million increase in due from other governments. The increase in accounts receivable and due from other governments primarily is due to the influx of grant funded expenditures in response to the COVID-19 pandemic.
- The City's deferred outflows decreased by \$132.8 million due to the amortization of pension costs and deferred inflows decreased by \$1,181.5 million, primarily due to changes in assumptions for pension activities. The City's total liabilities increased by \$951.2 million primarily due to an increase in long-term liabilities, mainly net pension liability, other post-employment benefits and payables due to the timing difference of payments.
- Total Revenues and Other Financing Sources (Uses), in the governmental fund financial statements, during 2021 were \$10,263.3 million, an increase of \$1,411.6 million (15.9%) from 2020. The increase was primarily due to an increase in grant funding for the COVID-19 response efforts, debt financing, and the increase in economically sensitive revenues, such as sales tax, amusement and restaurant tax, as the City started to recover from the impact of the COVID-19 pandemic.

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

- The General Fund ended 2021 with a total Fund Balance of \$679.1 million, of which \$318.1 million was Unassigned. Total Fund Balance increased from 2020 by \$319.6 million primarily due to the recovery of revenues that were impacted by the COVID-19 pandemic and decreases in eligible expenditures that were transferred to grant funds received for the COVID-19 response.
- The City's General Obligation Bonds and notes outstanding decreased by \$1,098.8 million during the current fiscal year due to payments on General Obligation Bonds and other debt and refundings of \$1,980.2 million, offset by \$666.4 million from General Obligation Bonds and \$215.0 million drawn from two lines of credit in 2021.
- The General Fund expenditures on a budgetary basis were \$107.2 million less than budgeted expenditures primarily due to an increase in COVID-19 response related grant funding that allowed the transfer of expenditures from the General Fund to the respective grant fund to fund the COVID-19 response efforts and overall operational efficiencies that reduced General Government expenses.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which include the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements. These components are described below:

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means such statements follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The government-wide financial statements include two statements:

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the

financial position of the City is improving or deteriorating, respectively. To assess the overall health of the City, the reader should consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The statement of activities presents information showing how the government's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (for example, uncollected taxes, and earned but unused vacation). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and sanitation, transportation, health, and cultural and recreation. The business-type activities of the City include water, sewer, Skyway and airport activities.

The government-wide financial statements present information about the City as a primary government, which includes the Chicago Public Library. The government-wide financial statements can be found immediately following this Management's Discussion and Analysis.

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 22 individual governmental funds. Information for the eight funds that qualify as major is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The eight major governmental funds are as follows: The General Fund, the Federal, State and Local Grants Fund, the Special Taxing Areas Fund, the Service Concession and Reserve Fund, the Bond, Note Redemption and Interest Fund, the STSC Debt Service Fund, the Community Development and Improvement Projects Fund, and the Pension Fund. Data from the other governmental funds is combined into a single, aggregated presentation.

The City adopts an annual appropriation budget for its general and certain special revenue funds on a non-GAAP budgetary basis. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found immediately following the government-wide statements.

Blended Component Unit. The STSC and Chicago Community Catalyst Fund (CCCCF) component units, despite being legally separate from the City, are reported as if these were part of the City because, in addition to being financially accountable for these, the STSC and CCCC provide services exclusively to the City. The STSC blended component unit is reported as the STSC Debt Service Fund and a Nonmajor Special Revenue Fund. The CCCC blended component unit is reported within the Service Concession and Reserve Fund.

Proprietary funds. These funds are used to show activities that operate more like those of commercial enterprises. Because these

funds charge user fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds, like government-wide statements, use the accrual basis of accounting and provide both long- and short-term financial information. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The City uses five enterprise funds to account for its water, sewer, Skyway, and two airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements but provide more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Chicago Skyway Fund, Chicago-O'Hare International Airport Fund and Chicago-Midway International Airport Fund. All the proprietary funds are considered to be major funds of the City. The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Fiduciary funds. Fiduciary funds are used primarily to account for resources held for the benefit of parties outside the primary government. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City also uses fiduciary funds to account for transactions for assets held by the City as a fiduciary for various entities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund basic financial statements can be found immediately following the proprietary fund financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fiduciary fund basic financial statements.

Financial Analysis of the City as a whole

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets by \$27,121.3 million at December 31, 2021. Of this amount, \$4,324.7 million represents the City's investment in capital assets (land, buildings, roads, bridges, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities and deferred inflows.

An additional portion of the City's net position, \$4,378.9 million, represents resources that are subject to external restrictions on how they may be used.

City of Chicago, Illinois Summary Statement of Net Position (in millions of dollars)

Governmental Activities
Business-type Activities

2020	
Current and other assets	\$
Capital assets	
Total Assets	
Deferred outflows	
Total	
Long-term liabilities outstanding	
Other liabilities	
Total Liabilities	
Deferred Inflows	
Net Position:	

Net investment in capital assets

Restricted

Unrestricted

Total net (deficit) position ~\$~

10,018.0 8,855.9

8,704.1 8,814.3

17,518.4 3,592.6

18,873.9 3,554.6

\$ 4,967.0 19,848.0

24,815.0 338.4

25,153.4

19,783.8 1,287.7

21,071.5

1,772.3

5,211.5 1,384.7 (4,286.6)

\$ 5,687.7 19,280.2

24,967.9 433.2

25,401.1

20,155.9 1,338.6

21,494.5

1,994.6

5,038.0 1,333.9 (4,459.9)

\$ 14,985.0 28,703.9

43,688.9 3,893.0

47,581.9

64,612.4 5,590.7

70,203.1

4,500.1

4,324.7 4,378.9 (35,824.9)

\$ 14,391.8 28,094.5

22,428.5

44,828.6 4,303.0

21,111.0

44,260.4 3,497.0

47,757.4 3,687.0

42,486.3 4,025.8

46,512.1

49,131.6 2,727.8

64,416.3 4,835.6

69,251.9

(545.7) 3,144.5 (32,932.3)

(886.8) 2,994.2 (31,538.3)

5,681.6

4,492.3 4,478.4 (37,392.2)

(29,430.9) \$ (30,333.5) \$ 2,309.6 \$ 1,912.0 \$ (27,121.3) \$ (28,421.5)

Governmental Activities. Net position of the City's governmental activities increased \$902.6 million to a deficit of \$29,430.9 million primarily due to an increase in cash and cash equivalents from grant funding received for the COVID-19 response efforts and an increase in economically sensitive revenues, such as sales tax and recreation taxes, as the City started to recover from the impacts of the COVID-19 pandemic. Revenues increased due to a significant amount of grants awarded during 2021 in response to the COVID-19 pandemic for health, public safety, housing and rental assistance and small business assistance. Expenditures increased in the areas of General Government, Public Safety

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

and Health as the City was fully operational in 2021 compared to 2020, which experienced periods where the city was shutdown to slow the spread of COVID-19. This was offset by increases in Health expenditures, primarily incurred for responding to the COVID-19 pandemic, such as testing and vaccination efforts. A significant portion of net position is either restricted as to the purpose they can be used for or they are classified as net investment in capital assets (buildings, roads, bridges, etc.). Consequently, unrestricted net position showed a \$31,538.3 million deficit at the end of this year. This deficit does not mean that the City does not have the resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from personnel, property, pollution and casualty claims (\$1,015.0 million) and Municipal Employees', Laborers', Policemen's and Firemen's net pension liability and other post-employment benefits (\$32,163.7 million). The City will include these amounts in future years' budgets as they come due. In addition, the deferred inflow balance of \$1,429.1 million from long-term service concession arrangements will be amortized into income over the life of such agreements.

Revenues for all governmental activities in 2021 were \$9,904.0 million, an increase of \$1,725.1 million (21.1%) from 2020. Approximately 38.5 percent of City's revenues were derived from taxes other than property taxes, which increased by \$716.1 million (23.2%) as these economically sensitive revenues started to recover during mid 2021 as the City fully opened in June 2021 and started to recover from the impacts of the COVID-19 pandemic. Other revenues decreased by \$170.6 million (28.8%) primarily due to reductions in interest income as rates were lower in 2021, fair market value adjustment, one-time donations given in 2020 and miscellaneous revenues.

Expenses for governmental activities in 2021 were \$9,003.9 million, an increase of \$1,165.1 million (14.9%) over 2020. The amount that taxpayers paid for these governmental activities through City taxes was \$5,373.8 million. Some of the cost was paid by those who directly benefited from the programs (\$1,078.7 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,044.7 million).

The City paid \$1,985.9 million for the "public benefit" portion with other revenues such as federal and state grants, including \$782.2 million of ARP Act funds applied to replace lost revenues due to the impacts of the COVID-19 pandemic. These revenues were primarily applied to respond to the COVID-19 pandemic, such as testing, vaccination efforts, housing and rental assistance, and public safety, as well as provide essential government services.

Although total net position of business-type activities was \$2,309.6 million, these resources cannot be used to make up for the deficit in net position in governmental activities. The City generally can only use this net position to finance the continuing operations of the water, sewer, Skyway, and airports activities.

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S
DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER
31, 2021

City of Chicago, Illinois Changes in Net
Position Years Ended December 31 (in
millions of dollars)

Governmental Activities
Business-type Activities

2020

Revenues and Other Transfers' Program Revenues: Licenses, Permits, Fines and

Charges for Services

Operating Grants and Contributions

Capital Grants and Contributions

General Revenues:

Property Taxes

Other Taxes

Grants and Contributions not Restricted to Specific Programs ..

Other

Total Revenues

\$ 1,078.7 1,002.6 42.1

1,568.8 3,805.0

1,985.9

420.9

9,904.0

850.3 1,166.8 122.5

1,488.6 3,088.9

870.3 591.5

8,178.9

27.0

2,890.8 \$ 2,633.3 87.3 169.7

3,005.1

233.4
3,036.4

3,969.5 1,002.6 129.4

1,568.8 3,805.0

1,985.9 447.9
12,909.1

3,483.6 1,166.8 292.2

1,488.6 3,088.9

870.3 824.9
11,215.3

Expenses'

General Government
Public Safety
Streets and Sanitation
Transportation
Health
Cultural and Recreational ..
Interest on Long-term Debt
Water
Sewer
Midway International Airport
Chicago-O'Hare International Airport. ...
Chicago Skyway

Total Expenses ..

Change in Net Position Before Transfers

Transfers In (Out)

Change in Net Position

Net (Deficit) Position, Beginning of Year

2,592.8 4,534.2 294.6 524.5 225.6 115.3 716.9

9,003.9

900.1 2.5

902.6 (30,333.5)

2,258.9 3,880.5 280.8 512.8 172.8 112.7 620.3

7,838.8

340.1 2 5

342.6 (30,676.1)

504.0 278.8 310.2 1,503.9 8.1

2,605.0

400.1 (2.5)

397.6

1,912.0

485.7 253.0 272.7 1,319.5 8.1

2,339.0

697.4 (2.5)

694.9

1,217.1

2,592.8 4,534.2 294.6 524.5 225.6 115.3 716.9 504.0 278.8 .310.2 1,503.9 8.1

11,608.9

1,300.2

1,300.2 (28,421.5)

2,258.9 3,880.5 280.8 512.8 172.8 112.7 620.3 485.7 253.0 272.7 1,319.5 8.1

10,177.8

1,037.5

1,037.5 (29,459.0)

Net (Deficit) Position, End of Year**S (29,430.9) \$ (30,333.5)**

**CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION
AND ANALYSIS YEAR ENDED DECEMBER 31, 2021**

**Expenses and Program Revenues - Governmental Activities (in millions of
dollars)**

400 800 1,200 1,600 2,000 2,400 2,800 3,200 3,600 4,000 4,400 4,800 5,200 5,600
6,000 6,400

Revenues by Source - Governmental Activities

11 Operating Grants and Capital Grants and
Contributions Contributions 10.1% ° -4%

**CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION
AND ANALYSIS YEAR ENDED DECEMBER 31, 2021**

Business-type Activities. Total revenues of the City's business-type activities decreased by \$31.3 million in 2021 from the reduction of COVID-19 relief fund revenues in 2021 as a large amount of funds were applied in 2020 to mitigate the impacts of COVID-19, offset by an increase in charges for services, rental income, and other general revenues primarily due to an increase in passenger activity as the airports started to recover from the impacts of the COVID-19 pandemic on travel.

- The Water Fund's total operating revenues increased by \$39.1 million (5.3%) in 2021 from 2020 primarily due to an increase in net water sales of \$34.3 million (4.8%) resulting from a decrease in provision for doubtful accounts of about \$14.2 million (48.4%) and an increase in other operating revenues of about \$4.9 million (21.9%). The decrease in provision for doubtful accounts was due to the implementation of the Utility Billing Relief program that resulted in the write off of legacy accounts receivable and penalties of eligible customers that applied for relief on their past due utility balances. Operating expenses before depreciation and amortization for the year 2021 increased by \$15.8 million (5.2%) from the year 2020 primarily due to a decrease in pension benefit resulting from current year inflow and outflow, pension activities due to the changes in actuarial assumptions, and an increase in overtime, offset by a decrease in employee benefit expenses.
- The Sewer Fund's total net operating revenues increased in 2021 by \$32.3 million or 9.7% primarily due to increase in pumpage and a rate increase of 1.10% during 2021. Operating expenses before depreciation and amortization increased by \$20.6 million or 17.2% as compared to 2020 primarily due to a decrease in the change of deferred inflows due to changes in assumptions and a slight increase in the allocation of pension costs to the Sewer Fund compared to the Governmental and certain Enterprise Funds.
- Chicago-Midway International Airport's total operating revenues for 2021 increased by \$33.1 million compared to 2020 operating revenue primarily due to a significant increase in passenger traffic, terminal rental revenues and concessions due to the recovery from the impacts of the COVID-19 pandemic.

Operating expenses before depreciation and amortization for 2021 increased by \$25.4 million compared to 2020 due to an increase in salary expense and pension expense of \$6.5 million primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumption changes and differences between projected and actual earnings on pension plan investments and an increase in repairs and maintenance of \$5.2 million due to the increase in repairs that were deferred during 2020, and increase in other operating expenses due to an increase in utilities as rates increased during 2021 and rental of equipment.

Midway's total net deficit at December 31, 2021, was \$340.5 million, which was an increase of \$17.3 million compared to total net deficit at December 31, 2020, which was \$323.3 million, primarily due to an increase in interest expense of \$9.6 million due to planned debt service payments, decrease in investment income of \$7.2 million due to recognized fair market value changes on December 31, 2021 and decrease in capital grants of \$9.4 million as the major parts of the Midway CIP program was completed in 2020, offset by an increase in Passenger Facility Charges and Customer Facility Charges of \$15.0 million and \$1.6 million, respectively.

- Chicago-O'Hare International Airport's total operating revenues for 2021 increased by \$239.5 million (26.5%) compared to prior year operating revenues due to an increase in terminal use charges and landing fees of \$176.1 million; increases in concessions revenue of \$49.2 million; and an increase in hotel revenues of \$14.2 million, all due to an increase in passenger and flight activity, as the Airport started to recover from the impacts of the COVID-19 pandemic on travel.

Operating expenses before depreciation, amortization and loss on capital asset disposals increased by \$81.2 million (11.7%) compared to 2020, primarily due to the increase in other operating expenses of \$29.4 million due to increases in cost of utilities, materials and supplies and rental of equipment as activity related to operations and construction increased during 2021, hotel expenses of \$4.1 million due to the recovery of hotel business from the impact of the COVID-19 pandemic on travel and tourism, Repairs and Maintenance expense, which increased by \$25.2 million (17.4%) due to contractual increases and additional maintenance of new assets placed into service, such as Runway 9C-27C and the completion of the extension of Runway 9R-27L, and Professional and Engineering expenses of \$8.4 million (6.0%) due to ongoing planning efforts related to Airport's \$8.5 billion O'Hare 21 program, and an increase in pension expense of \$17.0 million primarily due to the composition of amounts being amortized from deferred inflows and outflows related to prior assumptions changes and differences between projected and

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

actual earnings on pension plan investments, offset by a decrease in salary and wages of \$2.9 million (1.3%) due to retroactive payments from collective bargaining agreements made in 2020.

- The Chicago Skyway was leased for 99 years to a private company in 2005. The agreement granted the company the right to operate the Skyway and to collect toll revenue during the term of the agreement. The City received an upfront payment of \$1.83 billion of which \$446.3 million was used to advance refund all of the outstanding Skyway bonds. The upfront payment is being amortized into nonoperating revenue over the period of the lease (\$18.5 million annually).

CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION
AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

Expenses and Program Revenues • Business-type Activities (in millions of
dollars)

100 200 300 400 500 600 700 800 900 1,000 1,100 1,200 1,300 1,400 1,500 1,600

Water

Sewer

Chicago Midway International Airport Chicago-O'Hare International Airport Chicago Skyway

1
1
14

□ Expenses ■ Program Revenues

Revenues by Source - Business-type Activities

CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2021, the City's governmental funds reported combined ending fund balances of \$2,788.7 million, an increase of \$655.7 million in comparison with the prior year. Of this total amount, \$922.0 million was committed to specific expenditures, \$323.6 million was assigned to anticipated uses, a deficit of \$5,511.3 million was unassigned, \$2,717.3 million was restricted in use by legislation, and \$4,337.1 million was nonspendable.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$318.1 million with a total fund balance of \$679.1 million. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total General Fund balance represents 14.5 percent of total General Fund expenditures. Although unassigned fund balance has increased, the percentage compared to expenditures remains stable. The fund balance of the City's General Fund increased by approximately \$319.6 million during the current fiscal year primarily due to the partial recovery of economically sensitive revenues that were impacted in 2020 due to the COVID-19 pandemic, and a decrease in expenditures as efforts were made to implement operational efficiencies during the start of the COVID-19 pandemic.

The Federal, State and Local Grants Fund has a total deficit fund balance of \$427.0 million. The deficit is \$123.7 million higher than 2020 primarily due to slower reimbursement of expenditures. This fund had a significant increase in receivables from State and Federal agencies due to the significant increase in grant awards during 2021 to respond to the COVID-19 pandemic.

The Special Taxing Areas Fund has a total fund balance of \$2,261.5 million. This is \$324.7 million higher than 2020 due to the restricted specific expenditures for special area operations and maintenance that follow state requirements for spending, and for redevelopment project costs as provided by tax levies on special areas.

The Service Concession and Reserve Fund accounts for deferred inflows from nonbusiness type long-term concession and lease transactions and has \$685.3 million committed to specific expenditures. The unassigned deficit of \$1,429.1 million results from the deferred inflows from long-term asset leases.

The Bond, Note Redemption and Interest Fund has a total fund deficit of \$3,884.8 million. This deficit is \$467.8 million higher than 2020, primarily due to the refunding of certain outstanding City bonds and the issuance of the STSC 2021A Series Bonds, the proceeds of which were used to refund bonds that were held by the City, including certain Motor Fuel Tax Bonds and the Riverwalk TIFIA Loan. The proceeds were recorded in the STSC Debt Service Fund and refunded amounts to bond escrow agent were recorded in the Bond, Note Redemption and Interest Fund.

The STSC Debt Service Fund has a total fund balance of \$4,442.4 million. The fund balance will be used for future debt service payments for certain outstanding bonds. In 2021, the STSC Fund Balance for nonspendable increased by \$842.5 million due to the issuance of STSC Bond Series 2021 A. The net proceeds will be amortized over the life of each bond.

The Community Development and Improvement Projects Fund has a total fund balance of \$230.1 million. This is \$220.7 million lower than 2020 as proceeds from bond funds are expended for capital project improvements throughout the City.

Changes in fund balance. The fund balance for the City's governmental funds increased by \$655.7 million in 2021. This includes an increase in inventory of \$5.9 million.

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer, Chicago Skyway, Chicago-O'Hare International Airport, and Chicago-Midway International Airport Funds at the end of the year amounted to a deficit of \$4,286.6 million. The unrestricted net position deficit decreased by \$173.3 million primarily due to a decrease in the allocation of net pension liability and increase in revenues that were previously impacted by the COVID-19 pandemic and started to recover during 2021. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's 2021 General Fund Budget of \$4,127.8 million was approved by City Council on November 24, 2020. An amended General Fund Budget of \$5,078.5 million was passed on October 27, 2021. General Fund revenues ended the year \$221.6 million over the 2021 final General Fund Budget as a result of historically high collections from transaction taxes, which include the personal property lease tax and real property transaction tax, as well as collections from income tax and personal property replacement tax. Expenditures were \$107.2 million less than budgeted amounts as a result of favorable variances in general government expenditures. Additional information on the City's budget can be found in Note 3 under Stewardship, Compliance and Accountability within this report.

Capital Asset and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of December 31, 2021 amount to \$28,703.9 million (net of accumulated depreciation). These capital assets include land, buildings and system improvements, machinery and equipment, roads, highways and bridges, and property, plant and equipment.

Major capital asset events during the current fiscal year included the following:

- During 2021, the City completed \$240.3 million in infrastructure projects including \$188.3 million in street construction and resurfacing projects, \$13.5 million in street lighting and transit projects, and \$38.5 million in bridge and viaduct reconstruction. At year end, infrastructure projects still in process had expenses totaling nearly \$717.0 million.
- At the end of 2021, the Water Fund had \$5,128.5 million invested in utility plant, net of accumulated depreciation. During 2021, the Water Fund expended \$179.7 million on capital activities. This included \$0.3 million for structures and improvements, \$31.0 million for distribution plant, \$1.4 million for equipment, and \$147.0 million for construction in progress. During 2021, net completed projects totaling \$110.9 million were transferred from construction in progress to applicable capital accounts. The major completed project was the installation and replacements of water mains (\$108.9 million).
- At the end of 2021, the Sewer Fund had net utility plant of \$3,085.4 million. During 2021, the Sewer Fund had capital additions being depreciated of \$100.6 million, and completed projects totaling \$41.5 million were transferred from construction in progress to applicable facilities and structures capital accounts.
- At the end of 2021, Chicago-Midway International Airport had \$1,275.2 million invested in net capital assets. During 2021, the Airport had additions of \$17.1 million related to capital activities. Construction projects include runway rehabilitation, passenger security checkpoint expansion and terminal garage enhancements. During 2021, completed projects totaling \$144.3 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed

projects were related to building security, runway and taxi improvements and parking enhancements.

- At the end of 2021, Chicago-O'Hare International Airport had \$10.1 billion invested in net capital assets. During 2021, the Airport had additions of \$776.2 million related to capital activities. This included construction for HVAC system upgrades, Central Deicing Pad, concourse improvement, Consolidated Rental Car Facility (CONRAC)/Parking, Airport Transit System (ATS) rail, terminal improvements, runway and taxiway improvements.

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CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

During 2021, completed projects totaling \$1,149.5 million were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to the completion of the 9R-27R runway expansion, the Automated Train System at O'Hare, Fuel Line Relocation, terminal improvements, and runway and taxiway improvements.

City of Chicago, Illinois Capital Assets (net of depreciation) (in millions of dollars)

	Governmental Business-type		Governmental Business-type		Total	
	Activities		Activities		2021	2020
	2021	2020	2021	2020	2021	2020
Land					\$	1,412.5
1,410.9	\$ 1,039.4		\$ 1,038.2	\$ 2,451.9	\$	2,449.1
Works of Art and						
Historical Collections	49.2	48.6	--	49.2	48.6	
Construction in Progress	783.1	658.2	2,092.7	2,509.4	2,875.83	167.6
Buildings and Other Improvements	1,506.4	1,505.9	16,329.6	15,315.6	17,836.016	821.5
Machinery and Equipment	327.4	325.0	386.3	417.0	713.7	742.0
Infrastructure	4,777.3	4,865.7	-	-	4,777.34	865.7
<u>Total</u>	<u>\$ 8,855.9</u>	<u>\$ 8,814.3</u>	<u>\$19,848.0</u>	<u>\$19,280.2</u>	<u>\$28,703.9</u>	<u>\$28,094.5</u>

Information on the City's capital assets can be found in Note 7 Capital Assets in this report.

Debt. At the end of the current fiscal year, the City had \$5,847.2 million in General Obligation Bonds, \$215.0 million in two General Obligation Lines of Credit and \$93.2 million in General Obligation Certificates and Other Obligations outstanding. Other outstanding long-term debt is as follows: \$4,609.0 million in Sales Tax Securitization Corporation Bonds (STSC Bonds); \$4.9 million in Motor Fuel Tax Revenue Bonds; \$7.7 million in Tax Increment Financing Bonds; and \$15,318.2 million in Enterprise Fund Bonds and long-term obligations. For more detail, refer to Note 10 Long-term Obligations in the Basic Financial Statements.

City of Chicago, Illinois General Obligation and Revenue Bonds (in millions of dollars)

	Governmental Business-type		Governmental Business-type		Total	
	Activities		Activities		2021	2020
	2021	2020	2021	2020	2021	2020
General Obligation.	\$ 6,155.4	\$ 7,254.2	\$ -	\$ -	\$ 6,155.4	\$ 7,254.2
Tax Increment	7.712.1	-	-	-	7.712.1	-
Revenue Bonds	4 g 179.1	15,318.2	15,620.3	-	15,323.115	799.4
STSC Bonds	4,609.0	3,655.8	-	-	4,609.0	3,655.8

Total	\$ 10,777.0	\$ 11,101.2	\$ 15,318.2	\$ 15,620.3	\$ 26,095.2	\$ 26,721.5
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**CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION
AND ANALYSIS YEAR ENDED DECEMBER 31, 2021**

During 2021, the City and the STSC issued the following: General

Obligation Bonds and Lines of Credit:

- General Obligation Tax-Exempt Refunding Bonds, Series 2021A (\$447.3 million) and Series 2021B (\$219.2 million).
- **General Obligation Lines of Credit (\$215.0 million). Enterprise**

Fund Revenue Bonds and Notes:

- Chicago O'Hare International General Airport Revolving Line of Credit (AMT) (\$71.1 million).
- **Chicago Midway International Airport Commercial Paper Notes, Series A (AMT) (\$0.03 million). Sales**

Tax Securitization Corporation Bonds:

- Sales Tax Securitization Second Lien Bonds, Series 2021A Tax-Exempt (\$394.2 million) and Series 2021B Taxable (\$609.9 million).

At December 31, 2021 the City had credit ratings with each of the four major rating agencies as follows:

<u>Rating Agency</u>	<u>Moody's</u>	<u>Standard & Poors</u>	<u>Fitch</u>	<u>Kroll</u>
General Obligation: City				
Revenue Bonds:				
O'Hare Airport: Senior Lien General Airport Revenue Bonds Senior Lien Passenger Facility Charge (PFC) Customer Facility Charge (CFC)				
Midway Airport: First Lien Second Lien				
Water: Second Lien				
Wastewater: First Lien Second Lien				
Sales Tax Securitization Corporation Bonds: Senior Lien Second Lien				
Ba1				
A2 A2 Baal				
A2 A3				
Baa2				

Baa2 Baa3

NR NR

BBB+

A A
BBB

A-A-

A+ A

AA-AA-

BBB-

A A NR

NR A

NR A-

AA-AA-

A+ NR NR

NR A

AA

NR AAAM AA+

In April 2021, Standard & Poor's revised the outlook for the O'Hare General Airport Revenue Bonds, Passenger Facility Charge Bonds and Customer Facility Charge Bonds and for the Midway First Lien and Second Lien Bonds from Negative to Stable.

In May 2021, Kroll revised the outlook for the O'Hare General Airport Revenue Bonds and for the Midway Second Lien from Negative to Stable.

CITY OF CHICAGO, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2021

In June 2021, Fitch revised the outlook for the Motor Fuel Tax Bonds from Negative to Positive due to a change in the outlook of the State of Illinois.

In July 2021, Standard & Poor's upgraded the Motor Fuel Tax Bonds from BB+ to BBB-, and revised the outlook to Stable, based on the State of Illinois outlook.

In July 2021, Moody's revised the outlook for the Water Second Lien Bonds and Wastewater First Lien and Second Lien Bonds from Negative to Stable.

In July 2021, Moody's revised the outlook for the Motor Fuel Tax Bonds from Negative to Stable.

In July 2021, Moody's revised the outlook for the General Obligation Bonds from Negative to Stable.

In August 2021, Fitch Ratings revised the outlook for the O'Hare General Airport Revenue Bonds, Passenger Facility Charge Bonds, and for the Midway Second Lien Bonds from Negative to Stable.

In August 2021, Kroll Rating Agency revised the outlook for the General Obligation Bonds from Negative to Stable.

In October 2021, Fitch Ratings revised the outlook for the General Obligation Bonds from Negative to Stable.

In October 2021, Fitch Ratings revised the outlook for the Sales Tax Securitization Corporation Senior Lien and Second Lien Bonds from Negative to Stable.

In November 2021, Standard & Poor's revised the outlook for the General Obligation Bonds from Negative to Stable.

In November 2021, Standard & Poor's Ratings revised the outlook for the Motor Fuel Tax from Negative to Positive due to a change in the State of Illinois outlook.

In November 2021, Moody's revised the outlook for the O'Hare General Airport and Passenger Facility Charge Revenue Bonds from Negative to Stable.

In November 2021, Standard & Poor's Ratings revised the outlook for the Sales Tax Securitization Corporation Senior Lien and Second Lien Bonds from Negative to Stable.

In December 2021, Fitch Ratings revised the outlook for the Water Second Lien Bonds and Wastewater Second Lien bonds from Negative to Stable.

Economic Factors and Next Year's Budgets and Rates

Regional, national, and global economies play a major role in the City's finances and economic growth. In 2021, the unemployment rate in the Chicago metropolitan area was 6.2 percent, noting a labor market slowly recovering from the steep pandemic driven job losses from the prior year.

The City's 2022 Corporate Fund Budget, totaling \$4,887.4 million, was approved by a 35 to 15 vote of City Council on October 27, 2021. The 2022 budget closed an operating budget deficit of \$733.0 million through a combination of savings and efficiencies along with federal financial assistance through the American Rescue Plan (ARP) Act and the Local Fiscal Recovery Fund (LFRF). With the 2022 budget the City intends to continue its practice of making deposits to its operating liquidity funds from any growth in fund balance that may occur.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

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Exhibit 1

CITY OF CHICAGO, ILLINOIS STATEMENT OF NET POSITION December 31, 2021

(Amounts are in Thousands of Dollars)

ASSETS AND DEFERRED OUTFLOWS

Cash and Cash Equivalents	\$
Investments	
Receivables (Net of Allowances):	
Property Tax	
Accounts and Due From Other Governments	
Internal Balances	
Inventories	
Restricted Assets:	
Cash and Cash Equivalents	
Investments	
Cash and Investments with Escrow Agent	
Interest Receivable	
Other Assets	

Capital Assets:

Land, Art, and Construction in Progress
Other Capital Assets, Net of Accumulated Depreciation
Total Capital Assets

Total Assets
\$ 22,428,521 \$ 25,153,344 \$ 47,581,865

Deferred Outflows

Total Assets and Deferred Outflows

LIABILITIES AND DEFERRED INFLOWS

Voucher Warrants Payable \$

Accrued Interest

Accrued and Other Liabilities

Unearned Revenue

Derivative Instrument Liability

Long-term Liabilities:

Due Within One Year

Due in More Than One Year

Total Liabilities

Deferred Inflows

Total Liabilities and Deferred Inflows

NET POSITION

Net Investment in Capital Assets

Restricted for:

Capital Projects

Debt Service

Special Taxing Areas

Passenger Facility Charges

Contractual Use Agreement

Airport General Fund

Customer Facility Charges

Other Purposes

Unrestricted (Deficit)

Total Net (Deficit)/Position

\$

See notes to basic financial statements.

Exhibit 2

CITY OF CHICAGO, ILLINOIS STATEMENT OF ACTIVITIES

Year Ended December 31, 2021 (Amounts are in Thousands

of Dollars)

Licenses, Permits, Fines and Charges for Services

Primary Government

Governmental Activities:

General Government \$ 2,592,748

Public Safety 4,534,257

Streets and Sanitation 294,590

Transportation 524,513

Health 225,566

Cultural and Recreational 115,330

Interest on Long-term Debt 716,926

Total Governmental Activities

9,003,930

522,383 395,686 95,063 54,931 7,620 3,033

1,078,716

Business-type Activities:

Water	503,972	'775,725		
Sewer	278,832	366,269		
Chicago-Midway International Airport	310,162	290,482		
Chicago-O'Hare International Airport	1,503,942	1,458,350		
Chicago Skyway	8,139	-		
<u>Total Business-type Activities</u>		<u>2,605,047</u>		<u>2,890,826</u>
<u>Total Primary Government</u>	<u>\$ 11,608,977</u>	<u>\$ 3,969,542</u>		

See notes to basic financial statements.

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Program RevenuesNet (Expense) Revenue and Changes in Net Position
Primary Government

Operating Capital Grants and	Grants and Contributions	Governmental Business-type Contributions	Activities	Activities Total
760,111	\$ -	\$ (1,310,254)	\$ -	\$ (1,310,254)
67,278	-	(4,071,293)	-	(4,071,293)
		<u>(199,527)</u>		<u>(199,527)</u>
		<u>42,099</u>		<u>(427,483)</u>
		<u>160,822</u>	-	<u>(57,124)</u>
		<u>14,376</u>	-	<u>(97,921)</u>
		=	=	<u>(716,926)</u>
<u>1,002,587</u>	<u>42,099</u>	<u>(6,880,528)</u>	<u>-</u>	<u>(6,880,528)</u>

5,757 81,539

87,296

271,753 87,437
(13,923) 35,947 (8,139)

373,075

271,753 87,437
(13,923) 35,947 (8,139)

373,075

(6,507,453)

General Revenues Taxes:

Property Tax

Utility Tax

Sales Tax

Transportation Tax

Transaction Tax

Special Area Property Tax

Recreation Tax

Other Taxes

Grants and Contributions not Restricted to

Specific Programs

Unrestricted Investment Earnings (Losses)

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending \$

1,568,814 780,326 424,931 479,399 752,079

1,027,118 243,414 97,729

1,985,924 (34,323) 482,173

1,568,814 780,326 424,931 479,399 752,079

1,027,118 243,414 97,729

(17,517) 44,485 (2,540)

24,428

7,783,156

1,985,924 (16,806) 437,688 2,540

397,503 1,912,089

7,807,584

1,300,131 (28,421,397)

(29,430,858) \$ 2,309,592 \$ (27,121,266)

31, 2021

(Amounts are in Thousands of Dollars)

ASSETS

Cash and Cash Equivalents	\$				
Investments					
Receivables (Net of Allowances):					
Property Tax					
Accounts					
Due From Other Funds					
Due From Other Governments					
Inventories					
Restricted Cash and Cash Equivalents					
Restricted Investments					
Restricted Cash and Investments with Escrow Agent					
Other Assets					
	Total Assets				\$
General					
95,688	335,442				
		349,081	1,086,226	215,826	37,646
					<u>125,215</u>
Special Taxing Areas					
210,146	725,069				
	Federal, State and Local Grants				
\$					
		876,513	7,904	389,892	
668,551	1,158,108				
6,728	276,963	731,264			
					3,218
3,267					
\$ 1,956,655	\$ 3,100,968				

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE Liabilities:

Voucher Warrants Payable	\$ 519,106	\$ 315,007	\$ 59,057	
Bonds, Notes and Other Obligations Payable - Current				
Accrued Interest				
Due To Other Funds	510,655	1,105,436	5,491	
Accrued and Other Liabilities		381,021	6,550	5,908
Claims Payable		31,453		
Unearned Revenue	816	412,112		-
Total Liabilities			1,443,051	1,839,105
Deferred Inflows	-		544,526	769,057

[illegible]

\$	7	\$ -	\$ 642	\$ 98,902	\$	522,801	\$	91,765	\$
1,607,287									
			66,680	-		-		4,170	70,850
			153,609	77,604		-		294	231,507
	44,389		4,414,030	-	13,015	191,548		477,771	6,762,335
					1,752	-		163,455	558,686
									31,453
	-	-	-	-	-	-		412,928	
44,396	4,634,319		78,246	113,669	714,349	737,455	9,675,046		
	1,429,061	187,183	-	-	1,154,308	38,080	4,122,215		
	4,299,448		-		-		-	4,337,094	
	142,998		230,082		-		72,942	2,717,340	
685,326		-					-		
	236,637								
								921,963	
							243	323,643	
	(1,429,054)	(3,884,825)							
					(78,736)			(5,511,359)	
	(743,728)	(3,884,825)		4,442,446	230,082	-			

			231,086		2,788,681
\$ 729,729	\$ 936,677	\$ 4,520,692	343,751	\$ 1,868,657	\$
			<u>1,006,621</u>	<u>\$ 16,585,942</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,855,920
Other long-term assets are not available to pay for current-period expenditures and therefore are recorded as deferred inflows in the funds	2,693,154
Bond issuance costs that are expensed in statement of revenues, expenditures and changes in fund balances but reported as other assets in the statement of activities	2,838
Certain liabilities, including bonds payable, deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds	(43,771,451)
<u>Net position of governmental activities</u>	<u>\$ (29,430,858)</u>

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Exhibit 4

CITY OF CHICAGO, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS Year Ended December 31, 2021

(Amounts are in Thousands of Dollars)

	General	
Revenues:		
Property Tax	\$	
Utility Tax	408,011	
Sales Tax (Local)	77,656	
Transportation Tax	255,695	
State Income Tax	747,467	
State Sales Tax		
Transaction Tax	679,416	
Special Area Property Tax		
Recreation Tax	239,438	
Other Taxes	84,671	
Federal/State Grants	784,045	
Internal Service	385,557	
Licenses and Permits	115,588	
Fines	315,965	
Investment Income (Losses)	(4,963)	
Charges for Services	398,582	
<u>Miscellaneous</u>	<u>145,381</u>	
	<u>Total Revenues</u>	<u>4,632,509</u>
1,523,387	35,018	
2,372,033	230,579	55,212

Expenditures: Current:

General Government
Health
Public Safety
Streets and Sanitation
Transportation
Cultural and Recreational
186
Employee Pensions
Other

Capital Outlay

456,618 10,915

Debt Service:

Principal Retirement

Interest and Other Fiscal Charges

Total Expenditures

4,683,948

Revenues (Under) Over Expenditures ..

(51,439)

Federal, State and Local Grants

928,808

(2,556)

926,252

668,037 189,875 57,164

118,049 14,610

1,671 518

1,049,924

(123,672)

Special Taxing Areas

941,888

731 263 1,638

944,520

544,495

930

69,664 71

615,160

329,360

Continued on following pages.

Service Bond, Note Concession Redemption and Reserve and Interest

\$ \$

521,311 \$ 16,434

557 1,470 11,689

8,638

(11,084)
560,099

-21,033 9,949

STSC Debt Service

90,184

119,451

518

210,153
Community Development

and Improvement Projects

\$

323 23,461

23,784

Pension

Nonmajor Governmental Funds

\$ 1,049,223 \$

361,450 257,091 215,066

334,961 72,663 34,576 3,976 13,058

26,534

18

166,625
1,215,866

19,988 (1,263) 46,083 54,382

1,438,565

Total Governmental Funds

1,570,534 785,895 424,931 479,399 747,467 454,412 752,079 976,464 243,414 97,729
1,712,853 412,091 116,145 335,953 (16,806) 444,928 424,209

9,961,697

286,324

135,130 56,048

128,257 80,258

39,571

3,022,243 224,893 2,565,257 286,627 371,182 94,939 1,571,669 1,857 289,134

125,663 412,850

538,513

21,586

12,070 3,313

740,971

697,594

594,351 591,3269,613,478348,219

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Exhibit 4 - Concluded
CITY OF CHICAGO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS Year Ended December 31, 2021 (Amounts are in Thousands of Dollars)

		Federal, General	State and Special Local Taxing Grants Areas
Other Financing Sources (Uses):			
Issuance of Debt	\$ -	\$ -	\$
Issuance of Line of Credit			
Premium/(Discount)	--		
Payment to Refunded Bond Escrow Agent	--		
Transfers In		671,960	-19,700
<u>Transfers Out</u>	<u>(306,743)</u>	<u>-</u>	<u>(24,437)</u>
<u>Total Other Financing Sources (Uses)</u>		<u>365,217</u>	<u>=</u> <u>(4,737)</u>
Net Changes in Fund Balance	313,778	(123,672)	324,623
Fund Balance, Beginning of Year	359,485	(303,304)	1,936,832

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Service Bond, Note Concession Redemption and Reserve and Interest

Community Development

STSC Debt Service
and Improvement Projects

Nonmajor Governmental Funds

Total Governmental Funds

<u>(28,089)</u>	<u>(28,089)</u>
(18,140)	(725,588)

\$	666,413	\$	1,004,020	\$	
	102,603		(48,722)		
	(217,442)				
	840,459				
			215,000	121,372	(1,761,592)
	886,364	3,556,082		383,965	(114,582)
	(489,424)				
	(467,838)	(3,416,987)			
	4,513				
	4,513				
	(220,748)	450,830			
	188,375	(930,483)			
	(742,108)				
	(44,514)	275,600			
			1,670,433	215,000	223,975
			(1,810,314)	1,624,316	(1,621,776)
	301,634				
				649,853	2,132,950
				5,878	
\$	(743,728)	\$	(3,884,825)	\$	4,442,446
				\$	230,082
				\$	_

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Exhibit 5

CITY OF CHICAGO, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended December
31, 2021**

(Amounts are in Thousands of Dollars)

Amounts reported for governmental activities in the statement of activities are different from amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds	\$ 649,853
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

	51,854
--	--------

In the Statement of Activities, gain or loss on disposal and sale of capital assets is reported, whereas in the governmental funds, the entire proceeds are recorded

	(9,641)
--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

	167,455
--	---------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments

	169,657
--	---------

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

	(126,551)
--	-----------

Change in the net position of governmental activities

	<u>\$ 902,627</u>
--	-------------------

See notes to basic financial statements.

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Exhibit 6

CITY OF CHICAGO, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND (BUDGETARY BASIS) Year Ended December 31, 2021

(Amounts are in Thousands of Dollars)

	<u>Original Budget</u>
Revenues:	
Utility Tax	\$ 390,803
Sales Tax	63,639

23,000

2,427,226 57,345 2,303,705 230,310 45,173

Variance

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		(23,000)
		<u>(132,319) 24,184</u>
2,281,435 38,864		
2,368,569 230,554 43,799		
<u>6,618 1,524</u>		
4,971,363		
		221,576
145,791 18,481 (64,864) (244) 1,374		
6,618		
2		
107,158		
\$ 328,734 \$ 328,734		

See notes to basic financial statements.

Exhibit 7

CITY OF CHICAGO, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL PENSION FUND

(BUDGETARY BASIS) Year Ended December 31, 2021

(Amounts are in Thousands of Dollars)

	Original Budget	Final Actual Budget	Amounts	Variance
Revenues:				
Property Taxes	\$ 1,389,002	\$ 1,389,002	\$ 1,049,223	\$ (339,779)
Investment Income			-	18 18
Other Revenue	166,625	166,625	166,625	
Transfers In	<u>315,126</u>	<u>315,126</u>	<u>355,803</u>	<u>40,677</u>
Total Revenues		<u>1,870,753</u>	<u>1,870,753</u>	<u>1,571,669</u>
Expenditures: Current: City Contribution to				
-Municipal Employees'				
Annuity and Benefit Fund		582,886	582,886	548,281 34,605
City Contribution to -Laborers' and Retirement Board				
Employees'Annuity and Benefit Fund		86,238	86,238	47,579 38,659
City Contribution to -				
Policemen's Annuity and Benefit Fund		818,850	818,850	668,686 150,164
City Contribution to -				
Firemen's Annuity arid Benefit Fund	<u>382,779</u>	<u>382,779</u>	<u>307,123</u>	<u>75,656</u>
Total Expenditures	<u>1,870,753</u>	<u>1,870,753</u>	<u>1,571,669</u>	<u>299,084</u>
Revenues Over Expenditures	\$			

See notes to basic financial statements.

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Exhibit 8

CITY OF CHICAGO, ILLINOIS STATEMENT
OF NET POSITION PROPRIETARY FUNDS
December 31, 2021

(Amounts are in Thousands of Dollars)

Business-type Activities - Enterprise Funds

Major Funds

Chicago- Midway International Airport	Chicago- O'Hare International Airport
--	--

Chicago Skyway

ASSETS AND DEFERRED OUTFLOWS CURRENT ASSETS:

Cash and Cash Equivalents	\$	6,655		
Investments		463,554		
Accounts Receivable (Net of				
			Allowances)	197,920
Interest Receivable		2,404		
Due from Other Funds		51,432		
Inventories		22,056		
Due from Other Governments				
Cash and Cash Equivalents - Restricted		58,567		
Investments - Restricted		102,879		
Interest Receivable - Restricted		3		
Other Assets - Restricted		=		
<u>TOTAL CURRENT ASSETS</u>		<u>905,470</u>		
NONCURRENT ASSETS:				
Cash and Cash Equivalents - Restricted				
Investments - Restricted				
Interest Receivable - Restricted				
Other Assets - Restricted				
Due from Other Governments - Restricted				
Other Assets		2,268		

Property, Plant, and Equipment:

Land 16,483

Structures, Equipment and

Improvements 6,115,920

Accumulated Depreciation (1,455,064)

Construction Work in Progress 451,161Total Property, Plant and Equipment 5,128,500TOTAL NONCURRENT ASSETS: 5,130,768TOTAL ASSETS 6,036,238

DEFERRED OUTFLOWS 44,315

TOTAL ASSETS AND

DEFERRED OUTFLOWS \$6,080,553

796 848

37 6

206,398 86,088

76,160 463 56,963

41,916 62 5,038

11,823 107,089

262,855 761,644

425,937 2,935 131,736 23,091 11,823 899,008 188,311 886 6,765

\$ 26,480 \$ 22,526 196,379 14,775

109,904

18,303 1,035

622,807

1,687

1,055,644

16,750 .1,978,643

4,117 45,856 58,540

3,317

892,998

12,449,216 (4,682,022) 1,486,485

2,714,991

38,679 2,258,002 4,615 48,040 60,800 16,160

1,039,362

24,831,708 (8,115,840) 2,092,744

203,229

21,929 279,359 498 2,184 2,260 456

					116,712
				2,015,127	(873,768) 17,092
			110,545	85,432	883
6,765					
					9,169
					12,609
490,818	(291,193)				
548,961					
950					
560					
3,760,627	(813,793)				
138,006					
3,085,400	1,275,163	10,146,677	212,234	19,847,974	
3,086,350	1,581,849	12,253,900	221,403	22,274,270	
14,973					
213,352					
65,763					
3,635,311	1,785,078	13,309,544	223,090	24,989,261	
	338,403				
\$ 3,650,284	\$ 1,850,841	\$ 13,522,896	\$ 223,090	\$ 25,327,664	

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Business-type Activities - Enterprise Funds

Major Funds

Chicago- Midway International Airport	Chicago- O'Hare International Airport
--	--

Chicago Skyway

LIABILITIES

CURRENT LIABILITIES:

Voucher Warrants Payable	\$ 29,668	\$ 3,965
--------------------------	-----------	----------

Due to Other Funds	51,604 82,739
Accrued and Other Liabilities	201,634 57,737
Unearned Revenue	
Current Liabilities Payable from	
Restricted Assets	161,449 196,476

TOTAL CURRENT LIABILITIES 444,355 340,917

NONCURRENT LIABILITIES: Revenue Bonds and	
Commercial Paper Payable	2,363,169 1,965,471
Line of Credit and TIFIA Loan Payable	
Net Pension Liability	1,153,675 432,335
Derivative Instrument Liability	- ■"
Other	1,577 -

TOTAL NONCURRENT LIABILITIES ... 3,518,421

TOTAL LIABILITIES 3,962,776

DEFERRED INFLOWS 116,259 48,369

177,384 174,320 286,148 63,313

1,087,415 1,788,580

15,549,682 349,856 3,532,938 21,232 3,531 19,457,239 21,245,819

1,772,253

NET POSITION: Net

Investment							
in Capital Assets	2,746,413	1,062,584	(111,146)	1,301,406	212,234	5,211,491	
Restricted Net Position:							
Debt Service	--3,240	¹ 16,628	-	19,868			
Capital Projects	3 171,985	23,587	203,550	-399,125			
Passenger Facility Charges	- -3,338	248,910	-252,248				
Airport/Airline Use Agreement	--34,182	361,146	-395,328				
Airport General/Development Fund	---	214,539	-214,539				
Customer Facility Charge	--12,253	42,371	-54,624				
Other	- -12,941	36,048	-48,989				
Unrestricted	Net	Position	(Deficit)	(744,898)	(371,377)	(318,913)	(1,346,515)
(1,504,917)		(4,286,620)					
TOTAL NET POSITION/(DEFICIT)		\$ 2,001,518	\$ 863,192	\$ (340,518)	\$ 1,078,083	\$ (1,292,683)	\$ 2,309,592

See notes to basic financial statements.

Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

	Business-type Activities - Enterprise Funds Major Funds					
	Chicago-Chicago-MidwayO'Hare		International Airport		Chicago Skyway	
	Water	Sewer	Airport	Airport	Total	
Operating Revenues:						
Charges for Services - Net of Provision for Doubtful Accounts of \$15,212 for Water and \$12,297 for Sewer		\$ 748,590	\$ 365,217	\$ 138,052	\$ 815,953	\$ - \$ 2,067,812
Rent			-	-	82,776	296,612 - 379,388
Hilton Revenues			-	-	32,587	- 32,587
Other	27,135	1,052	=	=	=	28,187
Total Operating Revenues	775,725	366,269	220,828	1,145,152	2,507,974	
Operating Expenses:						
Personnel Services		153,443	13,891	57,489	219,922	- 444,745
Contractual Services		68,757	5,328	22,033	149,419	- 245,537
Repairs and Maintenance		1,917	69,927	48,910	170,176	- 290,930
Commodities and Materials		21,351	-	-	-- 21,351	
Depreciation and Amortization		86,877	55,749	52,636	314,122	8,139 517,523
Loss on Capital Asset Disposal		-	-	-	4,754	- 4,754
General Fund Reimbursements		88,708	55,937	-	-- 144,645	
Pension Expense		(33,871)	(4,979)	27,444	62,448-	51,042
Hilton Expenses		-	-	-	24,234-	24,234
Other			22,800		- 33,423	146,732
Total Operating Expenses	202,955	409,982	195,853	241,935	1,091,807	8,139 1,947,716
Operating Income (Loss)		365,743	170,416	(21,107)	53,345	(8,139) 560,258
Nonoperating Revenues (Expenses):						
Investment Income (Loss)		1,734	(733)	(3,340)	(15,178)	- (17,517)
Interest Expense		(93,990)	(82,979)	(67,608)	(408,331)	- (652,908)
Passenger Facility Charges		-	-	28,268	110,689	- 138,957
Customer Facility Charges		-	-	4,812	25,059	- 29,871
Noise Mitigation Costs		-	-	(619)	(3,804)	- (4,423)
Grant Revenues (1)		-	-	36,574	177,450	- 214,024
Other			2,037	2,898	= 21,024	18,526 44,485
Total Nonoperating Revenues (Expenses)		(90,219)	(80,814)	(1,913)	(93,091)	18,526 (247,511)
Transfers Out			(2,420)	(120)	- - (2,540)	
Capital Grants	=	=	5757	81,539	=	87,296
Net Income (Loss)		273,104	89,482	(17,263)	41,793	10,387 397,503
Net Position (Deficit) - Beginning of Year		1,728,414	773,710	(323,255)	1,036,290	(1,303,070) 1,912,089
Net Position (Deficit)-End of Year		\$ 2,001,518	\$ 863,192	\$ (340,518)	\$ 1,078,083	\$ (1,292,683) \$ 2,309,592

(1)CRRSA and ARP Acts

See notes to basic financial statements.

2021 (Amounts are in Thousands of Dollars)

Business-type Activities - Enterprise Funds

Major Funds

	Water
Cash Flows from Operating Activities:	
Received from Customers	\$ 761,236 \$
Payments to Vendors	(103,973)
Payments to Employees	(153,443)
Transactions with Other City Funds	(109,710) _
Cash Flows Provided By	
Operating Activities	394,110
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Bonds/Commercial	
Paper/IEPA Loans/TIFIA Loans/LOC	24,699
Acquisition and Construction of Capital Assets	(178,653)
Capital Grant Receipts	
Principal Paid on Debt	(104,492)
Interest Paid	(108,960)
Passenger and Customer Facility Charges	
Concessionaire Funds	-
Cash Flows Provided By (Used in) Capital	
and Related Financing Activities	(367,406)
Cash Flows Provided by Non Capital Financing Activities:	
Noise Mitigation Program	
Proceeds from COVID-19 Relief Funding	
Proceeds from miscellaneous	
settlements and agreements	-
Cash Flows Provided By	
Non Capital Financing Activities	-
Cash Flows from Investing Activities:	
Purchases (Sale) of Investments, Net	(62,573)
<u>Investment Income (Loss)</u>	<u>6,293</u>
Cash Flows Provided By (Used in)	
<u>Investing Activities</u>	<u>(56,280)</u>
Net Increase (Decrease) in Cash and	
Cash Equivalents	(29,576)
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>94,798</u>
Cash and Cash Equivalents, End of Year	\$ 65,222 \$

Continued on following page.

354,944 (29,443) (53,822) (30,621)

Chicago-Midway International Airport

t 211,804 (130,081) (51,876) 8,548

38,395

(30,459) 6,348 (53,895) (75,172) 32,160
241,058

27

10,742 (130,995)

(68,082) (95,658)

(283,993)

(120,991)

(619) 46,333

48,877 2,844

45,714

51,721

(13,666) 1,538

8,786 128,239

(12,128)

(49,010) 200,554

137,025 \$ 151,544 \$

Chicago Skyway

Chicago-O'Hare International Airport

; 1,121,861 (401,671) (207,999) (134,043)

378,148

89,996 (798,301)

60,190 (194,650) (440,475) 125,275

49

49

(1,157,965)

(3,804) 177,450

14_

173,660

(61)

237,726 (58)

19,687 (3)

(12) 808

257.413

796

(348,744) 1,194,699
845,955

Total

2,449,845 (665,168) (467,140) (265,826)

1,051,711

125,464
(1,138,408)
66,538
(421,119)
(720,265)
157,435
49_

(1,930,306)

(4,423) 223,783

14_

219,374

210,306 30,359

240,665

(418,556) 1,619,098 1,200,542

37

**Exhibit 10 - Concluded CITY OF CHICAGO, ILLINOIS
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)**

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Chicago- Chicago-Midway O'Hare International			
	International Chicago			
	WaterSewer	Airport	Airport	Skyway Total

Reconciliation of Operating Income to Cash Flows
from Operating Activities:

Operating Income (Loss)	\$ 365,743	\$ 170,416	\$ (21,107)	\$ 53,345	\$ (8,139)	\$ 560,258
Adjustments to Reconcile:						
Depreciation, Amortization and Loss on Capital Asset Disposals	86,877		55,749	52,636	318,876	8,139 522,277
Pension Expense Other than Contribution	(84,160)		(24,917)	8,323	(14,829)	- (115,583)
Provision for Uncollectible Accounts	15,212		12,297	4,413	- 31,922	
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables	(29,701)		(23,622)	(4,093)	13,004	- (44,412)
(Increase) Decrease in Due From Other Funds			(4,047)	10,225		(1,861) (3,433)
- 884						
Increase (Decrease) in Voucher Warrants Payable and Due to Other Funds	37,988		36,604	13,801	41,401	- 129,794
Increase (Decrease) in Unearned Revenue and Other Liabilities		8,090	4,486	(13,757)	(36,295)	- (37,476)
(Increase) Decrease in Inventories and Other Assets	(1,892) (180)	40	6^079	-	4,047	
Cash Flows from Operating Activities	\$ 394,110	\$ 241,058	\$ 38,395	\$ 378,148	\$ -	\$ 1,051,711

Supplemental Disclosure of Noncash Items: Capital
asset additions in 2021 with outstanding accounts
payable,

accrued, or other liabilities \$ 32,568 \$ 75,094 \$ 11,058 \$ 273,881 \$ - \$ 392,601

The fair value adjustments (gain) to
investments for 2021

\$ (658) \$ 401 \$ 4,365 \$ 16,503 \$ - \$ 20,611

The accretion adjustments to capital
appreciation bonds for 2021

\$ 4,948 \$ - \$ - \$ 4,948

See notes to basic financial statements.

Exhibit 11

CITY OF CHICAGO, ILLINOIS STATEMENT OF FIDUCIARY
NET POSITION FIDUCIARY FUNDS December 31, 2021
(Amounts are in Thousands of Dollars)

Pension Custodial Trust Funds

ASSETS

Cash and Cash Equivalents	\$ 149,808	\$
5,920		
Investments	- 3,226	
Investments, at Fair Value Bonds and U.S. Government		

Obligations	1,550,583		
Stocks	4,781,510		
Mortgages and Real Estate	713,482		
Other	1,888,171		
Property Tax Receivable	- 142,523		
Accounts Receivable, Net	1,844,927	1,024	
Due From City	191,548		
Property, Plant, Equipment and Other	623		
<u>Invested Securities Lending Collateral</u>	<u>485,537</u>	-	
<u>Total Assets</u>	<u>\$ 11,606,189</u>	<u>\$ 152,693</u>	
Deferred Outflows	\$ 879	\$	
LIABILITIES			
Voucher Warrants Payable	\$ 165,448	\$ 1,381	
Accrued and Other Liabilities	- 151,312		
<u>Securities Lending Collateral</u>	<u>485,537</u>		-
<u>Total Liabilities</u>	<u>\$ 650,985</u>	<u>\$ 152,693</u>	
Deferred Inflows	\$ 650	\$	
<u>Total Liabilities and Deferred Inflows</u>		<u>\$ 651,635</u>	<u>\$ 152,693</u>
NET POSITION			
<u>Restricted for Pension Benefits</u>		<u>10,955,433</u>	-
Total Net Position	\$ 10,955,433		

See notes to basic financial statements.

Exhibit 12
CITY OF CHICAGO, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2021
(Amounts are in Thousands of Dollars)

Pension Custodial Trust Funds

ADDITIONS Contributions:

Employees	\$ 369,541	\$
City	1,815,790	

Taxes Collected for Other Governments	- 153,568	
Other Custodial Collections	- 5,840	
<u>Total Contributions</u>		<u>2,185,331 159,408</u>
Investment Income: Net Depreciation in		
Fair Value of Investments	1,029,338	
Interest, Dividends and Other	146,868 (52)	
<u>Investment Expense</u>	<u>(41,482)</u>	=
<u>Net Investment Income (Loss)</u>		<u>1,134,724 (52)</u>
Securities Lending Transactions:		
Securities Lending Income	1,698	
<u>Securities Lending Expense</u>	<u>(267)</u>	=
<u>Net Securities Lending Transactions</u>	<u>1,431</u>	
<u>Total Additions</u>		<u>3,321,486 159,356</u>
DEDUCTIONS		
Benefits and Refunds of Deductions	2,459,828	
Administrative and General	16,991	
Taxes Distributed to Other Governments	- 153,569	
Other Custodial Disbursements	- 5,787	
Total Deductions	2,476,819	159,356
Net Increase in Net Position		844,667
Net Position:		
<u>Beginning of Year</u>	<u>10,110,766</u>	
<u>End of Year</u>	<u>\$ 10,955,433</u>	

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1) Summary of Significant Accounting Policies

The City of Chicago (City), incorporated in 1837, is a "home rule" unit under State of Illinois law. The City has a mayor-council form of government. The Mayor is the Chief Executive Officer of the City and is elected by general election. The City Council is the legislative body and consists of 50 members, each representing one of the City's 50 wards. The members of the City Council are elected through popular vote by ward for four-year terms.

The accounting policies of the City are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 1, 2021, the City adopted the following GASB Statements:

GASB Statement**Impact**

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period ("GASB 89")

Establishes accounting requirements for interest cost incurred before the end of a construction period. The City adopted GASB 89 as of and for the year ended December 31, 2021. There was no material impact to the basic financial statements upon adoption.

GASB Statement No. 92, Omnibus 2020

Clarifies multiple financial reporting topics included in multiple GASB statements. The City adopted GASB 92 as of and for the year ended December 31, 2021. There was no material impact to the basic financial statements upon adoption.

GASB Statement No. 98, The Annual Comprehensive Financial Report ("GASB 98")

Establishes the term annual comprehensive financial report and its acronym ACFR. There was no impact as a result of this implementation as the City had previously updated the name of the Annual Comprehensive Financial Report as of and for the year ended December 31, 2020.

GASB Statement No. 99, Omnibus 2022 ("GASB 99")

Clarifies multiple financial reporting topics included in multiple GASB statements. Certain portions of the statement are effective and implemented for the year ended December 31, 2021 including: extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. There was no material impact to the basic financial statements upon adoption. The remainder of the statement is applicable to the years ended December 31, 2023 and December 31, 2024 as noted below.

Upcoming Accounting Standards-

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management has not yet evaluated the effect of the implementation of these standards.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

GASB Accounting Standard	Required Year of Adoption
GASB Statement No. 87, Leases ("GASB 87")	2022
GASB Statement No. 91, Conduit Debt Obligations ("GASB 91")	2022
GASB Statement No. 93, Replacement of Interbank Offered Rates ("GASB 93") - Remaining provisions	2022
<i>GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements ("GASB 94")</i>	2023
<i>GASB Statement No. 96, Subscription-based Information Technology Arrangements ("GASB 96")</i>	2023
<i>GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial</i>	

<i>Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> ("GASB 97") - Remaining provisions	2022
GASB Statement No. 99, Omnibus 2022 ("GASB 99") - Remaining provisions	2023 & 2024
<i>GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment</i> of GASB Statement No. 62	2024
GASB Statement No. 101, Compensated Absences	2024

Reporting Entity - The financial reporting entity consists of the City and its component units, which are legally separate organizations for which the City is financially accountable. The financial statements for the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental units, as required by the Municipal Code of Chicago (Code). The City includes the Chicago Public Library.

The City's financial statements include the following legal entities as fiduciary funds:

The Municipal Employees' Annuity and Benefit Fund of Chicago is governed by a five-member board: three members are elected by plan participants and two are members ex-officio.

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is governed by an eight-member board: two members are elected by plan participants, two are members ex-officio, two members are appointed by the City Department of Human Resources, one member is elected by retired plan participants and one member is elected by the local labor union.

The Policemen's Annuity and Benefit Fund of Chicago is governed by an eight-member board: four members are elected by plan participants and four are appointed by the Mayor.

The Firemen's Annuity and Benefit Fund of Chicago is governed by an eight-member board: four members are elected by plan participants and four are members ex-officio.

Financial statements for each of these four pension plans (collectively, "Pension Plans") may be obtained at the respective Pension Plans' offices.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

Blended Component Unit

The City's financial statements include, as a blended component unit, the Sales Tax Securitization Corporation (the "STSC"). The STSC 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) (the "State"), as amended, and organized in accordance with an ordinance adopted by the City of Chicago City Council on October 11, 2017. The STSC is a non-stock corporation, has no members, and is governed by a board of directors (the "Board"). Except as described in the following sentence, the Board has five voting directors, all of whom are officials of the City. The STSC's Bylaws require the vote of an additional "independent director" as a condition to taking certain actions. The independent director would be appointed by the Mayor of the City prior to any such actions.

Pursuant to a sale agreement authorized by Division 13 of Article 8 of the Illinois Municipal Code, in 2017 the City entered into an Assignment, Purchase and Sale Agreement ("Sale Agreement") with the STSC under which the City sold its right, title, and interest in and to certain sales tax revenues collected by the State (the "Sales Tax Revenues"). The Sales Tax Revenues consist of (a) revenues resulting from the 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 statute; and (b) revenues resulting from the collection of four separate taxes (collectively, the "Local Share Sales Tax Revenues") imposed by the State. 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.

The STSC provides benefits exclusively to the City, and as a result, is presented as a blended component unit of the City.

The City reports the General Fund of the STSC as a non-major special revenue fund and the Debt Service Fund of the STSC as a major debt-service fund.

Complete financial statements of the STSC can be obtained at www.salestaxsecuritizationcorporation.com <<http://www.salestaxsecuritizationcorporation.com>>.

The City's financial statements also include, as a blended component unit, the Chicago Community Catalyst Fund LLC (the "CCCF"). The CCCF is a special purpose investment-related limited liability company incorporated under the provisions of the Illinois Limited Liability Company Act of the State of Illinois (805 ILCS 180) (the "State"), as amended, and organized in accordance with an ordinance adopted by the City of Chicago City Council on November 16, 2016 (the "CCCF Ordinance"). The CCCF currently has one member (the City of Chicago) and is governed by a board of managers (the "Board"). The Board has seven voting managers, three of whom are officials of the City. The remaining four voting managers are selected by the Mayor, subject to approval by the City Council. The CCCF ordinance and the CCCF's organizational agreement allow for admission of additional members but to date no additional members have joined the CCCF. The CCCF Ordinance contemplates that up to six additional managers could be appointed to the Board if additional members join the CCCF.

The CCCF is an investment vehicle to provide funding in communities as a catalyst for economic development that can only be invested by the City, and thus provides benefits exclusively to the City. As a result, is presented as a blended component unit of the City.

The City reports the CCCF within the Service Concession and Reserve Fund. During 2020, the CCCF provided Small Business Resiliency Loans to eligible local small businesses to assist with the impact of the COVID-19 Pandemic. As of December 31, 2021, the loans receivable balance was \$18.4 million.

The City's officials are responsible for appointing a voting majority of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making appointments and no financial accountability or fiscal dependency exists between the City and these

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CITY OF CHICAGO, ILLINOIS NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

organizations. Therefore, the Chicago Park District, Chicago Public Building Commission, Chicago Public Schools, Community College District No. 508, Chicago Housing Authority, and the Chicago Transit Authority are deemed to be related organizations.

- a) Government-wide and fund financial statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

- b) Measurement focus, basis of accounting, and financial statement presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider

have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be 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 with the exception of property tax revenue, which is recorded as deferred inflows unless taxes are received within 60 days subsequent to year-end. Licenses and permits, charges for services and miscellaneous revenues are not considered to be susceptible to accrual and are recorded as revenues when received in cash, except for Ground Emergency Medical Transportation services, which are recorded as revenue if collected within the first 90 days subsequent to year-end. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting, except for interest and principal on long-term debt, the long-term portion of compensated absences, claims and judgments, and pension obligations.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Federal, State and Local Grants Fund accounts for the expenditures for programs, which include general government, health, public safety, transportation, aviation, cultural and recreational, and capital outlays. The majority of revenues are provided by several agencies of the Federal government, departments of the Illinois State government, and City resources.

Special Taxing Areas Fund accounts for expenditures for special area operations and maintenance and for redevelopment project costs as provided by tax levies on special areas.

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**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

Service Concession and Reserve Fund accounts for monies committed for mid-term and long-term uses. The Mid-term portion is subject to appropriation for neighborhood human infrastructure programs, health, and other initiatives, whereas the Long-term portion is committed for future budgetary and credit rating stabilization. These reserves were created as a result of the Skyway Lease and Parking Meter System transactions. The deferred inflows result from long-term concession and lease transactions whose proceeds are recognized as revenue over the term of the agreements. This fund also includes the CCCF blended component unit as described above.

Bond, Note Redemption and Interest Fund accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax, and investment income.

STSC Debt Service Fund accounts for the expenditures for principal and interest as provided by sales tax revenues.

Community Development and Improvement Projects Funds account for proceeds of debt used to acquire property, finance construction, and finance authorized expenditures and supporting services for various activities.

Pension Fund accounts for the City's contribution to the City's four Employees' Annuity and Benefit Funds as provided by the tax levy and other sources of revenue, including the allocable share from Enterprise Funds and Special Revenue Funds.

Within the governmental fund types, fund balances are reported in one of the following classifications:

Nonspendable includes amounts that cannot be spent because they are either: (a) not in a spendable form; or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (i.e., City Council); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The City's highest level of decision-making authority is held by the City Council. The City Council passes Ordinances to commit their fund balances.

Assigned includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: (a) the City Council itself; or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The Budget Director or Comptroller has authority to assign amounts related to certain legal obligations outside of the appropriation process within the General Fund. Within the other governmental fund types (special revenue, debt service, and capital projects) resources are assigned in accordance with the established fund purpose and approved appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

Unassigned includes the residual fund balance that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

The City reports the following major proprietary funds as business-type activities:

Water Fund accounts for the operations of the Chicago Water System (Water). The Water system purifies and provides Lake Michigan water for 494,329 accounts that includes the City and the suburbs. The Water Fund operates two water purification facilities with a combined output pumping capacity of 2,160 million

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**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

gallons per day and 12 pumping stations with a combined pumping capacity of 3,661 million gallons per day.

Sewer Fund accounts for the operations of the Wastewater Transmission System (Sewer). The Sewer system transports wastewater to the Metropolitan Water Reclamation District of Greater Chicago for processing and disposal. This service is provided for the residents and businesses of the City and certain suburban customers.

Chicago-Midway International Airport Fund records operations of Chicago-Midway International Airport (Midway) that provides regional travelers with access to airlines that generally specialize in low-cost, point-to-point, origin and destination passenger services. Midway Airport is conveniently located 10 miles from downtown Chicago.

Chicago-O'Hare International Airport Fund records operations of Chicago-O'Hare International Airport (O'Hare), the primary commercial airport for the City. The airlines serving the Airport operate out of four terminal buildings with a total of 193 gates as of December 31, 2021. Three domestic terminal buildings, having a total of 173 aircraft gates serve the majority of O'Hare's domestic flights and certain international departures. Terminal 5 with 20 aircraft gates and four hardstand positions, serves the remaining international departures, all international arrivals, and some domestic flights.

Chicago Skyway Fund records operations of the Chicago Skyway (Skyway) which provides vehicle passage across the Calumet River, between the State of Indiana and the State of Illinois (State) through the operation of a tollway which consists of a 7.8-mile span connecting the Dan Ryan Expressway to the Indiana Toll Road. Facilities include a single toll plaza consisting of a central office, maintenance garage and toll collection area. In January 2005, the City entered into a long-term Concession and Lease Agreement of the Skyway, granting a private company the ability to operate and to collect toll revenue during the 99-year term of the agreement. The City received a one-time upfront payment of \$1.83 billion.

Additionally, the City reports the following fiduciary funds:

Pension Trust Funds report expenditures for employee pensions as provided by employee and employer contributions and investment earnings.

Custodial Funds account for transactions for assets held by the City as agent for certain activities or for various entities, such as tax collected on behalf of another government (i.e., McCormick Departure Tax; Special Assessments; CPS Building and Improvement).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's water, sewer, airports, and Skyway funds.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods and services, or privileges provided, or fines; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. General revenues include internally dedicated resources and taxes.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

In the fund financial statements, proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer funds are charges to customers for sales and services. The O'Hare and Midway funds' principal operating revenues are derived from landing fees and terminal use charges as well as rents and concessions. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating

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**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

revenues and expenses.

When both restricted and unrestricted (committed, assigned or unassigned) resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

c) Assets, liabilities, deferred inflows, deferred outflows, and net position or fund balance

- i) Cash, Cash Equivalents and Investments generally are held with the City Treasurer as required by the Code. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly. The City uses separate escrow accounts in which certain tax revenues are deposited and held for payment of debt.

The Code permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, State, and U.S. Government; U.S. Treasury bills and other noninterest-bearing general obligations of the U.S. Government purchased in the open market below face value; commercial paper and State and Local Government Series (SLGS), domestic money market funds regulated and in good standing with the Securities and Exchange Commission and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivative instruments, as defined, without City Council approval. The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than or equal to one year are reported at amortized cost.

The City's four retirement plans are authorized to invest in bonds, notes, and other obligations of the U.S. Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; real estate; and other investment vehicles as set forth in the Illinois Compiled Statutes. These investments are reported at fair value.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City Treasurer requires that securities that are pledged to secure these agreements have a fair value equal to the cost of the repurchase agreements plus accrued interest.

Investments generally may not have a maturity date in excess of thirty years from the date of purchase. Certain other

investments are held in accordance with the specific provisions of applicable ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Deficit cash balances result in interfund borrowings from the aggregate of funds other than escrowed funds. Interest income and expense are generally not recognized on these interfund borrowings.

State statutes, the City and the City's Pension Plans' policies permit lending securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Securities lent at year-end for cash collateral are presented as not categorized in the schedule of

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**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral.

Securities Lending by the Pension Plans - The State Statutes and the Board of Trustees permit the Pension Plans to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Plans' custodians, acting as the lending agent, lend securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102 percent of the fair value of domestic securities plus accrued interest and 105 percent of the fair value of foreign securities plus accrued interest. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults. All securities loans can be terminated on demand within a period specified in each agreement by either the Funds or the borrowers. The contracts with the Fund's custodian require the securities lending agent to indemnify the Funds.

Municipal Employees' - The average term of securities loaned was 115 days at December 31, 2021. The cash collateral is invested in tri-party repurchase agreements and bank deposits which had a weighted average maturity of 28 days at December 31, 2021.

Laborers' - The average term of securities loaned was 92 days at December 31, 2021. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 38 days at December 31, 2021.

Policemen's - The average term of the Fund's loan was approximately 5.7 days as of December 31, 2021. Cash collateral was reinvested in indemnified repurchase agreements which had an interest sensitivity of 1 day at December 31, 2021.

Firemen's - The average term of securities loaned was 49 days in 2021. Cash collateral may be invested in a short-term investment pool, which had a weighted average maturity of 28 days at December 31, 2021.

- ii) Receivables and Payables activity between funds are representative of services rendered, outstanding at the end of the fiscal year, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is based on historical trends. The estimated value of services provided but unbilled at year-end has been included in receivables.

- iii) Inventory includes government-wide inventories, which are stated at cost determined principally, using the average cost method. For proprietary funds, the costs of inventories are recorded as expenses when used (consumption method). Governmental fund inventories are accounted for using the purchases method and represent nonspendable resources because they do not represent expendable available financial resources.
- iv) Restricted Assets include certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment. These assets are classified as restricted or committed in the basic financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or specific City Council action.

The Water and Sewer funds maintain Rate Stabilization Accounts where any net revenues remaining after providing sufficient funds for all required deposits in the bond accounts may be transferred upon the direction of the City to be used for any lawful purpose of the specific fund.

The O'Hare and Midway funds maintain Passenger Facility Charge accounts as restricted as they are subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital and

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debt-related activities and Customer Facility Charges as they are subject to State regulation to finance operating, capital, and debt-related activities of car rental consolidated facility and related activities.

- v) Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets, or a network of assets, with an initial cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The business-type activities prospectively adopted GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period ("GASB 89") as of January 1, 2021. Prior to the adoption of GASB 89, interest expense was capitalized during construction of those capital projects that were paid for from the bond proceeds and were being amortized over the depreciable life of the related assets on a straight-line basis. Subsequent to the adoption of GASB 89, interest expense on construction bond proceeds was expensed as incurred.

Property, plant, and equipment of the City are depreciated using the straight-line method, in the year subsequent to acquisition or when placed into service, over the following estimated useful lives:

Utility plant			
Utility structures and improvements			
Buildings and improvements			
Airport runways, aprons, tunnels, taxiways, and paved roads ...			
Bridge infrastructure			
Lighting infrastructure			
Street infrastructure			
Transit infrastructure			
Equipment (vehicle, office, and computer)			
25- 100 years	50- 100 years	10 - 40 years	30 years 10 - 40 years 25 years
			10 - 25 years 25 - 40 years 5 - 20 years

The City has a collection of artwork and historical treasures presented for public exhibition and education that are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. A portion of this collection is not capitalized or depreciated as part of capital assets.

- vi) Deferred Outflows represent unamortized loss on bond refundings, the fair value of derivative instruments that are deemed to be effective hedges, differences between estimated and actual investment earnings related to pensions, changes in actuarial assumptions related to pensions, and other pension related changes. Deferred Outflows for OPEB represent the difference between expected and actual non-investment experience and assumption changes.
- vii) Employee Benefits are granted for vacation and sick leave, workers' compensation, and health care. Unused vacation leave is accrued and may be partially carried over for one year. Sick leave is accumulated at the rate of one day for each

month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Sections 457 and 401(a). The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Third-party administrators who maintain the investment portfolio administer the Plan. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State. Expenditures for workers' compensation are recorded when paid in the governmental funds. A liability for these amounts is recorded in the government-wide and proprietary fund financial statements.

- viii) Judgments and claims are included in the government-wide financial statements and proprietary fund types. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Amounts that relate to deferred compensatory time and reserves for questioned costs are treated the same way.
- ix) Long-term obligations are included in the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

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 a financed purchase of the underlying asset, or accounts payable.

The City enters into interest rate swap agreements to modify interest rates and/or cash flows on outstanding debt. For existing swaps, the net interest expenditures resulting from these arrangements are recorded as interest expense. The fair value of derivative instruments that are deemed to be effective is accounted for as deferred outflows. Derivative instruments that are deemed not effective are adjusted to fair value with the change in fair value recorded to investment earnings. Under certain bond ordinances adopted by the City Council, interest rate swaps and swaptions are authorized to be entered into by designated City officials in connection with certain bonds issued by the City. For swaps related to Midway Bonds, airline approval is also required before entering into a swap agreement.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts given on debt issued are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Certain debt obligations are to be paid from sales tax, motor fuel or special area taxes.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's four pension plans and additions to/deductions from the City's Pension Plans' fiduciary net position have been determined on the same basis as they are

reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in

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accordance with the benefit terms. Investments are reported at fair value. The financial statements of the Plans are prepared using the accrual basis of accounting.

- x) Deferred inflows represent amounts to be recognized as revenue on a straight line basis over the life of the related long-term lease and concession agreements and differences between projected and actual actuarial experience related to pensions, and other pension related changes. In the fund financials, grants that meet all of the eligibility criteria except for time availability and property taxes levied for a future period are also included in deferred inflows. Deferred inflows for OPEB represent the difference between expected and actual non-investment experience and assumption changes.
- xi) Net Position in the government-wide statements is classified in three separate categories:
 - 1) Net investment in capital assets - Consists of capital assets, both tangible and intangible and including restricted capital assets, net of accumulated depreciation (financed through borrowing, donated, purchased with existing resources) and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings including accounts payable and retainage payable, that are attributable to the acquisition, construction, or improvement of those assets. Also, reduced by capital-related deferred inflows of resources and increased by capital-related deferred outflows of resources. The unspent resources and associated portion of outstanding capital-related debt, if any, are reported in the appropriate component of net position (restricted or unrestricted, depending on the constraints on the unexpended resources).
 - 2) Net position-restricted net position - Consists of non-capital assets whose use is restricted less related liabilities and deferred inflows of resources. The limitation on the use of noncapital assets must be substantive to qualify as a restriction; and is considered restricted only if the limitation is considered externally enforceable. Externally enforceable limitations result from constraints imposed by: parties outside the government (creditors, grantors, donors, other governments); constitutional provisions; or enabling legislation (legislation that raises resources from external parties subject to a legally enforceable requirement that those resources "be used only for the specific purpose stipulated in the legislation"). Restricted net position for business activities is provided in Exhibit 8, Statement of Net Position, Proprietary Funds.
 - 3) Net position-unrestricted - Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is classified as net position-unrestricted. As of December 31, 2021, the net position-unrestricted represents a deficit.

2) Reconciliation of Government-wide and Fund Financial Statements

a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position.

- i) The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$2,693.2 million are as follows (dollars in thousands):

Deferred inflows - property tax	\$ 2,148,628
Deferred inflows - grants	544,526
Net adjustment to increase fund balance - total governmental funds	
<u>- to arrive at net position - governmental activities</u>	<u>\$ 2,693,154</u>

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- ii) Another element of that reconciliation explains that "Certain liabilities, deferred inflows and deferred outflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$43,771.5 million are as follows (dollars in thousands):

Long-term liabilities'	
Total bonds, notes and certificates payable	\$ (11,600,391)
Pension benefits	(30,163,647)
Other postemployment benefits	(2,000,017)
Pollution remediation	(49,535)
<u>Claims and judgments</u>	<u>(1,015,039)</u>
Total Long-term liabilities	(44,828,629)
Accounts payable - infrastructure retainage	(1,595)
Bonds, notes and other obligations payable current	70,850
Deferred outflows - unamortized loss on refunding	189,054
Deferred outflows - pension costs	2,090,958
Deferred outflows - other postemployment benefits costs	1,274,596
Deferred inflows - pension	(1,178,353)
Deferred inflows - other postemployment benefits	(120,412)
Accrued and other liabilities - compensated absences	(84,920)
<u>Accrued and other liabilities - pension payable to pension funds</u>	<u>(1,183,000)</u>
Net adjustment to reduce fund balance - total governmental funds	
- to arrive at net position -	
<u>governmental activities</u>	<u>\$ (43,771,451)</u>

b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

- i) The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$51.9 million are as follows (dollars in thousands):

Capitalized asset expenditures	\$ 508,659
Donated assets	13,478
Depreciation expense	(470,283)
Net adjustment to increase net changes in fund balances - total	
governmental funds - to arrive at	
<u>changes in net position - governmental activities</u>	<u>\$ 51,854</u>

- ii) Another element of that reconciliation states that "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position." The details of this increase of \$169.7 million are as follows (dollars in thousands):

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Proceeds of debt	\$ (1,670,433)
Proceeds from line of credit	(215,000)
(Premium) / Discount	(223,975)
Payment to refunded bond escrow agent	1,810,314
Principal retirement	594,351
<u>Interest expense</u>	<u>(125,600)</u>
<u>Net adjustment to increase net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities</u>	
	<u>\$ 169,657</u>

Another element of that reconciliation states that "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this decrease of \$126.6 million are as follows (dollars in thousands):

Claims and judgments	\$ 15,114	
Pension costs	82,217	
Other post employment benefit liabilities	(223,817)	
Pollution remediation	(5,900)	
Vacation	(43)	
<u>Inventory</u>		<u>5,878</u>
<u>Net adjustment to reduce net changes in fund balances - total governmental funds - to arrive at changes in net position - governmental activities</u>		
		<u>\$ (126,551)</u>

3) Stewardship, Compliance and Accountability

- a) Annual Appropriation Budgets are established for the Corporate (General) Fund and the Vehicle Tax; Motor Fuel Tax and Project; Pension; Chicago Public Library; Special Events, Tourism and Festivals; and Cannabis Tax Funds, on a non-GAAP budgetary basis:
 - i) In October, the Mayor submits to the City Council a proposed budget of expenditures and the means of financing them for the next year.
 - ii) The budget document is available for public inspection for at least ten days prior to passage of the annual appropriation ordinance by the City Council, which is also required to hold at least one public hearing.
 - iii) Prior to January 1, the budget is legally enacted through passage of the appropriation ordinance.
 - iv) Subsequent to the enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget, which results in a change in total or individual appropriations. The legal level of budgetary control is designated in the budget by object grouped by purpose.
 - v) All annual appropriations unused and unencumbered lapse at year-end. Encumbered appropriations are carried forward to the following year. Project-length financial plans are adopted for Capital Project Funds. Appropriations for Debt Service Funds are established by bond ordinance.
- b) Reconciliation of GAAP Basis to Budgetary Basis - The City's budgetary basis of accounting used for budget vs. actual reporting differs from GAAP. For budgetary purposes, encumbrances are recorded as expenditures but are included in "Unassigned" fund balance for GAAP purposes. For budgetary purposes, proceeds of long-term debt and transfers in are classified as revenues. For budgetary purposes prior years' resources used to cover current year budgetary expenditures are recorded as revenues. For budgetary purposes, grant reimbursements to other funds are counted as revenues and not netted against expenditures. For GAAP purposes, proceeds of long-term debt and transfers out are treated as other financing sources. For

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GAAP purposes, in-kind contributions and expenditures related to in-kind contributions are recorded as revenues and expenditures. Provision for doubtful account expenditures are not budgeted. In 2021, the \$782.2 million of ARP Revenue Replacement was recorded as a Transfer In within the General Fund on the budgetary basis but was recorded as Federal and State Grant Revenue in the fund financials in accordance with GAAP. A reconciliation of the different basis of revenue and expenditure recognition for the year ended December 31, 2021 is as follows (dollars in thousands):

	General
	Fund
Revenues, GAAP Basis	\$ 4,632,509
Add:	
Transfers In	671,960
Deduct:	
<u>In-Kind Contribution</u>	<u>(4,372)</u>
<u>Revenues, Budgetary Basis</u>	<u>\$ 5,300,097</u>
Expenditures, GAAP Basis	\$ 4,683,948
Add:	
Transfers Out	306,743
Encumbered in 2021	13,513
Deduct:	
In-Kind Contribution	(2,215)
Payments on Prior Years' Encumbrances	(30,440)
<u>Provision for Doubtful Accounts and Other</u>	<u>(186)</u>
<u>Expenditures, Budgetary Basis</u>	<u>\$ 4,971,363</u>

- c) Individual Fund Deficits include the Chicago Skyway Fund, an Enterprise Fund, which has a deficit fund balance of \$1,292.7 million which management anticipates will be funded through recognition of deferred inflows. Midway International Airport Fund has a deficit fund balance of \$340.5 million which will be funded through future revenues. Federal State and Local Grants, a governmental fund, has a deficit fund balance of \$427.0 million and will be funded by the recognition of deferred grant inflows. The Service Concession and Reserve Fund, a Special Revenue Fund, has a deficit fund balance of \$743.7 million which will be funded through the recognition of deferred inflows. The Bond, Note Redemption and Interest Fund, a Debt Service Fund, has a deficit fund balance of \$3,884.8 million which will be funded through the amortization of the deferred inflow (reclassified to Due to Other Funds on the blended fund financials) associated with the City's sale of sales tax revenues to the STSC. The STSC is a blended component unit and for presentation purposes deferred inflows have been reclassified as internal balances.

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4) Restricted and Unrestricted Cash, Cash Equivalents and Investments

a) Investments As of December 31, 2021, the City had the following Investments (dollars in thousands):

Investment Type	Maturities (in Years)				
	<u>Less Than 1</u>	<u>1J5</u>	<u>6-10</u>	<u>More Than 10</u>	<u>Total</u>
City Funds					
U.S. Government	\$ 11,038	\$ -	\$ -	\$ -	\$ 11,038
U.S. Treasury	-	11,307		--11,307	
AgencyMBS*	-	1,813		95,347	426,561
AgencyBonds	1,699	1,288,396		72,716	-1,362,811
Commercial Paper	1,936,148	-		--1,936,148	
Corporate ABS*	1,760	231,289		48,610	417,144
Corporate Bonds	225,991	734,182		1,238,075	62,978
ETF-Corporate Equity	742	-	-	-742	
Money Market Funds	1,475,790	-	-	-1,475,790	
Municipal Bonds	68,187	344,919		206,183	287,219
State and Local					
Government Series		11,175	21,412	-	-
Supranational Bonds	=	<u>74,859</u>	=	=	<u>74,859</u>
Total City Funds	\$ 3,732,530	\$ 2,708,177	\$ 1,660,931	\$ 1,193,902	\$ 9,295,540

* In 2020, Asset Backed Securities were further divided into AgencyMBS and Corporate ABS. Included

in the table above are investments held with escrow agent. Pension Trust Funds

U.S. and Foreign						
Government Agencies	\$ 50,060	\$ 184,566	\$ 101,222		\$ 305,054	\$ 640,902
Corporate Bonds	1,062,349	311,452	205,650	157,908	1,737,359	
Corporate Equities	4,517,936	-	-	-	4,517,936	
Pooled Funds	114,814	35,921	-	-	150,735	
Real Estate	653,240	-	-	-	653,240	
Securities Received from						
Securities Lending		485,537	-	-	-	485,537
Venture Capital	763,453	-	-	-	-	
Certificates of Deposit and		-	-	-	-	
Other Short-term		293,586	-	-	-	293,586
Derivatives	371	-	-	-	371	
Other	183,065	98,183	44,724		325,972	
Total Pension Trust Funds	\$ 8,124,411	\$ 630,122	\$ 351,596	\$ 462,962	\$ 9,569,091	
Total	\$ 11,856,941	\$ 3,338,299	\$ 2,012,527	\$ 1,656,864	\$ 18,864,631	

City's Fair Value Measurements for Investments:

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation techniques used to measure fair value.

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets
Level 2 - Observable inputs other than quoted market prices, and Level 3 - Unobservable Inputs

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Investments that are valued using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investments that are valued through other observable inputs (Level 2), are valued using methods that include, but are not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing.

The City's investments measured at fair value as of December 31, 2021 are as follows (dollars in thousands):

<u>Investments by Fair Value Level</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government	\$ -	\$ 11,038	S -
U.S. Treasury	-11,307		
State and Local Government Series	-21,412		
Agency Bonds	-1,361,112		
Agency MBS	-523,721		
Corporate ABS	-698,803		
Corporate Bonds	-2,160,704		
Municipal Bonds	-891,183		
Supranational Bonds	-74,859		
<u>Total Investments at Fair Value</u>	<u>S</u>	<u>\$ 5,754,139</u>	

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than the external investment pools are measured at amortized cost and are not reflected in the table above. The total of these investments at amortized cost for the City are \$3,541.4 million.

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Pension Trust Funds' Investments measured at fair value as of December 31, 2021 are as follows (Dollars in thousands)-

	Summary Total	Level 1	Level 2	Level 3
U.S. and Foreign				
Government Agencies	\$ 640,902	\$ 4,500		\$ 636,402
Corporate Bonds	1,384,778	-		1,384,777
Corporate Equities	4,030,783	4,027,103		674 3,006
Pooled Funds	57,148	17,526	39,622	
Securities Received from				
Securities Lending	485,537	-	485,537	
Venture Capital	13,540	-	-	13,540
Certificates of Deposit and Other Short-term	231,008	47,605		183,335
Derivatives	371	295	76	
Other	144,049		143,949	100
Subtotal	6,988,116	4,097,029		2,874,372

Pension Trust Funds' Investments measured at net asset value:	Unfunded	Redemption Commitments	Redemption Frequency	Redemption Notice
Corporate Bonds	\$ 352,581	\$ 34,454	Daily	5 Days
Corporate Equities	487,153			
Pooled Funds	93,587			
Real Estate	653,240	38,979	Quarterly, Annually - Open-end, 10, 30 or 45 Days - Not eligible - Closed - end, Open-end, 30 - 45 days As needed, N/A, Illiquid	Not eligible, N/A
Venture Capital	749,913	170,533	Not eligible, As needed, N/A, Illiquid, Close-end/ Quarterly	N/A, 30 - 95 days, Not eligible, N/A, 90 days, N/A
Certificates of Deposit and Other Short-term	62,578			
Other *	181,923	29,304	Illiquid	N/A
Subtotal	2,580,975			
Pension Trust Funds' Investments Total	\$9,569,091			

* Other includes Fixed Assets & Hedge Fund of Funds

Corporate bonds - Include debt instruments created by companies for the purpose of raising capital and pay a specified amount of interest on a regular basis.

Corporate equities - Include investments in funds primarily holding publicly traded US and non-US equity securities.

Pooled funds - Include investments that are pooled to maximize the total return.

Real estate funds - Include investments in open and closed-end real estate funds. Investments in open-end funds have limited redemption availability as redemption opportunities are based on available liquidity. Closed-end funds do not offer redemptions. Distributions from closed-end funds will be received as the underlying investments are liquidated.

Venture capital - Includes investments where the objective is to achieve long-term capital appreciation, preserve capital, and achieve a consistent pattern of returns through investments in limited partnerships,

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privately issued securities, private equity funds, and other pooled investments with a focus on the venture sector and undervalued alternative investments. Closed-end limited partnership interests are generally illiquid and cannot be redeemed.

Short-term investments - Include short-term investments of high quality and low risk to protect capital while achieving investment returns.

Other - Includes Hedge Funds of long/short equity hedge fund-of-funds.

- i) Interest Rate Risk - The interest rate risk, or market risk, refers to the chance that investments in bonds -also known as fixed-income securities - will suffer as the result of unexpected interest rate changes. However, the City mitigates interest rate risks by diversifying portfolios to include a multitude of different bonds that have varying maturation schedules.
- ii) Credit Risk - With regard to credit risk, the Code limits the investments in securities to:
 - 1) Interest-bearing general obligations of the United States and the State of Illinois;
 - 2) United States treasury bills and other non-interest-bearing general obligations of the United States or United States government agencies when offered for sale at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest;
 - 3) Tax anticipation warrants, municipal bonds, notes, commercial paper or other instruments representing a debt obligation issued by the City, the Chicago Board of Education, the Chicago Housing Authority, the Chicago Park District, the Chicago Transit Authority, and the City Colleges of Chicago;
 - 4) Commercial paper which: (1) at the time of purchase, is rated in the two highest classifications by at least two accredited ratings agencies; and (2) matures not more than 270 days after the date of purchase;
 - 5) Reverse repurchase agreement if: (1) the term does not exceed 90 days; and (2) the maturity of the investment acquired with the proceeds of the reverse repurchase agreement does not exceed the expiration date of the reverse repurchase agreement. Reverse repurchase agreements may be transacted with primary dealers and financial institutions, provided that the City has on file a master repurchase agreement;
 - 6) Certificates of deposit of banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance or demand deposits in banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance; provided that any amount of the deposit in excess of the federal deposit insurance shall be collateralized as noted in Custodial Credit Risk - Cash and Certificates of Deposit below;
 - 7) Bankers acceptance of banks whose senior obligations, at the time of purchase, are rated in either the AAA or AA rating categories by at least two accredited ratings agencies;
 - 8) Tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
 - 9) Domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission; provided that such money market mutual funds' portfolios are limited to investments authorized by this section;
 - 10) Any other suitable investment instrument permitted by state laws governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds;
 - 11) Except where otherwise restricted or prohibited, a non-interest-bearing savings account, non-interest-bearing checking account or other non-interest bearing demand account established in a national or state bank, or a federal or state savings and loan association, when, in the determination of the Treasurer, the placement of such funds in the non-interest bearing account is used as compensating balances to offset fees associated with that account that will result in cost savings to the City;

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

- 12) Bonds of companies with assets exceeding \$500.0 million that, at the time of purchase, are rated investment grade, by at least two accredited ratings agencies;
- 13) Debt instruments of international financial institutions, including but not limited to the World Bank and the International Monetary Fund, that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A- rating, or equivalent rating. The maturity of investments authorized in this subsection shall not exceed 10 years. For purposes of this subsection, an "international financial institution" means a financial institution that has been established or chartered by more than one country and the owners or shareholders are generally national governments or other international institutions such as the United Nations;
- 14) United States dollar denominated debt instruments of foreign sovereignties that, at the time of purchase, are rated within four intermediate credit ratings of the United States sovereign credit rating by at least two accredited ratings agencies, but not less than an A- rating or equivalent rating;
- 15) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, not less than A-, or equivalent rating, by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions;
- 16) Bonds registered and regulated by the Securities and Exchange Commission and for which the full faith and credit of the State of Israel is pledged for payment; provided that the bonds have an A- rating or above or equivalent rating by at least two accredited ratings agencies;
- 17) Bonds, notes, debentures, or other similar obligations of agencies of the United States.
- 18) Asset-backed or agency mortgage-backed securities, any of which are rated at least investment grade by at least two accredited rating agencies, but no funds may be invested in: (1) obligations the payment of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral that pays no principal (e.g., MBS Interest-Only Strips); (2) obligations the payment of which represents the principal balance repayments from the underlying mortgage-backed security collateral that pays no interest (e.g., MBS Principal-Only Strips); (3) collateralized mortgage obligations ("CMOs") that have a stated final maturity date of greater than 10 years; and (4) CMOs the interest rate of which is determined in a manner that adjusts in the opposite direction to the changes in a market index (e.g., Inverse Floating Rate CMOs).
- 19) Interest in the Chicago Community Catalyst Fund.

Total holdings across all funds held by the City shall have no less than an overall average rating of Aa or equivalent rating without regard to any refinement or gradation of rating category by numerical modifier or otherwise on a quarterly basis.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

The following schedule summarizes the City's and Pension Trust Funds' exposure to credit risk (in thousands):

	<u>Quality Rating City</u>
Aaa/AAA	\$ 4,463,967
Aa/AA	968,022
A/A	760,834
Baa/BBB	1,121,603
Ba/BB	
B/B	
Caa/CCC	
Ca	
C/CC	
D/D	
P1/A1	1,322,306
P2/A2	613,842
MIG1/SP-1 +	
MIG2/SP-1+	
<u>Not Rated*</u>	<u>44,966</u>
Total Funds	\$ 9,295,540

	<u>Quality Rating</u>
Aaa/AAA	
Aa/AA	
A/A	
Baa/BBB	
Ba/BB	
B/B	
Caa/CCC	
Ca/CC	
CC/C	
D/D	
Not Rated	
Other	
<u>Pension Trust Funds</u>	\$ 198,883 67,476 163,855 245,109 141,534 122,890 20,914 148 853 1,645 271,809 397,255

\$ 1,632,371

* Not rated is primarily composed of money market mutual funds.

- iii) Custodial Credit Risk - Cash and Certificates of Deposit: This is the risk that in the event of a bank failure, the City's Deposits may not be returned. The City's Investment Policy states that to protect the City public fund deposits, depository institutions are to maintain collateral pledges on City deposits and certificates of deposit during the term of the deposit.

For deposits in banks or savings and loan associations designated as municipal depositories which are insured by federal deposit insurance, any amount of the deposit in excess of the federal deposit insurance shall be either: (1) fully collateralized at least 100 percent by: (i) marketable U.S. government securities marked to market at least monthly; (ii) bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States; or (iii) bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments; (2) secured by a corporate surety bond issued by an insurance company licensed to do business in the State of Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment; or (3) fully collateralized at least 100 percent by an irrevocable letter of credit issued in favor of the City by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the deposit.

The collateral required to secure City funds must be held in third-party safekeeping and pursuant to collateral agreements

The collateral required to secure City funds must be held in third party safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the City Treasurer. The final maturity of acceptable collateral pledged shall not exceed 120 months.

The bank balance of cash and certificates of deposit with the City's various municipal depositories was \$107.1 million. 96.6 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. \$3.6 million was uncollateralized at December 31, 2021, and thus was subject to custodial credit risk.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

- iv) Custodial Credit Risk - Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City limits custodial credit risk exposure because investment securities are registered in the City's name and held by the City's third-party custodians.
- v) Foreign Currency Risk - In the case of the Pension Trust Funds, this is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The risk of loss is managed by limiting its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios. The following schedule summarizes the Pension Trust Funds' exposure to foreign currency risk (in thousands):

<u>Foreign Currency Risk</u>		
Argentine Peso		\$ 68
Australian Dollar	51,782	
Brazilian Real	22,792	
British Pound	189,282	
Canadian Dollar	71,703	
Chilean Peso	3,131	
Chinese Yuan	5,571	
Colombian Peso	3,451	
Czech Republic Koruna	3,159	
Danish Krone	37,020	
Egyptian Pound	716	
European Euro	381,895	
HK Chinese Yuan Renminbi	12,699	
Hong Kong Dollar	143,589	
Hungarian Forint	2,519	
Indian Rupee	50,880	
Indonesian Rupiah	18,240	
Japanese Yen	228,433	
Kenyan Shilling	256	
Kuwaiti Dinar	142	
Malaysian Ringgit	4,854	
Mexican Peso	18,618	
New Israeli Shekel	8,318	
New Taiwan Dollar	77,796	
New Zealand Dollar	1,787	
Norwegian Krone	15,691	
Philippine Peso	4,791	
Polish Zloty	6,483	
Qatari Rial	801	
Russian Ruble	2,403	
Singapore Dollar	11,240	
South African Rand	17,194	
South Korean Won	61,587	
Swedish Krona	54,498	
Swiss Franc	95,848	

Swiss Franc	33,840
Thai Baht	6,269
Turkish Lira	903
<u>United Arab Emirates Dirham</u>	<u>728</u>
<u>Total Pension Trust Funds</u>	<u>\$ 1,617,137</u>

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CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

vi) The following schedule summarizes the cash and investments reported in the basic financial statements (dollars in thousands):

Per Note 4:	
Investments - City	\$ 9,295,540
<u>Investments - Pension Trust Funds</u>	<u>9,569,091</u>
	<u>\$ 18,864,631</u>
Per Financial Statements:	
Restricted Investments	\$ 3,082,405
Unrestricted Investments	3,499,058
Investments with Fiduciary Funds	8,936,972
Investments with Escrow Agent	439,805
Invested Securities Lending Collateral	485,537
Investments Included as Cash and Cash	
<u>Equivalents on the Statement of Net Position</u>	<u>2,420,854</u>
	<u>\$ 18,864,631</u>

5) Property Tax

The City's property tax becomes a lien on real property on January 1 of the year it is levied. The Cook County Assessor (Assessor) is responsible for the assessment of all taxable real property within Cook County (County), except for certain railroad and other limited property types assessed directly by the State. The Cook County Board has implemented a triennial cycle of reassessment in which one-third of the County will be reassessed each year on a repeating system established under the state's Property Tax Code and the Code of Ordinances of Cook County. The Assessor and Cook County Board of Review (Board of Review) administer that schedule according to the rules set forth in those two sets of laws.

Property in the County is separated into multiple classifications for assessment purposes. After the Assessor establishes a property's fair market value, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (Assessed Valuation) for that parcel. These percentages range from 10.0 percent for certain residential, commercial, and industrial property to 25.0 percent for other commercial and industrial property.

In addition, the City uses Tax Increment Financing (TIF) for Special Areas. TIF Funds are used to build and repair roads and infrastructure, clean polluted land and put vacant properties back to productive use, usually in conjunction with private development projects. Depending on when the TIF district was created, TIF Funds can be generated by, among other tax revenues, growth in the Equalized Assessed Valuation (EAV) of properties for property tax purposes within a designated district over a period of years. This period can last between 23 and 36 years, determined by the type of TIF district created, unless either the TIF district's authorization is repealed under state law, or the City Council acts to terminate it. Funding levels for specific projects are coordinated with area plans and goals. When an area is declared a TIF district, a base EAV is established and the amount of property tax distributed annually among the taxing districts possessing levying authority over that area is limited to that derived from the base EAV. As property values increase in the area, all property tax growth generated from any increment in EAV above the base EAV, minus certain exemptions for applicable properties within that area, can be used to fund redevelopment costs within the TIF district. The increase, or increment, can be used to pay back bonds issued to pay upfront costs, or can be used on a pay-as-you-go basis for individual projects. When the City Council adopts an ordinance dissolving the TIF district's special tax allocation fund, which the City Council typically does at the conclusion of the 23- to 36-year period, the TIF district expires. The incremental EAV is then returned to the base EAV and all the property tax revenue from the area is distributed annually among the taxing districts that have authority to levy taxes on property in that area.

The Illinois Department of Revenue (Department) has the statutory responsibility of ensuring uniformity of real property assessments

The Illinois Department of Revenue (Department) has the statutory responsibility of ensuring uniformity of real property assessments on an inter-county basis throughout the State. Each year, the Department furnishes the county clerks with an adjustment factor to equalize the level of assessment among counties. This Department-issued factor (Equalization Factor) is then applied to the Assessed Valuation to compute the valuation of property to which a tax rate

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**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

will be applied (Equalized Assessed Valuation). The County Clerk adds the Equalized Assessed Valuation of all taxable real property in the County to the valuation of property assessed directly by the State of Illinois and subtracts total amounts of EAV in TIF districts to arrive at the base amount (Tax Base) used in calculating the annual tax rates.

The County Clerk computes the annual tax rate by dividing the levy by the Tax Base and then computes the rate for each parcel of real property by aggregating the tax rates of all government units that have jurisdiction over that parcel. The County Treasurer then issues the tax bills. Property taxes are deposited with the County Treasurer, who remits to the City its respective share of the collections. Taxes levied in one year become due and payable in two installments during the following year on March 1 and August 1, or 30 days from mailing of tax bills if later than July 1. The first installment is 55.0 percent of the prior year's tax bill. The second installment tax bill equals the total tax liability for the year minus the first installment tax bill amount.

The City Council adopted an ordinance that took effect in 1994 limiting the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy plus the lesser of (a) five percent or (b) the percentage increase in the annualized Consumer Price Index. The ordinance provides exceptions to that limit for levies allocable to TIF districts' special allocation funds, as well as for that portion of property tax debt service attributable to: (a) payments of principal and interest on certain general obligation bonds, (b) payments to retire bonds issued by the public building commission, and (c) payments for the refunding of those bonds, all subject to annual increase in the manner described above for the aggregate levy, and all as provided by the ordinance. The City Council also excepted from this limit that part of the City's overall tax levy attributable to new construction, new additions to existing structures, and increases in assessed values of existing property caused when reduced promotional assessments granted under the Cook County Real Property Tax Ordinance expire. Most general obligation bond levies approved after 2001 have also been excluded from this limit. In 2015, the City Council added an exception for portions of the property tax levy used to meet the City's pension obligations.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

6) Interfund Balances and Transfers

a) The following balances at December 31, 2021 represent due from/to balances among all funds (dollars in thousands):

Due From	Fund Type/Fund			
Governmental Funds:				
General		\$		
Federal, State and Local Grants				
Special Taxing Areas				
Service Concession and Reserve				
Bond, Note Redemption and Interest *	215,246			
STSC Debt Service *	4,299,448			
Community Development and Improvement Projects	7,409			
Pension	40,677			
<u>Nonmajor Governmental Funds</u>	<u>297,510</u>			
			Total Governmental Funds	6,613,371
Enterprise Funds:				
Water	51,432			
Sewer	18,303			
Chicago-Midway International Airport	5,038			
Chicago-O'Hare International Airport	56,963			
<u>Chicago Skyway</u>	<u>-</u>			
			Total Enterprise Funds	131,736
Fiduciary activities:				
			<u>Pension Trust</u>	<u>191,548</u>
			<u>Total Fiduciary activities</u>	<u>191,548</u>
<u>Total</u>	<u>\$ 6,936,655</u>			
Due To				
				510,655 1,105,436 5,491 44,389 4,414,030
				13,015 191,548 477,771 6,762,335
				<u>51,604 82,739 21,302 18,660 15</u>
				174,320

6,936,655

The balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

* The STSC is a blended component unit of the City. The due from balance within the STSC Debt Service fund relates to the reclassification of amounts as a result of blending deferred outflows. The Due From within the STSC Debt Service fund and the Due To within the City's Bond, Notes Redemption and Interest fund represent the sale of sales tax revenues that will be amortized over the duration of the related bonds.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

b) The following balances at December 31, 2021 represent interfund transfers among all funds (dollars in thousands):

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General	\$ 671,960	\$ 306,743
Special Taxing Areas	19,700	24,437
Service Concession and Reserve		-28,089
Bond, Note Redemption and Interest	383,965	114,582
STSC Debt Service *		-217,442
Community Development and Improvement Projects	4,513	
Pension	355,803	
<u>Nonmajor Governmental Funds *</u>	<u>188,375</u>	<u>930,483</u>
<u>Total Governmental Funds</u>	<u>1,624,316</u>	<u>1,621,776</u>
Business-type activities:		
Water		-2,420
Sewer		- 120
<u>Total Business-type activities</u>		<u>2,540</u>
<u>Total</u>	<u>\$ 1,624,316</u>	<u>\$ 1,624,316</u>

Transfers are used to move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

* The STSC is a blended component unit of the City. Included within the Transfer Out balance of the Nonmajor Governmental Funds is the transfer of the residual sales tax revenues from the STSC General Fund (blended as a nonmajor special revenue fund) to the City's General Fund.

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CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

7) Capital Assets

a) Capital Assets activity for the year ended December 31, 2021 was as follows (dollars in thousands):

Balance January 1, 2021

Additions
and Transfers
Disposals
and Transfers

Balance December 31, 2021

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 1,410,899	\$ 1,607	\$ -	\$ 1,412,506
Works of Art and Historical Collections	48,620		593	-49,213
Construction in Progress	<u>658,230</u>	<u>400,631</u>	<u>(275,738)</u>	<u>783,123</u>
Total capital assets, not being depreciated	2,117,749	402,831		(275,738)
	<u>2,244,842</u>			

Capital assets, being depreciated:

Buildings and Other Improvements	2,845,632		74,383	(131)	2,919,884
Machinery and Equipment	1,785,754		70,628	(25,236)	1,831,146
Infrastructure	<u>10,594,943</u>	<u>239,775</u>	<u>10,834,718</u>		
Total capital assets, being depreciated	15,226,329	384,786			(25,367)
	<u>15,585,748</u>				

Less accumulated depreciation for:

Buildings and Other Improvements	1,339,710		73,937	(137)	1,413,510
Machinery and Equipment	1,460,787		68,231	(25,236)	1,503,782
Infrastructure	<u>5,729,263</u>	<u>328,115</u>	<u>6,057,378</u>		
Total accumulated depreciation	<u>8,529,760</u>	<u>470,283</u>	<u>(25,373)</u>		<u>8,974,670</u>

Total capital assets, being depreciated, net....	6,696,569	(85,497)			6
	<u>6,611,078</u>				

Total governmental activities	\$ 8,814,318	\$ 317,334	\$ (275,732)	\$
	<u>8,855,920</u>			

Business-type activities:

Capital assets, not being depreciated:

Land	\$
Construction in Progress	

Total capital assets, not being depreciated

Capital assets, being depreciated:

Buildings and Other Improvements	
Machinery and Equipment	

Machinery and Equipment	
Total capital assets, being depreciated	
Less accumulated depreciation for:	
Buildings and Other Improvements	
Machinery and Equipment	
Total accumulated depreciation	
Total capital assets, being depreciated, net....	
<u>Total business-type activities</u>	\$
Total Capital Assets	\$
1,190,104,923	
1,039,362,209,744	
(1,462,588)	
1,038,172,250,409	
(51,645)(8,739)	
	22,451,959,903,286,23,355,245
	1,534,631,214,1,536,845
3,547,5811,047,113(1,462,588)3,132,106	
	23,934,945,896,761
(20,343)(2,212)	
	489,357,26,437,515,794,1,021,051
	7,605,360,510,478,8,115,838,16,715,868
(60,384)24,831,706	
7,136,346,486,253	
(22,555)	
(37,829)	
<u>\$ (1,500,417) \$ 19,847,974</u>	
\$ 2,068,164 \$ 2,385,498	
7,622,599,15,732,646,19,280,227,28,094,545	
<u>\$ (1,776,149) \$ 28,703,894</u>	

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

b) Depreciation expense was charged to functions/programs of the City as follows (dollars in thousands):

Governmental activities'	
General Government	\$ 32,886
Public Safety	60,023
Streets and Sanitation	17,052
Transportation	338,562
Health	779
Cultural and Recreational	<u>20,981</u>
<u>Total Depreciation Expense - Governmental activities</u>	<u>\$ 470,283</u>
Business-type activities:	

business-type activities.	
Water	\$ 85,603
Sewer	55,407
Chicago Midway International Airport	52,636
Chicago-O'Hare International Airport	314,122
Chicago Skyway	<u>8,027</u>
<u>Total Depreciation Expense - Business-type activities</u>	<u>\$ 515,795</u>

8) Leases**a) Operating Leases**

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were approximately \$17.2 million for the year ended December 31, 2021.

The future minimum lease payments for these leases are as follows (dollars in thousands):

2022	\$ 18,315
2023	19,352
2024	19,285
2025	18,952
2026	17,784
2027-2031	80,802
2032-2036	89,884
2037-2041	100,207
2042-2045	80,651
<u>Total Future Rental Expense</u>	<u>\$ 445,232</u>

b) Lease Receivables

Most of the O'Hare land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2021 (dollars in thousands):

2022	\$ 413,544
2023	387,055
2024	349,768
2025	349,566
2026	349,553
2027-2031	1,732,321
2032 - 2036	903,835
2037 - 2041	352,300
2042 - 2046	340,541
2047 - 2051	244,030
2052 - 2056	45,266
<u>Total Minimum Future Rental Income</u>	<u>\$ 5,467,779</u>

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Contingent rentals that may be received under certain leases based on the tenants' revenues or fuel consumption are not included in minimum future rental income. Rental income for O'Hare, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to \$592.5 million, including contingent rentals of \$61.5 million.

Most of the Midway land and terminal space is leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2021 (dollars in thousands):

2022	\$ 66,475
2023	62,984
2024	61,559
2025	61,035

2025		51,000
2026		60,859
2027-2031		133,798
2032-2036	:	22,014
2037 - 2041		2,503
2042 - 2046		667
<u>Total Minimum Future Rental Income</u>		\$ 471,894

Contingent rentals that may be received under certain leases based on tenants' revenues are not included in minimum future rental income. Rental income for Midway, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to \$134.3 million, including contingent rentals of \$57.9 million.

9) Short-term Debt

There was no short-term debt issued during 2021.

CITY OF CHICAGO, ILLINOIS NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

10) Long-term Obligations

a) Long-term Debt activity for the year ended December 31, 2021 was as follows (in thousands):

Balance January 1, 2021

Governmental activities: Bonds and notes payable:		
General obligation and other debt	\$ 6,754,252	
<u>Line of Credit (LOC)</u>	<u>500,000</u>	
Total General Obligation Debt, other debt and LOC	7,254,252	
Tax increment	12,060	
Revenue	179,102	

Business-type activities: Revenue bonds and notes payable:		
Water	\$ 2,408,774	
Sewer	1,953,134	
Chicago-O'Hare International Airport	9,609,566	
<u>Chicago Midway International Airport</u>	<u>1,648,820</u>	
		15,620,294
Add unamortized premium/fdiscount)	947,452	
Add accretion of capital appreciation bonds	73,356	
Net pension liability	3,514,787	
<u>Total business-type activities</u>	<u>\$ 20,155,889</u>	
Total long-term obligations	\$ 64,416,288	

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			4,948	9,498,806	9,756
23,209	5,058	3,532,938			
\$ 147,165~	\$ 519,233~	\$ 19,783.82~	\$ 351,345		
\$ 3,243,275	\$ 3,047,113	\$ 64,612,450	\$ 686,065		

The Net pension liability will be liquidated through a Special Revenue Fund (Pension Fund) as provided by tax levy and other operating revenues. The Net other postemployment benefit liability will be liquidated with resources from the General Fund.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

b) Issuance of New Debt

i) General Obligation Line of Credit

The City entered into a Revolving Line of Credit Agreement in December 2021 with RBC Capital Markets, LLC and Royal Bank of Canada with a borrowing capacity of up to \$225 million (the "RBC Line of Credit Agreement") and a Revolving Line of Credit Agreement in December 2021 with Wells Fargo Bank, National Association with a borrowing capacity of up to \$225 million (the "Wells Fargo Line of Credit Agreement") to provide funding for the Chicago Works. As of December 31, 2021, the outstanding balance on the RBC Line of Credit Agreement was \$107.5 million and also \$107.5 million on the Wells Fargo Line of Credit Agreement.

ii) General Obligation Bonds

The General Obligation Bonds, Refunding Series 2021A (\$447.3 million) bonds were sold at a premium (\$106.5 million) in December 2021, with interest rates ranging from 4.0 percent to 5.0 percent and maturity dates from January 1, 2024 to January 1, 2036. The net proceeds of \$550.2 million were used by the City to refund certain outstanding General Obligation bonds, to fund capitalized interest, and pay costs of issuance. The General Obligation Bonds, Refunding Series 2021B (\$219.2 million) bonds, were sold at a premium (\$14.9 million) in December 2021 with interest rates ranging from 4.0 percent to 4.5 percent and maturity dates from January 1, 2025 to January 1, 2049. The bonds were issued to exchange certain outstanding General Obligation bonds. The refunding and exchange of the bonds decreased the City's total debt service payments by \$153.4 million, resulting in a net economic gain of approximately \$128.5 million and a book loss of approximately \$45.1 million.

iii) Enterprise Fund Revenue Bonds and Notes

In December 2021, the City entered into a Revolving Line of Credit Agreement with Bank of America, N.A. that allows the City to draw on the line of credit in an aggregate amount not to exceed \$300.0 million. In 2021, the City drew \$71.1 million from its line of credit to finance certain capital projects at the Chicago O'Hare International Airport. As of December 31, 2021, the outstanding balance was \$71.1 million. As of December 31, 2021, O'Hare had an unused line of credit of \$228.9 million. The line of credit expires December 2, 2024.

In 2021, \$0.03 million of Chicago Midway International Airport Commercial Paper Notes were issued. The proceeds were used to finance portions of the costs of authorized airport projects. As of December 31, 2021, there were \$20.03 million of commercial paper notes outstanding. As of December 31, 2021, Midway had an unused line of credit of \$40.0 million. In an event of default, the facility fee rate that is in effect on the date of the default will increase by 1.00% per annum.

A loan agreement was signed on March 18, 2019, with the Illinois Environment Protection Agency as part of a 5-year rehabilitation program conducted throughout the city. Approximately 9 miles of 12-to-60-inch diameter sewer main will replace existing aging sewer main. In 2021, the Sewer Fund drew \$0.7 million from this loan agreement. Total funds drawn from this loan are \$30.5 million. The loan agreement has an interest rate of 1.84 percent with a maturity from April 7, 2021 to October 7, 2040.

A loan agreement was signed on December 14, 2020, with the Illinois Environment Protection Agency of a 5-year

A loan agreement was signed on December 14, 2020, with the Illinois Environment Protection Agency of a 3-year rehabilitation program conducted throughout the city. Approximately 26,900 lineal feet of 12-to-60-inch diameter sewer main will replace existing aging sewer main. In 2021, the Sewer Fund drew \$9.8 million from this loan agreement. Total funds drawn from this loan are \$58.7 million. The loan agreement has an interest rate of 1.84 percent with a maturity from April 9, 2021 to April 9, 2040.

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**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
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A loan agreement was signed on April 5, 2018, with the Illinois Environment Protection Agency to replace lining of aging sewer mains throughout the city. In 2021, the Sewer Fund drew \$0.3 million from this loan agreement. Total funds drawn from this loan are \$17.9 million. The loan agreement has an interest rate of 1.76 percent with a maturity from October 26, 2019 to April 26, 2039.

On July 26, 2017, a loan agreement was signed with the Illinois Environmental Protection Agency for the replacement of the obsolete electrical switchgear and existing temporary standby generators at the Jardine Water Purification Plant. As of December 31, 2021, the total funds drawn from this loan agreement are \$37.0 million. The loan agreement has an interest rate of 1.64 percent with maturity dates from January 4, 2022 to January 4, 2041.

iv) STSC Bonds and Notes

The Sales Tax Securitization Corporation Second Lien Sales Tax Securitization Bonds, Series 2021A bonds in the principal amount of \$394.2 million were sold at a premium (\$102.6 million) in December 2021, while the Taxable Series 2021B bonds in the principal amount of \$609.9 million were sold at par. The Series 2021A bonds have an interest rate of 5.0 percent and maturity dates from January 1, 2024 and January 1, 2034; the Taxable Series 2021B bonds have interest rates ranging from 0.79% to 3.338% and maturity dates from January 1, 2023 to January 1, 2048. The net proceeds of \$1,100.8 million were transferred to the City in exchange for a sale of the City's Sales Tax Revenues and used by the City to refund certain outstanding general obligation bonds of the City, refund certain bonds issued by STSC, refund certain motor fuel tax bonds of the City, repay a loan obtained by the City under the Transportation Infrastructure Finance and Innovation Act (TIFIA), repurchase and cancel certain outstanding general obligation bonds and/or motor fuel tax revenue bonds of the City by means of a tender offer, fund capitalized interest on the STSC Second Lien Series 2021 Bonds, and pay costs of issuance of the STSC Second Lien Series 2021 Bonds. The refunding of the bonds decreased the City's total debt service payments by \$91.3 million, resulting in a net economic gain of approximately \$134.9 million and a book loss of approximately \$120.5 million.

- c) Annual requirements listed below for each year include amounts payable January 1 of the following year. Except for the Business-type activities, bonds maturing and interest payable January 1, 2022 have been excluded because funds for their payment have been provided for. Annual requirements to amortize debt outstanding as of December 31, 2021 are as follows (dollars in thousands):

<u>Year Ending</u>	<u>General Obligation</u>		<u>Tax Increment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
December 31,				
2022	\$ 73,409	\$ 361,441	\$ 7,685	\$ 192
2023	193,169	358,792		
2024	232,155	349,106		
2025	206,961	339,716		
2026	226,298	330,283		
2027-2031	1,286,971	1,471,452		
2032-2036	1,976,631	989,185		
2037-2041	1,159,112	392,351		
2042-2046	404,368	84,367		
2047-2048	115,381	9,299	-	-

\$5,874,455 \$ 4,685,992 \$ 7,685 \$ 192

Amounts above exclude the Line of Credit as the timing of payments is not certain.

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		Sales Tax			
		Securitization Corporation		Business-type Activities	
Year Ending		Principal	Interest	Principal	Interest
December 31,					
2022		\$ 149,165	\$ 193,878	\$ 341,589	\$ 713,211
2023		131,235	189,549	14,229	694,827
2024		143,580	184,874	564,697	671,699
2025		137,010	178,840		603,788
2026		167,645	172,385	606,721	628,142
2027-2031		866,360	743,149	3,252,528	2,650,329
2032-2036		950,715	545,408	3,460,466	1,818,832
2037-2041		1,075,500	340,956	2,705,906	1,049,108
2042-2046		813,450	143,045	1,267,789	574,525
2047-2051		174,305	7,717	1,210,316	303,821
2052-2054		-	-	699,028	57,190
		\$ 4,608,965	\$ 2,699,801	\$ 15,227,057	\$ 9,798,165

For the debt requirements calculated above, interest rates for fixed rate bonds debt range from 0.79 percent to 7.781 percent and interest on variable rate debt was calculated at the rate in effect or the effective rate of a related swap agreement, if applicable, as of December 31, 2021. Letters of credit were issued by third party financial institutions that are expected to be financially capable of honoring their agreements.

Midway has variable rate bonds that may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate, or the fixed rate as determined by the remarketing agent, in consultation with the City. An irrevocable letter of credit provides for the timely payment of principal and interest on the Midway variable rate Bonds. In the event that variable rate bonds are tendered by the owners thereof for purchase by the City and not successfully remarketed, the City would be obligated to reimburse the letter of credit bank for amounts drawn under the letter of credit to fund the purchase of such tendered bonds. If the City fails to reimburse the bank, the City's obligation to reimburse the bank may be converted to a term loan. There are no term loans currently outstanding under any reimbursement agreement. As of December 31, 2021, the principal balance of variable rate bonds was \$232.0 million for Midway.

d) Derivatives

i) Interest Rate Swaps

(1) Objective of the swaps. In order to protect against the potential of rising interest rates and/or changes in cash flows, the City has entered into various separate interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt. Midway has the following outstanding swaps (dollars in thousands):

		Fair Value at	
		December 31, 2021 Notional	
Changes in Fair Value		Classification	Amount
Classification	Amount	Classification	Amount

Business-type Activities
Midway

inages.

			Deferred	Deferred	
			Outflow of	Outflow of	
Interest Rate Swaps....	Resources	\$ 8,241	Resources	\$(21,232)	\$ 107,275

(2) Terms, fair values, and credit risk. The objective and terms, including the fair values and credit ratings,

of the City's hedging derivative instruments outstanding as of December 31, 2021, are as follows. The

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CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

notional amounts of the swaps approximate the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the swaps on a net basis for each related series of bonds, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The terms as of December 31, 2021, are as follows (dollars in thousands):

Counter-Party

Associated	Notional	Effective	Fair	nation	Credit	
	Bond Issue		Amounts	Date	Terms	Values Date Rating

Hedging Instruments

Business-type Activities:

Chicago Midway International Airport Revenue Bonds (Series 2004C&D):

Counterparty Goldman Sachs Bank USA.	\$64,365	12/14/2004	Pay 4.174%; receive SIFMA Plus .05%	\$(12,534)	1/1/2035
A1/A+					
Counterparty Wells Fargo Bank NA	42,910	4/21/2011	Pay 4.247%; receive SIFMA Plus .05%	(8,698)	1/1/2035
Aa2/A+					

Total \$(21,232)

Type and objective for all the Swaps is the same, as mentioned earlier.

- 3) Fair Value. As of December 31, 2021, the swaps had a negative fair value of \$21.2 million. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values.

Derivative instruments are valued in the market using regression analysis. Significant inputs to the derivative valuation for interest rate swaps are observable in active markets and are classified as Level 2 in the fair value hierarchy.

- 4) Credit Risk. The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support, and termination if the counterparty is unable to meet the said credit requirements.

- 5) Basis Risk. Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For

except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.

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**CITY OF CHICAGO, ILLINOIS
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Tax Risk. The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.

Termination Risk. The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

Rollover Risk. The risk that the City may be exposed to rising variable interest rates if (i) the swap expires or terminates prior to the maturity of the bonds and (ii) the City is unable to renew or replace the swap.

Swap payments and associated debt. As of December 31, 2021, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (dollars in thousands):

	Interest			
	Variable-Rate Bonds Rate		Interest	Swaps, Net
	Year Ending	Principal		
	Total			
December 31,				
2022	\$ 5,675	\$ 139	\$ 4,151	\$ 9,965
2023	5,925	131	3,911	9,967
2024		6,200	123	3,660 9,983
2025		6,475	113	3,398 9,986
2026		6,775	105	3,123 10,003
2027-2031	38,600	370	11,064	50,034
2032-2035	37,625	84	2,508	40,217
	<u>\$ 107,275</u>	<u>\$ 1,065</u>	<u>\$ 31,815</u>	<u>\$ 140,155</u>

e) Debt Covenants

- i) **Water Fund** - The ordinances authorizing the issuance of outstanding Water Revenue Bonds require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal the greater of (i) 120 percent of the aggregate debt service requirement for the fiscal year on all the outstanding senior lien bonds, or (ii) the sum of (A) aggregate debt service requirements for the fiscal year on the outstanding senior lien bonds, plus (B) 110 percent of the aggregate debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding water commercial paper notes, plus (E) annual debt service requirement on any outstanding water line of credit. This requirement was met at December 31, 2021.
- ii) **Sewer Fund** - The ordinances authorizing the issuance of outstanding Wastewater Transmission Revenue Bonds provide for the creation of separate accounts into which monies will be deposited, as appropriate. The ordinances require that net revenues available for bonds, as adjusted, shall each fiscal year at least equal (A) 115 percent of the aggregate debt service requirement for the fiscal year on the outstanding senior lien bonds, plus (B) the sum of the aggregate annual debt service requirements for the fiscal year on the outstanding second lien bonds, plus (C) 115 percent of the aggregate outstanding debt service requirements for the fiscal year on the outstanding IEPA loans, plus (D) annual debt service requirement for the fiscal year on aggregate outstanding debt service on any outstanding wastewater line of credit and commercial paper notes. This requirement was met at December 31, 2021.

**CITY OF CHICAGO, ILLINOIS
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- iii) Chicago-Midway International Airport Fund - The Master Indenture of Trust securing Chicago Midway Airport Revenue Bonds requires that the City fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for services rendered by the City in the operation of Midway in order that, in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the Trustee with respect to such Fiscal Year and any cash balance held in the Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient (a) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (b) to provide for the greater of (i) the amounts needed to make the Deposits required during such Fiscal Year into the Debt Service Funds, the Operations & Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund, and the Special Project Fund and (ii) an amount not less than 125 percent of the Aggregate Debt Service for the Bond Year commencing during such Fiscal Year reduced by an amount equal to the sum of any amount held in any Capitalized Interest Account for disbursement during such Fiscal Year to pay interest on First Lien Bonds. These requirements were met at December 31, 2021.

The Master Indenture of Trust securing Chicago Midway Airport Second Lien Obligations requires that the City fix and establish and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of Midway and for certain services rendered by the City in the operation of Midway in order that in each Fiscal Year, Revenues, together with Other Available Moneys deposited with the First Lien Trustee or the Second Lien Trustee with respect to such Fiscal Year and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of such Fiscal Year not then required to be deposited in any Fund or Account under the First Lien Indenture for the Second Lien Indenture, will be at least sufficient (1) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year and (2) to provide for the greater of (A) or (B) as follows: (A) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above; or (B) the greater of the amounts needed to make the deposits required under the First Lien Indenture described in the immediately preceding paragraph above or an amount not less than 110 percent of the sum of Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year, reduced by (X) any amount held in any Capitalized Interest Account for disbursement during such Bond Year to pay interest on First Lien Bonds, and (Y) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture under the Second Lien Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations. These requirements were met at December 31, 2021.

Midway was awarded a total of \$172.4 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, Midway has applied \$126.6 million of the COVID-19 Relief Funds through 2021 to airline rates and charges and has \$35.0 million of funds remaining to be applied in 2022 and future years. Additionally, the City will apply \$8.6 million of the Grants directly to Concessionaire Relief in 2022 and future years, in addition to the \$2.2 million already applied through 2021. These funds are available for any airport purpose, including debt service payments, thus COVID-19 Relief Funds have been included in the calculation of the debt service covenant.

- iv) Chicago-O'Hare International Airport Fund - The Master Indenture of Trust securing Chicago O'Hare International Airport General Airport Senior Lien Obligations requires that the City will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of O'Hare in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (b) one and twenty-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
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of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations. This requirement was met at December 31, 2021.

The Master Trust Indenture securing Chicago O'Hare International Airport Passenger Facility Charge (PFC) Obligations requires PFC Revenues, as defined, received by the City to be deposited into the PFC Revenue Fund. The City covenants to pay from the PFC Revenue Fund not later than the twentieth day of each calendar month the following amounts in the following order of priority: (1) to the Trustee for deposit in the Bond Fund, the sum required to make all of the Sub-Fund Deposits and Other Required Deposits to be disbursed from the Bond Fund [to meet debt service and debt service reserve requirements] in the calendar month pursuant to the Master Indenture; (2) to make any payments required for the calendar month with respect to Subordinated PFC Obligations; and (3) all moneys and securities remaining in the PFC Revenue Fund shall be transferred by the City (or the Trustee if it then holds the PFC Revenue Fund pursuant to the Master Indenture) to the PFC Capital Fund.

The Indenture of Trust Securing Chicago O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds requires that, as long as any Bonds remain Outstanding, in each Fiscal Year, the City shall set the amount of the CFC (when multiplied by the total number of projected Contract Days) plus projected Facility Rent at an annual level sufficient to provide sufficient funds (1) to pay principal of and interest on the Bonds due in such Fiscal Year, (2) to reimburse the Rolling Coverage Fund, the Supplemental Reserve Fund, the Debt Service Reserve Fund and any Subordinate Reserve Fund for any drawings upon such Funds over a period not to exceed twelve months, as determined by the City, (3) to provide funds necessary to pay any "yield reduction payments" or rebate amounts due to the United States under the Indenture for which funds in the Rebate Fund or the CFC Stabilization Fund are not otherwise available, (4) to maintain the balance of the CFC Stabilization Fund in an amount of no less than the CFC Stabilization Fund Minimum Requirement and to reimburse any drawings below the CFC Stabilization Fund Minimum Requirement over a period not to exceed twelve months, as determined by the City, and (5) to maintain the balance of the Operation and Maintenance Fund in an amount of no less than the Operation and Maintenance Fund Requirement and to reimburse any drawings below the Operation and Maintenance Fund Minimum Requirement over a period of not to exceed twelve months, as determined by the City.

O'Hare was awarded a total of \$651.8 million of COVID-19 Relief Funds. Excluding Concessionaire Relief Grants, the City has applied \$386.0 million of the COVID-19 Relief Funds through 2021 to airline rates and charges, PFCs and CFCs and has \$221.9 million of funds remaining to be applied in 2022 and future years. Additionally, the City will apply \$35.0 million of the Grants directly to Concessionaire Relief in 2022 and in future years, in addition to the \$8.9 million already applied through 2021.

- f) No-Commitment Debt and Public Interest Loans include various special assessment, private activity bonds and loans. These types of financings are used to provide private entities with low-cost capital financing for construction and rehabilitation of facilities deemed to be in the public interest. Bonds payable on no-commitment debt are not included in the accompanying financial statements because the City has no obligation to provide for their repayment, which is the responsibility of the borrowing entities. In addition, federal programs/grants, including Community Development Block Grants and Community Service Block Grants, provide original funding for public interest loans. Loans receivable are not included as assets because payments received on loans are used to fund new loans or other program activities in the current year and are not available for general City operating purposes. Loans provided to third parties are recorded as current and prior year programs/grants expenditures.

NOTES TO BASIC FINANCIAL STATEMENTS
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- g) Defeased Bonds have been removed from the Statement of Net Position because related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2021 are as follows (dollars in thousands):

	Amount	<u>Defeased</u>	<u>Outstanding</u>
General Obligation Emergency Telephone System - Series 1993	\$	213,730	\$30,285
General Obligation Refunding Bonds - Series 1993B	11,550	2,370	
General Obligation Neighborhoods Alive 21 Program - Series 2002B		51,575	
General Obligation Project and Refunding Bonds - Series 2003B	42,535	15,295	
General Obligation Project and Refunding Bonds - Series 2005D		40,930	
General Obligation Refunding Bonds - Series 2007E		6,320	
General Obligation Refunding Bonds - Series 2007F		3,755	
General Obligation Refunding Bonds - Series 2007G		4,645	
General Obligation Project and Refunding Bonds - Series 2008B		11,720	
General Obligation Project and Refunding Bonds - Series 2008E	67,195	20,800	
General Obligation Project and Refunding Bonds - Series 2009B		10,235	
General Obligation Project Bonds - Series 2010C		54,085	■
General Obligation Project Bonds - Series 2011A		210,640	
General Obligation Project Bonds - Series 2011B		39,490	
General Obligation Project Bonds - Series 2012A		179,905	
General Obligation Project and Refunding Bonds - Series 2012B		43,155	
General Obligation Refunding Bonds - Series 2012C	94,850	16,970	
General Obligation Project and Refunding Bonds - Series 2014A	164,325	6,820	
General Obligation Project and Refunding Bonds - Series 2014B		108,490	
General Obligation Bonds - Series 2015A	79,860	14,820	
General Obligation Bonds - Series 2015B	477,063	338,425	
General Obligation Refunding Bonds - Series 2015C	204,135	158,895	
General Obligation Project and Refunding Bonds - Series 2017A		106,080	
General Obligation Project Bonds - Series 2017B	81,270	58,435	
General Obligation Bonds - Series 2019A		100,310	
Motor Fuel Tax Revenue Bonds-Series 2013	73,040	41,130	
Lakefront Millennium Project Parking Facilities Bonds - Series 1998	149,880	21,155	
Riverwalk TIFIA Loan		96,130	
Sales Tax Revenue Bonds - Series 2002	110,580	98,600	
Sales Tax Revenue Refunding Bonds - Series 2009C		20,012	20,012
Sales Tax Revenue Refunding Bonds - Series 2011A	214,340	214,340	
Sales Tax Securitization Corporation Bonds - Series 2017A		15,045	
Sales Tax Securitization Corporation Bonds - Series 2017C	12,000		
Sales Tax Securitization Corporation Bonds - Series 2018C		14,760	
Sales Tax Securitization Corporation Bonds - Series 2019A		5,880	

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YEAR ENDED DECEMBER 31, 2021

Defeased Bonds - Concluded: Amount

Defeased Outstanding

Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2004F	\$ 7,250	\$ Chicago-O'Hare International Airport Bonds Third Lien GARBS-Series 2011A....	420,155	Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011B	121,905	Chicago-O'Hare International Airport Bonds Third Lien GARBS - Series 2011C	283,925
Senior Lien GARBS Refunding-Series 2012A	167,435	155,740					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding-Series 2012B	186,000	174,260					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding-Series 2013A	32,845	32,845					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding-Series 2013B	16,305	16,305					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS-Series 2013C	2,135	2,135					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2013D	6,570	6,570					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding-Series 2015B	53,490	53,490					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS - Series 2015D	2,820	2,820					
Chicago-O'Hare International Airport Bonds Senior Lien GARBS Refunding-Series 2016B	2,105	2,105					
Chicago-O'Hare International Airport Special Transportation Revenue Bonds - Series 2001	118,715	64,715					
						\$ 4,541,170	\$ 1,569,337

11) Pension Funds and Other Postemployment Benefits a) Pension

General Information about the Pension Plan

Plan Description - Eligible City employees participate in one of four single-employer defined benefit pension plans (Plans). These Plans are: the Municipal Employees' Annuity and Benefit Fund of Chicago (Municipal Employees'); the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (Laborers'); the Policemen's Annuity and Benefit Fund of Chicago (Policemen's); and the Firemen's Annuity and Benefit Fund of Chicago (Firemen's). The plans are administered by individual retirement boards of trustees comprised of City officials or their designees and of trustees elected by Plan members. Certain employees of the Chicago Board of Education participate in Municipal Employees' or Laborers'. Each Plan issues a publicly available financial report that includes financial statements and required supplementary information that may be obtained at www.meabf.org <<http://www.meabf.org>>, www.labfchicago.org <<http://www.labfchicago.org>>, www.chipabf.org <<http://www.chipabf.org>>, and www.fabf.org <<http://www.fabf.org>>.

Benefits provided - The Plans provide retirement, disability, and death benefits as established by State of Illinois law. Benefits generally vest after 10 years of credited service. Employees qualify for an unreduced retirement age minimum formula annuity based on a combination of years of service and age of retirement. Employees may also receive a reduced retirement age minimum formula annuity if they do not meet the age and service requirements for the unreduced retirement age annuity. The requirements of age

and service are different for employees depending on when they first became members of their respective Plans. For all four Plans, employees who became members before January 1, 2011 are considered Tier 1 Employees. For Policemen's and Firemen's, those employees who became members on or after January 1, 2011 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after January 1, 2011 but before July 6, 2017 are considered Tier 2 Employees. For Municipal Employees' and Laborers', those employees who became members on or after July 6, 2017 are considered Tier 3 Employees. The annuity is computed by multiplying the final average salary by a percentage ranging from 2.2 percent to 2.5 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service for participants who are Tier 1 Employees and any eight consecutive years within the last 10 years of credited service for participants who are Tier 2 Employees or Tier 3 Employees.

Benefit terms provide for annual adjustments to each employee's retirement allowance subsequent to the employees' retirement date. For Tier 1 Employees, the annual adjustments for Municipal Employees' and Laborers' are 3.0 percent, compounded, and for Policemen's and the majority of participants in Firemen's 3.0 percent, simple, for annuitants born before January 1, 1966 and 1.5 percent, simple, born after January 1, 1966 or later. For Tier 2 Employees and Tier 3 Employees, the annual adjustments are equal to the lesser of 3.0 percent and 50 percent of CPI-U of the original benefit.

Employees covered by benefit terms - At December 31, 2021, the following employees were covered by the benefit terms:

	Municipal				
	Employees'	Laborers'	Policemen's	Firemen's	Total
Inactive employees or beneficiaries					
currently receiving benefits	25,683	3,568	14,260	5,265	48,776
Inactive employees entitled					
to but not yet receiving benefits	21,304	1,473	940	154	23,871
<u>Active employees</u>	<u>32,925</u>	<u>2,602</u>	<u>12,126</u>	<u>4,735</u>	<u>52,388</u>
	<u>79,912</u>	<u>7,643</u>	<u>27,326</u>	<u>10,154</u>	<u>125,035</u>

Contributions - For the Municipal Employees' and Laborers' Plans, Public Act 100-0023 (P.A. 100-0023) was enacted on July 6, 2017. P.A. 100-0023 requires the City to contribute specific amounts to the Municipal Employees' and the Laborers' Plans in the aggregate amounts as follows: in payment year 2019, \$392.0 million; in payment year 2020, \$481.0 million; in payment year 2021, \$571.0 million; and in payment year 2022, \$660.0 million. Additionally, P.A. 100-0023 requires that beginning in payment year 2023, the City's annual contributions to MEABF and LABF each be an amount actuarially determined to be sufficient to produce a funding level of 90 percent for each such Plan by the end of 2058.

For Policemen's and Firemen's, P.A. 99-0506 was enacted on May 31, 2016. P.A. 99-0506 requires the City to contribute specific amounts to the Policemen's and Firemen's Plans in the aggregate amounts as follows: in payment year 2019, \$792.0 million; and in payment year 2020, \$824.0 million. Additionally, P.A. 99-0506 requires that beginning in payment year 2021, the City's annual contributions to PABF and FABF each be an amount actuarially determined to be sufficient to produce a funding level of 90 percent for each such Plan by the end of 2055. In 2021, P.A. 101-0673 was enacted, which changed the terms of the automatic benefit increase provisions and eligibility for certain Tier 1 participants for Firemen's.

The City's contributions are budgeted in the same year as the applicable levy year for the property taxes funding the contributions. The City's contributions are then paid to the pension funds in the following year which is when the levied property taxes are collected and paid to the City by the Cook County Treasurer.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

Net Pension Liability

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial reports were provided by each of the pension funds.

Actuarial assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>
Inflation	2.50%	2.25%	2.25%	2.25%
Salary Increases	3.50%-7.75% (a)	3.00% (b)	3.50% (c)	3.50%-25.00% (d)
Investment Rate of Return	7.00% (e)	7.25% (e)	6.75%	6.75% (e)

a) (1.50%-6.50% for 2020-2022), varying by years of service

b) plus a service-based increase in the first 9 years

c) plus additional percentage related to service

d) varying by years of service

e) net of investment expense

Mortality Assumptions

The mortality actuarial assumptions used in the December 31, 2021 valuation were adjusted based on the results of actuarial experience study for the period as noted below:

Municipal Employees' - January 1, 2012 - December 31, 2016
Laborers' - January 1, 2017 - December 31, 2019
Policemen's - January 1, 2014 - December 31, 2018
Firemen's - January 1, 2012 - December 31, 2016

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CITY OF CHICAGO, ILLINOIS NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>			
Asset Class:	<u>Municipal Employees'</u>	<u>Laborers'</u>	<u>Policemen's</u>	<u>Firemen's</u>
Equity	-	-	-	57.0%
Domestic equity	26.0%			

Domestic equity	20.0%			
U.S. equity	-	25.0%	29.5%	
Non U.S. equity	-	20.0%	19.5%	
Global equity	5.0%			
Global low volatility equity ..	-	5.0%		
International equity	17.0%			
Fixed income	25.0%	20.0%	18.0%	22.0%
Hedge funds	10.0%	10.0%	7.0%	
Infrastructure	2.0%			
Private debt	-	3.0%		
Private equity	5.0%	4.0%		
Private markets	-	- 15.0%		
Real estate	10.0%	10.0%	11.0%	
Private real assets	-	3.0%		
<u>Other investments</u>	-	-	21.0%	
Total	100.0%	100.0%	100.0%	100.0%

Long-Term Expected Real Rate of Return Municipal

Employees' Laborers' Policemen's Firemen's

7.85% 9.65%

7.40%

6.80%

7.40% 2.00% 5.60% 7.00%

11.40%

5.80%

6.70%

5.30% 5.30%

3.62% 5.48%

4.30%

2.10%

(0.80%) 2.80%

11.20% 5.99%

7.10% 8.80%

6.00%

4.20% 4.70%

Discount Rate

Municipal Employees' - The Single Discount Rate used to measure the total pension liability as of December 31, 2021 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 100-0023. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service cost of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Laborers' - A Single Discount Rate of 6.77 percent was used to measure the total pension liability as of December 31, 2021. This Single Discount Rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 1.84 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on those assumptions, the pension plan's fiduciary net position and future contributions were

statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

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CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Policemen's - A Single Discount Rate of 6.26 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 1.84 percent (based on the most recent date available on or before the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and employer contributions are made in accordance with the statutory requirements. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance benefit payments through the year 2077. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2077, and the municipal bond rate was applied to all benefit payments after that date.

Firemen's - A Single Discount Rate of 6.75 percent was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75 percent and a municipal bond rate of 2.06 percent (based on the Bond Buyer 20-Bond Index of general obligation municipal bonds). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made according to the contribution rate applicable for each member's tier and that employer contributions will be made as specified by Public Act 99-0506. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions and contributions from future plan members that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members throughout the projection period. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefits for all periods.

Changes in the Net Pension Liability (dollars in thousands):

	Municipal Employees'	Laborers'	Policemen's	Firemen's	Total
Total pension liability					
Service cost	\$ 246,066	\$ 40,411	* \$ 284,707	' \$ 112,730	\$ 683,914
Interest	1,228,905	192,343	963,417	429,630	2,814,295
Benefit changes	---196,531	196,531			
Differences between expected and actual experience		121,988	(31,083)	450,528	93,928
Assumption changes	-21,870	37,029	(340,370)	(281,471)	
Benefit payments including refunds	(1,010,191)	(172,514)	(887,076)	(388,674)	(2,458,455)
Pension plan administrative expenses	-(3,837)	(3,337)	-	(7,174)	
Net change in total pension liability	586,768	47,190	845,268	103,775	1,583,001
Total pension liability:					
Total pension liability - beginning	17,814,812	2,858,334	15,494,740	6,901,131	43,069,017
Total pension liability - ending (a)	\$ 18,401,580	\$ 2,905,524	\$ 16,340,008	\$ 7,004,906	\$ 44,652,018
Plan fiduciary net position					
Contributions-employer	\$ 573,198	\$ 84,969	\$ 788,770	\$ 367,481	\$ 1,814,418
Contributions-employee	163,411	117,637	136,225	52,268	369,541
Net investment income (loss)	498,299	138,105	370,141	129,513	1,136,058
Benefit payments including refunds of employee contribution		(1,010,191)	(172,514)	(887,076)	(388,674)
Administrative expenses	(6,687)	(3,837)	(3,337)	(3,082)	(16,943)
Other	--	91,596			
Net change in plan fiduciary net position	218,030		64,360	404,814	157,511
Adjustment as of January 1, 2021	-		-	(48)	(48)
Plan fiduciary net position - beginning	4,090,239	1,269,742	3,441,898	1,308,887	10,110,766
Plan fiduciary net position - ending (b)	\$ 4,308,269	\$ 1,334,102	\$ 3,846,664	\$ 1,466,398	\$ 10,955,433
Net pension liability-ending (a)-(b)	\$ 14,093,311	\$ 1,571,422	\$ 12,493,344	\$ 5,538,508	\$ 33,696,585

* Includes pension plan administrative expense

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YEAR ENDED DECEMBER 31, 2021

Changes in Actuarial Assumptions: Changes in the municipal bond rate resulted in an increase in the single discount rate for Firemen and a decrease in the single discount rate for Laborers' and Policemen. See discount rate section above.

The change in the single discount rate and other assumptions decreased the net pension liability by \$340.4 million for Firemen and increased the net pension liability by \$21.9 million for Laborers' and \$37.0 million for Policemen. These changes are being amortized into expense over a four year period for Laborers' and a six year period for Policemen and Firemen.

Sensitivity of the net pension liability to changes in the discount rate

Municipal Employees' - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (dollars in thousands):

	Current		
<u>Net pension liability December 31, 2021</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase</u>	
Municipal Employees' discount rate	6.00%	7.00%	8.00%
Municipal Employees' net pension liability	\$16,366,262	\$14,093,311	\$12,203,640

Laborers' - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 6.77 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.77 percent) or 1 percentage point higher (7.77 percent) than the current rate (dollars in thousands):

	Current		
<u>Net pension liability December 31, 2021</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase</u>	
Laborers' discount rate	5.77%	6.77%	7.77%
Laborers' net pension liability	\$ 1,915,412	\$ 1,571,422	\$ 1,282,680

Policemen's - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 6.26 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.26 percent) or 1 percentage point higher (7.26 percent) than the current rate (dollars in thousands):

	Current		
<u>Net pension liability December 31, 2021</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase</u>	
Policemen's discount rate	5.26%	6.26%	7.26%
Policemen's net pension liability	\$ 14,532,722	\$ 12,493,344	\$ 10,796,708

Firemen's - The following presents the net pension liability as of December 31, 2021, calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate (dollars in thousands):

	Current		
<u>Net pension liability December 31, 2021</u>	<u>1% Decrease Discount Rate</u>	<u>1% Increase</u>	
Firemen's discount rate	5.75%	6.75%	7.75%
Firemen's net pension liability	\$ 6,378,443	\$ 5,538,508	\$ 4,835,563

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Pension Plans reports.

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CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the City recognized pension expense/(benefit) of (\$470.4) million for Municipal Employees', \$98.9 million for Laborers', \$1,042.2 million for Policemen's and \$724.1 million for Firemen's, for a total pension expense of \$1,394.8 million. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	Municipal Employees'	Laborers'	Policemen's	Firemen's
Deferred	Deferred	Deferred	Deferred	Deferred
Outflows of Resources	Outflows of Resources	Inflows of Resources	Outflows of Resources	Inflows of Resources
Resources	Resources	Resources	Resources	Resources
Differences between expected and actual experience	\$ 177,832	\$ -	\$ 683	\$ 35,508
204,949	\$ 51,665			\$ 421,933
Changes of assumptions	-	-	47,377	532
Net difference between projected and actual earnings on pension plan investments	-	259,910	105,456	137,243
81,695				-
Total	\$ 177,832	\$ 259,910	\$ 48,060	\$ 141,496
\$ 413,457	\$ 518,522	\$ 422,863		\$ 1,299,754

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(benefit) as follows (dollars in thousands):

Year ended December 31:	Municipal Employees'	Laborers'	Policemen's	Firemen's
2022	\$ 48,819	\$ (7,430)	\$ 191,477	\$ 131,569
2023	(69,549)	(45,250)	128,275	29,773
2024	(12,977)	(29,632)	226,807	(3,321)
2025	(48,371)	(11,124)	210,927	(14,508)
2026	-	-	107,248	(22,391)
Thereafter	-	-	21,563	(25,463)
Total	\$ (82,078)	\$ (93,436)	\$ 886,297	\$ 95,659

Deferred outflows and deferred inflows related to changes in proportionate share of contributions

For the year ended December 31, 2021, the City reported a pension expense/(benefit) of (\$21.0) million, deferred inflows of \$197.1 million and deferred outflows of \$208.2 million related to changes in its proportionate share of contributions. This deferred amount will be recognized as pension expense/(benefit) over a period of five years.

Payable to the Pension Plans

At December 31, 2021, the City reported a payable of \$1,183.0 million in accrued and other liabilities for the outstanding amount of contributions to the pension plans required for the year ended December 31, 2021.

CITY OF CHICAGO, ILLINOIS
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YEAR ENDED DECEMBER 31, 2021

b) Other Post Employment Benefits (OPEB) - City Obligation General

Information about the OPEB Plan

Plans Description - The City's defined benefit OPEB plans are single-employer plans administered by the City. Certain annuitants are: (1) provided special benefits under the applicable collective bargaining agreements (CBA); (2) entitled to retiree health benefits pursuant to the City's prior promise; (3) entitled to certain Pension Fund subsidies required by court order under the 1983 and 1985 amendments to the Pension Codes; or (4) provided statutorily required duty disabled benefits. Applicable state law authorized the four respective Pension Funds (Policemen's, Firemen's, Municipal Employees', and Laborers') to provide a fixed monthly dollar subsidy to each annuitant who had elected coverage under any City health plan through December 31, 2016. Based upon the Illinois Appellate Court Decision of 2017, the Pension Funds were determined to be obligated to provide the fixed monthly dollar subsidies to certain eligible annuitants pursuant to the 1983 and 1985 amendments to the Pension Code. The subsidies are no longer included in the City OPEB obligation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 and benefits are funded on a pay-as-you-go basis.

Benefits provided

CBA - Under the terms of the latest collective bargaining agreements for the Fraternal Order of Police, the Police Captains, Sergeants and Lieutenants and the International Association of Fire Fighters, certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. CBA special early retirement benefits cease at Medicare eligibility age. Those employees retiring at age 55 but before 60 are required to contribute 3.5 percent of their pension for health care coverage; those retiring at ages 60 through 63 are required to contribute 1.5 percent of their pension for health care coverage. This represents an increase in retiree contributions of 1.5 percent of their pension for those who retire after 2020.

The OPEB CBA liability is determined based upon the assumed phase in of higher contributions from new retirees. The phase in will apply in 2025 (1.5 percent increments) and again in 2029 (additional 1.5 percent increments).

Prior reporting was based upon an assumed expiration date of 2022 for the CBA benefit. The City's position is to eliminate all post-retirement health benefits except for statutorily required benefits and benefits promised to a closed group of certain annuitants who retired prior to August 23, 1989. At this time, it is not known whether or when the CBA special early retirement health benefits will be specifically eliminated, modified, or extended. Therefore, this year's reporting of liabilities is based upon the assumption of indefinite continuation of benefits. This is a change in assumption from 2019, which assumed that the expiration date of the benefits for new retirements would be December 31, 2022.

Non-CBA - As of January 1, 2014, the City promised to provide a healthcare plan with a subsidy of 55 percent of the cost of that plan to those City annuitants who retired prior to August 23, 1989. These are lifetime benefits provided to this defined, closed retiree group. The eligible members were previously defined as the KorshakA/Vindow group in the Korshak settlement agreement, which provided post-retirement health benefits for most City employees. The Korshak settlement agreement expired in 2013.

In 2017, the Illinois Appellate Court, in the Underwood v. City of Chicago case, held that current and future annuitants hired prior to the execution of the Korshak settlement agreement (which covered most of the City employees and retirees) subject to certain eligibility requirements, were entitled to receive lifetime fixed rate monthly subsidies equal to the subsidy amounts provided in the 1983 and 1985 amendments to the Pension Code. Those subsidies are, for Policemen's and Firemen's, \$21 per month or \$55 per month, depending on

**CITY OF CHICAGO, ILLINOIS
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the annuitant's Medicare eligibility, and for Municipal Employees' and Laborers', \$25 per month for those annuitants who are 65 or older with at least 15 years of service. Upon remand, the circuit court later ruled that the Pension Funds are obligated to make the subsidy payments to the annuitants. Regardless, the City is still statutorily obligated to make contributions to the Pension Funds in accordance with applicable levels required by the Pension Code. The Pension Funds issued retroactive payments for the 1983 and 1985 subsidies for the period of time of January 1, 2017, through December 31, 2019 and continue to make the required monthly subsidy payments from December 31, 2019. Liabilities for these subsidies have been accrued within the applicable pension funds and are not reflected in the City's OPEB reporting.

Duty Disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan until age 65.

Employees covered by benefit terms - At December 31, 2021, the following employees were covered by the benefit terms:

Active employees
Inactive employees or beneficiaries
 currently receiving benefits
Inactive employees entitled to but not yet
 receiving benefits

Total			
CBA Non-CBA			
Benefits	Benefits	Total	
16,845	30,231	47,076	
			3,388
			2,403 5,791
20,233	32,634~	52,867	

Net OPEB Liability

The City's net OPEB liability of \$2.0 billion was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The net OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method: Asset Valuation Method: Funding Policy: Discount Rate: Health Care Trend Rates: Retirement Age:
Entry Normal Age Market Value Pay as You Go 1.84%
Graded 7.00% to ultimate rate of 5.00%
Varies by Bargaining Group - Rates are Graded by age and service

The valuation assumptions reflected the actuarial experience studies prepared by the Pension Funds. The discount rate of 1.84 percent was used to measure the total OPEB liability. This Discount Rate was based upon the average 20-year general obligation AA Municipal Bond rate index reported by Fidelity Fixed Income Market Data for the period ending December 31, 2021.

CITY OF CHICAGO, ILLINOIS
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YEAR ENDED DECEMBER 31, 2021

Mortality Assumptions

Changes in the Net OPEB Liability (dollars in thousands):

	CBA Benefits	Non-CBA Benefits	Total
total OPEB liability			
Service cost	\$ 126,249	\$ 15,049	\$ 141,298
Interest	34,661	3,696	38,357
Benefit changes (Contribution Increases)	9,896	- 9,896	
Differences between expected and actual experience			(4,226)
Assumption changes	(61,564)	1,177	(60,387)
Benefit payments including refunds	(72,444)	(18,534)	(90,978)
<u>OPEB plan administrative expense</u>	<u>1</u>	<u>1</u>	<u>2</u>
Net change in total OPEB liability	32,572	4,105	36,677
Total OPEB liability:			
<u>Total OPEB liability - beginning</u>	<u>1,769,296</u>	<u>194,044</u>	<u>1,963,340</u>
<u>Total OPEB liability - ending (a)</u>	<u>1,801,868</u>	<u>198,149</u>	<u>2,000,017</u>
Plan fiduciary net position			
Contributions-employer	72,444	18,534	90,978
Contributions-employee	...		
Net investment income (loss)			
Benefit payments including refunds of employee contribution			(72,444)
Administrative expenses			(18,534) (90,978)
<u>Other</u>	<u>1</u>	<u>1</u>	<u>2</u>
Net change in plan fiduciary.net <http://fiduciary.net> position	...	...	...
<u>Plan fiduciary net position - beginning</u>	<u>1</u>	<u>1</u>	<u>2</u>
<u>Plan fiduciary net position - ending (b)</u>	<u>1</u>	<u>1</u>	<u>2</u>
<u>Net OPEB liability-ending (a)-(b)</u>	<u>\$ 1,801,868</u>	<u>\$ 198,149</u>	<u>\$ 2,000,017</u>

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Assumption changes reflect a change in the discount rate from 2.00 percent for beginning of the year values to 1.84 percent for the disclosure date, and the change from an assumed date of termination of the program from 2022 to an ongoing basis with no specific termination date. In addition, assumptions regarding future retiree contribution increases were included in the end of year determinations such that contributions would increase by 1.5 percent for retirements between 2025 and 2028 and increase again in 2029 by 1.5 percent for retirements thereafter.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84 percent) or 1 percentage point higher (2.84 percent) than the current discount rate (dollars in thousands):

	1% Decrease	Current Discount Rate	1% Increase	
		0.84%	1.84%	2.84%
CBA Benefits	\$ 1,936,831	\$ 1,801,868	\$ 1,675,962	
Non-CBA Benefits	<u>214,996</u>	<u>198,149</u>	<u>184,460</u>	
Total		\$ 2,151,827	\$ 2,000,017	\$ 1,860,422

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 4.00 percent) or 1 percentage point higher (8.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates (dollars in thousands):

	1% Decrease	Current Trend Rates	1% Increase
	6.00% [^] 1.00%	7.00%-5.00%	8.00%-6.00%
CBA Benefits	\$ 1,587,109	\$ 1,801,868	\$ 2,053,199
Non-CBA Benefits	<u>177,264</u>	<u>198,149</u>	<u>223,551</u>
Total	\$ 1,764,373	\$ 2,000,017	\$ 2,276,750

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense/(benefit) of \$314.8 million. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	CBA Benefits	Non-CBA Benefits	Total	
	Deferred	Deferred	Deferred	Deferred
	Outflows of	Outflows of	Inflows of	Outflows of
	Resources	Resources	Resources	Resources
Differences between expected and actual				
non-investment experience	\$ 13,942	\$ 30,055	\$ 20,124	\$ 13,582
Assumption Changes	<u>1,224,845</u>	<u>161,667</u>	<u>15,685</u>	<u>1,240,530</u>
Total		\$ 1,238,787	\$ 91,722	\$ 35,809
1,274,596	\$ 120,412			\$ 28,690

CITY OF CHICAGO, ILLINOIS
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YEAR ENDED DECEMBER 31, 2021

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(benefit) as follows (dollars in thousands):

<u>Year Ending December 31:</u>	<u>CBA Benefits</u>	<u>Non-CBA Benefits</u>	<u>Total</u>
2022	\$ 123,770	\$ 1,473	\$ 125,243
2023	123,770	1,473	125,243
2024	123,770	1,473	125,243
2025	123,770	1,473	125,243
2026	123,770	1,473	125,243
Thereafter	<u>528,215</u>	<u>(246)</u>	<u>527,969</u>
	<u>\$ 1,147,065</u>	<u>7,119</u>	<u>\$ 1,154,184</u>

12) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; certain benefits for and injuries to employees, terrorist acts and natural disasters. The City provides worker's compensation benefits and employee health benefits under self-insurance programs except for insurance policies maintained for certain Enterprise Fund activities. The City uses various risk management techniques to finance these risks by retaining, transferring and controlling risks depending on the risk exposure.

Risks for O'Hare, Midway, and certain other major properties, along with various special events, losses from certain criminal acts committed by employees and public official bonds are transferred to commercial insurers. Claims have not exceeded the purchased insurance coverage in the past three years. Accordingly, no liability is reported for these claims. All other risks are retained by the City and are self-insured. The City pays claim settlements and judgments from the self-insured programs with an excess liability insurance policy covering claims in excess of the self-insured retention of \$20,000,000. Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The General Fund is primarily used to record all non-Enterprise Fund claims. The estimated portion of non-Enterprise Fund claims not yet settled has been recorded in the Governmental Activities in the Statement of Net Position as claims payable along with amounts related to deferred compensatory time and estimated liabilities for questioned costs. As of December 31, 2021, the total amount of non-Enterprise Fund claims was \$670.6 million and Enterprise Fund was \$104.2 million. This liability is the City's best estimate based on available information. Changes in the reported liability for all funds are as follows (dollars in thousands):

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 749,813	\$ 614,961
Claims incurred and		
change in estimates	681,243	670,439
Claims paid on current and		
prior year events	<u>(656,182)</u>	<u>(535,587)</u>
Balance, December 31	<u>\$ 774,874</u>	<u>\$ 749,813</u>

13) Expenditure of Funds and Appropriation of Fund Balances

The City expends funds by classification as they become available, and "Restricted" funds are expended first. If/when City Council formally sets aside or designates funds for a specific purpose, they are considered "Committed." The Mayor (or his/her designee) may, in this capacity, also set aside or designate funds for specific purposes and all of these funds will be considered "Assigned." Any remaining funds, which are not specifically allocated in one or more of the previous three categories, are considered "Unassigned" until such allocation is completed.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

In addition to the categories above, any amounts that will be used to balance a subsequent year's budget will be considered "Assigned" as Budgetary Stabilization funds. The amounts may vary from fiscal year to fiscal year or depending on the City's budgetary condition, or may not be designated at all. The funds may be assigned by the Mayor (or his/her designee) up to the amount of available "Unassigned" fund balance at the end of the previous fiscal year.

Fund Balance Classifications

On the fund financial statements, the Fund Balance consists of the following (dollars in thousands):

	Federal, State and General	Special Taxing Local Grants	Service Concession Areas	Bond, Note Redemption and Reserve	Community Development STSC Debt and Interest	Other Improvement Service	Governmental Projects	Funds
Nonspendable Purpose:								
Inventory	\$ 37,646	\$-\$-\$	-	\$-	\$	-	\$	
STSC Blended Balance *	.....	4,299,448						
Restricted Purpose:								
Capital Projects	-	-	2,261,455	-	-	-	230,082	72,942
Grants	-	9,863	.....				
Debt Service	....				. 142,998			
Committed Purpose: Budget and Credit								
Rating Stabilization	-	-	-	685,326	...			
Repair, Maintenance and City Services	-	-	-	-	-	-	- 236,637	
Assigned Purpose:								
Future obligations	323,400	.....	243					
<u>Unassigned</u>	<u>318,095</u>	<u>(436,839)</u>	<u>■</u>	<u>(1,429,054)</u>	<u>(3,884,825)</u>	<u>-</u>	<u>-</u>	<u>(78,736)</u>
<u>Total Government Fund Balance. . .</u>	<u>\$ 679,141</u>	<u>\$ (426,976)</u>	<u>\$ 2,261,455</u>	<u>\$ (743,728)</u>	<u>\$ (3,884,825)</u>	<u>\$ 4,442,446</u>	<u>\$ 230,082</u>	<u>\$ 231,086</u>

* The STSC is a blended component unit of the City. The STSC Blended Balance above, represents a deferred outflow from the acquisition of sales tax revenues that will be amortized into expenditures over the life of the related bonds. As discussed in the Fund Deficit footnote 3c, the deficit within the City's Bonds, Note Redemption and Interest Fund represents this sale that has been deferred and will be funded through the recognition of the related amortization.

At the end of the fiscal year, total encumbrances amounted to \$13.5 million for the General Operating Fund, \$97.7 million for the Special Taxing Areas Fund, \$138.1 million for the Capital Projects Fund and \$60.2 million for the Non Major Special Revenue Fund.

14) Deferred Outflows and Inflows of Resources

In accordance with Government Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, the City reports deferred outflows of resources in the Statement of Net Position in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the Statement of Net Position in a separate section following Liabilities.

The components of the deferred outflows of resources and deferred inflows of resources at December 31, 2021 are as follows (dollars in thousands):

	Governmental	Business-type Activities	Activities
Deferred Outflows of Resources'			
Deferred outflows from pension activities	\$ 1,935,715	\$ 108,453	
Deferred outflows from other post employment benefits activities	1,274,596		
Changes in proportionate share of pension contributions	155,243	52,908	
Unamortized deferred bond refunding costs	189,054	155,810	
Derivatives	- 21,232		
Total Deferred Outflows of Resources	\$ 3,554,608	\$ 338,403	
Deferred Inflows of Resources			
Deferred inflows from pension activities	\$ 1,107,654	\$ 130,072	
Deferred inflows from other post employment benefits activities	120,412		
Changes in proportionate share of pension contributions	70,699	126,423	
Long-Term lease and Service concession arrangements	1,429,061	1,515,758	
Total Deferred Inflows of Resources	\$ 2,727,826	\$ 1,772,253	

The components of the deferred inflows of resources related to the governmental funds at December 31, 2021 are as follows (dollars in thousands):

General									
Governmental Funds-Deferred inflow of resources:									
Property Taxes									
Grants									
Long-term Lease and Concession Agreements ..									
Total Governmental Funds .. \$									
Federal; State and Local Grants									
Other Total Governmental Funds									
Service Bond, Note									
Special Taxing Areas	Concession and Reserve	Redemption Interest	Pension						
544,526									
5,769,057	\$ -	\$ 187,183	\$ 1,154,308	\$ 38,080	\$ 2,148,628				
1,429,061	\$ 4,122,215								
									544,526
	1,429,061								
\$544,526	\$ 769,057	\$ 1,429,061	\$ 187,183	\$ 1,154,308	\$ 38,080				

15) Commitments and Contingencies

The City is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, police conduct, alleged discrimination, civil rights actions, and other matters. City management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

The City participates in a number of federal- and state-assisted grant programs. These grants are subject to audits by or on behalf of the grantors to assure compliance with grant provisions. Based upon past experience and management's judgment, the City has made provisions in the General Fund for questioned costs and other amounts estimated to be disallowed. City management expects such provision to be adequate to cover actual amounts disallowed, if any.

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

As of December 31, 2021, the City has entered into contracts for approximately \$347.0 million for construction projects. As of December 31, 2021, the Enterprise Funds have entered into contracts for approximately \$589.0 million for construction projects.

The City's pollution remediation obligation of \$49.5 million is primarily related to Brownfield redevelopment projects. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

16) Concession Agreements

The major fund entitled Service Concession and Reserve Fund is used for the purpose of accounting for the deferred inflows associated with governmental fund long-term lease and concession transactions. Deferred inflows are amortized over the life of the related lease and concession agreements. Proceeds from these transactions may be transferred from this fund in accordance with ordinances approved by the City Council that define the use of proceeds.

In February 2009, the City completed a \$1.15 billion concession agreement to allow a private operator to manage and collect revenues from the City's metered parking system for 75 years. The City received an upfront payment of \$1.15 billion which was recognized as a deferred inflow that will be amortized and recognized as revenue over the term of the agreement. The City recognizes \$15.3 million of revenue for each year through 2083.

In November 2006, the Chicago Park District entered into an agreement to transfer its ownership interests in three underground downtown public parking garages to the City, all of which are adjacent to a fourth underground downtown public parking garage built by and already owned by the City. In December 2006, the City completed a long-term concession and lease agreement of the four-garage system to a private operator to manage the garages and collect parking and related revenues for the 99-year term of the agreement. The City received an upfront payment of \$563.0 million, of which \$347.8 million was transferred by the City to the Chicago Park District, and the remainder was used to pay off the outstanding bonds that financed the construction of the City's original garage. The City recognized a deferred inflow that will be amortized and recognized as revenue over the term of the agreement. The City recognizes \$5.7 million of revenue for each year through 2105.

In January 2014, the original private concessionaire assigned all of its interests in the concession and lease agreement to a designee of its lenders in lieu of foreclosure by the lenders on their leasehold mortgage on the underground garages.

In May 2016, the designee assigned all of its interests in the concession and lease agreement to a new entity. Pursuant to the concession and lease agreement for the garages, the City approved the transfer of the concession and lease agreement.

In January 2005, the City completed a long-term concession and lease of the Skyway. The concession granted a private company the right to operate the Skyway and to collect toll revenue from the Skyway for the 99-year term of the agreement. The City received an upfront payment of \$1.83 billion; a portion of the payment (\$446.3 million) advance refunded all of the outstanding Skyway bonds. The City recognized a deferred inflow of \$1.83 billion that will be amortized and recognized as revenue over the 99-year term of the agreement. The City recognizes \$18.5 million of revenue related to this transaction for each year through 2103. Skyway land, bridges, other facilities and equipment continue to be reported on the Statement of Net Position and will be depreciated, as applicable, over their useful lives. The deferred inflow of the Skyway is reported in the Proprietary Funds Statement of Net Position.

In February 2016, the owners of the Skyway concessionaire sold their ownership interests in the concessionaire to a new entity. Pursuant to the concession and lease agreement for the Skyway, the City approved the transfer of ownership interests.

CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

17) Tax Abatements

GASB Statement No. 77, Tax Abatement Disclosures ("GASB 77"), requires governments that enter into tax abatement agreements to disclose: (1) Brief descriptive information concerning the agreement; (2) The gross dollar amount of taxes abated during the period; and (3) Commitments made by government, other than to abate taxes, that are part of the tax abatement agreement.

Tax Abatement Agreements Entered into Directly by the City

The Boeing Company

The City entered into a Tax Reimbursement Payment Agreement with The Boeing Company ("Boeing") as of November 1, 2001. The relocation of Boeing constituted a substantial public benefit from its creation of not less than 500 permanent FTE jobs and through payment of various taxes and governmental charges and was expected to foster further economic growth and development in the City.

Boeing may submit to the City for each year of the agreement an annual reimbursement form for reimbursement of an amount equal to the portion of the Boeing General Real Estate Taxes paid during such calendar year to the City, the Board of Education of the City of Chicago and the City Library Fund, in aggregate. In the form, Boeing must certify compliance with the terms of the agreement including, without limitation, Boeing continues to meet certain operational criteria, occupies not less than 125,000 rentable square feet at the building as its corporate headquarters, has at least \$25.0 billion in annual world-wide revenues, and employs a minimum of 500 full time employees within Chicago.

The above listed real estate taxes are reimbursed by way of an annual payment to Boeing in an amount equal to the allocable share of the real estate taxes. The City is entitled to terminate the agreement and/or recover certain payments if Boeing does not comply with the terms of the agreement.

Calendar year 2021 was the last year of the 20-year agreement between the City and Boeing. For the 2021 reporting period, Boeing did not meet one of the payment conditions described in the Agreement and therefore did not submit an Annual Reimbursement request. The final payment under the Agreement was not issued and the Agreement expired December 14, 2021.

Tax Increment Financing

The City adopted certain ordinances approving various redevelopment plans pursuant to provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-7 4.4-1 (the "Act"). The redevelopment plans designate a "redevelopment project area" under the Act, and adopt tax increment allocation financing for each redevelopment project area.

In an effort to promote redevelopment and finance construction projects in the redevelopment project areas to eradicate blighted conditions, the City uses tax increment financing to reimburse developers for the costs of the TIF-funded improvements pursuant to the terms and conditions of redevelopment agreements entered into by the City and a developer. Projects range from new construction to redevelopment and expansion initiatives throughout the City. The maximum reimbursable amount is set forth in each agreement. If the total project cost is lower than the project budget established in the agreement, the reimbursable amount will be prorated.

For the 2021 reporting period, the amount of property tax revenue forgone by the City due to the agreements under the Tax Increment Allocation Redevelopment Act amounts to \$71.8 million on an accrual basis of accounting.

Tax Abatement Agreements Entered Into By Other Governments

Cook County

Cook County provides tax reductions under numerous programs with individuals, local businesses, and developers.

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

The objective of the agreements is to encourage the development and rehabilitation of new and existing industrial and commercial property, reutilization of abandoned property, and increase multi-family residential affordable rental housing throughout Cook County by offering a real estate tax incentive. An eligibility application must be filed prior to commencement of a project and include a resolution from the municipality where the real estate is located. Once the project has been completed, the applicant must file an Incentive Appeal Form with the County Assessor's Office. Upon approval by the County Assessor's Office and based on the property classification, the applicant is eligible to receive one of the following tax incentives:

- Class 7a, 7b, and C: Property will be assessed at 10 percent of market value for the first 10 years, 15 percent in the 11th year and 20 percent in the 12th year.
- Class 7c: Property will be assessed at 10 percent of market value for the first 3 years, 15 percent in the 4th year and 20 percent in the 5th year.
- Class 6b: Property will be assessed at 10 percent of the market value for 10 years and for any subsequent 10-year renewal periods; if not renewed, 15 percent in the 11th year and 15 percent in the 12th year.
- Class L: Renewable properties will be assessed at 10 percent of market value for the first 10 years and for any subsequent 10-year renewal periods; if not renewed, 15 percent in the 11th year and 20 percent in the 12th year. Commercial properties will be assessed at 10 percent of market value for the first 10 years, 15 percent in the 11th year and 20 percent in the 12th year.

In the absence of the incentive, the property tax would be assessed at 25 percent of its market value. This incentive constitutes a substantial reduction in the level of assessment and results in significant tax savings for eligible applicants. For the 2021 reporting period, the amount of property tax revenue forgone by the City due to these incentives is estimated at \$20.3 million.

18) Subsequent Events

Ratings

In January 2022, Standard & Poor's revised the outlook for the Midway First Lien and Second Lien Bonds from Stable to positive.

In June 2022, Standard & Poor's revised the outlook for the O'Hare Customer Facility Charge Bonds from Stable to positive.

Commercial Paper and Lines of Credit

In April 2022, the City of Chicago increased its revolving line of credit agreement with the Bank of America NA at the Chicago O'Hare International Airport from \$300.0 million to \$500.0 million to finance additional capital projects.

In June 2022, the City increased the credit capacity on Midway Airport commercial paper program to \$100.0 million ahead of the July 8, 2022 expiration of the existing \$60.0 million standby letter of credit (LOC). The new letter of credit expires on June 21, 2024 and is provided by Bank of Montreal, acting through its Chicago Branch.

In June 2022, PNC replaced Barclays as letter of credit provider for the 2014C bonds. The expiration date for the new facility is July 10, 2025.

O'Hare and Midway

In November 2021, the President signed the Bipartisan Infrastructure Law (BIL) bill into law. The BIL provides \$25.0 billion of capital grants for airport infrastructure improvements to address repair and maintenance backlogs, reduce congestion and emissions near ports and airports, and drive electrification and other low-carbon technologies over a period of five years, starting in federal fiscal year 2022, of which \$15.0 billion will be allocated to primary airports, \$5.0 billion will be provided as discretionary funding to primary airports and \$5.0 billion will be provided to secondary and general aviation airports. O'Hare will be able to draw on its annual allocated share of funds of \$73.7 million starting in the second half of 2022 every year over the next five years. Midway will be able

**CITY OF CHICAGO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

to draw on its annual allocated share of funds of \$20.2 million starting in the second half of 2022 every year over the next five years. The airport expects the BIL funding to strengthen its respective capital funding sources to continue with major capital

years. The airports expect the BIL funding to strengthen its respective capital funding sources to continue with major capital improvements.

In June 2022, the City received \$40.0 million from Bally's Chicago Operating Company, LLC (Bally's) as an upfront payment required under the host community agreement between the City and Bally's. The host community agreement was approved by City Council in May 2022 and signed in June 2022 in connection with the expected Bally's application to the Illinois Gaming Board for an owners' license to operate a casino within the City.

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REQUIRED

SUPPLEMENTARY INFORMATION

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF CHICAGO,
ILLINOIS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Seven Fiscal Years (dollars are in thousands)**

<u>Municipal Employees':</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 246,066	\$ 236,302	\$ 228,465
Interest	1,228,905	1,190,694	1,159,253
Benefit changes			
Differences between expected and actual experience	121,988	100,938	16,676
Assumption changes			
Benefit payments			
including refunds	(1,010,191)	(973,478)	(952,652)
Pension plan			
administrative expenses	=	=	=
Net change in total pension liability	\$ 586,768	\$ 554,456	\$ 451,742
Total pension liability - beginning	<u>17,814,812</u>	<u>17,260,356</u>	<u>16,808,614</u>
Total pension liability - ending (a)	<u>\$ 18,401,580</u>	<u>\$ 17,814,812</u>	<u>\$ 17,260,356</u>
Plan fiduciary net position			
Contributions-employer	\$ 573,198	\$ 496,992	\$ 418,269
Contributions-employee	163,411	157,798	146,645
Net investment income	498,299	335,403	560,940
Benefit payments including refunds of employee contribution	(1,010,191)	(973,478)	(952,652)
Administrative expenses	(6,687)	(7,118)	(6,740)
Other	=	=	=
Net change in plan fiduciary net position	\$ 218,030	\$ 9,597	\$ 166,462
Plan fiduciary net position - beginning	<u>4,090,239</u>	<u>4,080,642</u>	<u>3,914,180</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,308,269</u>	<u>\$ 4,090,239</u>	<u>\$ 4,080,642</u>
Net pension liability - ending (a)-(b)	<u>\$ 14,093,311</u>	<u>\$ 13,724,573</u>	<u>\$ 13,179,714</u>

Plan fiduciary net position as a percentage of the total pension liability	23.41 %	22.96 %	23.64 %
Covered payroll*	\$ 2,001,181	\$ 1,861,905	\$ 1,802,790
Employer's net pension liability as a percentage of covered payroll	704.25 %	737.13 %	731.07 %

* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note:

Beginning with fiscal year 2015, the City will accumulate ten years of data.

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2018

\$ 223,528 1,123,348

95,540

(916,198)
572,534 915,711

(177,755) (7,431,191)

(888,174)
619,743 878,369

(127,119) (578,920)

(859,672)

\$ 226,816 909,067 2,140,009

(109,835) 8,711,755

(826,036)

\$ 526,218

16,282,396 \$ 16,808,614

\$ 349,574 138,400 (204,975)

(916,198) (6,639)

\$ (639,838)
\$ (7,008,875)

23,291,271 \$ 16,282,396

\$ 261,764 134,765 610,515

(888,174) (6,473) 5,394

\$ 117,791

\$ (67,599)

23,358,870 \$ 23,291,271

\$ 149,718 130,391 281,419

(859,672) (7,056)

\$ 11,051,776

12,307,094 \$ 23,358,870

\$ 149,225 131,428 114,025

(826,036) (6,701)

4,554,018

\$ 3,914,180 \$ 12,894,434

\$ 4,554,018 \$ 11,728,378

\$ 4,436,227 \$ 18,855,044

\$ 4,741,427 \$ 18,617,443

		23.29 %	27.97 %	19.05 %	20.30 %
\$ 1,734,596	\$ 1,686,533	\$ 1,646,939	\$ 1,643,481		

1,144.85 %

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF CHICAGO,
ILLINOIS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Continued
Last Seven Fiscal Years (dollars are in thousands)**

<u>Laborers':</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost*	\$ 40,411	\$ 39,216	\$ 38,522
Interest	102,242	101,000	188,247

Interest	192,040	191,099	188,047	
Benefit changes				
Differences between expected and actual experience	(31,083)	(18,992)	(8,820)	
Assumption changes	21,870	44,034	32,846	
Benefit payments				
including refunds	(172,514)	(169,056)	(164,959)	
Pension plan				
administrative expenses	(3,837)	(3,616)	(3,691)	
Net change in total pension liability	\$ 47,190	\$ 82,685	\$ 82,245	
Total pension liability - beginning	2,858,334	2,775,649	2,693,404	
Total pension liability - ending (a)	\$ 2,905,524	\$ 2,858,334	\$ 2,775,649	
Plan fiduciary net position				
Contributions-employer	\$ 84,969	\$ 73,744	\$ 59,346	
Contributions-employee	17,637	18,064	18,143	
Net investment income	138,105	163,057	184,027	
Benefit payments including refunds of employee contribution	(172,514)	(169,056)	(164,959)	
Administrative expenses	(3,837)	(3,616)	(3,691)	
Other	=	=	=	
Net change in plan fiduciary net position	\$ 64,360	\$ 82,193	\$ 92,866	
Plan fiduciary net position - beginning	1,269,742	1,187,549	1,094,683	
Plan fiduciary net position - ending (b)	\$ 1,334,102	\$ 1,269,742	\$ 1,187,549	
Net pension liability - ending (a)-(b)	\$ 1,571,422	\$ 1,588,592	\$ 1,588,100	
Plan fiduciary net position as a percentage of the total pension liability		45.92 %	44.42 %	42.78 %
Covered payroll **	\$ 212,122	\$ 207,195	\$ 211,608	
Employer's net pension liability as a percentage of covered payroll		740.81 %	766.71 %	750.49 %

* Includes pension plan administrative expenses.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note:

Beginning with fiscal year 2015, the City will accumulate ten years of data.

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2016

\$ 40,801 183,135

15,143 (11,788)

(160,061)

(3,933)

\$ 63,297

2,630,107 \$ 2,693,404

\$ 47,844 17,837 (75,219)

(160,061)

(3,933)

661

\$ (172,871)

1,267,554

\$ 1,094,683 \$ 1,598,721

\$ 80,232 154,047 150

(62,178) (1,074,754)

(157,050)

(3,985)

\$ (1,063,538)

3,693,645 \$ 2,630,107

\$ 35,457 17,411 207,981

(157,050) (3,985)

\$ 99,814

1,167,740

\$ 1,267,554 \$ 1,362,553
82,960 150,166

(30,428) (62,905)

(154,683)

(4,080)

\$ (18,970)

3,712,615 \$ 3,693,645

\$ 12,603 17,246 57,997

(154,683) (4,080)

\$ (70,917)

1,238,657

\$ 1,167,740 \$ 2,525,905
\$ 38,389 153,812 384,033

(46,085) 1,175,935

(152,530)

(3,844)

\$ 1,549,710

2,162,905 \$ 3,712,615

\$ 12,412 16,844 (22,318)

(152,530) (3,844)

\$ (149,436)

1,388,093

\$ 1,238,657 \$ 2,473,958

40.64 % ' 48.19 % 31.61 % 33.36 %

\$ 211,482 \$ 208,442 \$ 208,155 \$ 204,773

1,213.47 %

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF CHICAGO,
ILLINOIS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Continued
Last Seven Fiscal Years (dollars are in thousands)**

<u>Policemen's:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost*	\$ 284,707	\$ 286,537	\$ 240,383
Interest	963,417	942,623	944,739
Benefit changes	-	-	24,216
Differences between expected			

Differences between expected and actual experience	450,528	61,914 (68,010)	
Assumption changes	37,029	260,021	1,140,418
Benefit payments including refunds	(887,076)	(841,598)	(800,668)
Pension plan administrative expenses	(3,337)	(4,359)	(4,734)
Net change in total pension liability	\$ 845,268	\$ 705,138	\$ 1,476,344
Total pension liability - beginning	15,494,740	14,789,602	13,313,258
Total pension liability - ending (a)	\$ 16,340,008	\$ 15,494,740	\$ 14,789,602
Plan fiduciary net position			
Contributions-employer	\$ 788,770	\$ 739,441	\$ 581,936
Contributions-employee	136,225	113,622	110,792
Net investment income	370,141	271,891	369,982
Benefit payments including refunds of employee contribution	(887,076)	(841,598)	(800,668)
Administrative expenses	(3,337)	(4,359)	(4,734)
Other	91	472	32
Net change in plan fiduciary net position	\$ 404,814	\$ 279,469	\$ 257,340
Adjustment as of January 1,	(48)	- (91)	
Plan fiduciary net position - beginning	3,441,898	3,162,429	2,905,180
Plan fiduciary net position - ending (b)	\$ 3,846,664	\$ 3,441,898	\$ 3,162,429
Net pension liability - ending (a)-(b)	\$ 12,493,344	\$ 12,052,842	\$ 11,627,173
Plan fiduciary net position as a percentage of the total pension liability		23.54 %	22.21 %
Covered payroll**	\$ 1,258,338	\$ 1,195,980	\$ 1,228,987
Employer's net pension liability as a percentage of covered payroll		992.84 %	1,007.78 %
			946.08 %

* Includes pension plan administrative expenses.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note:

Beginning with fiscal year 2015, the City will accumulate ten years of data.

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2018

\$ 242,998 931,731

(281,151) (259,052)

(771,104)

(4,626)

\$ (141,204)

\$ 572,836 107,626 (5,334)
 (676,777) (4,508) 3,092
 \$ (193,930) \$ (3,065)
 3,058,949
\$ 2,905,180 \$ 10,408,078
 21.82 % \$ 1,205,324
 \$ 3,122,066 \$ 10,332,396
 \$ 2,865,019 \$ 10,248,072
 \$ 3,058,949 \$ 8,973,784
 863.51 %

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF CHICAGO,
 ILLINOIS
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - Concluded Last Seven
 Fiscal Years (dollars are in thousands)**

Firemen's:	2021	2020	2019
Total pension liability			
Service cost	\$ 112,730	\$ 109,487	\$ 102,141
Interest	429,630	410,128	408,586
Benefit changes	196,531		
Differences between expected and actual experience	93,928	174,717	(65,213)
Assumption changes	(340,370)	30,468	190,954
Benefit payments including refunds	(388,674)	(366,160)	(346,337)
Pension plan administrative expenses		=	=
Net change in total pension liability	\$ 103,775	\$ 358,640	\$ 290,131
Total pension liability - beginning	6,901,131	6,542,491	6,252,360
Total pension liability - ending (a)	\$ 7,004,906	\$ 6,901,131	\$ 6,542,491
Plan fiduciary net position			
Contributions-employer	\$ 367,481	\$ 368,423	\$ 255,382
Contributions-employee	52,268	54,414	46,623
Net investment income	120,513	105,367	161,082

Net investment income	129,313	103,307	101,002
Benefit payments including refunds of employee contribution	(388,674)	(366,160)	(346,337)
Administrative expenses	(3,082)	(2,991)	(3,226)
Other	<u>5</u>	<u>13</u>	<u>507</u>
Net change in plan fiduciary net position	\$ 157,511	\$ 159,066	\$ 114,031
Plan fiduciary net position - beginning	<u>1,308,887</u>	<u>1,149,821</u>	<u>1,035,790</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,466,398</u>	<u>\$ 1,308,887</u>	<u>\$ 1,149,821</u>
Net pension liability - ending (a)-(b)	<u>\$ 5,538,508</u>	<u>\$ 5,592,244</u>	<u>\$ 5,392,670</u>
Plan fiduciary net position as a percentage of the total pension liability		20.93 %	18.97% 17.57%
Covered	\$ 520,047	\$ 500,368	\$ 457,082
Employer's net pension liability as a percentage of covered payroll		1,065.00 %	1,117.63% 1,179.80 %

* Includes pension plan administrative expenses.

** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Note:

Beginning with fiscal year 2015, the City will accumulate ten years of data.

2016	104		
	\$ 97,143	* 410,821	
(56,418)	382,611		
(324,662)			
			(3,285)
	\$ 93,367	* 371,622	\$ 506,210 5,746,150
26,954	414,219		
(306,098)			
			(3,172)
\$ 94,115	* 342,085	227,213	\$ 596,892 5,149,258
24,110	(74,373)		
(286,759)			
(3,217)			

	\$ 323,174 4,826,084
\$ 87,203 * 338,986	
(7,981) 176,282	
(278,017)	
	<u>(3,149)</u>
	\$ 313,324 4,512,760
\$ 4,826,084	
\$ 249,684 45,894 (58,000)	
	(324,662) (3,285) 6
	\$ (90,363) 1,126,153
	\$ 228,453 47,364 140,570
(306,098) (3,172) 22	
\$ 107,139	
1,019,014	
\$ 154,101 48,960 60,881	
	(286,759)
	(3,217)
	(53)
	\$ (26,087) 1,045,101
	\$ 236,104 46,552 7,596
(278,017) (3,149) 7	
	\$ 9,093 1,036,008
\$ 1,035,790 \$ 5,216,570	
\$ 1,126,153 \$ 4,619,997	
\$ 1,019,014 \$ 4,130,244	
\$ 1,045,101 \$ 3,780,983	
16.57 % \$ 456,969	
	1,141.56 %
19.60 % \$ 469,407	
	984.22 %
19 79 % \$ 478.471	

10.75 % \$ 10,171

863.22 %

21.66 % \$ 465,232

812.71 %

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**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF CHICAGO, ILLINOIS
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years (dollars are in thousands)**

Municipal Employees':

Years Ended December 31,

2012
2013
2014
2015
2016
2017
2018
2019
2020
2021

Actuarially Determined Contributions i 690,823 820,023 839,039 677,200 961,770 1,005,457 1,049,916 1,117,388 1,167,154 1,218,361
Contributions in Relation to the Actuarially Determined Contribution 148,859 148,197 149,747 149,225 149,718 261,764 349,574
418,269 496,992 573,198

Contribution Deficiency

541,964 \$
671,826
689,292
527,975
812,052
743,693
700,342
699,119
670,162
645,163

010,100

Covered Payroll'

1,590,794 1,580,289 1,602,978 1,643,481 1,646,939 1,686,533 1,734,596 1,802,790 1,861,905 2,001,181

Contributions as a percentage of Covered Payroll

9.36 9.38 9.34 9.08 9.09 15.52 20.15 23.20 26.69 28.64

* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Laborers':

Years Ended December 31,

2012
2013
2014
2015
2016
2017
2018
2019
2020
2021

Actuarially Determined Contributions * 77,566 106,199 106,019 79,851 117,033 124,226 129,247 148,410 155,794 155,245

Contributions in Relation to the Actuarially Determined Contribution

11,853 \$
11,583
12,161
12,412
12,603
35,457
47,844
59,346
73,744
84,969

Contribution Deficiency

65,713 94,616 93,858 67,439 104,430 88,769 81,403 89,064 82,050 70,276

Covered Payroll

198,790 200,352 202,673 204,773 208,155 208,442 211,482 211,608 207,195 212,122

Contributions as a percentage of Covered Payroll

5.96 %	
5.78 %	
6.00 %	
6.06 %	
6.05 %	
17.01 %	
22.62 %	
5 %	
5 35.59 %	
6 %	

* The LABF Statutory Funding does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year open amortization period. ** Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF CHICAGO,
ILLINOIS SCHEDULE OF CONTRIBUTIONS - Continued Last Ten
Fiscal Years (dollars are in thousands)**

Policemen's:

Years Ended December 31,

2012
2013
2014
2015
2016
2017
2018
2019
2020
2021

Actuarially Determined Contributions * 431,010 474,177 491,651 785,501 785,695 910,938 924,654 933,770 1,037,582 1,047,839

Contributions in Relation to the Actuarially Determined Contribution 197,885 179,521 178,158 575,928 273,840 494,580 589,635 581,968 739,913 788,861

Contribution Deficiency
222,125

255,125
294,656
313,493
209,573
511,855
416,358
335,019
351,802
297,669
258,978

Covered Payroll

1,015,171 1,015,426 1,074,333 1,086,608 1,119,527 1,150,406 1,205,324 1,228,987 1,195,980 1,258,338

Contributions as a percentage of Covered Payroll

19.49 17.68 16.58 53.00 24.46 42.99 48.92 47.35 61.87 62.69

'The PABF Statutory Funding does not conform to Actuarial Standards of Practice; therefore, for fiscal years 2015 and after, the actuarially determined contribution is equal to the normal cost plus a 30-year level dollar amortization of the unfunded actuarial liability. Prior to 2015 the actuarially determined contribution was equal to the "ARC which was equal to the normal cost plus a 30-year open level percent amortization of the unfunded actuarial liability.

* Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

Firemen's:**Years Ended December 31,**

2012
2013
2014
2015
2016
2017
2018
2019
2020
2021

Actuarially Determined Contributions * 271,506 294,878 304,265 323,545 333,952 372,845 412,220 442,045 466,556 476,498

Contributions in Relation to the Actuarially Determined Contribution 81,522 103,669 107,334 236,104 154,101 228,453 249,684
255,382 368,423 367,481

Contribution Deficiency

189,984 \$
191,209
106,031

150,551
 87,441 179,851 144,392 162,536 186,663
 98,133 109,017

Covered Payroll *

418,965 416,492 460,190 465,232 478,471 469,407 456,969 457,082 500,368 520,047

Contributions as a percentage of Covered Payroll

19.46 %
 24.89 %
 23.32 %
 50.75 %
 32.21 %
 48.67 %
 54.64 %
 55.87 %
 73.63 %
 70.66 %

- The historical FABF Statutory Funding Policy does not conform to Actuarial Standards of Practice; therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year amortization period. Amounts for fiscal years prior to 2015 were based on the "ARC" which was equal to normal cost plus an amount to amortize the unfunded liability using a 30-year open period level dollar amortization.
- Covered payroll is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during fiscal year.

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF
 CHICAGO, ILLINOIS ^J SCHEDULE OF CONTRIBUTIONS -
 Concluded**

Actuarial Methods and Assumptions:	Municipal		Laborers'		Policemen's		Firemen's	
Actuarial valuation date	12/31/2021				(a)	12/31/2021	12/31/2021	
Actuarial cost method	Entry age normal		Entry age normal		Entry age normal		Entry age normal	
Asset valuation method	5-yr. Smoothed		5-yr. Smoothed		5-yr. Smoothed		5-yr. Smoothed	
Actuarial assumptions:	Market		MarketMarketMarket					
Inflation	2.50%		2.25%		2.25%		2.25%	
Salary increases	3.50%-7.75%				(b)	3.00%	(c)	3.50% (d) 3.50-
25.00% (e)								
Investment rate of return	7.00%	(f)	7.25%	(g)	6.75%		6.75% (f)	
Retirement Age	(h)		(i)		(j)(k)			
Mortality	' (l)		(m)		(n)		(o)	
Other information	(p)		(q)		(q)		(p)	

a) Actuarially determined contribution amount is determined as of December 31. with appropriate interest to the end of the year.

b) (1.50%-6.50% for 2020-2022), varying by years of service. (¶)

Plus a service-based increase in the first 9 years.

d) Plus service based increases consistent with bargaining contracts

e) Varying by years of service. (0 Net of investment expense

Investment expense

g) Net of investment expense, including inflation.

h) For employees first hired prior to January 1, 2011, rates of retirement are based on the recent experience of the Fund (effective December 31, 2017). For employees first hired on or after January 1, 2011 and before July 6, 2017, rates of retirement for each age from 62 to 80 were used (effective December 31, 2011). For employees first hired on or after July 6, 2017, rates of retirement for each age from 60 to 80 were used (effective December 31, 2018).

(i) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020, valuation

pursuant to an experience study of the period January 1, 2017, through December 31, 2019

(j) Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2019, actuarial valuation pursuant to an experience study of the period January 1, 2014, through December 31, 2018.

(k) Retirement rates are based on the recent experience of the Fund (effective December 31, 2017)

(l) Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, set forward two years for males and one year for females,

and projected generationally using scale MP-2016 Pre-retirement mortality rates were based on 120% of the RP-2014 Employee Mortality Tables projected generationally using scale MP-2016 (m) Post Retirement Mortality. Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree

Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA.

This assumption provides a margin for mortality improvements.

Pre Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements

(n) Post-Retirement Healthy mortality rates: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 119% for males and 102% for females, set forward one year for males. Pre-Retirement mortality rates' Sex distinct Pub-2010 Amount-weighted Safety Employee Mortality Tables weighted 100% for males and 100% for females. Disabled Mortality: Sex distinct Pub-2010 Amount-weighted Safety Healthy Retiree Mortality Tables weighted 129% for males and 112% for females, set forward one year for males. Future mortality improvements are reflected by projecting the base mortality tables forward using the MP-2018 projection scale.

(o) Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 106% for males and 98% for females, and projected generationally using scale MP-2017 Disabled mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Tables, scaled by 107% for males and 99% for females, and projected generationally using scale MP-2017. Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Mortality, scaled by 92% for males and 100% for females, projected generationally using scale MP-2017.

(p) Other assumptions: Same as those used in the December 31, 2021, actuarial funding valuation.

(q) The actuarial valuation is based on the statutes in effect as of December 31, 2020

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**REQUIRED SUPPLEMENTARY INFORMATION CITY OF
CHICAGO, ILLINOIS
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Four Years (dollars are in thousands)**

<u>CBA Benefits:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 126,249	\$ 12,215	\$ 3,398	\$ 3,954
Interest			34,661	16,357 15,049
Benefit changes		9,896 *	(82,923)*	(10)**
Differences between expected and actual experience			(4,226)	(6,712) 19,330 (35,640)
Assumption changes			(61,564)	1,261,663 253,605 (9,990)
Benefit payments including refunds			(72,444)	(56,528) (51,717) (49,972)
<u>OPEB plan administrative expense</u>				=
Net change in total OPEB liability			1,144,072	\$ 32,572 \$ (76,599)
Total OPEB liability - beginning	1 760 206	625 224	385 858	162 157

<u>Total OPEB liability - beginning</u>	<u>1,703,290</u>	<u>1,769,296</u>	<u>1,631,705</u>	<u>1,822,222</u>
<u>Total OPEB liability - ending (a)</u>	<u>\$ 1,801,868</u>	<u>\$ 1,769,296</u>	<u>\$ 625,224</u>	<u>\$ 385,858</u>
Plan fiduciary net position				
Contributions-employer	\$ 72,444	\$ 56,528	\$ 51,717	\$ 49,972
Contributions-employee	....		
Net investment income				- ...
Benefit payments including refunds of member contribution			(56,528)	(51,717) (49,972)
Administrative expenses				
<u>Other</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>
Net change in plan fiduciary net position		\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	=	=	=	=
Plan fiduciary net position - ending (b)	\$ =	\$ =	\$ =	\$ =
<u>Net OPEB liability - ending (a)-(b)</u>	<u>\$ 1,801,868</u>	<u>\$ 1,769,296</u>	<u>\$ 625,224</u>	<u>\$ 385,858</u>
Covered employee payroll***	\$ 1,723,556	\$ 1,657,041	\$ 1,631,705	\$ 182,222
Net OPEB liability as a percentage of covered employee payroll	104.54	%	106.77 %	38.32 % 211.75 %

Contribution Increases "Cadillac tax
& Subsidy

***Covered employee payroll is the amount in force as of the valuation date and likely differs from actual payroll paid during fiscal year.

Notes:

Beginning with fiscal year 2018, the City will accumulate ten years of data.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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REQUIRED SUPPLEMENTARY INFORMATION CITY OF CHICAGO, ILLINOIS SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - Concluded Last Four Years (dollars are in thousands)

<u>Non-CBA Benefits:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost		\$	15,049	\$ 12,697
14,904 \$ 10,673				
Interest	3,696	5,331	11,869	9,411
Benefit changes	-	-	(106,959)*	
Differences between expected and actual experience		2,717	(11,185)	24,481 (7,490)
Assumption changes	1,177	1,597	(20,946)	22,922
Benefit payments including refunds	(18,534)	(17,959)	(18,560)	(20,606)
<u>OPEB plan administrative expense</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>
Net change in total OPEB liability				\$ 4,105

City of Chicago

"AND

U.S. Bank Trust Company, National Association, as Trustee

Securing

City of Chicago General Obligation Bonds, Series 2023A (Chicago Works),

Dated as of January 1, 2023

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for convenience of reference)

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Trust Indenture

This Trust Indenture, made and entered into as of January 1, 2023 (this "Indenture"), by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, and U.S. Bank Trust Company, National Association (the "Trustee"), a national banking association with trust powers, having a corporate trust office located in the City of Chicago, Illinois, duly organized, validly existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America,

WITNESSETH:

Whereas, pursuant to an ordinance duly adopted by the City Council of the City (the "City Council") on November 24, 2020, as amended by Article 2 of an ordinance adopted by the City Council on October 27, 2021 (the "Bond Ordinance") the City duly authorized the issuance and sale of its General Obligation Bonds, Series 2023A (Chicago Works), (the "Bonds") in order to provide the funds, together with other available funds, including proceeds of other general obligation bonds, for the purposes of (A) (i) paying costs of the New Money Purposes described in the Bond Ordinance, (ii) capitalizing or funding such interest on the Bonds as may be necessary (iii) paying costs of credit enhancements and (iv) paying expenses incidental to the issuance

may be necessary, (iii) paying costs of credit enhancements, and (iv) paying expenses incidental to the issuance of the Bonds and (B) refinancing Line of Credit Indebtedness relating to interim financing for New Money Purposes; and

Whereas, by virtue of Article VII of the Illinois Constitution of 1970 and pursuant to the Bond Ordinance, the City is authorized to issue the Bonds, enter into this Indenture and to do or cause to be done all the acts and things herein provided or-required to be done; and

Whereas, the execution and delivery of the Bonds and of this Indenture have in all respects been duly authorized and all things necessary to make such Bonds, when executed by the City and authenticated by the Trustee, the legal, valid and binding obligations of the City and to make this Indenture a legal, valid and binding agreement, have been done; and

Whereas, the Bonds, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, shall be substantially in the form attached hereto as Exhibit A, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture and the Bond Ordinance;

Now, Therefore, This Indenture Witnesseth: Granting Clauses

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the Registered Owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor

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and effect, and to secure the performance and observance by the City of all the covenants expressed or implied herein and in the Bonds, does hereby assign and grant a security interest in and to the following to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City hereinafter set forth (the "Trust Estate "):

Granting Clause First

Any moneys, revenues, receipts, income, assets or funds of the City legally available for such purposes, all to the extent provided in this Indenture, including, but not limited to, the proceeds of a direct annual tax levied by the City in the Bond Ordinance upon all taxable property in the City;

Granting Clause Second

All moneys and securities from time to time held by the Trustee under the terms of this Indenture, except for moneys deposited with or paid to the Trustee and held in trust hereunder for the redemption of Bonds, notice of the redemption of which has been duly given; and

Granting Clause Third

Any and all other property rights and interests of every kind and nature from time to time hereafter by

any and all other property, rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security hereunder by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

To Have and To Hold all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

IN Trust, Nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Registered Owners of the Bonds, without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing, except to the extent herein otherwise specifically provided;

Provided, However, that if the City, its successors or assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner set forth therein according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds as required herein, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to them in accordance with the terms and provisions hereof, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

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This Indenture Further Witnesseth, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests and any other amounts hereby assigned and pledged are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and the respective owners of the Bonds as follows:

Article I

Definitions and General Matters

Section 1.01. Definitions. All capitalized terms used herein unless otherwise defined shall have the meanings given in the recitals above and the following meanings for purposes of this Indenture:

"Authorized Denomination " means \$5,000 and any integral multiple thereof.

"Authorized Officer " means (a) the Mayor,; the Chief Financial Officer, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor or Chief Financial Officer and

shall remain in the City, be designated by a Certificate signed by the Mayor or Chief Financial Officer and filed with the Trustee for so long as such designation shall be in effect, and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

"Beneficial Owner" means the owner Of a beneficial interest in the Bonds registered in the name of Cede & Co., as nominee of DTC (or a successor securities depository or nominee for either of them).

"Bond Counsel" means one or more firms of nationally recognized bond counsel designated by the Corporation Counsel of the City.

"Bond Fund" means the fund of that name established and described in Section 4.03 hereof.

"Bondholder," "holder," or "owner of the Bonds" means the Registered Owner or Beneficial Owner of any Bond, as the case may be.

"Bond Ordinance" has the meaning given to such term in the recitals hereto.

"Bond Register" means the registration books of the City kept by the Trustee to evidence the registration and transfer of Bonds.

"Bond Year" means a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year.

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"Bonds" means the General Obligation Bonds, Series 2023A (Chicago Works) issued pursuant to Section 2.01 hereof.

"Business Day " means any day other than (i) a Saturday or Sunday, (ii) a day on which banks located in the city where the Designated Corporate Trust Office is located are authorized or required by law to close, and (iii) a day on which The New York Stock Exchange, Inc., is closed.

"Capitalized Interest Account" means the account of that name established within the Bond Fund, as described in Section 4.03 hereof.

"Certificate " means an instrument of the City in writing signed by an Authorized Officer. Any such instrument in writing and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based,, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants, or engineers, respectively, unless the officer signing such instrument knows that the opinion or representation with respect to the matters upon which such instrument may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel or accountant or other persons: as the case may be, need not certify to

all of the matters required to be certified under any provision of this Indenture or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

"Chief Financial Officer" means the Chief Financial Officer appointed by the Mayor, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer.

"City" means the City of Chicago, a municipal corporation and home rule unit of local government, organized and existing under the Constitution and laws of the State.

"City Clerk" means the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to the Bond Ordinance.

"City Comptroller" means the City Comptroller of the City.

"Code" means the United States Internal Revenue Code of 1986. References to the Code and to Sections of the Code shall include relevant final, temporary or proposed regulations thereunder as in effect from time to time and as applicable to obligations issued on the Date of Issuance.

"Date of Issuance" means January 9, 2023, the date of issuance and delivery of the Bonds to the initial purchasers thereof.

"Defeasance Obligations" means: (A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of

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and interest on which are guaranteed by the United States of America; (C) obligations of the following government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) debt obligations, Federal Home Loan Banks (FHL Banks) debt obligations, Fannie Mae debt obligations, Resolution Funding Corp. (REFCORP) debt obligations, and U.S. Agency for International Development (U.S. A.I.D.) Guaranteed notes; (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C).

"Delivery Office" shall mean the following offices of the Trustee: . For

Purposes of Notice:.

U.S. Bank Trust Company, National Association
190 South LaSalle, Chicago, Illinois 60603
Attention: Global Corporate Trust

For Purposes of Presentation of Bonds for Payment or Transfers:

U.S. Bank Trust Company, National Association
111 Fillmore Avenue East, St. Paul, Minnesota 55107-1402
Attention: Global Corporate Trust

"Deposit Date " means the Business Day immediately preceding each Interest Payment Date:

"Designated Corporate Trust Office " means the corporate trust office of the Trustee located at the address of the Trustee set forth in the definition of "Delivery Office" herein, as such address may be changed from time to time by the Trustee.

"DTC" means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository performing similar functions.

"Federal Obligation" means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

"Fitch" means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated, or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

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"Indenture " means this Indenture, as amended and/or supplemented from time to time in accordance with Article IX hereof.

"Interest Payment Date" means each January 1 and July 1. The initial Interest Payment Date shall be July 1, 2023.

"Issuance Costs" means the expenses and costs of the City with respect to the authorization, sale and delivery of the Bonds.

"Kroll" means Kroll Bond Rating Agency, LLC, its successors and assigns, and, if Kroll shall be dissolved or liquidated or shall no longer perform the functions of a security rating agency, "Kroll" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Line of Credit Indebtedness " means funds the City has borrowed using one or more line of credit agreements to provide funds for interim financing for New Money Purposes.

"Maturity Date" means, for the Bonds of each specified maturity, the applicable maturity' date set forth

in Section 2.02(d) hereof.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if Moody's shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

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

"Ongoing Financing Services" means any periodic fees and expenses payable to parties involved in the provision of ongoing services relating to the Bonds, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of the Bonds, as defined in Section 2.2(a) of Part B of the Bond Ordinance.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel in form and substance acceptable to the City.

"Outstanding" means, when used with reference to any Bonds, all of such obligations issued under this Indenture that are unpaid, provided that such term does not include:

a) Bonds canceled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

b) matured or redeemed Bonds which have not been presented for payment in accordance with the provisions of this Indenture and for the payment of which the City has deposited funds with the Trustee;

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c) Bonds for which the City has provided for payment by depositing in an irrevocable trust or escrow, cash or Defeasance Obligations, in each case, the maturing principal of and interest on which will be sufficient to pay at maturity, or if called for redemption on the applicable redemption date, the principal of, redemption premium, if any, and interest on such Bonds;

d) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture; and

e) Bonds owned by the City and tendered to the Trustee for cancellation.

"Outstanding Indebtedness" has the meaning ascribed thereto in the Bond Ordinance.

"Participant, " when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Paying Agent"-.means the Trustee and any Paying Agent designated by the Trustee, and any successor thereto. -

"Permitted Investments" means any of the following obligations or securities permitted under the laws of the State and the Municipal Code:

- a) interest-bearing general obligations of the United States of America, the
 - a) State or the City; . .
 - b) 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 City a return on such investment in lieu of interest;
 - c) short-term discount obligations of the United States Government or United States Government agencies;
 - d) certificates of deposit of national banks or banks located within the City which are either (i) fully collateralized at least 110 percent by marketable United States Government securities marked to market at least monthly or (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;
 - e) 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;
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- f) tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;
 - g) shares of money market mutual funds registered under the Investment Company Act of 1940, which shares are registered under the Securities Act of 1933, 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; and
 - h) any other suitable investment instrument permitted by State laws and the Municipal Code governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds.

"Pledged Taxes" shall have the meaning given to such term in the Bond Ordinance.

"Principal and Interest Account" means the account of that name established within the . Bond Fund, as described in Section 4.03 hereof.

"Principal and Interest Account Requirement" means an amount, equal to the total principal installment and interest due on such Bonds as of each January 1 and July 1 (including any mandatory redemption of the Bonds as required by Section 3.01(c) hereof), which amount shall be deposited in the Principal and Interest Account not later than the Deposit Date for such Interest Payment Date.

"Project" means the (i) public right of way improvements in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacements, curb and gutter repairs and replacements and environmental remediation; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, riverbank stabilization, residential and commercial infrastructure redevelopment and railroad viaduct clearance improvements; (iii) transportation improvements (to City property and facilities and to property and facilities located within the City limits which are owned by other governmental entities), including street resurfacing, bridge and freight tunnel rehabilitation, viaduct rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) grants to assist not for profit organizations, or educational or cultural institutions, or to assist other municipal corporations, units of local government, school districts, the State or the United States of America; (v) the duly authorized acquisition of improved or unimproved real property within the City for municipal, industrial, commercial or residential purposes; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; and (vii) constructing, equipping, altering, improving and repairing various municipal facilities and the sites thereof, including fire stations, police stations, libraries, senior and health centers and other municipal facilities.

"Project Costs " means the costs of the Project.

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"Project Fund" means the fund of that name established and described in Section 4.04 hereof.

"Qualified Collateral" means:

- a) Federal Obligations;
- b) direct and general obligations of any state of the United States of America or any political subdivision of the State which are rated not less than "AA" or "Aa2" or their equivalents by any nationally recognized securities rating agency; and

c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under any annual contributions contract or contracts with the United States of America, or project, notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

"Rating Agency " means any of Fitch, Moody's, S&P and Kroll, or another rating agency that has a credit rating assigned to the Bonds at the request Of the City.

"Record Date " means each June 15 and December 15 (whether or not a Business Day).

"Redemption Price " means with respect to the Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bonds.

"Registered Owner" or "Owner" means the person or persons in whose name or names a Bond shall be registered in the Bond Register.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Securities Depository" means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds.

"Series 2023A Costs of Issuance Account" means the account of that name established within the Project Fund, as described in Section 4.04 hereof.

"Series 2023A Investment Earnings Account" means the account of that name established within the Project Fund, as described in Section 4.04 hereof.

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"State " means the State of Illinois.

"Supplemental Indenture" means any indenture modifying, altering, amending, supplementing or confirming this Indenture duly entered into in accordance with the terms hereof.

"Tax Certificate " means the tax certificate of the City dated the Date of Issuance pertaining to the Bonds.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association with trust powers, and its successors and any entity resulting from or surviving any consolidation or merger to

which it or its successors may be a party, and any successor trustee at the time serving as successor trustee hereunder.

Section 1.02. Authority for Indenture. This Indenture is executed and delivered by the City by virtue of and pursuant to the Bond Ordinance and as an exercise of its home rule powers. The City has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to meet the public purposes, and obligations of the City, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of the City and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the City.

Section 1.03. Indenture to Constitute Contract. In consideration of the purchase and acceptance of Bonds by those who shall hold the same from time to time, the provisions of this Indenture and any Supplemental Indenture shall be a part of the contract of the City with the Owners of Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee, and the Owners from time to time of the Bonds. The City covenants and agrees with the Owners of Bonds and the Trustee that it will faithfully perform all of the covenants and agreements contained in this Indenture, in the Bond Ordinance and in the Bonds.

Article II The Bonds

Section 2.01. Authority for and Issuance of Bonds. The Bonds are authorized to be issued by virtue of and pursuant to the Bond Ordinance and as an exercise by the City of its home rule powers. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. Except as provided in Section 2.07 hereof, the total principal amount of Bonds that may be issued hereunder is expressly limited to \$503,690,000.

Section 2.02. General Terms of Bonds, (a) The Bonds shall constitute a single series in the aggregate principal amount of \$503,690,000, and be designated "City of Chicago General Obligation Bonds, Series 2023A (Chicago Works)" and shall be issued as fully registered Bonds,

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without coupons, in Authorized Denominations substantially in the form attached as Exhibit A thereto. Unless the City shall otherwise direct, the Bonds shall be lettered and numbered from R-1 and upwards. Each Bond shall be dated the Date of Issuance and shall mature, subject to prior redemption as provided in Article III hereof, on its Maturity Date.

(b) Each Bond shall bear interest from the later of its date or the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid, such interest being payable on January 1 and July 1 of each year, commencing on July 1, 2023. Interest on each Bond shall be paid to the person in whose name such Bond is registered at the close of business on the Record Date next preceding the applicable Interest Payment Date, by check or draft of the Trustee, or, at the option of any registered owner of \$ 1,000,000 or more in aggregate principal amount of Bonds of a series, by wire transfer of

immediately available funds to such bank in the continental United States of America as the registered owner, of such Bonds shall request in writing to the Trustee.

(c) The principal of the Bonds and any redemption premium shall be payable in lawful money of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee.

(d) The Bonds shall mature on January 1 in each year shown in the following table in the respective principal amount set forth opposite each such year. The Bonds shall bear interest from and including the Date of Issuance as shown in the table below until payment of the principal or Redemption Price thereof shall have been made or provided for in accordance with the provisions hereof, whether at the applicable Maturity Date, upon redemption, or otherwise. Interest accrued on the Bonds shall be paid in arrears on each Interest Payment Date. Interest on the Bonds shall be computed upon the basis of a 360 day year consisting of twelve 30 day months.

Year (January 1)

	2029	2033	2034	2035	2035	2036	2037	2038	2039	2040	2041	2043
Principal Amount \$	5,000,000	3,000,000	30,000,000	39,250,000	39,250,000	3,000,000	4,000,000	87,560,000	116,950,000	75,680,000	40,790,000	59,210,000
Interest Rate	5.000%	5.000										
"	5.000	4.000	5.000	5.250	5.250	5.250	5.500	5.500	5.500	5.500		

Section 2.03. Execution. The seal of the City or a facsimile thereof shall be affixed to or printed on each of the Bonds, and the Bonds shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and in

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case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication. All Bonds shall have thereon a certificate of authentication substantially in the form attached hereto as part of Exhibit A duly executed by the Trustee as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication shall have been duly executed by the Trustee by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under the Bond

Ordinance and this Indenture. The certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if signed by an authorized officer of such Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.05. . Form of Bonds; Temporary Bonds. The Bonds issued under this Indenture shall be substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Bond Ordinance and this Indenture.

Pending preparation of definitive Bonds, or by agreement with the purchasers of the Bonds,' the City may issue and, upon its request, the Trustee shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the City, the Trustee shall authenticate definitive Bonds, in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have .the same rights, remedies and security hereunder as . definitive Bonds.

Section 2.06. Delivery of Bonds. Upon the execution and delivery of this Indenture, the City shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the purchasers as may be directed by the City as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

- 1) copies, duly certified by the City Clerk of the City, of the Bond Ordinance;
- 2) original executed counterparts of this Indenture;
- 3) an Opinion of Bond Counsel to the effect that this Indenture (i) has been duly and lawfully authorized by the City Council of the City and executed by the City in accordance with the provisions of the Bond Ordinance and (ii) will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms; and

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- (4) a Certificate executed by the Chief Financial Officer stating that all conditions precedent with respect to the execution of all documents by the City relating to the Bonds have been satisfied.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the Trustee may authenticate a new Bond of like date, maturity date, interest rate, denomination and principal amount and bearing a number not contemporaneously outstanding; provided that (i) in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and (ii) in the case of any lost Bond or Bond destroyed in whole, there shall be first furnished to the Trustee evidence of such loss, theft, or destruction satisfactory to the City and the Trustee, together with indemnification of the City and the Trustee, satisfactory to the Trustee. If any lost, destroyed or improperly

cancelled Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Bond, the Trustee shall pay the same without surrender thereof if there shall be first furnished to the Trustee evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Bond, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

All Bonds shall be owned upon the express condition that the foregoing provisions, to the extent permitted by law, are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen or purchased Bonds, and shall preclude any and all other rights or remedies.

Section 2.08. Transfer and Exchange of Bonds; Persons Treated as Owners. (a) Subject to the limitations contained in paragraph (c) of this Section, upon surrender for registration of transfer of any Bond at the Designated Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Bondholder or such Bondholder's attorney duly authorized in writing in such form and with guarantee of signature as shall be satisfactory to the Trustee, the City shall execute[^] and the Trustee shall authenticate and deliver, in the name of the transferee or transferees, one or more fully registered Bonds of the same interest rate and Maturity Date of Authorized Denominations, for a like principal amount bearing numbers not contemporaneously outstanding. Subject to the limitations contained in paragraph (c) of this Section, Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same interest rate and Maturity Date of other Authorized Denominations bearing numbers not contemporaneously outstanding.

b) No service charge shall be made for any transfer or exchange of Bonds, but the City or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except that no such payment may be required in the case of the issuance of a Bond or Bonds for the unredeemed portion of the Bond surrendered for redemption.

c) The Trustee shall not be required to transfer or exchange any Bond during the period commencing on the Record Date next preceding any Interest Payment Date of such Bond and

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ending on such Interest Payment Date, or to transfer or exchange such Bond after the mailing of notice calling such Bond for redemption has been made as herein provided or during the period of 15 days next preceding the giving of notice of redemption of Bonds of the same Maturity Date and interest rate.

(d) Bonds delivered upon any registration of transfer or exchange as provided herein or as provided in Section 2.07 hereof shall be valid general obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof and of the Bond Ordinance to the same extent as the Bond surrendered. The City and the Trustee may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Bond as herein provided shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and

discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2. 09. Required Information in Bond Form. On each date on which the Trustee authenticates and delivers a Bond, it shall complete the information required to be inserted by the Bond form and shall keep a record of such information.

Section 2.10. Cancellation. Any Bond surrendered for the purpose of payment or retirement, or for exchange, transfer or replacement, shall be canceled upon surrender thereof to the Trustee. If the City shall acquire any of the Bonds, the City shall deliver such Bonds to the Trustee for cancellation and the Trustee shall cancel the same. Certification of Bonds canceled by the Trustee shall be made to the City upon request. Canceled Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the City. .

Section 2.11. Book Entry Provisions. The provisions of this Section shall apply as long as the Bonds are maintained in book entry form with DTC or another Securities Depository, any provisions of this Indenture to the contrary notwithstanding. Notwithstanding anything else to the contrary herein, so long as DTC is the Securities Depository, the Bonds shall be subject to the operational arrangements of DTC in effect from time to time.

(a) The Bonds shall be payable to the Securities Depository, or its nominee, as the Registered Owner of the Bonds, in same day funds on each date on which the principal of, premium, if any, and interest on the Bonds is due as set forth in this Indenture and the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the City and the Trustee in writing. Without notice to or the consent of the Beneficial Owners of the Bonds, the City and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set forth herein. If such different manner of payment is agreed upon, the City shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the principal of, premium, if any,

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and interest on the Bonds to Participants or the Beneficial Owners of the Bonds or their nominees.

b) If (i) the City determines, or (ii) the City receives notice that the Securities Depository has received notice from its Participants having interests in at least 50 percent in principal amount of the Bonds, that the Securities Depository or its successor is incapable of discharging its responsibilities as a securities depository, or that it is in the best interests of the Beneficial Owners that they obtain certificated Bonds, the City may (or, in the case of clause (ii) of this paragraph, the City shall) cause the Trustee to authenticate and deliver Bond certificates. The City shall have no obligation to make any investigation to determine the occurrence of any events that would permit the City to make any determination described in this paragraph.

c) If, following a determination or event specified in paragraph (b) of this Section, the City discontinues the maintenance of the Bonds in book entry form with the then, current Securities

Depository, the City, will issue replacement Bonds to the replacement Securities Depository, if any, or if no replacement Securities Depository is selected for the Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant, to the Beneficial Owners of the Bonds shown on the records of such Participant. Any such Bonds so issued in replacement shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check mailed to each Registered Owner at the address of such Registered Owner as it appears on the Bond Register or, at the option of any Registered Owner of not less than \$ 1,000,000 principal amount of Bonds, by wire transfer to any address in the United States of America on such Interest Payment Date to such Registered Owner as of such Record Date, if such Registered Owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Bond or Bonds at the Designated Corporate Trust Office of the Trustee.

d) The Securities Depository and its Participants, and the Beneficial Owners of the Bonds, by their acceptance of the Bonds, agree that the City and the Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the Beneficial Owners of the Bonds, nor shall the City or the Trustee be liable for the failure of any Participant or other nominee of the Beneficial Owners to perform any obligation of the Participant to a Beneficial Owner of the Bonds.

e) As long as Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

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(f) As long as Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Registered Owner of the Bonds:

i) selection of Bonds to be redeemed upon partial redemption or presentation of Bonds to the Trustee upon partial redemption, shall be deemed made when the right to exercise ownership rights in such Bonds through DTC or DTC's Participants is transferred by DTC on its books;

ii) any notices of the interest rate on the Bonds to be provided by the Trustee shall be provided to anyone identifying itself to the Trustee as a person entitled to exercise ownership rights with respect to such Bonds through DTC or its Participants; and

iii) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Registered Owners under this Indenture on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Bond's

through DTC or its Participants.

Article III

Redemption of Bonds

Section 3.01. Redemption Terms, Dates and Prices. The Bonds shall be subject to redemption prior to their Maturity Date in the amounts, at the times and in the manner provided in this Section.

(a) Optional Redemption. The Bonds maturing on January 1, 2033 through January 1, 2040 are subject to redemption at the option of the City, on any date occurring on or after January 1, 2032, in such principal amounts and from such maturities and interest rates as the City shall determine and by lot within a single maturity and interest rate, at a Redemption Price of 100% of the principal amount thereof being redeemed plus accrued interest, if any, to the date of redemption.

The Bonds maturing on or after January 1, 2041 are subject to redemption at the option of the City, on any date occurring on or after January 1, 2030, in such principal amounts and from such maturities and interest rates as the City shall determine and by lot within a single maturity and interest rate, at a Redemption Price of 100% of the principal amount thereof being redeemed plus accrued interest, if any, to the date of redemption.

The City is authorized to sell or waive any right the City may have to call any of the Bonds for optional redemption, in whole or in part; provided, that such sale or waiver will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

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(b) General Provisions Regarding Redemptions.

i) No redemption of less than all of the Bonds Outstanding shall be made pursuant to Section 3.01(a) hereof unless the aggregate principal amount of Bonds to be redeemed is equal to \$5,000 multiples. Any redemption of less than all of the Bonds Outstanding shall be made in such a manner that all Bonds Outstanding after such redemption are in Authorized Denominations. If fewer than all Bonds Outstanding are to be optionally redeemed, the Bonds to be called shall be called from such maturities and interest rates as may be determined by an Authorized Officer.

ii) Bonds may be called for redemption by the Trustee pursuant to Sections 3.01(a) and 3.01(c) hereof upon receipt by the Trustee at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Trustee) of, in the case of a redemption pursuant to Section 3.01(a) of a written request of the City requesting such redemption, or in the case of a redemption pursuant to Section 3.01(c) in accordance with the mandatory schedule provided herein.

iii) In lieu of redeeming Bonds pursuant to Section 3.01(a) hereof, the Trustee may, at the

request of the City, use such funds available hereunder for redemption of Bonds to purchase Bonds in the open market at a price not exceeding the Redemption Price then applicable hereunder. Any Bond so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and shall be canceled, all as provided in Section 2.10 hereof.

Section 3.02. Notice of Redemption, (a) Unless waived by any owner of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee, but the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. Any notice of redemption mailed as provided in this Section 3.02 shall be conclusively presumed to have been given whether or not actually received by the addressee.

All notices of redemption shall state:

- 1) the Series designation of the Bonds to be redeemed,
- 2) the redemption date,
- 3) the Redemption Price,
- 4) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates) of the Bonds to be redeemed,

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5) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue or compound from and after said date,

6) the place where such Bonds are to be surrendered for payment of the Redemption Price, and

7) such other information as shall be deemed necessary by the Trustee at the time such notice is given to comply with law, regulation or industry standard.

b) With respect to an optional redemption of Bonds, such notice may state that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the Redemption Price of the Bonds. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Bonds and such failure to deposit such funds shall not constitute an Event of Default under this Indenture. The Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any

redemption date for the Bonds, the City shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Bonds or portions thereof which are to be redeemed on that date.

c) Notice of redemption having been given as aforesaid, the Bonds, or portions thereof, so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City defaults in the payment of the Redemption Price or unless, in the event of a conditional notice as described above, the necessary moneys were not deposited) such Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same interest rate and maturity in the amount of the unpaid principal.

d) If any Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Bond, or portion thereof, so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued.

e) Failure to give notice in the manner prescribed hereunder with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon and premium, if any, the Bonds thus called shall not, after the applicable redemption date, bear interest, be protected by this Indenture or the Bond Ordinance or be deemed to be Outstanding under the provisions of this Indenture.

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f) If any Bond is transferred or exchanged on the Bond Register after notice has been given calling such Bond for redemption, the Trustee will attach a copy of such notice to the Bond issued in connection with such transfer or exchange.

g) Subject to Section 4.07 hereof, if any Bond is not presented for payment when the principal amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Bond are held by the Trustee for the benefit of the Registered Owner of such Bond, the Trustee shall hold such moneys for the benefit of the Registered Owner of such Bond without liability to the Registered Owner for interest. The Registered Owner of such Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Bond.

Section 3.03. Selection of Bonds for Redemption. If less than all the Bonds shall be called for redemption under any provision of this Indenture permitting such partial redemption, (i) such redemption shall be by lot in such manner as the Trustee may determine among such Bonds, and (ii) subject to other applicable provisions of this Indenture, the portion of any Bond to be redeemed shall be -in a. principal amount equal to an Authorized Denomination. In selecting Bonds for redemption, the Trustee shall assign to each Bond of like Maturity Date and interest rate, a distinctive number for each minimum Authorized Denomination of such Bond and shall select by lot from the numbers- so assigned as many numbers as, at such minimum Authorized

Denomination for each number, shall equal the principal amount of such Bonds to be redeemed. In such case, the Bonds to be redeemed shall be those to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal such minimum Authorized Denomination for each number assigned to it and so selected. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Registered Owner of the Redemption Price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Registered Owner thereof without charge therefor.

The Trustee shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof, and the interest rate thereof to be redeemed.

Section 3.04. Deposit of Funds. For the redemption of any of the Bonds, the City shall cause to be deposited in the Principal and Interest Account moneys sufficient to pay when due the principal of, and premium, if any, and interest on, the Bonds to be redeemed on the redemption date to be applied in accordance with the provisions hereof.

ARTICLE IV

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Application of Bond Proceeds; Creation of Funds and Security for Bonds

Section 4.01. Source of Payment of Bonds. Pursuant to the Bond Ordinance, the Bonds constitute direct and general obligations of the City for the punctual payment of which the City pledges its full faith and credit and, pursuant to the Bond Ordinance, the Pledged Taxes. The City covenants that the Pledged Taxes shall be used only for the payment of (i) principal of, interest on and Redemption Price, if any, on the Bonds (or for the purchase by the City of the Bonds which are then cancelled), and (ii) Ongoing Financing Services, each unless and until all of the Bonds are paid in full or are fully defeased pursuant to Article VI herein; provided, however, that the levy of Pledged Taxes is subject to abatement as provided in the Bond Ordinance.

Section 4.02. Application of Bond Proceeds. The proceeds of the sale of the Bonds, consisting of the principal amount of the Bonds plus a net original issue premium of \$22,047,723.40 and less an underwriters' discount of \$2,655,004.83, shall be applied simultaneously with their delivery as follows:

- i) Deposit to Project Fund: -\$515,000,000.00.
- ii) Deposit to Series 2023 A Capitalized Interest Account: \$6,541,429.37.

(iii) . Deposit to Series 2023A Costs of Issuance Account: \$1,541,289.20.

Section 4.03. Creation of Accounts in Bond Fund, (a) There is established with the Trustee a trust fund designated "City of Chicago General Obligation Bonds, Series 2023A (Chicago Works), Bond Fund."

i) At each such time as is required under this Indenture; the City shall deposit into the Principal and Interest Account of the Bond Fund, from funds of the City legally available therefor, an amount sufficient to satisfy the Principal and Interest Account Requirement.

ii) Money on deposit in the Principal and Interest Account of the Bond Fund shall be applied by the Trustee to pay the principal of (whether due at maturity or by mandatory redemption) and interest on the Bonds as the same shall become due.

iii) Pending the use of moneys held in the Bond Fund, the Trustee shall invest such moneys in Permitted Investments upon the direction of an Authorized Officer in writing to the Trustee. Income from such investments shall be credited to the account within the Bond Fund from which the investment was made.

(b) Creation of Principal and Interest Account. There is established with the Trustee an account within the Bond Fund, designated as the "Series 2023A Principal and Interest Account" (the "Principal and Interest Account"). Amounts on deposit in the Principal and Interest Account

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shall be used to pay principal and interest on the Bonds as the same shall become due except for interest paid pursuant to Section 4.03(c) hereof.

(c) Creation of Series 2023A Capitalized Interest Account. There is established with the Trustee an account within the Bond Fund, designated as the "Series 2023A Capitalized Interest Account" (the "Series 2023A Capitalized Interest Account"). Moneys on deposit in the Series 2023A Capitalized Interest Account, and the interest earnings thereon, shall be applied to pay interest due on the Bonds on each of the following Interest Payment Dates in the amounts shown:

<u>Interest Payment Date</u>	<u>Amount</u>
July 1,2023	\$1,448,465.95
January 1, 2024	\$1,515,836.46
July 1,2024	\$1,788,563.48
January 1, 2025	\$1,788,563.48

Any amount remaining on deposit in the Series 2023A Capitalized Interest Account on January 1, '2025, shall be used.to pay. interest on the Bonds, as the City shall direct, before funds from the Principal and Interest Account are used.

Section 4.04. Project Fund, {a) There is established with the Trustee a trust fund designated "City of Chicago General Obligation Bonds, Series 2023 A (Chicago Works) Project Fund" (the "Project Fund") to be

Chicago General Obligation Bonds, Series 2023 A (Chicago works) Project Fund (the Project Fund) to be held and applied in accordance with the terms and provisions of this Indenture. Moneys on deposit in the Project Fund will be paid out from time to time by the Trustee to or upon the order of the City in order to provide for the payment of Project Costs, to reimburse the City for the payment of Project Costs or to refinance Line of Credit Indebtedness, upon receipt by the Trustee of a certificate of an Authorized Officer describing the Project Costs to be paid or reimbursed with such moneys (including the identity of and method of payment for each payee), in the form attached hereto Exhibit B, and stating that:

i) the costs in an aggregate amount set forth in such certificate are necessary and appropriate Project Costs that (a) have been incurred and paid or (b) are expected to be paid within the next 60 days;

ii) the amount to be paid or reimbursed to the City as set forth in such certificate is reasonable and represents a part of the amount payable for the Project Costs and that such payment is to be made or, in the case of reimbursement to the City, was made, in accordance with the terms of any applicable contracts and in accordance with usual and customary practice under existing conditions;

iii) the amount, if any, to be used to refinance Line of Credit Indebtedness incurred to pay Project Costs;

iv) no part of the Project Costs that are the subject of such certificate was included in any certificate previously filed with the Trustee under the provisions of this Indenture; and

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(v) the use of the money so withdrawn from the Project Fund and the use of the facilities provided with such moneys will not result in a violation of any applicable covenant, term or provision of the Tax Certificate.

b) Creation of Series 2023A Costs of Issuance Account. There is established with the Trustee an account within the Project Fund, designated as the "Series 2023 A Costs of Issuance Account" (the "Series 2023A Costs of Issuance Account"). Moneys on deposit in the Series 2023A Costs of Issuance Account shall be withdrawn by the Trustee and paid to or as directed by the City, upon receipt by the Trustee of a written disbursement request from the City identifying the Issuance Costs and the amounts thereof to be paid pursuant to such request. Moneys on deposit in the Series 2023 A Costs of Issuance Account, including the investment earnings thereon, remaining after all disbursements for payment of the Issuance Costs have been made shall be deposited by the Trustee to the Series 2023A Investment Earnings Account.

c) Creation of Series 2023A Investment Earnings Account. There is established with the Trustee an account within the Project Fund, designated as the "Series 2023A Investment Earnings Account" (the "Series 2023A Investment Earnings Account"). Moneys on deposit in the Series 2023A Investment Earnings Account, including the investment earnings thereon, shall be retained therein and deposited to the Project Fund, as the City shall direct in Writing.

d) Moneys in the Project Fund shall be invested at the written direction Of an Authorized Officer

d) moneys in the Project Fund shall be invested at the written direction of an Authorized Officer to the fullest extent practicable in Permitted Investments maturing in such amounts and at such times as may be necessary to provide funds when needed to pay, as applicable, Project Costs or Issuance Costs, to refinance Line of Credit Indebtedness or pay such other costs as may be required to be paid from such moneys. The City may, and to the extent required for payments from the Project Fund shall, direct the Trustee in writing to sell any such Permitted Investments at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Project Fund. Investment earnings received on moneys or securities in the Project Fund shall be deposited to the Series 2023A. Investment Earnings Account.

e) The completion, substantial completion or abandonment of each capital project comprising the Project shall be evidenced by a certificate of an Authorized Officer, which shall be filed promptly with the Trustee, stating the date of such completion, anticipated completion or abandonment and the amount, if any, required in the opinion of the signer of such certificate for the payment of any remaining part of the Project Costs. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate of the City as necessary to complete the Project shall be deposited into the Principal and Interest Account and applied as directed in such certificate; provided that such direction shall be consistent with Section 4.07 and applicable provisions of the Tax Certificate.

Section 4.05. Deposits into Bond Fund and Account Therein. Not later than the Deposit Date, the City shall cause to be on deposit in the Principal and Interest Account of the Bond Fund an amount equal to the Principal and Interest Account Requirement.

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In addition to the Principal and Interest Account Requirement, there shall be deposited into the Bond Fund any other moneys received by the Trustee under and pursuant to this Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund and to one or more accounts therein.

Upon calculation by the Trustee of each Principal and Interest Account Requirement under this Section, the Trustee shall notify the City of the Principal and Interest Account Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

Section 4.06. Tax Covenants, (a) The City covenants that it will take no action in the investment of the proceeds of the Bonds which would result in making the interest payable on any of such Bonds subject to federal income taxes by reason of such Bonds being classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) The City further covenants that [it](#) will act with respect to the proceeds of the Bonds, the earnings on the proceeds of such Bonds and any other moneys on deposit in any fund or account maintained in respect of such Bonds, including, if necessary, a rebate of such earnings to the United States of America, in a manner which would cause the interest on such Bonds to continue to be exempt from federal income taxation under Section 103(a) of the Code.

income taxation under Section 1105(a) of the Code.

Section 4.07. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Bond shall have been made available to the Trustee for the benefit of the Registered Owner thereof, subject to the provisions of the immediately following paragraph, all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, such Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the City, and thereafter the Registered Owners of such Bonds shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under this Section to pay any such funds to the City shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

Section 4.08. Moneys Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any fund or account referred to in any provision of this Indenture shall be held by the Trustee in trust as provided in Section 8.07 of this Indenture, and shall, while

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held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

Article V

Investment of Moneys

Section 5.01. Investment of Moneys. Moneys held in the funds, accounts and subaccounts established hereunder shall be invested and reinvested in accordance with the provisions governing investments contained in this Indenture. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or subaccount for which they were made. The Trustee may conclusively rely upon the written investment instructions of the Chief Financial Officer (or his or her designee) or an Authorized Officer, as to both the suitability and legality of the directed investments and such written instructions shall be deemed to certify to the Trustee that the directed investments constitute Permitted Investments hereunder. In the absence of written investment instructions, the Trustee shall hold funds, uninvested, without liability for interest thereon.

Section 5.02: Investment Income. The interest earned on any investment of moneys held hereunder, any profit realized from such investment and any loss resulting from such investment shall be credited or

any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or subaccount for which such investment was made, except as otherwise provided in this Indenture.

Article VI Discharge of Lien

Section 6. 01. Defeasance, (a) If the City shall pay to the Registered Owners of the Bonds, or provide for the payment of, the principal, premium, if any, and interest to become due on the Bonds, then this Indenture and the Bond Ordinance shall be fully discharged and satisfied with respect to the Bonds. Upon the satisfaction and discharge of this Indenture, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and all fiduciaries shall pay over or deliver to the City all funds, accounts and other moneys or securities held by them pursuant to this Indenture which are not required for the payment or redemption of the Bonds. If payment or provision for payment is made to or for the Registered Owners of all or a portion of the Bonds, of the principal of and interest due and to become due on any Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions of this Indenture, then these presents and the estate and rights hereby and by the Bond Ordinance granted shall cease, terminate and be void as to those Bonds or portions thereof except for purposes of registration, transfer and exchange of Bonds and any such payment from such moneys or obligations. Any Bond shall be deemed to be paid within the meaning of this Section when payment of the principal of any such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture or otherwise), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to

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make such payment or (2) Defeasance Obligations, or (3) a combination of the investments described in clauses (1) and (2) above, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants selected by the City). If the City shall pay and discharge a portion of the Bonds as aforesaid, such portion shall cease to be entitled to any lien, benefit or security under this Indenture and the Bond Ordinance. The liability of the City with respect to such Bonds shall continue, but the Registered Owners thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the Defeasance Obligations deposited with the Trustee under this Indenture.

b) No such deposit under this Section shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel selected by the City to the effect that such deposit and use would not cause any of such Bonds to be treated, as "arbitrage bonds" within the meaning Of Section 148 of the Code or any successor provision thereto.

c) Nothing in this Indenture shall prohibit a defeasance deposit of escrow securities as provided in this Section from being subject to a subsequent sale of such escrow securities and reinvestment of all or a portion of the proceeds of that sale in escrow securities which, together with money to remain so held in trust, shall, be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the defeased Bonds (all as confirmed by a nationally recognized firm of independent public accountants selected by the City). Amounts held by the Trustee in excess of the amounts needed so to provide for payment of the

by the City). Amounts held by the Trustee in excess of the amounts needed so to provide for payment of the defeased Bonds may be subject to withdrawal by the City. No such sale and reinvestment as provided in this paragraph shall be made or accepted hereunder unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel selected by the City to the effect that such sale and reinvestment would not cause any of the defeased Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision thereto.

Article VII

Default Provisions; Remedies

Section 7.01. Defaults. Each of the following events is hereby declared to be an "Event of Default:"

- a) payment of the principal or Redemption Price, if any, of any Bonds shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;
- b) payment of any installment of interest on any Bonds shall not be made when and as the same shall become due; or
- c) the City shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in the Bonds, which materially affects the rights

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of the Owners of the Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all diligence.

Section 7.02. Remedies, (a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of Section 7.01 hereof, the Trustee shall proceed, or upon the happening and continuance of any Event of Default (beyond the time periods specified therein) specified in paragraph (c) of Section 7.01 hereof, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds together with indemnity satisfactory to it, shall proceed, in its own name, subject to the provisions of this Section, to protect and enforce its rights and the rights of the Owners of the Bonds by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

- i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Bonds including the right to require the City to receive and collect taxes adequate to carry out the covenants and agreements, as to such taxes and to require the City to carry out any other covenant or agreement with the Owners of the Bonds and to perform its duties under this Indenture;
- ii) by bringing suit upon the Bonds;

iii) by action or suit in equity, require the City to account as if it were the trustee of an express trust for the Owners of the Bonds; and/or

iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

b) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City but only out of moneys pledged as security for the Bonds for principal, Redemption Price, interest or otherwise, under any provision of this Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds without prejudice to any other right or remedy of the Trustee or of the Owners of the Bonds, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under this Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

c) Under no circumstance may the Trustee declare the principal of any Bond to be due and payable prior to its Maturity Date following the occurrence of an Event of Default under this Indenture.

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Article VIII

Trustee

Section 8.01. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth herein. Except as otherwise expressly set forth in this Indenture, the Trustee assumes no duties, responsibilities or liabilities by reason of its execution of this Indenture other than as set forth in this Indenture, and this Indenture is executed and accepted by the Trustee subject to all the terms and conditions of its acceptance of the trust under this Indenture. The Trustee shall make payments to Bondholders and effect optional and mandatory redemptions when required, whether or not its fees and expenses have been fully paid.

Section 8.02. Dealing in Bonds. The Trustee, in its individual capacity, may buy, sell, own, hold and deal in any of the Bonds, and may join in any action which the Registered Owner of any Bond may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other function with the City, and may act as depositary, trustee or agent for any committee or body of the Registered Owners of Bonds, secured hereby or other obligations of the City as freely as if it did not act in any capacity hereunder.

Section 8.03. Compensation of Trustee. The City shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees incurred in and about

the performance of their powers and duties under this Indenture and, except as provided in Section 8.01 hereof the Trustee shall have a lien therefor on any and all moneys at any time held by it under this Indenture. The City further agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise ' and performance of its powers and duties hereunder, which are not due to its negligence or willful misconduct.

Section 8.04. Notice to Rating Agencies. The Trustee hereby agrees that if at any time

- a) the City redeems any portion of the Bonds Outstanding hereunder prior to their Maturity Date,
- b) the City provides for the payment of any portion of the Bonds pursuant to Section 6.01, (c) a successor Trustee is appointed, (d) any supplement to this Indenture shall become effective, or any party thereto shall waive any provision of this Indenture, or (e) with respect to any other information contained in the Trustee's records that a Rating Agency may reasonably request in order to maintain the ratings on the Bonds, then, in each case, the Trustee shall give notice thereof to each Rating Agency then maintaining a rating on the Bonds.

Any notice given to a Rating Agency hereunder shall be mailed by first class mail as follows:

If to Fitch:	Fitch Ratings Inc. 33 Whitehall Street New York, NY 10004
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KBRA
845 Third Avenue Fourth Floor New York, NY 10022

Moody's Investors Service, Inc. 7 World Trade Center 250
Greenwich Street New York, NY 10007

S&P Global Ratings 130 East Randolph, 36th
Floor Chicago, IL 60601

Section 8. 05. Qualification of Trustee. The Trustee hereunder shall be a bank, trust company or national banking association having the powers of a trust company doing business and _ -having a corporate trust office in the City of Chicago, Illinois.

Section 8:06. Responsibilities of Trustee, (a) The recitals of fact herein and in the . Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity Or sufficiency of this Indenture or any Supplemental Indenture or of any Bonds issued hereunder or thereunder or in respect of the security afforded by this Indenture or any Supplemental Indenture and the Trustee shall not incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof except to the extent such proceeds are paid to the Trustee in

its capacity as Trustee. The Trustee shall not be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any action or suit in respect hereof, or to advance any of its own moneys, unless indemnified to its satisfaction. Subject to the provisions of paragraph (b) of this Section, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct or that of its agents.

(b) The Trustee, prior to the occurrence of an Event of Default and after the remedy of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each Supplemental Indenture. In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by law, this Indenture and each Supplemental Indenture and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Indenture and any Supplemental Indenture relating to action taken or so to be taken by the Trustee shall be subject to the provisions of this Section.

Section 8.07. Funds Held in Trust and Security Therefor. Any moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture or any Supplemental Indenture

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shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and upon the terms and conditions of this Indenture or any Supplemental Indenture. Subject to the terms of this Indenture concerning Permitted Investments, all moneys (not including securities) held by the Trustee, as such, may be deposited by the Trustee in its banking department or in accounts established by the Trustee with U.S. Bank National Association, or with such other banks, trust companies, or national banking associations, each having a place of business in the City of Chicago, Illinois, as may be designated by the City and approved by the Trustee. No such funds shall be deposited with any bank, trust company or national banking association, other than the Trustee or U.S. Bank National Association, in an amount exceeding 25 percent of the amount which an officer of such bank, trust company or national banking association shall certify to the Trustee and the City as the combined capital, surplus and undivided profits of such bank, trust company or national banking association. No such funds shall be deposited or remain on deposit with any bank, trust company or national banking association (other than the Trustee or U.S. Bank National Association) in excess of the amount insured by the Federal Deposit Insurance Corporation, unless (a) such bank, trust company or national banking association shall have deposited in trust with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the Trustee and the City, pledged to some other bank, trust, company or national banking association, for the benefit of the City and the appropriate fund, account, subfund or subaccount, as collateral security for the moneys deposited, Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to 110 percent of the amount of such moneys, or (b) in lieu of such collateral security as to all or any part of such moneys, there shall have been deposited in trust with the trust department of the Trustee, for the benefit of the City and the appropriate fund, account, subfund or subaccount, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States of America and qualified to transact business in the State in a sum at least equal to the amount of such moneys or part thereof. Interest in respect of moneys or on securities in any fund; account, subfund or subaccount shall be credited in each case to the fund, account, subfund or subaccount in which such moneys or securities are held except as otherwise provided herein.

Section 8.08. Evidence on which Trustee May Act. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any fund or account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. The Trustee shall not be bound to make any investigation into the facts, opinions, information, calculations or other matters stated in any certificate, requisition, opinion, notice, request, direction, resolution, consent or other paper or document submitted to the Trustee by the

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City (including, without limitation, requisitions for disbursements from the Project Fund pursuant to Section 4.04 hereof); provided, that in the case of any such document specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms, on its face, to the requirements hereof. Except as otherwise expressly provided herein or therein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof or thereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by an Authorized Officer.

The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means (as in this defined in this paragraph); provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions ("Designated Persons"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile . transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by, the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the City elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the trustee's understanding of such instructions shall be deemed controlling. The City agrees that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by a Designated Person listed on the incumbency certificate provided to the Trustee have been sent by such Designated Person. The City shall be responsible for ensuring that only Designated Persons transmit such instructions to the Trustee, and the City and the Designated Persons are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by

other means. The City assumes all risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

All documents required to be delivered to the Trustee by the City hereunder must be signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties.

Section 8.09. Permitted Acts and Functions. The Trustee may become the Owner of any Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted

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by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Section 8.10. Resignation. The Trustee may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not fewer than 60 days' written notice to the City and mailing notice thereof, to the Owners of Bonds at their addresses shown on the registration books kept by the Trustee within 20 days after the giving of such written notice. Such resignation shall take effect upon the appointment and acceptance of appointment of a successor by the City or the Owners of Bonds as herein provided.

Section 8.11. Removal. The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners of Bonds or by their attorneys duly authorized in writing and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor. The City may remove the Trustee at any time, except during the existence of an Event of Default, for such cause (or upon 30 days' notice for any reason) as shall be determined in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer and by mailing notice thereof to the Owners of Bonds at their addresses shown on the registration books kept by the Trustee. Any removal of the Trustee shall take effect upon the appointment and acceptance of appointment of a successor Trustee.

Section 8.12. Appointment of Successor. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the

account of the City, by an instrument or concurrent instruments in writing signed by such Owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City and the predecessor Trustee. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall be appointed by the Owners of Bonds as herein authorized. The City shall mail notice to Owners of Bonds of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Bonds. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the City written notice of resignation as provided in Section 8.10 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, or any Owner of Bonds may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee. Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national

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banking association, in any such case having corporate trust powers, doing business and having a corporate trust office in the City.

Section 8.13. Transfer of Rights and Property to Successor. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, a written instrument of acceptance respecting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the City, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the City.

Section 8.14. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank, trust company or national banking association which is qualified to be a successor to the Trustee under Section 8.12 hereof and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 8.15. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so

authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in its own name.

Section 8.16. Evidence of Signatures of Owners and Ownership of Bonds, (a) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of

- i) the execution of any such instrument, or of an instrument appointing any such attorney, or
- ii) the ownership by any person of the Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

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1) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

2) The authority of the person or persons executing any such instrument on behalf of a corporate Owner of Bonds may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of ownership of the same shall be proved by the Bond Register. Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 8.17. Preservation and Inspection of Documents. All documents received by the Trustee under, the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City and any Owner of Bonds and their agents and their representatives, any of whom may make copies thereof.

Article IX

Supplemental Indenture

Section 9.01. Supplemental Indenture Effective Upon Execution by the Trustee: For any one or more of the following purposes and the purposes enumerated in Section 9.04 hereof, and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council of the City, which, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk and the execution and delivery of such Supplemental Indenture by the City and the Trustee, shall be fully effective in

accordance with its terms and not subject to consent by the Registered Owners of the Bonds:

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

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

c) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Indenture, but only if the surrender of such right, power or

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privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in this Indenture;

d) to confirm, as further assurance, the pledge herein, and the subjection of, additional properties, taxes or other collateral to any lien, claim or pledge created or to be created by, this Indenture;

e) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

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

g) to provide additional duties of the Trustee under this Indenture.

Section 9.02. Supplemental Indentures Effective With Consent of Owners of Bonds. At any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council of the City, subject to consent by the Owners of Bonds in accordance* with and subject to the provisions of this Article, which Supplemental Indenture, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk, upon compliance with the provisions of this Article, and upon execution and delivery of such Supplemental Indenture by the City and the Trustee, shall become fully effective in accordance with its terms.

Section 9.03. General Provisions, (a) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article. Nothing in this Article shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any ordinance, resolution, act or other instrument pursuant to the provisions of this Article or the right or obligation of the City to execute and deliver to the Trustee any instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

b) Any ordinance authorizing a Supplemental Indenture referred to and permitted or authorized by Section 9.01 or 9.04 hereof may be adopted by the City Council of the City without the consent of any of the Owners of Bonds, but such Supplemental Indenture shall be executed and delivered by the City and the Trustee and shall become effective only on the conditions, to the extent and at the time provided in this Article. Every Supplemental Indenture delivered to the Trustee for execution shall be accompanied by an opinion of counsel stating that such Supplemental Indenture has been duly and lawfully authorized by the City Council of the City and executed by the City in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms.

c) The Trustee is hereby authorized to enter into, execute and deliver any Supplemental Indenture referred to and permitted or authorized by this Article and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall

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receive and be fully protected in relying on an opinion of counsel that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

d) No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

e) No Supplemental Indenture shall take effect unless and until there has been delivered to the Trustee an Opinion of Bond Counsel to the effect that such Supplemental Indenture does not adversely affect the exclusion from gross income for federal income tax purposes to which interest on the Bonds would otherwise be entitled.

Section 9.04. Additional Matters. Additionally, this Indenture may, without the consent of, or notice to, any of the Bondholders, be supplemented and amended, in such manner as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

a) to provide for-certificated Bonds.; and

b) to secure or maintain ratings from any Rating Agency in the highest long term debt rating category, of such Rating Agency which are available for the Bonds, which changes will not restrict, limit or reduce the obligation of the City to pay the principal of, premium, if any, and interest on the Bonds as provided in this Indenture or otherwise adversely affect the Registered Owners of the Bonds under this Indenture.

Section 9.05. Mailing of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to owners of Bonds shall be fully complied with if it is mailed postage prepaid only (i) to each Registered Owner of then Outstanding Bonds at his address, if any, appearing upon the registration books maintained by the City at the Designated Corporate Trust Office of the Trustee, and (ii) to the Trustee.

Section 9.06. Powers of Amendment. Any modification or amendment of this Indenture or of the rights and obligations of the City and of the Owners of the Bonds is authorized, which requires the consent of the

and obligations of the City and of the Owners of the Bonds, in particular, which requires the consent of the Bondholders, may be made by a Supplemental Indenture, with the written consent given as provided in Section 9.07, (a) of the Owners of a majority in aggregate principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the then Outstanding Bonds are affected by the modification or amendment, of the Owners of a majority in aggregate principal amount of the then Outstanding Bonds so affected. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds 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, or in terms of purchase or the purchase price thereof, without the consent of the owner of such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this Section, a Bond shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the owners of such Bond.

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Section 9.07. Consent of Owners of Bonds, (a) The City may at any time authorize a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 9.06, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto), together with a request to the Owners of the Bonds for their consent thereto, shall be mailed by the City to the Owners of the Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided). Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (i) there shall have been filed with the Trustee (1) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 9.06 and (2) an opinion of counsel stating that such Supplemental Indenture has been duly and lawfully executed and delivered by the City and the Trustee in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the City and enforceable in accordance with its terms upon its becoming effective as in this Section provided, and (ii) a notice shall have been mailed as hereinafter in this Section provided.

b) The consent of an Owner of Bonds to any modification or amendment shall be effective only if accompanied by proof of the Ownership, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 8.16. A certificate or certificates signed by the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 8.16 shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

c) At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the City a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that

or such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the City and the Trustee as of a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Owners by the Trustee by mailing such notice to the Owners of the Bonds (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section). The Trustee shall file with the City proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Trustee and the Owners of all Bonds at the expiration of 40 days after the filing with the Trustee of proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such

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Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 40-day period; except that the Trustee and the City, during such 40-day period and any such further period during which any such action or proceeding may be pending, shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 9.08. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the City and of the Owners of the Bonds hereunder may be modified or amended in any respect upon the consent of the Owners of all the then Outstanding Bonds to the execution and delivery of such Supplemental Indenture, such consent to be given as provided in Section 9.07 except that no notice to the Owners of the Bonds shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Section 9.09. Exclusion of Bonds. Bonds owned by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or . any calculation of Outstanding Bonds provided for in this Article, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for. in this Article:' At the time of any consent or other action taken under this Article,, the City shall furnish the. Trustee with a Certificate upon which the Trustee may rely, describing all Bonds so to be excluded. .

Section 9.10. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and; presentation of his Bond for that purpose at the Designated Corporate Trust Office of the Trustee or upon any exchange or registration of transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such exchange or registration of transfer by the Trustee as to any such action. If the

any Bond issued upon any such exchange or registration or transfer by the Trustee as to any such action. If the City or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the City to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for Bonds of the same maturity upon surrender of such Bond.

article x Miscellaneous

Section 10.01. Severability. If any provision of this Indenture shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 10.02. Payments Due on Saturdays, Sundays and Holidays. If the date for making any payment, or the last date for the performance of any act or the exercise of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made, act performed or right exercised on the next Business Day with the same force and effect as if done

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on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 10.03. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.04. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion in which any such word is used. In the event of any conflict between the provisions of this Indenture and the Bond Ordinance (including in the form of Bond attached hereto as Exhibit A), the terms of this Indenture shall be deemed to control.

Section 10.05. Captions.. The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

[Signatures Appear oa Following Page]

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In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, on the date first above written.

City of Chicago

Jennie^Haang Bennett Chief Financial Officer

[Seal]

Attest:

By: _:
Andrea M. Valencia City Clerk

U.S. Bank Trust Company, National Association, as Trustee

Authorized Signatory

[Signature Page - Trust Indenture]

In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, on the date first above written.

City of Chicago

Jennie Huang Bennett Chief Financial Officer

[Seal]

Attest:/ |

Andrea M. Valencia City Clerk

U.S. Bank Trust Company, National Association, as Trustee

Authorized Signatory

[Signature Page - Trust Indenture]

In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, on the date first above written.

City of Chicago

Jennie Huang Bennett Chief Financial Officer

[Seal]

Attest,.

By:

Andrea M. Valencia
City Clerk

U.S. Bank Trust Company, National Association, as
Trustee

Authorized Signatory

[Signature Page - Trust Indenture]

EXHIBIT A

Form of Bond

Registered No.R-

United States of America

State of Illinois

City of Chicago

**General Obligation Bond Series 2023A
(Chicago Works)**

See	Reverse	Side	for	Additional
Provisions				

Interest Rate:

Maturity Date: January 1, 20__

Dated Date: January 9, 2023

CUSIP: 167486

Registered Owner: CEDE & CO. Principal

Amount:

The City of Chicago (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the date of this Bond or the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year commencing July 1, 2023, until said Principal Amount is paid. Principal of this Bond and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the designated corporate trust office of U.S. Bank Trust Company, National Association, as bond trustee, Bond Registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered

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Owner to the Bond Registrar or, at the option of any Registered Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, by wire transfer of immediately available funds to such bank in the continental United States of America as the Registered Owner hereof shall request in writing to the Bond Registrar.

Reference is made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, and have been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee.

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In Witness Whereof, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)
Mayor City of Chicago

Attest:

(Facsimile Signature)
City Clerk City of Chicago

[Seal]

Date of Authentication: .

Certificate of Authentication

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds,,Series 2023A (Chicago Works), of the City of Chicago.

U.S. Bank Trust Company, National Association, as
Trustee

By:, (Manual Signature)
Authorized Officer

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[Form of Bond - Reverse Side]

**City of Chicago General Obligation
Bond Series 2023A (Chicago Works)**

For the prompt payment of this Bond, both principal and interest, as aforesaid, as the same become due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City irrevocably pledged.

This Bond is one of a series of Bonds aggregating the original principal amount of \$503,690,000 issued pursuant to the constitutional home rule powers of the City for the purposes of (A)(i) paying costs of the New Money Purposes described in the Bond Ordinance, (ii) capitalizing or funding such interest on the Bonds as may be necessary, (iii) paying costs of credit enhancements, and (iv) paying expenses incidental to the issuance of the Bonds, and (B) refinancing Line of Credit Indebtedness relating to interim financing for New Money Purposes, and was authorized by an Ordinance adopted by the City Council of the City (the "City Council") on November 24, 2020, as amended by Article 2 of an ordinance adopted by the City Council on October 27, 2021 (the "Bond Ordinance").

The Bonds maturing on January 1, 2033 through January 1, 2040, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after January 1, 2032, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities and interest rates as shall be determined by the City and if less than all of the Bonds of a single maturity and the same interest rate are to be redeemed then by lot within such maturity and interest rate in the manner hereinafter provided, the Bonds to be redeemed at the redemption price of 100% of the principal amount thereof being redeemed, plus accrued interest, if any, to the date of redemption.

The Bonds maturing on or after January 1, 2041, are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after January 1, 2030, and if less than all of the outstanding Bonds are to be redeemed, the Bonds to be called shall be called from such maturities and interest rates as shall be determined by the City and if less than all of the Bonds of a single maturity and the same interest rate are to be redeemed then by lot within such maturity and interest rate in the manner hereinafter provided, the Bonds to be redeemed at the redemption price of 100% of the principal amount thereof being redeemed, plus accrued interest, if any, to the date of redemption.

In the event of the redemption of less than all the Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity and interest rate a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal

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amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

In the event of the redemption of less than all of the Bonds of like maturity and interest rate, the Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; provided that the failure to mail any such notice or any defect therein as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. When so called for redemption, this Bond shall cease to bear interest on the specified redemption date, provided that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges, provided in the Bond Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations, of the same interest rate, series and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Bond (A) after notice calling this Bond for redemption has been mailed, or (B) during a period of 15 days next preceding mailing of a notice of redemption of this Bond.

The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same interest rate, series and maturity of other authorized denominations, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and redemption premium, if any, and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

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(Assignment)

For Value Received, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and irrevocably constitutes and appoints

attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature guaranteed:

Notice: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within. Bond in every, particular, without : alteration or enlargement or any change whatever.

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Exhibit B

FORM OF PROJECT FUND REQUISITION

To: U.S. Bank Trust Company, National Association, as Trustee

Re: City of Chicago General Obligation Bonds, Series 2023 A (Chicago Works) ("Bonds")

Requisition No.

Date:

Ladies and Gentlemen:

You are requested to disburse funds from the "City of Chicago General Obligation Bonds, Series 2023A (Chicago Works), Project Fund" (the "Project Fund") pursuant to Section 4.04 of the Indenture (defined below) in the amount(s) and for the purpose(s) set forth on Exhibit A to this requisition (this "Requisition"). The terms used in this Requisition shall have the meanings given to those terms in the Trust Indenture (the "Indenture"), dated as of January 1, 2023, by and between the City of Chicago and U.S. Bank Trust Company, National Association, as Trustee, securing the above referenced Bonds.

The undersigned certifies that:

- (i) . the costs in an aggregate amount set forth in this Requisition are necessary and appropriate Project Costs that (a) have been incurred and paid or (b) are expected to be paid within the next 60 days;
- (ii) the amount to be paid or reimbursed to the City as set forth in this Requisition is reasonable and represents a part of the amount payable for the Project Costs and such payment is to be made or, in the case of reimbursement to the City, was made, in accordance with the terms of any applicable contracts and in accordance with usual and customary practice under existing conditions;
- iii) no part of the Project Costs that are the subject of this Requisition was included in any. requisition previously filed with the Trustee under the provisions of this Indenture;
- iv) the use of the money so withdrawn from the Project Fund and the use of the facilities provided with such moneys will not result in a violation of any applicable covenant, term or provision of the Tax Certificate; and

v) there shall be no use, transfer or reallocation of the sales proceeds of the Bonds that deviates from the limitations and allocations of the not to exceed principal amounts pertaining to each purpose for which the Bonds were issued, all as set forth in the Bond Ordinance.

Payment instructions sufficient to make the requested disbursement are provided by the City and attached hereto.

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This Requisition is executed and delivered as of the date first set forth above.

CITY OF CHICAGO

By: _ Name: Title:

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Signature Page to Requisition

Exhibit A

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Recovery Trust Indenture

BY AND BETWEEN

City of Chicago

and

U.S. Bank Trust Company, National Association, as Trustee

Securing

City of Chicago
General Obligation Bonds, Series 2023B (Chicago Recovery Plan)

Dated as of January 1, 2023

4841-4046-9758.9

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for convenience of reference)

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Recovery Trust Indenture

This Recovery Trust Indenture, made and entered into as of January 1, 2023 (this "Indenture"), by and between the City OF Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, and U.S. Bank Trust Company, National Association (the "Trustee"), a national banking association with trust powers, having a corporate trust office located in the City of Chicago, Illinois, duly organized, validly existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America,

WITNESSETH:

Whereas, pursuant to an ordinance duly adopted by the City Council of the City (the "City Council") on October 27, 2021 (the "Bond Ordinance ") the City duly authorized the issuance and sale of its General Obligation Bonds, Series 2023B (Chicago Recovery Plan) (the "Recovery Bonds ") in order to provide the funds, together with other available funds, including proceeds of other general obligation bonds, for the purposes of (i) paying costs of the Recovery Purposes described in the Bond Ordinance, and (ii) paying expenses incidental to the issuance of the Recovery Bonds; and

Whereas, by virtue of Article VII of the Illinois Constitution of 1970 and pursuant to the Bond Ordinance, the City is authorized to. issue the Recovery Bonds, enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done; and

Whereas, the execution and delivery of the Recovery Bonds and of this Indenture have in all respects been duly authorized and all things necessary to make such Recovery Bonds. when executed by the City and

authenticated by the Trustee, the legal, valid and binding obligations of the City and to make this Indenture a legal, valid and binding agreement, have been done; and

Whereas, the Recovery Bonds, and the Trustee's Certificate of Authentication to be endorsed on such Recovery Bonds, shall be substantially in the form attached hereto as Exhibit A, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture and the Bond Ordinance;

Now, Therefore, This Indenture Witnesseth:

Granting Clauses

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Recovery Bonds by the Registered Owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Recovery Bonds according to their tenor and effect, and to secure the performance and observance by the City of all the covenants expressed or implied herein and in the Recovery Bonds, does hereby assign and grant a security interest in and to the following to the Trustee, and its successors in trust and assigns

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forever, for the securing of the performance of the obligations of the City hereinafter set forth (the "Trust Estate"):

Granting Clause First

Any moneys, revenues, receipts, income, assets or funds of the City legally available for such purposes, all to the extent provided in this Indenture, including, but not limited to, the proceeds of a direct annual tax levied by the City in the Bond Ordinance upon all taxable property in the City;

Granting Clause Second

All moneys and securities from time to time held by the Trustee under the terms of this Indenture, except for moneys deposited with or paid to the Trustee and held in trust hereunder for the redemption of Recovery Bonds, notice of the redemption of which has been duly given; and

Granting Clause Third

Any and all other property, rights and interests of every kind and nature from time to time ; hereafter by delivery or by writing , of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security hereunder by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and

apply the same subject to the terms hereof;

To Have and To Hold all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever; >

In Trust, Nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Registered Owners of the Recovery Bonds, without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing, except to the extent herein otherwise specifically, provided; ,

Provided, However, that if the City, its successors or assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Recovery Bonds, at the times and in the manner set forth therein according to the true intent and meaning thereof, and shall cause the payments to be made on the Recovery Bonds as required herein, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to them in accordance with the terms and provisions hereof, then, upon the final payment thereof this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

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This Indenture Further Witnesseth, and it is expressly declared, that all Recovery Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests and any other amounts hereby assigned and pledged are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and the respective owners of the Recovery Bonds as follows:

Article I

Definitions and General Matters

Section 1.01. Definitions. All capitalized terms used herein unless otherwise defined shall have the meanings given in the recitals above and the following meanings for purposes of this Indenture: .

"AuthorizedDenomination" means \$5,000 and any integral multiple thereof. ■ .

"Authorized Officer" means (a) the Mayor, the Chief Financial Officer, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor or Chief Financial Officer and filed with the Trustee for so long as such designation shall be in effect, and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

"Beneficial Owner" means the owner of a beneficial interest in the Recovery Bonds registered in the name of Cede & Co., as nominee of DTC (or a successor securities depository or nominee for either of them).

"Bond Counsel" means one or more firms of nationally recognized bond counsel designated by the Corporation Counsel of the City.

"Bond Fund" means the fund of that name established and described in Section 4.03 hereof.

"Bondholder, " "holder, " or "owner of the Recovery Bonds " means the Registered Owner or Beneficial Owner of any Recovery Bond, as the case may be.

"Bond Ordinance " has the meaning given to such term in the recitals hereto.

"Bond Register " means the registration books of the City kept by the Trustee to evidence the registration and transfer of Recovery Bonds.

"Bond Year" means a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year.

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"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banks located in the city where the Designated Corporate Trust Office is located are authorized or required by law to close, and (iii) a day on which The New York Stock Exchange, Inc., is closed.

"Certificate " means an instrument of the City in writing signed by an Authorized Officer.

Any such instrument in writing and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants, or engineers, respectively, unless the officer signing such instrument knows that the opinion or representation with respect to the matters upon which such instrument may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel or accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively. .- .

" Chief Financial Officer" means the Chief Financial Officer appointed by the Mayor, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer.

"City" means the City of Chicago, a municipal corporation and home rule unit of local government, organized and existing under the Constitution and laws of the State.

"City Clerk" means the duly qualified and acting City Clerk of the City or any Deputy City Clerk or other person that may lawfully take a specific action or perform a specific duty prescribed for the City Clerk pursuant to the Bond Ordinance..

"City Comptroller" means the City Comptroller of the City.

"Code " means the United States Internal Revenue Code of 1986. References to the Code and to Sections of the Code shall include relevant final, temporary or proposed regulations thereunder as in effect from time to time and as applicable to obligations issued on the Date of Issuance.

"Date of Issuance" means January 9, 2023, the date of issuance and delivery of the Recovery Bonds to the initial purchasers thereof.

"Defeasance Obligations" means: (A) direct obligations of the United States of America; (B) obligations of agencies of the United States of America, the timely payment of principal of and interest on which are guaranteed by the United States of America; (C) obligations of the following government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) debt obligations, Federal Home Loan Banks (FHL Banks) debt obligations, Fannie Mae debt obligations, Resolution Funding Corp. (REFCORP) debt obligations, and U.S. Agency

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for International Development (U.S. A.I.D.) Guaranteed notes; (D) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; or (E) instruments evidencing an ownership interest in obligations described in the preceding clauses (A), (B) and (C).

"Delivery Office" shall mean the following offices of the Trustee: For Purposes

of Notice:

U.S. Bank Trust Company, National Association 190 South
LaSalle, Chicago, Illinois 60603 Attention: Global Corporate
Trust

For Purposes of Presentation of Recovery Bonds for Pay

U.S. Bank Trust Company, National Association 111 Fillmore Avenue East,
St. Paul, Minnesota 55107-1402 . Attention: Global Corporate Trust

"Deposit Date " means the Business Day immediately preceding each Interest Payment Date. '

"Designated Corporate Trust Office" means the corporate trust office of the Trustee located at the address of the Trustee set forth in the definition of "Delivery Office" herein, as such address may be changed from time to time by the Trustee.

"DTC" means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository performing similar functions.

"Federal Obligation " means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

"Fitch " means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated, or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Indenture" means this Indenture, as amended and/or supplemented from time to time in accordance with Article IX hereof.

"Interest Payment Date " means each January 1 and July 1. The initial Interest Payment Date shall be July 1, 2023.

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"Issuance Costs" means the expenses and costs of the City with respect to the authorization, sale and delivery of the Recovery Bonds.

"Kroll" means Kroll Bond Rating Agency, LLC, its successors and assigns, and, if Kroll shall be dissolved or liquidated or shall no longer perform the functions of a security rating agency, "Kroll" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Maturity Date " means, for the Recovery Bonds of each specified maturity, the applicable maturity date set forth in Section 2.02(d) hereof.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if Moody's shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

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

"Ongoing Financing Services" means any periodic fees and expenses payable to parties involved in the provision of ongoing services relating to the Recovery Bonds, such as rating agencies and entities providing financial market information to be used in connection with the structuring and sale of the Recovery Bonds, as defined in Section 3.13(a) of the Bond Ordinance.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel in form and substance acceptable to the City.

"Outstanding" means, when used with reference to any Recovery Bonds, all of such obligations issued under this Indenture that are unpaid, provided that such term does not include:

a) Recovery Bonds canceled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

b) matured or redeemed Recovery Bonds which have not been presented for payment in accordance with the provisions of this Indenture and for the payment of which the City has deposited funds with the Trustee;

c) Recovery Bonds for which the City has provided for payment by depositing in an irrevocable trust or escrow, cash or Defeasance Obligations, in each case, the maturing principal of and interest on which will be sufficient to pay at maturity, or if called for redemption on the applicable redemption date, the principal of, redemption premium, if any, and interest on such Recovery Bonds;

d) Recovery Bonds in lieu of or in exchange or substitution for which other Recovery Bonds shall have been authenticated and delivered pursuant to this Indenture; and

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(e) Recovery Bonds owned by the City and tendered to the Trustee for cancellation.

"OutstandingIndebtedness" has the meaning ascribed thereto in the Bond Ordinance.

"Participant, " when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Paying Agent" means the Trustee and any Paying Agent designated by the Trustee, and any successor'thereto.

"Permitted Investments" means any of the following obligations or securities permitted under the laws of the State and the Municipal Code:

(a) :interest-bearing general obligations of the United States of America, the State or the City;

b) , 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 City a return on such investment in lieu of interest;

c) . short-term discount obligations of the United States Government or United States Government agencies;

d) certificates of deposit of national banks or banks located within the City which are either (i) fully collateralized at least 110 percent by marketable United States Government securities marked to market at least monthly or (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;

e) 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;

f) tax-exempt securities exempt from federal arbitrage provisions applicable to investments of proceeds of the City's tax-exempt debt obligations;

g) shares of money market mutual funds registered under the Investment Company Act of 1940, which shares are registered under the Securities Act of 1933, 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; and

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(h) any other suitable investment instrument permitted by State laws and the Municipal Code governing municipal investments generally, subject to the reasonable exercise of prudence in making investments of public funds.

"Pledged Taxes" shall have the meaning given to such term in the Bond Ordinance.

"Principal and Interest Account" means the account of that name established within the Bond Fund, as described in Section 4.03 hereof.

"Principal and Interest Account Requirement" means an amount, equal to the total principal installment and interest due on such Recovery Bonds as of each January 1 and July 1 (including any mandatory redemption of the Recovery Bonds as required by Section 3.01(c) hereof), which amount shall be deposited in the Principal and Interest Account not later than the Deposit Date for such Interest Payment Date.

"Project" means the (i) public right-of-way improvements- in City neighborhoods, including street and alley construction and improvements, lighting improvements, sidewalk improvements and replacements, curb and gutter repairs and replacements and environmental remediation; (ii) infrastructure improvements to enhance the development of economic activity, including industrial street construction and improvements, streetscaping, median landscaping, telecommunications facilities or equipment, demolition of hazardous, vacant or dilapidated buildings that pose a threat to public safety and welfare, shoreline reconstruction, waterway improvements, environmental improvements riverbank stabilization, residential and commercial infrastructure redevelopment and improvements and railroad viaduct clearance improvements; (iii) transportation improvements (to City property and facilities and to property and facilities located within the City limits which are owned by other governmental entities), including street resurfacing, bridge and freight tunnel rehabilitation, viaduct rehabilitation, traffic signal modernization, new traffic signal installation, intersection safety improvements and transit facility improvements; (iv) loans or grants to assist individuals, not-for-profit organizations, or educational or cultural institutions, or for-profit organizations, or to assist other municipal corporations, units of local government, school districts, the State or the United States of America; (v) the duly authorized acquisition of improved or unimproved real property within the City for municipal, industrial, commercial, recreational, community or residential purposes and the improvement or remediation of any such property; (vi) the acquisition of personal property, including, but not limited to, computer hardware and software, vehicles or other capital items useful or necessary for City purposes; (vii) constructing, equipping, altering, improving and repairing various municipal facilities and the sites thereof, including fire stations, police stations, libraries, parks, parkways, senior and health centers and other municipal facilities; and (viii) programs to enhance economic development or improve the health, safety and welfare of City residents, including assisting persons and entities with the acquisition, construction and/or rehabilitation of property for residential, commercial, recreational, community or industrial purposes.

"Project Costs" means the costs of the Project.

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"Project Fund" means the fund of that name established and described in Section 4.04

hereof.

"Qualified Collateral" means:

- a) Federal Obligations;
- b) direct and general obligations of any state of the United States of America or any political subdivision of the State which are rated not less than "AA" or "Aa2" or their equivalents by any nationally recognized securities rating agency; -and
- c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under any annual contributions contract or contracts with the United States Of America, or project notes issued by public housing authorities, or project notes issued by local public agencies,, in each case fully secured as to

the payment of both principal and interest by a requisition or payment agreement with the. United States of America.

"Rating Agency" means any of Fitch, Moody's, S&P and Kroll, or another rating agency that has a credit rating assigned to the Recovery Bonds at the request of the City.

"Record Date " means each June 15 and December 15 (whether or not a Business Day).

"Recovery Bonds " means the General Obligation Bonds, Series 2023B (Chicago Recovery Plan) issued pursuant to Section 2.01 hereof.

"Redemption Price " means with respect to the Recovery Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Recovery Bonds.

"Registered Owner" or "Owner" means the person or persons in whose name or names a Bond shall be registered in the Bond Register..

"S&P" means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Securities Depository" means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Recovery Bonds.

"Series 2023B Costs of Issuance Account" means the account of that name established within the Project Fund, as described in Section 4.04 hereof.

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"Series 2023B Investment Earnings Account" means the account of that name established within the Project Fund, as described in Section 4.04 hereof.

"State" means the State of Illinois.

"Supplemental Indenture" means any indenture modifying, altering, amending, supplementing or confirming this Indenture duly entered into in accordance with the terms hereof.

"Tax Certificate " means the tax certificate of the City dated the Date of Issuance pertaining to the Recovery Bonds.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association with

trust powers, and its successors and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor trustee at the time serving as successor trustee hereunder.

Section 1.02. Authority for Indenture. This Indenture is executed and delivered by the City by virtue of and pursuant to the Bond Ordinance and as an exercise of its home rule powers. The City has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to meet the public purposes and obligations of the City, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of the City and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Recovery Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the City.

Section 1.03. Indenture to Constitute Contract. In consideration of the purchase and acceptance of Recovery Bonds by those who shall hold the same from time to time, the provisions of this Indenture and any Supplemental Indenture shall be a part of the contract of the City with the Owners of Recovery Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee, and the Owners from time to time of the Recovery Bonds. The City covenants and agrees with the Owners of Recovery Bonds and the Trustee that it will faithfully perform all of the covenants and agreements contained in this Indenture, in the Bond Ordinance and in the Recovery Bonds.

Article n

The Recovery Bonds

Section 2.01. Authority for and Issuance of Recovery Bonds. The Recovery Bonds are authorized to be issued by virtue of and pursuant to the Bond Ordinance and as an exercise by the City of its home rule powers. No Recovery Bonds may be issued under the provisions of this Indenture except in accordance with this Article. Except as provided in Section 2.07 hereof, the total principal amount of Recovery Bonds that may be issued hereunder is expressly limited to \$20,110,000.

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Section 2.02. General Terms of Recovery Bonds, (a) The Recovery Bonds shall constitute a single series in the aggregate principal amount of \$20,110,000, and be designated "General Obligation Bonds, Series 2023B (Chicago Recovery Plan)" and shall be issued as fully registered Recovery Bonds, without coupons, in Authorized Denominations substantially in the form attached as Exhibit A thereto. Unless the City shall otherwise direct, the Recovery Bonds shall be lettered and numbered from R-1 and upwards. Each Recovery Bond shall be dated the Date of Issuance and shall mature, subject to prior redemption as provided in Article III hereof, on its Maturity Date.

b) Each Recovery Bond shall bear interest from the later of its date or the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount of such Recovery Bond is paid, such interest being payable on January 1 and July 1 of each year, commencing on July

1, 2023. Interest on each Recovery Bond shall be paid to the person in whose name such Recovery Bond is registered at the close of business on the Record Date next preceding the applicable Interest Payment Date, by check or draft of the Trustee, or, at the option of any . registered owner of \$1,000,000 or more in aggregate principal amount of Recovery Bonds of a series, by wire transfer of immediately available funds to such bank in the continental United States of America as the registered owner of such Recovery Bonds shall request in writing to the Trustee.

c) : The principal of the Recovery Bonds and any redemption premium shall be payable in lawful money of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee.

(d) The Recovery Bonds shall mature on January 1 in each year shown in the following tables in the respective principal amount set forth opposite each such year. The Recovery Bonds shall bear interest from and including the Date of Issuance as shown in the table below until payment of the principal or Redemption Price thereof shall have been made or provided for in accordance with the provisions hereof, whether at the applicable Maturity Date, upon redemption, or otherwise. Interest accrued on the Recovery Bonds shall be paid in arrears on each Interest Payment Date. Interest on the Recovery Bonds shall be computed upon the basis of a 360-day year consisting of twelve 30 day months.

Year	Principal	Interest
<u>(January 1) Amount</u>	<u>Rate</u>	
2038	\$ 8,110,000	5.250%
2039	12,000,000	5.500

Section 2.03. Execution. The seal of the City or a facsimile thereof shall be affixed to or printed on each of the Recovery Bonds, and the Recovery Bonds shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City

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Clerk, and in case any officer whose signature shall appear on any Recovery Bond shall cease to be such officer before the delivery of such Recovery Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication. All Recovery Bonds shall have thereon a certificate of authentication substantially in the form attached hereto as part of Exhibit A duly executed by the Trustee as authenticating agent of the City and showing the date of authentication. No Recovery Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of

authentication shall have been duly executed by the Trustee by manual signature, and such certificate of authentication upon any such Recovery Bond shall be conclusive evidence that such Recovery Bond has been authenticated and delivered under the Bond Ordinance and this Indenture. The certificate of authentication on any Recovery Bond shall be deemed to have been executed by the Trustee if signed by an authorized officer of such Trustee, but it shall not be necessary, that the same officer sign the certificate of authentication on all of the Recovery Bonds issued hereunder.

Section 2.05. Form of Recovery Bonds; Temporary Bonds. The Recovery Bonds issued under this Indenture shall be substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Bond Ordinance and this Indenture.

Pending preparation of definitive Recovery Bonds, or by agreement with the purchasers of the Recovery Bonds, the City may issue and, upon its request, the Trustee shall authenticate, in lieu of definitive Recovery Bonds, one or more temporary printed or typewritten Recovery Bonds in Authorized Denominations of substantially the tenor recited above.. Upon request of the City, the Trustee shall authenticate definitive Recovery Bonds in exchange for and upon surrender of an equal principal amount of temporary Recovery Bonds. Until so exchanged, temporary Recovery Bonds shall have the same rights, remedies and security hereunder as definitive Recovery Bonds.

Section 2.06. Delivery of Recovery Bonds. Upon the execution and delivery of this Indenture, the City shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Recovery Bonds and deliver them to the purchasers as may be directed by the City as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Recovery Bonds there shall be filed with the Trustee:

- 1) copies, duly certified by the City Clerk of the City, of the Bond Ordinance;
- 2) original executed counterparts of this Indenture;
- 3) an Opinion of Bond Counsel to the effect that this Indenture (i) has been duly and lawfully authorized by the City Council of the City and executed by the City in accordance with the provisions of the Bond Ordinance and (ii) will, when executed and

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delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms; and

(4) a Certificate executed by the Chief Financial Officer stating that all conditions precedent with respect to the execution of all documents by the City relating to the Recovery Bonds have been satisfied.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Recovery Bonds. If any Recovery Bond, whether in temporary or definitive form, is lost (whether by reason of theft or otherwise), destroyed (whether by

mutilation, damage, in whole or in part, or otherwise) or improperly cancelled, the Trustee may authenticate a new Recovery Bond of like date, maturity date, interest rate, denomination and principal amount and bearing a number not contemporaneously outstanding; provided that (i) in the case of any mutilated Recovery Bond, such mutilated Recovery Bond shall first be surrendered to the Trustee, and (ii) in the case of any lost Recovery Bond or Recovery Bond destroyed in whole, there shall be first furnished to the Trustee evidence of such loss, theft, or destruction satisfactory to the City and the Trustee, together with indemnification of the City and the Trustee, satisfactory to the Trustee. If any lost, destroyed or improperly cancelled Recovery Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a duplicate Recovery Bond, the Trustee shall pay the same without surrender thereof if there shall be first furnished to the Trustee evidence of such loss, destruction or cancellation, together with indemnity, satisfactory to it. Upon the issuance of any substitute Recovery Bond, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

All Recovery Bonds shall be owned upon the express condition that the foregoing provisions, to the extent permitted by law, are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen or purchased Recovery Bonds, and shall preclude any and all other rights or remedies.

Section 2.08. Transfer and Exchange of Recovery Bonds; Persons Treated as Owners. (a) Subject to the limitations contained in paragraph (c) of this Section, upon surrender for registration of transfer of any Recovery Bond at the Designated Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Bondholder or such Bondholder's attorney duly authorized in writing in such form and with guarantee of signature as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees, one or more fully registered Recovery Bonds of the same interest rate and Maturity Date of Authorized Denominations, for a like principal amount bearing numbers not contemporaneously outstanding. Subject to the limitations contained in paragraph (c) of this Section, Recovery Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Recovery Bonds of the same interest rate and Maturity Date of other Authorized Denominations bearing numbers not contemporaneously outstanding.

(b) No service charge shall be made for any transfer or exchange of Recovery Bonds, but the City or the Trustee may require payment of a sum sufficient to cover any tax or other

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governmental charge that may be imposed in connection with any transfer or exchange of Recovery Bonds, except that no such payment may be required in the case of the issuance of a Recovery Bond or Recovery Bonds for the unredeemed portion of the Recovery Bond surrendered for redemption.

c) The Trustee shall not be required to transfer or exchange any Recovery Bond during the period commencing on the Record Date next preceding any Interest Payment Date of such Recovery Bond and ending on such Interest Payment Date, or to transfer or exchange such Recovery Bond after the mailing of notice calling such Recovery Bond for redemption has been

- made as herein provided or during the period of 15 days next preceding the giving of notice of redemption of Recovery Bonds of the same Maturity Date and interest rate.

d) Recovery Bonds delivered upon any registration of transfer or exchange as provided herein or as provided in Section 2.07 hereof shall be valid general obligations of the City, evidencing the same debt as the Recovery Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof and of the Bond Ordinance to the same extent, as the Recovery Bond surrendered. The City and the Trustee may treat the Registered Owner of any Recovery Bond as the absolute owner thereof for all purposes, whether or not such Recovery Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Recovery Bond as herein provided shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Recovery Bond to the extent of the sum or sums so paid.

Section 2.09. Required Information in Bond Form. On each date on which the Trustee authenticates and delivers a Recovery Bond, it shall complete the information required to be inserted by the Recovery Bond form and shall keep a record of such information.

Section 2.10. Cancellation. Any Recovery Bond surrendered for the purpose of payment or retirement, or for exchange, transfer or replacement, shall be canceled upon surrender thereof to the Trustee. If the City shall acquire any of the Recovery Bonds, the City shall deliver such Recovery Bonds to the Trustee for cancellation and the Trustee shall cancel the same. Certification of Recovery Bonds canceled by the Trustee shall be made to the City upon request. Canceled Recovery Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the City.

Section 2.11. Book Entry Provisions. The provisions of this Section shall apply as long as the Recovery Bonds are maintained in book entry form with DTC or another Securities Depository, any provisions of this Indenture to the contrary notwithstanding. Notwithstanding anything else to the contrary herein, so long as DTC is the Securities Depository, the Recovery Bonds shall be subject to the operational arrangements of DTC in effect from time to time.

(a) The Recovery Bonds shall be payable to the Securities Depository, or its nominee, as the Registered Owner of the Recovery Bonds, in same day funds on each date on which the principal of, premium, if any, and interest on the Recovery Bonds is due as

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set forth in this Indenture and the Recovery Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the City and the Trustee in writing. Without notice to or the consent of the Beneficial Owners of the Recovery Bonds, the City and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set forth herein. If such different manner of payment is agreed upon, the City shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Recovery Bonds in the manner specified in such notice. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the principal of, premium, if any, and interest on the Recovery Bonds to Participants or the Beneficial Owners of the Recovery Bonds or their nominees.

b) If (i) the City determines, or (ii) the City receives notice that the Securities Depository has received notice from its Participants having interests in at least 50 percent in principal amount of the Recovery Bonds, that the Securities Depository or its successor is incapable of discharging its responsibilities as a securities depository, or that it is, in the best interests of the Beneficial Owners that they obtain certificated Recovery Bonds, the City may (or, in the case of clause (ii) of this paragraph; the City shall) cause the Trustee to authenticate and deliver Recovery Bond certificates. The City shall have no obligation to make any investigation to determine the occurrence of any events that would permit the City to make any determination described in this paragraph.

c) If, following a determination or event specified in paragraph (b) of this Section, the City discontinues the maintenance of the Recovery Bonds in book entry form with the then current Securities Depository, the City will issue replacement Bonds to the replacement Securities Depository, if any, or, if no replacement Securities Depository is selected for the Recovery Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant, to the Beneficial Owners of the Recovery Bonds shown on the records of such Participant. Any such Recovery Bonds so issued in replacement shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Recovery Bonds by check mailed to each Registered Owner at the address of such Registered Owner as it appears on the Bond Register or, at the option of any Registered Owner of not less than \$1,000,000 principal amount of Recovery Bonds, by wire transfer to any address in the United States of America on such Interest Payment Date to such Registered Owner as of such Record Date, if such Registered Owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Recovery Bond or Recovery Bonds at the Designated Corporate Trust Office of the Trustee.

d) The Securities Depository and its Participants, and the Beneficial Owners of the Recovery Bonds, by their acceptance of the Recovery Bonds, agree that the City and the Trustee shall not have liability for the failure of such Securities Depository to perform

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its obligations to the Participants and the Beneficial Owners of the Recovery Bonds, nor shall the City or the Trustee be liable for the failure of any Participant or other nominee of the Beneficial Owners to perform any obligation of the Participant to a Beneficial Owner of the Recovery Bonds.

e) As long as Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Registered Owner of the Recovery Bonds, as nominee of DTC, references herein to the Registered Owners of the Recovery Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Recovery Bonds.

f) As long as Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Registered Owner of the Recovery Bonds:

- i) selection of Recovery Bonds to be redeemed upon partial
- i) redemption or presentation of Recovery Bonds to the Trustee upon partial
- i) redemption, shall be deemed made when the right to exercise ownership rights in
- i) ■such Recovery Bonds through DTC or. DTC's Participants is-transferred by DTC
- i) on its books; . . . '
- ii) any notices of the interest rate on the Recovery Bonds to be provided by the Trustee shall be provided to anyone identifying itself to the Trustee as a person entitled to exercise ownership rights with respect to such Recovery Bonds through DTC or its Participants; and
- iii) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Registered Owners under this Indenture on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Recovery Bonds through DTC or its Participants.

Article III

Redemption of Recovery Bonds

Section 3.01. Redemption Terms, Dates and Prices. The Recovery Bonds shall be subject to redemption prior to their Maturity Date in the amounts, at the times and in the manner provided in this Section.

(a) Optional Redemption. The Recovery Bonds are subject to redemption at the option of the City, on any date occurring on or after January 1, 2032, in such principal amounts and from such maturities and interest rates as the City shall determine and by lot within a single maturity and interest rate, at a Redemption Price of 100% of the principal amount thereof being redeemed plus accrued interest, if any, to the date of redemption.

The City is authorized to sell or waive any right the City may have to call any of the Recovery Bonds for optional redemption, in whole or in part; provided, that such sale or waiver

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will not adversely affect the excludability of interest on the Recovery Bonds from gross income for federal income tax purposes.

(b) General Provisions Regarding Redemptions.

- (i) No redemption of less than all of the Recovery Bonds Outstanding shall be made pursuant

to Section 3.01 (a) hereof unless the aggregate principal amount of Recovery Bonds to be redeemed is equal to \$5,000 multiples. Any redemption of less than all of the Recovery Bonds Outstanding shall be made in such a manner that all Recovery Bonds Outstanding after such redemption are in Authorized Denominations. If, fewer than all Recovery Bonds Outstanding are to be optionally redeemed, the Recovery Bonds to be called shall be called from such maturities and interest rates as may be determined by an Authorized Officer.

: (ii) Recovery Bonds may be called for redemption by the Trustee pursuant to Sections 3.01(a) and 3.01(c) hereof upon receipt by the Trustee at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Trustee) of, in the case of a redemption pursuant to Section 3.01 (a) of a written request of the City requesting such redemption, or in the case of a redemption pursuant to Section 3.01(c) in accordance with the mandatory schedule provided herein.

(iii) In lieu of redeeming Recovery Bonds pursuant to Section 3.01(a) hereof, the Trustee may, at the request of the City, use such funds available hereunder for redemption of Recovery Bonds to purchase Bonds in the open market at a price not exceeding the Redemption Price then applicable hereunder. Any Recovery Bond so purchased in lieu of redemption shall be delivered to the Trustee for cancellation and shall be canceled, all as provided in Section 2.10 hereof.

Section 3.02. Notice of Redemption, (a) Unless waived by any owner of Recovery Bonds to be redeemed, notice of the call for any such redemption shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Recovery Bond or Recovery Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee, but the failure to mail any such notice or any defect therein as to any Recovery Bond shall not affect the validity of the proceedings for the redemption of any other Recovery Bond. Any notice of redemption mailed as provided in this Section 3.02 shall be conclusively presumed to have been given whether or not actually received by the addressee.

All notices of redemption shall state:

- 1) the Series designation of the Recovery Bonds to be redeemed,
- 2) the redemption date,
- 3) the Redemption Price,

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4) if less than all outstanding Recovery Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and interest rates) of the Recovery Bonds to be redeemed,

5) that on the redemption date the Redemption Price will become due and payable upon each such Recovery Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue or compound from and after said date,

6) the place where such Recovery Bonds are to be surrendered for payment of the Redemption Price, and

7) such other information as shall be deemed necessary by the Trustee at the time such notice is given to comply with law, regulation or industry standard.

b) With respect to an optional redemption of Recovery Bonds, such notice may state that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the Redemption Price of the Recovery Bonds. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Recovery Bonds and such failure to deposit such funds shall not constitute an Event of Default under this Indenture. The Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Recovery Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for the Recovery Bonds, the City shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Recovery Bonds or portions thereof which are to be redeemed on that date.

c) Notice of redemption having been given as aforesaid, the Recovery Bonds, or portions thereof, so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City defaults in the payment of the Redemption Price or unless, in the event of a conditional notice as described above, the necessary moneys were not deposited) such Recovery Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Recovery Bonds for redemption in accordance with said notice, such Recovery Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Recovery Bond, there shall be prepared for the Registered Owner a new Recovery Bond or Recovery Bonds of the same interest rate and maturity in the amount of the unpaid principal.

d) If any Recovery Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Recovery Bond, or portion thereof, so called for redemption. All Recovery Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued.

e) Failure to give notice in the manner prescribed hereunder with respect to any Recovery Bond, or any defect in such notice, shall not affect the validity of the proceedings for

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redemption for any Recovery Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Recovery Bonds to be redeemed and to pay interest due thereon and premium, if any, the Recovery Bonds thus called shall not, after the applicable redemption date, bear interest, be protected by this Indenture or the Bond Ordinance or be deemed to be Outstanding under the provisions of this Indenture.

f) If any Recovery Bond is transformed or exchanged on the Bond Register after notice has been

1) If any Recovery Bond is transferred or exchanged on the Bond Register after notice has been given calling such Recovery Bond for redemption, the Trustee will attach a copy of such notice to the Recovery Bond issued in connection with such transfer or exchange.

g) Subject to Section 4.07 hereof, if any Recovery Bond is not presented for payment when the principal amount thereof becomes due, either at maturity or at a date fixed for redemption thereof or otherwise, and if moneys sufficient to pay such Recovery Bond are held by the Trustee for the benefit of the Registered Owner of such Recovery Bond, the Trustee shall hold such moneys for the benefit of the Registered Owner of such Recovery Bond without liability to the Registered Owner for interest. The Registered Owner of such Recovery Bond thereafter shall be restricted exclusively to such funds for satisfaction of any claims relating to such Recovery Bond.

Section 3.03: Selection of Recovery Bonds for Redemption. If less than all the Recovery Bonds shall be called for redemption under any provision of this Indenture permitting such partial redemption, (i) such redemption shall be by lot in such manner as the Trustee may determine among such Recovery Bonds, and (ii) subject to other applicable provisions of this Indenture, the portion of any Recovery Bond to be redeemed shall be in a principal amount equal to an Authorized Denomination. In selecting Recovery Bonds for redemption, the Trustee shall assign to each Recovery Bond of like Maturity Date and interest rate, a distinctive number for each minimum Authorized Denomination of such Recovery Bond and shall select by lot from the numbers so assigned as many numbers as, at such minimum Authorized Denomination for each number, shall equal the principal amount of such Recovery Bonds to be redeemed. In such case, the Recovery Bonds to be redeemed shall be those to which were assigned numbers so selected; provided that only so much of the principal amount of each Recovery Bond shall be redeemed as shall equal such minimum Authorized Denomination for each number assigned to it and so selected. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Recovery Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Recovery Bond shall forthwith surrender such Recovery Bond to the Trustee for (a) payment to such Registered Owner of the Redemption Price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Recovery Bond or Recovery Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Recovery Bond. New Recovery Bonds representing the unredeemed balance of the principal amount of such Recovery Bond shall be issued to the Registered Owner thereof without charge therefor.

The Trustee shall promptly notify the City in writing of the Recovery Bonds, or portions thereof, selected for redemption and, in the case of any Recovery Bond selected for partial redemption, the principal amount thereof, and the interest rate thereof to be redeemed.

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Section 3.04. Deposit of Funds. For the redemption of any of the Recovery Bonds, the City shall cause to be deposited in the Principal and Interest Account moneys sufficient to pay when due the principal of, and premium, if any, and interest on, the Recovery Bonds to be redeemed on the redemption date to be applied in accordance with the provisions hereof.

Article IV

ARTICLE IV

Application of Bond Proceeds; Creation of Funds and Security
for Bonds

Section 4.01. Source of Payment of Recovery Bonds. Pursuant to the Bond Ordinance, the Recovery Bonds constitute direct and general obligations of the City for the punctual payment of which the City pledges its full faith and credit and, pursuant to the Bond Ordinance, the Pledged Taxes. The City covenants that the Pledged Taxes shall be used only for the payment of (i) principal of, interest on and Redemption Price, if any, on the Recovery Bonds (or for the purchase by the City of the Recovery Bonds which are then cancelled), and (ii) Ongoing Financing Services, each unless and until all of the Recovery Bonds are paid in full or are fully defeased pursuant to Article VI herein; provided, however, that the levy of Pledged Taxes is subject to abatement as provided in the Bond Ordinance.

Section 4.02. Application of Bond Proceeds. The proceeds of the sale of the Recovery Bonds, consisting of the principal amount of the Recovery Bonds plus original issue premium of \$1,059,037.10 and less an underwriters' discount of \$106,101.81, shall be applied simultaneously with their delivery as follows:

- i) . Deposit to Project Fund: \$21,000,000.00,
- ii) Deposit to Series 2023B Costs of Issuance Account: \$62,935.29.

Section 4.03. Creation of Accounts in Bond Fund, (a) There is established with the Trustee a trust fund designated "City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan), Bond Fund."

i) At each such time as is required under this Indenture, the City shall deposit into the Principal and Interest Account of the Bond Fund, from funds of the City legally available therefor, an amount sufficient to satisfy the Principal and Interest Account Requirement.

ii) Money on deposit in the Principal and Interest Account of the Bond Fund shall be applied by the Trustee to pay the principal of (whether due at maturity or by mandatory redemption) and interest on the Recovery Bonds as the same shall become due.

iii) Pending the use of moneys held in the Bond Fund, the Trustee shall invest such moneys in Permitted Investments upon the direction of an Authorized Officer in writing to the Trustee. Income from such investments shall be credited to the account within the Bond Fund from which the investment was made.

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b) Creation of Principal and Interest Account. There is established with the Trustee an account within the Bond Fund, designated as the "Series 2023B Principal and Interest Account" (the "Principal and Interest Account"). Amounts on deposit in the Principal and Interest Account shall be used to pay principal and interest on the Recovery Bonds as the same shall become due.

c)

c) *reserve.*

Section 4.04. Project Fund, (a) There is established with the Trustee a trust fund designated "City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan), Project Fund" (the "Project Fund") to be held and applied in accordance with the terms and provisions of this Indenture. Moneys on deposit in the Project Fund will be paid out from time to time by the Trustee to or upon the order of the City in order to provide for the payment of Project Costs or to reimburse the City for the payment of Project Costs, upon receipt by the Trustee of a certificate of an Authorized Officer describing the Project Costs to be paid or reimbursed with such moneys (including the identity of and method of payment for each payee), in the form attached hereto Exhibit B, and stating that:

i) the costs in an aggregate amount set forth in such certificate are necessary and appropriate Project Costs that (a) have been incurred and paid or (b) are expected to be paid within the next 60 days;

ii) the amount to be paid or reimbursed to the City as set forth in such certificate is reasonable and represents a part of the amount payable for the Project Costs and that such payment is to be made or, in the case of reimbursement to the City, was made, in accordance with the terms of any applicable contracts and in accordance with usual and customary practice under existing conditions;

iii) [reserved];

iv) no part of the Project Costs that are the subject of such certificate was included in any certificate previously filed with the Trustee under the provisions of this Indenture; and

v) the use of the money so withdrawn from the Project Fund and the use of the facilities provided with such moneys will not result in a violation of any applicable covenant, term or provision of the Tax Certificate.

(b) Creation of Series 2023B Costs of Issuance Account. There is established with the Trustee an account within the Project Fund, designated as the "Series 2023B Costs of Issuance Account" (the "Series 2023B Costs of Issuance Account"). Moneys on deposit in the Series 2023B Costs of Issuance Account shall be withdrawn by the Trustee and paid to or as directed by the City, upon receipt by the Trustee of a written disbursement request from the City identifying the Issuance Costs and the amounts thereof to be paid pursuant to such request. Moneys on deposit in the Series 2023 B Costs of Issuance Account, including the investment earnings thereon, remaining after all disbursements for payment of the Issuance Costs have been made shall be deposited by the Trustee to the Series 2023B Investment Earnings Account.

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c) Creation of Series 2023B Investment Earnings Account. There is established with the Trustee an account within the Project Fund, designated as the "Series 2023B Investment Earnings Account" (the "Series 2023B Investment Earnings Account"). Moneys on deposit in the Series 2023B Investment Earnings Account, including the investment earnings thereon, shall be retained therein and deposited to the Project Fund, as the City shall direct in writing.

~~d) Moneys in the Project Fund shall be invested at the written direction of an Authorized Officer to~~

d) Moneys in the Project Fund shall be invested at the written direction of an Authorized Officer to the fullest extent practicable in Permitted Investments maturing in such amounts and at such times as may be necessary to provide funds when needed to pay, as applicable, Project Costs or Issuance Costs, or pay such other costs as may be required to be paid from such moneys. The City may, and to the extent required for payments from the Project Fund shall, direct the Trustee in writing to sell any such Permitted Investments at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the Project Fund. Investment earnings received on moneys or securities in the Project Fund shall be deposited to the Series 2023B Investment Earnings Account. .

e) The completion, substantial completion or abandonment of each capital project comprising the Project shall be evidenced by a certificate of an Authorized Officer, which shall be filed promptly with the Trustee, stating the date of such completion, anticipated completion or abandonment and the amount, if any, required in the opinion of the signer of such certificate for the payment of any remaining part of the Project Costs. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate of the City as necessary to complete the Project shall be deposited into the Principal and Interest Account and applied as directed in such certificate; provided that such direction shall be consistent with Section 4.07 and applicable provisions of the Tax Certificate.

Section 4.05. Deposits into Bond Fund and Account Therein. Not later than the Deposit Date, the City shall cause to be on deposit in the Principal and Interest Account of the Bond Fund an amount equal to the Principal and Interest Account Requirement.

In addition to the Principal and Interest Account Requirement, there shall be deposited into the Bond Fund any other moneys received by the Trustee under and pursuant to this Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund and to one or more accounts therein.

Upon calculation by the Trustee of each Principal and Interest Account Requirement under this Section, the Trustee shall notify the City of the Principal and Interest Account Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

Section 4.06. Tax Covenants, (a) The City covenants that it will take no action in the investment of the proceeds of the Recovery Bonds which would result in making the interest payable on any of such Recovery Bonds subject to federal income taxes by reason of such Recovery Bonds being classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

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(b) The City further covenants that it will act with respect to the proceeds of the Recovery Bonds, the earnings on the proceeds of such Recovery Bonds and any other moneys on deposit in any fund or account maintained in respect of such Recovery Bonds, including, if necessary, a rebate of such earnings to the United States of America, in a manner which would cause the interest on such Recovery Bonds to continue to be exempt from federal income taxation under Section 103(a) of the Code.

Section 4.07. Non-presentment of Recovery Bonds. In the event any Recovery Bond shall not be presented for payment when the principal thereof becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Recovery Bond shall have been made available to

redemption or otherwise, if moneys sufficient to pay such Recovery Bond shall have been made available to the Trustee for the benefit of the Registered Owner thereof, subject to the provisions of the immediately following paragraph, all liability of the City to the Registered Owner thereof for the payment of such Recovery Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Registered Owner of such Recovery Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, such Recovery . Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Recovery Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the City, and thereafter the Registered Owners of such Recovery Bonds shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under this Section to pay any such funds to the City shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

Section 4.08. Moneys Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any fund or account referred to in any provision of this Indenture shall be held by the Trustee in trust as provided in Section 8.07 of this Indenture, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

Article V

Investment of Moneys

Section 5.01. Investment of Moneys. Moneys held in the funds, accounts and subaccounts established hereunder shall be invested and reinvested in accordance with the provisions governing investments contained in this Indenture. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or subaccount for which they were made. The Trustee may conclusively rely upon the written investment instructions of the Chief Financial Officer (or his or her designee) or an Authorized Officer, as to both the suitability and legality of the directed investments and such written instructions shall be deemed to certify to the Trustee that the directed investments constitute

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Permitted Investments hereunder. In the absence of written investment instructions, the Trustee shall hold funds uninvested, without liability for interest thereon.

Section 5.02. Investment Income. The interest earned on any investment of moneys held hereunder, any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or subaccount for which such investment was made, except as otherwise provided in this Indenture.

Article VI Discharge of Lien

Section 6.01. Defeasance. (a) If the City shall pay to the Registered Owners of the Recovery Bonds or

Section 1.01. Defeasance, (a) If the City shall pay to the Registered Owners of the Recovery Bonds, or provide for the payment of, the principal, premium, if any, and interest to become due on the Recovery Bonds, then this Indenture and the Bond Ordinance shall be fully discharged and satisfied with respect to the Recovery Bonds. Upon the satisfaction and discharge of this Indenture, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and all fiduciaries shall pay Over or deliver to the City all funds, accounts and other moneys or securities held by them pursuant to this Indenture which are not required for the payment or redemption of the Recovery Bonds. If payment or provision for payment is made to or for the Registered Owners of all or a portion of the Recovery Bonds, of the principal of and interest due and to become due on any Recovery Bond at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions of this Indenture, then these presents and the estate and rights hereby and by the Bond Ordinance granted shall cease, terminate and be void as to those Bonds or portions thereof except for purposes of registration, transfer and exchange of Recovery Bonds and any such payment from such moneys or obligations. Any Recovery Bond shall be deemed to be paid within the meaning of this Section when payment of the principal of any such Recovery Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture or otherwise), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment or (2) Defeasance Obligations, or (3) a combination of the investments described in clauses (1) and (2) above, such amounts so deposited being available or maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment (all as confirmed by a nationally recognized firm of independent public accountants selected by the City). If the City shall pay and discharge a portion of the Recovery Bonds as aforesaid, such portion shall cease to be entitled to any lien, benefit or security under this Indenture and the Bond Ordinance. The liability of the City with respect to such Recovery Bonds shall continue, but the Registered Owners thereof shall thereafter be entitled to payment (to the exclusion of all other Recovery Bondholders) only out of the Defeasance Obligations deposited with the Trustee under this Indenture.

(b) No such deposit under this Section shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel selected by the City to the effect that such deposit and use

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would not cause any of such Recovery Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision thereto.

(c) Nothing in this Indenture shall prohibit a defeasance deposit of escrow securities as provided in this Section from being subject to a subsequent sale of such escrow securities and reinvestment of all or a portion of the proceeds of that sale in escrow securities which, together with money to remain so held in trust, shall be sufficient to provide for payment of principal, redemption premium, if any, and interest on any of the defeased Recovery Bonds (all as confirmed by a nationally recognized firm of independent public accountants selected by the City). Amounts held by the Trustee in excess of the amounts needed so to provide for payment of the defeased Recovery Bonds may be subject to withdrawal by the City. No such sale and reinvestment as provided in this paragraph shall be made or accepted hereunder unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel selected by the City to the effect that such sale and reinvestment would not cause any of the defeased Recovery Bonds to be treated as "arbitrage bonds" within

removal would not cause any of the deceased Recovery Bonds to be treated as "average bonds" within the meaning of Section 148 of the Code or any successor provision thereto.

article vii Default Provisions; Remedies

Section 7.01. . Defaults. Each of the following events is hereby declared to be an "Event of Default."

a) payment of the principal or Redemption Price, if any, of any Recovery Bonds shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

b) payment of any installment of interest on any Recovery Bonds shall not be made when and as the same shall become due; or

c) the City shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in the Recovery Bonds, which materially affects the rights of the Owners of the Recovery Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Recovery Bonds; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all diligence.

Section 7.02. Remedies, (a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of Section 7.01 hereof, the Trustee shall proceed, or upon the happening and continuance of any Event of Default (beyond the time periods specified therein) specified in paragraph (c) of Section 7.01 hereof, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Recovery Bonds together with indemnity satisfactory to it, shall proceed, in its own name, subject to the provisions of this Section, to protect and enforce its rights and the rights of the Owners of

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the Recovery Bonds by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Recovery Bonds including the right to require the City to receive and collect taxes adequate to carry out the covenants and agreements as to such taxes and to require the City to carry out any other covenant or agreement with the Owners of the Recovery Bonds and to perform its duties under this Indenture;

ii) by bringing suit upon the Recovery Bonds;

iii) by action or suit in equity, require the City to account as if it were the trustee of an express trust for the Owners of the Recovery Bonds; and/or

iv) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Recovery Bonds.

b) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City but only out of moneys pledged as security for the Recovery Bonds for principal, Redemption Price, interest or otherwise, under any provision of this Indenture or of the Recovery Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Recovery Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Recovery Bonds without prejudice to any other right or remedy of the Trustee or of the Owners of the Recovery Bonds, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under this Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

c) Under no circumstance may the Trustee declare the principal of any Recovery Bond to be due and payable prior to its Maturity Date following the occurrence of an Event of Default under this Indenture.

article viii Trustee

Section 8.01. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth herein. Except as otherwise expressly set forth in this Indenture, the Trustee assumes no duties, responsibilities or liabilities by reason of its execution of this Indenture other than as set forth in this Indenture, and this Indenture is executed and accepted by the Trustee subject to all the terms and conditions of its acceptance of the trust under this Indenture. The Trustee shall make payments to Bondholders and effect optional and mandatory redemptions when required, whether or not its fees and expenses have been fully paid.

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Section 8.02. Dealing in Bonds. The Trustee, in its individual capacity, may buy, sell, own, hold and deal in any of the Recovery Bonds, and may join in any action which the Registered Owner of any Recovery Bond may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other function with the City, and may act as depositary, trustee or agent for any committee or body of the Registered Owners of Recovery Bonds secured hereby or other obligations of the City as freely as if it did not act in any capacity hereunder.

Section 8.03. Compensation of Trustee. The City shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees incurred in and about the performance of their powers and duties under this Indenture and, except as provided in Section 8.01 hereof the Trustee shall have a lien therefor on any and all moneys at any time held by it under this Indenture. The City further agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, which are not due to its negligence or willful misconduct. '

Section 8.04. Notice to Rating Agencies. The Trustee hereby agrees that if at any time (a) the City redeems any portion of the Recovery Bonds Outstanding hereunder prior to their Maturity Date, (b) the City provides for the payment of any portion of the Recovery Bonds pursuant to Section 6.01, (c) a successor Trustee is appointed, (d) any supplement to this Indenture shall become effective, or any party thereto shall waive any provision of this Indenture, or (e) with respect to any other information contained in the Trustee's records that a Rating Agency may reasonably request in order to maintain the ratings on the Recovery Bonds, then, in each case, the Trustee shall give notice thereof to each Rating Agency then maintaining a rating on the Recovery Bonds.

Any notice given to a Rating Agency hereunder shall be mailed by first class mail as follows:

If to Fitch: Fitch Ratings Inc.
33 Whitehall Street New York, NY
10004

If to Kroll: KBRA
845 Third Avenue
Fourth Floor
New York, NY 10022

If to Moody's: Moody's Investors Service, Inc.
7 World Trade Center 250
Greenwich Street New York, NY
10007

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S&P Global Ratings
130 East Randolph, 36th Floor
Chicago, IL 60601

Section 8.05. Qualification of Trustee. The Trustee hereunder shall be a bank, trust company or national banking association having the powers of a trust company doing business and having a corporate trust office in the City of Chicago, Illinois.

Section 8.06. Responsibilities of Trustee, (a) The recitals of fact herein and in the Recovery Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or any Supplemental Indenture or of any Recovery Bonds issued hereunder or thereunder or in respect of the security afforded by this Indenture or any Supplemental Indenture and the Trustee shall not incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Recovery Bonds. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Recovery Bonds for value or the application of the proceeds thereof except to the extent such proceeds are paid to the Trustee in its capacity as Trustee. The Trustee shall not be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any action or

or duty to perform any act that would involve it in expense or liability or to institute or defend any action or suit in respect hereof, or to advance any of its own moneys, unless indemnified to its satisfaction. Subject to the provisions of paragraph (b) of this Section, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct or that of its agents.

(b) The Trustee, prior to the occurrence of an Event of Default and after the remedy of ' all Events of Default that may have occurred, undertakes to perform .such duties and only such . duties as are specifically set forth in this Indenture and each Supplemental Indenture. In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by law, this Indenture and each Supplemental Indenture and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Indenture and any Supplemental Indenture relating to action taken or so to be taken by the Trustee shall be subject to the provisions of this Section.

Section 8.07. Funds Held in Trust and Security Therefor. Any moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture or any Supplemental Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and upon the terms and conditions of this Indenture or any Supplemental Indenture. Subject to the terms of this Indenture concerning Permitted Investments, all moneys (not including securities) held by the Trustee, as such, may be deposited by the Trustee in its banking department or in accounts established by the Trustee with U.S. Bank National Association, or with such other banks, trust companies, or national banking associations, each having a place of business in the City of Chicago, Illinois, as may be designated by the City and approved by the Trustee. No such funds shall be deposited with any bank, trust company or national banking association, other than the Trustee or U.S. Bank National Association, in an amount exceeding 25 percent of the amount which an officer of such bank, trust company or national banking association shall certify to the

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Trustee and the City as the combined capital, surplus and undivided profits of such bank, trust company or national banking association. No such funds shall be deposited or remain on deposit with any bank, trust company or national banking association (other than the Trustee or U.S. Bank National Association) in excess of the amount insured by the Federal Deposit Insurance Corporation, unless (a) such bank, trust company or national banking association shall have deposited in trust with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the Trustee and the City, pledged to some other bank, trust company or national banking association, for the benefit of the City and the appropriate fund, account, subfund or subaccount, as collateral security for the moneys deposited, Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to 110 percent of the amount of such moneys, or (b) in lieu of such collateral security as to all or any part of such moneys, there shall have been deposited in trust with the trust department of the Trustee, for the benefit of the City and the appropriate fund, account, subfund or subaccount, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States of America and qualified to transact business in the State in a sum at least equal to the amount of such moneys or part thereof. Interest in respect of moneys or on securities in any fund, account, subfund or subaccount shall be credited in each case to the fund, account, subfund or subaccount in which such moneys or securities are held except as otherwise provided herein.

Section 8.08. Evidence on which Trustee May Act. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder, in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any fund or account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. The Trustee shall not be bound to make any investigation into the facts, opinions, information, calculations or other matters stated in any certificate, requisition, opinion, notice, request, direction, resolution, consent or other paper or document submitted to the Trustee by the City (including, without limitation, requisitions for disbursements from the Project Fund pursuant to Section 4.04 hereof); provided, that in the case of any such document specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine, the same to determine whether Or not it conforms, on its face, to the requirements hereof. Except as otherwise expressly provided herein or therein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof or thereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by an Authorized Officer.

The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means (as in this defined

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in this paragraph); provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions ("Designated Persons"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf) or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the City elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The City agrees that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by a Designated Person listed on the incumbency certificate provided to the Trustee have been sent by such Designated Person. The City shall be responsible for ensuring that only Designated Persons transmit such instructions to the Trustee, and the City and the Designated Persons are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any . The Trustee shall not <http://not> .be <http://be> liable for any losses, costs, or expenses arising-directly or indirectly from the Trustee's reliance upon and compliance with such instructions ■' notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The City assumes all. risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee. including

without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

All documents required to be delivered to the Trustee by the City hereunder must be signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe.Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties.

Section 8.09. Permitted Acts and Functions. The Trustee may become the Owner of any Recovery Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of Recovery Bonds or to effect or aid in any reorganization growing out of the enforcement of the Recovery Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in aggregate principal amount of the Recovery Bonds then Outstanding.

Section 8.10. Resignation. The Trustee may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not fewer than 60 days' written notice to the City and mailing notice thereof, to the Owners of Recovery Bonds at their addresses shown

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on the registration books kept by the Trustee within 20 days after the giving of such written notice. Such resignation shall take effect upon the appointment and acceptance of appointment of a successor by the City or the Owners of Recovery Bonds as herein provided.

Section 8.11. Removal. The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Recovery Bonds then Outstanding, excluding any Recovery Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners of Recovery Bonds or by their attorneys duly authorized in writing and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor. The City may remove the Trustee at any time, except during the existence of an Event of Default, for such cause (or upon 30 days' notice for any reason) as shall be determined in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer and by mailing notice thereof to the Owners of Recovery Bonds at their addresses shown on the registration books kept by the Trustee. Any removal of the Trustee shall take effect upon the appointment and acceptance of appointment of a successor Trustee.

Section 8.12. Appointment of Successor. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Owners of a

majority in aggregate principal amount of the Recovery Bonds then Outstanding, excluding any Recovery Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed by such Owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City and the predecessor Trustee.. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall be appointed by the Owners of Recovery Bonds as herein authorized. The City shall mail notice to Owners of Recovery Bonds of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Recovery Bonds. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the City written notice of resignation as provided in Section 8.10 hereof or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, or any Owner of Recovery Bonds may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee. Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national banking association, in any such case having corporate trust powers, doing business and having a corporate trust office in the City.

Section 8.13. Transfer of Rights and Property to Successor. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, a written instrument of acceptance respecting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such

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predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the City, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument" in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the City.

Section 8.14. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank, trust company or national banking association which is qualified to be a successor to the Trustee under Section 8.12 hereof and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 8.15. Adoption of Authentication. In case any of the Recovery Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt

the certificate of authentication of any predecessor Trustee so authenticating such Recovery Bonds and deliver such Recovery Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Recovery Bonds in the name of the predecessor Trustee, or in its own name.

Section 8.16. Evidence of Signatures of Owners and Ownership of Recovery Bonds. (a) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Recovery Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by any person of the Recovery Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

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(2) The authority of the person or persons executing any such instrument on behalf of a corporate Owner of Recovery Bonds may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The ownership of Recovery Bonds and the amount, numbers and other identification, and date of ownership of the same shall be proved by the Bond Register. Any request, consent or vote of the Owner of any Recovery Bond shall bind all future Owners of such Recovery Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 8.17. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City and any Owner of Recovery Bonds and their agents and their representatives, any of whom may make copies thereof.

article ix

Supplemental Indenture

Section 9.01. Supplemental Indenture Effective Upon Execution by the Trustee. For any one or more of the following purposes and the purposes enumerated in Section 9.04 hereof. and at any time or from time to

time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council of the City, which, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk and the execution and delivery of such Supplemental Indenture by the City and the Trustee, shall be fully effective in accordance with its terms and not subject to consent by the Registered Owners of the Recovery Bonds:

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

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

c) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in this Indenture;

d) to confirm, as further assurance, the pledge herein, and the subjection of, additional properties, taxes or other collateral to any lien, claim or pledge created or to be created by, this Indenture;

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e) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

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

g) to provide additional duties of the Trustee under this Indenture.

Section 9.02. Supplemental Indentures Effective With Consent of Owners of Recovery Bonds. At any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council of the City, subject to consent by the Owners of Recovery Bonds in accordance with and subject to the provisions of this Article, which Supplemental Indenture, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk, upon compliance with the provisions of this Article, and upon execution and delivery of such Supplemental Indenture by the City and the Trustee, shall become fully effective in accordance with its terms.

Section 9.03. . General Provisions, (a) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article. Nothing in this Article shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or

deliver any ordinance, resolution, act or other instrument pursuant to the provisions of this Article or the right or obligation of the City to execute and deliver to the Trustee any instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

b) Any ordinance authorizing a Supplemental Indenture referred to and permitted or authorized by Section 9.01 or 9.04 hereof may be adopted by the City Council of the City without the consent of any of the Owners of Recovery Bonds, but such Supplemental Indenture shall be executed and delivered by the City and the Trustee and shall become effective only on the conditions, to the extent and at the time provided in this Article. Every Supplemental Indenture delivered to the Trustee for execution shall be accompanied by an opinion of counsel stating that such Supplemental Indenture has been duly and lawfully authorized by the City Council of the City and executed by the City in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms.

c) The Trustee is hereby authorized to enter into, execute and deliver any Supplemental Indenture referred to and permitted or authorized by this Article and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall receive and be fully protected in relying on an opinion of counsel that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

d) No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

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(e) No Supplemental Indenture shall take effect unless and until there has been delivered to the Trustee an Opinion of Bond Counsel to the effect that such Supplemental Indenture does not adversely affect the exclusion from gross income for federal income tax purposes to which interest on the Recovery Bonds would otherwise be entitled.

Section 9.04. Additional Matters. Additionally, this Indenture may, without the consent of, or notice to, any of the Bondholders, be supplemented and amended, in such manner as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

a) to provide for certificated Recovery Bonds; and

b) to secure or maintain ratings from any Rating Agency in the highest long term debt rating category, of such Rating Agency which are available for the Recovery Bonds, which changes will not restrict, limit or reduce the obligation of the City to pay the principal of, premium, if any, and interest on the Recovery Bonds as provided in this Indenture or otherwise adversely affect the Registered Owners of the Recovery Bonds under this Indenture.

Section 9.05. Mailing of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to owners of Recovery Bonds shall be fully complied with if it is mailed postage prepaid only (i) to each Registered Owner of then Outstanding Recovery Bonds at his address, if any, appearing upon

the registration books maintained by the City at the Designated Corporate Trust Office of the Trustee, and (ii) to the Trustee.

Section 9.06. Powers of Amendment. Any modification or amendment of this Indenture or of the rights and obligations of the City and of the Owners of the Recovery Bonds, in particular, which requires the consent of the Bondholders, may be made by a Supplemental Indenture, with the written consent given as provided in Section 9.07, (a) of the Owners of a majority in aggregate principal amount of the Recovery Bonds Outstanding at the time such consent is given, or (b) in case less than all of the then Outstanding Recovery Bonds are affected by the modification or amendment, of the Owners of a majority in aggregate principal amount of the then Outstanding Recovery Bonds so affected. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Recovery Bonds 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, or in terms of purchase or the purchase price thereof, without the consent of the owner of such Recovery Bonds, or shall reduce the percentages or otherwise affect the classes of Recovery Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this Section, a Recovery Bond shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the owners of such Recovery Bond.

Section 9.07. Consent of Owners of Recovery Bonds, (a) The City may at any time authorize a Supplemental Indenture making a modification or amendment permitted by the

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provisions of Section 9.06, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto), together with a request to the Owners of the Recovery Bonds for their consent thereto, shall be mailed by the City to the Owners of the Recovery Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided). Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (i) there shall have been filed with the Trustee (1) the written consents of Owners of the percentages of Outstanding Recovery Bonds specified in Section 9.06 and (2) an opinion of counsel stating that such Supplemental Indenture has been duly and lawfully executed and delivered by the City and the Trustee in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the City and enforceable in accordance with its terms upon its becoming effective as in this Section provided, and (ii) a notice shall have been mailed as hereinafter in this Section provided. .

. (b) . The consent of an Owner of Recovery Bonds to any modification or amendment shall be effective only if accompanied by proof of the Ownership, at the date of such consent, of the Recovery Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 8.16. A certificate or certificates signed by the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 8.16 shall be conclusive that the consents have been given by the Owners of the Recovery Bonds described in such certificate or certificates. Any such consent shall be binding upon the Owner of the Recovery Bonds giving such consent and upon any subsequent Owner of such Recovery Bonds and of any Recovery Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Recovery Bonds giving such

consent or a subsequent Owner thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

(c) At any time after the Owners of the required percentages of Recovery Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the City a written statement that the Owners of such required percentages of Recovery Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the City and the Trustee as of a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Recovery Bonds and will be effective as provided in this Section, shall be given to Owners by the Trustee by mailing such notice to the Owners of the Recovery Bonds (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section). The Trustee shall file with the City proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Trustee and the Owners of all Recovery Bonds at the expiration of 40 days after the filing with the Trustee of proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or

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equitable proceeding for such purpose commenced within such 40-day period; except that the Trustee and the City, during such 40-day period and any such further period during which any such action or proceeding may be pending, shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

/ Section 9.08. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the City and of the Owners of the Recovery Bonds hereunder may be modified or amended in any respect upon the consent of the Owners of all the then Outstanding Recovery Bonds to the execution and delivery of such Supplemental Indenture, such consent to be given as provided in Section 9.07 except that no notice to the Owners of the Recovery Bonds shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Section 9.09. Exclusion of Recovery Bonds. Recovery Bonds owned by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Recovery Bonds provided for in this Article, and the City shall not be entitled with respect to such Recovery Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee with a Certificate upon which the Trustee may rely, describing all Recovery Bonds so to be excluded.

Section 9.10. Notation on Recovery Bonds. Recovery Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may, and, if the Trustee so determines,

shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and in that case upon demand of the Owner of any Recovery Bond Outstanding at such effective date and presentation of his Recovery Bond for that purpose at the Designated Corporate Trust Office of the Trustee or upon any exchange or registration of transfer of any Recovery Bond Outstanding at such effective date, suitable notation shall be made on such Recovery Bond or upon any Recovery Bond issued upon any such exchange or registration of transfer by the Trustee as to any such action. If the City or the Trustee shall so determine, new Recovery Bonds so modified as in the opinion of the Trustee and the City to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Recovery Bond then Outstanding shall be exchanged, without cost to such Owner, for Recovery Bonds of the same maturity upon surrender of such Recovery Bond.

Article X

Miscellaneous

Section 10.01. Severability. If any provision of this Indenture shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 10.02. Payments Due on Saturdays, Sundays and Holidays. If the date for making any payment, or the last date for the performance of any act or the exercise of any right,

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4841-4046-9758.9

as provided in this Indenture, shall not be a Business Day, such payment may be made, act performed or right exercised on the next Business Day with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 10.03. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.04. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion in which any such word is used. In the event of any conflict between the provisions of this Indenture and the Bond Ordinance (including in the form of Recovery Bond attached hereto as Exhibit A), the terms of this Indenture shall be deemed to control.

Section 10.05. Captions. The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

[Signatures Appear on Following Page]

4841 -1046-9758.9

IN Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, on the date first above written.

City of Chicago

Chief Financial Officer

[Seal]

Attest:

By:
Andrea M. Valencia
City Clerk

U.S. Bank Trust Company, National Association, as Trustee

Authorized Signatory

[Signature Page - Recovery Trust Indenture]

In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, on the date first above written.

City of Chicago

Jennie Huang Bennett Chief Financial Officer

Andrea M. Valencia City Clerk

U.S. Bank Trust Company, National Association, as Trustee

Authorized Signatory

[Signature Page - Recovery Trust Indenture]

[Signature Page - Recovery Trust Indenture]

/

In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, on the date first above written.

City of Chicago

Jennie Huang Bennett Chief Financial Officer

[Seal] Attest:

By:
Andrea M. Valencia City Clerk

U.S. Bank Trust Company, National Association, as
Trustee ■

Authorized Signatory

[Signature Page - Recovery Trust Indenture]

Exhibit A

Form of Recovery Bond

registered No. r-

United States of America

State of Illinois

City of Chicago

General Obligation Bond
Series 2023B (Chicago Recovery
Plan)

See
Provisions

Reverse

Side

for-Additional

Interest Rate:

Maturity Date: January 1, 20__

Dated Date: January 9, 2023

CUSIP: 167486

Registered Owner: CEDE & CO. -Principal Amount:

The City of Chicago (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the date of this Recovery Bond or the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year commencing July 1, 2023, until said Principal Amount is paid. Principal of this Recovery Bond and redemption premium, if any, shall be payable in lawful money of the United States of America upon presentation and surrender at the designated corporate trust office of U.S. Bank Trust Company, National Association, as bond trustee, Bond Registrar and paying agent (the "Bond Registrar"). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished

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4841-4046-9758.9

in writing by such Registered Owner to the Bond Registrar or, at the option of any Registered Owner of \$1,000,000 or more in aggregate principal amount of the Recovery Bonds, by wire transfer of immediately available funds to such bank in the continental United States of America as the Registered Owner hereof shall request in writing to the Bond Registrar.

Reference is made to the further provisions of this Recovery Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Recovery Bond did exist, have happened, and have been done and performed in regular and due form and time as required by law; that the indebtedness of the City, including the issue of Recovery Bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

This Recovery Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee.

In Witness Whereof, the City of Chicago by the City Council has caused its corporate seal to be imprinted by facsimile hereon and this Recovery Bond to be signed by the duly authorized facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, all as of the Dated Date identified above.

(Facsimile Signature)
Mayor City of Chicago

Attest:

(Facsimile Signature)
City Clerk City of Chicago

[Si:ai.] " Date of Authentication:

Certificate of Authentication

This Recovery Bond is one of the Recovery Bonds described in the within-mentioned Bond Ordinance and is one of the General Obligation Bonds, Series 2023B (Chicago Recovery Plan), of the City of Chicago.

U.S. Bank Trust Company, National Association, as
Trustee

By: (Manual Signature)
Authorized Officer ¹

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4841-4046-9758.9

[Form of Recovery Bond - Reverse Side]

**City of Chicago General Obligation Bond
Series 2023B (Chicago Recovery Plan)**

For the prompt payment of this Recovery Bond, both principal and interest, as aforesaid, as the same become due, and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City irrevocably pledged.

This Recovery Bond is one of a series of Recovery Bonds aggregating the original principal amount of \$20,110,000 issued pursuant to the constitutional home rule powers of the City for the purposes of (i) paying costs of the Recovery Purposes described in the Bond Ordinance, and (ii) paying expenses incidental to the issuance of the Recovery Bonds, and was authorized by an Ordinance adopted by the City Council of the City (the "dry Council") on October 27, 2021 (the "Bond Ordinance").

The Recovery Bonds are redeemable prior to maturity at the option of the City, in whole or in part on any date on or after January 1, 2032, and if less than all of the outstanding Recovery Bonds are to be redeemed, the Recovery Bonds to be called shall be called from such maturities and interest rates as shall be determined by the City and if less than all of the Recovery Bonds of a single maturity and the same interest rate are to be redeemed then by lot within such maturity and interest rate in the manner hereinafter provided, the Recovery Bonds to be redeemed at the redemption price of 100% of the principal amount thereof being redeemed, plus accrued interest, if any, to the date of redemption.

In the event of the redemption of less than all the Recovery Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof, and the Bond Registrar shall assign to each Recovery Bond of such maturity and interest rate a distinctive number for each \$5,000 principal amount of such Recovery Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Recovery Bonds to be redeemed. The Recovery Bonds to be redeemed shall be the Recovery Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Recovery Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

In the event of the redemption of less than all of the Recovery Bonds of like maturity and interest rate, the Recovery Bonds to be redeemed will be selected pro-rata in the manner determined pursuant to the Bond Ordinance.

Notice of any such redemption shall be sent by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Recovery Bond to be redeemed at the address shown on the registration books of the City maintained by the

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4841-4046-9758.9

Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar; provided that the failure to mail any such notice or any defect therein as to any Recovery Bond shall

not affect the validity of the proceedings for the redemption of any other Recovery Bond. When so called for redemption, this Recovery Bond shall cease to bear interest' on the specified redemption date, provided that funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

This Recovery Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner,- subject to the limitations and upon payment of the charges provided in the Bond Ordinance, and upon surrender and cancellation of this Recovery Bond. Upon such transfer a new Recovery Bond or Recovery Bonds of authorized denominations, of the same interest rate, series and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond Registrar shall not be required to transfer or exchange this Recovery Bond (A) after notice calling this Recovery Bond for redemption has been mailed, or (B) during a period of 15. days next preceding mailing of a notice of redemption of this Recovery Bond. ' ■

The Recovery Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Recovery Bond may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Recovery Bonds of the same interest rate, series and maturity of other authorized denominations, upon the terms set forth in the Bond Ordinance.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and redemption premium, if any, and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(Assignment)

For Value Received, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Recovery Bond and irrevocably constitutes and appoints

attorney to transfer the said Recovery Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature guaranteed:

- . Notice: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Recovery Bond in every particular, without alteration or enlargement or any change whatever.

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4841-4046-9758.9

Exhibit B

FORM OF PROJECT FUND REQUISITION

To: U.S. Bank Trust Company, National Association, as Trustee

Re: City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan) ("Recovery Bonds")

Requisition No.

Date:

Ladies and Gentlemen:

0) (ii)

(iii) (iv)

(v)

You are requested to disburse funds from the "City of Chicago General Obligation Bonds, Series 2023B (Chicago Recovery Plan) Project Fund" (the "Project Fund") pursuant to Section 4.04 of the Indenture (defined below) in the amount(s) and for the purpose(s) set forth on Exhibit A to this requisition (this "Requisition"). The terms used in this Requisition shall have the meanings given to those terms in the Recovery Trust Indenture (the "Indenture"), dated as of January 1, 2023, by and between the City of Chicago and U.S. Bank Trust Company, National Association, as Trustee, securing the above referenced Recovery Bonds.

The undersigned certifies that:

the costs in an aggregate amount set forth in this Requisition are necessary and appropriate Project Costs that (a) have been incurred and paid or (b) are expected to be paid within the next 60 days;

the amount to be paid or reimbursed to the City as set forth in this Requisition is reasonable and represents a part of the amount payable for the Project Costs and such payment is to be made or, in the case of reimbursement to the City, was made, in accordance with the terms of any applicable contracts and in accordance with usual and customary practice under existing conditions;

no part of the Project Costs that are the subject of this Requisition was included in any requisition previously filed with the Trustee under the provisions of this Indenture;

the use of the money so withdrawn from the Project Fund and the use of the facilities provided with such moneys will not result in a violation of any applicable covenant, term or provision of the Tax Certificate; and

there shall be no use, transfer or reallocation of the sales proceeds of the Recovery Bonds that deviates from the limitations and allocations of the not to exceed principal amounts pertaining to each purpose for which the Recovery Bonds were issued, all as set forth in the Bond Ordinance.

Payment instructions sufficient to make the requested disbursement are provided by the City and attached hereto.

B-1

4841-4046-975 8.9

This Requisition is executed and delivered as of the date first set forth above.

CITY OF CHICAGO

By: _
Name:
Title:

B-2

Signature Page to Requisition

Exhibit A

4841-4046-9758.9

SCHEDULE I TERMS AND AUTHORIZATION

SCHEDULE IA

1. 2. 3.

Numbers:

**\$503,690,000 GENERAL OBLIGATION BONDS, SERIES 2023A
(CHICAGO WORKS)**

Aggregate Principal Amount: \$503,690,000 Dated: January 9, 2023

Maturities, Principal Amounts, Interest Rates, Yields, Prices and CUSIP

Maturity (January 1)

2029
2033
2034 .
2035

2035
2036
2037
2038
2039
2040
2041
2043

Principal Amount

\$5,000,000 3,000,000 30,000,000 39,250,000 39,250,000 3,000,000 4,000,000 87,560,000 116,950,000
75,680,000 40,790,000 59,210,000

Interest Rate

5.000%
5,000
5:000
4.000
5.000
5.250
5.250
5.250
5.500
5.500
5.500
5.500

Yield

3.800% 4.090⁽¹⁾ 4.190⁽¹⁾ 4.450 .4:320⁽¹⁾ 4.490⁽¹⁾ 4.580⁽¹⁾ 4.650⁽¹⁾ 4.690⁽¹⁾ 4.720⁽¹⁾ 4.780⁽²⁾ 4.830⁽²⁾

Price

106.362 106.779 106.007 95,855 105:014 105.563 104.885 104.361 105.878 105.653 104.228 103.927

CUSIP Number

167486N54 167486N62 167486N70 167486N88 167486N96 167486P29 167486P37 167486P45 167486P52
167486P60 167486P78 167486P86

"Yield calculated to 1/1/2032 optional redemption date. (2)Yield calculated to 1/1/2030 optional redemption date.

Interest Payment Dates: January 1 and July 1 of each year, commencing July 1, 2023.

5. Redemption: The Series 2023A Bonds are subject to optional redemption prior to maturity, as described below. The Series 2023A Bonds shall be redeemed only in principal amounts of \$5,000 and integral multiples thereof.

Optional Redemption of the Series 2023A Bonds. The Series 2023A Bonds maturing on January 1,

2033 through January 1, 2040, are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2032, and if less than all of the outstanding Series 2023A Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023A Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023A Bonds being redeemed plus accrued interest to the date fixed for redemption.

4871-4750-3687.5

The Series 2023A Bonds maturing on or after January 1, 2041, are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2030, and if less than all of the outstanding Series 2023A Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023A Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023A Bonds being redeemed plus accrued interest to the date fixed for redemption.

The City is authorized to sell (at prices as the City shall determine) or waive any right the City may have to call any of the Series 2023A Bonds for optional redemption, in whole or in part; provided, that such sale or waiver does not adversely affect the excludability of interest on the Series 2023A Bonds from gross income for federal income tax purposes.

10

4871-4750-3687.5

SCHEDULE IB

1. 2. 3.

Numbers:

Maturity (January 1)

2038 2039

\$20,110,000 GENERAL OBLIGATION BONDS, SERIES 2023B (CHICAGO RECOVERY PLAN)

Aggregate Principal Amount: \$20,110,000 Dated: January 9, 2023

CUSIP Number

Interest Rate

Maturities, Principal Amounts, Interest Rates, Yields, Prices and CUSIP

Price

Yield

167486P94 167486Q28

104.361 105.878

5.250% 5.500

4.650%⁽¹⁾ 4.690⁽ⁿ⁾

Principal Amount

\$8,110,000 12,000,000

⁽ⁿ⁾Yield calculated to 1/1/2032 optional redemption date.

4. Interest Payment Dates. January 1 and July 1 of each year, commencing July 1, 2023:

5. Redemption. The Series 2023B Bonds are subject to optional redemption prior to maturity, as described below. The Series 2023B Bonds shall be redeemed only in principal amounts of \$5,000 and integral multiples thereof. .

Optional Redemption. The Series 2023B Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date on or after January 1, 2032, and if less than all of the outstanding Series 2023B Bonds of a single Maturity Date, interest rate, and call date are to be redeemed, the Series 2023B Bonds called shall be called by lot, in such principal amounts and from such maturities as the City shall determine, at a redemption price equal to the principal amount of the Series 2023 B Bonds being redeemed plus accrued interest to the date fixed for redemption.

The City is authorized to sell (at prices as the City shall determine) or waive any right the City may have to call any of the Series 2023B Bonds for optional redemption, in whole or in part; provided, that such sale or waiver does not adversely affect the excludability of interest on the Series 2023B Bonds from gross income for federal income tax purposes.

4871-4750-3687.5

SCHEDULE IC

SERIES 2023A LINE OF CREDIT INDEBTEDNESS PURPOSES

For the repayment of all outstanding Line of Credit Indebtedness as follows:

Outstanding Line ("LineT) of Credit Year Indebtedness

2021 Line

2021 Line

Financial Provider

RBC Capital Markets, LLC & Royal Bank of Canada Wells Fargo Bank, National Association

Repayment

		Date	Amount Paid
January 9, 2023	\$225,000,000.00		
January 9, 2023	\$225,000,000.00		

4871-4750-3687.5

SCHEDULE II NOTIFICATION OF TAX LEVIES

STATE OF ILLINOIS)

)SS

COUNTY OF COOK)

**DIRECTION FOR LEVY OF TAXES FOR EACH OF THE YEARS
2022 TO 2041, INCLUSIVE, TO PAY PRINCIPAL OF AND
INTEREST ON THE \$503,690,000
GENERAL OBLIGATION BONDS, SERIES 2023A (CHICAGO
WORKS) OF THE CITY OF CHICAGO**

To: The County Clerks of The Counties of Cook and DuPage, Illinois

Please take note of the advice on the attached Notification of Tax Levy, dated January 9, 2023, of the undersigned Chief Financial Officer of the City of Chicago (the "City"). Terms used herein are by reference to the Notification of Tax Levy.

Please be advised that a copy of the Ordinance, certified by the City Clerk of the City, was previously filed in each of your offices, and the Ordinance is in full force and effect.

YOU ARE THEREFORE ORDERED AND DIRECTED to accept the levy of taxes resulting from the sale of the Bonds as set forth in said Notification of Tax Levy and to extend said taxes for collection.

4856-7562-4519 3

IN WITNESS WHEREOF, I hereunto fix my official signature at Chicago, Illinois, the <X day of
January, 2023.
inie^H/uang Bennett

JennTe^Hjuang FJennett Chief Financial Officer

4856-7562-4519.3

STATE OF ILLINOIS)

2023	22,914,423.04
2024	26,491,550.00
2025	26,491,550.00
2026	26,491,550.00
2027	31,491,550.00
2028	26,241,550.00
2029	26,241,550.00
2030	26,241,550.00
2031	29,241,550.00
2032	56,091,550.00
2033	103,091,550.00
2034	24,059,050.00
2035	24,901,550.00
2036	108,251,550.00
2037	133,044,650.00
2038	85,342,400.00
2039	46,290,000.00
2040	3,256,550.00
2041	62,466,550.00

Respectfully submitted as of this day of January, 2023.

Jennie^+Uang Bennett Chief Financial Officer

[SIGNATURE PAGE TO NOTIFICATION OF TAX LEVY]

State of Illinois))
County of Cook)

Filing Certificate

I, the undersigned, Karen A. Yarbrough, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois (the "County"), and as such official I do further certify that on the 9th day of January, 2023 there was filed in my office the following documents:

1. A Notification of Sale related to the issuance of the City's \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works), and \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan);
2. A direction for the levy of taxes for the years 2022 to 2041, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

Direction for Levy of Taxes for each of the Years 2022 to 2041, Inclusive, to pay Principal of and Interest on the \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works);

3. A direction for the levy of taxes for the years 2022 to 2037, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

Direction for Levy of Taxes for each of the Years 2022 to 2037, Inclusive, to pay Principal of and Interest on the \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan), of the City of Chicago.

[Remainder of Page left blank]

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County, this 9th day of January, 2023.

County Clerk of The County of Cook, Illinois

[Signature Page to Filing Certificate]

State of Illinois))
County of DuPage)

Filing Certificate

I, the undersigned, Jean Kaczmarek, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois (the "County"), and as such official I do further certify that on the 9th day of January, 2023 there was filed in my office the following documents:

1. A Notification of Sale related to the issuance of the City's \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works), and \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan);
2. A direction for the levy of taxes for the years 2022 to 2041, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

Direction for Levy of Taxes for each of the Years 2022 to 2041, Inclusive, to pay Principal of and Interest on the \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works);

3. A direction for the levy of taxes for the years 2022 to 2037 inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

Direction for Levy of Taxes for each of the Years 2022 to 2037, Inclusive, to pay Principal of and Interest on the \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan), of i he City of Chicago.

[Remainder of Page left blank]

In Witness Whereof, I hereunto affix my official signature and the seal of the County, this 9th day of January, 2023.

County of DuPage,

County Clerk of The Cou Illinois

[Signature Page to Filing Certificate]

STATE OF ILLINOIS COUNTY OF COOK

)
)SS
)

FILING CERTIFICATE

I, the undersigned, Karen A. Yarbrough, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois (the "County"), and as such official I do further certify that on the 9th day of January, 2023 there was filed in my office the following documents:

1. A notification of sale related to the issuance of the City's \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works).
2. A direction for the levy of taxes for the years 2022 to 2041, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

DIRECTION FOR LEVY OF TAXES FOR EACH OF THE YEARS 2022 TO 2041, INCLUSIVE, TO PAY PRINCIPAL OF AND INTEREST ON THE \$503,690,000 GENERAL OBLIGATION BONDS, SERIES 2023A (CHICAGO WORKS) OF THE CITY OF CHICAGO

4856-7562-4519.3

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the
County, this 9th day of January, 2023.

County Clerk of The County of Cook, Illinois

[SEAL]

4856-7562-4519.3

STATE OF ILLINOIS

COUNTY OF DUPAGE

)

)SS)

FILING CERTIFICATE

I, the undersigned, Jean Kaczmarek, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois (the "County"), and as such official I do further certify that on the 9th day of January, 2023 there was filed in my office the following documents:

1. A notification of sale related to the issuance of the City's \$503,690,000 General Obligation Bonds, Series 2023A (Chicago Works).
2. A direction for the levy of taxes for the years 2022 to 2041, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

DIRECTION FOR LEVY OF TAXES FOR EACH OF THE YEARS 2022 TO 2041, INCLUSIVE, TO PAY PRINCIPAL OF AND INTEREST ON THE \$503,690,000 GENERAL OBLIGATION BONDS, SERIES 2023A (CHICAGO WORKS) OF THE CITY OF CHICAGO

4856-7562-4519.3

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County, this 9 th
day of January, 2023. /

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O

County (Oerk of The County of DuPage, Illinois

[SEAL]

4856-7562-4519.3

STATE OF ILLINOIS COUNTY OF COOK

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**DIRECTION FOR LEVY OF TAXES FOR EACH OF THE YEARS
2022 TO 2037, INCLUSIVE, TO PAY PRINCIPAL OF AND
INTEREST ON THE \$20,110,000
GENERAL OBLIGATION BONDS, SERIES 2023B (CHICAGO
RECOVERY PLAN) OF THE CITY OF CHICAGO**

To: The County Clerks of The Counties of Cook and DuPage, Illinois

Please take note of the advice on the attached Notification of Tax Levy, dated January 9, 2023, of the undersigned Chief Financial Officer of the City of Chicago (the "C/ry"). Terms used herein are by reference to the Notification of Tax Levy.

Please be advised that a copy of the Ordinance, certified by the City Clerk of the City, was previously filed in each of your offices, and the Ordinance is in full force and effect.

YOU ARE THEREFORE ORDERED AND DIRECTED to accept the levy of taxes resulting from the sale of the Bonds as set forth in said Notification of Tax Levy and to extend said taxes for collection.

4870-6610-2087.3

IN WITNESS WHEREOF, I hereunto fix my official signature at Chicago, Illinois, the VK day of January, 2023.

Jennie Huang Bennett Chief Financial
Officer

4870-6610-2087.3

STATE OF ILLINOIS COUNTY OF COOK

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**NOTIFICATION OF TAX LEVY \$20,110,000
GENERAL OBLIGATION BONDS, SERIES 2023B
(CHICAGO RECOVERY PLAN)**

OF THE CITY OF CHICAGO

To: The City Council of the City of Chicago and the County Clerks of The Counties of Cook and DuPage,
Illinois

Please be advised that responsive to authority contained in an Ordinance adopted by the City Council (the "City Council") of the City of Chicago (the "City") on the 27th day of October, 2021 (the "Ordinance"), the City will issue its \$20,110,000 General Obligation Bonds, Series 2023 B (Chicago Recovery Plan) (the "Bonds") on January 9, 2023.

Capitalized terms used herein without definition have the meanings assigned to such terms in the Ordinance.

Notification of the sale of the Bonds to the City Council and of the determinations made by the Chief Financial Officer of the City with respect to the sale of the Bonds, the filing of the Bond Purchase Agreement, and the Official Statement for the Bonds, all as provided for or required by the Ordinance will be made by the filing with the City Clerk of the Notification of Sale of the Bonds to be executed and delivered by the Chief Financial Officer on January 9, 2023.

Please be further advised that Section 3.13 of the Ordinance provides for a direct annual tax to be levied for each of the levy years the Bonds are outstanding, the same being the levy years 2022 to 2037, inclusive, in an amount sufficient to pay the principal of and interest on the Bonds when and as the same falls due. Pursuant to Section 3.20(b) of the Ordinance, please be further advised that the amount of the annual tax levy requirements for the payment of the principal of and interest on the Bonds resulting from the sale of the Bonds is less than the levy of taxes authorized in Section 3.13 of the Ordinance. I have determined that the amounts to be levied with respect to the Bonds, the same being the amount sufficient to pay the principal of and interest on the Bonds when due as required by Section 3.13 of the Ordinance are as follows:

4870-6610-2087.3

TAX LEVIED FOR
PAYMENT OF THE

<u>LEVY YEAR</u>	<u>BONDS</u>
2022	\$ 1,061,646.67
2023	1,085,775.00
2024	1,085,775.00
2025	1,085,775.00
2026	1,085,775.00
2027	1,085,775.00
2028	1,085,775.00
2029	1,085,775.00
2030	1,085,775.00
2031	1,085,775.00
2032	1,085,775.00
2033	1,085,775.00
2034	1,085,775.00
2035	1,085,775.00
2036	9,195,775.00
2037	12,660,000.00

^d*y of January, 2023.

Chipfp- ""ett
^ier Financial Officer

[SIGNATURE PAGE TO NOTIFICATION OF TAX

STATE OF ILLINOIS)

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COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, Karen A. Yarbrough, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois (the "County"), and as such official I do further certify that on the 9th day of January, 2023 there was filed in my office the following documents:

1. A notification of sale related to the issuance of the City's \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan).
2. A direction for the levy of taxes for the years 2022 to 2037, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

DIRECTION FOR LEVY OF TAXES FOR EACH OF THE YEARS 2022 TO 2037, INCLUSIVE, TO PAY PRINCIPAL OF AND INTEREST ON THE \$20,110,000 GENERAL OBLIGATION BONDS, SERIES 2023B (CHICAGO RECOVERY PLAN) OF THE CITY OF CHICAGO

4870-6610-2087.3

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County, this 9th day of January, 2023.

County Clerk of The County of Cook, Illinois

[SEAL]

4870-6610-2087.3

STATE OF ILLINOIS)

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COUNTY OF) DUPAGE

FILING CERTIFICATE

I, the undersigned, Jean Kaczmarek, do hereby certify that I am the duly qualified and acting County Clerk of The County of DuPage, Illinois (the "County"), and as such official I do further certify that on the 9th day of January, 2023 there was filed in my office the following documents:

1. A notification of sale related to the issuance of the City's \$20,110,000 General Obligation Bonds, Series 2023B (Chicago Recovery Plan).
2. A direction for the levy of taxes for the years 2022 to 2037, inclusive, signed by the Chief Financial Officer of the City, dated January 9, 2023, and entitled:

DIRECTION FOR LEVY OF TAXES FOR EACH OF THE YEARS 2022 TO 2037, INCLUSIVE, TO PAY PRINCIPAL OF AND INTEREST ON THE \$20,110,000 GENERAL OBLIGATION BONDS, SERIES 2023B (CHICAGO RECOVERY PLAN) OF THE CITY OF CHICAGO

4870-6610-2087.3

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the County, this 9th day of January, 2023.

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CountyvClerk of The County of DuPage, Illinois

[SEAL]

4870-6610-2087.3

ACKNOWLEDGMENT OF FILING NOTIFICATION OF SALE

The foregoing Notification of Sale of \$503,690,000 aggregate principal amount of General Obligation Bonds, Series 2023A (Chicago Works), and \$20,110,000 aggregate principal amount of General Obligation Bonds, Series 2023B (Chicago Recovery Plan), of the City of Chicago (the "City") has been filed in my office as City Clerk of the City and is part of the official files and records of my office.

4871-4750-3687.5