

ASSIGNMENT, PURCHASE AND SALE AGREEMENT

This ASSIGNMENT, PURCHASE AND SALE AGREEMENT, dated as of December 14, 2017 (this “*Sale Agreement*”), among the City of Chicago (the “*City*”), the SALES TAX SECURITIZATION CORPORATION, an Illinois not for profit corporation and instrumentality of the City (the “*Corporation*”) and The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee under the Indenture (as defined herein) (the “*Trustee*”), but actually executed and delivered on the date set forth below;

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

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

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

WHEREAS, the Corporation is willing to purchase from the City such Sales Tax Revenues in exchange for the consideration provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Whenever used in this Sale Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

“*Act*” means Division 13 of Article 8 of the Illinois Municipal Code, 65 ILCS 5/8-13-5 *et seq.*, as the same may be amended from time to time.

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

“*Affiliated Local Government*” means each of the following: the Board of Education of the City of Chicago; the Chicago Transit Authority; the Chicago Park District; the Community College District No. 508, County of Cook and State of Illinois; and the Chicago Housing Authority.

“Beneficiaries” means Secured Obligation Holders, the owner of the Residual Certificate and such other parties expressly identified in the Indenture.

“Board” means the board of directors of the Corporation.

“Bond Purchase Agreements” means, collectively, (i) the Bond Purchase Agreement, dated December 6, 2017, by and between the Corporation and the Underwriters named therein, providing for the sale and purchase of the Series 2017A Bonds and the Series 2017B Bonds and (ii) the Bond Purchase Agreement, dated December 7, 2017, by and between the Corporation and the Underwriter named therein, providing for the sale and purchase of the Series 2017C Bonds.

“Bondholders” means the registered owners of Outstanding Bonds.

“Bond” or *“Bonds”* means any Bond (as defined in the Indenture) issued pursuant to the Indenture, including, specifically, the Series 2017 Bonds.

“Chief Financial Officer” means the Chief Financial Officer of the City appointed by the Mayor of the City, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer as set forth in Section 1-4-090(k) of the Municipal Code of Chicago.

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

“Closing Date” means the date of issuance by the Corporation of the Series 2017 Bonds.

“Conveyance Period” means the period of time during which the conveyance of the Sales Tax Revenues by the City to the Corporation pursuant to this Sale Agreement is effective, namely, from the Closing Date until the date on which there are no Secured Obligations remaining Outstanding and the Indenture has been discharged in accordance with its terms.

“Costs of Issuance” means those costs related to the authorization, sale or issuance of Secured Obligations, including but not limited to all fees, costs, expenses and governmental charges for: underwriting and transaction structuring, auditors or accountants, printing, reproducing documents, filing and recording of documents, fiduciaries, legal services, financial advisory and professional consultants’ services, credit ratings, credit and liquidity enhancements, execution, and transportation and safekeeping of Secured Obligations; and also includes costs incurred by the City to the extent the same are to be paid by the Corporation in accordance with this Sale Agreement.

“Debt Transactions Accountability Ordinance” means Chapter 2-165 of the Municipal Code of Chicago.

“Department of Revenue” means the Illinois Department of Revenue.

“Do Business, Doing Business and Done Business” means any one or any combination of sales, purchases, leases or contracts in an amount in excess of \$10,000 in any 12 consecutive months.

“Familial Relationship” means any person who is related as spouse or domestic partner or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

“Federal Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, codified as Title 11, United States Code, as it has been and will be amended from time to time and any successor federal statute.

“Financing Costs” means (i) Costs of Issuance, (ii) the capitalization of initial operating expenses of the Corporation, (iii) the funding of the Debt Service Reserve Fund and any other debt service reserves established under the Indenture, and (iv) any other fees, discounts, expenses and costs of any kind whatsoever related to issuing, securing and marketing the Secured Obligations.

“Fiscal Year” means the period January 1 through December 31 of the same year.

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

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

“Indenture” means the Master Trust Indenture, dated as of December 1, 2017, by and between the Corporation and the Trustee, as amended, supplemented and in effect from time to time.

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

“*Opinion of Counsel*” means one or more written opinions of counsel who may be an employee of or counsel to the City, which counsel shall be acceptable to the Trustee.

“*Outstanding*” has the meaning ascribed to such term in the Indenture.

“*Prior Sales Tax Trust Indenture*” means the Trust Indenture dated as of March 1, 1997, between the City and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association, and American National Bank and Trust Company of Chicago), as trustee, securing the obligations payable from the Sales Tax Revenues outstanding prior to the Closing Date.

“*Residual Fund*” means the account so designated and established pursuant to Section 5.02 of the Indenture.

“*Residual Revenues*” has the meaning set forth in Section 8.01.

“*Residual Certificate*” means an instrument which evidences the right of the holder to be paid any Residual Revenues that have been released from the lien of the Indenture, in the form of Exhibit A hereto.

“*Sale Agreement*” means this Assignment, Purchase and Sale Agreement, dated as of December 14, 2017, being an “Assignment Agreement” within the meaning of the Act, as the same may be amended or supplemented and in effect from time to time.

“*Sales Tax Revenues*” means, collectively, the Home Rule Sales Tax Revenues and the Local Share Sales Tax Revenues payable to or upon the order of the City.

“*Secured Obligation Holders*” or “*Holdings*” means, collectively, Bondholders and the registered owners of Outstanding Subordinated Indebtedness.

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

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

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

“*Series 2017A Bonds*” means the Corporation’s \$172,065,000 Sales Tax Securitization Bonds, Series 2017A, initially dated their date of delivery, including any Bonds issued in exchange or replacement therefor.

“*Series 2017B Bonds*” means the Corporation’s \$400,630,000 Sales Tax Securitization Bonds, Taxable Series 2017B, initially dated their date of delivery, including any Bonds issued in exchange or replacement therefor.

“*Series 2017C Bonds*” means the Corporation’s \$171,040,000 Sales Tax Securitization Bonds, Taxable Series 2017C, initially dated their date of delivery, including any Bonds issued in exchange or replacement therefor.

“*State*” means the State of Illinois.

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

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

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

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

“*Subordinated Indebtedness*” has the definition ascribed to such term in the Indenture.

“*Tax Code*” means the Internal Revenue Code of 1986, as amended.

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

“*Transaction Documents*” means this Sale Agreement, the Indenture, the Bond Purchase Agreements and the Residual Certificate.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., its successors in interest and any successor trustee under the Indenture.

Section 1.02. Other Definitional Provisions. (a) Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Indenture.

(b) All terms defined in this Sale Agreement shall have the meanings ascribed hereunder when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) As used in this Sale Agreement and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Sale Agreement or in any such certificate or other document, and accounting terms partly defined in this Sale Agreement or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles. To the extent that the definitions of accounting terms in this Sale Agreement or in any such certificate or other document are inconsistent with the meanings of such terms under generally accepted accounting principles, the definitions contained in this Sale Agreement or in any such certificate or other document shall control.

(d) The words “hereof,” “herein,” “hereunder” and words of similar import when used in this Sale Agreement shall refer to this Sale Agreement as a whole and not to any particular provision of this Sale Agreement; Article and Section references contained in this Sale Agreement are references to Articles and Sections in or to this Sale Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(e) The definitions contained in this Sale Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(f) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a person are also to its permitted successors and assigns.

(g) All statutory citations used herein refer to citations in effect on the date of execution and delivery of this Sale Agreement.

ARTICLE II

CONVEYANCE OF CERTAIN SALES TAX REVENUES

Section 2.01. Conveyance of Certain Sales Tax Revenues. (a) The City irrevocably does hereby sell and convey to the Corporation, absolutely and unconditionally, as of the Closing Date and for the Conveyance Period, without recourse (subject to certain continuing obligations herein) in accordance with and subject to the terms of this Sale Agreement, all right, title and interest of the City on the Closing Date in and to the Sales Tax Revenues. As consideration for such sale and conveyance of the Sales Tax Revenues by the City to the Corporation, the Corporation does hereby promise to pay and otherwise convey to or upon the order of the City (i) without recourse, on the Closing Date, the Residual Certificate and the proceeds (net of the Financing Costs) of the Series 2017 Bonds in accordance with and subject to the terms of the Indenture and the Act and (ii) the net proceeds of any Additional Bonds (as defined in the Indenture) and any Subordinated Indebtedness.

(b) In accordance with the Act, upon execution and delivery of this Sale Agreement, the sale and conveyance and other transfer of the right to receive the Sales Tax Revenues shall for all purposes (i) constitute a “true sale” and an absolute conveyance of all right, title, and interest therein and not a pledge or other security interest for any borrowing, (ii) be valid, binding and enforceable in accordance with the terms of this Sale Agreement and the Indenture, and (iii) not be subject to disavowal, disaffirmance, cancellation, or avoidance by reason of the insolvency of any party, lack of consideration, or any other fact, occurrence or rule of law.

(c) The right of the Corporation to receive the Sales Tax Revenues, and the right of the City to convey the Sales Tax Revenues, on and after the Closing Date, are each valid and enforceable, and during the Conveyance Period for which the Sales Tax Revenues are payable to

the Corporation and pledged under the Indenture, the right of the Corporation to receive the Sales Tax Revenues is superior and prior to the right and claim of the owner of the Residual Certificate to receive the Residual Revenues. Notwithstanding anything to the contrary in the Indenture or the Residual Certificate, the Trustee shall not make any deposits to the Residual Fund unless and until the deposits required to be made by Section 5.06 of the Indenture have been made in full.

(d) From and after the Closing Date during the Conveyance Period, all Sales Tax Revenues assigned by the City pursuant to the Act and paid to the Trustee shall be applied in accordance with the provisions of the Indenture. In the event the City shall receive in error any payments or other funds constituting Sales Tax Revenues after the Closing Date, the City will promptly disburse the same to the Trustee, as directed. In connection with the execution and delivery of this Sale Agreement, the City has executed and delivered to the Director of the Department of Revenue, the State Comptroller and the State Treasurer an irrevocable direction to make the payments constituting Sales Tax Revenues directly to the Trustee as required by the Transaction Documents. Upon receipt of any Sales Tax Revenues, the Trustee shall immediately deposit such Sales Tax Revenues in the Securitized Sales Tax Revenue Fund.

Section 2.02. Acknowledgment of Corporation. The Corporation acknowledges that other than as expressly provided herein, neither the City nor any City representative has made any representations or given any warranties or guarantees, express, implied or statutory, written or oral, in respect of the Sales Tax Revenues, their sufficiency to pay debt service on any Secured Obligations, or for any other purpose.

Section 2.03. Use of the Proceeds. In accordance with the Act, the purchase price of the Sales Tax Revenues payable to the City pursuant to this Sale Agreement corresponding directly or indirectly to the proceeds of the Series 2017 Bonds (net of Financing Costs) shall be deposited, on the Closing Date, into the City Proceeds Account within the Proceeds Fund, each as defined in the Indenture, in accordance with the provisions of the Indenture, and will be paid to or upon the direction of the City, as determined by the Chief Financial Officer, free from the provisions of this Sale Agreement (except that the City shall remain subject to the provisions of Section 6.04 hereof with respect to such proceeds), except that any portion of the purchase price of the Series 2017 Bonds to be used to refund outstanding obligations of the City shall be deposited with the respective trustee or escrow agent for such obligations on the Closing Date for the purposes of effectuating such refunding.

Section 2.04. Benefits Provided. The City shall cooperate with the Corporation to the fullest extent permitted by law, including the Act, to assure receipt by the Corporation of all of the Sales Tax Revenues when and as due in accordance with the true intent and meaning of this Sale Agreement.

ARTICLE III

REPRESENTATIONS OF THE CITY

Section 3.01. Representations of the City. The City, as seller, makes the following representations on which the Corporation is deemed to have relied in acquiring the Sales Tax

Revenues. The representations speak as of the Closing Date, and shall survive the sale of the Sales Tax Revenues to the Corporation and the pledge thereof to the Trustee pursuant to the Indenture.

(a) *Power.* The City is duly authorized to assign and sell the Sales Tax Revenues to the Corporation under the Act as a home rule municipality under Section 6 of Article VII of the Illinois Constitution of 1970. The City has full power and authority to execute and deliver this Sale Agreement and to carry out its terms; and the City has duly authorized such sale and assignment to the Corporation by all necessary action; and the execution, delivery and performance of this Sale Agreement has been duly authorized by the City by all necessary action.

(b) *Binding Obligation.* This Sale Agreement has been duly executed and delivered by the City and, assuming the due authorization, execution and delivery of this Sale Agreement by the Corporation, constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms.

(c) *No Consents.* No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the consummation of the transactions contemplated by this Sale Agreement, except for those which have been obtained and are in full force and effect.

(d) *No Violation.* The sale of the Sales Tax Revenues and the consummation of the transactions contemplated by the Act and the Transaction Documents and the fulfillment of the terms hereof and thereof do not, to the City's knowledge, in any material way conflict with, result in any material breach by the City of any of the material terms and provisions of, nor constitute (with or without notice or lapse of time) a material default by the City under, any indenture, agreement or other instrument to which the City is a party or by which it shall be bound; nor violate any law or, to the City's knowledge, any order, rule or regulation applicable to the City of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the City.

(e) *No Proceedings.* To the City's knowledge, there are no proceedings or investigations pending against the City before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the City: (i) asserting the invalidity of any of the Transaction Documents or the Secured Obligations, (ii) seeking to prevent the issuance of the Secured Obligations or the consummation of any of the transactions contemplated by any of the Transaction Documents, or (iii) seeking any determination or ruling that would affect the City's ability to sell the Sales Tax Revenues or the validity or enforceability of any of the Transaction Documents, the Act, or the Secured Obligations.

(f) *Title to Sales Tax Revenues.* Prior to their sale and conveyance hereunder, the City is the sole owner of the Sales Tax Revenues, aside from the lien on the Sales Tax Revenues of the outstanding obligations of the City secured by the Prior Sales Tax Trust Indenture and payable from the Sales Tax Revenues, which lien is being extinguished in connection with the consummation of the transactions contemplated by the Transaction Documents as of the Closing Date (the "*Prior Bond Lien*"). On and after the Closing Date (i) the City shall have no right,

title or interest in or to the Sales Tax Revenues and (ii) the Sales Tax Revenues shall be the property of the Corporation, and not of the City, and shall be owned, received, held and disbursed by the Corporation and, as provided in the Indenture, the Trustee, without appropriation by the City, and not the City.

(g) *Absence of Liens on Sales Tax Revenues.* Except as provided herein, the City has not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Sales Tax Revenues, nor has the City created, or permitted the creation of, any lien thereon. The City warrants that the Sales Tax Revenues are free and clear of liens with the exception of the Prior Bond Lien being extinguished as described in subsection (f) of this section.

(h) *Assignment to Trustee.* The City acknowledges that the Corporation will assign to the Trustee for the benefit of the Secured Obligation Holders all of its rights and remedies with respect to the breach of any representations and warranties of the City under this Sale Agreement. Upon discovery by the City of a breach of any of the foregoing representations, warranties or covenants that materially and adversely affects the value of the Sales Tax Revenues or the sale thereof to the Corporation under this Sale Agreement, the City shall give prompt written notice to the Corporation and the Trustee.

(i) The City shall not be liable to the Trustee or the Secured Obligation Holders for any loss, cost or expense resulting solely from the failure of the Trustee to promptly notify the City upon the discovery by a responsible officer of the Trustee of a breach of any representation, warranty or covenant contained herein.

Section 3.02. Limitation on Liability. (a) The City and any officer or employee or agent of the City may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any person respecting any matters arising hereunder. The City shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be related to its obligations under this Sale Agreement, and that in its opinion may involve it in any expense or liability.

(b) None of the City or any officer, member, employee, or agent of the City, while acting within the scope of their authority, shall be subject to any personal liability resulting from the exercising or carrying out of any of the City's purposes or powers or any of their respective rights or obligations under the Transaction Documents.

ARTICLE IV

REPRESENTATIONS OF THE CORPORATION

Section 4.01. Representations of the Corporation. The Corporation, as buyer, makes the following representations on which the City is deemed to have relied in selling the Sales Tax Revenues. The representations speak as of the Closing Date, and shall survive the sale of the Sales Tax Revenues.

(a) *Power.* The Corporation is duly authorized to purchase and acquire the Sales Tax Revenues from the City. The Corporation has full power and authority to execute and deliver this Sale Agreement and to carry out its terms; and the Corporation has duly authorized such purchase by all necessary action; and the execution, delivery and performance of this Sale Agreement have been duly authorized by the Corporation by all necessary action.

(b) *Binding Obligation.* This Sale Agreement has been duly executed and delivered by the Corporation and, assuming the due authorization, execution and delivery of this Sale Agreement by the City, constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

(c) *No Violation.* The purchase of the Sales Tax Revenues and the consummation of the transactions contemplated by the Act and the Transaction Documents and the fulfillment of the terms hereof and thereof do not, to the Corporation's knowledge, in any material way conflict with, result in any material breach by the Corporation of any of the material terms and provisions of, nor constitute (with or without notice or lapse of time) a material default by the Corporation under any indenture, agreement or other instrument to which the Corporation is a party or by which it shall be bound; nor violate any law or, to the Corporation's knowledge, any order, rule or regulation applicable to the Corporation of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Corporation, nor violate any provision of the Articles of Incorporation of the Corporation or the Bylaws of the Corporation.

(d) *No Reliance.* The Corporation acknowledges that the terms of the Sale Agreement, including the consideration given for the Sales Tax Revenues and the other terms specified in this Sale Agreement, have been agreed upon by the parties after good-faith, arm's-length negotiation. The Corporation expressly acknowledges and agrees that the Sales Tax Revenues may be insufficient to pay debt service on the Secured Obligations, and that the City has made no representations whatsoever with respect thereto. The Corporation acknowledges and agrees that it has relied, and shall rely, solely upon its own investigation of all such matters, and it assumes all risks with respect thereto.

(e) *Assignment to Trustee.* The Corporation will assign to the Trustee for the benefit of the Secured Obligation Holders all of its rights and remedies with respect to the breach of any representations and warranties of the City under this Sale Agreement. Upon discovery by the Corporation of a breach of any of the foregoing representations, warranties or covenants that materially and adversely affects the value of the Sales Tax Revenues or the sale thereof to the Corporation under this Sale Agreement, the Corporation shall give prompt written notice to the City and the Trustee.

Section 4.02. Limitation on Liability. (a) The Corporation and any officer or employee or agent of the Corporation may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any person respecting any matters arising hereunder. The Corporation shall not be under any obligation to appear in, prosecute or defend any legal action that shall not be related to its obligations under this Sale Agreement, and that in its opinion may involve it in any expense or liability.

(b) None of the Corporation or any officer, member, employee, or agent of the Corporation, while acting within the scope of their authority, shall be subject to any personal liability resulting from the exercising or carrying out of any of the Corporation's purposes or powers or any of their respective rights or obligations under the Transaction Documents.

ARTICLE V

COVENANTS OF THE TRUSTEE

Section 5.01. Application of Sales Tax Revenues. Pursuant to Section 2.01(c) of this Sale Agreement, the Sales Tax Revenues shall be paid directly to the Trustee and the Trustee hereby pledges and agrees to (i) deposit the Sales Tax Revenues in the Securitized Sales Tax Revenue Fund and (ii) on a daily basis, if practicable, but in no event later than two Business Days after receipt thereof, apply the Sales Tax Revenues in accordance with the provisions of Article V of the Indenture.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Protection of Title; Non-Impairment Covenant. Pursuant to the Act, the City pledges and agrees with the Corporation, and the Corporation is authorized to include such pledge and agreement in the Indenture for the benefit of the owners of the Secured Obligations, that the City (i) has irrevocably directed the Director of the Department of Revenue, the State Comptroller and the State Treasurer to transfer all Sales Tax Revenues directly to the Trustee as the assignee of the Corporation, (ii) shall take no action that would in any way materially adversely (A) impair the Corporation's right to receive the Sales Tax Revenues, (B) limit or alter the rights vested in the Corporation to fulfill the terms of its agreements with the Secured Obligation Holders, or (C) impair the rights and remedies of the Secured Obligation Holders or the security for the Secured Obligations until the Secured Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Secured Obligation Holders, are fully paid and discharged; *provided, however,* that the remedies available to the Corporation and the Secured Obligation Holders for any breach of the pledges and agreements of the City set forth in this section shall be limited to injunctive relief.

Section 6.02. Issuance of Indebtedness by City. The City shall not issue any bonds or other evidences of indebtedness that are secured by a pledge or lien on all or any portion of the Sales Tax Revenues; provided that as holder of the Residual Certificate the City may apply Residual Revenues for any lawful corporate purpose of the City, including the payment of indebtedness secured thereby.

Section 6.03. Collection of Sales Tax Revenues. The City agrees to use all reasonable efforts to pursue any action legally available to it to cause collections of Sales Tax Revenues in any Fiscal Year to be maintained at such levels as shall produce Sales Tax Revenues in such Fiscal Year equal to not less than 100 percent of the sum in such Fiscal Year of (a) the aggregate

principal and Sinking Fund Installments of and interest on all Outstanding Secured Obligations required to be paid during such Fiscal Year, (b) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture, (c) the deposits to the Subordinated Indebtedness Fund for such Fiscal Year required by the provisions of the Indenture, and (d) any other deposits or other amounts required by the provisions of the Indenture for such Fiscal Year.

Section 6.04. Tax Covenant. The City shall at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid to the holders of any tax-exempt Secured Obligations issued by the Corporation shall be and remain excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Tax Code and applicable regulations issued thereunder. No proceeds of the Secured Obligations received by the City shall at any time be used directly or indirectly to acquire securities, obligations or investment property the acquisition or holding of which would cause any tax-exempt Secured Obligations to be an “arbitrage bond” as defined in the Tax Code and any applicable regulations issued thereunder. Further, the City shall not permit facilities financed or refinanced with proceeds of tax-exempt Secured Obligations received by the City from the Corporation to be used in a manner that would result in any interest paid to the holders of any such tax-exempt Secured Obligations being no longer excludable from gross income for federal income tax purposes. In furtherance of these covenants, the City shall execute and comply with the tax certificate provided by Transaction Counsel in connection with the issuance of such tax-exempt Secured Obligations.

Section 6.05. Independent Director. Any Independent Director (as defined in Section 7.01(a)) appointed by the City shall satisfy the requirements of the Bylaws (as defined in Section 7.01(a)) and of Section 7.01(b) hereof.

ARTICLE VII

COVENANTS OF THE CORPORATION

Section 7.01. Independent Director.

(a) While any Secured Obligations are outstanding, at least one membership position on the Corporation’s board of directors shall be reserved for an “Independent Director” as defined in the Corporation’s bylaws as on file with the Illinois Secretary of State on the Closing Date (the “Bylaws”); *provided, however* that the Independent Director shall also satisfy the requirements of sub-section (b) below; *and further provided, however*, that the position of Independent Director may remain vacant until such Independent Director is required for a Specified Vote (as defined in the Bylaws). The Corporation’s Bylaws shall provide that any Specified Vote, which shall include a vote to seek relief under the Federal Bankruptcy Code, shall become effective only upon the affirmative vote of all members of the Board at such time as there are no vacancies in the membership of the Board.

(b) The Independent Director shall not (i) be a City Elected Official, a State Elected Official or a member of the governing board of any Affiliated Local Government or of any Affiliated Corporate Entity; (ii) have a Familial Relationship with any City Elected Official, any State Elected Official or any member of the governing board of any Affiliated Local Government or of any Affiliated Corporate Entity; (iii) have a Familial Relationship with any person who is an employee of the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State; (iv) be an employee of the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State; and shall not have been such an employee within the five years preceding the date of appointment; and (v) be Doing Business or seeking to Do Business with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State and shall not, within the five years preceding the date of appointment, have Done Business with the City, any Affiliated Local Government, any Affiliated Corporate Entity or the State.

Section 7.02. No Other Debt. The Corporation shall not incur any indebtedness other than Secured Obligations as permitted under the Indenture.

Section 7.03. Separateness. The Corporation shall: (a) have its own separate telephone number, stationery and bank checks signed by it and in its own name, (b) if it uses any premises, its portion of such premises shall be defined and separately identified, (c) maintain its books and records separately from the City and any other entity, (d) segregate its assets from those of the City and any other entity, (e) strictly observe corporate formalities in its dealings, (f) maintain compliance with the General Not for Profit Corporation Act of 1986, as amended (805 ILCS 105), (g) timely and fully perform and comply with all obligations under the Transaction Documents and any bond purchase agreement entered into by the Corporation in connection with the issuance of any Secured Obligations subsequent to the Series 2017 Bonds (each a “*Future Bond Purchase Agreement*”), (h) not make any change in the character of its business that could adversely affect the enforceability of any Transaction Document or Future Bond Purchase Agreement or the ability of the Corporation to perform its obligations under this Sale Agreement, any other Transaction Document, or any Future Bond Purchase Agreement without the prior written consent of the City and the Trustee.

Section 7.04. No Amendments to Governing Documents. The Corporation shall not amend its articles of incorporation, bylaws, or other governing documents without the express written consent of the Trustee and the City.

Section 7.05. Compliance with Laws, Etc. The Corporation shall comply in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its existence, rights, franchises, qualifications, and privileges as a not for profit corporation.

Section 7.06. Further Actions. Upon request of the City or the Trustee, the Corporation will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Sale Agreement. The Corporation shall, as soon as practicable, pay to the City any amounts due to the City that are received by the Corporation in error.

ARTICLE VIII

RESIDUAL REVENUES; MODIFICATION OF INDENTURE

Section 8.01. Residual Revenues. As part of the consideration for the sale to the Corporation by the City of the Sales Tax Revenues, the Corporation agrees to issue the Residual Certificate in the form annexed hereto as *Exhibit A*. In accordance with the provisions of Article V of the Indenture, amounts in the Residual Fund (“*Residual Revenues*”) will be paid to the holder of the Residual Certificate promptly upon the application of the Sales Tax Revenues in each month pursuant to Section 5.05 of the Indenture.

Section 8.02. Modification of Indenture. The Corporation and the Trustee hereby agree that, regardless of the provisions of the Indenture related to the amendment or modification thereof, the Indenture shall not be amended or modified in any manner adverse to the City with respect to the disposition of the proceeds of any Secured Obligations issued by the Corporation without the written consent of the City.

ARTICLE IX

SECURED OBLIGATIONS SOLELY OBLIGATIONS OF THE CORPORATION

Section 9.01. Secured Obligations Not a Debt of City or State. Neither any Secured Obligation nor any related contract of the Corporation shall constitute an indebtedness or an obligation of the City, the State or any subdivision thereof within the purview of any constitutional or statutory limitation or provision or a charge against the general credit or taxing powers, if any, of any of them but shall be payable solely from the Sales Tax Revenues deposited with the Trustee. No Owner of any Secured Obligation or provider of any related contract shall have the right to compel the exercise of the taxing power of the City, the State or any subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Secured Obligations or to make any payment due under any related contract.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment. Except as otherwise provided herein, after issuance of the Series 2017 Bonds, this Sale Agreement may be amended by the City and the Corporation with the consent of the Trustee, but without the consent of any of the Secured Obligation Holders: (a) to cure any ambiguity; (b) to correct or supplement any provisions in this Sale Agreement; (c) to correct or amplify the description of the Sales Tax Revenues; (d) to add additional covenants for the benefit of the Corporation; (e) to make adjustments necessary to account for administrative changes in the laws of the State related to the distribution of Sales Tax Revenues; or (f) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Sale Agreement that shall not adversely affect in any material respect the security for the Secured Obligations.

Except as otherwise provided in the preceding paragraph, this Sale Agreement may also be amended from time to time by the City and the Corporation with the consent of the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Sale Agreement or of modifying in any manner the rights of the Secured Obligation Holders; but no such amendment shall reduce the aforesaid portion of the outstanding amount of the Secured Obligations, the Holders of which are required to consent to any such amendment, without the consent of the Holders of all the Outstanding Secured Obligations.

It shall not be necessary for the consent of Secured Obligation Holders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

Prior to the execution of any amendment to this Sale Agreement, the holder of the Residual Certificate and the Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Sale Agreement. Without the prior written consent of the holder of the Residual Certificate and the Trustee, which consent shall not be unreasonably withheld, no amendment, supplement or other modification of this Sale Agreement shall be entered into or be effective if such amendment, supplement or modification affects the Residual Certificate holder's or the Trustee's, as applicable, own rights, duties or immunities under this Sale Agreement or otherwise.

Section 10.02. Notices. All demands, notices and communications upon or to the City, the Corporation, or the Trustee under this Sale Agreement shall be in writing, personally delivered or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt:

(a) in the case of the City: City of Chicago
Finance and Economic Development
Division
Attention: Chief Financial Officer
121 North LaSalle Street, Room 700
Chicago, Illinois 60602

With a copies to: City of Chicago
Department of Law
Attention: Finance and Economic
Development Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

City of Chicago
City Comptroller
121 North LaSalle Street, Room 700
Chicago, Illinois 60602

(b) in the case of the Corporation: Sales Tax Securitization Corporation
55 East Monroe Street, Suite 3800
Chicago, Illinois 60602
Attention: Executive Director

With a copy to: Sales Tax Securitization Corporation
55 East Monroe Street, Suite 3800
Chicago, Illinois 60603
Attention: Secretary-Treasurer

(c) in the case of the Trustee: The Bank of New York Mellon Trust
Company, N.A.
Corporate Trust Office
2 North LaSalle Street, Suite 700
Chicago, Illinois 60602

As to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

Section 10.03. Limitations on Rights of Others. The provisions of this Sale Agreement are solely for the benefit of the City, the Corporation, the owner of the Residual Certificate, the Trustee, the Secured Obligation Holders and all other Beneficiaries, and nothing in this Sale Agreement, whether express or implied, shall be construed to give to any other person any legal or equitable right, remedy or claim under or in respect of this Sale Agreement or any covenants, conditions or provisions contained herein.

Section 10.04. Cooperation with City Inspector General. The Corporation understands and agrees that it is required to and will comply with the provisions of Chapters 2-56 of the Municipal Code of Chicago. Pursuant to Section 2-56-090 of the Municipal Code of Chicago, it shall be the duty of the Corporation to cooperate with the inspector general in any investigation or hearing undertaken pursuant to Chapter 2-56. The Corporation shall report, directly and without undue delay, to the City's inspector general any and all information concerning conduct by any person which the Corporation knows to involve corrupt activity, pursuant to Section 2-156-018(b) of the Municipal Code of Chicago. For purposes of subsection (b) of Section 2-156-018 of the Municipal Code of Chicago, "corrupt activity" shall mean any conduct set forth in subparagraph (a)(1), (2) or (3) of Section 1-23-020 of the Municipal Code of Chicago: (a) bribery or attempted bribery, or its equivalent under any local, state or federal law, of any public officer or employee of the City or of any sister agency; (b) theft, fraud, forgery, perjury, dishonesty or deceit, or attempted theft, fraud, forgery, perjury, dishonesty or deceit, or its equivalent under any local, state or federal law, against the City or of any sister agency; or (c) conspiring to engage in any of the acts set forth in items (a) or (b) of above.

Section 10.05. Compliance with Debt Transactions Accountability Ordinance. The City agrees that, if the issuance of any Secured Obligation by the Corporation requires compliance with the Debt Transactions Accountability Ordinance, the City will make all reasonable efforts to assist

the Corporation in complying with the provisions of the Debt Transactions Accountability Ordinance.

Section 10.06. Notice of End of Conveyance Period. At such time as this Agreement is no longer effective because the Conveyance Period has ended, the Trustee shall give written notice to the State Entities and the City that this Agreement and the direction provided for in Section 2.04(d) hereof are no longer in effect.

Section 10.07. Severability. Any provision of this Sale Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

Section 10.08. Separate Counterparts. This Sale Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10.09. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.10. Governing Law. This Sale Agreement shall be construed in accordance with the laws of the State of Illinois, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

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IN WITNESS WHEREOF, the parties hereto have caused this Sale Agreement to be duly executed by their respective officers as of the day and year first above written.

CITY OF CHICAGO, Seller



SALES TAX SECURITIZATION CORPORATION,
Purchaser



ACKNOWLEDGED AND AGREED:

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

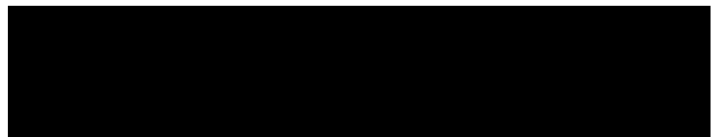


EXHIBIT A

FORM OF RESIDUAL CERTIFICATE

SALES TAX SECURITIZATION CORPORATION

RESIDUAL CERTIFICATE

REGISTERED OWNER: CITY OF CHICAGO

SALES TAX SECURITIZATION CORPORATION (the “*Corporation*”), an Illinois not-for-profit corporation and instrumentality of the City of Chicago (the “*City*”), for value received, promises to pay to the registered owner of this Residual Certificate, in accordance with Section 5.12 of the Master Trust Indenture, dated as of December 1, 2017 (as it may be amended and supplemented, the “*Indenture*”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), the Residual Revenues then payable to the owner of the Residual Certificate pursuant to the Indenture and the Act, by wire transfer, at the discretion of the Corporation, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Corporation as maintained by the Trustee, as of close of business on the Business Day immediately preceding the applicable payment date. Capitalized terms used but not defined in this Residual Certificate shall have the meanings given to them in the Indenture.

Notwithstanding anything to the contrary in the Indenture or this Residual Certificate, the Trustee shall not make any transfers to the Residual Account unless and until the deposits required by Section 5.06 of the Indenture have been made in full.

Reference is made to the Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness and to the rights, limitations of rights, duties, obligations and immunities of the Corporation, the Trustee, the Bondholders, the holders of any Subordinated Indebtedness and the registered owner of this Residual Certificate.

This Residual Certificate is issuable only in fully registered form and may not be converted into bearer form. The Corporation and the Trustee may treat the registered owner hereof as the absolute owner of this Residual Certificate for all purposes, notwithstanding any notice to the contrary.

This Residual Certificate shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been dated and manually signed by the Trustee.

In accordance with Section 7.14 of the Indenture, this Residual Certificate may not be transferred by the holder hereof unless the Corporation and the City have received an opinion of Transaction Counsel that such transfer will not adversely affect the exclusion of interest on any Tax Exempt Bond from gross income of the Holder thereof for purposes of federal income taxation.

IN WITNESS WHEREOF, the SALES TAX SECURITIZATION CORPORATION has caused this Residual Certificate to be executed in its name by its President as of the _____ day of _____, 2017.

SALES TAX SECURITIZATION CORPORATION

By: _____
Name: _____
Title: President

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Residual Certificate is the Residual Certificate described in the Indenture and in the Assignment, Purchase and Sale Agreement, dated as of December 14, 2017, among the City of Chicago, the Sales Tax Securitization Corporation, an Illinois not-for-profit corporation and instrumentality of said City and The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee under the Indenture.

Date of Authentication and Delivery: _____, 20__

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

By: _____
Authorized Signatory