



DEPARTMENT OF FINANCE
CITY OF CHICAGO

March 6, 2015

Municipal Securities Rulemaking Board
Electronic Municipal Market Access (“EMMA”)

RE: Ratings Change; Additional Voluntary Disclosure

The City of Chicago (the “City”) is providing the following information through EMMA with respect to the City’s outstanding general obligation, sales tax revenue, motor fuel revenue and wastewater transmission revenue bonds, which are listed on Annex A hereto (collectively, the “Bonds”). The information is provided under the City’s continuing disclosure agreements (the “Undertakings”) and pursuant to SEC Rule 15c2-12(b)(5)(i)(C)(11) in connection with a change in the ratings of the Bonds by Moody’s Investors Service.

The City is also providing voluntary disclosure of certain other recent events.

The City is not obligated to provide further additional updated or supplemental information with respect to the Bonds except as otherwise required pursuant to the Undertakings and the Rule.

The information included herein should be read in conjunction with the official statements for the Bonds and prior reports submitted pursuant to the Undertakings.

Very Truly Yours,

Lois A. Scott
Chief Financial Officer

CITY OF CHICAGO

Table of Contents

A. Ratings Change 1

B. Additional Voluntary Disclosure 1

 1. *Further Description of Rating Changes*..... 1

 2. *Bond Liquidity and Letter of Credit Facilities*..... 2

 3. *Interest Rate Swaps*..... 2

 4. *Short-Term Borrowing Program* 3

 5. *Leveraged Lease Transaction*.....3

 6. *Pension and Retiree Healthcare Litigation* 4

Schedule 1 — **Bond Liquidity, Letter of Credit and Direct Purchase Facilities**
 — **Commercial Paper (CP) Letters of Credit and Lines of Credit Providers**
 — **Other Letter of Credit Providers**

Schedule 2 — **Swap Portfolio**

Annex A — **Bonds Affected by Moody’s Ratings Downgrades**

CITY OF CHICAGO

Ratings Change; Additional Voluntary Disclosure

March 6, 2015

A. Ratings Change

On February 27, 2015, Moody's Investors Service ("Moody's") downgraded to Baa2 from Baa1 the rating on the City's outstanding general obligation bonds, sales tax revenue bonds and motor fuel tax revenue bonds; the outlook on the long-term ratings for such bonds remains negative. On the same date, Moody's also announced that it downgraded to A3 from A2, and to Baa1 from A3, the respective ratings on the City's senior lien and second lien wastewater transmission revenue bonds. The outlook on the ratings for the wastewater transmission revenue bonds remains negative.

B. Additional Voluntary Disclosure

1. Further Description of Rating Changes

In Moody's February 27 rating update on the City's general obligation bonds, Moody's cited the expected growth in the City's unfunded pension liabilities, the City's current long-term debt and the indirect debt and pension obligations of overlapping taxing districts as the reasons for the rating change. Moody's rating took into account such positive factors as the City's status as a home rule unit of government with the authority to tax, the City's large and diverse economy, management's efforts to control growth in other operating costs, and the City's financial reserves.

Moody's specified that expected continued growth in unfunded pension liabilities was the reason for the negative outlook. Moody's indicated that further downgrades could follow upon the occurrence of any of the following: (a) a determination by the Illinois Supreme Court striking down the State of Illinois pension reform package as unconstitutional under the Illinois Constitution, thereby increasing the risk that the City's own pension reform of its Municipal and Laborers pension funds would be overturned; (b) a court ruling that the Municipal and Laborers pension funds reform was unconstitutional; (c) continued growth in the City's unfunded pension liabilities; (d) growth in direct and overlapping debt; or (e) a narrowing of the City's financial reserves.

Moody's stated that the rating on the City's sales tax revenue bonds and motor fuel tax revenue bonds rests on the lack of legal segregation of the pledged revenues for those bonds from the general operations of the City. Moody's noted that (i) the sales tax revenue for 2013 provided a very strong coverage ratio of 15.7x maximum annual debt service for the sales tax revenue bonds, and (ii) the motor fuel tax revenue for 2013 provided an adequate coverage ratio of 2.5x maximum annual debt service for the motor fuel tax revenue bonds. Moody's also downgraded to Speculative Grade (SG) from VMIG 3 the short-term rating on the City's outstanding Sales Tax Revenue Refunding Bonds, Variable Rate Series 2002.

Moody's also announced that its downgrade of the respective ratings on the City's senior lien and second lien wastewater transmission revenue bonds reflected its view that the City's wastewater transmission system, as a business enterprise of the City, is connected to the City's general obligation credit.

In a rating update dated February 27, 2015, on the City's outstanding senior lien and second lien water revenue bonds, Moody's affirmed its prior A2 and A3 ratings, respectively, citing the water

system's very large and diverse service area that extends well beyond City boundaries, the unlimited rate setting authority vested in the Chicago City Council, and the expected near-term maintenance of sound debt service coverage and liquidity ratios following recently enacted rate increases. The outlook on the ratings for the water revenue bonds remains negative.

On February 27, 2015, S&P affirmed its ratings of A+ (negative outlook) on the City's general obligation bonds. On March 5, 2015, S&P affirmed its ratings of AAA (stable outlook) on the City's outstanding sales tax revenue bonds.

On February 24, 2015, Fitch affirmed its ratings of A- (negative outlook) on the City's general obligation and sales tax revenue bonds and BBB+ on the City's General Obligation Commercial Paper Notes, 2002 Program Series A and B bank bond.

2. *Bond Liquidity and Letter of Credit Facilities*

Prior to 2008, the City issued from time to time certain series of outstanding bonds that pay variable rates of interest. In 2014, the City issued variable rate bonds to refund existing variable rate bonds for Midway airport. These bond issues are supported by bond liquidity or letter of credit facilities provided by banks for the payment of debt service and/or tender prices for the bonds. The City is obligated to reimburse the banks for any payments or draws under the facilities.

Set forth in Schedule 1 under the heading "Bond Liquidity, Letter of Credit and Direct Purchase Facilities" is information about the City's bond liquidity and letter of credit facilities for the City's outstanding variable rate demand bonds. A reduction in the long-term debt rating for the corresponding credit by any rating agency below what is shown in the chart in the "Ratings Thresholds" column would constitute an event of default under the related agreements.

The Moody's downgrade did not result in any events of defaults under, or terminations of, bond liquidity or letter of credit facilities. If an event of default had been triggered under a bond liquidity or letter of credit facility, the bank providing such facility would have the right to provide the bond trustee with a notice directing a mandatory tender of the bonds. For such mandatory tender, the bond trustee would draw upon the liquidity/letter of credit facility to fund the purchase price for the bonds. In such case, the bonds would be owned by the bank and would be immediately repayable at the option of the bank.

The City, in the ordinary course, has ongoing discussions with its bond liquidity and letter of credit facility providers to extend those facilities that have near-term expiration dates.

3. *Interest Rate Swaps*

The City is a party to the outstanding interest rate swaps set forth on Schedule 2 in connection with its variable rate demand bonds. Since 2011, the City has terminated seven swaps (or options on swaps) with a notional amount exceeding \$1.0 billion and reduced the risk of early termination events by renegotiating the rating thresholds for twelve outstanding swaps with a notional amount of \$1.3 billion. The City intends to continue managing the risks associated with its variable rate debt and swaps by renegotiating or terminating swaps and converting variable rate debt to fixed rate when market opportunities warrant.

A reduction in the long-term debt rating for the corresponding credit by either Moody's or S&P below what is shown in the chart in the "City ATE Level (below level shown)" column would result in a termination event under one or more swaps and give the counterparties the right to terminate the swaps.

If an interest rate swap is terminated, the City may be liable for a termination payment based on the then-applicable market value of the swap. The City is not obligated to post collateral based on the City's credit ratings under any of its interest rate swaps.

As shown on Schedule 2, the Moody's February 27 downgrade constitutes a termination event under three interest rate swaps Wells Fargo has with the City in connection with certain City general obligation bonds. As of December 31, 2014, the mid-market termination value of the Wells Fargo swaps was \$38.1 million. Wells Fargo has notified the City that Wells Fargo expressly reserves all of its rights and remedies under the three interest rate swaps, including the right to designate an early termination date. The City is in ongoing discussions with Wells Fargo regarding the swaps.

Termination payments with respect to swaps associated with the City's revenue bonds (including its sales tax, water, wastewater transmission, airport and TIF revenue bonds) would represent claims on the pledged revenues supporting those bonds and not on the general credit of the City.

4. Short-Term Borrowing Program

Set forth in Schedule 1 under the heading "Commercial Paper (CP) Letters of Credit and Lines of Credit Providers" is information about the City's general obligation commercial paper program and lines of credit (the "Short Term Borrowing Program") as well as commercial paper programs for O'Hare and Midway airports. The City uses its Short Term Borrowing Program for working capital in anticipation of receipt of other revenue. For example, the City borrows under its Short Term Borrowing Program from time to time to support library operations pending collection of property and other taxes. The City also uses draws under the Short Term Borrowing Program for capital projects, debt refinancing or restructuring and the payment of non-capital expenditure such as settlements and judgments, which are typically repaid from proceeds of later issuances of general obligation bonds.

A City debt rating below what is shown in the chart in the "Ratings Thresholds" column would constitute an event of default under the corresponding agreements. A default under the City's revolving lines of credit would allow the termination of these credit facilities, requiring the City to immediately pay all outstanding amounts.

The borrowing capacity under the Short Term Borrowing Program is currently \$900 million. The City presently has approximately \$294.4 million of outstanding borrowings under the Short Term Borrowing Program, and intends to draw an additional approximately \$170 million later in March 2015.

The City, in the ordinary course, has ongoing discussions with its liquidity providers to extend the commercial paper and line of credit facilities that have near term expiration dates.

5. Leveraged Lease Transaction

In 2005, the City entered into a sale/leaseback agreement with a third party pertaining to the City-owned portion of a Chicago Transit Authority rapid transit line (the "Orange Line"); the lease term ends in 2031. As shown in Schedule 1 under the heading "Other Letter of Credit Providers," the City has posted as collateral a letter of credit issued by PNC Bank in connection with the sale/leaseback transaction. Due to the February 27 downgrade by Moody's, the City is required under the agreement with PNC Bank to use reasonable efforts to replace the PNC letter of credit with other collateral by March 29. The City is continuing its discussions with PNC Bank regarding this requirement.

6. *Pension and Retiree Healthcare Litigation*

City Pension Litigation. In 2014, the State of Illinois General Assembly passed City-supported amendments to the Illinois Pension Code governing the City's Municipal and Laborers pension funds that were developed with input from labor organizations. The legislation, Public Act 98-0641, affects approximately 62,500 active members and retirees, representing 64% of the City's active employee and retiree population. The legislation provides for increases in the City's and employees' contributions to the funds and a reduction in the automatic annual increases (sometimes called COLAs) received by retirees. Public Act 98-0641 became law on June 9, 2014 and went into effect on January 1, 2015.

In December 2014, shortly before Public Act 98-0641 was to take effect, two lawsuits were filed in the Circuit Court of Cook County, Illinois (the "Circuit Court") challenging the constitutionality of Public Act 98-0641. Both the City and the Illinois Attorney General were allowed to intervene in both lawsuits to defend the constitutionality of Public Act 98-0641. Plaintiffs moved for a temporary restraining order and preliminary injunction seeking to enjoin enforcement of Public Act 98-0641. After four days of hearings on plaintiffs' motion, plaintiffs moved to stay further proceedings until further order of the court. On February 19, 2015, the Circuit Court entered an order granting plaintiffs' motion and staying the preliminary injunction proceedings. The City has been defending and will continue to defend this matter vigorously. Should Public Act 98-0641 be determined by a court to be unconstitutional, the provisions of the Illinois Pension Code in effect with respect to the two affected pension funds prior to Public Act 98-0641 would presumably become effective again, including the lower level of City funding to those two funds. In such event, the Municipal and Laborers pension funds have been projected to become insolvent beginning in 2026 and 2029, respectively. Should Public Act 98-0641 be found unconstitutional, it is not clear whether or how the unfunded status or insolvency of the two affected pension funds might be resolved or what, if any, impact such a resolution may have on the City.

State Pension Litigation. On December 5, 2013, Governor Pat Quinn signed Public Act 98-0599 (the "State Pension Reform Act") into law. The State Pension Reform Act provides for certain cost-saving and other reforms to the State's four largest pension plans, including, but not limited to, changes to the employer contribution formula, cost of living adjustments, retirement ages and employee contributions. Such changes were scheduled to take effect on June 1, 2014. The State Pension Reform Act has been challenged by five separate lawsuits on behalf of various classes of annuitants, current and former workers, and labor organizations, alleging, among other things, that the legislation violates the Pension Clause of the Illinois Constitution. The Illinois Supreme Court consolidated these lawsuits and ordered that they proceed in Sangamon County Circuit Court. On May 14, 2014, certain plaintiffs' motion for a temporary restraining order was granted staying implementation of the State Pension Reform Act in its entirety. On November 21, 2014, the Sangamon County Circuit Court ruled that the State Pension Reform Act was unconstitutional. On December 10, 2014, the Illinois Supreme Court granted the State's motion for an expedited appeal of that decision. Oral arguments regarding the State Pension Reform Act are scheduled to be heard by the Illinois Supreme Court on March 11, 2015.

City Retiree Healthcare Litigation. In *Underwood v. City of Chicago*, retired employees of the City filed suit in Illinois state court to challenge planned changes to the healthcare benefits of retirees. The complaint advanced state law claims, including alleged violation of the Pension Clause of the Illinois Constitution, and federal law claims. The City removed the case to federal court based on the federal law claims. The federal district court dismissed the case in its entirety. As to plaintiffs' claim that the planned changes violate the Illinois Pension Clause, the district court predicted that the Illinois Supreme Court would rule in a separate case then pending before the Illinois Supreme Court that healthcare benefits are not protected by the Pension Clause. Thereafter, the Illinois Supreme Court ruled in that separate case that healthcare benefits to retirees are protected under the Pension Clause. The City argued on appeal to the federal appellate court that it should affirm the district court dismissal, including

the state law claims, on an alternative ground. On February 25, 2015, the federal appellate court affirmed the dismissal of the federal law claims and declined to rule on the state law claims on the ground that the state law claims involved a question of Illinois state law, which it ordered returned to the Illinois state court for decision. The City has been defending and will continue to defend this matter vigorously.

Schedule 1

Bond Liquidity, Letter of Credit and Direct Purchase Facilities

Issue	Series	Principal Outstanding	Expiration or Termination	Bond Maturity Date	Bank	Ratings Thresholds ⁽¹⁾		
						Fitch	Moody's	S&P
G.O.N.A. 21 Program	2002 B-3	\$ 100,500,000	10/02/15	01/01/37	RBC	BBB-	Baa3	BBB-
G.O.N.A. 21 Program	2002 B-4	\$ 50,250,000	10/02/15	01/01/37	Bank of New York	(2)	(2)	(2)
G.O.N.A. 21 Program	2002 B-5	\$ 50,250,000	10/02/15	01/01/37	Bank of New York	(2)	(2)	(2)
G.O. Refunding	2007E	\$ 100,000,000	11/30/15	01/01/42	Barclays	BBB-	Baa3	BBB-
G.O. Refunding	2007G	\$ 20,000,000	11/30/15	01/01/42	Barclays	BBB-	Baa3	BBB-
Sales Tax Revenue Refunding	2002	\$ 111,715,000	12/31/15	01/01/34	JPMorgan	BBB-	Baa3	BBB-
TIF Near North	1999 A	\$ 27,000,000	08/15/16	01/01/19	Bank of New York	N/A	N/A	N/A
Midway 2nd Lien	2004 C-1	\$ 56,490,000	11/25/16	01/01/35	Bank of Montreal	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 C-2	\$ 66,510,000	11/25/16	01/01/35	Wells Fargo	BBB-	Baa3	BBB-
Midway 2nd Lien	2004 D	\$ 13,475,000	11/25/16	01/01/35	Bank of Montreal	BBB-	Baa3	BBB-
O'Hare 3rd Lien	2005 C	\$ 140,600,000	08/15/17	01/01/35	Citibank	BBB	Baa2	BBB
O'Hare 3rd Lien	2005 D	\$ 100,000,000	08/15/17	01/01/35	Barclays	(3)	(3)	(3)
G.O. Project & Refunding	2003 B-1	\$ 90,920,000	09/25/17	01/01/34	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-2	\$ 45,465,000	09/25/17	01/01/34	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2003 B-3	\$ 45,465,000	09/25/17	01/01/34	JPMorgan	BBB-	Baa3	BBB-
Water 2nd Lien	2000	\$ 100,000,000	10/30/17	11/01/30	JPMorgan	BBB-	Baa3	BBB-
Midway 2nd Lien	2014C	\$ 124,710,000	11/25/17	01/01/35	JPMorgan	BBB-	Baa3	BBB-
Wastewater 2nd Lien	2008 C-1	\$ 116,115,000	12/01/17	01/01/39	PNC Bank	BBB	Baa2	BBB
Wastewater 2nd Lien	2008 C-2	\$ 116,115,000	12/01/17	01/01/39	US Bank	BBB	Baa2	BBB
Wastewater 2nd Lien	2008 C-3	\$ 100,000,000	12/01/17	01/01/39	Wells Fargo	BBB	Baa2	BBB
G.O. Refunding	2007F	\$ 80,000,000	12/31/17	01/01/42	JPMorgan	BBB-	Baa3	BBB-
G.O. Project & Refunding	2005 D-1	\$ 111,395,000	01/12/18	01/01/40	Bank of Montreal	BBB-	Baa3	BBB-
G.O. Project & Refunding	2005 D-2	\$ 111,395,000	01/12/18	01/01/40	Northern Trust	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-1	\$ 157,565,000	11/05/18	11/01/31	Bank of Tokyo	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-2	\$ 157,565,000	11/05/18	11/01/31	State Street	BBB-	Baa3	BBB-
Water 2nd Lien Rfdg	2004-3	\$ 40,445,000	11/05/18	11/01/31	State Street	BBB-	Baa3	BBB-

Commercial Paper (CP) Letters of Credit and Lines of Credit Providers

Ratings Thresholds ⁽¹⁾

Issue	Series	Borrowing Authority	Expiration or Termination	Bond Maturity Date	Bank	Ratings Thresholds ⁽¹⁾		
						Fitch	Moody's	S&P
G. O. CP	2002A/B	\$ 200,000,000	5/8/2015	N/A	Wells Fargo	N/A	Baa3	BBB-
G. O. CP	2002C/D	\$ 100,000,000	5/8/2015	N/A	BMO Harris	N/A	Baa3	BBB-
G. O. Line of Credit	2013	\$ 200,000,000	5/8/2015	N/A	Bank of America	BBB-	Baa3	BBB-
G. O. Line of Credit	2014	\$ 100,000,000	11/30/2015	N/A	Barclays	BBB-	Baa3	BBB-
G. O. Line of Credit	2014	\$ 100,000,000	2/20/2016	N/A	Morgan Stanley	BBB-	Baa3	BBB-
G. O. Line of Credit	2014	\$ 200,000,000	4/25/2016	N/A	JPMorgan	BBB-	Baa3	BBB-
Midway CP	2003A-D	\$ 85,000,000	7/12/2017	N/A	JPMorgan	BBB-	Baa3	BBB-
O'Hare CP	2005-A	\$ 75,000,000	9/30/2016	N/A	JPMorgan	BBB-	Baa3	BBB-
O'Hare CP	2005-B	\$ 50,000,000	9/30/2016	N/A	Wells Fargo	N/A	Baa3	BBB-
O'Hare CP	2005-C	\$ 50,000,000	9/30/2016	N/A	PNC	N/A	Baa3	BBB-
O'Hare CP	2005-D	\$ 50,000,000	9/30/2016	N/A	BMO/Harris	N/A	Baa3	BBB-
O'Hare CP	2005-E	\$ 50,000,000	9/30/2016	N/A	BAML	N/A	Baa3	BBB-

Other Letter of Credit Providers

Ratings Thresholds ⁽⁵⁾

Transaction	Initial Letter of Credit Year	Credit Capacity (4)	Expiration or Termination	Bond Maturity Date	Bank	Ratings Thresholds ⁽⁵⁾		
						Fitch	Moody's	S&P
Orange Line	2014	\$ 165,000,000	2/13/2018	N/A	PNC	BBB-	Baa3	BBB-

(1) An underlying rating by any rating agency for the related debt (or lowest rated lien of the related credit) below what is shown in the chart in the "Ratings Threshold" column would constitute an event of default under the agreements with the related banks.

(2) The agreements with Bank of New York Mellon provide that until May 1, 2015, the Ratings Threshold shall be "Baa3" for Moody's and "BBB-" for Fitch and S&P. After May 1, 2015, the Rating Threshold becomes "Baa2" for Moody's and "BBB" for Fitch and S&P. Provisions in agreements with other banks would require comparable terms if the agreements with Bank of New York Mellon are not terminated or further amended. The City intends to replace those variable rate bonds with fixed rate bonds.

(3) The agreement with Barclays provides that it is an event of default if (A) any two rating agencies then rating the debt of the City payable from or secured by pledged revenues which is senior to or on parity with the bonds shall have downgraded their rating on such debt to or below "Baa2" (or its equivalent) or "BBB" (or its equivalent), respectively, or (B) any rating agency shall have downgraded its rating of any debt of the City payable from or secured by the pledged revenues which is senior to or on a parity with the bonds to below "Baa3" (or its equivalent) or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same and such downgrade, suspension or withdrawal shall remain for a period of 180 days.

(4) The Letter of Credit amount varies up to a maximum \$180.7 million.

(6) An event of default is triggered if the City's general obligation rating falls below what is shown in the chart in the "Ratings Threshold" column by any of the rating agencies. A covenant to use reasonable efforts to replace the letter of credit within 30 days is triggered if the rating is below Baa1 or BBB+ by Moody's or S&P, respectively.

Schedule 2

**City of Chicago
Swap Portfolio**

Total Swap Notional: \$2,480,155,000

Survey of Derivative Instruments

Mid-Market Valuations as of 12/31/14

Swaps Outstanding

Issue Name	Original Notional Amount	Current Notional Amount	Counterparty	City ATE Level (below level shown)	Counterparty Notional Amount	Type	City Pays	City Receives	Effective Date	Termination Date	Individual Mark-to-Market	Total Mark-to-Markets
General Obligation Series 2007EFG	200,000,000	200,000,000	Deutsche Bank	Baa3 / BBB-	150,000,000	Floating-to-Fixed	3.9982%	SIFMA	11/8/2007	1/2/2042	\$ (43,369,743)	\$ (66,337,107)
			Morgan Stanley	Baa3 / BBB-	50,000,000	Floating-to-Fixed	3.9982%	SIFMA	11/8/2007	8/1/2018	\$ (5,607,678)	
			Wells Fargo	Baa1 / BBB+	100,000,000	Floating-to-Floating	SIFMA	72.5% of USD-LIBOR	1/1/2014	1/1/2042	\$ (8,679,843)	
			Wells Fargo	Baa1 / BBB+	100,000,000	Floating-to-Floating	SIFMA	72.5% of USD-LIBOR	1/1/2014	1/1/2042	\$ (8,679,843)	
General Obligation Series 2005D	222,790,000	222,790,000	Goldman Sachs	Baa3 / BBB-	155,953,000	Floating-to-Fixed	4.104%	SIFMA	8/17/2005	7/1/2020	\$ (23,709,541)	\$ (62,577,608)
			BMO	Baa3 / BBB-	66,837,000	Floating-to-Fixed	4.104%	SIFMA	8/17/2005	1/2/2040	\$ (20,056,729)	
			Bank of New York Mellon	Baa2 / BBB	100,000,000	Floating-to-Floating	SIFMA + .045%	72.5% of USD-LIBOR	1/1/2014	1/1/2031	\$ (6,096,340)	
			Deutsche Bank	Baa3 / BBB-	61,395,000	Floating-to-Floating	SIFMA	72.5% of USD-LIBOR	1/1/2014	1/1/2031	\$ (3,343,438)	
			Deutsche Bank AG, NY	Baa3 / BBB-	61,395,000	Floating-to-Floating	SIFMA	72.5% of USD-LIBOR	1/1/2014	1/1/2031	\$ (3,343,438)	
			PNC	Baa3 / BBB-	207,880,000	Floating-to-Floating	SIFMA	72.5% of USD-LIBOR	1/1/2031	1/1/2040	\$ (6,028,123)	

General Obligation Series 2003B	202,500,000	181,850,000	Wells Fargo	Baa1 / BBB+	136,385,000	Floating-to-Fixed	4.052%	66.91% of 10yr USD ISDA Swap Rate 4/1/06 thru termination date	8/7/2003	1/1/2034	\$ (20,737,338)	\$ (33,107,081)
			JP Morgan	Baa3 / BBB-	45,465,000	Floating-to-Fixed	4.052%	66.91% of 10yr USD ISDA Swap Rate	8/7/2003	1/1/2034	\$ (6,860,769)	
			Bank of New York Mellon	Baa2/BBB	136,385,000	Floating-to- Floating	66.91% of 10yr USD ISDA Swap Rate	75% of 1 mo LIBOR	11/1/2014	1/1/2019	\$ (4,087,374)	
			PNC	Baa3 / BBB-	45,465,000	Floating-to- Floating	66.91% of 10yr USD ISDA Swap Rate	75% of 1 mo LIBOR	3/1/2014	1/1/2019	\$ (1,421,601)	
Water 2nd Lien Series 2000	100,000,000	100,000,000	UBS	Baa1 / BBB+	100,000,000	Floating-to-Fixed	3.8694%	SIFMA (8/5/04- 4/30/12) & 67% of LIBOR thru termination	4/16/2008	11/1/2030	\$ (29,460,432)	\$ (29,460,432)
Water 2nd Lien Series 2004	500,000,000	355,575,000	UBS	Baa1 / BBB+	173,345,000	Floating-to-Fixed	3.8694%	SIFMA (8/5/04- 4/30/12) & 67% of LIBOR thru termination	8/5/2004	11/1/2025	\$ (30,995,387)	\$ (69,785,223)
			RBC	Baa1 / BBB+	182,230,000	Floating-to-Fixed	3.8669%	SIFMA (8/5/04- 4/30/12) & 67% of LIBOR thru termination	8/5/2004	11/1/2031	\$ (38,789,836)	
Wastewater 2nd Lien Series 2008C	332,230,000	332,230,000	Deutsche Bank	Baa3 / BBB-	232,560,000	Floating-to-Fixed	3.886%	95% 3 mo LIBOR (if LIBOR is <3% or 67% of 3 mo USD-LIBOR (if LIBOR is >3%) BMA (if LIBOR is <3% or 67% of USD-LIBOR-BBA (if LIBOR is >3%) BMA (if LIBOR is <3% or 67% of USD-LIBOR-BBA (if LIBOR is >3%)	1/3/2011	1/1/2039	\$ (49,026,760)	\$ (71,860,875)
			Bank of America	Baa1 / BBB+	49,835,000	Floating-to-Fixed	3.886%		7/29/2004	1/1/2039	\$ (11,472,484)	
			JP Morgan	Baa1 / BBB+	49,835,000	Floating-to-Fixed	3.886%		7/29/2004	1/1/2039	\$ (11,361,631)	
MDW 2nd Lien Series 2004	152,150,000	136,475,000	Goldman Sachs	Baa1 / BBB+	81,885,000	Floating-to-Fixed	4.174%	SIFMA + 0.05%	12/14/2004	1/1/2035	\$ (17,735,752)	\$ (30,224,629)
			Wells Fargo	Baa2 / BBB	54,590,000	Floating-to-Fixed	4.247%	SIFMA + 0.05%	4/21/2011	1/1/2035	\$ (12,488,877)	
Near North TIF Series 1999A	44,900,000	27,000,000	Bank of America	none	27,000,000	Floating-to-Fixed	5.084%	67% of USD- LIBOR-BBA	9/1/1999	1/1/2019	\$ (3,202,374)	\$ (3,202,374)
Sales Tax Series 2002	116,595,000	111,715,000	JP Morgan	Baa2 / BBB	111,715,000	Floating-to-Fixed	4.23%	75.25% of 3 mo LIBOR	6/27/2002	1/1/2034	\$ (29,025,878)	\$ (29,025,878)

Notes: The ATE is triggered if the rating by Moody's or S&P is below the level shown above.

ANNEX A

City of Chicago

Bonds Affected by Moody's Ratings Downgrades

GENERAL OBLIGATION BONDS

\$92,260,000 City of Chicago General Obligation Refunding Series 1993B, dated October 14, 1993.

1674833S3

\$220,390,000 City of Chicago General Obligation Refunding Series 1995A-2, dated April 3, 1996.

167484CR3

\$28,800,000 City of Chicago General Obligation Building Acquisition Certificates (Limited Tax) Series 1997, dated September 11, 1997.

167484GF5 167484GD0

\$426,600,000 City of Chicago General Obligation Project and Refunding Series 1998, dated April 1, 1998.

167484HZ0 167484JC9

\$213,110,000 City of Chicago General Obligation Emergency Telephone System Refunding Series 1999, dated March 15, 1999.

167484MQ4 167484MR2 167484MS0 167484MT8 167484MU5 167484MV3

\$308,964,431 City of Chicago General Obligation City Colleges of Chicago Series 1999, dated November 15, 1999 (current interest bonds) and November 30, 1999 (capital appreciation bonds).

167484QF4	167484QG2	167484QH0	167484QJ6	167484QK3	167484QL1
167484QM9	167484QN7	167484QP2	167484QQ0	167484QR8	167484QS6
167484QT4	167484QU1	167484QV9	167484QV9	167484QW7	167484QX5
167484QY3	167484QZ0	167484RA4	167484RB2	167484RC0	167484RD8
167484RE6					

\$254,293,130 City of Chicago General Obligation Series 2000A, dated February 1, 2000 (current interest bonds) and February 9, 2000 (capital appreciation bonds).

167484SN5	167484SP0	167484SQ8	167484SR6	167484SS4
167484ST2	167484SU9			

\$491,760,263 City of Chicago General Obligation Project and Refunding Series 2001A, dated March 28, 2001.

167484YK4	167484YL2	167484ZS6	167484ZT4	167484YN8	167484YP3
167484YQ1	167484YR9	167484YS7	167484YT5	167484YU2	167484YV0
167484YW8	167484YX6	167484YY4	167484YZ1	167484ZA5	167484ZB3
167484ZC1	167484ZD9	167484ZE7	167484ZF4	167484ZG2	167484ZH0

\$169,765,000 City of Chicago General Obligation Project and Refunding Series 2002A, dated June 13, 2002.

167484H64	167484H72	167484H80	167484H98	167484J21	167484J39
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\$157,990,000 City of Chicago General Obligation Project and Refunding Series 2003A, dated April 3, 2003.

167484P65	167484N59	167484N67	167484N75	167484N83	167484N91
167484P24	167484P32	167484P40	167484P57		

\$176,890,000 City of Chicago General Obligation Project Series 2003C, dated November 13, 2003.

167484X33	167484X41	167484X58	167484X66	167484Y40
167484X74	167484X82	167484X90	167484Y24	167484Y32

\$103,140,000 City of Chicago General Obligation (Neighborhoods Alive 21 Program)
Series 2003, dated December 4, 2003.

1674842T0

\$64,665,000 City of Chicago General Obligation (Emergency Telephone System)
Taxable Series 2004, dated June 24, 2004.

1674843J1 1674843K8

\$408,110,000 City of Chicago General Obligation Project and Refunding Series 2004A,
dated August 24, 2004.

1674844K7	1674843Q5	1674844L5	1674843R3	1674844M3	1674843S1
1674844N1	1674843T9	1674844P6	1674843U6	1674844Q4	1674843V4
1674844R2	1674843W2	1674844S0	1674843X0	1674844T8	1674843Y8
1674844U5	1674843Z5	1674844A9	1674844B7	1674844C5	1674844D3
1674844E1					

\$441,090,000 City of Chicago General Obligation Refunding Series 2005A, dated March
16, 2005.

167485BW0	167485BX8	167485BY6	167485BZ3	167485CA7	167485CB5
167485CC3	167485CD1	167485CE9	167485CF6	167485CG4	167485CH2
167485CJ8	167485CK5	167485CL3	167485CM1	167485CN9	167485CP4
167485CQ2	167485CR0				

\$300,350,000 City of Chicago General Obligation Project and Refunding Series 2005B,
dated August 17, 2005.

167485HF1	167485HG9	167485HH7	167485HJ3	167485HK0	167485HL8
167485HM6	167485HN4	167485HP9	167485HQ7	167485HR5	167485HS3
167485HT1	167485HU8	167485HV6	167485HW4	167485HX2	167485HY0

\$38,925,000 City of Chicago General Obligation Project and Refunding Series 2005C,
dated August 17, 2005.

167485JK8 167485JL6

\$22,639,000 City of Chicago General Obligation Direct Access Series 2005-1A, dated October 6, 2005.

167485KN0 167485KG5 167485KZ3

\$21,064,000 City of Chicago General Obligation Direct Access Series 2005-1B, dated October 6, 2005.

167485KE0 167485KX8 167485KR1 167485MU2

\$15,658,000 City of Chicago General Obligation Direct Access Series 2005-2A, dated October 6, 2005.

167485KM2 167485KW0 167485KH3

\$9,876,000 City of Chicago General Obligation Direct Access Series 2005-2B, dated October 6, 2005.

167485NE7 167485KF7 167485NJ6 167485NA5

\$12,201,000 City of Chicago General Obligation Direct Access Series 2005-3A, dated October 6, 2005.

167485KY6 167485NG2 167485NR8 167485NK3 167485NN7

\$7,115,000 City of Chicago General Obligation Direct Access Series 2005-3B, dated October 6, 2005.

167485NP2 167485NQ0 167485NT4

\$17,357,000 City of Chicago General Obligation Direct Access Series 2005-3C, dated October 6, 2005.

167485NW7 167485PB1 167485NX5 167485NM9 167485KQ3
167485NY3

\$8,785,000 City of Chicago General Obligation Direct Access Series 2005-3D, dated October 6, 2005.

167485NF4 167485PJ4

\$12,795,000 City of Chicago General Obligation Direct Access Series 2006-1A, dated February 9, 2006.

167485PM7 167485PF2 167485PG0 167485PN5

\$9,525,000 City of Chicago General Obligation Direct Access Series 2006-1B, dated February 9, 2006.

167485PE5 167485NL1 167485PH8

\$9,525,000 City of Chicago General Obligation Direct Access Series 2006-1C, dated February 9, 2006.

167485PS4 167485PU9

\$4,988,000 City of Chicago General Obligation Direct Access Series 2006-1D, dated February 9, 2006.

167485PT2 167485PX3

\$582,435,000 City of Chicago General Obligation Project and Refunding Series 2006A, dated March 29, 2006.

167485QP9 167485QQ7 167485QR5 167485QS3 167485QT1 167485QU8
167485QV6 167485QW4 167485QX2 167485QY0 167485QZ7 167485RA1
167485RB9 167485RC7 167485RD5 167485RE3 167485RF0 167485RG8
167485RH6 167485RJ2 167485RK9 167485RL7

\$67,560,000 City of Chicago General Obligation Taxable Series 2006B, dated March 29, 2006.

167485RV5

\$29,090,000 City of Chicago General Obligation (Modern Schools Across Chicago)
Series 2007A, dated January 30, 2007.

167485UH2 167485UJ8 167485UK5

\$60,595,000 City of Chicago General Obligation (Modern Schools Across Chicago)
Series 2007B, dated January 30, 2007.

167485UT6 167485UU3 167485UV1 167485UW9 167485UX7 167485UY5

\$30,765,000 City of Chicago General Obligation (Modern Schools Across Chicago)
Series 2007C, dated January 30, 2007.

167485VG3 167485VH1

\$70,125,000 City of Chicago General Obligation (Modern Schools Across Chicago)
Series 2007D, dated January 30, 2007.

167485VR9 167485VS7 167485VT5 167485VU2 167485VV0

\$8,735,000 City of Chicago General Obligation (Modern Schools Across Chicago) Series
2007E, dated January 30, 2007.

167485WD9 167485WE7 167485WF4 167485WG2

\$6,420,000 City of Chicago General Obligation (Modern Schools Across Chicago) Series
2007F, dated January 30, 2007.

167485YW5 167485YX3 167485YY1 167485YZ8

\$39,580,000 City of Chicago General Obligation (Modern Schools Across Chicago)
Series 2007G, dated January 30, 2007.

167485WQ0 167485WR8 167485WS6

\$28,310,000 City of Chicago General Obligation (Modern Schools Across Chicago)
Series 2007H, dated January 30, 2007.

167485XA4 167485XB2 167485XC0

\$46,515,000 City of Chicago General Obligation (Modern Schools Across Chicago) Series 2007I, dated January 30, 2007.

167485XL0 167485XM8 167485XN6 167485XP1 167485XQ9 167485XR7
167485XS5 167485XT3

\$28,830,000 City of Chicago General Obligation (Modern Schools Across Chicago) Series 2007J, dated January 30, 2007.

167485YB1 167485YC9 167485YD7

\$7,040,000 City of Chicago General Obligation (Modern Schools Across Chicago) Series 2007K, dated January 30, 2007.

167485YM7 167485YN5

\$39,110,000 City of Chicago General Obligation (City Colleges of Chicago Capital Improvement Project) Series 2007, dated March 28, 2007.

167485ZT1 167485ZU8 167485ZV6 167485ZW4 167485ZX2 167485ZY0

\$547,590,000 City of Chicago General Obligation and Project Series 2007A, dated May 16, 2007.

167485A84 167485A92 167485B26 167485B34 167485B59 167485B67
167485B75 167485B83 167485B91 167485C25 167485C33 167485C41
167485C58 167485C66 167485C74 167485C82 167485C90 167485D32
167485D40 167485D57 167485D65 167485D73 167485D81 167485D99

\$42,000,000 City of Chicago General Obligation Taxable Series 2007B, dated May 16, 2007.

167485E80

\$312,540,000 City of Chicago General Obligation Project and Refunding Series 2007C, dated November 8, 2007.

167485Q20 167485Q38 167485Q46 167485Q53 167485Q61 167485Q79
167485Q87 167485Q95 167485R29 167485R37 167485R45 167485R52
167485R60 167485R78 167485R86 167485R94 167485S28 167485S36
167485S44 167485S51

\$18,350,000 City of Chicago General Obligation Taxable Series 2007D, dated November 8, 2007.

167485T27 167485T35 167485T43 167485T50

\$350,950,000 City of Chicago General Obligation Refunding Series 2008A, dated June 26, 2008.

1674855C1 1674855D9 1674855E7 1674855F4 1674855G2 1674855H0
1674855J6 1674855K3 1674855L1 1674855M9 1674855N7 1674855P2
1674855Q0 1674855R8 1674855S6 1674855T4 1674855U1

\$122,755,000 City of Chicago General Obligation Taxable Project and Refunding Series 2008B, dated June 26, 2008.

1674856B2 1674856C0 1674856D8 1674856E6 1674856F3

\$156,915,000 City of Chicago General Obligation Taxable Project and Refunding Series 2008E, dated January 28, 2009.

167486FA2

\$66,100,000 City of Chicago General Obligation Library Series 2008D, dated January 28, 2009.

167486EA3 167486EB1 167486EC9 167486ED7 167486EE5 167486EF2
167486EG0 167486EH8 167486EJ4 167486EK1 167486EL9 167486EM7
167486EN5 167486EP0 167486EQ8 167486ER6 167486ES4 167486ET2
167486EU9 167486EV7 167486EW5 167486EX3 167486EY1 167486EZ8

\$388,001,650 City of Chicago General Obligation Project and Refunding Series 2008C, dated January 28, 2009.

167486DA4 167486DC0 167486DE6 167486DG1 167486DJ5
167486DL0 167486DM8 167486DS5 167486DT3 167486CY3
167486CZ0 167486DB2 167486DD8 167486DF3 167486DH9
167486DK2 167486DN6 167486DP1 167486DQ9 167486DR7

\$401,920,000 City of Chicago General Obligation Refunding Series 2009A, dated January 27, 2010.

167486GN3	167486HA0	167486GP8	167486HB8	167486GQ6
167486GR4	167486HC6	167486GS2	167486HD4	167486GT0
167486HE2	167486GU7	167486GV5	167486HK8	167486GW3
167486HF9	167486GX1	167486HH5	167486HG7	167486GY9
167486GZ6	167486HJ1			

\$159,855,000 City of Chicago General Obligation Taxable Project and Refunding Series 2009B, dated January 27, 2010.

167486HL6

\$98,320,000 City of Chicago General Obligation Taxable Project (Build America Bonds) Series 2009C, dated January 27, 2010.

167486HM4

\$133,180,000 City of Chicago General Obligation Taxable Project (Recovery Zone Economic Development Bonds) Series 2009D, dated January 27, 2010.

167486HN2

\$92,280,000 City of Chicago General Obligation (Modern Schools Across Chicago Program) Series 2010A, dated August 26, 2010.

167486LL1	167486LM9	167486LQ0	167486LT4	167486LR8
167486LS6	167486LU1	167486LV9	167486LW7	167486LX5
167486LY3				

\$57,835,000 City of Chicago General Obligation (Modern Schools Across Chicago Program) Series 2010B, dated August 26, 2010.

167486LZ0	167486MA4	167486MB2	167486MC0	167486MD8
167486ME6	167486MF3	167486MG1		

\$213,555,000 City of Chicago General Obligation Taxable Project (Build America Bonds) Series 2010B, dated December 14, 2010.

167486MK2

\$299,340,000 City of Chicago General Obligation Taxable Project Series 2010C1, dated January 26, 2011.

167486MM8

\$210,640,000 City of Chicago General Obligation Project Series 2011A, dated November 30, 2011.

167486NE5 167486NF2 167486NG0

\$205,705,000 City of Chicago General Obligation Taxable Project Series 2011B, dated November 30, 2011.

167486NN5

\$179,905,000 City of Chicago General Obligation Project Series 2012A, dated May 30 2012.

167486PE3 167486PF0

\$307,975,000 City of Chicago General Obligation Taxable Project and Refunding Series 2012B, dated May 30, 2012.

167486PG8

\$106,970,000 City of Chicago General Obligation Refunding Series 2012C, dated May 30, 2012.

167486PH6 167486PT0 167486PJ2 167486PU7 167486PK9
167486PV5 167486PL7 167486PW3 167486PM5 167486PX1
167486PN3 167486PP8 167486PQ6 167486PR4 167486PS2

\$432,630,000 City of Chicago General Obligation Bonds, Project and Refunding Series 2014A, dated March 24, 2014.

167486SE0 167486SF7 167486SG5 167486SH3 167486SJ9 167486SK6
167486SL4 167486TA7 167486SM2 167486SN0 167486SP5 167486SW0
167486SQ3 167486SR1 167486SZ3 167486SY6 167486SS9 167486ST7
167486SU4 167486SV2 167486SX8

\$450,790,000 City of Chicago General Obligation Taxable Project and Refunding Series 2014B, dated March 24, 2014.

167486SD2

SALES TAX REVENUE BONDS

\$ 125,000,000 City of Chicago Sales Tax Revenue Refunding Series 1998, dated April 1, 1998.

16768TBX1

\$142,825,000 City of Chicago Sales Tax Revenue Refunding Series 2005, dated June 16, 2005.

16768TEU4 16768TEV2 16768TEW0 16768TEX8 16768TEY6 16768TEZ3
16768TFB5 16768TFC3 16768TFD1 16768TFE9 16768TFF6 16768TFG4
16768TFJ8

\$68,730,000 City of Chicago Sales Tax Revenue Refunding Series 2009A, dated October 21, 2009.

16768THL1 16768THM9 16768THN7 16768THP2 16768THZ0
16768THQ0 16768THR8 16768THS6 16768THT4 16768THU1
16768THV9 16768THW7 16768THX5 16768THY3

\$2,150,000 City of Chicago Sales Tax Revenue Refunding Series 2009B, dated October 21, 2009

16768TJA3

\$20,012,392.35 City of Chicago Sales Tax Revenue Refunding Taxable Series 2009C, dated October 21, 2009.

16768TJB1 16768TJC9 16768TJD7 16768TJE5 16768TJF2
16768TJG0

\$214,340,000 City of Chicago Sales Tax Revenue Refunding Series 2011A, dated November 1, 2011.

16768TJK1 16768TJL9 16768TJJ4

\$18,565,000 City of Chicago Sales Tax Revenue Refunding Taxable Series 2011B, dated November 1, 2011.

16768TJH8

MOTOR FUEL TAX REVENUE BONDS

\$62,900,000 City of Chicago Motor Fuel Tax Revenue Bonds Series 2008A dated March 12, 2008

16756KCS4	16756KCT2	16756KCU9	16756KCV7	16756KCW5
16756KCX3	16756KCY1	16756KCZ8	16756KDA2	16756KDB0
16756KDC8	16756KDD6	16756KDE4	16756KDF1	16756KDG9

\$3,735,000 City of Chicago Motor Fuel Tax Revenue Refunding Bonds Series 2008B dated March 12, 2008

16756KDH7 16756KDJ3

\$105,895,000 City of Chicago Motor Fuel Revenue Refunding Bonds Series 2013 (Issue of June 2014) dated June 19, 2014.

16756KDV6	16756KDW4	16756KDX2	16756KDY0	16756KDZ7
16756KEA1	16756KEB9	16756KEC7	16756KED5	16756KEE3
16756KEF0	16756KEG8	16756KEH6	16756KEJ2	16756KEK9
16756KEL7	16756KEM5	16756KEN3	16756KEP8	

WASTEWATER SENIOR AND SECOND LIEN REVENUE BONDS

\$62,423,000 City of Chicago Wastewater Revenue Bonds Refunding Series 1998A, dated April 7, 1998.

167727HF6	167727HG4	167727HJ8	167727HM1	167727HN9	167727HP4
167727HQ2	167727HR0	167727HS8	167727HT6	167727HU3	167727HV1

\$73,100,000 City of Chicago Wastewater Transmission Second Lien Revenue Bonds. Series 2001 dated December 6, 2001.

167727MG8 167727MH6 167727MJ2 167727MK9 167727ML7 167727MM5

\$61,925,000 City of Chicago, Second Lien Wastewater Transmission Revenue Refunding Bonds, Series 2004B dated July 29, 2004.
167727NB8

\$60,000,000 City of Chicago Second Lien Wastewater Transmission Revenue Bonds Series 2006A, dated November 21, 2006.

167727PD2	167727PE0	167727PF7	167727PG5	167727PH3	167727PJ9
167727PK6	167727PL4	167727PM2	167727PN0	167727PP5	

\$95,030,000 Second Lien Wastewater Transmission Revenue Refunding Bonds Series 2006B dated November 21, 2006.

167727PY6	167727PZ3	167727QA7	167727QB5	167727QC3	167727QD1
167727QE9	167727QF6	167727QG4			

\$167,635,000 Second Lien Wastewater Transmission Revenue Bonds Series 2008A, dated November 18, 2008.

167727RS7	167727RT5	167727RU2	167727RV0	167727RW8	167727RX6
167727RY4	167727RZ1	167727SA5	167727SB3	167727SC1	167727SD9
167727SE7	167727SF4	167727SG2	167727SH0	167727SJ6	167727SK3
167727SL1					

\$25,865,000 Second Lien Wastewater Transmission Revenue Refunding Bonds Series 2010A, dated November 16, 2010.

167727SS6	167727SY3	167727ST4	167727SU1	167727SZ0	167727SV9
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\$250,000,000 Second Lien Wastewater Transmission Revenue Project Bonds Taxable Series 2010B (Build America Bonds), dated November 16, 2010.

167727SW7

\$276,470,000 Second Lien Wastewater Transmission Revenue Project Bonds Series 2012, dated September 13, 2012.

167727TD8	167727TW6	167727TE6	167727TX4	167727TF3	167727TY2
167727TG1	167727TZ9	167727TH9	167727UA2	167727TJ5	167727UB0
167727TK2	167727UC8	167727UD6	167727TL0	167727TM8	167727TN6
167727UE4	167727TP1	167727TQ9	167727TR7	167727TS5	167727TT3
167727UF1	167727UG9	167727UH7	167727UJ3	167727TU0	167727UK0

\$292,405,000 Second Lien Wastewater Transmission Revenue Project Bonds Series 2014, dated September 23, 2014.

167727UP9	167727UQ7	167727UR5	167727US3	167727UT1	167727UU8
167727UV6	167727UW4	167727UX2	167727UY0	167727UZ7	167727VA1
167727VB9	167727VC7	167727VD5	167727VE3	167727VF0	167727VG8
167727VH6	167727VJ2	167727VK9			