NEW ISSUE – BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein**

Mayer Brown LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, are of the opinion that under existing law, interest on the Series 2024A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Series 2024A Bonds is not an item of tax preference for purposes of computing individual alternative minimum taxable income. Interest on the Series 2024A Bonds may affect the corporate alternative minimum tax for certain corporations. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors as to the federal, state and local tax consequences of their acquisition, ownership or disposition of, or the accrual or receipt of interest on the Series 2024A Bonds. See "TAX MATTERS" herein.

$658,835,000
CHICAGO TRANSIT AUTHORITY
SALES TAX RECEIPTS REVENUE REFUNDING BONDS
SERIES 2024A

Dated: Date of Issuance **Due: December 1, as shown on the inside front cover**

The Chicago Transit Authority (the "Authority") is issuing $658,835,000 aggregate principal amount of Sales Tax Receipts Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds"). The Series 2024A Bonds are being issued pursuant to a Trust Indenture dated as of March 1, 2010 (the "2010 Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, Chicago, Illinois, as trustee (the "Trustee"), as supplemented and amended to the date hereof, and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of December 1, 2024, by and between the Authority and the Trustee (the "Fifth Supplemental Indenture," and the 2010 Indenture as so supplemented and amended, the "Indenture").

The Series 2024A Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of Series 2024A Bonds will be made in denominations of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Series 2024A Bonds will not receive physical bonds representing their beneficial ownership in the Series 2024A Bonds but will receive a credit balance on the books of their respective DTC Participants or DTC Indirect Participants. The Series 2024A Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein.

Interest and principal of the Series 2024A Bonds are payable to Cede & Co. Such interest and principal payments are to be disbursed to the beneficial owners of the Series 2024A Bonds through their respective DTC Participants or DTC Indirect Participants. Interest on the Series 2024A Bonds is payable on June 1 and December 1 of each year commencing on June 1, 2025.

The Series 2024A Bonds are subject to optional redemption and mandatory sinking fund redemption. See "DESCRIPTION OF THE SERIES 2024A BONDS—Redemption" herein.

The Series 2024A Bonds are limited obligations of the Authority payable solely from Sales Tax Receipts on a parity basis to the claim on such Sales Tax Receipts by First Lien Parity Obligations as described herein and on a senior lien basis to the claim on such Sales Tax Receipts by Second Lien Obligations as described herein. See "SECURITY FOR THE SERIES 2024A BONDS—Pledge of Security."

The proceeds from the sale of the Series 2024A Bonds will be used, together with certain funds of the Authority, to (i) refund all or a portion of the Authority's outstanding Sales Tax Receipts Revenue Bonds, Series 2014 (the "Series 2014 Bonds"), (ii) fund the purchase price of certain of the Authority's outstanding Sales Tax Receipts Revenue Refunding Bonds, Series 2020B (Taxable) (the "Series 2020B Bonds") that are tendered and accepted for purchase by the Authority (the "Purchased Bonds," as detailed herein), and (iii) pay the costs of issuance related thereto. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein.

The Series 2024A Bonds are not, and shall not be or become, an indebtedness or obligation of the State of Illinois (the "State"), the Regional Transportation Authority or any political subdivision of the State (other than the Authority) or of any municipality within the State, nor shall any Series 2024A Bonds be or become an indebtedness of the Authority within the purview of any constitutional limitation or provision. The Series 2024A Bonds do not have a lien on and are not secured by any physical properties of the Authority. The Authority has no taxing power.

The maturities, principal amounts, interest rates, yields, prices and CUSIP® numbers of the Series 2024A Bonds are set forth on the inside front cover page of this Official Statement.

The Series 2024A Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of validity thereof by Mayer Brown LLP, Chicago, Illinois, and Hardwick Law Firm, LLC, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Katten Muchin Rosenman LLP, Chicago, Illinois, Underwriters' Counsel, and for the Authority by its General Counsel and by Thompson Coburn LLP, Chicago, Illinois, Disclosure Counsel. The Series 2024A Bonds are expected to be delivered through the facilities of DTC in New York, New York on or about December 19, 2024.

Jefferies

RBC Capital Markets **Siebert Williams Shank** **Stifel, Nicolaus & Company, Incorporated**

Academy Securities **Bancroft Capital** **Barclays** **Estrada Hinojosa**

Goldman Sachs & Co. LLC **Janney Montgomery Scott LLC** **Loop Capital Markets** **Ramirez & Co., Inc.**

December 10, 2024

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

$658,835,000
CHICAGO TRANSIT AUTHORITY

SALES TAX RECEIPTS REVENUE REFUNDING BONDS
SERIES 2024A

MATURITY (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE	YIELD	CUSIP†
2025	$ 6,660,000	5.000%	102.008	2.840%	16772PDT0
2026	6,880,000	5.000%	104.242	2.750	16772PDU7
2027	12,220,000	5.000%	106.361	2.740	16772PDV5
2028	4,925,000	5.000%	108.132	2.810	16772PDW3
2029	12,240,000	5.000%	110.053	2.810	16772PDX1
2030	7,220,000	5.000%	111.630	2.860	16772PDY9
2031	4,150,000	5.000%	113.063	2.910	16772PDZ6
2032	695,000	5.000%	113.823	3.030	16772PEA0
2033	5,100,000	5.000%	115.255	3.040	16772PEB8
2034	7,855,000	5.000%	115.787	3.140	16772PEC6
2035	12,620,000	5.000%	115.141*	3.210	16772PED4
2036	11,475,000	5.000%	114.499*	3.280	16772PEE2
2037	12,050,000	5.000%	113.952*	3.340	16772PEF9
2038	12,655,000	5.000%	113.319*	3.410	16772PEG7
2039	13,290,000	5.000%	112.868*	3.460	16772PEH5
2040	13,960,000	5.000%	112.331*	3.520	16772PEJ1
2041	46,690,000	5.000%	111.708*	3.590	16772PEK8
2042	49,025,000	5.000%	111.000*	3.670	16772PEL6
2043	51,480,000	5.000%	110.211*	3.760	16772PEM4
2044	54,050,000	5.000%	109.689*	3.820	16772PEN2

$313,595,000, 5.000%, Term Bond due December 1, 2049, Yield 4.080%,
Price 107.460*, CUSIP† 16772PEP7

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*Priced to the December 1, 2034 first optional call date.

CHICAGO TRANSIT AUTHORITY

CHICAGO TRANSIT BOARD

Lester L. Barclay, Chairman
Michael Eaddy, Vice Chairman
Reverend Dr. L. Bernard Jakes
Neema Jha
Michele Lee
Rosa Y. Ortiz, AICP
Roberto Requejo

OFFICERS

Dorval R. Carter Jr., President
Thomas J. McKone, Chief Financial Officer and Treasurer
Kent S. Ray, General Counsel
Georgette L. Greenlee, Secretary

CO-BOND COUNSEL

Mayer Brown LLP
Chicago, Illinois

Hardwick Law Firm, LLC
Chicago, Illinois

DISCLOSURE COUNSEL

Thompson Coburn LLP
Chicago, Illinois

UNDERWRITERS' COUNSEL

Katten Muchin Rosenman LLP
Chicago, Illinois

MUNICIPAL ADVISORS

Acacia Financial Group, Inc.
Chicago, Illinois

Mohanty Gargiulo LLC
New York, New York

This Official Statement does not constitute an offer to sell the Series 2024A Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the Series 2024A Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2024A Bonds. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been obtained from the Authority and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority or the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. No representation, warranty or guarantee is made by the Municipal Advisors as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Authority, the Underwriters or the Municipal Advisors.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties, including but not limited to those described under "CERTAIN INVESTMENT CONSIDERATIONS," that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the amount of Sales Tax Receipts received include, among others, changes in political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, natural disasters, and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements include, but are not limited to, certain statements contained in the information contained under the captions "PLAN OF FINANCE – Future Financings," "SALES TAX RECEIPTS," "DEBT SERVICE COVERAGE," "FINANCIAL INFORMATION," "CAPITAL IMPROVEMENT PROGRAM" and "CERTAIN INVESTMENT CONSIDERATIONS," and such statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The Series 2024A Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

In connection with this offering, the Underwriters may overallot or effect transactions that stabilize or maintain the market prices of the Series 2024A Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2024A Bonds to certain dealers and others at prices lower than the public offering prices stated on the inside front cover page of this Official Statement, and such public offering prices may be changed from time to time by the Underwriters.

CHICAGO TRANSIT AUTHORITY SYSTEM MAP

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SUMMARY

This Summary does not purport to be complete and is subject to the more detailed information contained in this Official Statement. Capitalized terms used and not defined in this Summary are defined in APPENDIX A — "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Definitions of Certain Terms."

The Authority...................... The Chicago Transit Authority (the "Authority") operates one of the nation's largest public transportation systems (the "Transportation System"), providing mass transit services within the City of Chicago and 35 surrounding suburbs. The service area of the Authority has a population of approximately 3.2 million. Historically, the Authority has carried over 81 percent, and currently carries approximately 84 percent, of the public transit riders in the six-county northeastern Illinois region ("Northeastern Illinois Transit Region"), which includes the Counties of Cook, DuPage, Kane, Lake, McHenry and Will. Transit services provided by the Authority are part of the regional public mass transportation service system in the Northeastern Illinois Transit Region provided through the independent operations of the Authority, the Commuter Rail Division ("Metra") of the Regional Transportation Authority (the "RTA"), and the Suburban Bus Division ("Pace") of the RTA (the Authority, Metra and Pace are collectively referred to as the "Service Boards"). For additional information regarding the Authority, see "THE AUTHORITY" herein.

Regional Transportation Authority.............................. The RTA oversees public transportation in the Northeastern Illinois Transit Region pursuant to powers and authority granted under the Regional Transportation Authority Act (the "RTA Act") of the State of Illinois (the "State"). The RTA provides funding, planning and fiscal oversight for the Service Boards in part through the imposition of sales taxes throughout the Northeastern Illinois Transit Region. The RTA Act vests responsibility for operating budget and financial oversight of the Service Boards with the RTA and responsibility for operations and day-to-day management of rail and bus service rests with the Service Boards. See "THE REGIONAL TRANSPORTATION AUTHORITY— RTA Oversight" herein.

Series 2024A Bonds............ The Series 2024A Bonds are being issued pursuant to a Trust Indenture dated as of March 1, 2010 (the "2010 Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, Chicago, Illinois, as trustee (the "Trustee"), as supplemented and amended to the date hereof, and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of December 1, 2024, by and between the Authority and the Trustee (the "Fifth Supplemental Indenture," and the 2010 Indenture, as so supplemented and amended, the "Indenture").

Use of Proceeds................... The proceeds from the sale of the Series 2024A Bonds will be used, together with certain funds of the Authority, to (i) refund all or a portion of the Authority's outstanding Sales Tax Receipts Revenue Bonds, Series 2014 (the "Series 2014 Bonds"),; (ii) fund the purchase price of certain of the Authority's outstanding Sales Tax Receipts Revenue Refunding Bonds, Series 2020B (Taxable) (the "Series 2020B Bonds") that are tendered and accepted for purchase by the Authority (the "Purchased Bonds," as detailed herein), and (iii) pay the costs of issuance related thereto. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein.

Payment of Interest............ Interest on the Series 2024A Bonds, is payable on June 1 and December 1 of each year commencing on June 1, 2025. Interest is computed on the basis of a 360-day year consisting of twelve 30-day months at the rates set forth on the inside front cover of this Official Statement.

Redemption.......................... The Series 2024A Bonds are subject to optional redemption and mandatory sinking fund redemption. See "DESCRIPTION OF THE SERIES 2024A BONDS—Redemption" herein.

Source of Payment .... The principal of and interest on the Series 2024A Bonds are payable from Sales Tax Receipts deposited into the Sales Tax Receipts Fund maintained by the Authority under the Trust Indenture dated July 1, 2008, as supplemented, by and between the Authority and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, as trustee. See "SOURCES OF PAYMENT OF THE SERIES 2024A BONDS" and "SECURITY FOR THE SERIES 2024A BONDS" herein.

Sales Tax Receipts.............. Sales Tax Receipts consist of all amounts received by the Authority from the RTA under the RTA Act, and include the Authority's share of (i) sales and use taxes imposed by the RTA and collected by the State throughout the Northeastern Illinois Transit Region ("RTA Sales Tax"), (ii) sales and use taxes imposed and collected by the State and allocated to the RTA ("State Sales Tax"), and (iii) State funds dedicated to public transportation received by the RTA ("Public Transportation Funds").

The collection and distribution by the State of the RTA Sales Tax, State Sales Tax, and Public Transportation Funds represent irrevocable and continuing appropriations by the Illinois General Assembly.

See "SALES TAX RECEIPTS" herein.

Security for the Series 2024A Bonds........................ The Series 2024A Bonds are secured by the (i) Sales Tax Receipts deposited into the Sales Tax Receipts Fund and all moneys, securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established under the Indenture, on a parity with all amounts due on the First Lien Parity Obligations, and (ii) any and all other moneys and securities furnished from time to time to the Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Trustee under the terms of the Indenture. See "SECURITY FOR THE SERIES 2024A BONDS" herein.

The Fifth Supplemental Indenture establishes with the Trustee a separate and segregated Sub-Fund designated the "Series 2024A Dedicated Sub-Fund." Moneys on deposit in the Series 2024A Dedicated Sub-Fund, and in each Account established therein, are to be held in trust by the Trustee for the sole and exclusive benefit of the Owners of the Series 2024A Bonds and shall not be used or available for the payment of any other First Lien Parity Obligations, except as otherwise provided in the Indenture.

The Series 2024A Bonds will not be secured by a debt service reserve fund.

Additional First Lien Parity Obligations........................... The Authority may issue additional series of First Lien Parity Obligations pursuant to the 2008 Indenture (as defined herein) or the 2010 Indenture for the purpose of financing any lawful project or purpose of the Authority. Such additional First Lien Parity Obligations may be issued only upon delivery to the Trustee, among other things, of a certificate of the Authority stating the aggregate amount of all Sales Tax Receipts received by the Authority for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Series were at least equal to 200 percent of the Maximum Annual Coverage Requirement for the First Lien Parity Obligations as of the time immediately following the issuance of such Series. See "SECURITY FOR THE SERIES 2024A BONDS — Additional Sales Tax Receipts Obligations" herein.

Limited Obligation.............. The Series 2024A Bonds are limited obligations of the Authority payable solely from the sources pledged for their payment in accordance with the Indenture. The Series 2024A Bonds are not, and shall not be or become, an indebtedness or obligation of the State, the RTA or any political subdivision of the State (other than the Authority) or of any municipality within the State nor shall any Series 2024A Bonds be or become an indebtedness of the Authority within the purview of any constitutional limitation or provision. The Series 2024A Bonds do not have a lien on and are not secured by any physical properties of the Authority. The Authority has no taxing power.

Authority Pension Obligations........................... The Authority maintains a retirement plan that provides pension benefits to participating employees. The annual amounts the Authority contributes to the retirement plan are determined by the Illinois Pension Code (the "Pension Code"). Under the Pension Code, the Authority is required to achieve and maintain statutorily-determined funding levels. If actual funding levels fall below the levels mandated by the Pension Code, the Authority is required to make additional annual contributions set by the Pension Code in order to achieve the funding targets. The Authority has never failed to make its required contributions to the retirement plan. See "PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS" herein and APPENDIX

F—"PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE."

Ratings	Standard & Poor's Global Ratings ("S&P") and Kroll Bond Rating Agency ("KBRA") have assigned the Series 2024A Bonds ratings of "AA" and "AA", respectively. See "RATINGS" herein.
Investment Considerations......................	There are a number of factors associated with owning the Series 2024A Bonds that prospective purchasers should consider prior to purchasing the Series 2024A Bonds. For a discussion of certain of these factors, see "CERTAIN INVESTMENT CONSIDERATIONS" herein.
Book-Entry Form and Denominations......................	The Series 2024A Bonds will be issued in fully registered book-entry form in denominations of $5,000 or any integral multiple thereof.
Tax Matters	Mayer Brown LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, are of the opinion that under existing law, interest on the Series 2024A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Series 2024A Bonds is not an item of tax preference for purposes of computing individual alternative minimum taxable income. Interest on the Series 2024A Bonds may affect the corporate alternative minimum tax for certain corporations. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors as to the federal, state and local tax consequences of their acquisition, ownership or disposition of, or the accrual or receipt of interest on the Series 2024A Bonds. See "TAX MATTERS" herein.
Delivery of Series 2024A Bonds	The Series 2024A Bonds are expected to be available for delivery at DTC in New York, New York, on or about December 19, 2024.
Legal Matters	Certain legal matters will be passed upon for the parties to the financing by their respective counsel as set forth on the cover page to this Official Statement.
Additional Information	Additional information may be obtained upon request to: Tom McKone, Chief Financial Officer and Treasurer, Chicago Transit Authority, 567 West Lake Street, Chicago, Illinois 60661; phone: (312) 681-3400; email: TMcKone@transitchicago.com.

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OFFICIAL STATEMENT

$658,835,000
CHICAGO TRANSIT AUTHORITY
SALES TAX RECEIPTS REVENUE REFUNDING BONDS
SERIES 2024A

INTRODUCTION

The purpose of this Official Statement, which includes the appendices hereto, is to set forth certain information concerning the issuance by the Chicago Transit Authority (the "Authority") of $658,835,000 aggregate principal amount of its Sales Tax Receipts Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds"). All capitalized terms used and not otherwise defined in this Official Statement shall have the meanings assigned to such terms in APPENDIX A—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions of Certain Terms."

The Authority and the RTA

The Authority operates public transit services within the City of Chicago (the "City," "Chicago" or "City of Chicago") and 35 surrounding suburbs. Transit services provided by the Authority are part of the regional public mass transportation service system in northeastern Illinois (the "Northeastern Illinois Transit Region") provided through the independent operations of the Authority, the Commuter Rail Division ("Metra") of the Regional Transportation Authority (the "RTA"), and the Suburban Bus Division ("Pace") of the RTA (the Authority, Metra and Pace are collectively referred to as the "Service Boards"). The RTA, which is governed by the Regional Transportation Authority Act, as amended (70 ILCS 3615/1 *et seq.*) (the "RTA Act") oversees public transportation, including the Authority, in the six-county Northeastern Illinois Transit Region, which includes the County of Cook ("Cook County") and the Counties of DuPage, Kane, Lake, McHenry and Will (the "Collar Counties"), and provides funding for the Authority and the other Service Boards from sales tax revenue and other funds provided by the State of Illinois (the "State") and distributed to the RTA. See "THE AUTHORITY" and "THE REGIONAL TRANSPORTATION AUTHORITY" herein.

Bond Authorization and Indenture

The Series 2024A Bonds are authorized and are being issued pursuant to the laws of the State, including the Metropolitan Transit Authority Act, as amended (70 ILCS 3605/1 *et seq.*) (the "MTA Act"), the Local Government Debt Reform Act, as amended (30 ILCS 350/1 *et seq.*) (the "Debt Reform Act"), and an ordinance adopted by the Chicago Transit Board, the Authority's governing body (the "Chicago Transit Board"), on November 13, 2024 (the "Bond Ordinance"). The Series 2024A Bonds are being issued pursuant to a Trust Indenture dated as of March 1, 2010 (the "2010 Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, Chicago, Illinois, as trustee (the "Trustee"), as supplemented and amended to the date hereof, and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of December 1, 2024, by and between the Authority and the Trustee (the "Fifth Supplemental Indenture," and the 2010 Indenture as so supplemented and amended, the "Indenture").

The Series 2024A Bonds and Use of Proceeds

The proceeds from the sale of the Series 2024A Bonds will be used, together with certain funds of the Authority, to (i) refund all or a portion of the Authority's outstanding Sales Tax Receipts Revenue Bonds, Series 2014 (the "Series 2014 Bonds"), (ii) fund the purchase price of certain of the Authority's outstanding Sales Tax Receipts Revenue Refunding Bonds, Series 2020B (Taxable) (the "Series 2020B Bonds") that are tendered and accepted for purchase by the Authority (the "Purchased Bonds"), and (iii) pay the costs of issuance related thereto. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein.

Security for the Series 2024A Bonds

The Series 2024A Bonds are limited obligations of the Authority payable solely (i) from Sales Tax Receipts (as defined herein) on a parity with all amounts due on the First Lien Parity Obligations (as defined herein), and (ii) any and all other moneys and securities furnished from time to time to the Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Trustee under the terms of the Indenture. From time to time, the Authority may issue one or more additional series of First Lien Parity Obligations and Second Lien Bonds as authorized by the Indenture. The Series 2024A Bonds will not be secured by a debt service reserve fund.

Sales Tax Receipts consist of all amounts received by the Authority from the RTA under the RTA Act, and include the Authority's share of (i) sales and use taxes imposed by the RTA and collected by the State throughout the Northeastern Illinois Transit Region ("RTA Sales Tax"), (ii) sales and use taxes imposed and collected by the State and allocated to the RTA ("State Sales Tax"), and (iii) State funds dedicated to public transportation received by the RTA ("Public Transportation Funds"). The RTA Sales Tax, the State Sales Tax and the Public Transportation Funds received by the RTA are referred to herein as the "Sales Tax Sources," and the amounts received by the Authority from the RTA Sales Tax, the State Sales Tax and the Public Transportation Funds are referred to herein as the "Sales Tax Receipts." See "SALES TAX RECEIPTS" herein.

The Series 2024A Bonds are not, and shall not be or become, an indebtedness or obligation of the State, the RTA or any political subdivision of the State (other than the Authority) or of any municipality within the State nor shall any Series 2024A Bonds be or become an indebtedness of the Authority within the purview of any constitutional limitation or provision. The Series 2024A Bonds do not have a lien on and are not secured by any physical properties of the Authority. The Authority has no taxing power.

See "SOURCES OF PAYMENT OF THE SERIES 2024A BONDS" and "SECURITY FOR THE SERIES 2024A BONDS" herein.

Authority Budgets and Financial Information and RTA Oversight

The RTA Act vests responsibility for operating budget and financial oversight for the Authority, Metra and Pace with the RTA. The RTA's financial oversight responsibility is implemented principally through the operating budget process, in which each Service Board submits an annual budget and two-year financial plan for approval by the RTA. The RTA then approves the amounts it commits to provide to each of the Service Boards each year (the "Public Funding Marks" or "Marks"). For a discussion of the budget process see the discussion under the heading "THE REGIONAL TRANSPORTATION AUTHORITY."

This Official Statement includes certain financial information of the Authority as follows:

"2020 Actual," "2021 Actual," "2022 Actual," "2023 Actual," are actual revenues and expenses of the Authority sourced from the Authority's audited financial statements and supplemental information for the respective fiscal year.

"2024 Forecast" is forecasted actual revenues and expenses of the Authority for 2024 as included in the CTA 2025 Budget.

"CTA 2024 Budget" is budgeted revenues and expenses included in the Authority's budget for 2024.

"CTA 2025 Budget" is budgeted revenues and expenses included in the Authority's budget for 2025. On November 13, 2024, the Chicago Transit Board approved the CTA 2025 Budget, which remains subject to approval by the RTA Board (defined herein). The CTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

"RTA 2025 Budget" is budgeted revenues and expenses included in the RTA's budget for 2025. The RTA 2025 Budget remains subject to approval by the RTA Board. The RTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

Forward-Looking Statements

Certain statements included in this Official Statement constitute "forward-looking statements." These forward-looking statements speak only as of the earlier of the referenced date of such statement or the date of this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any future results discussed in this Official Statement will be achieved, and actual results may differ materially from the expectations and forecasts described in this Official Statement. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based, occur; unless otherwise required by the terms of its continuing disclosure undertakings or applicable federal securities laws. Information contained in this Official Statement which involves estimates, forecasts, or other matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Official Statement are subject to change without notice and the delivery of this Official Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Authority.

PLAN OF FINANCE

Overview

The Chicago Transit Board has authorized the issuance of the Series 2024A Bonds. The proceeds from the sale of the Series 2024A Bonds will be used, together with certain funds of the Authority, to (i) refund all or a portion of the Authority's Series 2014 Bonds, (ii) fund the purchase price of the Purchased Bonds, and (iii) pay the costs of issuance related thereto. See "SOURCES AND USES OF FUNDS" herein.

Refunding of the Refunded Bonds

A portion of the proceeds of the Series 2024A Bonds is expected to be used to current refund certain Series 2014 Bonds set forth in APPENDIX I – "REFUNDED BONDS" (the "Refunded Bonds"). Prior to the date of issuance and delivery of the Series 2024A Bonds, the Authority will give the Trustee instructions to call the Refunded Bonds on the date of issuance and delivery of the Series 2024A Bonds in the manner required by the indenture securing such Refunded Bonds, which instructions shall be conditioned expressly on the Authority having sufficient funds on such redemption date. The Refunded Bonds will be redeemed at par on the date fixed for redemption and set forth in APPENDIX I.

Purchase of the Purchased Bonds

A portion of the proceeds of the Series 2024A Bonds is expected to be used to pay the purchase price of the Purchased Bonds as set forth in APPENDIX J – "PURCHASED BONDS", on the delivery date of the Series 2024A Bonds.

Future Financings

The Authority expects to issue additional bonds secured by Sales Tax Receipts, as needed from time to time, to fund its ongoing Capital Improvement Program or to refund its outstanding bonds and notes. The issuance of any of such bonds or notes and the timing thereof is dependent on the financing needs of the Authority and market conditions. See the discussion under the heading "CAPITAL IMPROVEMENT PROGRAM."

In addition, the Authority has established a Short-Term CIP Borrowing Program (as defined herein) providing for the issuance of up to $600 million of Second Lien Sales Tax Receipts Revenue Capital Improvement Notes (the "Second Lien CIP Notes") on a revolving basis. The Authority expects to maintain the availability of short-term funding for its capital projects through the issuance of Second Lien CIP Notes under its Short-Term CIP Borrowing Program. See "DEBT OBLIGATIONS—Short-Term CIP Borrowing Program" herein.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount	$658,835,000.00
Net Original Issue Premium	61,449,613.20
Funds of the Authority	356,989.82
Total Sources of Funds	$720,641,603.02
Uses of Funds	
Refunding of the Refunded Bonds	$556,429,839.38
Purchase of the Purchased Bonds	159,595,170.00
Costs of Issuance(1)	4,616,593.64
Total Uses of Funds	$720,641,603.02

(1) Includes Underwriters' discount, legal, rating agencies, administrative and miscellaneous fees, and expenses.

DESCRIPTION OF THE SERIES 2024A BONDS

General

The Series 2024A Bonds will be dated the date of their issuance, bear interest at the rates, and mature at the times and in the principal amounts set forth on the inside front cover of this Official Statement. Interest on the Series 2024A Bonds, is payable on June 1 and December 1 of each year, commencing June 1, 2025. Interest on the Series 2024A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2024A Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2024A Bonds. Ownership interests in the Series 2024A Bonds may be purchased by or through a DTC Participant (as described below) in book-entry form only in denominations of $5,000 or any integral multiple thereof. See APPENDIX G— "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2024A Bonds maturing on or after December 1, 2035, are subject to redemption prior to maturity at the option of the Authority, as a whole, or in part by lot, and upon notice as described below under "— Redemption Procedures," on December 1, 2034, and on any date thereafter at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2024A Bond described below will be subject to mandatory sinking fund redemption as follows.

Term Bond Due December 1, 2049. The Series 2024A Bonds maturing on December 1, 2049 in the original principal amount of $313,595,000 is a Term Bond subject to mandatory redemption at a Redemption Price of par, on December 1 of the following years and in the following principal amounts, each constituting a Sinking Fund Installment for the retirement of the Term Bonds as set forth in the following table:

Term Bond Due December 1, 2049

Year	**Principal Amount**
2045	$56,755,000
2046	59,590,000
2047	62,570,000
2048	65,700,000
2049*	68,980,000

*Final Maturity.

Adjustment of Sinking Fund Installments. In the event of the optional redemption by the Authority of less than all of the Term Bonds of the same maturity, the principal amount so redeemed shall be credited against the unsatisfied balance of future Sinking Fund Installments and the final maturity amount established with respect to such Term Bonds as shall be determined by the Authority in a Certificate of an Authorized Officer filed with the Trustee at the time of such optional redemption or, in the absence of such determination, shall be credited pro-rata against the applicable Sinking Fund Installments and final maturity amount.

Redemption Procedures. In the case of any redemption of Series 2024A Bonds at the election or direction of the Authority, the Authority shall give written notice to the Trustee of its election or direction so to redeem, of the date fixed for redemption, and of the principal amounts and interest rates of the Series 2024A Bonds of each maturity to be redeemed. Such notice shall be given at least 25 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as described below under "— Notice of Redemption," there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Government Obligations maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Series 2024A Bonds to be redeemed on the specified redemption date at their Redemption Price plus interest accrued and unpaid to the date fixed for redemption. Such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the Series 2024A Bonds so called for redemption.

Selection of Series 2024A Bonds to Be Redeemed. If less than all the Series 2024A Bonds of the same maturity are called for redemption, the particular Series 2024A Bonds or portion of Series 2024A Bonds of the maturity to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; *provided, however*, that the portion of any Series 2024A Bond of a denomination of more than the minimum Authorized Denomination to be redeemed shall be in the principal amount of an Authorized Denomination and that, in selecting portions of such Series 2024A Bonds for redemption, the Trustee shall treat each such Series 2024A Bond as representing that number of Series 2024A Bonds of the minimum Authorized Denomination which is obtained by dividing the principal amount of such Series 2024A Bond to be redeemed in part by said minimum Authorized Denomination. If all Series 2024A Bonds are held in book-entry only form, the particular Series 2024A Bonds or portions thereof to be redeemed shall be selected by DTC in such manner as DTC shall determine.

Notice of Redemption. When the Trustee shall receive notice from the Authority of its election or direction to redeem Series 2024A Bonds pursuant to the Indenture, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2024A Bonds, which notice shall specify the Series, maturities and interest rates of the Series 2024A Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if less than all of the Series 2024A Bonds of any like maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2024A Bonds so to be redeemed, and, in the case of Series 2024A Bonds to be redeemed in part only, such notice shall also specify the portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable the Redemption Price of each Series 2024A Bond to be redeemed, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2024A Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of such notice by first-class mail, postage prepaid, not more than 60 days nor less than 20 days before the date fixed for redemption, to the Owners of the Series 2024A Bonds to be redeemed at their addresses as shown on the registration books of the Authority maintained by the Registrar. If the Trustee mails notices of redemption as provided in the Indenture, notice shall be conclusively presumed to have been given to all Owners.

With respect to an optional redemption of any Series 2024A Bonds, unless moneys sufficient to pay the Redemption Price of, and interest on, the Series 2024A Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may, at the option of the Authority, state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such Series 2024A Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2024A Bonds will not be redeemed.

Payment of Redeemed Series 2024A Bonds. Notice having been given in the manner provided above, the Series 2024A Bonds or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof at any place specified in such notice, such Series 2024A Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Series 2024A Bond, the Authority shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Series 2024A Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Series 2024A Bond so surrendered, fully registered Series 2024A Bonds of like maturity and interest rate in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Series 2024A Bonds or portions thereof of like maturity and interest rate to be redeemed, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Series 2024A Bonds or portions thereof of such maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Series 2024A Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SOURCES OF PAYMENT OF THE SERIES 2024A BONDS

The Series 2024A Bonds are limited obligations of the Authority payable from Sales Tax Receipts. The Sales Tax Receipts consist of the amount received by the Authority from the Sales Tax Sources as described under "SALES TAX RECEIPTS" herein. The Sales Tax Sources are collected by the State and are distributed to the RTA which, in turn, distributes the portion of the Sales Tax Sources constituting the Sales Tax Receipts to the Authority. Additional information regarding the Sales Tax Sources and the Sales Tax Receipts is set forth in "SALES TAX RECEIPTS" herein and APPENDIX B— "SALES TAX RECEIPTS."

The Series 2024A Bonds are payable solely from Sales Tax Receipts on a parity basis to the claim on such Sales Tax Receipts by First Lien Parity Obligations and on a senior lien basis to the claim on such Sales Tax Receipts by Second Lien Obligations. The principal of and interest on the Series 2024A Bonds are payable from Sales Tax Receipts deposited into the Sales Tax Receipts Fund maintained by the Authority under the Trust Indenture dated July 1, 2008, by and between the Authority and U.S. Bank Trust Company, National Association, formerly U.S. Bank National Association, as trustee (the "2008 Indenture Trustee"), as supplemented and amended to the date hereof (the "2008 Indenture"), on a parity with the outstanding First Lien Parity Obligations. See "SECURITY FOR THE SERIES 2024A BONDS" herein.

SALES TAX RECEIPTS

Overview

The RTA Act vests responsibility for operating budget and financial oversight for the Authority, Metra and Pace with the RTA. The RTA's financial oversight responsibility is implemented principally through the operating budget process, in which each Service Board submits an annual budget and two-year financial plan for approval by the RTA. The RTA provides Public Funding Marks for the two-year financial plan. Funding "Marks" refer to the amounts RTA commits to provide to each of the Service Boards.

The RTA provides funding for the Authority and the other Service Boards from the Sales Tax Sources that consist of the following:

RTA Sales Tax. The RTA Sales Tax consists of the RTA sales and use taxes imposed by the RTA under the RTA Act and collected by the State throughout the Northeastern Illinois Transit Region.

State Sales Tax. The State Sales Tax consists of a portion of the amounts collected by the State pursuant to the Retailers' Occupation Tax Act and Use Tax Act that govern taxes that apply to sales and purchases at retail and the Service Occupation Tax Act and Service Use Tax Act that apply to sales and purchases of service (the "State Sales Tax Acts"). State law prescribes the percentages of the taxes levied under the State Sales Tax Acts which must be set aside for this purpose and distributed to the RTA.

Public Transportation Funds. Public Transportation Funds represent State moneys dedicated to public transportation, in addition to amounts paid for public transportation out of the State Sales Tax. Public Transportation Funds are "matching funds" and amounts are calculated based on statutory formulas tied to RTA Sales Tax collections and revenues realized by the Authority as financial assistance from the City through the "Real Estate Transfer Tax" or "RETT" (as defined herein). See "—RETT Revenues Pledged to Payment of the Pension Bonds" below.

The RTA Act requires that certain of the Sales Tax Sources be allocated among the Service Boards according to specific funding formulas established therein ("RTA Formula Funds"). The RTA Formula Funds made up of RTA Sales Tax are determined based on the area in which such taxes are collected. The RTA allocates the remainder of the Sales Tax Sources among the Service Boards on a discretionary basis ("RTA Discretionary Funds"), as further described below.

For a more detailed discussion of the Sales Tax Sources, see APPENDIX B— "SALES TAX RECEIPTS."

State Collection and Disbursements to the RTA

State Collection and Deposit. The Illinois Department of Revenue (the "State DOR") collects the RTA Sales Tax and the State Sales Tax and transfers the collections to the Illinois State Treasurer (the "State Treasurer"). Public Transportation Funds are paid out of the State's general fund to the State Treasurer. All monies transferred to the State Treasurer are held in segregated funds outside the State Treasury. The transfer of State revenues from the State's General Revenue Fund to the various funds maintained by the State Treasurer for the collection and distribution of Sales Taxes and Public Transportation Funds to the RTA represent irrevocable and continuing appropriations by the Illinois General Assembly (the "General Assembly"). No further action of the General Assembly is required to effect the transfers of State Sales Taxes and Public Transportation Funds to the RTA.

State Disbursement to RTA. The State Treasurer deposits the net Sales Tax Sources into the RTA Sales Tax Fund maintained by the State Treasurer. The State Treasurer transfers the net Sales Tax Sources to the trustee under the indentures securing the RTA's bonds and notes issued under the provisions of the RTA Act, and after providing for the payment of outstanding RTA bonds and notes, the trustee transfers the remaining amounts to the RTA (the "State Distribution"). No Public Transportation Funds can be distributed to the RTA for any fiscal year until the RTA has certified to the Governor, the Comptroller, and the Mayor that the RTA has adopted for that fiscal year an annual budget and two-year financial plan meeting the requirements of the RTA Act. The RTA has never failed to make such certification.

Timing of State Transfers to RTA. The lag time between collection of State Sales Tax and RTA Sales Tax, the State's transfer of such revenues to the RTA, and the ultimate distribution to the Authority is typically a period of three months. Between 2008 and 2019, the Authority typically received payments of Public Transportation Funds from RTA approximately five to six months behind schedule due to State payment delays of Public Transportation Funds to the RTA. However, the transfer of such funds to the Authority has returned to the typical period of three months since. The State's financial condition can determine the timeliness of the State's transfer of Public Transportation Funds. The Authority has historically managed the delay in State payments with its available resources and through its budgeting process. In addition, the RTA has historically assisted the Service Boards in easing the impact of such delays in State payments by issuing short-term working cash notes to allow for RTA advances of Public Transportation Funds prior to receipt of payments from the State. See "CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting Sales Tax Receipts–*State Delay in Payments to RTA*" herein.

Recent State Adjustments. The State budget for the fiscal year ended June 30, 2018 reduced the State's Public Transportation Fund matching funds by 10 percent for one year. The budget also included a 2.0 percent "surcharge" on RTA Sales Taxes and State Sales Taxes collected by the State prior to transfer to the RTA. The State's fiscal year 2019, 2020 and 2021 budgets reduced the cut in Public Transportation Fund matching funds to 5.0 percent and reduced the "surcharge" to 1.5 percent. The State's budgets for fiscal years 2022 to 2025 eliminated the 5.0 percent reduction to Public Transportation Fund "matching funds" and maintained the 1.5 percent "surcharge" on RTA Sales Taxes and State Sales Taxes. As a part of the State budget for each fiscal year ending June 30, the State legislature can modify the percentage of the State's Public Transportation Fund matching funds, as well as the State "surcharge" on RTA Sales Taxes and State Sales Taxes collected by the State prior to transfer to the RTA.

RTA Funding and Breakdown of RTA Formula Funds and RTA Discretionary Funds

Of the amount of the State Distribution received by the RTA in the form of RTA Sales Tax and State Sales Tax, the RTA is entitled to withhold up to 15.0 percent for its general corporate purposes. In addition the RTA uses the State Distribution to make special fund deposits for ADA paratransit, community mobility and RTA innovation, coordination and enhancement ("ICE") programs. Collectively, these withholdings from the State Distribution are referred to herein as the "RTA Withholdings."

The remainder of the State Distribution following the RTA Withholdings is divided into RTA Formula Funds and RTA Discretionary Funds. RTA Formula Funds are allocated and distributed to the Service Boards, including the Authority, in accordance with the statutory formulas set forth in the RTA Act. The RTA Discretionary Funds are allocated and distributed to the Service Boards, including the Authority, at the discretion of the RTA. The following table generally describes the breakdown of the sources of the RTA Formula Funds and the RTA Discretionary Funds.

RTA Formula and Discretionary Funds

	Description
RTA Formula Funds	
RTA Sales Tax and State Sales Tax	Approximately 85 to 88% of RTA Sales Tax and 85% of State Sales Tax
Public Transportation Funds ...	State matching funds approximately equal to: • 10 to 13% of RTA Sales Tax, • 5% of State Sales Tax, and • 30% of the Real Estate Transfer Tax[(1)]
RTA Discretionary Funds	
RTA Sales Tax and State Sales Tax	Approximately 12 to 15% of RTA Sales Tax and 15% of State Sales Tax
Public Transportation Funds ...	Approximately 8 to 20% of RTA Sales Tax and 25% of the State Sales Tax

Source: The Authority.

(1) Public Transportation Funds are calculated, in part, by reference to the amount of RETT Revenues received by the Authority directly from the City. The Real Estate Transfer Tax is the tax imposed by the City on transfers of real property in the City. See "—RETT Revenues Pledged to Payment of the Pension Bonds" below. The RETT Revenues are not included as part of Sales Tax Receipts and are not pledged as security for the Series 2024A Bonds.

Allocations of RTA Formula Funds and RTA Discretionary Funds Among the Service Boards

Allocations of RTA Formula Funds depend on the origin of the RTA Sales Taxes and State Sales Taxes as reflected in the table in APPENDIX B— "SALES TAX RECEIPTS–Allocations of RTA Tax Funds." Although the RTA Act does not specify how RTA Discretionary Funds are to be allocated, the RTA has historically allocated to the Authority (i) nearly half of the portion of the Sales Taxes that constitute RTA Discretionary Funds, and (ii) between 90 and 99 percent of the portion of the Public Transportation Funds that constitute RTA Discretionary Funds. All allocations of RTA Formula Funds and RTA Discretionary Funds to the Authority constitute Sales Tax Receipts.

The following table shows the percentage allocations of RTA Formula Funds and RTA Discretionary Funds among the Service Boards in the RTA 2025 Budget. The RTA 2025 Budget remains subject to approval by the RTA Board. The RTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024. For a more detailed discussion of the Sales Tax Sources and the allocation of the Sales Tax Sources to the Authority and the other Service Boards, see APPENDIX B— "SALES TAX RECEIPTS."

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RTA Percentage Funding Allocations Among the Service Boards - RTA 2025 Budget

	Authority	Metra	Pace
RTA Formula Funds			
RTA Sales Taxes			
City of Chicago	100%	0%	0%
Cook County	30%	55%	15%
Collar Counties	0%	70%	30%
Combined	48%	39%	13%
State Sales Taxes			
City of Chicago	100%	0%	0%
Cook County	30%	55%	15%
Public Transportation Funds(1)			
Sales Taxes	48%	39%	13%
Real Estate Transfer Tax	100%	0%	0%
RTA Discretionary Funds			
Sales Taxes	48%	39%	13%
Public Transportation Funds	98%	0%	2%

Source: The Authority.

(1) Public Transportation Funds are "matching funds" calculated by reference to certain revenues generated by certain collections. The subheadings indicate the source of revenues that are matched in calculating the amount of Public Transportation Funds. One component of Public Transportation Funds is calculated by reference to the amount of RETT Revenues received by the Authority directly from the City. See "—RETT Revenues Pledged to Payment of the Pension Bonds" below. The RETT Revenues are not included as part of Sales Tax Receipts and are not pledged as security for the Series 2024A Bonds.

The following table shows the dollar allocations of RTA Formula Funds and RTA Discretionary Funds among the Service Boards in the RTA 2025 Budget. The RTA 2025 Budget remains subject to approval by the RTA Board. The RTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024. For a more detailed discussion of the Sales Tax Sources and the allocation of the Sales Tax Sources to the Authority and the other Service Boards, see APPENDIX B— "SALES TAX RECEIPTS."

RTA Funding Allocations Among the Service Boards - RTA 2025 Budget
($ in thousands)

	Authority	Metra	Pace	Total
RTA Formula Funds				
RTA Sales Tax and State Sales Tax	$ 597,062	$ 481,161	$ 410,026	$ 1,488,249
Public Transportation Funds(1)				
Sales Tax	111,752	79,376	26,459	217,587
Real Estate Transfer Tax(1)	57,485	-0-	-0-	57,485
Subtotal	$ 766,299	$ 560,537	$ 436,485	$ 1,763,321
RTA Discretionary Funds				
Total	$ 355,576	$ 31,973	$ 17,112	$ 404,061

Note: Columns may not add due to rounding.
Source: The RTA.
(1) Public Transportation Funds are "matching funds" calculated by reference to certain revenues generated by certain collections. The subheadings indicate the source of revenues that are matched in calculating the amount of Public Transportation Funds. One component of Public Transportation Funds is calculated by reference to the amount of RETT Revenues received by the Authority directly from the City. See "—RETT Revenues Pledged to Payment of the Pension Bonds" below. The RETT Revenues are not included as part of Sales Tax Receipts and are not pledged as security for the Series 2024A Bonds.

Sales Tax Receipts Distributed to the Authority

The following table shows the amount of Sales Tax Receipts distributed to the Authority on an actual basis for each of the years 2020 to 2023, and the amount included in the CTA 2024 Budget, the 2024 Forecast and the CTA 2025 Budget. The CTA 2025 Budget remains subject to approval by the RTA Board. The CTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

Sales Tax Receipts Distributed to the Authority
($ in thousands)

	2020 Actual*	2021 Actual*	2022 Actual*	2023 Actual*	CTA 2024 Budget**	2024 Forecast***	CTA 2025 Budget***
RTA Formula Funds							
RTA Sales Tax......	$336,135	$437,632	$476,787	$498,149	$509,584	$514,075	$528,932
State Sales Tax......	61,352	86,901	73,098	75,357	73,246	76,424	68,130
Public Transportation Funds	76,529	95,244	107,919	107,269	111,493	109,320	111,752
Subtotal	**$474,016**	**$619,777**	**$657,804**	**$680,775**	**$694,323**	**$699,819**	**$708,814**
RTA Discretionary Funds							
RTA Sales Tax......	$ 910	$ 0	$ 19,784	$ 23,400	$ 27,739	$ 27,739	$ 39,351
Public Transportation Funds	208,361	252,325	288,691	300,927	301,333	309,451	316,225
Subtotal	**$209,271**	**$252,325**	**$308,475**	**$324,327**	**$329,072**	**$ 337,190**	**$ 355,576**
Total	**$683,287**	**$872,102**	**$966,279**	**$1,005,102**	**$1,023,395**	**$1,037,009**	**$1,064,390**

Note: Columns may not add due to rounding.
* Source: Authority's audited financial statements and supplemental information for the respective year.
** Source: CTA 2024 Budget.
*** Source: CTA 2025 Budget.

Factors Impacting Sales Tax Receipts

Economic Conditions. The COVID-19 pandemic and the economic downturn had an adverse impact on economic activity in the Chicago region and resulted in a sharp decline in Sales Tax Receipts beginning in 2020. Collection of Sales Tax Receipts improved in 2021, due in part to improvement in economic conditions. Sales Tax Receipts have continued to improve each year since 2020. See "FINANCIAL INFORMATION."

State Legislation. The General Assembly has the authority to amend the provisions of State law governing RTA Sales Tax, State Sales Tax and Public Transportation Funds and the Real Estate Transfer Tax. Legislative changes to (i) the tax base, tax rates and exemptions for sales taxes; (ii) use of such funds by the State for other purposes; or (iii) the formula for RTA's allocation of RTA Sales Tax, State Sales Tax and/or Public Transportation Funds among the Service Boards, could adversely affect the amount of RTA Sales Tax, State Sales Tax and Public Transportation Funds received by the RTA from the State and/or made available to the Authority.

The General Assembly has proposed and may continue to propose legislation relating to the State and local tax system in Illinois that could impact the amount of Sales Tax Receipts received by the Authority. The Authority cannot predict the form of any such legislation, if any such legislation will be adopted or the impact of any such legislation on Sales Tax Receipts or operating revenues of the Authority.

State Sales Tax on Internet Sales. Effective October 1, 2018, for the first time, new State regulations required certain online retailers that have no physical presence in Illinois, to collect sales taxes for goods purchased online and remit the sales taxes to the State. In 2020, the Illinois General Assembly adopted Public Acts 101-31 and 101-604 that enacted the "Leveling the Playing Field for Illinois Retail Act" to implement a series of structural changes to the Illinois sales tax laws to require "remote retailers" (including internet sellers) to collect and remit both State and local sales taxes beginning January 1, 2021. The changes imposed local sales taxes, in addition to State sales taxes, on Illinois retailers and remote retailers alike, and remitted the amounts collected from the local taxes to the local governments that impose those taxes. This legislation has increased sales tax rates and collections on internet sales, resulting in an increase in Sales Tax Receipts.

State Sales Tax on Cannabis. The "Illinois Cannabis Regulation and Tax Act" implemented on January 1, 2020, imposed a cannabis sales tax generating additional Sales Tax Revenues for the Authority.

Sales Tax Exemption for Groceries and Replacement Sales Taxes. The State of Illinois currently imposes a sales tax and use tax (the "State Sales Tax") at the rate of 1% on "Groceries," as herein defined. The RTA Board has adopted ordinances that impose a sales and use tax (the "RTA Sales Tax") on Groceries at the rate of 1.25% in Cook County and at the rate of 0.75% in the counties of DuPage, Kane, Lake, McHenry and Will (the "Collar Counties").

The Illinois General Assembly adopted legislation in August 2024 that created an exemption from the State Sales Tax and the RTA Sales Tax for sales of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) ("Groceries"). Under Public Act 103-0781 (passed by the Illinois House and the Illinois Senate on June 3, 2024, signed by the Illinois Governor on August 5, 2024, and with an effective date of August 5, 2024), Groceries will be exempt from the State Sales Tax and the RTA Sales Tax beginning January 1, 2026.

However, Public Act 103-0781 also amends the RTA Act to authorize the RTA to impose a "replacement tax" on Groceries within Cook County (including most of the City of Chicago) at the same rate as the current tax (the "RTA Replacement Cook County Sales Tax"). The RTA has advised the Authority that RTA anticipates seeking authorization to impose a similar "replacement tax" on Groceries within the Collar Counties and at the same rate as the current tax (the "RTA Replacement Collar Counties Sales Tax"). The RTA has advised the Authority that it expects that the RTA Replacement Cook County Sales Tax and the RTA Replacement Collar Counties Sales Tax will effectively replace the current RTA Sales Taxes effective January 1, 2026.

The State has adopted legislation, from time to that, that has created exemptions from the sales tax on Groceries. The RTA has advised the Authority that they do not expect that the exemption of Groceries from the States Sales Tax under Public Act 103-0781 will have a material impact on the Sales Tax Receipts transferred by the RTA to the Authority.

The Authority cannot predict if the RTA's expectations with respect to the implementation of the RTA Replacement Cook County Sales Tax and RTA Replacement Collar Counties Sales Tax or the impact of Public Act 103-0781 on Sales Tax Receipts transferred to the Authority will be realized.

State Budget Actions. Beginning in State fiscal year 2018, the General Assembly adopted a State budget that reduced the State's Public Transportation Fund "matching funds" on sales taxes collected by the State prior to transfer to the RTA for distribution to the Service Boards, including the Authority. This resulted in a reduction in Sales Tax Receipts of the Authority for the years affected. The budget also included a 2.0 percent "surcharge" on RTA Sales Taxes and State Sales Taxes collected by the State prior to transfer to the RTA. The State's budgets in recent years have eliminated the reduction to Public Transportation Fund "matching funds" and maintained the 1.5 percent "surcharge" on RTA Sales Taxes and State Sales Taxes. As a part of the State budget for each fiscal year ending June 30, the State legislature can modify the percentage of the State's Public Transportation Fund matching funds, as well as the State "surcharge" on RTA Sales Taxes and State Sales Taxes collected by the State prior to transfer to the RTA. This can have a negative impact on the amount of Sales Tax Revenues available to the Authority.

RETT Revenues Pledged to Payment of the Pension Bonds

The "Real Estate Transfer Tax" or "RETT" is a supplemental tax on real property title transfers in the City of Chicago, imposed by the City at a rate of $1.50 per $500 of the purchase price of real property for the purpose of providing financial assistance to the Authority. The City and the Authority have entered into the Intergovernmental Tax Collection Agreement, dated as of March 26, 2008 (the "RETT IGA"), that provides for the payment of the "RETT Revenues" (collections net of collection costs) to the Authority. Pursuant to the provisions of the RETT IGA, the Authority has assigned the RETT Revenues as a source of payment for the Pension Bonds (as defined herein) and the RETT IGA provides that the RETT IGA cannot be terminated so long as the Pension Bonds are outstanding. The Authority applies all RETT Revenues to the payment of debt service on the Pension Bonds. See "DEBT SERVICE COVERAGE" herein.

THE RETT REVENUES ARE NOT INCLUDED IN SALES TAX RECEIPTS AND ARE NOT PLEDGED AS SECURITY FOR THE SERIES 2024A BONDS. However, Public Transportation Funds are calculated, in part, by reference to the amount of RETT Revenues received by the Authority from the City of Chicago. In addition, the RETT Revenues are used to pay the Pension Bonds prior to use of the Sales Tax Receipts for such purpose, and as a result the amount of RETT Revenues received by the Authority impacts the amount of Sales Tax Receipts available to pay debt service on Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds. See "DEBT SERVICE COVERAGE" herein.

The following table shows the amount of RETT Revenues distributed to the Authority on an actual basis for the years 2020 to 2023, and the amount included in the CTA 2024 Budget, the 2024 Forecast and the CTA 2025 Budget. The CTA 2025 Budget remains subject to approval by the RTA Board. The CTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

RETT Revenues Distributed to the Authority
($ in thousands)

2020 Actual*	2021 Actual*	2022 Actual*	2023 Actual*	CTA 2024 Budget**	2024 Forecast***	CTA 2025 Budget***
$51,023	$71,118	$79,926	$53,284	$72,455	$55,811	$57,485

* Source: Authority's audited financial statements and supplemental information for the respective year.
** Source: CTA 2024 Budget.
*** Source: CTA 2025 Budget.

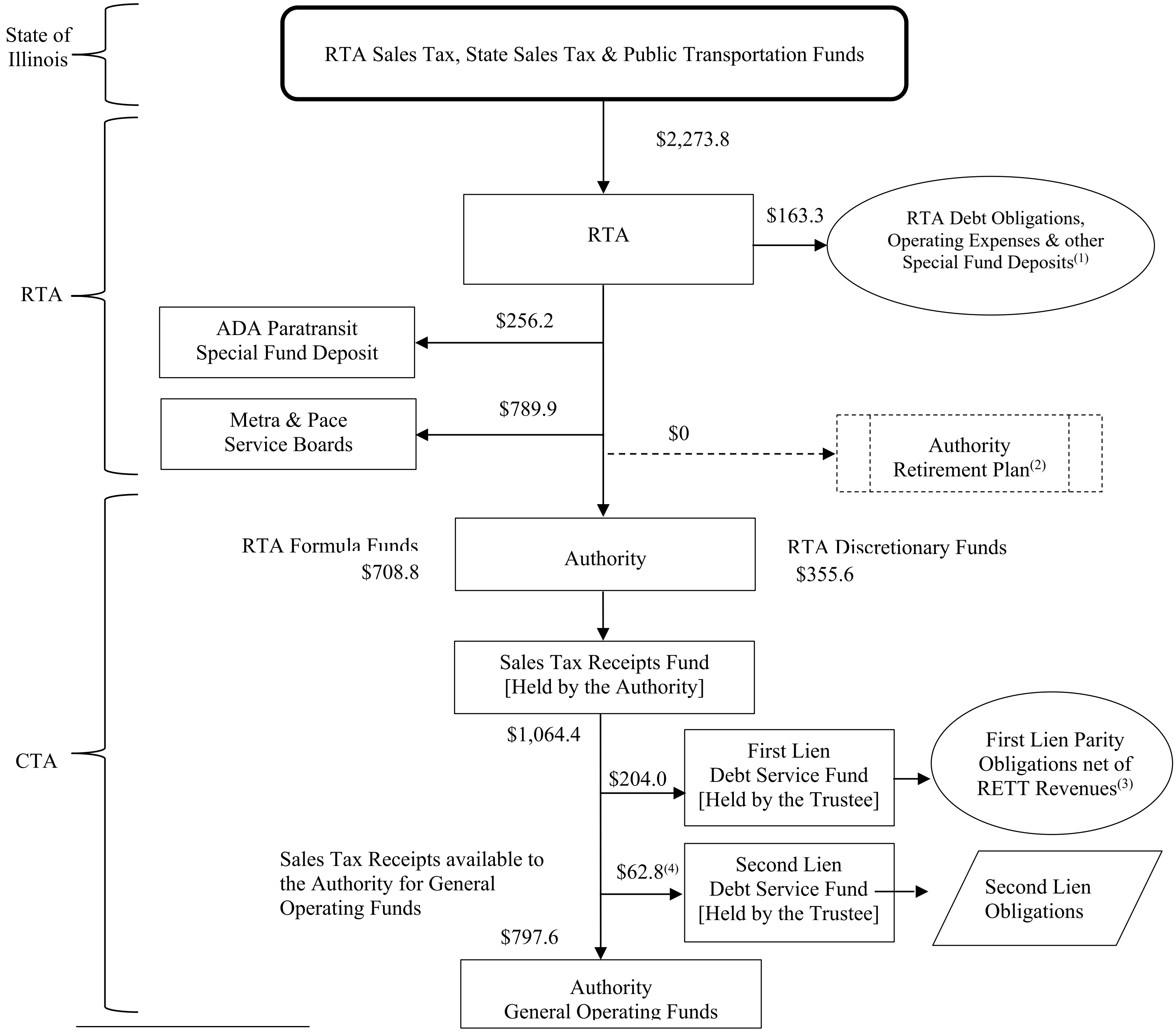
Flow of Funds

The chart below reflects the State Distribution by Sales Tax Source to the RTA and the transfer of such funds by the RTA to the Service Boards, including transfer of the Sales Tax Receipts to the Authority, and deposit of such funds into the Sales Tax Receipts Fund held by the Authority. The chart below does not include Federal Relief Funding (as defined herein). Federal Relief Funding is not included in Sales Tax Receipts and such funds are not pledged to payment of the Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds.

The chart below also depicts the total amount of the required monthly deposits into the various funds established by the 2010 Indenture, as well as the Authority's withdrawal of all remaining moneys (after funding of debt service) in the Sales Tax Receipts Fund free from the lien of the Indenture to be used for the Authority's general operations. See "SECURITY FOR THE SERIES 2024A BONDS" herein.

Flow of Funds—Distribution of RTA Sales Tax, State Sales Taxes and Public Transportation Funds

CTA 2025 Budget and RTA 2025 Budget
($ in Millions)



Source: The Authority / the RTA.

(1) Includes $102.9 million for RTA debt service, joint self-insurance premiums and RTA operations, and $60.4 million for the Services Boards including community mobility services for Pace, and ICE funds allocated to the Service Boards.

(2) The Authority currently makes contributions to the Retirement Plan (as defined herein) from the Authority's general operating funds. The RTA is required to withhold from the Authority any overdue pension contributions payable by the Authority to the Retirement Plan. The Authority has never failed to meet its contribution requirements to the Retirement Plan. See APPENDIX F—"PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE–Background Information Regarding the Retirement Plan–*Determinations of Authority's Contributions*."

(3) The RETT Revenues received by the Authority from the City ($57.5 million pursuant to the CTA 2025 Budget) are applied to the payment of debt service on Pension Bonds before any funds are withdrawn from the Sales Tax Receipts Fund to pay remaining debt service due on the Pension Bonds.

(4) Includes assumed interest at 4.5% on outstanding Second Lien CIP Notes. Does not incorporate upcoming maturity dates on outstanding Second Lien CIP Notes; all or a portion of the outstanding Second Lien CIP Notes may be redeemed by issuing Debt Obligations.

PLEDGE OF SALES TAX RECEIPTS TO OUTSTANDING INDEBTEDNESS

First Lien Sales Tax Receipts Obligations

Pension Bonds and 2008 Indenture. The Authority has entered into the 2008 Indenture with the 2008 Indenture Trustee pursuant to which the Authority has issued "Pension and Retirement Debt Obligations." Pension and Retirement Debt Obligations currently outstanding (following the December 1, 2024 principal payment) under the 2008 Indenture consist of $997,265,000 aggregate principal amount of Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008A (Pension Funding) and $491,785,000 aggregate principal amount of Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008B (Retiree Health Care Funding) (collectively, the "Pension Bonds"). The Authority has established and maintains the Sales Tax Receipts Fund under the 2008 Indenture. The Sales Tax Receipts Fund is pledged for the payment of Pension and Retirement Debt Obligations issued under the 2008 Indenture. The Pension Bonds are secured by the Sales Tax Receipts on a first lien basis, but are payable from the Sales Tax Receipts only to the extent that the RETT Revenues are insufficient to make such payment. See "SALES TAX RECEIPTS—RETT Revenues Pledged to Payment of the Pension Bonds" herein.

Corporate Purpose Debt Obligations and 2010 Indenture. The 2008 Indenture provides that the Authority may issue certain "Corporate Purpose Debt Obligations" payable from and secured by a lien on the Sales Tax Receipts Fund on a parity with the lien granted by the 2008 Indenture for the payment of Pension and Retirement Debt Obligations. The 2010 Indenture provides for the issuance of such Corporate Purpose Debt Obligations and other parity obligations secured by a lien on the Sales Tax Receipts Fund on a parity with the lien on and pledge of the Sales Tax Receipts Fund granted by the 2008 Indenture.

Pursuant to the 2010 Indenture, the Authority has previously issued and has outstanding (following the December 1, 2024 principal payment, as applicable) Corporate Purpose Debt Obligations which are secured by a first lien on the Sales Tax Receipts Fund consisting of its (i) Sales Tax Receipts Revenue Bonds, Taxable Series 2010B (Build America Bonds) (the "Series 2010B Bonds"), outstanding in the aggregate principal amount of $441,490,000, (ii) the Series 2014 Bonds, outstanding in aggregate principal amount of $555,000,000, to be refunded with a portion of the proceeds of the Series 2024A Bonds, and (iii) the Series 2020B Bonds, outstanding in the amount of $467,450,000, a portion of which will be purchased with a portion of the proceeds of the Series 2024A Bonds (collectively with the Series 2010B Bonds and the Series 2014 Bonds, the "Outstanding First Lien Bonds"). The Series 2024A Bonds will be issued as Corporate Purpose Debt Obligations which are secured by a first lien on the Sales Tax Receipts Fund under the 2010 Indenture.

PBC Senior Pledge Rights. The Authority has entered into a Lease Agreement dated March 31, 2003 (the "PBC Lease") with the Public Building Commission of Chicago ("PBC"), pursuant to which the Authority agreed that it will not pledge the sales taxes revenues it receives from RTA pursuant to Section 4.01 (now Section 4.03.3) of the RTA Act (the "PBC Lease Revenues") to secure its debt on a priority basis with respect to its rent and other payment obligations under the PBC Lease (including $67.1 million of lease payments attributable to principal) and other payment obligations of the Authority thereunder if the maximum annual debt service on all such debt so secured exceeds 75 percent of the PBC Lease Revenues during the preceding Fiscal Year, without equally and ratably securing its obligations under the PBC Lease. This pledge of the PBC Lease Revenues under the PBC Lease is referred to herein as the "PBC Senior Pledge Rights" and is a First Lien Parity Obligation.

Additional First Lien Bonds. The 2010 Indenture permits the Authority to issue "Additional First Lien Bonds" and provides for the ability of the Authority to enter into agreements to provide credit support and/or liquidity support for such additional bonds, and to enter into swap agreements and similar hedge agreements. The payment of debt service on such Additional First Lien Bonds and certain payments under such support agreements and hedge agreements is to be made from the Sales Tax Receipts on parity with the Outstanding First Lien Bonds, the Series 2024A Bonds, the Pension and Retirement Debt Obligations to the extent provided in the 2010 Indenture (the Outstanding First Lien Bonds, Additional First Lien Bonds, any such agreements and the Pension and Retirement Debt Obligations, collectively the "First Lien Parity Obligations"). For a discussion of the additional bonds test for First Lien Parity Obligations, see "SECURITY FOR THE SERIES 2024A BONDS—Additional Sales Tax Receipts Obligations" herein.

Second Lien Sales Tax Receipts Obligations

The 2010 Indenture also provides for the Authority's issuance of "Subordinate Indebtedness" secured by and payable from moneys and securities held in the Sales Tax Receipts Fund that is junior and subordinate in all respects to all First Lien Parity Obligations.

2017 Indenture. The Authority has entered into a Trust Indenture, dated as of January 1, 2017 (the "2017 Indenture"), with Zions Bancorporation, National Association (the "2017 Indenture Trustee"), to provide for the issuance from time to time of Subordinate Indebtedness, and to permit the issuance from time to time of other obligations secured by a pledge of or lien on the Sales Tax Receipts Fund subordinate to the 2008 Indenture and the 2010 Indenture (the "Second Lien Obligations"). The Authority previously issued and has outstanding as Second Lien Obligations (following the December 1, 2024 principal payment, as applicable) its: (i) Second Lien Sales Tax Receipts Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), outstanding in the aggregate principal amount of $296,220,000, (ii) Second Lien Sales Tax Receipts Revenue Bonds, Series 2020A (the "Series 2020A Bonds"), outstanding in the aggregate principal amount of $367,895,000, and (iii) Second Lien Sales Tax Receipts Revenue Bonds, Series 2022A (the "Series 2022A Bonds"), outstanding in the aggregate principal amount of $350,000,000.

Short-Term CIP Borrowing Program. The Authority has established a short-term borrowing program to fund its capital improvement program (the "Short-Term CIP Borrowing Program"), pursuant to which the Authority may borrow up to $600 million and establish one or more short-term borrowing facilities by entering into one or more credit agreements, note purchase agreements or other borrowing agreements with financial institutions and to authorize the issuance of one or more series of Second Lien CIP Notes. See "DEBT OBLIGATIONS—Short-Term CIP Borrowing Programs" herein for information related to the Short-Term CIP Borrowing Program and the Outstanding Second Lien CIP Notes. The Authority expects to maintain the availability of short-term funding for its capital projects through the issuance of Second Lien CIP Notes on a revolving basis under its Short-Term CIP Borrowing Program.

Additional Second Lien Bonds. The 2010 Indenture and the 2017 Indenture permit the Authority to issue "Additional Second Lien Bonds" and provides for the ability of the Authority to enter into agreements to provide credit support and/or liquidity support for such additional bonds, and to enter into swap agreements and similar hedge agreements on a subordinate and junior basis to the claim on such Sales Tax Receipts by First Lien Parity Obligations and on a parity basis to the claim on such Sales Tax Receipts by Second Lien Obligations. For a discussion of the additional bonds test for Second Lien Parity Obligations, see "SECURITY FOR THE SERIES 2024A BONDS—Additional Sales Tax Receipts Obligations" and see "PLAN OF FINANCE—Future Financings" herein.

SECURITY FOR THE SERIES 2024A BONDS

Pledge of Security

The Series 2024A Bonds are secured by a pledge of and lien on the Trust Estate. The Series 2024A Bonds are being issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, particularly the MTA Act and the Debt Reform Act, and the Indenture. The Series 2024A Bonds are secured under the Indenture by a pledge of and lien on the following Trust Estate as provided in the Indenture (the "Trust Estate"):

(a) The Sales Tax Receipts Fund, subject however to (i) the PBC Senior Pledge Rights, (ii) the parity pledge and lien created by the 2008 Indenture with respect to Pension and Retirement Debt

Obligations, and (iii) the parity pledge and lien created by the 2010 Indenture with respect to the Corporate Purpose Debt Obligations.

(b) All moneys and securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established and maintained pursuant to the Indenture for the payment and security of the Series 2024A Bonds.

(c) Any and all other moneys and securities furnished from time to time to the Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Trustee under the terms of the Indenture.

Pursuant to Section 13 of the Debt Reform Act, the Sales Tax Receipts Fund and the other moneys and securities pledged in the Indenture shall immediately be subject to the lien and pledge under the Indenture without any physical delivery or further act and be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

See APPENDIX A— "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Limited Obligations of the Authority

The Series 2024A Bonds are limited obligations of the Authority payable solely from and secured solely by the Trust Estate under the Indenture. The Series 2024A Bonds are not, and shall not be or become, an indebtedness or obligation of the State, the RTA or any political subdivision of the State (other than the Authority) or of any municipality within the State nor shall any Series 2024A Bonds be or become an indebtedness of the Authority within the purview of any constitutional limitation or provision. The Series 2024A Bonds do not have a lien on and are not secured by any physical properties of the Authority. The Authority has no taxing power.

Additional Sales Tax Receipts Obligations

Additional First Lien Parity Obligations. The Authority may issue additional First Lien Parity Obligations pursuant to the 2008 Indenture or the 2010 Indenture for the purpose of financing any lawful project or purpose of the Authority. Such additional First Lien Parity Obligations may be issued only upon delivery to the applicable trustee of, among other things, a certificate of the Authority stating the aggregate amount of all Sales Tax Receipts received by the Authority for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Series was at least equal to 200 percent of the Maximum Annual Coverage Requirement for the First Lien Parity Obligations as of the time immediately following the issuance of such Series.

Additional Second Lien Obligations. The issuance of one or more Series of Second Lien Bonds entitled to the benefit, protection and security of the Indenture and constituting a Series of Additional Second Lien Bonds may be authorized and delivered upon original issuance for the purpose of financing any lawful project or purpose of the Authority, refund any First Lien Parity Obligation, to pay costs and expenses incident to the issuance of such Additional Second Lien Bonds and to make deposits into any Fund, Sub-Fund, Account or Sub-Account under the Indenture or any Supplemental Indenture. Any such Series shall be authenticated and delivered by the Trustee only upon the receipt by it of, among other things, a Certificate of an Authorized Officer stating that the aggregate amount of all Sales Tax Receipts deposited into the Sales Tax Receipts Fund maintained by the Authority under the Indenture after payment of amounts due on outstanding First Lien Parity Obligations (the "Available Sales Tax Receipts") received by the Authority for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Series was at least equal to 150 percent of the Maximum Annual Coverage Requirement as of the time immediately following the issuance of such Series.

In applying the foregoing test, if any of the Second Lien Bonds Outstanding immediately prior to or after the issuance of the Additional Second Lien Bonds to be issued constitute Optional Tender Bonds or Variable Rate Bonds, certain provisions in the Indenture shall be applied in determining the Annual Second Lien Debt Service Requirements of such Second Lien Bonds.

Junior Indebtedness

Nothing in the Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority (to the extent now or hereafter permitted by law) from (i) issuing bonds, certificates or other evidences of indebtedness or contractual obligations payable as to principal and interest from Sales Tax Receipts, or (ii) incurring contractual obligations that are payable from Sales Tax Receipts, but only if such indebtedness or contractual obligation is junior and subordinate in all respects to any and all obligations issued and Outstanding under the Indenture secured by such revenues on a first lien or second lien basis (the "Junior Indebtedness").

Indebtedness and Liens

The Authority shall not issue any bonds or other evidences of indebtedness or incur any indebtedness, or other payment obligations, which are secured by a pledge of or lien on the Trust Estate securing the Series 2024A Bonds, or create or cause to be created any lien or charge on the Sales Tax Receipts, or such moneys, securities or funds pledged under the Indenture, except as expressly authorized in the Indenture; *provided* that nothing contained in the Indenture shall prevent the Authority from issuing or incurring evidences of indebtedness (a) payable from or secured by amounts that may be withdrawn from the Sales Tax Receipts Fund free from the lien of the Indenture, or from any other fund or account as provided in the Indenture or (b) payable from, or secured by the pledge of, the Sales Tax Receipts to be derived on and after such date as the pledge of the Trust Estate provided in the Indenture shall be discharged and satisfied as provided in the Indenture.

Funds and Accounts

Pursuant to the 2008 Indenture, the Authority established the Sales Tax Receipts Fund as a special fund of the Authority held by the Authority as part of the Trust Estate, subject to the PBC Senior Pledge Rights and the senior pledges to the First Lien Parity Obligations described under "PLEDGE OF SALES TAX RECEIPTS TO OUTSTANDING INDEBTEDNESS" herein. In the 2010 Indenture, the Authority established the Debt Service Fund, which is a special fund of the Authority held by the Trustee as part of the Trust Estate. The Authority also established the Consolidated Debt Service Reserve Fund, which is a special fund of the Authority held in trust by the Trustee as part of the Trust Estate for the benefit and security of the Owners of Consolidated Reserve Fund Bonds. The Series 2024A Bonds are not Consolidated Reserve Fund Bonds.

In the Indenture, the Trustee shall, at the written request of the Authority, establish such additional Funds, Sub-Funds within the Funds, and Accounts and Sub-Accounts within any such Sub-Funds, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Debt Service Fund or such Sub-Funds, Accounts and Sub-Accounts and in addition, the Authority shall, at the written request of the Trustee, establish additional Funds or Accounts for the purpose of segregating amounts available to pay the principal of, premium, if any, and interest on separate Series of First Lien Parity Obligations.

Additional Funds, Sub-Funds within the Funds, and Accounts and Sub-Accounts within such Sub-Funds may also be created by any Supplemental Indenture; and any such Supplemental Indenture may provide that amounts on deposit in such Sub-Funds, Accounts and Sub-Accounts shall be held by the Trustee for the sole and exclusive benefit of such First Lien Parity Obligations as may be specifically designated in such Supplemental Indenture.

Any moneys and securities held in any Fund or any Sub-Fund, Account or Sub-Account created pursuant to the Indenture shall be held in trust by the Trustee, as provided in the Indenture or such Supplemental Indenture and shall be applied, used and withdrawn only for the purposes authorized in the Indenture or such Supplemental Indenture. All moneys and securities held by the Authority in any Fund, Sub-Fund, Account or Sub-Account established for or with respect to Sales Tax Receipts shall be accounted for and held separate and apart from all other moneys and securities of the Authority and, until so applied, used and withdrawn, shall be held in trust by the Authority for the purposes for which such Fund, Sub-Fund, Account or Sub-Account was established.

Deposit and Application of Sales Tax Receipts

All Sales Tax Receipts received by the Authority shall be deposited promptly into the Sales Tax Receipts Fund. Subject to the following two paragraphs, the Authority covenants and agrees in the Indenture to withdraw moneys from the Sales Tax Receipts Fund and pay into the Debt Service Fund, not later than the 20th day of each calendar month, the sum required to make all of the Sub-Fund Deposits and Other Required Deposits to be disbursed from the Debt Service Fund in that calendar month as described below under "— Funds and Accounts for Payment of Series 2024A Bonds."

Each withdrawal from the Sales Tax Receipts Fund is subject to the contractual obligations of the Authority to make monthly withdrawals from the Sales Tax Receipts Fund for the payment of Pension and Retirement Debt Payments and the Corporate Purpose Debt Payments on a parity lien basis with the payments to the Debt Service Fund, *provided* that each such monthly withdrawal shall be made in equal monthly installments that may commence no earlier than (i) in the case of interest, six months prior to the interest payment date and (ii) in the case of principal, 12 months prior to the principal payment date.

Whenever the PBC Senior Pledge Rights are in effect, the Authority may make monthly allocations from the Sales Tax Receipts Fund, on a parity lien basis to the payments to the Debt Service Fund, sufficient to provide for the payment, in equal monthly installments, of the next payment of PBC Annual Rent. The Authority has never drawn on the Sales Tax Receipts Fund to meet its payment obligations under the PBC Lease.

In determining the monthly deposits to the Debt Service Fund, such deposits may be reduced by excess amounts in the Debt Service Fund or any Sub-Fund, Account or sub-account therein available to make the deposits required as described below under "— Funds and Accounts for Payment of Series 2024A Bonds" below.

Each month, after making all of the payments required above, and if no Event of Default then exists, the Authority may withdraw all remaining moneys in the Sales Tax Receipts Fund free from the lien of the Indenture and available as operating revenues of the Authority.

Funds and Accounts for Payment of Series 2024A Bonds

Creation of Series 2024A Dedicated Sub-Fund. The Fifth Supplemental Indenture establishes with the Trustee a separate and segregated Sub-Fund within the Debt Service Fund related to the Series 2024A Bonds (the "Series 2024A Dedicated Sub-Fund"). Moneys on deposit in the Series 2024A Dedicated Sub-Fund, and in each Account established therein as provided in the Indenture, shall be held in trust by the Trustee for the sole and exclusive benefit of the Owners of the Series 2024A Bonds and shall not be used or available for the payment of the other First Lien Parity Obligations, except as expressly provided in the Indenture.

Creation of Accounts. The Fifth Supplemental Indenture establishes with the Trustee separate Accounts within the Series 2024A Dedicated Sub-Fund, designated as follows:

(i) Series 2024A Principal Account: an Account to be designated the "Series 2024A Principal Account" (the "Series 2024A Principal Account"); and

(ii) Series 2024A Interest Account: an Account to be designated the "Series 2024A Interest Account" (the "Series 2024A Interest Account").

Deposits into Series 2024A Dedicated Sub-Fund and Accounts. On the 25th day of each month, or if such day is not a Business Day, the immediately preceding Business Day, commencing December 25, 2024 (each such date a "Deposit Date"), there shall be deposited into the Series 2024A Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount necessary to raise the amount on deposit in the Series 2024A Dedicated Sub-Fund, when combined with amounts already on deposit therein, equal to the aggregate of the amounts described in the following paragraphs, which amounts shall have been calculated by the Trustee on the fifth day of each month (such aggregate amount with respect to any Deposit Date being referred to herein as the "Series 2024A Deposit Requirement").

On each Deposit Date the Trustee shall make the following deposits in the following order of priority and if the moneys deposited into the Series 2024A Dedicated Sub-Fund are insufficient to make any required deposit, the deposit shall be made up on the next Deposit Date after required deposits into other Accounts having a higher priority shall have been made in full:

First: for deposit into the Series 2024A Interest Account, an amount equal to the lesser of (i) commencing on the December 25, 2024 Deposit Date, one-sixth of the interest due on the Series 2024A Bonds on the next Interest Payment Date; or (ii) the amount required so that the sum held in the Series 2024A Interest Account will equal the interest due on the Series 2024A Bonds on such Interest Payment Date; and

Second: commencing on December 25, 2024, for deposit into the Series 2024A Principal Account, an amount equal to the lesser of (i) one-twelfth of the Principal due on the Series 2024A Bonds on the first day of December next ensuing, or (ii) the amount required so that the sum then held in the Series 2024A Principal Account will equal the Principal due on the Series 2024A Bonds on the first day of December next ensuing.

In addition to the Series 2024A Deposit Requirement, there shall be deposited into the Series 2024A Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2024A Dedicated Sub-Fund and to one or more accounts in the Series 2024A Dedicated Sub-Fund. Upon calculation by the Trustee of each Series 2024A Deposit Requirement, the Trustee shall notify the Authority of the Series 2024A Deposit Requirement and the Deposit Date to which it relates together with such supporting documentation and calculations as the Authority may reasonably request.

DEBT SERVICE REQUIREMENTS

The table below sets forth the debt service for the First Lien Parity Obligations and the Second Lien Obligations. The debt service requirements in the table below do not include debt service related to the PBC Senior Pledge Rights.

DEBT SERVICE REQUIREMENTS[1]

Period Ending Dec 31	Outstanding Pension Bond Debt Service[2]	Outstanding Corporate Purpose Debt Obligation Debt Service[1][2][3]	Outstanding First Lien Bond Debt Service	Series 2024A Principal	Series 2024A Interest	Series 2024A Debt Service	Total First Lien Parity Obligation Debt Service	Second Lien Obligation Debt Service[2][4]	Total First Lien Parity Obligation and Second Lien Obligation Debt Service
2024	$ 156,574,586	$ 109,923,148	$ 266,497,734	$ -	$ -	$ -	$ 266,497,734	$ 30,989,850	$ 297,487,584
2025	156,574,560	66,906,481	223,481,040	6,660,000	31,294,663	37,954,663	261,435,703	47,912,950	309,348,653
2026	156,574,793	66,649,783	223,224,576	6,880,000	32,608,750	39,488,750	262,713,326	47,912,950	310,626,276
2027	156,573,729	61,664,698	218,238,427	12,220,000	32,264,750	44,484,750	262,723,177	47,912,950	310,636,127
2028	156,573,774	69,571,924	226,145,698	4,925,000	31,653,750	36,578,750	262,724,448	47,912,950	310,637,398
2029	156,570,957	62,506,266	219,077,223	12,240,000	31,407,500	43,647,500	262,724,723	47,912,950	310,637,673
2030	156,575,270	68,133,369	224,708,639	7,220,000	30,795,500	38,015,500	262,724,139	47,912,950	310,637,089
2031	156,574,636	71,571,530	228,146,166	4,150,000	30,434,500	34,584,500	262,730,666	47,912,950	310,643,616
2032	156,576,290	75,235,956	231,812,245	695,000	30,227,000	30,922,000	262,734,245	47,912,950	310,647,195
2033	156,575,394	70,867,929	227,443,323	5,100,000	30,192,250	35,292,250	262,735,573	47,912,950	310,648,523
2034	156,570,732	74,563,862	231,134,594	7,855,000	29,937,250	37,792,250	268,926,844	47,912,950	316,839,794
2035	156,574,364	70,192,889	226,767,253	12,620,000	29,544,500	42,164,500	268,931,753	47,912,950	316,844,703
2036	156,575,588	71,966,519	228,542,107	11,475,000	28,913,500	40,388,500	268,930,607	47,912,950	316,843,557
2037	156,577,324	71,962,301	228,539,626	12,050,000	28,339,750	40,389,750	268,929,376	47,912,950	316,842,326
2038	156,570,078	71,971,867	228,541,945	12,655,000	27,737,250	40,392,250	268,934,195	47,912,950	316,847,145
2039	156,572,630	71,964,701	228,537,332	13,290,000	27,104,500	40,394,500	268,931,832	47,912,950	316,844,782
2040	156,574,965	71,961,419	228,536,384	13,960,000	26,440,000	40,400,000	268,936,384	47,912,950	316,849,334
2041	-	-	-	46,690,000	25,742,000	72,432,000	72,432,000	100,202,950	172,634,950
2042	-	-	-	49,025,000	23,407,500	72,432,500	72,432,500	100,208,550	172,641,050
2043	-	-	-	51,480,000	20,956,250	72,436,250	72,436,250	100,209,450	172,645,700
2044	-	-	-	54,050,000	18,382,250	72,432,250	72,432,250	100,204,500	172,636,750
2045	-	-	-	56,755,000	15,679,750	72,434,750	72,434,750	100,202,200	172,636,950
2046	-	-	-	59,590,000	12,842,000	72,432,000	72,432,000	100,205,350	172,637,350
2047	-	-	-	62,570,000	9,862,500	72,432,500	72,432,500	100,200,700	172,633,200
2048	-	-	-	65,700,000	6,734,000	72,434,000	72,434,000	100,207,200	172,641,200
2049	-	-	-	68,980,000	3,449,000	72,429,000	72,429,000	100,206,700	172,635,700
2050	-	-	-	-	-	-	-	100,208,350	100,208,350
2051	-	-	-	-	-	-	-	100,202,750	100,202,750
2052	-	-	-	-	-	-	-	64,585,650	64,585,650
2053	-	-	-	-	-	-	-	64,581,700	64,581,700
2054	-	-	-	-	-	-	-	64,584,950	64,584,950
2055	-	-	-	-	-	-	-	64,579,600	64,579,600
2056	-	-	-	-	-	-	-	30,715,500	30,715,500
2057	-	-	-	-	-	-	-	30,712,500	30,712,500
Total	**$2,661,759,669**	**$1,227,614,642**	**$3,889,374,310**	**$658,835,000.00**	**$615,950,662.50**	**$1,274,785,662.50**	**$5,164,159,973**	**$2,219,615,650**	**$7,383,775,623**

Note: Columns may not add due to rounding.

Source: The Authority.

(1) Accounts for the issuance of the Series 2024A Bonds, refunding of the Refunded Bonds and purchase of the Purchased Bonds.

(2) See "PLEDGE OF SALES TAX RECEIPTS TO OUTSTANDING INDEBTEDNESS" herein.

(3) Excludes projected Build America Bond subsidies for the Series 2010B Bonds, which are not pledged to pay debt service on the Series 2010B Bonds.

(4) Does not include debt service on Outstanding Second Lien CIP Notes. Net of capitalized interest.

DEBT SERVICE COVERAGE

The table below sets forth the Sales Tax Receipts and RETT Revenues and the debt service and debt service coverage for the First Lien Parity Obligations and the Second Lien Obligations.

The table below includes: (1) certain historical financial information from the Authority's financial statements and other records; (2) the Authority's 2024 Forecast amounts for Sales Tax Receipts and RETT Revenues in 2024; (3) the CTA 2025 Budget amounts for Sales Tax Receipts and RETT Revenues in 2025; and (4) Sales Tax Receipts and RETT Revenues held constant at the CTA 2025 Budget amounts for the years 2026 and 2027. On November 13, 2024, the Chicago Transit Board approved the CTA 2025 Budget, which remains subject to approval by the RTA Board (defined herein). The CTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

Debt service coverage is presented as annual debt service for the year and the maximum annual debt service for any year ("MADS"). The debt service requirements for calculation of annual debt service coverage in the table below do not include debt service related to the PBC Senior Pledge Rights; however, debt service related to the PBC Senior Pledge Rights (in the approximate annual amount of $6.19 million through 2033) is included in Combined First and Second Lien Maximum Annual Debt Service Coverage and associated coverage calculations. The following table presents coverage assuming the Authority will have no additional borrowings payable from Sales Tax Receipts or RETT Revenues over the time horizon evaluated. See "PLAN OF FINANCE."

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DEBT SERVICE COVERAGE[1]

		2022 Actual	2023 Actual	2024 Forecast	CTA 2025 Budget	Pro Forma 2026	Pro Forma 2027
	First Lien Revenue						
A	Sales Tax Receipts[2]	$ 966,279,000	$ 1,005,102,000	$ 1,037,009,000	$ 1,064,390,000	$ 1,064,390,000	$ 1,064,390,000
B	RETT Revenues[2] [3]	$ 79,926,000	$ 53,284,000	$ 55,811,000	$ 57,485,000	$ 57,485,000	$ 57,485,000
	First Lien Debt Service						
C	Total Pension Bonds	$ 156,576,000	$ 156,575,000	$ 156,575,000	$ 156,575,000	$ 156,575,000	$ 156,574,000
D	Net Pension Bonds (net of RETT Revenues) = C-B[3] [4]	$ 76,650,000	$ 103,291,000	$ 100,764,000	$ 99,090,000	$ 99,090,000	$ 99,089,000
E	Other First Lien Parity Obligations[5]	$ 109,909,000	$ 109,914,000	$ 109,923,000	$ 104,861,000	$ 106,139,000	$ 106,149,000
F	Net Total First Lien Parity Obligations = D+E	$ 186,559,000	$ 213,205,000	$ 210,687,000	$ 203,951,000	$ 205,229,000	$ 205,238,000
	Second Lien Revenue						
G	Available Sales Tax Receipts = A-F[6]	$ 779,720,000	$ 791,897,000	$ 826,322,000	$ 860,439,000	$ 859,161,000	$ 859,152,000
	Second Lien Debt Service[7]						
H	Second Lien Obligations	$ 14,711,000	$ 18,781,000	$ 30,990,000	$ 47,913,000	$ 47,913,000	$ 47,913,000
I	Second Lien CIP Notes[8]	$ 4,451,000	$ 7,308,000	$ 24,710,000	$ 154,799,000	$ 140,379,000	$ 78,150,000
J	Total Second Lien Obligations = H+I	$ 19,162,000	$ 26,089,000	$ 55,700,000	$ 202,712,000	$ 188,292,000	$ 126,063,000
K	Total Net Debt Service = F+J	$ 205,721,000	$ 239,294,000	$ 266,387,000	$ 406,663,000	$ 393,521,000	$ 331,301,000
	MAXIMUM ANNUAL DEBT SERVICE						
L	First Lien Parity Obligations (net of RETT Revenues) [9]	$ 192,792,000	$ 219,434,000	$ 213,125,000	$ 211,451,000	$ 211,451,000	$ 211,451,000
M	Second Lien Obligations [7][8]	$ 199,109,000	$ 140,457,000	$ 202,712,000	$ 188,292,000	$ 126,063,000	$ 100,209,000
N	Combined First and Second Lien	$ 385,681,000	$ 353,675,000	$ 414,523,000	$ 399,708,000	$ 337,489,000	$ 305,018,000
	COVERAGE CALCULATIONS						
	First Lien Annual Coverage = A/F	5.18x	4.71x	4.92x	5.22x	5.19x	5.19x
	First Lien MADS Coverage = A/L	5.01x	4.58x	4.87x	5.03x	5.03x	5.03x
	Second Lien Annual Coverage = G/J	40.69x	30.35x	14.84x	4.24x	4.56x	6.82x
	Second Lien MADS Coverage = G/M	3.92x	5.64x	4.08x	4.57x	6.82x	8.57x
	Combined Lien Annual Coverage = A/K	4.70x	4.20x	3.89x	2.62x	2.70x	3.21x
	Combined Lien MADS Coverage = A/N	2.51x	2.84x	2.50x	2.66x	3.15x	3.49x

Note: Columns may not add due to rounding.

Source: The Authority.

(1) Accounts for the issuance of the Series 2024A Bonds, refunding of the Refunded Bonds and purchase of the Purchased Bonds. Amounts shown rounded to the nearest thousand.

(2) See "SALES TAX RECEIPTS" herein. The amounts shown for Sales Tax Receipts and RETT Revenues in 2024 are the 2024 Forecast and in 2025, 2026 and 2027 are the CTA 2025 Budget amounts. Coverage in 2026 and 2027 is calculated based on the Sales Tax Receipts and RETT Revenues included in the CTA 2025 Budget due to uncertainty regarding the amount of Sales Tax Receipts and RETT Revenues in such years.

(3) RETT Revenues are pledged only to payment of debt service on the Pension Bonds.

(4) Represents debt service on the Pension Bonds payable from Sales Tax Receipts, net of RETT Revenues applied to pay debt service on the Pension Bonds.

(5) Represents the Corporate Purpose Debt Obligations. Excludes projected Build America Bond subsidies for the Series 2010B Bonds, which are not pledged to pay debt service on the Series 2010B Bonds.

(6) Equal to the amount of Sales Tax Receipts less the amount of Sales Tax Receipts necessary for the First Lien Parity Obligations.

(7) Amounts shown for debt service are net of any applicable capitalized interest.

(8) Interest on the Second Lien CIP Notes ("Notes") is variable, and debt service on these Notes is calculated at an assumed average monthly rate of 4.5% through the Expiration Date and Notes Maturity Date pursuant to each of the five Note Purchase Agreements (see "DEBT OBLIGATIONS - Short-Term CIP Borrowing Program" herein). Of the $600,000,000 combined Not-to-Exceed amounts, $390,000,000 is currently outstanding as of December 10, 2024. All or a portion of these Notes may be redeemed by issuing Debt Obligations.

(9) MADS on the First Lien Parity Obligations is calculated by deducting the RETT Revenues from the aggregate maximum annual debt service for the First Lien Parity Obligations. MADS is based on the aggregate maximum debt service for the First Lien Parity Obligations, occurring in 2040.

THE AUTHORITY

General

The Authority was created in 1945 by the MTA Act as a political subdivision, body politic, and municipal corporation of the State. The Authority began operating on October 1, 1947, after it acquired the properties of the Chicago Rapid Transit Company and the Chicago Surface Lines. On October 1, 1952, the Authority became the sole operator of Chicago public transit when it purchased the Chicago Motor Coach system. The Authority was formed primarily for the purpose of operating and maintaining a public transportation system in the metropolitan area of Cook County.

Operations

The Authority operates one of the nation's largest public transit systems (the "Transportation System"), providing bus and rail service in the City of Chicago and 35 surrounding suburbs. The service area of the Authority has a population of approximately 3.2 million. Historically, the Authority has carried 81 percent of the public transit riders in the Northeastern Illinois Transit Region with direct or connecting service to Metra and Pace. Due to shifting ridership trends, the Authority currently carries approximately 84 percent of such riders. For a discussion of ridership on the Authority's Transportation System, see "FINANCIAL INFORMATION – Pending Developments – Sources of Funding" and "--Ridership Trends." The Authority is one of two public transit systems in the United States that provides 24 hour service seven days a week. For economic and demographic statistics concerning the service area of the Authority, see APPENDIX C— "SELECTED ECONOMIC AND DEMOGRAPHIC INFORMATION."

The Authority has 1,868 buses that operate 127 routes and 1,514 route miles and serve 10,633 bus stops. On the rapid transit system, the Authority's 1,480 rail cars operate eight routes and 224 miles of track. The Authority's trains serve 146 stations, with one of the rail lines terminating at the City of Chicago's O'Hare International Airport. The Authority also provides regular service to Midway International Airport. Set forth below are the name designations and round-trip route descriptions for the Authority's rapid transit rail lines.

Authority Rail Lines

Name	Route
Blue Line	Chicago-O'Hare International Airport to the Forest Park terminal, via downtown Chicago.
Brown Line	Kimball to downtown Chicago (with certain late night trips between Kimball and Belmont only).
Green Line	Harlem in Forest Park, IL and Oak Park, IL to 63rd Street on Chicago's South Side, via Loop 'L'.
Orange Line	Midway Airport to downtown Chicago, providing service to Chicago's Southwest Side.
Pink Line	54th/Cermak (serves Cicero, IL and Berwyn, IL) to downtown Chicago.
Purple Line	Linden (in Wilmette, IL) to Howard (in Chicago) via Evanston, IL. During weekday rush-periods, express service continues to downtown Chicago.
Red Line	Howard on the North Side to 95th/Dan Ryan on the South Side via downtown Chicago.
Yellow Line	Dempster (in Skokie, IL) to Howard (in Chicago), with connecting service to downtown Chicago via Purple Line Express or Red Line.

Administration

The governing and administrative body of the Authority is the seven-member Chicago Transit Board. Three Chicago Transit Board members are appointed by the Governor, with the advice and consent of the Illinois Senate, subject to approval by the Mayor. One of the members appointed by the Governor must be a resident of the metropolitan area outside the City. Four members are appointed by the Mayor, with the advice and consent of the City Council, subject to approval by the Governor. The Chicago Transit Board elects one of its members as chairman for a maximum term of three years. Each member serves for a seven-year term and until his or her successor has been appointed and qualified; provided that, in the case of an appointment to fill a vacancy, the appointed member serves during the remainder of the vacated term and until his or her successor has been appointed and qualified.

The current members of the Chicago Transit Board are as follows:

Lester L. Barclay, Chairman, was appointed to the Chicago Transit Board by Mayor Lori Lightfoot in June 2021. Mr. Barclay serves as senior partner of the Barclay Law Group, P.C. A champion of public service in the city, Mr. Barclay is a seasoned legal advocate who has leveraged his resources to bring positive change to the areas of transit, civil rights, health and education. Mr. Barclay has been involved with various civic and charitable organizations including Chairman of the Citizens Advisory Board.

Reverend Dr. L. Bernard Jakes, Vice Chairman, was appointed to the Chicago Transit Board by Governor J.B. Pritzker in August 2019. He is the Senior Pastor of West Point Baptist Church, in Chicago, having served the ministerial needs of Chicagoans for over 25 years. He is on the Board of Trustees of Elmhurst College and the Board of Directors of Vision House, besides participating in numerous social and religious organizations.

Reverend Michael Eaddy, was appointed to the Chicago Transit Board by Mayor Brandon Johnson in April 2024. Mr. Eaddy has been the senior pastor of the People’s Church of the Harvest Church of God in Christ, Chicago, IL for the past 45 years. He also serves as the Chairman of the General Council of Pastors and Elders Church of God in Christ, providing international leadership to 54,000 pastors and elders. As President of the Peoples Community Development Association of Chicago, Inc., he provides leadership to the Philemon Restoration Project, which provides job training and placement in Custodial and Building Maintenance, Computer Literacy and Life Skills for 4,300 formerly incarcerated persons.

Rosa Y. Ortiz, was appointed to the Chicago Transit Board by Governor J.B. Pritzker in December 2021. Ms. Ortiz is a certified planner and LEED accredited professional. As principal and founder of 3e. Studio, she leads initiatives in equitable community development, sustainability, and strategic planning. She earned her master’s degree in Urban Planning and Policy and a bachelor’s degree in Architecture from the University of Illinois at Chicago.

Neema Jha, was appointed to the Chicago Transit Board by Governor J.B. Pritzker in July 2022. Ms. Jha is a digital transformation leader with nearly 20 years of experience driving change and innovation. She currently works as Principal Customer Practice Leader at Amazon Web Services, where she uses an optimal blend of business & technology expertise to apply innovation for customers across industries. Previously, Jha delivered impactful technology modernization strategies at Tribune Media and provided consulting services at Deloitte. She leverages her business acumen and technical expertise to spearhead strategic initiatives and build high-performing teams. Jha holds an Executive MBA from Northwestern University's Kellogg School of Management and a degree in Business and Finance from Truman State University.

Michele Lee, was appointed to the Chicago Transit Board by Mayor Lori Lightfoot in April 2022. Currently, Ms. Lee is a Senior Public Affairs Manager focused on Accessibility at Cruise, a self-driving car service. In this role, she cultivates relationships with key advocates, community organizations, and experts representing the full diversity of the disability community to build a more accessible AV service. Ms. Lee holds a bachelor's degree from University of Arizona and is a Disability Lead fellow. Additionally, she has been appointed to various committees by the City of Chicago and served on multiple nonprofit boards to champion the rights of people with disabilities. Combining a professional background in corporate and nonprofit organizations with a long passion for disability rights advocacy, she is working towards an equitable, accessible transportation future.

Roberto Requejo, was appointed to the Chicago Transit Board by Mayor Brandon Johnson in March 2024. Mr. Requejo is an urban planner specialized in equitable development, active transportation, and cross-sector collaboration. He is currently a Field Catalyst fellow at the Center for Community Investment. Between 2017 and 2024, Roberto led the Elevated Chicago coalition, overseeing the deployment of $15.0+ million to advance equitable transit-oriented development ("ETOD") and leveraging $1.0+ billion in government funding for affordable homes, small businesses, cultural venues, health clinics and community centers connected to transit. Prior to joining Elevated, he served as an officer of the Federal Reserve Bank of Chicago, developing its first DEI strategic plan and leading the Financial Services Pipeline Initiative. Roberto co-chaired the transportation and infrastructure transition committees for two mayors-elect, Lori Lightfoot in 2019 and Brandon Johnson in 2023. He has served in steering committees and advisory councils for the Authority, the RTA, and the Chicago Metropolitan Agency for planning, focusing on growing ETOD and improving transportation options for communities of color, people with disabilities and essential workers.

The current officers of the Authority are as follows:

Dorval R. Carter Jr. became President of the Authority in May 2015. Before that he was the US Department of Transportation Acting Chief of Staff. In addition he previously held positions at the Federal Transit Administration ("FTA") including Assistant Chief Counsel and Regional Counsel; he was sworn in as the FTA's 14th Chief Counsel in 2009 and later served as the Acting Deputy Administrator for the FTA. He began his legal career with the Authority, where he held various positions including staff attorney, legal assistant to the General Attorney, Acting General Attorney, and Deputy General Attorney for Corporate Law and later served as the Executive Vice President and Chief Administrative Officer of the Authority, including serving as its Acting President. Mr. Carter is a member of the Transportation Research Board's ("TRB") National Research Council and Chair of the TRB's Committee on Transit and Intermodal Transportation Law. He is a Senior Fellow from the Council for Excellence in Government Fellows Program and Vice Chairman of the Board of Directors for Saint Anthony Hospital. A graduate of Carroll University in Waukesha, Wisconsin, where he is a member of the Board of Trustees, he also holds a Juris Doctor degree from Howard University School of Law and is a member of the Illinois and Federal Bars.

Thomas J. McKone was named the Chief Financial Officer and Treasurer of the Authority in August 2024. Mr. McKone first joined the Authority in 2012 as Vice President of Budget, Management, & Capital Finance, during which time he led the development and execution of the Authority's operating and capital budgets and served as Acting Chief Financial Officer. He spearheaded the efforts to balance the Authority's operating budget after the recent economic recession and helped lead the Authority's multi-billion-dollar capital infrastructure modernization efforts. In 2016, Mr. McKone took the role of Chief Administrative Officer, overseeing the administrative departments responsible for hiring, employee benefits, workforce development, agency performance management, transit asset management, purchasing, and EEO. He also serves as chair/vice-chair of the Retiree Healthcare Trust and Retirement Plan for Authority Employees. He is a graduate of the University of Chicago with a Master's in Public Policy and a B.A in economics and statistics from Northwestern University.

Kent S. Ray was appointed General Counsel by the Chicago Transit Board on May 11, 2022. He served as an attorney in the Chicago Transit Authority's Law Department from 1990 to 2010. At the time of his departure, Mr. Ray was serving as the Authority's Acting General Counsel. In 2010 he moved to the Cook County State's Attorney's Office, where he supervised the Conflicts Counsel Unit, the Municipal Litigation Unit, was Chief of the General Litigation and Advice Division, and ultimately Interim Chief of the State's Attorney's Civil Actions Bureau. Thereafter Mr. Ray served as Associate General Counsel for the Cook County Health and Hospitals System until he was selected to return to the Authority as its General Counsel. Prior to joining the Authority, Mr. Ray worked in private practice for five years. He received his B.A. from Indiana University and his J.D. from the Northwestern University School of Law.

Georgette Greenlee is the Secretary of the Board of Directors for the Chicago Transit Board. Ms. Greenlee joined the Authority in 2023. Previously, Ms. Greenlee was Vice President, Real Estate Planning & Development at Woodlawn Community Development, and also held positions at the Greenlee Law Group. She received a Bachelor of Arts degree from Howard University and Juris Doctorate from Washington University.

Employees and Labor Relations

The Authority has approximately 11,184 employees and has entered into labor agreements with seventeen different unions representing approximately 9,958 employees. The following summarizes the status of various collective bargaining agreements between the Authority and unions representing the Authority's employees. In several instances, the term of a collective bargaining agreement has expired. The provisions of any such collective bargaining agreement with an expired term remain in effect until a successor collective bargaining agreement is in place.

The Amalgamated Transit Union Locals 241 and 308 (the "ATU Locals") represent approximately 8,500 of the Authority's unionized employees. The Authority and the ATU Locals are negotiating a successor agreement to the collective bargaining agreement that covered the term of January 1, 2020 through December 31, 2023. In June, 2024, the Chicago Transit Board ratified a one-year contract extension effective July 1, 2024.

The Craft Coalition of Trades Unions (the "Craft Unions") consists of twelve trade unions that represent approximately 1,100 of the Authority's craft employees. In October 2024, the Chicago Transit Board ratified the terms of the parties' tentative agreements covering the term of January 1, 2022 through December 31, 2026.

I.A.M.-Dist. No. 8 ("I.A.M.-8") represents approximately 70 of the Authority's civil, structural and track engineers, architects and quality improvement technicians. Negotiations are pending on the successor contract to the collective bargaining agreement for the term January 1, 2017 through December 31, 2021.

IBEW Local 134 represents the Authority's 85 controllers, 17 rail janitor coordinators, 40 yardmasters and 20 road masters. In September 2024, the Chicago Transit Board ratified the terms of the parties' tentative agreements covering the term of January 1, 2022 through December 31, 2026.

Ironworkers Local 1 represents approximately 80 employees. The Authority and Local 1 are parties to a collective bargaining agreement for the term of July 1, 2024 through June 30, 2028.

Teamsters Local 700 represents 16 construction project managers. The Authority and the Teamsters Local 700 are parties to a collective bargaining agreement covering the term January 1, 2022 through December 31, 2026.

United Steelworkers Local 9777 represents 2 upholsterers. The Authority and United Steelworkers Local 9777 are currently negotiating the successor contract to the collective bargaining agreement that expired December 31, 2021.

Operating Engineers Local 399 represents 11 building engineers. In October 2024, the Chicago Transit Board ratified the terms of the parties' tentative agreement covering the term of January 1, 2022 through December 31, 2026.

THE REGIONAL TRANSPORTATION AUTHORITY

The RTA

The RTA was created by the RTA Act in 1974. The RTA provides funding, planning and fiscal oversight for regional bus and rail systems in the Northeastern Illinois Transit Region, which are operated by the Service Boards.

The governing body of the RTA is its Board of Directors (the "RTA Board") which consists of sixteen persons. Five directors are appointed by the Mayor of Chicago, with the advice and consent of the City Council. Four directors are appointed by the commissioners of the Cook County Board of Commissioners (the "Cook County Board") elected from districts in which a majority of the electors reside outside the City of Chicago. One director is appointed by the President of the Cook County Board, with the advice and consent of the commissioners of the Cook County Board, selected from districts in which a majority of electors reside outside the City of Chicago. One director each is appointed by the Chairman or Chief Executive of the county boards of the Collar Counties, with the advice and consent of the respective county boards. The Chairman of the RTA Board is appointed by eleven members of the RTA Board with at least two votes from each sub-region of Chicago, Cook County and the Collar Counties. The Chairman and each director serve five-year terms and until his or her successor has been appointed and qualified.

RTA Oversight

The RTA Act vests responsibility for operating budget and financial oversight for each Service Board with the RTA. Responsibility for operations and day-to-day management of rail and bus service rests with the Service Boards. The RTA's financial oversight responsibility is implemented principally through the operating budget process, in which each Service Board submits an annual budget and two-year financial plan for approval by the RTA. The RTA Act sets criteria which proposed budgets and financial plans must meet in order for the RTA Board to adopt a consolidated budget and financial plan. The RTA provides Public Funding Marks for the two-year financial plan. Funding "Marks" refer to the amounts RTA commits to provide to each of the Service Boards. The RTA Public Funding projections for the Authority include revenues from Sales Tax Receipts in addition to RETT Revenues from the City of Chicago.

The RTA Act requires the Northeastern Illinois Transit Region to fund 50 percent of its expenses through revenues generated by the three Service Boards. The recovery ratio measures the percentage of expenses that a Service Board must pay against the revenue that it generates. System-Generated Revenues (as defined herein), Operating Expenses (as defined herein) and certain statutory exclusions are used in the calculation. The RTA Act requires the Northeastern Illinois Transit Region to fund 50 percent of its expenses through revenues generated by the three Service Boards, including that each Service Board finance at least 50 percent of its operating costs, excluding depreciation and certain other items, from system-generated sources on a budgetary basis.

The RTA Board, by the affirmative vote of twelve of its directors, determines whether a Service Board's budget and financial plan meet the RTA's criteria and certifies such to the Governor, the Mayor and the Auditor General of the State. If a Service Board's budget and financial plan are found not to be substantially in compliance with its criteria, the RTA may direct that Service Board to submit a revised budget and financial plan meeting the mandated criteria. See "—Annual Budget Process" herein. If the budget meets the RTA's criteria, which are identified in the RTA Act, then the RTA is required to adopt the budget. If the RTA Board does not approve the budget, the RTA Board cannot release any RTA Discretionary Funds to the Authority for the periods covered by the budget and two-year financial plan until the budget conforms to the criteria specified in the RTA Act.

The RTA Act also requires the RTA to annually prepare and adopt a five-year capital program. The Authority submits its five-year capital plan to the RTA for inclusion as a component of the RTA's five-year capital program. The Service Boards are prohibited from undertaking any capital project in excess of $250,000 unless the project has been incorporated in the RTA's five-year capital program.

The RTA Act also requires, among other things, that the Authority obtain agreement from local governmental units to provide an annual monetary contribution of at least $5,000,000 for public transportation. The Authority receives $3.0 million annually from the City of Chicago and $2.0 million annually from Cook County.

Pursuant to the RTA Act, within six months of the end of each fiscal year, the RTA is required to determine whether the aggregate of all "system-generated revenues" for public transportation in the Northeastern Illinois Transit Region which is provided by, or under grant or purchase of service contracts with, the Service Boards ("System-Generated Revenues") equals 50 percent of the aggregate of all costs of providing public transportation. The Transportation System has never failed to meet this requirement. The Illinois General Assembly removed the recovery ratio requirement from 2021 through 2025 to help compensate for reduced fare and pass revenues due to ridership declines resulting from the COVID-19 pandemic. System-Generated Revenues include all the proceeds of fares and charges for services provided, contributions received in connection with public transportation from units of local government other than the RTA (except for RETT Revenues, and from grants made by the Illinois Department of Transportation ("IDOT") to units of local government, districts, and carriers for the acquisition, construction, extension, reconstruction, and improvement of mass transportation), and all other revenues properly included consistent with generally accepted accounting principles. System-Generated Revenues do not include the proceeds from any borrowing, and all revenues and receipts, including but not limited to fares and grants received from federal, State or any unit of local government or other entity, derived from providing ADA paratransit service. The Authority has never failed to meet this requirement. If System-Generated Revenues are less than the amount required, the RTA Board is required to remit an amount equal to the amount of the deficit to the State for deposit into the General Revenue Fund. If the RTA makes any payment to the State pursuant to the foregoing, the RTA must reduce the amount provided to a Service Board from funds transferred in proportion to the amount by which that Service Board failed to meet its required System-Generated Revenues recovery ratio.

Also within six months of the end of each fiscal year, the RTA is required to determine whether the aggregate of all fares charged and received for ADA paratransit services equals the system-generated ADA paratransit services revenue recovery ratio percentage of the aggregate of all costs of providing the ADA paratransit services. If System-Generated Revenues are less than 10.0 percent of costs, the RTA Board is required to remit an amount equal to the amount of the deficit to the State for deposit into the General Revenue Fund. If the RTA makes any payment to the State pursuant to the foregoing, the RTA must reduce the amount provided to a Service Board from funds transferred in proportion to the amount by which that Service Board failed to meet its required System-Generated Revenues recovery ratio.

See "CERTAIN INVESTMENT CONSIDERATIONS—Factors Affecting RTA's Transfer of Sales Tax Receipts to the Authority" herein.

Annual Budget Process

The RTA Act requires the RTA Board to adopt a consolidated annual operating budget, two-year financial plan, a strategic plan and five-year capital program. The budgetary process contains three phases: budget development, budget adoption, and budget execution and administration. The general budget calendar of the Authority is presented in the following table.

Annual Budget Calendar

Month	Action
July	RTA releases the requirements that the Service Boards must follow for the development of their annual budget, two-year financial plan, and five-year capital program.
September	RTA announces Marks. The RTA Board is required by the RTA Act to set operating and capital funding Marks for the three Service Boards by September 15. The operating Marks include estimates of available funding for the budget and financial plan, and a "Required Recovery Ratio" (the ratio or percentage of operating expenses that must be recovered from System-Generated Revenues) for the budget. Upon issuance of the budget Marks, the Authority revises its expenses and revenues to conform to the Marks.
	The capital Marks provide estimates of available grant receipts from federal, State, and local sources for the proposed fiscal year and the remaining years of the five year capital plan.
October	Authority Budget released to the public. The RTA Act requires that documents be available for public inspection 21 days prior to a public hearing.
November	Public Hearing to be scheduled to receive comments from the public.
	Budget presentation to Cook County Board. The Authority presents the budget to the Cook County Board after the Public Hearing, but prior to the Authority's adoption of the budget, as required by the RTA Act.
	Chicago Transit Board vote. The Chicago Transit Board incorporates any changes and adopts the operating and capital fiscal year budget and financial plans.
	Budget submission to the RTA. The RTA Act requires that the Authority, by November 15, submit its detailed budget and financial plan to the RTA. The budget must conform to the Marks set by the RTA by the statutory deadline of September 15.
December	RTA Board vote on consolidated regional budget. The RTA Board adopts the proposed fiscal year operating and capital budget and the two-year and five-year financial plan upon the approval of 12 of the RTA's 16 directors.
February	RTA and the Authority submit the Capital Improvement Program to the Chicago Metropolitan Agency for Planning ("CMAP"). CMAP adopts and incorporates the Authority's capital projects in the Regional Transportation Improvement Program, allowing the Authority to apply for federal funding of these projects.

If the budget meets the RTA's criteria, which are identified in the RTA Act, then the RTA is required to adopt the budget. If the RTA Board does not approve the budget, the RTA Board can only transfer to the Authority the portion of the Sales Tax Receipts that are RTA Formula Funds and cannot release any RTA Discretionary Funds for the periods covered by the budget and two-year financial plan, until the budget conforms to the criteria specified in the Act.

After the proposed budget and financial plan are adopted, the budget execution and administration phase begins. Detailed budgets of operating revenues and expenses for each of the 12 months of the budget year are forwarded to the RTA. The Authority's actual monthly financial performance is measured against the monthly budget and reported to the RTA Board. Detailed capital grant applications are prepared and submitted to funding agencies. Quarterly capital program progress reports are provided to the RTA Board to monitor expenditures and obligations for capital program items.

As the Authority monitors actual performance, changes may be required to the budget. The RTA might revise its Sales Tax estimate and in its judgment may thereafter require a Service Board to submit a revised budget incorporating such revised estimate and, if in the RTA Board's judgment the revised estimate requires it do so, the RTA Board may revise the Service Board's Required Recovery Ratio. A revised Sales Tax estimate could result in less Public Funding for the Authority. This in turn would require reduced spending to meet the RTA's revised funding commitment and previously established Required Recovery Ratio.

When the RTA amends a revenue estimate because of changes in economic conditions, governmental funding, a new program, or other reasons, the Authority has 30 days to revise its budget to reflect these changes. The RTA's Finance Committee must approve all amendments before they are recommended to the RTA Board for approval. The budget may also be amended based upon financial condition and results of operations if the Authority is significantly out of compliance with its budget for a particular quarter. The RTA Board, by a vote of 12 members, may require the Authority to submit a revised financial plan and budget, which show that the Marks will be met in a time period of less than four quarters.

As capital projects proceed, changes may be required to project budgets. Capital funding Marks may be revised based on actual federal or State appropriations actions. When revisions are necessary, the Authority will amend its five-year capital program and submit the changes to the RTA for RTA Board action.

FINANCIAL INFORMATION

Overview

Sources of Funding. The Authority's operating budget is funded from three major sources: (i) System-Generated Revenues, (ii) Public Funding, including Sales Tax Receipts, and (iii) in recent years, Federal Relief Funding, all as further discussed below.

System-Generated Revenues. Fare and pass revenue ("Fare Box Revenue") from Authority bus and train customers is the largest source of System-Generated Revenues in the CTA 2025 Budget, totaling $369.1 million and representing 81% of all System-Generated Revenues. Transit ridership was severely impacted by the COVID-19 pandemic, and has not returned to pre-pandemic levels. The 2024 Forecast includes total ridership that is approximately 70% of ridership in the pre-pandemic year of 2019. While ridership in the CTA 2025 Budget includes a total of 363.8 million unlinked rides, this is still a decrease of 92 million rides (a 20% decline) from 2019. See "Ridership Trends" below.

Public Funding. Public Funding includes the Sales Tax Receipts. Sales Tax Receipts were negatively impacted in 2020, but in 2021 Sales Tax Receipts reached collections received in the pre-pandemic year of 2019. Sales Tax Receipts have exceeded those amounts each year from 2021 through 2023 and are expected to exceed those amounts in 2024 and 2025.

Federal Relief Funding. Federal funds have been critical in maintaining transit service in the Chicago region and the Authority's operating budgets for 2020 through 2025 have been balanced with Federal Relief Funding, which accounted for 9.6% to 31.4% of the annual operating budget over this timeframe. The Authority has received over $2.209 billion in Federal Relief Funding since 2020 and, as of September 2024, the Authority had expended $1,458.1 billion of these funds. Federal Relief Funding will be exhausted in 2026, requiring the Authority to identify other means to balance its remaining 2026 projected budget deficit of $538.9 million and any budget deficits thereafter. See "Federal Relief Funds" below.

State Legislation. In order to prepare for the exhaustion of Federal Relief Funding in 2026, the Illinois General Assembly approved Public Act 102-1028 in 2023. This legislation requires the CMAP to convene regional stakeholders to develop recommendations for the long-term fiscal and operational sustainability of the Authority, Metra and Pace.

In 2024, proposed legislation was introduced and is pending in the Illinois General Assembly related to funding, planning and fiscal oversight of public transit in the regional bus and rail systems in the Northeastern Illinois Transit Region and to replace the RTA and funding currently provided.[*] Such proposed legislation includes abolishing the RTA, the Authority and other Service Boards, with their functions to be consolidated in operating divisions under a newly created "Metropolitan Mobility Authority" that would succeed to the rights, assets, contracts, property, etc. of the Service Boards. In addition, proposed legislation would appropriate $1.50 billion from the State's General Revenue Fund to the Metropolitan Mobility Authority to provide funding for public transit. While the Authority's budget deficit is projected to occur in 2026, any State or federal funding authorized to address the Authority's funding shortfalls would need to be authorized by the end of the 2025 legislative session to provide timely funds to the Authority to address 2026 revenue shortfalls due to the State and federal annual budgeting and funding cycles, federal service planning requirements, and the Authority's budget cycle. The Authority cannot predict whether the Illinois General Assembly will adopt any such legislation or the form of such legislation if enacted.

Disclaimers. The Authority cannot predict future economic conditions and their impact on the operations of the Transportation System and financial condition of the Authority or whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority or its bonds, notes or debt obligations. It is not possible at present to project with any reasonable degree of certainty the impact of economic conditions or State or federal legislation on Authority operations, funding, revenues, expenditures, reserves, budget, or financial position. No assurance can be given regarding future events or impacts because many actions and events are unpredictable, unknowable at this time, and outside the control of the Authority.

In addition, the Authority's potential future fiscal deficits, demographic and economic conditions and other matters described under this heading, are over-arching factors to be considered in reviewing the investment considerations discussed under the heading "CERTAIN INVESTMENT CONSIDERATIONS" herein. Certain information and data is contained in this Official Statement relating to and solely for the purpose of describing the impacts of economic conditions on the Authority, its operations and its financial

[*] See Senate Bill 3937 and House Bill l5823 METROPOLITAN MOBILITY AUTH ACT; Senate Bill 3936 and House Bill 5829 – CLEAN & EQUITABLE TRANSPORTATION; and Senate Bill 3938 and House Bill 5828 providing for State appropriation of $1.5 billion to the Metropolitan Mobility Authority.

condition and the Authority is under no obligation to update such information and data contained herein. See "CONTINUING DISCLOSURE UNDERTAKING."

Ridership Trends

The Authority's operating revenues from the Transportation System primarily come from the Transportation System's ridership, which is influenced by, among other factors, demographic and economic conditions, gas prices and competitive alternatives. See "CERTAIN INVESTMENT CONSIDERATIONS" herein and APPENDIX C— "SELECTED ECONOMIC AND DEMOGRAPHIC INFORMATION." Ridership has continued to rebound since 2020 and is expected to reach 80 percent of 2019 levels in 2025. The 2024 Forecast projects Transportation System ridership of 317.1 million rides, an increase of 28.0 million rides over the CTA 2024 Budget.

While ridership has continued to improve since the pandemic, there has been a definitive shift in the mobility patterns of Transportation System riders. While weekday ridership continues to comprise the majority of rides, weekend ridership now accounts for a higher percentage of total rides. In 2019, weekday rides were 82.2 percent of total rides, compared to 79.1 percent in 2024. Saturday rides were 9.7 percent in 2019 and currently account for 11.7 percent of total rides. Similarly, Sunday rides in 2019 were 8.1 percent of total rides and currently comprise 9.2 percent of total rides.

The Authority has experienced 70 days in 2024 where ridership exceeded 1 million, compared to 2023, where this level of ridership was only reached on 27 days during the entire calendar year. The Authority remains focused on delivering consistent, reliable service and has delivered over 87 percent of scheduled bus service and over 98 percent of rail service through August 2024. The 2024 Forecast includes scheduled service increased to 2019 levels. The Authority is committed to providing service that meets the needs of all of its riders. The CTA 2025 Budget includes 405 thousand additional scheduled service hours, with bus adding 375 thousand hours and rail 30 thousand hours. This increase will help the Authority address the changing mobility patterns of its riders moving forward.

The CTA 2025 Budget has budgeted 363.8 million rides allocated between bus rides at 214.5 million and rail rides at 149.3 million. This represents an increase of 46.7 million system rides (14.7 percent) rides over the 2024 Forecast. Bus rides are budgeted to increase by 27.3 million rides (14.6 percent) and rail rides by 19.4 million (15.0 percent) in 2025. The Authority estimates, 371.1 million system rides in 2026, an increase of 7.3 million rides over the CTA 2025 Budget and 375.0 million rides in 2027, a year over year increase of 3.9 million rides.

The following table shows the unlinked passenger trips per year for the Transportation System on an actual basis for each of the years 2020 to 2023, and the amount included in the CTA 2024 Budget, the 2024 Forecast and the CTA 2025 Budget. The CTA 2025 Budget remains subject to approval by the RTA Board. The CTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

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Yearly Ridership–Unlinked Passenger Trips[1]
(in millions)

	2020 Actual*	2021 Actual*	2022 Actual*	2023 Actual*	CTA 2024 Budget**	2024 Forecast***	CTA 2025 Budget***
Bus	121.4	117.4	140.0	161.7	168.1	187.2	214.5
Rail	76.0	78.6	103.5	117.4	121.0	129.9	149.3
Total	**197.5**	**196.0**	**243.5**	**279.1**	**289.1**	**317.1**	**363.8**

Note: Columns may not add due to rounding.
* Source: Authority's audited financial statements and supplemental information for the respective year.
** Source: CTA 2024 Budget.
*** Source: CTA 2025 Budget.
[1] Each boarding of a transit vehicle by a passenger is counted as an unlinked passenger trip.

Federal Relief Funding

The Authority has relied on federal funding to offset the decline in operating revenues from 2020 through 2024 and is budgeted to do so in 2025. The following is a summary of the $2.209 billion in federal funding provided to the Authority related to the COVID-19 pandemic. The Authority's funding from the CARES Act, CRRSAA, and ARP Act are collectively referred to herein as "Federal Relief Funding."

Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act"). On March 27, 2020, the CARES Act was signed into law. The Northeastern Illinois Transit Region's share of CARES Act funding to the RTA and Service Boards was $1.438 billion, of which the Authority has been allocated approximately $817.5 million.

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"). On December 27, 2020, the federal CRRSAA was signed into law. The regional share of CRRSAA funding to the RTA and Service Boards was $486 million, of which the Authority has been allocated approximately $361.3 million.

American Rescue Plan Act of 2021 ("ARP Act"). On March 11, 2021, the ARP Act of 2021 was signed into law. The regional share of ARP Act funding to the urbanized area, including the RTA and Service Boards, was $1.496 billion. In February 2022, the U.S. Department of Transportation ("USDOT") awarded the Authority a $912.1 million ARP Act grant. This funding is part of more than $30 billion for public transportation in the ARP Act. The funds available for transportation help cover the operating expenses of transit agencies to respond to the COVID-19 emergency including payroll, operating costs, debt services, capital investments, and transportation planning and no local share is required for this funding. In March 2022, the Authority was awarded an additional $118.4 million in ARP Act discretionary funds.

The Authority's allocation of each source of Federal Relief Funding (the "Federal Relief Funds") is provided at a 100 percent Federal share, with no local match required. Funds provided under the CARES Act and CRRSAA are available for all operating activities and do not expire until drawn in full. Funds provided under the ARP Act are available for all operating activities and must be obligated by September 30, 2024 (which requirement the Authority has satisfied) and expended by September 30, 2029. The Authority submits one to two draws per month for Federal Relief Funding and funds are typically distributed to the Authority within two to three days of the Authority's submittal of the draw request.

The Authority relied on Federal Relief Funding to fund certain operations from 2021 through 2024 and such reliance continues in the CTA 2025 Budget. The table below shows the amount of the Authority's allocation of each component of Federal Relief Funding drawn, remaining and budgeted for expenditure in 2025.

Components and Amounts of Federal Relief Funds
($ in millions)

	Total	Drawn[(1)]	Remaining[(1)]	CTA 2025 Budget
CARES Act	$ 817.5	$ 817.5	$ -0-	$ -0-
CRRSAA	361.3	181.6	179.7	138.9
ARP Act	912.1	408.1	504.0	387.7
ARP Act Discretionary	118.4	50.9	67.5	52.1
Total	$ 2,209.3	$ 1,458.1	$ 751.2	$ 578.7

Note: Columns may not add due to rounding.
Source: The Authority.
(1) As of September 2024.

By the end of 2024, the Authority expects to have a remaining balance of $645.0 million of Federal Relief Funding. In 2025, the Authority anticipates using a portion of the remaining Federal Relief Funds to close the CTA 2025 Budget gap of $578.7 million. The Authority's 2026-2027 Financial Plan (as defined herein) anticipates using the remaining $66.3 million of Federal Relief Funds to partially close the expected 2026 budget gap of $605.3 million. The exhaustion of Federal Relief Funding in 2026 will require the Authority to find other means to balance its projected 2026 budget deficit and expected budget deficits for following years.

Operating Budget Summary

The following headings include a consolidated financial discussion designed to provide an overview of the Authority as presented in the CTA 2025 Budget, which remains subject to approval by the RTA Board scheduled for consideration on December 19, 2024. The discussion that follows includes certain historical financial information from the Authority's financial statements and other records, and projected Operating Expenses, System-Generated Revenues and Public Funding for 2025 that were included in the CTA 2025 Budget. The following also includes a discussion of the Authority's 2026-2027 Financial Plan (as defined herein). For a discussion of RTA financial oversight, the RTA and Authority budget process and public funding Marks see "THE REGIONAL TRANSPORTATION AUTHORITY—Annual Budget Process" herein.

The Authority accounts for its activities on both an operating and capital basis. See "THE REGIONAL TRANSPORTATION AUTHORITY—Annual Budget Process" herein. Operations reflect revenues generated from user fees (in the form of Fare Box Revenue) or other activities and costs associated with the day-to-day operations of the Authority. Capital activities are directly related to the construction, replacement or maintenance of rolling stock (buses and railcars), track and structure, support facilities and equipment, and stations and passenger equipment. For information regarding the Authority's capital activities, see "CAPITAL IMPROVEMENT PROGRAM" herein.

The following table sets forth: (i) the "Operating Expenses" and "Operating Revenues," including System-Generated Revenues and Public Funding for the Authority, and (ii) the System-Generated Revenue Recovery Ratio established by the RTA and achieved by the Authority, on a historical basis for the years 2019 to 2023, and as included in the CTA 2024 Budget, the 2024 Forecast, and the CTA 2025 Budget.

The following information should be read in conjunction with the audited financial statement of the Authority set forth in APPENDIX D— "CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022" and the CTA 2025 Budget that can be found at **https://www.transitchicago.com/assets/1/6/FY2025_CTA_Budget_Book.pdf**. The Series 2024A Bonds are not general obligations of the Authority and the assets and revenues of the Authority (other than the Sales Tax Receipts) are not pledged for the payment of the Series 2024A Bonds or the interest thereon.

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OPERATING INFORMATION ($ in thousands)

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	CTA 2024 Budget	2024 Forecast	CTA 2025 Budget
Operating Expenses							
Labor	$ 1,135,354	$ 1,155,509	$ 1,134,269	$ 1,204,887	$ 1,359,830	$ 1,305,947	$ 1,448,229
Material	74,800	90,499	105,052	114,673	130,628	127,939	153,351
Fuel	37,125	30,779	27,201	37,581	49,074	44,979	48,476
Power	24,656	25,105	18,323	27,298	36,729	36,923	56,806
Provision for Injuries and Damages	22,000	31,680	31,680	20,200	19,850	19,850	22,262
Purchase of Security Services	19,976	15,680	23,944	69,115	65,150	86,897	88,473
Other Expenses							
Pension Obligation Bonds (Net)	105,735	105,986	106,042	88,842	97,491	89,851	86,947
Contractual Services	94,100	97,212	109,531	117,463	190,988	162,340	190,860
Utilities, Non-Capital Grant, Travel, Leases, Other	19,403	25,448	18,083	23,278	28,189	27,360	43,260
Other Debt Service	4,677	7,318	7,424	7,369	17,860	14,491	17,860
Other Expenses Total	223,916	235,964	241,081	236,951	334,528	294,042	338,926
Total Operating Expenses	**$ 1,537,826**	**$ 1,585,216**	**$ 1,581,549**	**$ 1,710,708**	**$ 1,995,789**	**$ 1,916,577**	**$ 2,156,522**
System-Generated Revenue							
Fare and Passes	232,830	242,864	290,891	328,810	345,117	351,513	369,089
Reduced Fare Subsidy	14,829	14,606	14,606	15,227	15,847	16,640	17,432
Advertising, Charter & Concessions	20,898	26,687	33,387	29,285	33,838	31,561	33,271
Investment Income	1,221	261	3,690	9,214	5,000	12,729	5,000
Statutory Required Contributions	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Revenue	39,286	40,239	28,168	24,530	22,621	23,175	26,160
System-Generated Revenue	**$ 314,063**	**$ 329,658**	**$ 375,742**	**$ 412,067**	**$ 427,423**	**$ 440,618**	**$ 455,952**
Public Funding							
Sales Tax I	336,135	437,632	476,787	498,149	509,584	514,075	528,932
Sales Tax II	61,352	86,901	73,098	75,357	73,246	76,424	68,130
PTF II	63,929	78,046	89,618	92,967	93,506	95,422	97,693
RETT	51,023	71,118	79,926	53,284	72,455	55,811	57,485
PTF II on RETT	12,600	17,198	18,301	14,302	17,987	13,898	14,059
Non-Statutory Funding - PTF I	208,361	252,325	288,691	300,927	301,333	309,451	316,225
Non-Statutory Funding - Sales Tax I	910		19,784	23,400	27,739	27,739	39,351
ICE	5,624	7,175	7,668	0	0	0	0
Public Funding	**$ 739,933**	**$ 950,395**	**$ 1,053,872**	**$ 1,058,386**	**$ 1,095,850**	**$ 1,092,820**	**$ 1,121,875**
Federal Relief Funds	$ 483,829	$ 305,163	$ 151,936	$ 240,254	$ 472,516	$ 383,138	$ 578,695
Budget Balancing Actions							
Total Operating Revenue	**$ 1,537,826**	**$ 1,585,216**	**$ 1,581,549**	**$ 1,710,708**	**$ 1,995,789**	**$ 1,916,577**	**$ 2,156,522**
Short-term Borrowing Balance							
Recovery Ratio[(1)]	56,26%	47.10%	53.70%	47.72%	52.50%	50.79%	55.57%
RTA Required Recovery Ratio[(2)]	54.75%	54.75%	54.75%	42.00%	42.00%	42.00%	42.00%

Note: Columns many not add due to rounding.
Source: The Authority and APPENDIX D— "CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022."

(1) Actual recovery ratio is calculated by dividing the System-Generated Revenues over Operating Expenses. The calculation includes in-kind revenues and expenses for security provided by the City and some grant revenues, and excludes security expenses and Pension Bonds debt service. Amendments to the RTA Act provided recovery ratio relief to the Authority from 2021 through 2026.

(2) The RTA Required Recovery Ratio is one of the operating Marks set for the Authority by the RTA during the annual budget process. See "THE REGIONAL TRANSPORTATION AUTHORITY— Annual Budget Process" herein.

CTA 2025 Budget Overview

The CTA 2025 Budget for Authority operations totals $2,156.5 million and reflects the continued recovery from the COVID-19 pandemic. The CTA 2025 Budget includes Operating Revenues of $1,577.8 million. There is an operating budget gap of $578.7 million. CRRSAA funds will cover $138.9 million of this gap, and $439.8 million of ARP Act funds will be required to fund this gap. The CTA 2025 Budget includes Operating Expenses of $2,156.5 million. The Authority continues to implement cost containment measures to reduce increases in Operating Expenses. The Authority has implemented over $900 million of budget efficiencies since 2015, including $755 million of labor efficiencies, $98 million reduction in fuel, power and other utility-related costs, and $100 million in capital investment in newer fleet purchases and fleet overhaul, yielding lower maintenance costs. The CTA 2025 Budget remains subject to approval by the RTA Board. The CTA 2025 Budget is scheduled for consideration by the RTA Board on December 19, 2024.

2026-2027 Financial Plan Overview

The two-year financial plan (the "2026-2027 Financial Plan") included in the CTA 2025 Budget continues the Authority's mission to deliver quality, affordable bus, and rail transit services and assumes a return to pre-pandemic service levels and no increased fares. The pandemic has changed the way people live and work and this change is expected to continue into the foreseeable future. The Authority has experienced fundamental shifts in its ridership such as a shift from business to leisure, an expansion of "peak" travel periods, a shift away from transit trips into the central business district, all of which could impact future budget plans should these trends continue.

The 2026-2027 Financial Plan projects Operating Expenses are estimated to be $2,234.0 million in 2026 and $2,313.9 million in 2027. Compared to the CTA 2025 Budget, Operating Expenses are expected to grow by 3.6 percent annually, or by $77.4 million in 2026 and by $79.9 million in 2027. Labor and Other Expenses (as defined herein) are the drivers of increases during this timeframe.

The 2026-2027 Financial Plan projects System-Generated Revenues will grow from $456.0 million in the CTA 2025 Budget to $466.3 million in 2026 and to $473.2 million in 2027, 67 percent and 68 percent of 2019 levels, respectively. Fare Box Revenue in 2026 is projected to increase by $7.4 million rides (2.0 percent growth compared to the CTA 2025 Budget). In 2027, Fare Box Revenue is projected to increase $3.8 million over 2026 levels (1.0 percent growth). Ridership levels are projected to be 81 percent and 82 percent in 2026 and 2027, respectively, compared to 2019. Fare Box Revenue is projected to be 64 percent and 65 percent of 2019 levels in 2026 and 2027, respectively. Both ridership and Fare Box Revenue are projected to have year-over-year growth in 2026 and 2027. The gap between ridership levels and Fare Box Revenue levels relative to 2019 is driven by the shift to pass revenue compared to pay-as-you-go fares and a higher percentage of bus rides as a proportion of total rides, both of which have a lower average fare. However, it is difficult to predict ridership with any certainty given outside factors impacting ridership.

Under the 2026-2027 Financial Plan, Public Funding is projected to increase by 3.6 percent (compared to the CTA 2025 Budget) in 2026 and 3.1 percent (year-over-year) in 2027. The increases are driven primarily by higher projected Sales Tax Receipts.

Operating Expenses

Set forth below is a review of the Authority's Operating Expenses as included in the CTA 2025 Budget and the 2026-2027 Financial Plan.

Labor. *"*Labor" is the largest expense of the Authority and consists of wages, salaries, employer pension contributions, and fringe benefits such as healthcare. Labor expense in the CTA 2025 Budget is approximately $1,448.2 million, which assumes service returns to pre-pandemic levels and includes approved contractual wage increases for craft union employees. Increased Labor costs also reflect the Authority's commitment to growing itsworkforce to support the return to higher service levels. The CTA 2025 Budget Labor expense reflects an increase of 97 positions.

The 2026-2027 Financial Plan projects Labor expenses to be $1,506.2 million in 2026 and $1,566.4 million in 2027. Labor costs for the 2026-2027 Financial Plan reflect a 4.0 percent annual growth rate for each of 2026 and 2027.

Labor expense also includes the Authority's employer pension contributions. See "PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS" herein.

Material. *"*Material" primarily consists of parts replacement and supplies. Material tends to track the age of the Authority's fleet, changes in fleet mileage and the occurrence of severe weather. The Authority's Material expenses reflect its continued commitment to purchasing personal protective equipment and cleaning supplies to ensure the safety of employees and customers. Moreover, 2025 expenses also reflect a continuation of strategic capital investments in the maintenance of Authority's bus fleet and rail cars, facilities, and infrastructure.

Material expenses represent 7.1 percent of the CTA 2025 Budget, at $153.4 million. This $22.7 million increase relative to the CTA 2024 Budget is primarily driven by lower maintenance capitalization. Additionally, the Authority is subject to supply chain issues and the same Material shortages that the global economy is facing and the corresponding upward pressure on prices.

The 2026-2027 Financial Plan projects Material expenses to be $158.0 million in 2026, and $162.7 million in 2027, growing 3.0 percent annually for 2026 and 2027. The increase reflects the increased costs to maintain the Authority's bus and rail fleet.

Fuel. "Fuel" represents the cost of diesel for revenue equipment. Fuel costs correlate to overall fuel consumption, fuel price levels, and service mileage. The CTA 2025 Budget includes diesel fuel expenditures for the bus fleet of $48.5 million. The Authority continued its practice of fixed-price purchasing for 2025, locking in 75 percent of expected consumption at low prices. Combined with higher market pricing for the remaining 25 percent of expected consumption, this yields a CTA 2025 Budget unit price of $2.94 per gallon. The 2026-2027 Financial Plan projects diesel fuel costs to be slightly lower than the CTA 2025 Budget, at $47.3 million in 2026 and $47.4 million in 2027.

Power. "Power" expenses reflect the cost of electric power for the rail. The CTA 2025 Budget includes $56.8 million in expenses for traction (rail system) electric power. While the Authority has a flat fixed rate on its electricity supply for 2020 through 2024, Commonwealth Edison ("ComEd") charges for electricity distribution are anticipated to increase significantly in 2025 due to the enactment of a new State law that increases ratepayer charges to create or enhance incentives for nuclear and renewable power generation, energy efficiency, electric vehicles, and workforce training in the clean energy industry. The 2026-2027 Financial Plan projects the Authority's traction (rail system) power expenses to be $60.6 million in 2026 and $61.7 million in 2027.

Provisions for Injuries and Damages. "Provisions for Injuries and Damages" are expenses for claims and litigation for incidents that occur on Authority property, as well as incidents involving Authority vehicles. This amount is suggested by the Authority's actuaries and reviewed annually and is based on actual claims history and future projections. The CTA 2025 Budget includes a $22.3 million contribution to the Provisions for Injuries and Damages fund. The 2026-2027 Financial Plan projects these expenses to increase to $23.2 million in 2026 and $24.1 million in 2027.

Purchase of Security Services. "Purchase of Security Services" are the costs the Authority incurs to provide police and security for the Transportation System. This includes expenditures for intergovernmental agreements with officers from the Evanston, Oak Park, Forest Park and Chicago police departments, as well as contracts with other private security firms. The Public Transportation Unit of the Chicago Police Department also provides services during its regular patrols at no expense to the Authority.

The CTA 2025 Budget includes $88.5 million for the Purchase of Security Services, which is an increase over prior years due to additional contracted security services for the rail system and facilities, expected wage increases and expanded coverage and missions. For the 2026-2027 Financial Plan, Purchase of Security Services is projected to be $91.1 million in 2026 and $93.9 million in 2027.

Other Expenses. "Other Expenses" includes utilities, legal fees, advertising, bank fees, debt service for sales tax revenue bonds, Transportation Infrastructure Finance and Innovation Act ("TIFIA") Loans (defined herein) and outstanding pension obligation bonds, consulting services and other miscellaneous expenses. In the CTA 2025 Budget, Other Expenses are budgeted to be $338.9 million which reflects increases primarily due to higher costs for leases, equipment rentals and contractual services. For the 2026-2027 Financial Plan, Other Expenses are projected to be $347.7 million in 2026 and $357.9 million in 2027. The increase for 2026 and 2027 is primarily driven by increased debt service on TIFIA Loans.

System-Generated Revenues

The Authority's System-Generated Revenues include Fares and Passes, Reduced-Fare Subsidy, Advertising and Concessions, Investment Income, Statutory Required Contributions from the City and Cook County, and Other Revenues (each as defined herein). The CTA 2025 Budget includes System-Generated Revenues of $456.0 million. For the 2026-2027 Financial Plan, System-Generated Revenues are forecasted to increase to $466.3 million in 2026 and to $73.2 million in 2027. Set forth below is a review of the Authority's System-Generated Revenues as included in the CTA 2025 Budget and the 2026-2027 Financial Plan.

Fare and Pass Revenues. The CTA 2025 Budget includes "Fare and Pass" Revenues of $369.1 million, which reflects an increase due to higher projected ridership as the local economy continues to reopen and COVID-19 restrictions are lifted. For the 2026-2027 Financial Plan, compared to the CTA 2025 Budget amount of $369.1 million, Fare and Pass Revenues are projected to increase by $7.4 million to $376.5 million in 2026 and by $11.1 million to $380.2 million in 2027. There is the expectation that Transportation System ridership will continue to increase as the local economy continues to improve. If the local economic recovery is slowed or halted ridership may be negatively impacted.

In order to respond to changes in ridership habits, the Authority has implemented reduced fares on its pass products and eliminated the transfer fee to attract new riders and encourage continued ridership of existing riders. Additionally, the Authority has partnered with Metra and Pace to develop regional pass products that provide convenient travel options to riders. The Authority wants to encourage people to ride, ride more and connect seamlessly between services. See "THE AUTHORITY—Ridership Trends" herein.

Reduced Fare Subsidy. "Reduced Fare Subsidy" revenue is the State's reimbursement to the Authority and the other Service Boards for certain discounted and free fares given to seniors, and people with, disabilities and domestic violence victims as mandated by State and federal law. Pre-pandemic, the Authority provided nearly 100 million free and reduced-fare trips annually to qualified riders based on federal, State, or local mandates. The Reduced Fare Subsidy covers only a portion of the more than $100 million in actual free and reduced fare rides provided by the Authority annually. The Illinois General Assembly provides partial support to local transit agencies for this mandate, with the Reduced Fare Subsidy. The funding is subject to annual State appropriation which has decreased in recent years from a high of $28 million prior to 2015. The 2025 Illinois budget increased the annual subsidy from $19.1 million to $21.0 million. The CTA 2025 Budget assumes the Reduced Fare Subsidy cut will continue, with the Authority receiving $17.4 million annually. The 2026-2027 Financial Plan assumes the Reduced Fare Subsidy will continue to be appropriated at the reduced level of $17.4 million annually.

Advertising, Charters, and Concessions Revenues. "Advertising, Charters, and Concessions Revenues" include advertisements on buses, trains and stations, income from concessions, and other non-Fare Box Revenue. The CTA 2025 Budget totals $33.3 million for this revenue category, which is due to a recovery in advertising and concessions revenues that were severely impacted by lower ridership during the COVID-19 pandemic. For the 2026-2027 Financial Plan, such revenue is expected to grow by $1.7 million annually to $34.9 million in 2026 and $36.7 million in 2027.

Investment Income. "Investment Income" is revenue generated from interest on cash balances held at financial institutions. The CTA 2025 Budget includes Investment Income of $5.0 million, which is projected to remain flat in the 2026-2027 Financial Plan.

Statutory Required Contributions. The RTA Act requires the City of Chicago to contribute $3.0 million and Cook County to contribute $2.0 million annually toward Authority operations and these "Statutory Required Contributions" are unchanged in the CTA 2025 Budget and the 2026-2027 Financial Plan.

Other Revenue. "Other Revenue" includes, non-capital grants, park-and-ride revenue, rental revenue, third-party contractor reimbursements, filming fees, and certain other sources. The CTA 2025 Budget includes Other Revenue of $26.2 million, which is expected to grow in the 2026-2027 Financial Plan to $27.5 million in 2026 ($1.3 million increase relative to the CTA 2025 Budget) and $28.8 million in 2027 ($1.3 million increase year-over-year) due to efforts to increase non-Fare Box Revenues.

Public Funding

"Public Funding" is the largest source of the Authority's revenue and includes Sales Tax Receipts and the RETT Revenues. The amount of Public Funding available for Authority operations is established by the RTA, and is based on the RTA's revenue projections and the approved Public Funding Marks set by the RTA Board in the amounts RTA commits to provide to each of the Service Boards. The amounts budgeted as Public Funding by the Authority do not include certain other revenues received from public entities that are not established by Public Funding Marks. For a discussion of Public Funding see "SALES TAX RECEIPTS." For the 2026-2027 Financial Plan, the RTA Public Funding Marks for the Authority are projected to increase by 3.6 percent in 2026 (relative to the CTA 2025 Budget) and 3.1 percent in 2027 (year-over-year) with the assumption that regional sales tax receipts will increase by 2 percent each year and RETT Revenues increase by 15 percent each year.

DEBT OBLIGATIONS

Short-Term CIP Borrowing Program

Short-term debt may be used by the Authority as a cash management tool to provide interim financing or to bridge temporary cash flow deficits within a fiscal year. The Authority established a short-term borrowing program in 2018 to provide interim funding of up to $300 million for capital improvement projects expected to be financed on a permanent basis with long-term debt (the "Short-Term CIP Borrowing

Program"). The Short-Term CIP Borrowing Program is currently structured pursuant to five revolving note purchase agreements, to provide interim funding of up to $600 million, each in the maximum aggregate amount as described in the table below. The Authority expects to maintain the availability of short-term funding for its capital projects through the issuance of Second Lien CIP Notes on a revolving basis under its Short-Term CIP Borrowing Program.

The Authority has entered into five tax-exempt Note Purchase Agreements each with a not-to-exceed principal amount of Second Lien CIP Notes secured by a pledge of Sales Tax Receipts on a junior and subordinate basis to the Series 2024A Bonds and all First Lien Parity Obligations. The Second Lien CIP Notes may be drawn upon at any time for capital projects, the payment of costs of issuance related to such Second Lien CIP Notes, and to refund short-term obligations issued pursuant to such Second Lien CIP Notes. Interest on the outstanding Second Lien CIP Notes is based upon the SOFR rate.

The Note Purchase Agreements and outstanding Second Lien CIP Notes as of December 10, 2024 are as set forth in the table below. The Authority anticipates making a repayment of $10,100,000 of outstanding principal on the Second Lien CIP Notes issued by Wells Fargo Bank, National Association in December 2024, which is not reflected in the table below.

Note Purchase Agreements and Outstanding Second Lien CIP Notes

Bank	Not-to-Exceed Amount	Maturity Date	Outstanding Principal
Wells Fargo Bank, National Association	$ 150,000,000	July 8, 2025	$ 139,900,000
JP Morgan Chase Bank, National Association	150,000,000	September 24, 2026	130,100,000
Bank of America, National Association	75,000,000	April 2, 2027	52,500,000
PNC Bank, National Association	75,000,000	April 2, 2027	22,500,000
JP Morgan Chase Bank, National Association	150,000,000	April 3, 2029	45,000,000
Total	**$ 600,000,000**		**$ 390,000,000**

The note purchase agreements entered into in connection with the Short-Term CIP Borrowing Program provide certain events of default and/or increased interest rates if the credit rating of the Authority's debt is reduced or terminated; however, no agreement provides for acceleration upon such default. See "RATINGS" and "CERTAIN INVESTMENT CONSIDERATIONS—Effect of Future Ratings Downgrades" herein.

Long-Term Debt Obligations and Debt Limitations

The Authority does not use long-term debt to fund operations. However, long-term bonds are deemed appropriate to finance essential capital activities and certain management initiatives. The Authority may also use long-term lease obligations to finance or refinance capital equipment. Prior to entering into any lease financing, the Authority evaluates the useful life of assets financed, the terms and conditions of the lease, and the budgetary, debt capacity and tax implications. The Authority is not subject to statutory debt limitations for capital investment.

Outstanding Long-Term Debt

The following table describes the current long-term debt of the Authority as of October 1, 2024 and includes bonds issued by the Authority and capital lease obligations.

Authority Long-Term Debt ($ in millions)

	Series	Outstanding Principal Amount	Source of Payment
Sales Tax and Transfer Tax Receipts Revenue Bonds			
	2008A&B	$ 1,539.4*	Sales Tax Receipts / RETT Revenues(1)
	2010B	455.6*	Sales Tax Receipts
	2014(4)	555.0	Sales Tax Receipts
	2020B(4)	490.0*	Sales Tax Receipts
	2017	296.2	Second Lien Sales Tax Receipts
	2020A	367.9	Second Lien Sales Tax Receipts
	2022A	350.0	Second Lien Sales Tax Receipts
Capital Grant Receipts Revenue Bonds			
FTA 5307 Program			
	2017	38.9	Grant Receipts
	2021	75.0	Grant Receipts
FTA 5309/5337 Program			
	2015	29.8	Grant Receipts
	2017	21.8	Grant Receipts
	2021	20.8	Grant Receipts
PBC Lease			
	2006	44.4	General Obligation(2)
TIFIA Loans(3)			
95th Street	2014	78.0*	Fare Box Revenue
Your New Blue	2015	120.1*	Fare Box Revenue
Railcars	2016	275.1*	Fare Box Revenue
Total		**$ 4,758.0**	

Note: Columns many not add due to rounding.
Source: The Authority.
* The outstanding principal amount will be reduced following the scheduled principal payment on December 1, 2024.
(1) Sales Tax Receipts are applied to pay the Series 2008A and 2008B Bonds (the Pension Bonds) only to the extent that the RETT Revenues applied to the payment of debt service thereon is insufficient.
(2) Rent and other obligations under the PBC Lease are payable from Sales Tax Receipts if the PBC Senior Pledge Rights are in effect. See "PLEDGE OF SALES TAX RECEIPTS TO OUTSTANDING INDEBTEDNESS" herein.
(3) See "CAPITAL IMPROVEMENT PROGRAM – Sources of Funds – *Federal Funding* – TIFIA Loan Program" herein.
(4) Includes the Refunded Bonds and Purchased Bonds, a portion of which are refinanced through the issuance of the Series 2024A Bonds.

Sales Tax and Real Estate Transfer Tax Receipts Revenue Bonds. The Authority has outstanding bonds secured by Sales Tax Receipts and RETT Revenues. See "PLEDGE OF SALES TAX RECEIPTS TO OUTSTANDING OBLIGATIONS—First Lien Sales Tax Receipts Obligations," and "—Second Lien Sales Tax Receipts Obligations" herein for a discussion of Authority's outstanding bonds secured by a pledge of Sales Tax Receipts and the RETT Revenues. See APPENDIX D— "CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, Note 9–Bonds Payable."

Capital Grant Receipts Revenue Bonds. The Authority has outstanding capital grant receipts revenue bonds secured by funds provided by the FTA under the FTA's Urbanized Area Formula Funding Program (5307) (the "5307 Program"), and the State of Good Repair Grants Program (5337) (the "5309/5337 Program"). See "CAPITAL IMPROVEMENT PROGRAM−Sources of Funds" herein.

The proceeds of bonds backed by grants under the 5307 Program have been used to pay or reimburse the Authority for prior expenditures relating to facility rehabilitation, rail station reconstruction, replacing and upgrading track, structure and signal systems, communication infrastructure improvements, and replacing the bus and rail fleets. See APPENDIX D— "CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, Note 9–Bonds Payable."

The proceeds of bonds backed by grants under the 5309/5337 Program were used to refund a prior issue of bonds, the proceeds of which funded costs of the Authority's capital program in anticipation of the receipts under the 5309/5337 Program. See APPENDIX D— "CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, NOTE 9–Bonds Payable."

PBC Lease Obligations. The Authority has outstanding the lease of the Authority's headquarters from the Public Building Commission. See APPENDIX D— "CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, Note 8–Capital Lease Obligations."

TIFIA Loans. The Authority has outstanding loans ("TIFIA Loans") from the USDOT pursuant to the credit program established under TIFIA. In 2014, the Authority received a TIFIA Loan for $79.2 million as part of funding package to renovate the Red Line's 95th Street Terminal. In 2015, a second TIFIA Loan was approved for $120.0 million to support the Your New Blue program. On March 16, 2016, the Authority entered into a third TIFIA Loan for $254.9 million to fund certain projects that are part of the Authority's rail car purchase program. As of October 1, 2024, the Authority's TIFIA Loans had an outstanding balance of $473.2 million, which includes both the original TIFIA Loan principal amount and interest accrued thereon. The TIFIA Loans are secured by Fare Box Revenue. As evidence of the Authority's obligation to repay the TIFIA Loans, the Authority issues to the lenders a registered farebox receipts revenue bond in the respective amounts of the loans. See "CAPITAL IMPROVEMENT PROGRAM−Sources of Funds" herein for discussion of an additional TIFIA Loan being sought by the Authority. For a discussion of the TIFIA Loan program see "CAPITAL IMPROVEMENT PROGRAM—Sources of Funds—*Federal Funding"* herein.

CAPITAL IMPROVEMENT PROGRAM

General

As part of the Authority's annual budgeting process, the Authority prepares a five-year "Capital Improvement Program" or "CIP." Each project within the Authority's Capital Improvement Program is initially evaluated during an annual review process, and followed by monthly planning meetings where issues and needs are addressed. Evaluation criteria include: customer and employee safety, reductions to travel time, increased customer comfort and convenience, system security, impact on system reliability, compliance with regulations, and community impact. With the exception of the system miscellaneous category, rail system projects receive a significantly larger portion of the proposed capital program funding than bus projects, due partly to the need to maintain an exclusive right-of-way while buses operate on streets maintained by other units of government.

The "2025-2029 Capital Improvement Program" (the "2025-2029 CIP") was approved by the Chicago Transit Board as a part of the CTA 2025 Budget on November 13, 2024 and the CTA 2025 Budget and 2025-2029 CIP remain subject to approval by the RTA. The CTA 2025 Budget, including the 2025-2029 CIP, are scheduled for consideration by the RTA Board on December 19, 2024.

2025-2029 Capital Improvement Program

The $6.96 billion 2025-2029 Capital Improvement Program is the Authority's plan to renew and expand the Transportation System through preservation of scarce capital resources and maximizing available capital investments. The Authority maintains a rolling five-year CIP that represents the Authority's capital investment priorities for the next five years based on anticipated available funding. The Authority's President and Chief Financial Officer present CIP revisions based on information provided through CTA's decision support processes to the Chicago Transit Board for consideration and approval. CIP development follows an annual update, review, and approval cycle in conjunction with the overall budget process.

The 2025-2029 CIP will advance modernization and improvements systemwide, with an emphasis on customer experience and safety, equity, environmental sustainability, accessibility of rail stations, electrifying the bus system, deploying innovative technologies, advancing state of good repair ("SOGR") initiatives for transit stations and rolling stock, and system expansion projects. These efforts will allow the region's transit riders continued access to an affordable world-class public transportation system, recognizing it as a critical link for increasing economic vitality throughout Chicago and the region. The investments outlined in this program will reduce operating costs in some areas and avoid or slow escalating costs in others, allowing the Authority to leverage its limited operating and capital funds to further improve the Transportation System.

The following table sets forth the 2025-2029 CIP by general category of asset improved or replaced.

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2025-2029 Capital Improvement Program by Asset Category
($ in thousands)

	2025	2026 - 2029	Five Year Funding
Bus Rolling Stock			
Bus Maintenance	$ 12,374	$ 49,495	$ 61,869
Perform Mid-Life Bus Overhaul	$ 36,690	$ 80,423	$ 117,113
Replace Buses	$ 73,514	$ 305,793	$ 379,307
Sub-Total	**$ 122,578**	**$ 435,711**	**$ 558,289**
Modernization, Expansion & Improvements			
Red Line Extension	$ 612,109	$ 3,343,871	$ 3,955,980
Sub-Total	**$ 612,109**	**$ 3,343,871**	**$ 3,955,980**
Power & Way Track and Structure			
Infrastructure Safety & Renewal Program	$ 9,596	$ 166,459	$ 176,054
Sub-Total	**$ 9,596**	**$ 166,459**	**$ 176,054**
Rail Rolling Stock			
Perform Rail Car Overhaul	$ 30,241	$ 158,503	$ 188,744
Purchase Rail Cars	$ 53,053	$ 296,593	$ 349,646
Sub-Total	**$ 83,295**	**$ 455,096**	**$ 538,391**
Miscellaneous			
Bus Turnaround ADA & Site Improvements- Halsted and 79th Street	$ 3,345	$ 56,580	$ 59,925
Fiber Optics Communication/ Network Upgrades	$ 5,000	$ 14,929	$ 19,929
All Station Accessibility Program	$ 20,960	$ 99,159	$ 120,119
Information Technology	$ 4,200	$ 6,412	$ 10,612
Equipment and Non-Revenue Vehicles Replacement	$ 61,601	$ 5,761	$ 67,362
Bus Shelter Signs Upgrade	$ 3,200	$ 0	$ 3,200
Train Tracker Digital Signage Upgrade	$ 7,967	$ 7,033	$ 15,000
Rehabilitate Rail Stations	$ 3,000	$ 40,700	$ 43,700
Implement Security & Communication Projects	$ 21,000	$ 40,569	$ 61,569
Subway Life Safety	$ 5,250	$ 12,750	$ 18,000
Capital Improvement Program Management	$ 9,437	$ 77,970	$ 87,407
Bond Repayment, Interest Cost, & Finance Cost	$ 212,134	$ 773,943	$ 986,076
Sub-Total	**$ 357,094**	**$ 1,135,805**	**$ 1,492,899**
Support Facilities & Equipment			
Improve Facilities - Systemwide	$ 17,200	$ 87,878	$ 105,079
Electric Bus Facilities Engineering/Construction	$ 0	$ 133,000	$ 133,000
Sub-Total	**$ 17,200**	**$ 220,878**	**$ 238,079**
Capital Project Total	**$ 1,201,871**	**$ 5,757,820**	**$ 6,959,691**
CTA Share for Competitive Grants	- $ 125	- $ 500	- $ 625
Marks(1)	**$ 1,201,746**	**$ 5,757,320**	**$ 6,959,066**

Note: Columns may not add due to rounding.
Source: The Authority.
(1) "Marks" represent estimates of available grant receipts from federal, State, and local sources. The available funding sources budgeted for 2025 and projected for 2026-2029 are taken from the CTA 2025 Budget.

Sources of Funds

The following table details the primary funding sources for the 2025-2029 CIP. The funding levels used in preparing the 2025-2029 CIP reflect the capital resources available to the Authority from the federal government, including the FTA, USDOT, and Department of Homeland Security, and State and local sources, including the RTA and State funding that consists of bond construction program and a dedicated annual share of Motor Fuel Tax receipts.

Funding for the 2025-2029 CIP anticipates $6.96 billion in commitments from various federal, State, and local sources. The following table details the funding sources as budgeted for the 2025-2029 CIP in the CTA 2025 Budget.

Capital Improvement Program Marks [(1)] 2025 – 2029
Sources of Funds
($ in thousands)

Sources of Funds	2025	2026	2027	2028	2029	TOTAL
5307 Urbanized Formula	$ 173,276	$ 175,008	$ 177,800	$ 179,578	$ 181,373	$ 887,035
5337 State of Good Repair	254,954	257,503	258,959	261,548	264,164	1,297,128
5339 Bus and Bus Facilities Formula	12,861	12,989	13,198	13,330	13,463	65,841
Subtotal FTA	$ 441,090	$ 445,501	$ 449,956	$ 454,456	$ 459,000	$ 2,250,004
Sec.5309 Capital Investment Grant CIG*	$ 350,000	$ 350,000	$ 132,000	$ 132,000	$ 132,000	$ 1,096,000
CMAQ**	–	74,255	68,108	–	–	142,363
Carbon Reduction Program	–	10,000	15,000	45,000	–	70,000
Sec.5303 Unified Work Program Planning	500	500	500	500	500	2,500
Transit Security Grant Program (DHS)	6,000	6,000	6,000	6,000	6,000	30,000
Other Federal	**$ 356,500**	**$ 440,755**	**$ 221,608**	**$ 183,500**	**$ 138,500**	**$ 1,340,863**
AVAILABLE FEDERAL	**$ 797,590**	**$ 886,256**	**$ 671,564**	**$ 637,956**	**$ 597,500**	**$ 3,590,867**
State Transit Motor Fuel (State PayGo)	161,190	161,190	161,190	161,190	161,190	805,950
RTA ICE	7,967	8,222	8,469	8,689	8,915	42,262
Transit TIF	18,100	173,090	402,199	189,165	167,446	950,000
Subtotal Local	**$ 187,257**	**$ 342,502**	**$ 571,858**	**$ 359,044**	**$ 337,551**	**$ 1,798,212**
CTA Bond	$ 216,899	$ –	$ 450,000	$ 600,000	$ 303,089	$ 1,569,988
Other Local	$ 216,899	$ –	$ 450,000	$ 600,000	$ 303,089	$ 1,569,988
AVAILABLE STATE/LOCAL	**$ 404,156**	**$ 342,502**	**$ 1,021,858**	**$ 959,044**	**$ 640,639**	**$ 3,368,200**
New Funding Available	**$ 1,201,746**	**$ 1,228,758**	**$ 1,693,422**	**$ 1,597,000**	**$ 1,238,140**	**$ 6,959,066**
CTA Share for Competitive Grants	125	125	125	125	125	625
TOTAL Programmed Funds	**$ 1,201,871**	**$ 1,228,883**	**$ 1,693,547**	**$ 1,597,125**	**$ 1,238,265**	**$ 6,959,691**

* Prior funds of $746M and outyear funds of $131M completes CIG (as defined herein) Award of $1.973B for the Red Line Extension project
** Congestion Mitigation and Air Quality Improvement Program

Note: Columns may not add due to rounding. Certain capitalized terms in the table above are used as defined herein.
Source: The Authority.
(1) "Marks" represent estimates of available grant receipts from federal, State, and local sources. The available funding sources budgeted for 2025 and projected for 2025-2029 are taken from the CTA 2025 Budget.

Federal Funding. Sources of federal funds for capital projects included in the 2025-2029 CIP are described below.

FTA Programs. On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act ("IIJA") into law. The IIJA provided $108.2 billion for public transportation across the nation for federal FY 2022 through federal FY 2026 – the largest federal investment in public transportation in the nation's history. This is an approximately 75 percent increase in funding authorization for public transit when compared to levels under the previous federal transit program (FAST Act). These historic increases in public transit investments include $91.2 billion of guaranteed funding (i.e., contract authority and advance appropriations) and $17.0 billion of General Fund authorizations for Capital Investment Grants ("CIG") and other grants. Included in the new federal transit funding program are funds allocated to the Chicago Urbanized Area that the Authority traditionally receives each year. The Authority's allocation of these formula funds represents an approximately 37 percent increase over previous authorized levels.

In addition, the IIJA provides for new and expanded discretionary programs for eligible projects associated with low or no emissions vehicles, buses and bus facilities, accessibility of transit facilities, and other major capital investments. As of August 2024, CTA has been awarded over $499.2 million in FTA Discretionary Grants, and $165.5 million in FTA Major CIG funds have been advanced to complete funding for the Red and Purple Modernization Phase One Project (the "RPM Phase One Project"). In addition, CMAP has provided notice to the Authority of awards totaling $311.0 million for projects that include the bus slow zone improvements, implementation of the Authority's electric bus program, and the Red Line Extension. These funds were made available as part of the IIJA federal transit authorization.

In December 2024 or January 2025, a Full Funding Grant Agreement is expected to be executed with FTA that will award the Authority $1.973 billion of federal CIG funds to provide for a share of costs to extend the Red Line from 95th to approximately 130th Street. In addition, the Authority has several grant applications pending and expects to receive significant funding from various transit discretionary programs over the next two years, which will allow the Authority to begin transitioning to an all-electric bus system, making the next series of rail stations fully accessible, and plan for funding of the Red Line Extension project.

The USDOT is also providing new and increased levels of road highway funding for multimodal investments. Funds are awarded annually to State and Metropolitan Planning Organization ("MPO") as block grants that promote flexibility in use by the region and are directed toward reducing transportation emissions, improving traffic congestion and air quality, addressing the climate crisis, and investing in historically disadvantaged communities. A determined share of program funds is traditionally provided for regionally significant transit capital projects. The Authority, as a regional partner in MPO, will seek an equitable share of these funds for Authority enhancements to the system and region. Project funding will be awarded on a project application basis.

State and Local Funding. Sources of State and local funding for capital projects included in the 2025-2029 CIP are described below.

State Funding. Within the State, a number of grants are available through IDOT. Money is available to IDOT through federal funds in order to reduce motor vehicle, pedestrian, and bicycle crashes, fatalities, and injuries, and to increase safety for all users of the State's roadways. Transportation projects have traditionally been paid from user fees such as gas taxes and vehicle fees, meaning those who use the transportation system pay for its construction and upkeep. The State transportation program includes funding from State transportation user fees, the federal gas tax proceeds and the State gas tax of 38 cents per gallon.

In June 2019, Governor Pritzker signed a historic, bipartisan bill giving Illinois a capital plan in "Rebuild Illinois" that will invest $33.2 billion in transportation improvements across the State over six years. Under Rebuild Illinois, the RTA receives funding from two revenue sources. First, a one-time investment of $2.7 billion in State bond proceeds funded by vehicle registration and title fees and sales tax on motor fuel. Through 2021, the Authority has been granted its entire share of proceeds from this bond program, and therefore the 2025-2029 CIP does not include additional funding from State bond proceeds. The current transportation bond program is authorized through 2024, with the next bond authorization due in 2025. The new bond program will need to be enacted into law by the Illinois General Assembly. Second, an investment of $227 million annually from annual pay-as-you-go funds ("State PayGo") for the

Northeastern Illinois Transit Region. State PayGo is funded by a $0.19 per gallon increase in the State's Motor Fuel Tax ("MFT"), providing a recurring funding source to cover a portion of the region's ongoing SOGR needs. The 2024 funds allocation continues to be based on the original funded amounts. For 2025, State PayGo funding increases by 13.6 percent from the 2024 funding levels due to favorable gas tax receipts and adjustment made based on inflation rate indices. Annual funding levels for 2026-2029 are equal to 2025; annual funding levels will be adjusted each year based on tax receipts and indices adjustment.

The funding allocation to the Service Boards has been agreed upon by the RTA and the Service Boards and includes an allocation of $1.1 billion of State bonds as well as $141 million earmarked State bond funds. With the final grant award of Rebuild Illinois State bond funds in 2021, the Authority has received its full share of proceeds totaling $1.24 billion. These funds are invested in projects that have or will be started and completed over the next five years based on project needs for the renewal and/or overhaul of the Authority's revenue fleet, maintenance facilities, rail line and stations, and rail power substations.

Under the funding plan agreements established between the Service Boards and the RTA, the Authority is set to receive $161.1 million in State PayGo proceeds annually through 2029.

State PayGo will provide consistent funding, allowing the Authority to further invest in the acquisition and rehabilitation of its capital assets (buses, railcars, track and structure, and facilities), as well as provide local funds to match FTA discretionary awards, including Major CIG awards.

Transit TIF. The Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "TIF Act") allows a municipality to (i) establish a transit facility improvement area (a "TFIA") and (ii) establish, within a TFIA, a redevelopment project area (a "Transit TIF District" or "RPA") for purposes of financing rehabilitation or expansion of existing and/or development of new public transit passenger stations; public transit maintenance, storage or service facilities; and public rights of way for use in providing transit through the use of incremental property tax revenues generated within the Transit TIF District.

In 2016, the City established the Red and Purple Modernization Phase One TFIA to finance, in part, the RPM Phase One Project. The City and the Authority have entered into a Redevelopment and Intergovernmental Agreement that provides for available incremental property tax revenues to be used to pay principal and interest on up to $622.0 million of debt financing or PayGo costs incurred by the Authority with respect to the RPM Phase One Project and to reimburse the Authority up to $3.0 million for certain transaction costs. Incremental property tax revenues generated within the Red and Purple Modernization Phase One TFIA will be used by the Authority to fund a portion of the RPM Phase One Project costs, including repayment of debt financing or to prepay debt obligations prior to maturity. The $622.0 million in RPM Phase One Project costs represents a portion of the local match required to obtain an approximately $957.0 million Full Funding Grant Agreement from the FTA for the RPM Phase One Project. The Authority intends to apply for and obtain debt financing in the form of a TIFIA Loan in the amount of up to $622.0 million for the RPM Phase One Project. Should the TIFIA Loan not be available, the Chicago Transit Board has authorized the issuance of Sales Tax Receipts Revenue Bonds as a source of alternative debt financing. Excess incremental property taxes from the Red and Purple Modernization Phase One TFIA are expected to be used to prepay debt obligations prior to maturity. Upon full retirement of debt obligations incurred to fund the RPM Phase One Project, the Red and Purple Modernization Phase One TFIA will be terminated.

Authority Funds. Authority funds are used for capital projects as they become available and generally consist of proceeds of bond financings, proceeds from positive budget variance, insurance settlement agreements, and/or sale of assets.

Authority Bonds for Projects. Since fiscal year 2004, when the Authority issued its first series of bonds for capital projects, Authority bonds have provided an internally generated source of capital funds for SOGR projects. The Authority's bond financing program continues to be a strategically important supplement to the federal program. Through the issuance of bonds, supported by Sales Tax Receipts, federal grants or other State and local sources, the Authority can advance critically important projects which otherwise would need to be deferred for years and significantly increase system maintenance costs with continual degradation of assets. Tax-exempt bond financing offers an efficient and cost-effective way to supplement federal funding and accelerate critical projects. By constructing projects on an expedited schedule, the Authority can reduce costs, improve service, and promote system ridership. The 2025-2029 CIP includes project revenues from bond financings. See "PLAN OF FINANCE—Future Financings" herein.

PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

Retirement Plan

The Authority contributes to the Retirement Plan for Chicago Transit Authority Employees, a single-employer defined benefit pension plan covering substantially all full-time permanent union and non-union employees (the "Retirement Plan"). The Retirement Plan was first established by an agreement between the Authority and its collective bargaining units in 1949 ("Plan Agreement"), which has since been amended and is currently governed by Section 22-101 of the Illinois Pension Code (40 ILCS 5/22-101) (the "Pension Code"). The Authority's contributions to the Retirement Plan and benefits for participants in the Retirement Plan are governed by the Plan Agreement and the Pension Code. Information relating to the Retirement Plan is set forth in APPENDIX D—"CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION, FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022, Note 13–Employees' Retirement Plan Pension Disclosures" and APPENDIX F—"PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE." Capitalized terms used and not defined in this heading are defined in APPENDIX F.

The Retirement Plan is governed by an 11-member Board of Trustees (the "Retirement Board") established under the Pension Code, which is separate and distinct from the Chicago Transit Board and the RTA Board. The Retirement Plan's primary sources of funding come from the Authority's contributions, the employees' contributions, and investment income on the Retirement Plan's assets. The amount of benefits payable to participating employees under the Retirement Plan and the calculation of the Authority and employee contribution amounts, and certain other provisions of the Retirement Plan are established under and governed by the Plan Agreement and the Pension Code.

Under amendments to the Pension Code adopted by the General Assembly in 2008, the funding of the Retirement Plan is subject to the following requirements:

- For each year through 2039, the estimated "Funded Ratio" of the Retirement Plan, which is the actuarial value of assets divided by the actuarial accrued liability, expressed as a percentage, must be at least 60 percent. If the Funded Ratio is projected to decline below 60 percent in any year before 2040, increased contributions will be required each year as a level percentage of payroll over the years remaining until 2040 so that the Funded Ratio does not decline below 60 percent.

- If the Funded Ratio actually declines below 60 percent in any year prior to 2040, increased contributions will be required each year as a level percentage of payroll during the years after the then current year so that the Funded Ratio is projected to reach at least 60 percent no later than 10 years after the then current year.

- Beginning in 2040, the minimum annual contribution to the Retirement Plan must be sufficient to bring the Funded Ratio to 90 percent by the end of 2059.

- Beginning in 2060, the minimum contribution must be an amount necessary to maintain the Funded Ratio at 90 percent.

- Each year the Retirement Board must submit its actuarial valuation and determination of contribution rates to the Office of the Auditor General of the State of Illinois for a determination as to whether the rates and assumptions are not unreasonable in the aggregate.

- Two-thirds of required contributions are paid by the Authority and one-third by participating employees. The Authority's contributions are reduced by debt service on the Pension Bonds issued in 2008, up to maximum of six percent. (*See* "Pension Bonds" below.)

As of the January 1, 2024 Actuarial Valuation (the "2024 Actuarial Valuation"), the contributions made by the Authority and its employees have been in compliance with the contributions determined by the Actuary to be required by the Pension Code. However, past asset performance, demographic experience, contribution levels, assumption changes and plan changes have resulted in an Unfunded Actuarial Accrued Liability ("UAAL") of $1.777 billion and a Funded Ratio of 54.39 percent. See APPENDIX F—"PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE–Background Information Regarding the Retirement Plan–*Determination of Authority's Contributions*."

In 2008, the Authority issued Pension Bonds in two series in an aggregate amount of $1,936.9 million. Proceeds of the Pension Bonds in the amount of approximately $1,110.5 million were deposited in the Retirement Plan, and proceeds in the amount of approximately $529.0 million were deposited into the Retiree Health Care Trust ("RHCT"). See "DEBT OBLIGATIONS–Outstanding Long-Term Debt–*Sales Tax and Real Estate Transfer Tax Receipts Revenue Bonds*" herein. The Pension Bonds were issued in part to fund a contribution to the Retirement Plan in order to increase the Funded Ratio of the Retirement Plan and to fully fund the RHCT. The Authority is obligated to make level annual debt service payments of $156.6 million through 2040 on the Pension Bonds. The Pension Code provides that the Authority's required annual contributions to the Retirement Plan are reduced by the amount of yearly debt service paid on the Pension Bonds up to a maximum of 6 percent of total employee compensation paid by the Authority for the year.

The funding mechanisms for the Retirement Plan can be distinguished in a number of respects from the retirement plans of other area governmental units, including plans currently in place for employees of the City of Chicago, Cook County and the Chicago Public Schools. First, the Pension Code requires the Authority to make contributions in amounts necessary to maintain target Funded Ratios that align with benefits earned under the Retirement Plan. The plans of certain other area governmental units base employer contributions on a multiple of employee contributions which has resulted in significant underfunding of the plans on an actuarial basis. Second, by making a large contribution to the Retirement Plan in 2008 with a portion of the proceeds of the Pension Bonds, the Authority was in effect able to convert uncertain or variable future contributions to level debt service payments on the Pension Bonds through 2040. Third, the Pension Code eliminates any discretionary action on the part of the Authority with respect to plan contributions by requiring the RTA to withhold funds otherwise distributable to the Authority if the Authority fails to meet its full payment obligations. Lastly, the funding formula for the Retirement Plan, in place since 2008, has not been challenged in the State courts as have the more recent legislative pension reforms undertaken on behalf of other area governmental units.

Supplemental Pension Plans

In addition to the Retirement Plan, the Authority maintains three non-statutory, single-employer defined benefit pension plans for a limited number of selected employees (collectively, the "Supplemental Pension Plans"). The Supplemental Pension Plans are operated separately from the Retirement Plan and closed to new participants. Descriptions of the Supplemental Pension Plans can found in APPENDIX D—"CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022," Note 14–Supplemental Plans Pension Disclosures." Also see APPENDIX F— "PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE–SUPPLEMENTAL PENSION PLANS."

Health Care Benefits

Prior to 2008, retiree health care benefits were administered by the Retirement Plan pursuant to collective bargaining agreements ("CBAs") between the Authority and the labor unions representing Authority employees ("Unions"). In 2007, the Authority and its Unions agreed as part of an interest arbitration award (the "2007 CBA") that the responsibility for retiree health care benefits would be transferred to a separate and newly-created RHCT. This agreement was codified in 2008 amendments to the Pension Code. As required by the parties' agreement, the Authority contributed $529.0 million in seed money to the RHCT from proceeds of the Pension Bonds, and the parties to the 2007 CBA confirmed that the obligation of the Authority and the Retirement Plan to provide or fund retiree health care benefits was terminated. Thereafter, the RHCT required subsidy of healthcare premiums from retirees. See APPENDIX F— "PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE."

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of the Series 2024A Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of the Series 2024A Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing investments such as the Series 2024A Bonds. The order in which the investment considerations are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of or potential impact of such event. The investment considerations discussed herein, and others not discussed, could affect the ability of the Authority to pay principal of and interest on the Series 2024A Bonds, and could also affect the marketability of, or the market price for, the Series 2024A Bonds to an extent that cannot be determined.

Limited Obligations

The Series 2024A Bonds are limited obligations of the Authority payable solely from Sales Tax Receipts. The Series 2024A Bonds are not secured by a lien upon any physical properties of the Authority, nor has the Authority established a debt reserve fund or obtained any third-party credit enhancement, credit support, surety bond or insurance with respect to the Series 2024A Bonds. The Authority has no taxing authority which could be exercised for the purpose of paying debt service on the Series 2024A Bonds. See "SECURITY FOR THE SERIES 2024A BONDS—Limited Obligations of the Authority" herein.

Subordinate Bonds and Additional Bonds

The Series 2024A Bonds are secured by a parity lien on Sales Tax Receipts with outstanding First Lien Parity Obligations. Therefore, the security for the payment of the principal of and interest on the Series 2024A Bonds is dependent on the Authority's receipt of Sales Tax Receipts in amounts sufficient to meet the debt service requirements of First Lien Parity Obligations and the Series 2024A Bonds. See "PLAN OF FINANCE" and "SECURITY FOR THE SERIES 2024A BONDS—Pledge of Security" herein.

Subject to certain financial tests and limitations contained in the Indenture, the Authority may issue additional bonds secured by a pledge of and lien on Sales Tax Receipts on a parity with the Series 2024A Bonds. See "PLAN OF FINANCE—Future Financings" and "CAPITAL IMPROVEMENT PROGRAM–Sources of Funds" herein. The debt service requirements for the payment of any such additional bonds may be substantial.

The financial tests that must be satisfied to permit the issuance of additional bonds are based on certain assumptions concerning future revenue and debt service requirements. Actual debt service requirements may exceed assumed requirements and result in lower debt service coverage on the Series 2024A Bonds. See "SECURITY FOR THE SERIES 2024A BONDS—Additional Sales Tax Receipts Obligations" herein.

Authority Fiscal Deficits and Proposed State Legislation

The heading "FINANCIAL INFORMATION— Overview" herein includes a discussion of certain impacts of the COVID-19 pandemic and other economic conditions on the operations and financial condition of the Authority, as well as certain impacts on the State, the City, and the RTA that provide funding to the Authority and that its operations support. These could include a negative impact on operations of the Authority and on Sales Tax Receipts realized by the Authority and available for payment of debt service on the Authority's Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds.

In addition, adverse economic conditions could have an adverse impact on RETT Revenues distributed to the Authority. The RETT Revenues are used to pay the Pension Bonds prior to use of the Sales Tax Receipts for such purpose, and as a result the amount of RETT Revenues received by the Authority impacts the amount of Sales Tax Receipts available to pay Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds.

Proposed legislation is currently pending in the Illinois General Assembly related to funding, planning and fiscal oversight of public transit for the Chicago metropolitan area and to replace the RTA and funding currently provided. The Authority cannot predict whether the Illinois General Assembly will adopt any such legislation or the form of such legislation if enacted.

Factors Affecting Sales Tax Receipts

The following represent some of the factors that may affect the actual amount of sales tax and other revenues collected by the State that impact the amount of RTA Sales Tax, State Sales Tax and Public Transportation Funds transferred to the RTA for funding of the Service Boards, and ultimately the amount of Sales Tax Receipts realized by the Authority and available for payment of debt service on the Authority's Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds. A significant change from historical results in any one of these factors could have a material impact on the availability of Sales Tax Receipts and the ability of the Authority to pay debt service on the Authority's Sales Tax Receipts Revenue

Bonds, including the Series 2024A Bonds. See "SALES TAX RECEIPTS – Sales Tax Receipts Distributed to the Authority" herein.

State Legislative Action. The General Assembly has the authority to amend the provisions of State law governing RTA Sales Tax, State Sales Tax and Public Transportation Funds and the Real Estate Transfer Tax. Legislative changes to (i) the tax base, tax rates and exemptions for sales taxes; (ii) use of such funds by the State for other purposes; or (iii) the formula for RTA's allocation of RTA Sales Tax, State Sales Tax and/or Public Transportation Funds among the Service Boards, could adversely affect the amount of RTA Sales Tax, State Sales Tax and Public Transportation Funds received by the RTA from the State and/or made available to the Authority.

The General Assembly has proposed and may continue to propose legislation relating to the State and local tax system in Illinois that could impact the amount of Sales Tax Receipts received by the Authority. The Authority cannot predict the form of any such legislation, if any such legislation will be adopted or the impact of any such legislation on Sales Tax Receipts or operating revenues of the Authority.

State Budget Actions. Beginning in State fiscal year 2018, the General Assembly adopted a State budget that reduced the State's Public Transportation Fund "matching funds" on sales taxes collected by the State prior to transfer to the RTA for distribution to the Service Boards, including the Authority. This resulted in a reduction in Sales Tax Receipts of the Authority for the years affected. The budget also included a 2.0 percent "surcharge" on RTA Sales Taxes and State Sales Taxes collected by the State prior to transfer to the RTA. The State's budget in recent years have eliminated the reduction to Public Transportation Fund "matching funds" and maintained the 1.5 percent "surcharge" on RTA Sales Taxes and State Sales Taxes. As a part of the State budget for each fiscal year ending June 30 the State legislature can modify the percentage of the State's Public Transportation Fund matching funds, as well as the State "surcharge" on RTA Sales Taxes and State Sales Taxes collected by the State prior to transfer to the RTA. This can have a negative impact on the amount of Sales Tax Revenues available to the Authority.

State Sales Tax on Internet Sales. The State has enacted new regulations as part of the "Leveling the Playing Field for Illinois Retail Act" that have increased sales tax rates and collections on internet sales, resulting in an increase in Sales Tax Receipts.

State Sales Tax on Cannabis. The "Illinois Cannabis Regulation and Tax Act" implemented on January 1, 2020, imposed a cannabis sales tax generating additional Sales Tax Revenues for the Authority.

Sales Tax Exemption for Groceries and Replacement Sales Taxes. The Illinois General Assembly adopted legislation (Public Act 103-0781) with an effective date of August 5, 2024 that created an exemption from the State Sales Tax and the RTA Sales Tax Groceries as of January 1, 2026. Public Act 103-0781 also amends the RTA Act to authorize the RTA to impose a "replacement tax" on Groceries within Cook County (including most of the City of Chicago) at the same rate as the current tax (the "RTA Replacement Cook County Sales Tax"). The RTA has advised that they are seeking authorization to impose a similar "replacement tax" on Groceries within the Collar Counties and at the same rate as the current tax (the "RTA Replacement Collar Counties Sales Tax"). The RTA expects that the RTA Replacement Cook County Sales Tax and the RTA Replacement Collar Counties Sales Tax will effectively replace the current RTA Sales Taxes effective January 1, 2026. See "SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts- ***State Legislation***-Sales Tax Exemption for Groceries and Replacement Sales Taxes**."**

The State has adopted legislation, from time to that, that has created exemptions from the sales tax on Groceries. The RTA has advised the Authority that they do not expect that the exemption of Groceries from the States Sales Tax will have a material impact on the Sales Tax Receipts transferred by the RTA to the Authority.

Uses of Sales Tax Sources That Impact Sales Tax Receipts. The State Distribution received by the RTA is the amount of the Sales Tax Sources collected by the State reduced by the collection fees imposed by the State on sales tax revenues and debt service on the RTA's bonds and notes. The RTA is entitled to withhold from the amount received in the form of RTA Sales Tax and State Sales Tax up to 15.0 percent for its general corporate purposes and to use the State Distribution to make RTA Withholdings consisting of special fund deposits for ADA paratransit, community mobility and RTA ICE programs, prior to the allocation of such funds among the Service Boards, including the Authority. The amount of Sales Tax Receipts distributed to the Authority in any year is impacted by the State collection fee on sales taxes, debt service on RTA's bond and notes, the amounts withheld for RTA's general corporate purposes and the RTA Withholdings. An increase in any of such amounts, over historical levels, could impact the amount of Sales Tax Receipts received by the Authority.

State Delays in Payments to RTA. From time to time, the RTA has experienced delays by the State in transferring the Sales Tax Sources to the RTA, resulting in certain delays in receipt of Sales Tax Receipts by the Authority. See the discussion regarding the timeliness of payments by the State under the heading "SALES TAX RECEIPTS—State Collection and Disbursements to the RTA" herein. No assurance can be provided as to what effect, if any, the State's financial condition, from time to time, will impact the timeliness of the State's transfer of Sales Tax Sources and the impact any future State payment delays could have on the Authority's ability to make timely payments of principal or interest on the Series 2024A Bonds when due. See "—Financial Condition of the State and the City of Chicago" below.

Changes in Economic and Demographic Conditions. The Sales Tax Sources are sensitive to changes in local, regional and national economic conditions and/or a decline in the population of the Northeastern Illinois Transit Region. For example, the Sales Tax Sources have historically declined during economic recession, when higher unemployment adversely affects consumption. Demographic changes in the population of the Northeastern Illinois Transit Region may adversely affect the level of commercial and industrial activity in the Northeastern Illinois Transit Region and could reduce the number and value of taxable transactions and thus reduce the amount of revenues from the Sales Tax Sources. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on Sales Tax Receipts realized by the Authority. See APPENDIX C – "SELECTED ECONOMIC AND DEMOGRAPHIC INFORMATION."

Different Sales Tax Rates in Competing Jurisdictions. Increases in sales and use tax rates in the Northeastern Illinois Transit Region, or decreases in sales and use tax rates in other jurisdictions, may create incentives for certain purchases to be made and delivered in jurisdictions with lower overall sales tax rates. As a result, increasing sales and use tax rates in the Northeastern Illinois Transit Region as a means to increase Sales Tax Receipts may not have the intended effect.

Factors Affecting RTA's Transfer of Sales Tax Receipts to the Authority

There are certain State statutory provisions that trigger the withholding, intercept or diversion of the transfer of Sales Tax Receipts by the RTA to the Authority that are described below. Any such action by RTA would reduce the amount of Sales Tax Receipts transferred to the Authority, could have an adverse impact on the financial condition and operations of the Authority, and could impact the ability of the Authority to pay debt service on the Authority's Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds. The RTA has never withheld, intercepted or diverted the transfer of funds to the Authority pursuant to such provisions.

Mandatory Funding of Authority's Retirement Plan Contributions From Sales Tax Receipts. The RTA is required to continually review the Authority's payment of required contributions to the

Retirement Plan. If at any time the RTA determines that the Authority's payment of any portion of the required contributions to the Retirement Plan is more than one month overdue, the RTA is required as soon as possible to pay the amount of the overdue contributions to the Retirement Board on behalf of the Authority out of moneys otherwise payable to the Authority, which includes Sales Tax Receipts, and to give notice to the Authority and certain other parties of such payment. The 2024 Actuarial Valuation of the Retirement Plan determined the contributions made by the Authority and its employees have been in compliance with the contributions determined by the Actuary to be required by the Pension Code, but the Pension Code's contribution requirements are at a level below the actuarially determined AMC. As of the January 1, 2024 Actuarial Valuation, there is an Unfunded Actuarial Accrued Liability of $1.777 billion and a Funded Ratio of 54.39 percent. See APPENDIX F— "PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE–Background Information Regarding the Retirement Plan–*Determination of Authority's Contributions*."

The funding levels of the Retirement Plan are dependent on investment returns of assets of the Retirement Plan and the Funded Ratio and UAAL that are tied to the Authority's required employer contributions are determined, in part, on an assumed rate of return of such investments. Declines in the actual or assumed rate of return on such investments resulting from an economic downturn or market volatility, could have an adverse impact on the Funded Ratio and UAAL of the Retirement Plan and could result in an increase in the Authority's required contributions.

RTA Act Mandated Local Assistance to the Authority. The RTA Act requires that no moneys be released by the RTA to the Authority in any fiscal year unless "… a unit or units of local government in Cook County (other than the Authority) enters or enter into an agreement with the Authority to make a monetary contribution for such year of at least $5,000,000 for public transportation." In addition, the RTA Act requires that the City and Cook County must continue to provide services to the Authority at the same level and on the same basis as services were provided as of the effective date of the RTA Act or as otherwise approved by the RTA Board. The City and Cook County have made the required monetary contributions to the Authority each year since the inception of such requirement. If the mandated local assistance requirements are not met, it is possible that the RTA could withhold Sales Tax Receipts otherwise payable to the Authority.

RTA Act Mandated Authority Budget Requirements and Oversight. ***State and Local Funding***. Sources of State and local funding for capital projects included in the 2025-2029 CIP are described below.

<u>State Funding</u>. Within the State, a number of grants are available through IDOT. Money is available to IDOT through federal funds in order to reduce motor vehicle, pedestrian, and bicycle crashes, fatalities, and injuries, and to increase safety for all users of the State's roadways. Transportation projects have traditionally been paid from user fees such as gas taxes and vehicle fees, meaning those who use the transportation system pay for its construction and upkeep. The State transportation program includes funding from State transportation user fees, the federal gas tax proceeds and the State gas tax of 38 cents per gallon.

In June 2019, Governor Pritzker signed a historic, bipartisan bill giving Illinois a capital plan in "Rebuild Illinois" that will invest $33.2 billion in transportation improvements across the State over six years. Under Rebuild Illinois, the RTA receives funding from two revenue sources. First, a one-time investment of $2.7 billion in State bond proceeds funded by vehicle registration and title fees and sales tax on motor fuel. Through 2021, the Authority has been granted its entire share of proceeds from this bond program, and therefore the 2025-2029 CIP does not include additional funding from State bond proceeds. The current transportation bond program is authorized through 2024, with the next bond authorization due in 2025. The new bond program will need to be enacted into law by the Illinois General Assembly. Second, an investment of $227 million annually from annual pay-as-you-go funds ("State PayGo") for the

Northeastern Illinois Transit Region. State PayGo is funded by a $0.19 per gallon increase in the State's Motor Fuel Tax ("MFT"), providing a recurring funding source to cover a portion of the region's ongoing SOGR needs. The 2024 funds allocation continues to be based on the original funded amounts. For 2025, State PayGo funding increases by 13.6 percent from the 2024 funding levels due to favorable gas tax receipts and adjustment made based on inflation rate indices. Annual funding levels for 2026-2029 are equal to 2025; annual funding levels will be adjusted each year based on tax receipts and indices adjustment.

The funding allocation to the Service Boards has been agreed upon by the RTA and the Service Boards and includes an allocation of $1.1 billion of State bonds as well as $141 million earmarked State bond funds. With the final grant award of Rebuild Illinois State bond funds in 2021, the Authority has received its full share of proceeds totaling $1.24 billion. These funds are invested in projects that have or will be started and completed over the next five years based on project needs for the renewal and/or overhaul of the Authority's revenue fleet, maintenance facilities, rail line and stations, and rail power substations.

Under the funding plan agreements established between the Service Boards and the RTA, the Authority is set to receive $161.1 million in State PayGo proceeds annually through 2029.

State PayGo will provide consistent funding, allowing the Authority to further invest in the acquisition and rehabilitation of its capital assets (buses, railcars, track and structure, and facilities), as well as provide local funds to match FTA discretionary awards, including Major CIG awards.

<u>Transit TIF</u>. The Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "TIF Act") allows a municipality to (i) establish a transit facility improvement area (a "TFIA") and (ii) establish, within a TFIA, a redevelopment project area (a "Transit TIF District" or "RPA") for purposes of financing rehabilitation or expansion of existing and/or development of new public transit passenger stations; public transit maintenance, storage or service facilities; and public rights of way for use in providing transit through the use of incremental property tax revenues generated within the Transit TIF District.

In 2016, the City established the Red and Purple Modernization Phase One TFIA to finance, in part, the RPM Phase One Project. The City and the Authority have entered into a Redevelopment and Intergovernmental Agreement that provides for available incremental property tax revenues to be used to pay principal and interest on up to $622.0 million of debt financing or PayGo costs incurred by the Authority with respect to the RPM Phase One Project and to reimburse the Authority up to $3.0 million for certain transaction costs. Incremental property tax revenues generated within the Red and Purple Modernization Phase One TFIA will be used by the Authority to fund a portion of the RPM Phase One Project costs, including repayment of debt financing or to prepay debt obligations prior to maturity. The $622.0 million in RPM Phase One Project costs represents a portion of the local match required to obtain an approximately $957.0 million Full Funding Grant Agreement from the FTA for the RPM Phase One Project. The Authority intends to apply for and obtain debt financing in the form of a TIFIA Loan in the amount of up to $622.0 million for the RPM Phase One Project. Should the TIFIA Loan not be available, the Chicago Transit Board has authorized the issuance of Sales Tax Receipts Revenue Bonds as a source of alternative debt financing. Excess incremental property taxes from the Red and Purple Modernization Phase One TFIA are expected to be used to prepay debt obligations prior to maturity. Upon full retirement of debt obligations incurred to fund the RPM Phase One Project, the Red and Purple Modernization Phase One TFIA will be terminated.

<u>Authority Funds</u>. Authority funds are used for capital projects as they become available and generally consist of proceeds of bond financings, proceeds from positive budget variance, insurance settlement agreements, and/or sale of assets.

Authority Bonds for Projects. Since fiscal year 2004, when the Authority issued its first series of bonds for capital projects, Authority bonds have provided an internally generated source of capital funds for SOGR projects. The Authority's bond financing program continues to be a strategically important supplement to the federal program. Through the issuance of bonds, supported by Sales Tax Receipts, federal grants or other State and local sources, the Authority can advance critically important projects which otherwise would need to be deferred for years and significantly increase system maintenance costs with continual degradation of assets. Tax-exempt bond financing offers an efficient and cost-effective way to supplement federal funding and accelerate critical projects. By constructing projects on an expedited schedule, the Authority can reduce costs, improve service, and promote system ridership. The 2025-2029 CIP includes project revenues from bond financings. See "PLAN OF FINANCE—Future Financings" herein.

In addition, the RTA Act requires the RTA to perform certain audits to determine if System-Generated Revenues of the Authority satisfy the Required Recovery Ratio required by the RTA Act, and if they fail to do so the RTA Board is required to remit an amount of such deficit to the State. If the RTA makes any payment to the State pursuant to the foregoing, the RTA must reduce the amount provided to the Authority, from RTA provided funding in proportion to the amount by which the Authority failed to meet its Required Recovery Ratio. Pursuant to the RTA Act, within six months of the end of each fiscal year, the RTA is required to determine whether the aggregate of all "system-generated revenues" for public transportation in the Northeastern Illinois Transit Region which is provided by, or under grant or purchase of service contracts with, the Service Boards ("System-Generated Revenues") equals 50 percent of the aggregate of all costs of providing public transportation. The Transportation System has never failed to meet the requirement. The Illinois General Assembly removed the recovery ratio requirement from 2021 through 2025 to help compensate for reduced fare and pass revenues due to ridership declines resulting from the COVID-19 pandemic. See "THE REGIONAL TRANSPORTATION AUTHORITY—RTA Oversight" and "FINANCIAL INFORMATION" herein.

RTA's Right to Intercept Sales Tax Receipts. Pursuant to the RTA Act, the RTA has the right to intercept Sales Tax Receipts allocable to the Service Boards, including the Authority, in order to make debt service payments on certain RTA bond obligations, in the event that funds from the State (including, but not limited to Public Transportation Funds) are not available to make such payments. Such occurrence could result in the RTA withholding, delaying or not making payments to the Authority of Sales Tax Receipts.

Discretionary Funding. The RTA provides financial assistance to the Service Boards with RTA Discretionary Funds. The percentage of RTA Discretionary Funds are not fixed by statute and requires action each year by the RTA Board. The RTA has historically allocated between 90 percent and 99 percent of RTA Discretionary Funds to the Authority. See "SALES TAX RECEIPTS—Allocations of RTA Formula Funds and RTA Discretionary Funds Among the Service Boards" herein. Any significant reduction in RTA's allocation of RTA Discretionary Funds to the Authority, whether the exercise of such discretion is the result of reduced ridership, declining operations, or some other factor, could have a negative impact on Sales Tax Receipts.

Force Majeure Events

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

Weather Conditions. The Chicago region is naturally susceptible to the effects of extreme weather events and natural disasters, which could result in negative economic impacts on the Authority, the State, the City and the RTA if they were to occur. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising lake levels and/or a polar vortex. The occurrence of such extreme weather events could damage local infrastructure, including the Authority's Transportation System. Such extreme weather events could have an adverse impact on the financial condition and operations of the Authority, the State, the City and the RTA if they were to occur, and the generation or collection of Sales Tax Receipts, RETT Revenues and operating revenues of the Authority.

Cybersecurity

The Authority, State, City of Chicago and the RTA, like many other public and private entities, each rely on a large and complex technology environment to conduct their operations, and face multiple cybersecurity threats including, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private or sensitive information, the Authority, the State, the City and the RTA each may be the target of cybersecurity incidents that could result in adverse consequences to such entities' Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attack by unauthorized entities attempting to gain access to Systems Technology for the purposes of misappropriating assets or information or causing operational disruption or damage to public services, including operation of the Authority's Transportation System. Cybersecurity breaches could cause material disruption to affected entities finances and operations. And the cost of remedying any such damage, protecting against future attacks, or responding to resulting legal claims or proceedings could be substantial.

No assurance can be provided that such a cybersecurity incident will not occur, and, if any such events were to occur, no prediction can be provided as to the actual impact or severity of the impact on the financial condition or operations of the Authority, the State, the City and the RTA and the generation or collection of Sales Tax Receipts and of operating revenues of the Authority.

Financial Condition of the State and the City of Chicago

Public Funding is the largest source of operating revenues of the Authority. The financial impact that the Authority experiences from time to time from economic conditions is often similarly felt by the State, the City and the RTA that provide funding to the Authority. This can impact their capacity to increase or maintain the historical level of financial support to the Authority or their need to divert such revenues for other purposes. The financial condition of such entities may result in legislative, administrative or other actions that impact Sales Tax Receipts, RETT Revenues, and operating revenues of each such entity, or the timeliness of payment thereof. Certain of the sources of Public Funding to the Authority have statutory or contractual protections from legislative action, reduction or diversion by the funding entity. For a discussion of such statutory and contractual protections see "SALES TAX RECEIPTS—State Collection and Disbursements to the RTA" and "—RETT Revenues Pledged to Payment of the Pension Bonds" and

"PLEDGE OF SALES TAX RECEIPTS TO OUTSTANDING INDEBTEDNESS" herein. See "FINANCIAL INFORMATION" herein.

Operating Revenues of the Authority

The largest source of Operating Revenues of the Authority is Fare Box Revenue. Similar to other public transit agencies around the country, the Authority is experiencing decreased ridership which adversely impacts Fare Box Revenue and other Authority revenues tied to Transportation System operations. See "FINANCIAL INFORMATION—Ridership Trends" herein. Ridership is also impacted by certain of the factors that impact Sales Tax Receipts that are described in this heading, such as economic and demographic factors, force majeure events, etc.

Federal funds have been critical in maintaining transit service in the Chicago region and the Authority's operating budgets for 2020 through 2025 have been balanced with Federal Relief Funding. The Authority has received a total of over $2,209.3 million in Federal Relief Funding. Federal Relief Funding will be exhausted in 2026 requiring the Authority to identify other means to balance its projected 2026 budget deficit and expected budget deficits for following years. See FINANCIAL INFORMATION—Federal Relief Funding" herein.

The Authority's First Lien Parity Obligations, including the Series 2024A Bonds, are not a general obligation of the Authority and are not secured by the operating revenues of the Authority, including Fare Box Revenue. However, the ability of the Authority to generate revenues for operations and capital improvements is important to the ongoing funding of the Authority by the State, the RTA and the federal government.

Project Costs and Capital Requirements

The Authority receives substantial federal, State and local assistance for planned capital improvements. The Authority is currently undertaking major transit projects that require significant capital investment to augment transit services and maintain the Transportation System in SOGR. See "CAPITAL IMPROVEMENT PROGRAM" herein. There can be no assurances that these projects will be completed on budget or on schedule. Whether or not the projects can be completed on budget or on schedule depends on a large number of factors, many of which are beyond the control of the Authority, including unavailability of needed goods, materials and personnel and delay in receipt of federal, State and local grants or loans. The costs for these projects may require the issuance of additional bonds secured by Sales Tax Receipts, which could result in lower debt service coverage on the Sales Tax Receipts Revenue Bonds, including the Series 2024A Bonds.

Changes in Federal Subsidy Programs

The Authority anticipates that its planned capital improvements will require increasing amounts of federal subsidies for the foreseeable future. Any reduction in federal subsidies from anticipated levels or use of such subsidies for operating costs would cause the Authority to place additional reliance on the issuance of additional bonds secured by Sales Tax Receipts, which could result in lower debt service coverage on the First Lien Parity Obligations, including the Series 2024A Bonds. See "FINANCIAL INFORMATION" herein.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Series 2024A Bonds will be similarly qualified.

State and local governments, including the Authority, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. Illinois law does not currently permit the State or other Illinois public entities to file for bankruptcy; however, from time to time, legislation has been introduced in the General Assembly which, if enacted, would permit such entities to file for bankruptcy under the U.S. Bankruptcy Code. No assurance can be provided as to whether any such legislation will be enacted into law.

No Secondary Market

There can be no assurance that a secondary market for the Series 2024A Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Series 2024A Bonds to maturity.

Limitations on Remedies of Bondholders

The remedies available upon an event of default under each Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. The legal opinions to be delivered by Co-Bond Counsel concurrently with the delivery of the Series 2024A Bonds will be qualified as to the enforceability of such Series and the related Indenture by bankruptcy, insolvency or other similar laws affecting the rights of creditors generally.

No Acceleration Provision

The Indenture securing the Series 2024A Bonds does not contain a provision allowing for the acceleration of the Series 2024A Bonds secured by such Indenture in the event of a default in the payment of principal of and interest on the Series 2024A Bonds when due. In the event of a default under the Indenture, the Trustee will have the right to exercise the remedies provided in such Indenture. See APPENDIX A— "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—THE INDENTURE–Events of Default" and "–Remedies."

Loss of Tax Exemption

Interest on the Series 2024A Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2024A Bonds, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2024A Bonds. Interest on the Series 2024A Bonds also could become subject to federal income tax as a result of changes of law. See "TAX MATTERS" herein. Should interest become includable in federal gross income, the Series 2024A Bonds are not subject to mandatory redemption by reason thereof and may remain outstanding until maturity.

Effect of Future Ratings Downgrades

The interest rate the Authority pays on new issuances of long-term and short-term debt is highly dependent on the Authority's credit ratings, and downward changes in the Authority's ratings could result in significantly higher interest rates payable by the Authority on future bond issuances and other borrowings. Ratings downgrades below certain threshold levels could trigger an increase in interest rates and costs and events of default under the agreements securing the Authority's notes issued, from time to time, under its Short-Term Borrowing Program. See “DEBT OBLIGATIONS—Short-Term Borrowing Program” herein. It is uncertain as to the effect that the COVID-19 pandemic’s continued impact on the operations and financial condition of the Authority of unknown duration may have on the credit ratings of the Authority.

Forward-Looking Statements

This Official Statement, including the appendices hereto, contain certain statements relating to future results that are forward-looking statements. See the discussion under the heading “INTRODUCTION—Forward-Looking Statements” herein. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, bondholders and potential investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material. The Authority does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2024A Bonds are subject to the approving opinions of Mayer Brown LLP, Chicago, Illinois, and Hardwick Law Firm, LLC, Chicago, Illinois, Co-Bond Counsel. The proposed form of the opinions to be delivered by Co-Bond Counsel is attached hereto as APPENDIX H— “PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL.” Approval of certain other legal matters will be passed upon for the Authority by its General Counsel and by Thompson Coburn LLP, Chicago, Illinois, Disclosure Counsel, and for the Underwriters by Katten Muchin Rosenman LLP, Chicago, Illinois. Thompson Coburn LLP also served as special counsel to the Authority in connection with the Purchased Bonds.

TAX MATTERS

Interest Not Exempt From State of Illinois Income Taxes

Interest on the Series 2024A Bonds is not exempt from present State of Illinois income taxes. Ownership of the Series 2024A Bonds may result in other state and local tax consequences to certain taxpayers, including consequences related to any other state or local taxing authority. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2024A Bonds. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors regarding the application of any such state and local taxes.

Certain United States Federal Income Tax Consequences

The following is a summary of the principal United States federal income tax consequences of ownership of the Series 2024A Bonds. It deals only with the Series 2024A Bonds held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, certain accrual-method taxpayers subject to special tax accounting rules as a result of their use of applicable financial statements, life insurance companies, persons that hold the Series 2024A Bonds that are a hedge or that are hedged against currency risks or that are part of a straddle or conversion transaction, persons that are not citizens or residents of the United States or persons whose functional currency is not the U.S. dollar. The summary is based on Bond Counsel’s review of the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, perhaps with retroactive effect.

The Code contains a number of provisions relating to the taxation of securities such as the Series 2024A Bonds (including but not limited to the tax treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the sale, exchange or other disposition thereof and withholding and backup withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of ownership of the Series 2024A Bonds.

Tax-Exempt Bonds

Summary of Bond Counsel Opinion. Mayer Brown LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, are of the opinion that under existing law, interest on the Series 2024A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Code. In addition, interest on the Series 2024A Bonds is not an item of tax preference for purposes of computing individual alternative minimum taxable income. Interest on the Series 2024A Bonds may affect the corporate alternative minimum tax for certain corporations. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors as to the federal, state and local tax consequences of their acquisition, ownership or disposition of, or the accrual or receipt of interest on the Series 2024A Bonds.

In rendering the foregoing opinions, Co-Bond Counsel will rely on, and will assume the accuracy of, certain representations and certifications and compliance with certain covenants of the Authority and the Trustee contained in various documents included in the transcript of proceedings, which are intended to evidence and assure that the Series 2024A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of such certifications and representations and will not monitor compliance with such covenants.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. Some of these require continued compliance after the issuance of the Series 2024A Bonds in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with such requirements could cause the interest on the Series 2024A Bonds to be included in gross income for federal income tax purposes, in some cases, effective from the date such Series 2024A Bonds are initially issued. The Authority has covenanted in the Indenture to not take any action or knowingly permit any action on its part to be taken which would cause the interest on the Series 2024A Bonds to be included in the gross income of the owners of the Series 2024A Bonds for federal income tax purposes.

An "applicable corporation" (as defined in Section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under Section 55 of the Code on its "adjusted financial statement income" (as defined in Section 56A of the Code) for such taxable year. Because interest on tax exempt obligations, such as the Series 2024A Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Series 2024A Bonds could subject certain corporations to alternative minimum tax consequences.

Under the Code, interest on the Series 2024A Bonds earned by certain foreign corporations doing business in the United States could be subject to the branch profits tax imposed by Section 884 of the Code, and interest on the Series 2024A Bonds could be subject to the tax imposed by Section 1375 of the Code on excess net passive income of certain S corporations. Under the Code, the receipt of interest excluded from gross income for federal income tax purposes can have certain collateral federal income tax consequences, adversely affecting items of income, deductions or credits for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, recipients of Social Security and Railroad Retirement benefits, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, individuals otherwise eligible for the earned income credit and taxpayers who are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations. Co-Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2024A Bonds. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors on the application of such collateral consequences.

Further, from time to time, legislative proposals are pending in Congress which, if enacted, would alter or amend one or more of the federal tax consequences referred to above in certain respects or would adversely affect the market value of the Series 2024A Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that such proposal would not apply to the Series 2024A Bonds, whether or not issued prior to enactment of such proposal. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Series 2024A Bonds. If an audit is commenced, under current procedures the IRS may treat the Authority as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2024A Bonds until the audit is concluded, regardless of the ultimate outcome.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Co-Bond Counsel as of the date thereof. Co-Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinions of Co-Bond Counsel express the professional judgment of Co-Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Co-Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Discount. An amount equal to the excess of the stated redemption price at maturity of any Series 2024A Bonds (the "Discount Bonds") over the issue price (the "Offering Price") of such Discount Bonds, will be treated as "original issue discount." A bond's stated redemption price at maturity is the aggregate of all payments required to be made on the bond except "qualified stated interest." Qualified stated interest is generally interest that is unconditionally payable in cash or property, other than debt instruments of the issuing entity, at fixed intervals of one year or less during the entire term of the instrument at an interest rate or rates that satisfy requirements under the Treasury Regulations. The Offering Price will be the first price at which a substantial amount of the Series 2024A Bonds are sold to the public, excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers. With respect to a taxpayer who purchases a Discount Bond in the initial public offering at the Offering Price and who holds such Discount Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discount Bond for federal income tax purposes to the same extent as current interest and will not be treated as taxable capital gain upon payment of such Discount Bond upon maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of a constant yield computed at the end of each six month period (or shorter period from the date of original issue). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, acceleration, redemption prior to maturity or payment at maturity). An owner of a Discount Bond who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Offering Price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the tax consequences of the ownership of such Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Market Discount. If a Series 2024A Bond is purchased at any time for a price that is less than the Series 2024A Bond's Offering Price plus accrued original issue discount, if any, the purchaser may be treated as having purchased the Series 2024A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2024A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2024A Bond. Purchasers should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the Series 2024A Bonds.

Bond Premium. An amount equal to the excess of the purchase price of a Series 2024A Bond over the stated redemption price payable at maturity of such Series 2024A Bond constitutes amortizable bond premium that may not be deducted for federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such Series 2024A Bond, the tax basis of each Series 2024A Bond is decreased by the amount of the bond premium that has been amortized. Bond premium is amortized by offsetting the interest on the Series 2024A Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the Series 2024A Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Series 2024A Bond). If the bond premium allocable to an accrual period exceeds the interest on the Series 2024A Bond allocable to the accrual period, the excess is a nondeductible loss for federal income tax purposes that reduces the owner's basis in such Series 2024A Bond.

Sale and Retirement of the Series 2024A Bonds. Holders of the Series 2024A Bonds will recognize gain or loss on the sale, redemption, retirement or other disposition of such Series 2024A Bonds.

The gain or loss is measured by the difference between the amount realized on the disposition of the Series 2024A Bond and the holder's adjusted tax basis in the Series 2024A Bond. Such gain or loss will be capital gain or loss, except to the extent of accrued market discount not previously included in income, and will be long term capital gain or loss if at the time of disposition such Series 2024A Bond has been held for more than one year.

Backup Withholding and Information Reporting. Information reporting will apply to payments of the proceeds of the sale or other disposition of the Series 2024A Bond with respect to certain non-corporate holders, and backup withholding may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Change of Law

The opinions of Co-Bond Counsel and the descriptions of tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Series 2024A Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Series 2024A Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2024A Bonds.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, to the knowledge of the Authority, pending or threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Series 2024A Bonds, the application of the proceeds thereof in accordance with the Indenture, or the receipt or application of Sales Tax Receipts or other moneys to be pledged to pay the principal of and interest on the Series 2024A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2024A Bonds, the Indenture or any other agreement entered into in connection therewith, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority or its authority with respect to the Series 2024A Bonds, or the Indenture or any other agreement entered into in connection therewith.

RATINGS

Standard & Poor's Global Ratings ("S&P") and Kroll Bond Rating Agency ("KBRA") have assigned the Series 2024A Bonds ratings of "AA" and "AA," respectively. There is no assurance that the credit ratings given to the Series 2024A Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies, if, in their judgment, circumstances so warrant. The Authority does not undertake and has no responsibility to oppose any downward revision or withdrawal of any one or both of the ratings. Any downward revision or withdrawal of one or both of the ratings may have an adverse effect on the market price of the Series 2024A Bonds. The ratings reflect only the views of such organizations and an explanation of the significance of the ratings may be obtained from the credit rating agencies.

MUNICIPAL ADVISORS

Acacia Financial Group, Inc., Chicago, Illinois ("Acacia") and Mohanty Gargiulo LLC, New York, New York ("Mohanty," and together with Acacia, the "Municipal Advisors"), have been retained by the Authority to provide certain financial advisory services in connection with the issuance of the Series 2024A Bonds. The Municipal Advisors are not obligated to conduct, and have not conducted, a detailed investigation of the affairs of the Authority to independently verify the completeness or accuracy of the information set forth in this Official Statement and the Appendices hereto. The Municipal Advisors are not public accounting firms and have not been engaged by the Board to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Municipal Advisors are municipal advisors registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board in accordance with applicable federal securities laws, and are not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2024A Bonds. The fees to be paid to the Municipal Advisors for services provided in connection with the issuance of the Series 2024A Bonds are contingent upon the closing of the Series 2024A Bonds.

CONTINUING DISCLOSURE UNDERTAKING

In order to assist the Underwriters in complying with the requirements of Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"), the Authority will enter into a Continuing Disclosure Undertaking for the benefit of the Bondholders (as defined in such agreement) from time to time of the Series 2024A Bonds. The form of the Continuing Disclosure Undertaking, including the nature of the information that the Authority has agreed to supply on an annual basis, is attached to this Official Statement in APPENDIX E— "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Moody's and S&P downgraded the rating on the Authority's sales and transfer tax receipts revenue bonds on September 21, 2009 and February 12, 2010, respectively. Event notices with respect to such rating changes were not filed with EMMA as required by the Rule. The Authority made such required filings on August 16, 2020.

In June 2020, the Authority made certain filings with EMMA to address previous incomplete filings and to fulfill previous continuing disclosure undertaking filing obligations for certain of the Authority's outstanding Sales Tax Receipts Revenue Bonds, including certain financial information and operating data (exclusive of Audited Financial Statements) for fiscal years 2016, 2017 and 2018. In addition, on August 14, 2020, the Authority filed an amendment to the cover page of an Annual Disclosure, originally filed on June 28, 2020, that added one additional fiscal year to the previously filed list of years for which the Authority failed to file. Further, on August 16, 2020, the Authority made certain filings with EMMA to address previous incomplete filings and to fulfill previous continuing disclosure undertaking filing obligations for certain of the Public Building Commission of Chicago's outstanding building revenue bonds, including certain financial information and operating data (exclusive of Audited Financial Statements) for fiscal years 2015 through 2019. As of the date hereof, the Authority is in compliance with the continuing disclosure obligations related to its outstanding bonds. In order to ensure future compliance, the Authority has established certain procedures, including its development of a checklist and a tickler system, to ensure timely and complete filings.

UNDERWRITING

Jefferies LLC, on behalf of itself and the other underwriters listed on the cover hereof (the "Underwriters"), is purchasing the Series 2024A Bonds, subject to certain conditions set forth in a bond purchase agreement relating to the Series 2024A Bonds (the "Bond Purchase Agreement").

Pursuant to the Bond Purchase Agreement, the Underwriters have agreed to purchase the Series 2024A Bonds at a purchase price of $717,007,476.17 (representing the principal amount of the Series 2024A Bonds, less the Underwriters' discount of $3,277,137.03, plus net original issue premium of $61,449,613.20). The initial public offering prices of the Series 2024A Bonds may be changed from time to time by the Underwriters after the Series 2024A Bonds have been released for sale. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2024A Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, among others, the approval of certain legal matters by Underwriters' Counsel.

Certain Relationships

Jefferies LLC is serving as "Dealer Manager" in connection with a tender offer related to the Purchased Bonds. The Purchased Bonds were tendered to the Authority under the terms of an Invitation to Tender dated November 15, 2024 with the assistance of the Dealer Manager, in their capacity as Dealer Manager and not as Underwriter of the Series 2024A Bonds. The Authority has agreed to pay the Dealer Manager a customary fee for its services and to reimburse the Dealer Manager for its reasonable expenses relating to such tender offer from proceeds of the Series 2024A Bonds.

Academy Securities, Inc. has entered into third-party distribution agreements with Commonwealth Financial Network, R. Seelaus & Co., The GMS Group LLC, InspereX LLC, Mountainside Securities LLC, World Equity Group, Inc., CINCaP Investment Group LLC, National Securities Corp, Essex Securities LLC, Isaak Bond Investments, and Institutional Securities Corporation for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with these firms.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

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MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers, holders or beneficial owners of any of the Series 2024A Bonds. All of the summaries of the Series 2024A Bonds, the Indenture, applicable legislation, and other agreements and documents in this Official Statement are made subject to the provisions of the Series 2024A Bonds and such documents, respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

CHICAGO TRANSIT AUTHORITY

By: /s/ Thomas J. McKone
Chief Financial Officer and Treasurer

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APPENDICES

LIST OF APPENDICES

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APPENDIX A

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in this Official Statement that are provided for the convenience of the reader and do not purport to be comprehensive or definitive. Certain capitalized terms used herein are defined elsewhere in this Official Statement. All references herein to terms defined in the Indenture are qualified in their entirety by the definitions set forth in the Indenture.

"*Accountant*" means an independent certified public accountant or a firm of independent certified public accountants (who may be the accountants who regularly audit the books and accounts of the Authority) who are selected and paid by the Authority.

"*Accounts*" means the special accounts created and established pursuant to the 2010 Indenture or any Supplemental Indenture.

"*Accreted Amount*" means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Capital Appreciation Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Capital Appreciation Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Capital Appreciation Bonds. The Accreted Amounts for such Capital Appreciation Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such Capital Appreciation Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Accreted Amount for such preceding date and the Accreted Amount for such Capital Appreciation Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

"*Act*" means the Metropolitan Transit Authority Act, 70 Illinois Compiled Statutes 3605, as the same may be amended and supplemented from time to time.

"*Additional Bonds*" means Bonds authorized and delivered on original issuance pursuant to the provisions of the Indenture summarized under the heading "THE INDENTURE—Additional Bonds" in this Appendix A.

"*Allocable Share*" means, with respect to any Series of Consolidated Reserve Fund Bonds and the funding of any deficiency in the Consolidated Debt Service Reserve Fund or any reimbursement of a draw of moneys under a Qualified Reserve Credit Instrument held in the Consolidated Debt Service Reserve Fund, the amount obtained by multiplying the amount needed to cure such deficiency or the amount needed to fully restore the coverage of the Qualified Reserve Credit Instrument by a fraction the numerator of which is the principal amount of the Outstanding Bonds of such Series and the denominator of which is the principal amount of all Outstanding Consolidated Reserve Fund Bonds.

"*Annual Coverage Requirement*" means, with respect to any Bond Year, the aggregate of the Annual Debt Service Requirement for such Bond Year, the Pension and Retirement Debt Payments for such Bond Year and the PBC Annual Rent for such Bond Year.

"*Annual Debt Service Requirement*" means, with respect to any Bond Year, the aggregate of the Interest Requirement and the Principal Requirement for such Bond Year.

"*Authority*" means the Chicago Transit Authority, duly organized and existing under the Act.

"*Authorized Denominations*" means $1,000 or any integral multiple thereof.

"*Authorized Officer*" means the Chairman of the Board, the President the Treasurer or the Assistant Treasurer of the Authority, or any other officer or employee of the Authority or member of the Board authorized to perform specific acts or duties hereunder by ordinance duly adopted by the Authority.

"*Board*" means the Chicago Transit Board.

"*Bond*" or "*Bonds*" means any bond or bonds, including any Series 2024A Refunding Bonds, any Additional Bond, and any Refunding Bond, authenticated and delivered under and pursuant to the Indenture.

"*Bond Insurance Policy*" means any municipal bond insurance policy insuring and guaranteeing the payment of the principal of and interest on a Series of Bonds or certain maturities thereof as may be provided in the Supplemental Indenture authorizing such Series or as otherwise may be designated by the Authority.

"*Bond Insurer*" means any person authorized under law to issue a Bond Insurance Policy.

"*Bond Ordinance*" means Ordinance No. 024-144 adopted by the Board on November 13, 2024 and entitled: An Ordinance Authorizing The Execution And Delivery Of One Or More Supplemental Indentures Under Which The Chicago Transit Authority May Issue One Or More Series Of Corporate Purpose Debt Obligations Payable From The Sales Tax Receipts Fund; And Authorizing The Issuance Of Sales Tax Receipts Revenue Refunding Bonds, Series 2024.

"*Bond Year*" means the 12-month period commencing on December 2 of a year and ending on December 1 of the next succeeding year.

"*Business Day*" means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of any Fiduciary is located are authorized or required by law or executive order to close (and such Fiduciary is in fact closed).

"*Capital Appreciation and Income Bond*" means any Bond as to which accruing interest is not paid prior to the Interest Commencement Date specified therefor and is compounded periodically on certain designated dates prior to the Interest Commencement Date specified therefor, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation and Income Bond.

"*Capital Appreciation Bond*" means any Bond the interest on which (i) shall be compounded periodically on certain designated dates, (ii) shall be payable only at maturity or redemption prior to maturity and (iii) shall be determined by subtracting from the Accreted Amount the initial public offering price thereof, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond. The term "Capital Appreciation Bond" also includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

"*Certificate*" means an instrument of the Authority in writing signed by an Authorized Officer.

"*City*" means the City of Chicago, a municipal corporation and a home rule unit of government of the State.

"*City Transfer Tax*" means the tax on the privilege of transferring title to real estate in the City in the amount of $3.75 per $500 of value or fraction thereof imposed under the provisions of Section 8-3-19 of the Illinois Municipal Code and Chapter 3-33 of the Municipal Code of Chicago.

"*Code*" or "*Code and Regulations*" means the Internal Revenue Code of 1986, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

"*Consolidated Debt Service Reserve Fund*" means the Consolidated Debt Service Reserve Fund established in the 2010 Indenture for the benefit of Consolidated Reserve Fund Bonds.

"*Consolidated Reserve Fund Bonds*" means Bonds of a Series so designated by the Authority in the Supplemental Indenture authorizing such Series.

"*Consolidated Reserve Requirement*" means, as of the date of calculation, an amount equal to fifty percent (50%) of the maximum amount of Principal and interest (exclusive of interest to be paid from a capitalized interest account) payable on Outstanding Consolidated Reserve Fund Bonds in the then current or any future Bond Year.

"*Corporate Purpose Debt Obligation*" means any bond (including any Bond), note, installment contract, financing contract, lease or other evidence of indebtedness (other than a Pension and Retirement Obligation or the PBC Lease) that is payable from or secured by a pledge of or lien on the Sales Tax Receipts Fund on a parity with any lien on or pledge of the Sales Tax Receipts Fund granted by the 2010 Indenture as security for the payment of Parity Obligations.

"*Corporate Purpose Debt Payment*" means with respect to each Corporate Purpose Debt Obligation, the amounts payable by the Authority under the terms of such Corporate Purpose Debt Obligation, including payments of principal, interest, rent and any financing cost.

"*Counsel's Opinion*" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, who may be counsel to the Authority (including the General Counsel of the Authority).

"*Credit Bank*" means, as to any particular Series of Bonds, the person (other than a Bond Insurer) providing a Credit Facility.

"*Credit Facility*" means, as to any particular Series of Bonds, a letter of credit, a line of credit, a guaranty, a standby bond purchase agreement or other credit or liquidity enhancement facility, other than a Bond Insurance Policy.

"*Current Funds*" means moneys which are immediately available in the hands of the payee at the place of payment.

"*Current Interest Bond*" means any Bond the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing such Current Interest Bond. The term "Current Interest Bond" also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

"*Date of Issuance*" means the date of original issuance and delivery of the Series 2024A Refunding Bonds.

"*Debt Service Fund*" means the Debt Service Fund established in the Indenture.

"*Debt Service Reserve Account*" means any reserve account within the Debt Service Fund established pursuant to the 2010 Indenture or a Supplemental Indenture.

"*Defeasance Obligations*" means Government Obligations that are not subject to redemption or prepayment other than at the option of the holder thereof.

"*Depositary*" means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least $10,000,000, selected by an Authorized Officer as a depositary of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

"*DTC*" means The Depository Trust Company, as securities depository for the Series 2024A Refunding Bonds.

"*DTC Participant*" shall mean any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2024A Refunding Bonds with DTC.

"*Event of Default*" means any event so designated and specified in the 2010 Indenture.

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Registrar, the Paying Agents and any Depositary, or any or all of them, as may be appropriate.

"*First Lien Parity Obligations*" means any Parity Obligation (including the Outstanding First Lien Bonds) and any Pension and Retirement Debt Obligation.

"*Fiscal Year*" means the period January 1 through December 31 of the same year. "*Fourth Supplemental Indenture*" means the Fourth Supplemental Indenture, dated as of September 1, 2020 by and between the Authority and the Trustee, as from time to time amended and supplemented.

"*Fifth Supplemental Indenture*" means the Fifth Supplemental Indenture, dated as of December 1, 2024 by and between the Authority and the Trustee, as from time to time amended and supplemented.

"*Funds*" means the special funds created and established pursuant to the 2010 Indenture or any Supplemental Indenture.

"*Government Obligations*" means any direct obligations of the United States of America and any obligations guaranteed as to the timely payment of principal and interest by the United States of America or any agency or instrumentality of the United States of America, when such obligations are backed by the full faith and credit of the United States of America.

"*Indenture*" means the 2010 Indenture as supplemented and amended to date, and as further supplemented by a Fifth Supplemental Indenture, as so supplemented and amended.

"*Insured Bond*" means any Bond with respect to which the payment of principal and interest is guaranteed under a Bond Insurance Policy.

"*Interest Commencement Date*" means, with respect to any Capital Appreciation and Income Bond, the date specified in the Supplemental Indenture authorizing the issuance of such Capital Appreciation and Income Bond (which date must be prior to the maturity date for such Capital Appreciation and Income Bond) after which interest accruing on such Capital Appreciation and Income Bond shall be payable periodically, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"*Interest Payment Date*" means any Payment Date on which interest on any Parity Obligation is payable and for the Series 2024A Refunding Bonds means June 1, 2025 and each June 1 and December 1 of each year thereafter.

"*Interest Period*" means the period from the date of any Parity Obligation to and including the date immediately preceding the first Interest Payment Date and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

"*Interest Requirement*" for any Bond Year or any Interest Period, as the context may require, as applied to Bonds of any Series then Outstanding and each Section 207 Obligation then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Bonds or Section 207 Obligations during such Bond Year or Interest Period if the interest on the Bonds or Section 207 Obligations were deemed to accrue daily during such Bond Year or Interest Period in equal amounts, and employing the methods of calculation set forth (i) in the Indenture as described in this APPENDIX A under the heading "INDENTURE – Hedging Transactions" in the case of a Qualified Swap Agreement and (ii) in the Indenture as described in this APPENDIX A under the heading "INDENTURE – Optional Tender Bonds and Variable Rate Bonds" and "-Variable Interest Rates" in the cases of Optional Tender Bonds and Variable Rate Bonds; *provided* that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid from the proceeds of Bonds allocable to the payment of such interest as provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if such proceeds shall have been invested in Investment Securities and to the extent such earnings may be determined precisely. Unless the Authority shall otherwise provide in a Supplemental Indenture, interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds, except to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of Interest Requirement.

"*Investment Securities*" means any of the following securities or investments authorized by law as permitted investments of Authority funds at the time of purchase thereof:

(i) Government Obligations;

(ii) obligations of any of the following federal agencies, which obligations are fully guaranteed by the full faith and credit of the United States of America:

- Department of Treasury
- Commodity Credit Corporation
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Public Housing Agencies

(iii) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- obligations of the Resolution Funding Corporation (REFCORP)
- obligations of the Tennessee Valley Authority (TVA)
- senior debt obligations of the Federal Home Loan Bank System (FHLB)
- senior debt obligations of other government sponsored agencies approved by each Bond Insurer

(iv) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's Investors Service and "A-1+" by Standard & Poor's and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(v) commercial paper which is rated at the time of purchase "P-1" by Moody's Investors Service and "A-1+" by Standard & Poor's and which matures not more than 270 calendar days after the date of purchase;

(vi) investments in a money market fund rated the equivalent of "AAAm" or "AAAm-G" or better by Standard & Poor's and rated "Aaa" by Moody's Investors Service;

(vii) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's Investor Service and Standard & Poor's or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vii) on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(viii) municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's Investors Service and Standard & Poor's;

(ix) any repurchase agreements collateralized by securities described in clauses (i), (ii) or (iii) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank or parent holding company providing a guaranty has an uninsured, unsecured and unguaranteed obligation rated (an "unsecured rating") Prime-1 and A3 or better by Moody's Investors Service, Inc., or A- or better by Standard & Poor's Ratings Services provided (1) a specific written agreement governs the transaction; (2) the securities are held by a depository acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than $25,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities; (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 357.0 et seq. in such securities is created for the benefit of the Trustee; (4) the repurchase agreement has a term of one year or less, or the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two business days of such valuation; (5) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to a Payment Date; and (6) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100 percent;

(x) investment agreements which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest rating categories by each of the Rating Services; or

(xi) any other type of investment in which the Authority directs the Trustee in writing to invest, provided that there is delivered to the Trustee a Certificate stating that each Rating Service has been informed of the proposal to invest in such investment and each Rating Service has confirmed that such investment will not adversely affect the rating then assigned by such Rating Service to any Parity Obligations.

"*Maximum Annual Coverage Requirement*" means, as of any date of calculation, the largest Annual Coverage Requirement occurring in the then current or any future Bond Year.

"*Maximum Annual Debt Service Requirement*" means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and any succeeding Bond Year.

"*Optional Tender Bonds*" means any Bonds with respect to which the Owners thereof have the option to tender to the Authority, to any Fiduciary or to any agent thereof, all or a portion of such Optional Tender Bonds for payment or purchase.

"*Outstanding*," when used with reference to Parity Obligations, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture, all Section 206 Obligations incurred under Qualified Swap Agreements and all Section 207 Obligations incurred under Credit Facilities except:

(i) Any Parity Obligations canceled by the Trustee or the Person entitled to payment of any Section 206 Obligation or Section 207 Obligation, as the case may, be, at or prior to such date or theretofore delivered to the Trustee or the Authority, as the case may be, for cancellation;

(ii) Parity Obligations (or portions of Parity Obligations) for the redemption or purchase in lieu thereof for which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Parity Obligations (or portions of Parity Obligations) are to be redeemed, notice of such redemption shall have been given as provided in the Supplemental Indenture authorizing the issuance of such Series or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture as a result of transfer, exchange or redemption or in replacement of Bonds mutilated, destroyed, stolen or lost;

(iv) Parity Obligations deemed to have been paid as a result of defeasance in accordance with the Indenture; and

(v) Optional Tender Bonds deemed to have been purchased in accordance with the provisions of the Supplemental Indenture authorizing their issuance in lieu of which other Bonds have been authenticated and delivered under such Supplemental Indenture.

"*Outstanding First Lien Bonds*" means the Series 2008A Bonds, the Series 2008B Bonds, the Series 2010B Bonds, the Series 2014 Bonds and the Series 2020B Bonds.

"*Outstanding Second Lien Bonds*" means the Series 2017 Bonds, Series 2020A Bonds, and the Series 2022A Bonds.

"*Owner*" means any person who shall be the registered owner of any Series 2020 Refunding Bond or Bonds.

"*Parity Obligation*" means any Bond, any Section 206 Obligation and any Section 207 Obligation.

"*Paying Agent*" means (a) with respect to Bonds, any bank, national banking association or trust company designated by ordinance of the Chicago Transit Board or by an Authorized Officer as paying agent for the Bonds of any Series, and any successor or successors appointed by an Authorized Officer under the Indenture and (b) with respect to a Qualified Swap Agreement, the Swap Provider.

"*Payment Date*" shall mean any date on which the principal of (including any Sinking Fund Installment) or interest on any Series of Bonds is payable in accordance with its terms and the terms of the 2010 Indenture and the Supplemental Indenture creating such Series or, in the case of Section 207 Obligations or amounts that are payable under any Qualified Swap Agreement, in accordance with the terms of the instrument creating such Section 207 Obligation or such Qualified Swap Agreement.

"*PBC*" means the Public Building Commission of Chicago.

"*PBC Annual Rent*" means, with respect to any Bond Year, the scheduled annual rent payable by the Authority under the PBC Lease during such Bond Year calculated without regard to any additional rent payable under the PBC Lease or any amount required to replenish reserves or pay administrative costs.

"*PBC Lease*" means the Lease Agreement dated March 31, 2003 by and between the Authority and the PBC, as amended by the Amendment to Lease Agreement dated October 25, 2006, as the same may be amended and supplemented.

"*PBC Parity Pledge Rights*" means the provisions of Section 31 of the PBC Lease pursuant to which the Authority agreed that it will not pledge the sales taxes revenues it receives from RTA pursuant to Section 4.01 (now Section 4.03.3) of the RTA Act to secure its debt on a priority basis with respect to its rent and other payment obligations under the PBC Lease if the maximum annual debt service on all debt so secured exceeds 75% of the sales tax revenue received from the RTA pursuant to said Section 4.01 (now Section 4.03.3) during the preceding Fiscal Year, without equally and ratably securing its obligations under the PBC Lease.

"*Pension and Retirement Debt Obligation*" means any then outstanding "Parity Obligation," as defined in the 2008 Indenture, including the Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008A (Pension Funding) of the Authority and the Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008B (Retiree Health Care Funding) of the Authority.

"*Pension and Retirement Debt Payment*" means with respect to each Pension and Retirement Debt Obligation, the amounts payable by the Authority under the terms of such Pension and Retirement Debt Obligation, including payments of principal, interest and financing cost.

"*Person*" means and includes an association, unincorporated organization, a corporation, a partnership, a limited liability corporation, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

"*Principal*" or "*principal*" means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in the Indenture in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case "principal" means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver or with respect to the Redemption Price of any Capital Appreciation Bond, "principal amount" means the Accreted Amount (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity or (iii) with respect to a Section 207 Obligation, the principal amount payable on each repayment date.

"*Principal Payment Date*" means any Payment Date upon which the principal of any Parity Obligation is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment.

"*Principal Requirement*" for any Bond Year, as applied to the Bonds of any Series, or any Section 207 Obligation means, the last day of the Bond Year (the "Applicable Principal Payment Date") an amount calculated beginning

(i) on the preceding Principal Payment Date, if any, that occurs one year or less before each Applicable Principal Payment Date, or

(ii) one year prior to each Applicable Principal Payment Date if there is no prior Principal Payment Date or if the preceding Principal Payment Date is more than one year prior to the Applicable Principal Payment Date;

which amount shall equal the sums that would be deemed to accrue on such Bonds or Section 207 Obligations during such Bond Year of

(i) the principal of the Current Interest Bonds of such Series or Section 207 Obligations scheduled to mature or have a required Sinking Fund Installment on or prior to the Applicable Principal Payment Date, and

(ii) the Accreted Amount of the Capital Appreciation Bonds of such Series, scheduled to become due or have a required Sinking Fund Installment on or prior to the Applicable Principal Payment Date,

determined by employing the methods of calculation set forth in the Indenture as described in this APPENDIX A under the heading "INDENTURE – Optional Tender Bonds and Variable Rate" in the cases of Optional Tender Bonds and Variable Rate Bonds, were each deemed to accrue daily during such year in equal amounts to but not including the Applicable Principal Payment Date; *provided* that an amount of principal shall be excluded from the determination of Principal Requirement to the extent that such amount is to be paid from the proceeds of Bonds allocable to the payment of such principal as provided in the Supplemental Indenture authorizing the issuance of such Bonds or other available moneys or from the investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Investment Securities and to the extent such earnings may be determined precisely.

"*Purchase Price*" means the purchase price established in any Supplemental Indenture authorizing Optional Tender Bonds as the purchase price to be paid for such Optional Tender Bonds upon an optional or mandatory tender of all or a portion of such Optional Tender Bonds.

"*Qualified Reserve Credit Instrument*" means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated "Aa2" or better by Moody's Investors Service, Inc. or "AA" or better by Standard & Poor's Ratings Service or "AA" or better by Fitch Ratings as of the date of issuance thereof.

"*Qualified Swap Agreement*" means an agreement between the Authority and a Swap Provider under which the Authority agrees to pay the Swap Provider an amount calculated at an agreed-upon rate and/or index based upon a notional amount and the Swap Provider agrees to pay the Authority or the Authority agrees to pay the Swap Provider for a specified period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where (a) each Rating Service (if such Rating Service also rates the unsecured obligations of the Swap Provider or its guarantor) has assigned to the unsecured obligations of the Swap Provider, or of the person who guarantees the obligation of the Swap Provider to make its payments to the Authority, as of the date the swap agreement is entered into, a rating that is equal to or higher than "AA", without regard to sub-category designations; *provided, however* that if three or more Rating Services have assigned ratings to any Outstanding Bonds then such "AA" rating need only be assigned by two Rating Services, and (b) the Authority has notified each Rating Service (whether or not such Rating Service also rates the unsecured obligations of the Swap Provider or its guarantor) in writing at least 15 days prior to executing and delivering the swap agreement of its intention to enter into the swap agreement.

"*Rating Services*" means each and every one of the nationally recognized statistical rating organizations by the U.S. Securities and Exchange Commission.

"*Record Date*" means the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding each interest payment date (including any redemption date) or such other day as may be determined in the applicable Supplemental Indenture.

"*Redemption Price*" means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption or such other redemption price as shall be specified for such Bond in a Supplemental Indenture.

"*Refunding Bonds*" means Bonds issued pursuant to the provisions of the Indenture summarized under the heading "THE INDENTURE-Refunding Bonds" in this APPENDIX A.

"*Registrar*" means any bank, national banking association or trust company appointed by an Authorized Officer under the Indenture and designated as registrar for the Bonds of any Series, and its successor or successors.

"*RTA*" means the Regional Transportation Authority, a political subdivision of the State of Illinois organized and existing under the RTA Act.

"*RTA Act*" means the Regional Transportation Authority Act, 70 Illinois Compiled Statutes 3615.

"*Sales Tax Receipts*" means all amounts received by the Authority from the RTA and representing the Authority's share (in accordance with the RTA Act including Section 4.03.3 thereof) of (i) the tax receipts derived from taxes imposed by the RTA pursuant to the RTA Act; (ii) amounts paid to the RTA by the State from transfers to (a) the Regional Transportation Authority Occupation and Use Tax Replacement Fund, (b) the Public Transportation Fund and (c) the Regional Transportation Authority tax fund created by Section 4.03(n) of the RTA Act from the County and Mass Transit District Fund and (iii) funds derived by RTA from any other source designated by law as a replacement source of funds for all or a portion of the RTA tax receipts described in clause (i), or the State payments described in clause (ii), of this definition.

"*Sales Tax Receipts Fund*" means the Sales Tax Receipts Fund held by the Authority and established in the 2008 Indenture.

"*Section 207 Obligations*" means any obligations incurred by the Authority to reimburse the issuer or issuers of one or more Credit Facilities securing one or more Series of Bonds as described below under the heading "THE INDENTURE—Credit Facilities to Secure Bonds," including any fees or other amounts payable to the issuer of any such Credit Facilities, whether such obligations are set forth in one or more reimbursement agreements entered into between the Authority and the Credit Bank, or in one or more notes or other evidences of indebtedness executed and delivered by the Authority pursuant thereto, or any combination thereof.

"*Section 206 Obligations*" means any payment obligations incurred by the Authority to any one or more Swap Providers as described below under the heading "THE INDENTURE—Hedging Transactions."

"*Serial Bonds*" means the Bonds of a Series which shall be stated to mature in annual installments.

"*Series*" means all of the Bonds (including Working Cash Notes) designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the 2010 Indenture or the provisions of a Supplemental Indenture.

"*Series 2008A Bonds*" means the $1,297,175,000 original principal amount of Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008A (Pension Funding) of the Authority authorized by the 2008 Indenture.

"*Series 2008B Bonds*" means the $639,680,000 original principal amount of Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008B (Retiree Health Care Funding) of the Authority authorized by the 2008 Indenture.

"*Series 2010B Bonds"* means the $505,355,000 original principal amount of Sales Tax Receipts Revenue Bonds, Taxable Series 2010B (Build America Bonds), of the Authority authorized by the 2010 Indenture.

"*Series 2014 Bonds*" means the $555,000,000 original principal amount of Sales Tax Receipts Revenue Bonds, Series 2014, of the Authority authorized by the 2010 Indenture.

"*Series 2017 Bonds*" means the $296,220,000 original principal amount of Second Lien Sales Tax Receipts Revenue Bonds, the Authority issued Second Lien Sales Tax Receipts Revenue Bonds, Series 2017 of the Authority authorized by the 2017 Indenture.

"*Series 2020B Refunding Bonds*" means the $534,005,000 original principal amount of the Sales Tax Receipts Revenue Refunding Bonds, Series 2020B, of the Authority authorized by the Bond Ordinance and the Indenture.

"*Series 2022A Bonds*" means the means the $350,000,000 original principal amount of Second Lien Sales Tax Receipts Revenue Refunding Bonds, Series 2022A, of the Authority authorized by the 2017 Indenture.

"*Series 2024A Refunding Bonds*" means the $658,835,000 original principal amount of the Sales Tax Receipts Revenue Refunding Bonds, Series 2024A, of the Authority authorized by the Bond Ordinance and the Indenture.

"*Sinking Fund Installment*" means, as of any particular date of determination and with respect to the Outstanding Bonds of any Series or consisting of any Section 207 Obligation, the amount required by the Supplemental Indenture creating such Series or the instrument creating such Section 207 Obligation to be paid in any event by the Authority on a single future date for the retirement of such Bonds which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond or Section 207 Obligation.

"*State*" means the State of Illinois.

"*Sub-Account*" means any account so designated by the Authority pursuant to the Indenture.

"*Sub-Fund*" means any fund so designated by the Authority pursuant to the Indenture.

"*Subordinated Indebtedness*" means indebtedness permitted to be issued or incurred pursuant to the provisions of the Indenture and summarized herein under "SECURITY FOR THE BONDS – Junior Indebtedness".

"*Supplemental Indenture*" *means* any Supplemental Indenture authorized pursuant to the 2010 Indenture.

"*Swap Provider*" means any counterparty with whom the Authority enters into a Qualified Swap Agreement.

"*Term Bonds*" means the Bonds of a Series other than Serial Bonds which shall be stated to mature on one or more dates through the payment of Sinking Fund Installments.

"*Transportation System*" means the Transportation System of the Authority, as defined in the Act.

"*Trustee*" means U.S. Bank Trust Company, National Association, Chicago, Illinois, and any successor or successors appointed under the Indenture as hereinafter provided.

"*Trust Estate*" means the security for the payment of Parity Obligations established by the pledges and liens effected by the Indenture and all other property pledged to the Trustee pursuant to the Indenture.

"*2008 Indenture*" means the Trust Indenture between the Authority and the 2008 Trustee dated July 1, 2008, securing Chicago Transit Authority Sales and Transfer Tax Receipts Revenue Bonds, as from time to time amended and supplemented.

"*2008 Indenture Trustee*" means U.S. Bank Trust Company, National Association, Chicago, Illinois, and any successor or successors appointed under the 2008 Indenture.

"*2010 Indenture*" means the Trust Indenture, dated as of March 1, 2010, by and between the Authority and U.S. Bank Trust Company, National Association, securing Chicago Transit Authority Sales Tax Receipts Revenue Bonds, as from time to time amended and supplemented.

"*2017 Indenture*" means the Trust Indenture, dated as of January 1, 2017, by and between the Authority and Zions Bancorporation, National Association, securing Chicago Transit Authority Second Lien Sales Tax Receipts Revenue Bonds, as from time to time amended and supplemented.

"*2017 Indenture Trustee*" means Zions Bancorporation, National Association, and any successor or successors appointed under the 2017 Indenture.

"*Variable Rate Bonds*" means any Bonds the interest rate on which is not established at the time of issuance thereof at a single numerical rate for the entire term thereof.

"*Working Cash Notes*" means any note or notes issued by the Authority pursuant to Section 12a of the Act.

THE INDENTURE

The following is a composite summary of certain provisions of the Indenture pursuant to which the Series 2024A Refunding Bonds will be issued not summarized elsewhere in this Official Statement. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Trustee.

Authorization of Bonds

The Indenture authorizes the Authority to issue Bonds from time to time in one or more Series.

The Bonds Constitute a Corporate Purpose Debt Obligation Under the 2008 Indenture

Under the 2008 Indenture, prior to or concurrently with the issuance of a Corporate Purpose Debt Obligation the Authority shall file with the 2008 Trustee a certified copy of all proceedings taken by the Authority to authorize and issue such Corporate Purpose Debt Obligation together with a schedule setting forth the payment date and amount of such Corporate Purpose Debt Payment that the Authority will be obligated to pay under the terms of the Corporate Purpose Debt Obligation.

As a condition precedent to the issuance of any Corporate Purpose Debt Obligation under the 2008 Indenture, the Authority shall file with the 2008 Trustee not more than five Business Days prior to the date of issuance or the effective date of the Corporate Purpose Debt Obligation, a Certificate stating that (a) the aggregate amount of all Sales Tax Receipts and Transfer Tax Receipts (as defined in the 2008 Indenture) received by the Authority for a period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of the Corporate Purpose Debt Obligation were at least equal to 200% of the Maximum Annual Coverage Requirement as of the time immediately following the date of issuance or effective date of the Corporate Purpose Debt Obligation or (b) the Annual Coverage Requirement for the then current and each future Bond Year as of the time immediately following the issuance of the Corporate Purpose Debt Obligation does not exceed the Annual Coverage Requirement for the corresponding Bond Year as of the time immediately prior to the issuance of the Corporate Purpose Debt Obligation. All capitalized terms used in the prior paragraph have the meanings set forth in the 2008 Indenture.

Under the 2008 Indenture, no Corporate Purpose Debt Obligation may contain a term or provision permitting an acceleration of the scheduled payment of the Corporate Purpose Debt Payments with respect to such Corporate Purpose Debt Obligation.

Variable Interest Rates

In determining the Interest Requirement for the purpose of determining Annual Debt Service Requirements, the Maximum Annual Debt Service Requirement and the Pension and Retirement Debt Payment under the provisions of the Indenture summarized below under "-Refunding Bonds" or "-Right to Issue Pension and Retirement Debt Obligations" and for the purpose of determining the amount of any deposit pursuant to the provisions of the Indenture summarized below under "Deposit and Application of Sales Tax Receipts," interest on variable rate indebtedness, including Variable Rate Bonds and variable rate interest payments for Pension and Retirement Debt Obligations, Section 207 Obligations or under Qualified Swap Agreements, shall be calculated at the lower of (1) the maximum rate of interest permitted for such variable rate indebtedness under the terms of the Variable Rate Bonds, Pension and Retirement Debt Obligations, Section 207 Obligations or the Qualified Swap Agreement and (2) the highest rate of (a) the actual rate on the date of calculation or if the indebtedness is not yet outstanding, the initial rate (if established and binding), (b) if the indebtedness has been outstanding for at least 12 months, the average rate over the 12 months immediately preceding the date of calculation, (c) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the average rate over the 12 months immediately preceding the date of calculation of the Securities Industry and Financial Markets Association Municipal Swap Index, (d) if interest is not so excludable, the interest rate on Government Obligations with comparable maturities plus 75 basis points, and (e) the interest rate set forth in a Certificate filed with the Trustee.

Optional Tender Bonds and Variable Rate Bonds

If any of the Outstanding Bonds constitute Optional Tender Bonds, then in determining the Interest Requirement and the Principal Requirement of a Series of Bonds, the options of the Owners of such Bonds to tender the same for payment prior to their stated Principal Payment Date shall be ignored. If any of the Bonds constitute Variable Rate Bonds, the interest rate used in determining the Interest Requirement for such Variable Rate Bonds shall be the interest rate determined pursuant to the provisions of the Indenture summarized above under "Variable Interest Rates," or, if and so long as a Qualified Swap Agreement is in effect that provides for a fixed interest rate, the interest rate determined pursuant to the provisions of the Indenture summarized below under "-Hedging Transactions." The conversion of Variable Rate Bonds to bear interest at a different variable rate or a fixed rate or rates, in accordance with their terms, shall not constitute a new issuance of Bonds under the Indenture. In determining the Interest Requirement or the Principal Requirement of any Section 207 Obligation, such Section 207 Obligation shall be deemed to be Outstanding only to the extent that, on the date of computation, there are unpaid drawings or advances under the terms of the Credit Facility that created the Section 207 Obligation.

Additional Bonds

One or more Series of Bonds entitled to the benefit, protection and security of the Indenture and constituting a Series of Additional Bonds may be authorized and delivered upon original issuance for the purpose of financing any lawful project or purpose of the Authority, to pay costs and expenses incident to the issuance of such Additional Bonds and to make deposits into any Fund, Sub-Fund, Account or Sub-Account under the 2010 Indenture or any Supplemental Indenture. Any such Series shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents required by the Indenture with respect to Additional Bonds) of a Certificate of an Authorized Officer stating that the aggregate amount of all Sales Tax Receipts received by the Authority for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Series were at least equal to 200% of the Maximum Annual Coverage Requirement as of the time immediately following the issuance of such Series. In applying the foregoing test, (1) if any of the Bonds Outstanding immediately prior to or after the issuance of the Additional Bonds to be issued constitute Optional Tender Bonds or Variable Rate Bonds, the applicable provisions of the Indenture summarized above under "-Optional Tender Bonds and Variable Rate Bonds" and "-Variable Interest Rates" shall be applied in determining the Annual Debt Service Requirements of such Bonds and of any Outstanding Section 207 Obligations and (2) if any Retirement and Pension Debt Obligation Outstanding immediately prior to or after the issuance of the Additional Bonds bears interest at variable rates, then the applicable provisions of the Indenture summarized above under "-Optional Tender Bonds and Variable Rate Bonds" and "-Variable Interest Rates" shall be applied in determining the Annual Coverage Requirement as if said Retirement and Pension Debt Obligation was a Bond.

Refunding Bonds

One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund or advance refund any or all Outstanding Bonds of one or more Series, and any or all Outstanding Section 207 Obligations, to pay costs and expenses incident to the issuance of such Refunding Bonds and to make deposits in any Fund, Sub-Fund, Account or Sub-Account under the 2010 Indenture or any Supplemental Indenture.

Refunding Bonds of a Series shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents required by the Indenture with respect to Refunding Bonds) of:

(1) Such instructions to the Trustee as necessary to comply with all requirements set forth in the Indenture and summarized below under "-Defeasance" so that the Bonds and Section 207 Obligations to be refunded or advance refunded will be paid or deemed to be paid pursuant to the Indenture.

(2) Either (i) moneys in an amount sufficient to effect payment of the principal and Redemption Price, if applicable, and interest due and to become due on the Bonds and Section 207 Obligations to be refunded or advance refunded on and prior to the redemption date or maturity date thereof, as the case may be, which moneys shall be held by the Trustee or any of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds or the Persons entitled to payment of the Section 207 Obligations, as the case may be, to be refunded or advance refunded, or (ii) Defeasance Obligations in such principal amounts, of such maturities, and bearing interest at such rates as shall be necessary, together with the moneys, if any, deposited with the Trustee at the same time, to comply with the provisions of the Indenture summarized below under the second paragraph under the caption "-Defeasance."

(3) (a) a Certificate stating that the aggregate amount of all Sales Tax Receipts received by the Authority for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Series were at least equal to 200% of the Maximum Annual Coverage Requirement as of the time immediately following the issuance of such Series, or (b) a Certificate evidencing that for the then current and each future Bond Year, the Annual Debt Service Requirements for each such Bond Year on account of all Bonds and Section 207 Obligations Outstanding as of the time immediately after the issuance of such Refunding Bonds does not exceed the Annual Debt Service Requirements for the corresponding Bond Year on account of all the Bonds and Section 207 Obligations Outstanding as of the time immediately prior to the issuance of such Refunding Bonds.

In applying the foregoing tests set forth in clause (3) of the preceding paragraph, (1) if any of the Bonds Outstanding immediately prior to or after the issuance of the Refunding Bonds to be issued constitute Optional Tender Bonds or Variable Rate Bonds, the applicable provisions of the Indenture summarized above under "-Optional Tender Bonds", "Variable Rate Bonds" and "-Variable Interest Rates" shall be applied in determining the Annual Debt Service Requirements of such Bonds and of any Outstanding Section 207 Obligations and (2) if any Pension and Retirement Debt Obligation Outstanding immediately prior to or after the issuance of the Refunding Bonds bears interest at variable rates, then the applicable provisions of the Indenture summarized above under "-Optional Tender Bonds and Variable Rate Bonds" and "-Variable Interest Rates" shall be applied in determining the Annual Coverage Requirement as if said Pension and Retirement Debt Obligation was a Bond.

Hedging Transactions

If the Authority shall enter into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay a fixed interest rate on a notional amount, or requiring the Authority to pay a variable interest rate on a notional amount, and the Authority has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for Bonds of a particular maturity or maturities in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of the Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement:

(1) for purposes of any calculation of Interest Requirements, the interest rate on the Bonds of such maturity or maturities shall be determined as if such Bonds bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the Authority under such Qualified Swap Agreement;

(2) any net payments required to be made by the Authority to the Swap Provider pursuant to such Qualified Swap Agreement from Sales Tax Receipts shall be made from amounts on deposit to the credit of the appropriate Sub-Fund or Account in the Debt Service Fund designated by Supplemental Indenture to the extent that the amount then held in such Sub-Fund or Account is not sufficient to make such payment; and

(3) any net payments received by the Authority from the Swap Provider pursuant to such Qualified Swap Agreement shall be deposited to the credit of the appropriate Sub-Fund or Account in the Debt Service Fund designated by Supplemental Indenture.

If the Authority shall enter into a swap agreement of the type generally described in the preceding paragraph that does not satisfy the requirements for qualification as a Qualified Swap Agreement, then:

(1) the interest rate adjustments or assumptions referred to in clause (1) of the preceding paragraph shall not be made;

(2) any net payments required to be made by the Authority to the Swap Provider pursuant to such swap agreement shall be made either (i) from sources other than Sales Tax Receipts or (ii) if made from Sales Tax Receipts, such payments, and any lien on Sales Tax Receipts securing such payments, shall be junior and subordinate to the pledge of and lien on Sales Tax Receipts created by the Indenture as security for the payment of Parity Obligations; and

(3) any net payments received by the Authority from the Swap Provider pursuant to such swap agreement may be treated as Sales Tax Receipts at the option of the Authority, and if so treated shall be deposited in the same manner as Sales Tax Receipts are to be deposited.

With respect to a Qualified Swap Agreement or a swap agreement described above in the first paragraph under this caption, any termination payment required to be made by the Authority to the Swap Provider shall be made either (i) from sources other than Sales Tax Receipts, or (ii) if made from Sales Tax Receipts, such termination payment and any lien on Sales Tax Receipts securing such termination payment, shall be junior and subordinate to the pledge of and lien on Sales Tax Receipts created by the Indenture as security for the payment of Parity Obligations.

Credit Facilities to Secure Bonds

The Authority reserves the right to provide one or more Credit Facilities, or a combination thereof, to secure the payment of the principal of, premium, if any, and interest on one or more Series of Bonds, or in the event Owners of such Bonds have the right to require purchase thereof, to secure the payment of the purchase price of such Bonds upon the demand of the Owner thereof. In connection with any such Credit Facility, the Authority may execute and deliver an agreement setting forth the conditions upon which drawings or advances may be made under such Credit Facility, and the method by which the Authority will reimburse the Credit Bank that issued such Credit Facility for such drawings together with interest thereon at such rate or rates and otherwise make payments as may be agreed upon by the Authority and such Credit Bank.

At the election of the Authority expressed in a certificate of an Authorized Officer filed with the Trustee, any such obligation of the Authority to reimburse or otherwise make payments to the Credit Bank shall constitute a Parity Obligation under the Indenture (a "Section 207 Obligation") to the same extent as any Series of Bonds, and any and all amounts payable by the Authority to reimburse such Credit Bank, together with interest thereon, shall for purposes of the Indenture be deemed to constitute the payment of principal of, premium, if any, and interest on Parity Obligations.

Right to Issue Pension and Retirement Debt Obligations

The Authority reserves the right to issue additional Pension and Retirement Debt Obligations upon satisfaction of the requirements of the 2008 Indenture and the 2010 Indenture.

Prior to or concurrently with the issuance of a Pension and Retirement Debt Obligation the Authority shall file with the Trustee a certified copy of all proceedings taken by the Authority to authorize and issue such Pension and Retirement Debt Obligation together with a schedule setting forth the payment date and amount of such Pension and Retirement Debt Payment that the Authority will be obligated to pay under the terms of the Pension and Retirement Debt Obligation.

As a condition precedent to the issuance of any Pension and Retirement Debt Obligation the Authority shall file with the Trustee, not more than five Business Days prior to the date of issuance or the effective date of such Pension and Retirement Debt Obligation, a Certificate stating that (1) the aggregate amount of all Sales Tax Receipts and Transfer Tax Receipts received by the Authority for a period of 12 consecutive calendar months out of the 18 calendar months next preceding the date of issuance of such Pension and Retirement Debt Obligation were at least equal to 200% of the Maximum Annual Coverage Requirement as of the time immediately following the date of issuance or effective date of such Pension and Retirement Debt Obligation or (2) the Annual Coverage Requirement for the then current and each future Bond Year as of the time immediately following the issuance of such Pension and Retirement Debt Obligation does not exceed the Annual Coverage Requirement for the corresponding Bond Year as of the time immediately prior to the issuance of such Pension and Retirement Debt Obligation. In applying the foregoing tests, (1) if any of the Bonds Outstanding immediately after the issuance of the Pension and Retirement Debt Obligations to be issued constitute Optional Tender Bonds or Variable Rate Bonds, the applicable provisions of the Indenture summarized above under "-Optional Tender Bonds and Variable Rate Bonds" and "-Variable Interest Rates" shall be applied in determining the Annual Debt Service Requirements of such Bonds and of any Outstanding 207 Obligations and (2) if any Pension and Retirement Debt Obligation Outstanding immediately prior to or after the issuance of the Pension and Retirement Debt Obligation bears interest at variable rates, then the applicable provisions of the Indenture summarized above under "-Optional Tender Bonds and Variable Rate Bonds" and "-Variable Interest Rates" shall be applied in determining the Annual Coverage Requirement as if such Pension and Retirement Debt Obligation was a Bond.

No Pension and Retirement Debt Obligation may contain a term or provision permitting an acceleration of the scheduled payment of the Pension and Retirement Debt Payments with respect to such Pension and Retirement Debt Obligation.

Source of Payment; Pledge of Receipts

The Indenture provides that the Parity Obligations are limited obligations of the Authority payable solely from the Sales Tax Receipts Fund, subject however to the PBC Parity Pledge Rights and the parity pledge of or lien on the Sales Tax Receipts Fund as security for the payment of Pension and Retirement Debt Payments, (ii) all moneys, securities and earnings thereon in all Funds, Sub-Funds, Accounts and Sub-Accounts established under the 2010 Indenture or any Supplemental Indenture, subject however to the right of the Authority to make periodic withdrawals from the Sales Tax Receipts Fund, the Debt Service Fund and the Consolidated Debt Service Reserve Fund all as permitted by the Indenture, and (iii) any and all other moneys and securities furnished from time to time to the Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Trustee under the terms of the Indenture; *provided* that the application of moneys to the payments due to a Swap Provider under a Qualified Swap Agreement is expressly limited to the extent provided in the Indenture. The Parity Obligations do not constitute an indebtedness of the RTA, the State, or any political subdivision of the State, including the City, other than the Authority. No lien upon any physical properties of the Authority is, or shall ever be, created by the 2010 Indenture.

The Authority makes a pledge of the Trust Estate, to the extent set forth in the Granting Clauses of the Indenture, and of all moneys and securities held or set aside to be held or set aside by the Trustee under the 2010 Indenture or any Supplemental Indenture, to secure the payment of principal and Redemption Price of, and interest on, the Parity Obligations, subject only to the provisions of the 2010 Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation of such moneys and securities for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the 2010 Indenture or any Supplemental Indenture. Such pledge is valid and binding from and after the date of issuance of any Parity Obligations under the Indenture, without any physical delivery or further act, and the lien and pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice of it.

Deposit and Application of Sales Tax Receipts

Pursuant to the 2008 Indenture the Authority has established the Sales Tax Receipts Fund as a special fund of the Authority held by the Authority as part of the Trust Estate subject to the PBC Parity Pledge Rights and other parity liens described in the Indenture. In the Indenture, the Authority establishes the Debt Service Fund to be held and administered by the Trustee. Subject to use and application in accordance with the 2008 Indenture and the Indenture in the case of the Sales Tax Receipt Fund and the 2010 Indenture in the case of the Debt Service Fund and the Consolidated Debt Service Reserve Fund, all of the moneys and securities held in the Sales Tax Receipts Fund and the Debt Service Fund are pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Parity Obligations and shall be subject to the lien of the Indenture.

All Sales Tax Receipts received by the Authority shall be deposited promptly into the Sales Tax Receipts Fund.

Subject to the following paragraph, the Authority covenants and agrees in the Indenture to withdraw from the Sales Tax Receipts Fund and pay into the Debt Service Fund, not later than the 20th day of each calendar month, the sum required to make all of the Sub-Fund Deposits and Other Required Deposits to be disbursed from the Debt Service Fund in that calendar month pursuant to the Indenture.

Each withdrawal from the Sales Tax Receipts Fund is subject to the contractual obligations of the Authority to make monthly withdrawals from the Sales Tax Receipts Fund for the payment of Pension and Retirement Debt Payments on a parity with the payments to the Debt Service Fund, provided that each such monthly withdrawal shall be made in equal monthly installments that may commence no earlier than (i) in the case of interest, six months prior to the interest payment date and (ii) in the case of principal, 12 months prior to the principal payment date. In addition, whenever the PBC Parity Pledge Rights are in effect, the Authority may make monthly allocations from the Sales Tax Receipts Fund, on a parity with the payments to the Debt Service Fund, and sufficient to provide for the payment, in equal monthly installments, of the next payment of PBC Annual Rent. Each month, after making all the payments required by this paragraph, and, if no Event of Default then exists, the Authority may withdraw all remaining moneys in the Sales Tax Receipts Fund free from the lien of the Indenture.

On any date required by the provisions of a Supplemental Indenture creating a Series of Bonds, or by an instrument creating Section 206 Obligations or Section 207 Obligations, the Trustee will segregate within the Debt Service Fund and credit to such Sub-Funds, Accounts and Sub-Accounts therein as may have been created for the benefit of such Series, and such Section 206 Obligations or Section 207 Obligations (i) such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Section 206 Obligations or Section 207 Obligations to pay the principal of and interest on such Parity Obligations and (ii) any other amounts required to be withdrawn or deposited by such Supplemental Indenture or instrument. Moneys on deposit in the Debt Service Fund and which have been credited to such Sub-Funds, Accounts and Sub-Accounts therein as may have been created for the benefit of a Series of Bonds, Section 206 Obligations or Section 207 Obligations shall be used for the purposes specified in the Supplemental Indenture creating such Series or instruments securing such Section 206 Obligations or Section 207 Obligations. If on any date no Event of Default then exists and there are moneys in the Debt Service Fund in excess of the amounts required to be disbursed as required in the preceding paragraph, then the Authority, pursuant to the written direction of the Authority expressed in a Certificate filed with the Trustee, may direct the withdrawal of such excess amount free from the lien of the Indenture.

The Indenture creates and establishes with the Trustee a separate and segregated Sub-Fund within the Debt Service Fund (the "Series 2024A Dedicated Sub-Fund"). Moneys on deposit in the Series 2024A Dedicated Sub-Fund and in each Account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Owners of the Series 2024A Refunding Bonds and shall not be used or available for the payment of any other Parity Obligations, except as expressly provided in the Indenture.

Consolidated Debt Service Reserve Fund

A Consolidated Debt Service Reserve Fund is established under the 2010 Indenture for the benefit and security of Consolidated Reserve Fund Bonds to be maintained in an amount equal to the Consolidated Reserve Requirement, which requirement may be satisfied in whole or in part with one or more Qualified

Reserve Credit Instruments. The Series 2010 Bonds were designated as Consolidated Reserve Fund Bonds, but the Series 2024A Refunding Bonds are not designated as Consolidated Reserve Fund Bonds.

Any such Qualified Reserve Credit Instrument shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for the purposes for which moneys in the Consolidated Debt Service Reserve Fund may be used. If any time the Consolidated Debt Service Reserve Fund holds one or more Qualified Reserve Credit Instruments and Investment Securities, the Investment Securities shall be liquidated and the proceeds applied to fund transfers permitted under the following two paragraphs prior to any draw being made on any Qualified Reserve Credit Instrument. If the Consolidated Debt Service Reserve Fund holds multiple Qualified Reserve Credit Instruments, draws shall be made under such Qualified Reserve Credit Instruments on a pro-rata basis to the extent of available funds.

If on the Business Day prior to any Interest Payment Date there shall not be a sufficient amount in any Sub-Fund of the Debt Service Fund maintained under a Supplemental Indenture for the payment of interest on a Series of Consolidated Reserve Fund Bonds due on such Interest Payment Date, then the Trustee shall withdraw from the Consolidated Debt Service Reserve Fund and deposit into the appropriate Account or Sub-Account in such Sub-Fund, the amount needed to cure such deficiency and provide for the punctual payment of such interest.

If on any Business Day prior to any Principal Payment Date there shall not be a sufficient amount in any Sub-Fund of the Debt Service Fund maintained under a Supplemental Indenture for the payment of the principal of a Series of Consolidated Reserve Fund Bonds due on such Principal Payment Date, then the Trustee, after making all withdrawals then required by the preceding paragraph, shall withdraw from the Consolidated Debt Service Reserve Fund and deposit into the appropriate Account or Sub-Account in such Sub-Fund, the amount needed to cure such deficiency and provide for the punctual payment of such principal.

In the event that the sum available for withdrawal from the Consolidated Debt Service Reserve Fund is not sufficient to satisfy all the withdrawals required by the preceding two paragraphs, then the sum held therein shall be allocated first for the withdrawals for interest and among the various withdrawals required above, pro-rata based upon the amount needed to cure each such deficiency.

Each Supplemental Indenture authorizing the issuance of a Series of Consolidated Reserve Fund Bonds shall provide for the transfer of moneys held in the Sub-Fund of the Debt Service Fund established in such Supplemental Indenture to fund any reimbursement amount due under any Qualified Reserve Credit Instrument and to cure any deficiency in the Consolidated Debt Service Reserve Fund. Any priority established by a Supplemental Indenture with respect to application of moneys in a Sub-Fund established with respect to a Series of Consolidated Reserve Fund Bonds, after making provision for any money deposited for the payment of the principal of and interest on such Series, shall next provide (i) first, for monthly payments to the provider of any Qualified Reserve Credit Instrument of amounts sufficient to fully restore the coverage of such Qualified Reserve Credit Instrument within one year of the date of initial draw thereunder and (ii) second, for monthly transfers to the Consolidated Debt Service Reserve Fund sufficient to fully restore the amount held on the Consolidated Debt Service Reserve Fund to the Consolidated Reserve Requirement within one year of the initial deficiency in the Consolidated Debt Service Reserve Fund. If, at the time that any payment or transfer required to be made by these paragraphs is to be made, there are then Outstanding two or more Series of Consolidated Reserve Fund Bonds, then each Series and its associated Sub-Fund shall be charged for its Allocable Share of the amounts due under these paragraphs.

If on any date all withdrawals or payments from the Consolidated Debt Service Reserve Fund required by any other provision of the 2010 Indenture or any Supplemental Indenture shall have been made and no Event of Default then exists under the 2010 Indenture, the Trustee, at the direction of the Authority expressed in a Certificate filed with the Trustee, shall withdraw from the Consolidated Debt Service Reserve Fund the amount of any excess therein over the Consolidated Reserve Requirement and either (a) deposit such moneys into any one or more of the Funds, Sub-Funds, Accounts or Sub-Accounts maintained under the 2010 Indenture or any supplement thereto or (b) pay such moneys to the Authority free from the lien of the 2010 Indenture.

At the direction of the Authority expressed in a Certificate filed with the Trustee, moneys in the Consolidated Debt Service Reserve Fund may be withdrawn from the Consolidated Debt Service Reserve Fund and deposited with the Trustee for the payment of the Principal or Redemption Price of or the interest on Bonds in accordance with the 2010 Indenture, provided that immediately after such withdrawal the amount held in the Consolidated Debt Service Reserve Fund equals or exceeds the Consolidated Reserve Requirement.

Debt Service Reserve Accounts

Any Supplemental Indenture pursuant to which a Series is issued may establish a Debt Service Reserve Account and a Series reserve account requirement with respect thereto. Any such Supplemental Indenture may provide that the reserve account requirement may be satisfied as a whole or in part with one or more Qualified Reserve Credit Instruments. Any such Qualified Reserve Credit Instrument shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Debt Service Reserve Account may be used. There is no debt service reserve account securing the Series 2024A Refunding Bonds.

Deposits into the Series 2020 Dedicated Sub-Fund and Accounts

On the 25th day of each month, or if such day is not a Business Day, the immediately preceding Business Day, commencing December 25, 2024 each such date referred to herein as the "*Deposit Date*") there shall be deposited into the Series 2024A Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the amounts set forth in subsection (B) of this Section, which amounts shall have been calculated by the Trustee on the 5th day of each month (such aggregate amount with respect to any Deposit Date being referred to herein as the "*Series 2024A Deposit Requirement*").

On each Deposit Date the Trustee shall make the following deposits in the following order of priority and if the moneys deposited into the Series 2024A Dedicated Sub-Fund are insufficient to make any required deposit, the deposit shall be made up on the next Deposit Date after required deposits into other Accounts having a higher priority shall have been made in full:

First: for deposit into the Series 2024A Interest Account, commencing on the December 25, 2024 Deposit Date, one-sixth of the interest due on the Series 2024A Refunding Bonds on the next Interest Payment Date; and

Second: for deposit into the Series 2024A Principal Account, an amount equal to the lesser of (i) one-twelfth of the Principal due on the Series 2024A Refunding Bonds on the first day of December next ensuing, or (ii) the amount required so that the sum then held in the Series 2024A Principal Account will equal the Principal due on the Series 2024A Refunding Bonds on the first day of December next ensuing.

In addition to the Series 2024A Deposit Requirement, there shall be deposited into the Series 2024A Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the 2010 Indenture or the Fifth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2024A Dedicated Sub-Fund and to one or more accounts in the Series 2024A Dedicated Sub-Fund.

Upon calculation by the Trustee of each Series 2024A Deposit Requirement under this Section, the Trustee shall notify the Authority of the Series 2024A Deposit Requirement and the Deposit Date to which it relates together with such supporting documentation and calculations as the Authority may reasonably request.

Covenant Against Pledge of Sales Tax Receipts

The Authority covenants not to issue any bonds or other evidences of indebtedness or incur any indebtedness, other than the Parity Obligations, Qualified Swap Agreements, the PBC Lease, the Corporate Purpose Debt Obligations and Subordinated Indebtedness, which are secured by a pledge of or lien on the Sales Tax Receipts or the moneys, securities or funds held or set aside by the Authority or by the Trustee under the Indenture, and shall not, except as expressly authorized in the Indenture, create or cause to be created any lien or charge on the Sales Tax Receipts or such moneys, securities or funds; *provided* that nothing contained in the Indenture shall prevent the Authority from issuing or incurring evidences of indebtedness (a) payable from or secured by amounts that may be withdrawn from the Sales Tax Receipts Fund free from the lien of the Indenture as provided in the provisions of the Indenture summarized above under "—Deposit and Application of Sales Tax Receipts" or from the Debt Service Fund as provided in the provisions of the Indenture summarized above under "—Deposit and Application of Sales Tax Receipts" or (b) payable from, or secured by the pledge of, Sales Tax Receipts to be derived on and after such date as the pledge of the Trust Estate provided in the Indenture shall be discharged and satisfied as provided in the Indenture and summarized below under the caption "—Defeasance."

Depositaries

All moneys held by the Trustee under the provisions of the Indenture may be deposited with one or more Depositaries selected by an Authorized Officer in the name of and in trust for the Trustee. All moneys held by the Authority under the Indenture shall be deposited in one or more Depositaries (selected by an Authorized Officer) in the name of the Authority. All moneys deposited under the provisions of the Indenture with the Trustee, the Authority or any Depositary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds, Sub-Funds, Accounts and Sub-Accounts established by the Indenture shall be a trust fund.

All moneys held by any Depositary under the Indenture may be placed on demand or time deposit, as directed by an Authorized Officer, provided that such deposits shall permit the moneys so held to be available for use when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit as if it were not a Fiduciary. All moneys held by a Fiduciary may be deposited in its banking department on demand or, if and to the extent directed by an Authorized Officer, on time deposit, provided that such moneys on deposit be available for use when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size.

All moneys on deposit to the credit of the Debt Service Fund or the Consolidated Debt Service Reserve Fund not otherwise secured by deposit insurance shall be continuously and fully secured by the Trustee for the benefit of the Authority and the Owners of the Bonds by lodging with the Trustee as collateral security, Government Obligations having a market value (exclusive of accrued interest) of not less than the amount of such moneys. All other moneys held for the Authority under the Indenture shall be continuously and fully secured for the benefit of the Authority and the Owners of the Bonds in the same manner as provided by the Authority for similar funds of the Authority.

All moneys deposited with the Trustee and each Depositary shall be credited to the particular Fund, Sub-Fund, Account or Sub-Account to which such moneys belong.

Investment of Certain Moneys

Moneys held in the Debt Service Fund and its Sub-Funds, Accounts and Sub-Accounts shall be invested and reinvested by the Trustee at the oral direction of an Authorized Officer promptly confirmed in writing to the fullest extent practicable in Investment Securities which mature no later than necessary to provide moneys when needed for payments to be made from such Funds, Sub-Funds, Accounts and Sub-Accounts. In the event that no such directions are received by the Trustee, such amounts shall be invested in money market funds described in the definition of Investment Securities, pending receipt of investment directions. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries.

Moneys held in two or more Funds, Sub-Funds, Accounts or Sub-Accounts may be jointly invested in one or more Investment Securities, provided that such investment complies with all the terms and conditions of the Indenture relating to the investment of moneys in such Funds, Accounts or Sub-Accounts, as the case may be, and the Authority maintains books and records as to the allocation of such investment as among such Funds, Sub-Funds, Accounts or Sub-Accounts. Investment income from investments held in the various Funds, Sub-Funds, Accounts and Sub-Accounts shall remain in and be a part of the respective Funds, Sub-Funds, Accounts and Sub-Accounts in which such investments are held, except as otherwise provided in the Indenture.

Valuation of Investment Securities held in the Funds, Sub-Funds, Accounts and Sub-Accounts established under the Indenture shall be made by the Trustee on each June 15 and December 15 and at any other time required by the Indenture.

Extension of Payment of Bonds

If the maturity of any Bond or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Bond or installment of interest shall not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to payment out of the Trust Estate or Funds, Sub-Funds, Accounts and Sub-Accounts established by the Indenture or moneys held by Fiduciaries or Depositaries (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in the Indenture shall be deemed to limit the right of the Authority to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Payment of Lawful Charges

The Authority shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, all judgments and court orders, and all lawful claims and demands for labor, materials, supplies or other objects which, if unsatisfied or unpaid, might by law become a lien upon the Available Sales Tax Receipts; provided, however, that nothing in this paragraph shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Accounts and Reports

The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Sales Tax Receipts and the Funds, Sub-Funds, Accounts and Sub-Accounts established by the 2010 Indenture and any Supplemental Indenture, and which, shall at all reasonable times be available for the inspection of the Trustee and the Owners of not less than 25 percent in principal amount of Outstanding Bonds or their representatives duly authorized in writing. The Authority further covenants that it will keep an accurate record of the Sales Tax Receipts received and the deposit of Sales Tax Receipts into the Sales Tax Receipts Fund.

Not later than August 1 of each year the Authority shall cause an independent audit to be made of its books and accounts for the preceding Fiscal Year, including its books and accounts relating to the Sales Tax Receipts. Promptly thereafter reports of each such annual audit, signed by an Accountant, shall be mailed by the Authority to the Trustee and the Trustee shall make such reports available for inspection by the Owners of the Bonds.

Tax Covenants

The Authority shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Series 2024A Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2024A Bond is subject on the date of original issuance thereof. The Authority shall not permit any of the proceeds of the Series 2024A Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Series 2024A Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code. The Authority shall not permit any of the proceeds of the Series 2024A Bonds or other moneys to be invested in any manner that would cause any Series 2024A Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code. The Authority shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

Events of Default

Each of the following events is hereby declared an "Event of Default":

(a) if a default shall occur in the due and punctual payment of the principal or Redemption Price of any Parity Obligation when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) if a default shall occur in the due and punctual payment of interest on any Parity Obligation, when and as such interest shall become due and payable;

(c) if the Authority shall fail to promptly deposit the Sales Tax Receipts into the Sales Tax Receipts Fund;

(d) if a default shall occur in the performance or observance by the Authority of any other of the covenants, agreements or conditions in the Indenture or in the Parity Obligations contained, and such default shall continue for a period of 30 days after written notice thereof to the Authority by the Trustee or after written notice thereof to the Authority and to the Trustee by (a) the Owners of not less than a majority in principal amount of the Outstanding Bonds or (b) the Person entitled to payment under any other Outstanding Parity Obligation; or

(e) if the Authority shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State.

Application of Funds After Default

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over (1) if any Pension and Retirement Debt Obligation is then outstanding, to the 2008 Trustee and (2) if no Pension and Retirement Debt Obligation is then outstanding, to the Trustee (a) the Sales Tax Receipts Fund, and (b) all Sales Tax Receipts for deposit as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, (1) if any Pension and Retirement Debt Obligation is then outstanding, the Trustee shall demand of the 2008 Trustee the equitable distribution of the Sales Tax Receipts Fund for the payment of the PBC Annual Rent, if then subject to the PBC Parity Pledge Rights, and for the payment of Pension and Retirement Debt Payments and Corporate Purpose Debt Payments, as provided in the 2008 Indenture and (2) if no Pension and Retirement Debt Obligation is then outstanding, the Trustee shall provide for the equitable distribution of the Sales Tax Receipts Fund for the payment of the PBC Annual Rent, if then subject to the PBC Parity Pledge Rights, and for the payment of Corporate Purpose Debt Payments.

Moneys paid to the Trustee from the Sales Tax Receipts Fund pursuant to such equitable distribution or otherwise shall be applied as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it pursuant to the Indenture;

(2) to the payment of the principal of, Redemption Price of and interest on the Parity Obligations then due, as follows:

First: to the payment to the persons entitled thereto of all installments of interest then due on the Parity Obligations in the order of the maturity of such installments, together with accrued and unpaid interest on the Parity Obligations theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Parity Obligations which shall have become due, whether at maturity or by call for redemption in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Parity Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of principal and Redemption Price of and interest on all Parity Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the Authority under the Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all Parity Obligations held by or for the account of the Authority have been paid, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Parity Obligations shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the

Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the Authority, the Trustee, the Credit Banks, Swap Providers, Bond Insurers and the Owners shall be restored, respectively, to their former positions and rights under the Indenture. No such payment over to the Authority by the Trustee or such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

For purposes of the provisions of the Indenture summarized under this caption, interest on Parity Obligations includes net payments under a Qualified Swap Agreement.

Remedies

If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than a majority in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, including by writ of mandamus, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Parity Obligations or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

All actions against the Authority under the Indenture shall be brought in a state or federal court located in the County of Cook, Illinois.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the 2010 Indenture and to preserve or protect its interests and the interest of the Owners.

Restriction on Owners' Action

No Owner of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Indenture or by the laws of Illinois or to institute such suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provisions of the Indenture summarized under the caption "-Extension of Payment of Bonds" above.

Nothing in the Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce by any suit or proceeding, including by writ of mandamus, such payment of its Bond from the sources provided in the Indenture.

Rights of Credit Bank or Bond Insurer

Subject to the provisions of any applicable Supplemental Indenture, any Credit Bank or any Bond Insurer shall be treated as the Owner of Bonds upon which such Credit Bank or Bond Insurer is obligated pursuant to a Credit Facility or Bond Insurance Policy, as applicable, for the purposes of calculating whether or not the Owners of the requisite percentage of Bonds then Outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the Owners of the Bonds pursuant to the Indenture; *provided* that such Credit Bank or Bond Insurer shall cease to be so regarded as Owner of such Bonds in the event such Credit Bank or Bond Insurer is in default of its obligations under the applicable Credit Facility or Bond Insurance Policy.

Subject to the provisions of any applicable Supplemental Indenture, until the Authority has reimbursed a Credit Bank for amounts paid under a Credit Facility to pay the interest on or the principal of any Bonds on any Interest Payment Date or Principal Payment Date or to the extent any Bond Insurer has exercised its rights as subrogee for the particular Bonds of which it has insured payment, such Bonds shall be deemed to be Outstanding and such Credit Bank or Bond Insurer shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Credit Facility or as specified in respect of the applicable Bond Insurance Policy until such amount has been reimbursed.

Supplemental Indentures

The Authority and the Trustee may without the consent of, or notice to, any of the Owners or any Credit Bank, Bond Insurer and Swap Provider, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the 2010 Indenture for any one or more of the following purposes:

(1) to authorize a Series of Bonds and to specify, determine or authorize any matters and things concerning any such Series which are not contrary to or inconsistent with the 2010 Indenture;

(2) to close the 2010 Indenture against, or impose additional limitations or restrictions on, the issuance of Parity Obligations, or of other notes, bonds, obligations or evidences of indebtedness;

(3) to impose additional covenants or agreements to be observed by the Authority;

(4) to impose other limitations or restrictions upon the Authority;

(5) to surrender any right, power or privilege reserved to or conferred upon the Authority by the 2010 Indenture;

(6) to confirm, as further assurance, any pledge of or lien upon the Trust Estate or any other moneys, securities or funds;

(7) to cure any ambiguity, omission or defect in the 2010 Indenture;

(8) to provide for the appointment of a successor securities depository in the event any Series of Bonds is held in book-entry only form;

(9) to provide for the establishment of any Debt Service Reserve Account;

(10) to provide for the appointment of any successor Fiduciary;

(11) to conform the provisions of the 2010 Indenture to the provisions of the Act, the RTA Act, the Code, or other applicable law; and

(12) to make any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee, any Bond Insurer, any Swap Provider, any Credit Bank or the Owners.

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Powers of Amendment

Except for Supplemental Indentures described under the caption "Supplemental Indentures" above, any modification or amendment of the 2010 Indenture and of the rights and obligations of the Authority and of the Owners of the Bonds under the 2010 Indenture, in any particular, may be made by a Supplemental Indenture with the written consent given as provided in the 2010 Indenture (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; *provided* that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the 2010 Indenture. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

A Series shall be deemed to be affected by a modification or amendment of the 2010 Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Bonds of any particular Series or maturity would be adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on the Authority and all Owners of the Bonds.

Any amendment or modification of the 2010 Indenture that adversely affects or diminishes the rights of any Credit Bank or Swap Provider with respect to the payment of any Section 206 Obligation or any Section 207 Obligation or the security provided by the 2010 Indenture with respect to the payment of any Section 206 Obligation or Section 207 Obligation shall not take effect unless such amendment or modification is consented to by such Credit Bank or Swap Provider (or in the event of an assignment of such Section 206 Obligation or Section 207 Obligation, the Person entitled to payment of such Section 206 Obligation or Section 207 Obligation).

Consent of Owners

The Authority may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment permitted by the provisions of the 2010 Indenture summarized above under "-Powers of Amendment", to take effect when and as provided under this caption. Subject to the provisions of the 2010 Indenture summarized below under "Rights of Bond Insurers," the rights of an owner of an Insured Bond to take action pursuant to this paragraph are abrogated and the Bond Insurer may exercise the rights of the owner of any Insured Bond that is entitled to the benefits of a Bond Insurance Policy issued by the Bond Insurer for the purpose of any approval, request, demand, consent, waiver or other instrument of similar purpose pursuant to the provisions of this caption. Upon the authorization of such Supplemental Indenture, a copy thereof shall be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to the Owners, but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this caption provided. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Bonds, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the Authority in accordance with the provisions of the 2010 Indenture, is authorized or permitted by the 2010 Indenture and, when effective, will be valid and binding upon the Authority, the Owners and the Trustee, and (b) a notice shall have been mailed as hereinafter provided. A certificate or certificates by the Trustee delivered to the Authority that consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee shall be conclusive. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner has notice thereof; *provided* that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement hereafter referred to is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by the 2010 Indenture and shall not be deemed ineffective by reason of such prior delivery or filing. Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient under the 2010 Indenture, the Trustee shall make and deliver to the Authority a written statement that the consents of the Owners of the required principal amount of Outstanding Bonds have been filed with the Trustee. Such written statement shall be conclusive that such consents have been so filed. Any time thereafter notice, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required principal amount of Outstanding Bonds and will be effective as provided in the 2010 Indenture, shall be given by mailing to the Owners (but failure to mail such notice or any defect therein shall not prevent such Supplemental Indenture from becoming effective and binding). The Trustee shall deliver to the Authority proof of the mailing of such notice. A record, consisting of the information required or permitted by the 2010 Indenture to be delivered by or to the Trustee, shall be proof of the matters therein stated.

Defeasance

If the Authority shall pay or cause to be paid or there shall otherwise be paid (i) to the Owners of all Bonds the Principal or Redemption Price, or Make Whole Optional Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Authority to the Owners shall thereupon be discharged and satisfied and (ii) to the applicable Credit Banks and Swap Providers (or their assignees) all payments due upon the instruments creating Section 206 Obligations and Section 207 Obligations, then the pledge of the Trust Estate under the Indenture and all covenants, agreements and obligations of the Authority to the Credit Banks, the Swap Providers and any of their assignees with respect to the payment of Section 206 Obligations and Section 207 Obligations shall thereupon be discharged and satisfied. In such event, the Trustee, upon request of the Authority, shall provide an accounting of the assets managed by the Trustee to be prepared and filed with the Authority for any year or part thereof requested, and shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority all moneys and securities held by them pursuant to the Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption or for the payment of Section 206 Obligations and Section 207 Obligations. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, maturity within a Series or portion of any maturity within a Series, the Principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Authority to the Owners of such Bonds and to the Trustee shall thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if the Authority shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said Bonds in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (ii) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, (iv) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, of said Bonds, (v) if any of said Bonds are not to be paid within the next succeeding 60 days, a report of an Accountant verifying the sufficiency of such Defeasance Obligations and moneys to pay when due the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (vi) a Counsel's Opinion to the effect that said Bonds are no longer Outstanding under the Indenture. The Trustee shall execute a certificate confirming the defeasance of said Bonds and the satisfaction of the foregoing conditions. The Defeasance Obligations and moneys deposited with the Trustee pursuant to the Indenture shall be held in trust for the payment of the Principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such Principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the Principal of or Redemption Price and interest on such Bonds, at maturity or upon redemption, as the case may be.

Amounts deposited with the Trustee for the payment of the Principal of and interest on any Bonds deemed to be paid pursuant to the Indenture, if so directed by the Authority, shall be applied by the Trustee to the purchase of such Bonds in accordance with the Indenture. Bonds for which a redemption date has been established may be purchased on or prior to the forty-fifth day preceding the redemption date. The Principal amount of Bonds to be redeemed shall be reduced by the Principal amount of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable Principal amount or Redemption Price established pursuant to the Indenture, plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. No purchase shall be made by the Trustee if such purchase would result in the Trustee holding less than the moneys and Defeasance Obligations required to be held for the payment of all other Bonds deemed to be paid pursuant to the Indenture.

The Authority may purchase with any available funds any Bonds deemed to be paid in accordance with the provisions of the Indenture summarized under this caption. Bonds for which a redemption date has been established may be purchased by the Authority on or prior to the forty-fifth day preceding the redemption date. On or prior to the forty-fifth day preceding the redemption date the Authority shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due on the redemption date and shall pay to the Authority on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to the Authority the principal amount of and interest on such Bonds upon surrender of such Bonds on the maturity date.

Each Fiduciary shall continue to be entitled to reasonable compensation for all services rendered under the Indenture, notwithstanding that any Bonds are deemed to be paid pursuant to the Indenture.

Any moneys held by a Fiduciary in trust for the payment and discharge of any of the Parity Obligations which remain unclaimed for two years after the date when Parity Obligations have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Parity Obligations become due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Bonds and the Persons entitled to payment of any Section 206 Obligation or Section 207 Obligation shall look only to the Authority for the payment of such Parity Obligation.

Rights of Bond Insurers

All rights of any Bond Insurer under the 2010 Indenture, or any Supplemental Indenture shall cease and terminate if: (i) such Bond Insurer has failed to make any payment under its Bond Insurance Policy; (ii) such Bond Insurance Policy shall cease to be valid and binding on such Bond Insurer or shall be declared to be null and void, or the validity or enforceability of any provision thereof is being contested by such Bond Insurer, or such Bond Insurer is denying further liability or obligation under such Bond Insurance Policy; (iii) a petition has been filed and is pending against such Bond Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within sixty days after such filing; (iv) such Bond Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for such Bond Insurer under the insurance laws of any jurisdiction.

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APPENDIX B

SALES TAX RECEIPTS

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APPENDIX B

SALES TAX RECEIPTS

Sales Tax Receipts consist of RTA Sales Tax, State Sales Tax and Public Transportation Funds that are transferred by the RTA to the Authority and deposited by the Authority into the Sales Tax Receipts Fund. Set forth below is a description of the components of Sales Tax Receipts. For additional information on Sales Tax Receipts, see *"SALES TAX RECEIPTS" in this Official Statement.*

Sales Tax Exemption for Groceries and Replacement Sales Taxes

The Illinois general assembly adopted legislation in August 2024 that created an exemption from the RTA sales and use taxes and State sales taxes and use taxes for sales of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) ("Groceries"). Under Public Act 103-0781 (passed by the Illinois House and the Illinois Senate on June 3, 2024, signed by the Illinois Governor on August 5, 2024, and with an effective date of August 5, 2024), Groceries will be exempt from the RTA sales and use taxes beginning January 1, 2026. Public Act 103-0781 also provides for certain replacement sales taxes to be imposed. For a discussion of Public Act 103-0781, see "SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts-***State Legislation***-Sales Tax Exemption for Groceries and Replacement Sales Taxes."

RTA Sales Tax

RTA Sales Tax consists of the RTA sales and use taxes imposed by the RTA under the RTA Act. The following table sets forth the components of the RTA Sales Tax and associated tax rates currently.

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RTA Sales Tax

RTA Tax	Description	Rate: Cook County: Food and Drug Sales*	Rate: Cook County: General Sales	Rate: Collar Counties: All Sales*
Retailer's Occupation Tax	Tax upon all persons engaged in the Northeastern Illinois Transit Region in the business of selling tangible personal property at retail, applicable to (i) sales of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics ("Food and Drug Sales"), and (ii) sales of tangible personal property at retail ("General Sales").*	1.25%	1.00%	0.75%
Service Occupation Tax	Tax upon all persons in the Northeastern Illinois Transit Region engaged in the business of making sales of service, who as an incident to making the sales of service, transfer tangible personal property within the Northeastern Illinois Transit Region, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service.	1.25%	1.00%	0.75%
Use Tax	Tax imposed upon the privilege of using in the Northeastern Illinois Transit Region any item of tangible personal property that is purchased outside the Northeastern Illinois Transit Region at retail from a retailer, and *that is titled or registered with an agency of State.* The tax shall be collected from persons whose Illinois address for titling or registration purposes is given as being in the metropolitan region.		Titled or registered property[*] 1.00%	Titled or registered property* 0.75%

* Effective January 1, 2026 Groceries are exempt from State and RTA sales and use taxes and certain replacements sales taxes are authorized. See "SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts-***State Legislation***-Sales Tax Exemption for Groceries and Replacement Sales Taxes**."**

On or before the 25th day of each calendar month, the Illinois Department of Revenue prepares and certifies to the Comptroller of the State of Illinois (the "State Comptroller") and to the RTA: (i) the amount of RTA Sales Tax collected in the Collar Counties, (ii) the amount of RTA Sales Tax collected within the City of Chicago, and (iii) the amount of RTA Sales Tax collected in that portion of Cook County outside of Chicago, each amount less refunds to taxpayers. Within 10 days after receipt of the Department of Revenue's certification of RTA Sales Tax, the State Comptroller orders to be drawn for payment: (1) two-thirds of the amounts certified in item (i) above to the RTA Sales Tax Fund, (2) one-third of the amounts certified in item (i) to the Collar Counties, and (3) the amounts certified in items (ii) and (iii) above to the RTA Sales Tax Fund.

[*] e.g. cars, boats and aircraft.

State Sales Tax

State Sales Tax consists of the State sales and use taxes imposed by the State under the RTA Act. The following table sets forth the components of the State Sales Tax and associated tax rates currently.

State Sales Tax

		Rate	
State Tax	**Description**	**Food and Drug Sales**	**General Sales**
Retailer's Occupation Tax	Tax imposed upon persons engaged in the State in the business of selling tangible personal property to purchasers for use or consumption.	1.00%*	6.25%
Service Occupation Tax	Tax imposed upon all persons engaged in the State in the business of making sales of service on all tangible personal property transferred as an incident of a sale of service.	1.00%	6.25%
Use Tax	Tax imposed upon the privilege of using in the State tangible personal property purchased in a sale at retail from a retailer.	1.00%*	6.25%
Service Use Tax	Tax imposed upon the privilege of using in the State real or tangible personal property acquired as an incident to the purchase of a service from a serviceman.	1.00%	6.25%

* Effective January 1, 2026 Groceries are exempt from State and RTA sales and use taxes and certain replacements sales taxes are authorized. See "SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts-***State Legislation***-Sales Tax Exemption for Groceries and Replacement Sales Taxes**.**"

In general, 20 percent of the 6.25 percent net State use tax on General Sales and 100 percent of the 1.00 percent net State use tax on Food and Drug Sales* are deposited in the State and Local Sales Tax Reform Fund maintained by the State Treasurer. Additionally, 4 percent of the 6.25 percent net State sales tax on General Sales, and 4 percent of the 6.25 percent net State use tax on titled or registered tangible personal property are deposited monthly in the County and Mass Transit District Fund. After certain deductions, 10 percent of the money paid into the State and Local Sales Tax Reform Fund is transferred into the Regional Transportation Authority Occupation and Use Tax Replacement Fund. Of the money paid into the County and Mass Transit District Fund, amounts attributable to retail sales occurring (or vehicles titled or registered) in Cook County are transferred to the RTA Sales Tax Fund.

Public Transportation Funds

Public Transportation Funds represent State money dedicated to public transportation in Illinois in addition to amounts paid for public transportation out of the State Sales Tax. Public Transportation Funds received by the RTA are separated into amounts that must be distributed to the Service Boards pursuant to statutorily prescribed formula allocations (the "Formula PTF") and amounts allocated to the Service Boards at the discretion of the RTA Board ("Discretionary PTF"). The following table sets forth the calculation of Formula PTF and Discretionary PTF currently.

Public Transportation Funds

Type	Description
Formula PTF	25% of the net revenue (after taxpayer refunds for overpayments), before the deduction of serviceman and retailer discounts, realized by the RTA from (i) 20% of the proceeds of the RTA Sales Tax collected in Cook County on Food and Drug Sales*, (ii) 25% of the State Sales Tax collected in Cook County on General Sales, and (iii) one-third of the RTA Sales Tax collected in the Collar Counties on Food and Drug Sales* and General Sales, plus
	5% of the net revenue, before deduction of servicemen and retailer discounts, realized from RTA Sales Tax, plus
	5% of amounts deposited into the RTA Tax Fund from the Regional Transportation Authority Occupation and Use Tax Replacement Fund and the County and Mass Transit District Fund, plus
	30% of the revenue realized by the Authority as financial assistance from the City of Chicago from the proceeds of the tax imposed by the City of Chicago under the Illinois Municipal Code on the privilege of transferring title to, or beneficial interest in, real property located in the City of Chicago (the “Real Estate Transfer Tax”).
Discretionary PTF	25% of the net revenue (after taxpayer refunds for overpayments), before the deduction of serviceman and retailer discounts, realized by the RTA from (i) 80% the proceeds of the RTA Sales Tax collected in Cook County on Food and Drug Sales*, (ii) 75% of the proceeds of the RTA Sales Tax collected in Cook County on General Sales and (ii) one-third of the RTA Sales Tax collected in the Collar Counties on Food and Drug Sales* and General Sales, plus
	25% of amounts deposited into the RTA Tax Fund from the Regional Transportation Authority Occupation and Use Tax Replacement Fund and the County and Mass Transit District Fund.

* Effective January 1, 2026 Groceries are exempt from State and RTA sales and use taxes and certain replacements sales taxes are authorized. See “SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts-***State Legislation***-Sales Tax Exemption for Groceries and Replacement Sales Taxes.”

Public Transportation Funds are paid from the State’s General Revenue Fund into the Public Transportation Fund for the benefit of local units of government responsible for public transportation. No moneys are to be paid from the Public Transportation Fund to the RTA for any fiscal year until the RTA has certified to the Governor, the Comptroller, and the Mayor that the RTA has adopted for that fiscal year an annual budget and two-year financial plan meeting the requirements of the RTA Act.

Within six months of the end of each fiscal year, the RTA is required to determine whether the aggregate of all System-Generated Revenues for public transportation in the Northeastern Illinois Transit Region which is provided by, or under grant or purchase of service contracts with, the Service Boards equals 50 percent of the aggregate of all costs of providing public transportation. System-Generated Revenues include all the proceeds of fares and charges for services provided, contributions received in connection with public transportation from units of local government other than the RTA (except for contributions received by the Authority from the Real Estate Transfer Tax, and from grants made by the Illinois Department of Transportation to units of local government, districts, and carriers for the acquisition, construction, extension, reconstruction, and improvement of mass transportation), and all other revenues properly included consistent with generally accepted accounting principles. System-Generated Revenues do not include the proceeds from any borrowing, and all revenues and receipts, including but not limited to fares and grants received from the federal government, the State or any unit of local government or other entity, derived from providing ADA paratransit service. If the RTA makes any payment to the State pursuant to the foregoing, the RTA must reduce the amount provided to a Service Board from funds transferred in proportion to the amount by which that Service Board failed to meet its Required Recovery Ratio. The Transportation System has never failed to meet this requirement. The Illinois General Assembly removed the recovery ratio requirement from 2021 through 2025 to help compensate for reduced fare and pass revenues due to ridership declines resulting from the COVID-19 pandemic.

Also within six months of the end of each fiscal year, the RTA is required to determine whether the aggregate of all fares charged and received for ADA paratransit services equals the system-generated ADA paratransit services revenue recovery ratio of the aggregate of all costs of providing the ADA paratransit services. If System-Generated Revenues are less than 10.0 percent of costs, the RTA Board is required to remit an amount equal to the amount of the deficit to the State for deposit into the General Revenue Fund. The Transportation System has never failed to meet the requirement.

RTA Allocation of Tax Funds

As described above, RTA Sales Tax, State Sales Tax and Public Transportation Funds are ultimately deposited in the RTA Sales Tax Fund maintained by the State Treasurer. After providing for the payment of outstanding RTA bonds and notes issued under the provisions of RTA Act, amounts in the RTA Sales Tax Fund are distributed to the RTA. Of the amount received by the RTA in the form of RTA Sales Tax and State Sales Tax, the RTA is entitled to withhold 15.0 percent for its general corporate purposes. After making special fund deposits for ADA paratransit, community mobility and RTA innovation, coordination and enhancement ("ICE") programs, remaining RTA Sales Tax and State Sales Tax and a portion of Public Transportation Funds are then distributed to the Service Boards, as RTA Formula Funds, in accordance with statutorily-required formula allocations. Additionally, the RTA distributes to the Service Boards discretionary operating funds, as RTA Discretionary Funds, that were derived from the RTA's 15.0 percent retention of RTA Sales Tax and State Sales Tax and the remaining portion of Public Transportation Funds. Although the RTA Act does not specify how RTA Discretionary Funds are to be allocated, the RTA has historically allocated nearly half of the RTA Sales Tax and State Sales Tax and between 90 and 99 percent of Discretionary PTF to the Authority. The current percentage allocations of RTA Formula Funds and RTA Discretionary Funds to the Service Boards are set forth in the following tables. All allocations of RTA Formula Funds and RTA Discretionary Funds constitute Sales Tax Receipts.

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Allocations of RTA Formula Funds

RTA Sales Tax	Authority % Allocation
85% of 80% of taxes on Food and Drug Sales* in Chicago.	100%
85% of 80% of taxes on Food and Drug Sales* in Cook County but outside of Chicago.	30%
85% of 75% of taxes on General Sales in Chicago and property titled or registered in Chicago	100%
85% of 75% of taxes on General Sales in Cook County, but sold outside of Chicago, or property titled or registered in Cook County but outside of Chicago.	30%
20% of taxes on Food and Drug Sales* in Cook County, 25% of taxes on General Sales in Cook County (and property titled or registered in Cook County), and one-third of taxes on Food and Drug Sales*, General sales and property titled or registered in Collar Counties (after required deposits into other funds for ADA paratransit, community mobility and ICE programs).	48%
State Sales Tax	
85% of State Sales Tax received by the RTA attributable to retail sales within the City of Chicago.	100%
85% of State Sales Tax received by the RTA attributable to retail sales within Cook County but outside of the City of Chicago.[(1)]	30%
Public Transportation Funds	
The State's contribution of an amount equal to the amount of RTA State Sales Tax and State Sales Tax distributable to the RTA as Formula PTF, and the State's contribution of an amount equal to 5% of the Real Estate Transfer Tax[(2)] (after required deposits into other funds for ADA paratransit, community mobility and ICE programs).	48%
The State's contribution of an amount equal to 25% of the Real Estate Transfer Tax.[(2)]	100%

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* Effective January 1, 2026 Groceries are exempt from State and RTA sales and use taxes and certain replacements sales taxes are authorized. See "SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts-***State Legislation***-<u>Sales Tax Exemption for Groceries and Replacement Sales Taxes</u>**.**"

[(1)] All of the State use tax received by the RTA from the State and Local Tax Reform Fund are allocated among the Service Boards on the basis of each Service Board's "distribution ratio." The distribution ratio is the ratio of the total amount of RTA Sales Tax distributed to a Service Board for the immediately preceding calendar year to the total amount of RTA Sales Tax distributed to all of the Service Boards for the immediately preceding calendar year.

[(2)] Public Transportation Funds represent State matching funds determined in part by reference to the Real Estate Transfer Tax paid to the Authority from the City of Chicago. Public Transportation Funds do not represent the actual Real Estate Transfer Tax collected by the City of Chicago and paid to the Authority. RETT Revenues are not part of Sales Tax Receipts and are not pledged to payment of the Series 2024A Bonds. See "FINANCIAL INFORMATION—Public Funding."

Allocations of RTA Discretionary Funds

RTA Sales Tax and State Sales Tax	Authority % Allocation
Amounts authorized by ordinance by the RTA Board from the 15% of RTA Sales Tax and State Sales Tax retained by the RTA (after payment of RTA debt service and operating expenses, South Suburban Job Access Funds and Joint Self-Insurance Fund insurance premiums).	48%
Formula PTF	
25% of (i) 80% of the proceeds of the RTA Sales Tax collected in Cook County on Food and Drug Sales*, (ii) 75% of the proceeds of the RTA Sales Tax collected in Cook County on General Sales, (iii) one-third of the RTA Taxes collected in the Collar Counties; and (iv) the amount of State Sales Tax deposited into the RTA Tax Fund.	98%

* Effective January 1, 2026 Groceries are exempt from State and RTA sales and use taxes and certain replacements sales taxes are authorized. See "SALES TAX RECEIPTS-Factors Impacting Sales Tax Receipts-***State Legislation***-Sales Tax Exemption for Groceries and Replacement Sales Taxes."

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APPENDIX C

SELECTED ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX C

SELECTED ECONOMIC AND DEMOGRAPHIC INFORMATION

The Authority's revenue is affected by various economic and demographic factors, including population, economic conditions, employment, fuel costs and consumer and producer prices. Chicago is the third largest economy ranked by GDP in the U.S. and the 7th largest economy in the world as of 2022. Set forth below are selected and comparative statistics demonstrating trends in population, economic activity and prices for the sectors and years cited. Information presented for the Northeastern Illinois Transit Region is for Cook County and the Collar Counties of DuPage, Kane, Lake, McHenry and Will, collectively. The Chicago Metropolitan Statistical Area ("Chicago MSA") represents the Northeastern Illinois Transit Region and the Counties of DeKalb, Grundy, and Kendall in Illinois, the Counties of Jasper, Lake, Newton and Porter in Indiana, and the County of Kenosha in Wisconsin. Chicago MSA information is presented where no comparable information is available for the Northeastern Illinois Transit Region.

[1] (Source: BEA))

Population
1980-2020

Year	Northeastern Illinois Transit Region	Cook County	City of Chicago	State of Illinois
1980	7,103,636	5,253,628	3,005,072	11,427,409
1990	7,261,176	5,105,044	2,783,726	11,430,602
2000	8,091,720	5,376,741	2,896,016	12,419,293
2010	8,316,650	5,194,675	2,695,598	12,830,632
2020	8,445,866	5,275,541	2,746,388	12,812,508

Source: U.S. Census Bureau, www.census.gov/quickfacts/fact/table (accessed October 2024).

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Gross Domestic Product
Percent Change from Preceding Period
2014-2022

Year	United States	State of Illinois	Chicago MSA
2014	2.3%	2.1%	2.4%
2015	2.7%	1.4%	2.2%
2016	1.7%	-0.3%	0.4%
2017	2.3%	0.8%	1.3%
2018	2.9%	2.4%	2.5%
2019	2.3%	0.5%	0.9%
2020	-3.4%	-5.1%	-5.4%
2021	6.1%	5.6%	5.5%
2022	2.5%	2.4%	1.3%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Annual percent change in Real GDP. www.bea.gov/national, www.bea.gov/regional (Interactive table accessed October 2024).

Per Capita Personal Income
2014-2022

Year	United States	State of Illinois	Chicago MSA	Cook County
2014	46,287	48,531	51,751	52,024
2015	48,060	50,682	54,358	54,734
2016	48,971	51,340	55,027	55,257
2017	51,004	53,049	56,964	57,231
2018	53,309	56,072	60,416	61,325
2019	55,547	57,721	62,215	63,002
2020	59,153	61,587	65,862	66,952
2021	64,430	67,278	71,898	72,979
2022	65,470	67,655	72,512	72,847

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Current Dollars http://www.bea.gov/national/ http://www.bea.gov/regional/ (Interactive table accessed October 2024).

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Educational Attainment
2024

	United States	State of Illinois	Cook County	City of Chicago
High School Graduate	27.3%	26.1%	23.2%	22.4%
Bachelor's Degree	19.9%	21.2%	24.6%	24.3%
Graduate or Professional Degree	11.8%	12.9%	16.5%	15.8%
Bachelor's Degree or Higher	31.7%	34.1%	41.1%	40.1%

Source: U.S. Census Bureau; 2024: ACS 5-Year Estimates Data Profile https://www.census.gov/topics/education/educational-attainment/data/tables.html (accessed October 2024).

Employment
2014–2023
(in thousands)

Calendar Year	State of Illinois	Chicago MSA	Cook County	City of Chicago
2014	6,049	4,541	2,456	1,257
2015	6,120	4,597	2,481	1,271
2016	6,173	4,649	2,500	1,282
2017	6,238	4,731	2,551	1,312
2018	6,271	4,752	2,550	1,314
2019	6,238	4,766	2,558	1,320
2020	5,735	4,338	2,317	1,198
2021	5,942	4,514	2,417	1,250
2022	6,127	4,695	2,529	1,308
2023	6,151	4,711	2,535	1,311

Source: Bureau of Labor Statistics, www.bls.gov/regions/Midwest/il_chicago_md.htm

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Annual Unemployment Rates
2014-2023

Calendar Year	United States	State of Illinois	Chicago MSA	Cook County	City of Chicago
2014	6.2%	7.2%	7.2%	7.6%	7.9%
2015	5.3%	6.0%	6.0%	6.3%	6.6%
2016	4.9%	5.9%	5.8%	6.2%	6.5%
2017	4.4%	4.9%	4.9%	5.1%	5.4%
2018	3.9%	4.4%	4.1%	4.2%	4.4%
2019	3.7%	4.0%	3.9%	3.9%	4.1%
2020	8.1%	9.3%	9.6%	10.6%	11.4%
2021	5.3%	6.1%	6.2%	7.0%	7.6%
2022	3.6%	4.6%	4.6%	4.9%	5.2%
2023	3.6%	4.5%	4.3%	4.4%	4.7%

Source: Bureau of Labor Statistics, https://www.bls.gov/lau/home.htm

Percentage of Total Non-Farm Employment
by Major Industry Sector
May 2024

Sector	United States	State of Illinois	Chicago MSA	MSA Employment (in 000's)
Trade, Transportation and Utilities....	18.180%	19.846%	19.690%	752.6
Education and Health Services	16.530%	15.967%	16.980%	649.0
Government	14.852%	13.139%	11.156%	426.4
Professional and Business Services ...	14.465%	15.123%	17.859%	682.6
Leisure and Hospitality......................	10.819%	10.078%	9.973%	381.2
Manufacturing	8.143%	9.395%	7.422%	283.7
Financial Activities	5.789%	6.507%	7.211%	275.6
Construction......................................	5.209%	4.104%	3.561%	136.1
Other Services...................................	3.730%	4.271%	4.283%	163.7
Information	1.885%	1.451%	1.831%	70.0
Mining and Logging	0.398%	0.120%	0.034%	1.3
				3,822.2

Source: Bureau of Labor Statistics "Current Employment Statistics" May 2024
https://www.bls.gov/regions/midwest/news-release/areaemployment_chicago.htm
(Interactive table accessed October 2024).

Largest Non-Government Employers in Chicago Area[(1)]
(FTE as of 2023)

Employer	Number of Employees
Advocate Health	38,679
Amazon.Com, Inc.	30,100
Northwestern Memorial Healthcare	25,386
University of Chicago	22,395
Endeavor Health	20,251
Walmart, Inc.	17,400
United Airlines Holdings, Inc.	16,937
Walgreens Boots Alliance Inc.	16,486
JP Morgan Chase & Co.	15,382
Health Care Service Corp.	14,771

Source: City of Chicago CAFR for the Year Ended 12/31/23

(1) Includes Northeastern Illinois Transit Region and Lake County, Indiana.

Tourism—City of Chicago
2014-2023
(in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Visitations	50.0	52.6	53.8	55.3	57.7	61.5	16.5	30.7	48.6	52.0

Source: Choose Chicago,
https://www.choosechicago.com/uploads/2019/06/Choose_Chicago_2018_Annual_Report_416_5cbf428 9-4213-44e4-b622-174500953a00.pdf and
https://roadgenius.com/statistics/tourism/usa/chicago/#How_many_tourists_visited_Chicago_in_2023; (accessed October 2024).

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Retail Fuel Prices
2014-2024
($ per gallon)

Year	Gasoline (Unleaded regular)	On-Highway Diesel Fuel
2014	$3.37	$3.83
2015	2.45	2.71
2016	2.14	2.30
2017	2.41	2.65
2018	2.74	3.18
2019	2.64	3.06
2020	2.17	2.55
2021	3.05	3.29
2022	4.38	4.99
2023	3.82	4.21
2024	3.67	3.52

Source: U.S. Department of Labor, Bureau of Labor Statistics; US City Average per Gallon; U.S. Energy Information Administration, https://www.eia.gov/totalenergy/data/monthly/#prices; https://www.eia.gov/dnav/pet/pet_pri_gnd_a_epd2d_pte_dpgal_a.htm; (accessed October 2024).

Consumer Price Index (All Urban Consumers)
Year-to-Year Changes[(1)]
2014-2024

Year	U.S. City Average	Chicago MS
2014	1.6%	1.7%
2015	0.1%	-0.3%
2016	1.3%	0.7%
2017	2.1%	1.9%
2018	2.4%	1.8%
2019	1.8%	1.5%
2020	1.2%	1.1%
2021	4.7%	4.2%
2022	7.1%	11.2%
2023	2.5%	3.8%
2024	0.1%	4.3%

Source: U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/cpi
https://www.bls.gov/regions/midwest/data/xg-tables/ro5xg01.htm
https://www.bls.gov/regions/midwest/news-release/consumerpriceindex_chicago.htm;
(Interactive table accessed October 2024).
[(1)] Not seasonally adjusted.

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Producer Price Index
Year-to-Year Changes
2014-2024

Year	Industrial Commodities	Gasoline	Diesel Fuel (No. 2)
2014	0.6%	-5.6%	-5.7%
2015	-7.5%	-35.8%	-39.5%
2016	-2.3%	-18.1%	-20.9%
2017	4.9%	18.1%	29.3%
2018	5.2%	18.1%	33.2%
2019	-1.5%	-9.5%	-10.5%
2020	-3.4%	-29.5%	-20.6%
2021	17.8%	69.3%	79.8%
2022	16.4%	39.2%	66.0%
2023	-3.6%	-14.6%	-24.9%
2024	N/A	N/A	N/A

Source: Fred Graph Observations Federal Reserve Economic Data http://fred.stlouisfed.org; (October 2024).

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Fortune 500 Companies
Headquartered in the Chicago MSA

Fortune Rank	Company	Headquarters
28	Walgreens Boots Alliance	Deerfield, IL
43	Archer Daniels Midland	Chicago, IL
73	Allstate	Northbrook, IL
77	AbbVie	North Chicago, IL
83	United Airlines Holdings	Chicago, IL
108	Abbott Laboratories	Abbott Park, IL
115	Mondelez International	Chicago, IL
119	US Foods Holding	Rosemont, IL
156	Kraft Heinz	Chicago, IL
162	McDonald's	Chicago, IL
187	Exelon	Chicago, IL
189	Information Technology Services	Vernon Hills, IL
193	Jones Lang LaSalle	Chicago, IL
194	Discover Financial Services	Riverwoods, IL
206	GE HealthCare Technologies	Chicago, IL
248	W.W. Grainger	Lake Forest, IL
253	Illinois Tool Works	Glenview, IL
270	Baxter International	Deerfield, IL
272	Kellanova	Chicago, IL
305	LKQ	Chicago, IL
336	Conagra Brands	Chicago, IL
342	Northern Trust	Chicago, IL
352	Molson Coors Beverage	Chicago, IL
360	Ulta Beauty	Bolingbrook, IL
391	Arthur J. Gallagher	Rolling Meadows, IL
395	Motorola Solutions	Chicago, IL
448	Dover	Downers Grove
459	Ingredion	Westchester, IL
471	Packaging Corp. of America	Lake Forest, IL
491	Old Republic International	Chicago, IL

Source: Fortune 500 (accessed October 2024).
Fortune 500 and Fortune 1000 Companies in Chicago(us500.com)

APPENDIX D

CHICAGO TRANSIT AUTHORITY FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

HTTPS://WWW.TRANSITCHICAGO.COM/ASSETS/1/6/CTA_FINANCIAL_STATEMENTS_2023.PDF

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CHICAGO TRANSIT AUTHORITY
CHICAGO, ILLINOIS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Years Ended December 31, 2023 and 2022
(With Independent Auditor's Report Thereon)

CHICAGO TRANSIT AUTHORITY
Chicago, Illinois

FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Chicago Transit Board
Chicago Transit Authority
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Chicago Transit Authority (CTA), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the CTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the CTA, as of December 31, 2023 and 2022, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the CTA's basic financial statements. The accompanying supplementary schedules of expenses and revenues – budget and actual for the years ended December 31, 2023 and 2022, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

(Continued)

The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules of expenses and revenues – budget and actual for the years ended December 31, 2023 and 2022 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 26, 2024 on our consideration of the CTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CTA's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
April 26, 2024

Introduction

The following discussion and analysis of the financial performance and activity of the Chicago Transit Authority (CTA) provide an introduction and understanding of the basic financial statements of the CTA for the fiscal years ended December 31, 2023 and 2022. This discussion was prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights for 2023

- Net position totaled ($910,785,000) at December 31, 2023.
- Net position increased $91,262,000 in 2023 which compares to an increase of $962,000 in 2022.
- Total net capital assets were $5,246,993,000 at December 31, 2023, an increase of 3.35% over the balance at December 31, 2022 of $5,076,710,000.

Financial Highlights for 2022

- Net position totaled ($1,002,047,000) at December 31, 2022.
- Net position increased $962,000 in 2022 which compares to a decrease of $133,908,000 in 2021.
- Total net capital assets were $5,076,710,000 at December 31, 2022, a decrease of 0.93% over the balance at December 31, 2021 of $5,124,414,000.

The Financial Statements

The basic financial statements provide information about the CTA's business-type activities and the Qualified Supplemental Retirement Fund (fiduciary activities). The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements for Business-Type Activities

The financial statements consist of the (1) Statements of Net Position, (2) Statements of Revenues, Expenses, and Changes in Net Position, (3) Statements of Cash Flows, and (4) Notes to the Financial Statements. The financial statements are prepared on the accrual basis of accounting, meaning that all expenses are recorded when incurred and all revenues are recognized when earned, in accordance with U.S. generally accepted accounting principles.

Statements of Net Position

The Statements of Net Position reports all financial and capital resources for the CTA (excluding fiduciary activities). The statements are presented in the format where assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and noncurrent. The focus of the Statements of Net Position is to show a picture of the liquidity and health of the organization as of the end of the year.

The Statements of Net Position are designed to present the net available liquid (noncapital) assets, deferred outflows of resources, net of liabilities, and deferred inflows of resources for the entire CTA. Net position is reported in three categories:

- *Net Investment in Capital Assets - This component of net position consists of all capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.*
- *Restricted - This component of net position consists of restricted assets where constraints are placed upon the assets by creditors (such as debt covenants), grantors, contributors, laws, and regulations, etc.*
- *Unrestricted - This component consists of net position that does not meet the definition of net investment in capital assets, or a restricted component of net position.*

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position includes operating revenues, such as bus and rail passenger fares, rental fees received from concessionaires, and the fees collected from advertisements on CTA property; operating expenses, such as costs of operating the mass transit system, administrative expenses, and depreciation on capital assets; and nonoperating revenue and expenses, such as grant revenue, investment income, and interest expense. The focus of the Statements of Revenues, Expenses, and Changes in Net Position is the changes in net position. This is similar to net income or loss and portrays the results of operations of the organization for the entire operating period.

Statements of Cash Flows

The Statements of Cash Flows discloses net cash provided by or used for operating activities, investing activities, noncapital financing activities, and from capital and related financing activities.

Notes to Financial Statements

The Notes to Financial Statements are an integral part of the basic financial statements and describe the organization, budget, significant accounting policies, related-party transactions, deposits and investments, restrictions on deposits and investments, capital assets, leases, bonds payable, long-term liabilities, defined-benefit pension plans, other post-employment benefits, risk management, and the commitments and contingencies. The reader is encouraged to review the notes in conjunction with the management discussion and analysis and the financial statements.

Financial Analysis of the CTA's Business-Type Activities

Statements of Net Position

The following table reflects a condensed summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the CTA as of December 31, 2023, 2022, and 2021:

Table 1
Summary of Assets, Deferred Outflows of Resources, Liabilities,
Deferred Inflows of Resources, and Net Position
December 31, 2023, 2022, and 2021
(In thousands of dollars)

	2023	2022	2021
Assets:			
Current assets	$ 882,779	$ 860,552	$ 803,920
Capital assets, net	5,246,993	5,076,710	5,124,414
Noncurrent assets	464,934	539,491	439,450
Total assets	6,594,706	6,476,753	6,367,784
Total deferred outflows of resources	399,958	237,240	244,272
Total assets and deferred outflows of resouces	$ 6,994,664	$ 6,713,993	$ 6,612,056
Liabilities:			
Current liabilities	$ 966,343	$ 899,021	$ 992,540
Long-term liabilities	6,924,356	6,665,134	6,590,505
Total liabilities	7,890,699	7,564,155	7,583,045
Total deferred inflows of resources	14,750	151,885	32,020
Net position			
Net investment in capital assets	2,176,505	2,040,618	2,179,437
Restricted:			
Payment of leasehold obligations	1,432	1,619	1,819
Debt service	60,961	70,463	94,417
Unrestricted (deficit)	(3,149,683)	(3,114,747)	(3,278,682)
Total net position	(910,785)	(1,002,047)	(1,003,009)
Total liabilities, deferred inflows of resources, and net position	$ 6,994,664	$ 6,713,993	$ 6,612,056

Year Ended December 31, 2023

Current assets increased by $22,227,000 primarily due to higher cash balances.

Capital assets (net) increased by $170,283,000 or 3.35% to $5,246,993,000 due to more capital funding. The CTA's capital improvement projects were funded primarily by the Federal Transit Administration (FTA), U.S. Department of Transportation, the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA), and CTA bonds.

Other non-current assets decreased by 13.82% to $464,934,000 due to capital spending of bond proceeds.

Current liabilities increased 7.49% to $966,343,000 primarily due to higher accounts payable balances.

Long-term liabilities increased by $259,222,000 or 3.89% to $6,924,356,000. The increase is due to an increase in the net pension liability associated with the employee pension plan in accordance with GASB 68, which was partially offset by a decrease in bonds payable.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets.

The net position balances restricted for other purposes include amounts restricted for two distinct purposes. The first restriction is for the assets restricted for future payments on the lease obligations. The second restriction is for the assets restricted for debt service payments.

The deficit in unrestricted net position, which represents assets available for operations, increased 1.12% from the prior year.

Year Ended December 31, 2022

Current assets increased by $56,632,000 primarily due to higher capital receivable balances.

Capital assets (net) decreased by $47,704,000 or 0.93% to $5,076,710,000 due to increased accumulated depreciation expenses. The CTA's capital improvement projects were funded primarily by the Federal Transit Administration (FTA), U.S. Department of Transportation, the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA), and CTA bonds.

Other non-current assets increased by 22.77% to $539,491,000 due to the receipt of the 2022A bond proceeds.

Current liabilities decreased 9.42% to $899,021,000 primarily due to a decrease in the capital line of credit balance due in 2023.

Long-term liabilities increased by $74,629,000 or 1.13% to $6,665,134,000. The increase is due to an increase in bonds payable related to the 2022A bonds, which was partially offset by a decrease in the net pension liability associated with the employee pension plan in accordance with GASB 68.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets.

The net position balances restricted for other purposes include amounts restricted for two distinct purposes. The first restriction is for the assets restricted for future payments on the lease obligations. The second restriction is for the assets restricted for debt service payments.

The deficit in unrestricted net position, which represents assets available for operations, decreased 5.00% from the prior year.

Statements of Revenues, Expenses, and Changes in Net Position

The following table reflects a condensed summary of the revenues, expenses, and changes in net position (in thousands) for the years ended December 31, 2023, 2022, and 2021:

Table 2
Condensed Summary of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2023, 2022, and 2021
(In thousands of dollars)

	2023	2022	2021
Operating revenues	$ 368,828	$ 334,527	$ 280,151
Operating expenses:			
Operating expenses	1,700,818	1,402,363	1,494,053
Depreciation	722,962	740,290	609,442
Total operating expenses	2,423,780	2,142,653	2,103,495
Operating loss	(2,054,952)	(1,808,126)	(1,823,344)
Nonoperating revenues:			
RTA operating assistance	1,058,386	1,053,871	950,394
FTA operating assistance	240,255	151,936	305,164
Build America Bond subsidy	9,538	9,764	9,972
Other nonoperating revenues	55,867	37,386	40,241
Total nonoperating revenues	1,364,046	1,252,957	1,305,771
Nonoperating expenses	(175,364)	(199,601)	(193,691)
Change in net position before capital contributions	(866,270)	(754,770)	(711,264)
Capital contributions	957,532	755,732	577,356
Change in net position	91,262	962	(133,908)
Total net position, beginning of year	(1,002,047)	(1,003,009)	(869,101)
Total net position, end of year	$ (910,785)	$ (1,002,047)	$ (1,003,009)

Year Ended December 31, 2023

Total operating revenues increased by $34,301,000, or 10.25% primarily due to an increase in farebox and pass revenues. Farebox and pass revenue increased $37,919,000 due to the gradual re-opening of the City of Chicago. CTA's ridership increased by 14.62% or 35.6 million rides over the prior year. CTA's average fare of $1.18 was $0.01 lower than 2022.

In 2023, CTA provided approximately 49,010,000 free rides, an increase of 6,860,000 or 16.28% over 2022. The Illinois General Assembly passed legislation to allow senior citizens aged 65 and over who live in the RTA service region to take free fixed route public transit rides on CTA, Metra and Pace beginning March 17, 2008. The Chicago City Council passed an ordinance to provide free CTA rides for active military personnel beginning May 1, 2008 and disabled veterans beginning August 1, 2008. The Illinois General Assembly also enacted legislation to require free rides on fixed-route transit to be made available to any Illinois resident who has been enrolled as a person with a disability in the Illinois Circuit Breaker program. In 2011, the free ride program was modified to subject the participants to a means test. Under this program seniors who do not qualify to ride free pay a reduced fare.

Total operating expenses increased $281,127,000, or 13.12%. The increase is primarily driven by higher labor expense in addition to higher security services costs. Labor expense increased by $172,533,000 primarily due to an increase in actuarial estimates for pension costs. Security expense increased by $45,171,000 due to an increase in private security services.

Year Ended December 31, 2022

Total operating revenues increased by $54,376,000, or 19.41% primarily due to an increase in farebox and pass revenues. Farebox and pass revenue increased $48,027,000 due to the gradual re-opening of the City of Chicago. CTA's ridership increased by 24.27% or 47.6 million rides over the prior year. CTA's average fare of $1.19 was $0.05 lower than 2021.

In 2022, CTA provided approximately 42,150,000 free rides, an increase of 2,414,000 or 6.07% over 2021. The Illinois General Assembly passed legislation to allow senior citizens aged 65 and over who live in the RTA service region to take free fixed route public transit rides on CTA, Metra and Pace beginning March 17, 2008. The Chicago City Council passed an ordinance to provide free CTA rides for active military personnel beginning May 1, 2008 and disabled veterans beginning August 1, 2008. The Illinois General Assembly also enacted legislation to require free rides on fixed-route transit to be made available to any Illinois resident who has been enrolled as a person with a disability in the Illinois Circuit Breaker program. In 2011, the free ride program was modified to subject the participants to a means test. Under this program seniors who do not qualify to ride free pay a reduced fare.

Total operating expenses increased $39,158,000, or 1.86%. The increase is primarily driven by higher depreciation expense, which was partially offset by a decrease in labor expense. Depreciation expense increased $130,848,000 primarily due to the Red-Purple Modernization project assets placed into service. Labor expense decreased by $89,016,000 primarily due to a decrease in actuarial estimates for pension costs and the timing of open positions.

Table 3, which follows, provides a comparison of amounts for these items:

Table 3
Operating Revenues and Expenses
Years ended December 31, 2023, 2022, and 2021
(In thousands of dollars)

	2023	2022	2021
Operating Revenues:			
Farebox revenue	$ 180,346	$ 165,797	$ 148,612
Pass revenue	148,464	125,094	94,252
Total farebox and pass revenue	328,810	290,891	242,864
Advertising and concessions	29,285	33,387	26,687
Other revenue	10,733	10,249	10,600
Total operating revenues	$ 368,828	$ 334,527	$ 280,151
Operating Expenses:			
Labor and fringe benefits	$ 1,265,311	$ 1,092,778	$ 1,181,794
Materials and supplies	114,673	105,052	90,499
Fuel	37,581	27,201	30,779
Electric power	27,298	18,323	25,105
Purchase of security services	69,115	23,944	15,680
Other	140,741	127,906	121,611
Operating expense before provisions	1,654,719	1,395,204	1,465,468
Provision for injuries and damages	46,099	7,159	28,585
Provision for depreciation	722,962	740,290	609,442
Total operating expenses	$ 2,423,780	$ 2,142,653	$ 2,103,495

Capital Asset and Debt Administration

Capital Assets

The CTA has $15,881,956,000 in capital assets, including buildings, vehicles, elevated railways, signal and communication equipment, as well as other equipment as of December 31, 2023 recorded at historical cost. Net of accumulated depreciation, the CTA's capital assets at December 31, 2023 totaled $5,246,993,000. This amount represents a net increase (including additions and disposals, net of depreciation) of $170,283,000, or 3.35%, over the December 31, 2022 balance primarily due to an increase in capital funding.

The CTA has $15,037,848,000 in capital assets, including buildings, vehicles, elevated railways, signal and communication equipment, as well as other equipment as of December 31, 2022 recorded at historical cost. Net of accumulated depreciation, the CTA's capital assets at December 31, 2022 totaled $5,076,710,000. This amount represents a net decrease (including additions and disposals, net of depreciation) of $47,704,000, or 0.93%, over the December 31, 2021 balance primarily due to increased depreciation expenses.

Additional information on the capital assets and construction commitments can be found in Note 6 of the audited financial statements.

Debt Administration

Long-term obligations includes the Public Building Commission payable, accrued pension costs, bonds payable, certificates of participation, and fare collection purchase agreement.

At December 31, 2023, the CTA had $48,150,000 due to the Public Building Commission, a decrease from the prior year due to principal payments. The bonds payable liability decreased by a net amount of $131,085,000 primarily due to debt service payments. Current liabilities increased 7.49% to $966,343,000 primarily due to higher accounts payable balances. Long-term liabilities increased by $259,222,000 or 3.89% to $6,924,356,000. The increase is primarily due to an increase in the net pension liability associated with the employee pension plan in accordance with GASB 68.

At December 31, 2022, the CTA had $51,715,000 due to the Public Building Commission, a decrease from the prior year due to principal payments. The bonds payable liability increased by a net amount of $225,170,000 primarily due to new debt issued in 2022. Current liabilities decreased 9.42% to $899,021,000 primarily due to a decrease in the capital line of credit balance due in 2023. Long-term liabilities increased by $74,629,000 or 1.13% to $6,665,134,000. The increase is primarily due to an increase in bonds payable related to the 2022A bonds, which was partially offset by a decrease in the net pension liability associated with the employee pension plan in accordance with GASB 68.

Additional information on the debt activity can be found in Notes 7, 8, 9, 10, and 11 of the audited financial statements.

2024 Budget and Economic Factors

On November 15, 2023, the CTA Board adopted the Fiscal Year 2024 operating budget of $1.995 billion and FY 2024-28 capital budget of $3.615 billion. After adoption, the budgets were submitted to and approved by the RTA Board (the regional oversight agency) on December 14, 2023. The 2024 operating budget maintains bus and rail service levels while the capital budget continues historic investments to modernize and improve the customer experience.

Despite the financial challenges that the CTA faces due to the residual impact of the pandemic, the 2024 Proposed Operating Budget of $1.995 billion does not include any reductions in bus or rail service or changes to the fare structure. This budget utilizes all available sources at its disposal, including system-generated revenue, public funding, Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act and the American Recue Plan (ARP) Act federal funding, as well as other budget balancing actions.

Over three consecutive fiscal years starting in 2020 the federal government has provided relief funding to individuals and businesses impacted by the COVID-19 pandemic. There have been three emergency relief packages; Coronavirus Aid Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act and the American Rescue Plan (ARP) Act. The RTA region, which includes Northwest Indiana, Southeast Wisconsin, as well as the CTA, Metra, and Pace, received approximately $3.4 billion of federal relief funds. CTA was allocated $2,090.9 million in funds; $817.5 million in (CARES) Act funds, $361.3 million in (CRRSAA) Act funds and $912.1 million in (ARP) Act funds. In March 2022, the CTA was awarded $118.4 million in ARP discretionary funds. The CTA was the only service board in the region eligible to apply for the additional ARP discretionary funding. In total, the CTA has received $2,209.3 million in federal relief funds, which are expected to be nearly exhausted in 2025. Through December 2023, the CTA has drawn $1.17billion or approximately 53.1% of its allocation.

The nation's public transit industry and specifically the Chicago region's transit providers are faced with many fiscal challenges going forward due to the impact of COVID-19 on ridership and the resulting change in travel patterns. CTA has been working with public transit stakeholders in Northeastern Illinois on the development of a strategic plan to identify funding solutions to close future budget gaps starting in FY 2026. In October 2023 the strategic plan "Plan of Action for Regional Transit" or PART was completed. The Chicago Metropolitan Agency for Planning the metropolitan planning organization for Northeastern Illinois has led in the development of this plan and as of January 2024 the plan has been submitted to the Illinois State legislature for consideration. The PART report outlines options for finance, governance, and other proposed reforms which will include recommendations that can help the region invest in a stronger and more financially secure transit system.

The CTA will continue to focus on providing reliable and consistent bus and rail service, which is critical to Chicago's continued recovery from the pandemic. The President's 2024 proposed budget preserves overall service levels. Moreover, the consolidation of the CTA and Pace 1-Day, 3- Day and 7-Day Passes as shared passes, as well as adding the Regional Connect Pass for CTA, Pace and Metra, further demonstrates our commitment to seamless regional travel between our services. In 2023, the CTA saw its ridership levels increase 14.6 percent compared to 2022. The corresponding increase in farebox revenue for 2023 compared to 2022 is 13.0 percent. For 2024 CTA expects system ridership to increase by 15.5 million rides to 289 million rides in comparison to the 2023 forecast of 273.5 million rides.

The Proposed 2024 Operating Budget is balanced between expenses, system generated revenues, and traditional public funding, and federal COVID-19 Emergency funding.

System Generated revenue is budgeted at $427.4 million for 2024, $33.8 million higher than 2023 budget and $17.7 million higher than 2023 forecast.

Farebox revenue of $345.1 million is 9.4 percent higher than the 2023 budget and 5.7 percent or $18.5 million higher than 2023 forecast. The farebox revenue budget is 59.0 percent of pre-pandemic 2019 levels. The remaining 20 percent of system revenues are generated from fare subsidy, advertising, concessions, contributions, investments, grant receipts, and miscellaneous sources, this category is expected to be 5.5 percent higher than the 2023 budget. Public Funding is budgeted at $1,095.9 million, an increase of $51.8 million over 2023 budget and $34.0 million over 2023 forecast.

Ridership levels in the 2024 budget are 63.4 percent of 2019 pre-pandemic levels.

The 2024 budgeted operating expenses of $1.995.8 million are $168.2 million higher than the 2023 budget and $209.5 million higher than the 2023 forecast. The proposed budget reflects the recovery from the COVID-19 pandemic and provides for future growth. There is an operating budget gap of $472.5 million, which will be closed by federal relief funds.

Labor, fuel, and contractual services expenses are approximately 85.5 percent of the increase from 2023 forecast to 2024 budget.

CTA's 2024 budget is aligned with CTA's strategic priorities of safety, customer experience, workforce development, community investment, and promoting opportunity.

The safety and security of customers and employees is the top priority for the CTA. The Chicago Police Department (CPD) provides law enforcement for the CTA through a dedicated group of officers who are part of CPD's Public Transportation Section, as well as with the support of district police. CPD works in close coordination with CTA's Security Department each day using both historical and real-time information in directing patrols and resources to address the issue of crime on and near the system. Their efforts are supported by private security guards, as well as a network of more than 33,000 security cameras. To further supplement these CPD resources, in 2022, CTA extended its Voluntary Special Employment Program

(VSEP) agreement with CPD for additional sworn police officers who volunteer to patrol the CTA system on their days off.

CTA continues to enhance the customer experience through a number of initiatives such that include the following: (**1) Rail Service Optimizing**- In keeping with the "Meeting the Moment" Action Plan, CTA has optimized rail service schedules with the goal of providing customers with more consistent intervals between trains, reduce large or inconsistent gaps in service, and provide more accurate Train Tracker predictions. **(2) Bus Service Optimization**: has also been implemented as of January 2023, as part of the "Meeting the Moment" Action Plan, the schedules for nearly half of CTA's bus routes were temporarily modified to provide better, more reliable service. These changes are part of CTA efforts to optimize its service schedules to better align with the available workforce, which in turn would provide riders with more consistent intervals between buses, reduce instances of large gaps in service, and address one of the most frequent comments CTA had received from its customers regarding the unpredictability of wait times. **(3) the 2019 Refresh and Renew** rail station program - In 2023, crews performed approximately $6.5 million in repairs and improvements at dozens of rail stations across seven rail lines, as well as some Loop Elevated stations. Some of the more comprehensive improvements made as part of this program included concrete repairs, removal of outdated fixtures and equipment, repairs to utility and plumbing lines and more. Work also included smaller cosmetic upgrades such as painting and replacing sheet metal or damaged signage, lighting upgrades, cleaning, and repair of surfaces (e.g., columns, walls, railings, fencing/gates, platform fixtures, etc.) and power washing are also performed; **(4) Bus Priority Zones** - CTA continues to work with the Chicago Department of Transportation (CDOT) on the Bus Priority Zones program aimed at improving eight major bus routes to improve bus speed and reliability. Bus Priority Zones target pinch points areas that cause delays on high ridership, frequent bus routes that span across the city. In 2023, CTA worked with its consultant and CDOT to advance data collection and preliminary design work on the priority corridors; **(5) Bus Vision Study,** examines multiple aspects of each route: the start/endpoints as well as the specific street route; the frequency and span of service; the multiple stops along the route; and the connectivity to other transit and transportation services. A key component of this initiative will be determining the best ways to provide equitable, accessible service to all parts of the city. With completion of study CTA will start the rollout of a plan to reach out to communities across the city to engage them and get input on elements from the Bus Vision Study. **(6) All Stations Accessibility Plan ASAP** through 2023, targets making up to fourteen rail stations vertically accessible over the next series of years. CTA also secured funding for elevator replacement and modernization work planned for existing elevators across the system. CTA is currently completing an inventory of these elevator conditions to be able to put construction packages together for these to be modernized or replaced; (**7) Better Streets for Buses**: CTA work with CDOT to complete a public outreach effort to guide a comprehensive, citywide plan for bus priority streets in Chicago. CTA and CDOT will utilize comments and additional analysis to develop the plan that will identify targeted corridors where bus enhancements are most appropriate based on ridership, bus speeds, equitable geographic coverage, and other relevant factors. The *Better Streets for Buses* Plan will also include a toolbox of bus-priority street treatments that would be considered for application in these corridors, ranging from small adjustments of pavement markings and curbside uses, to sophisticated signal changes and bus-only lanes. In 2024 CTA will work with CDOT to move into a phase of implementation for the Better Streets for Buses Plan, supported by an Invest in Cook competitive grant, to advance planning for robust bus priority infrastructure for at least three corridors in the Better Streets for Buses Network.

CTA is a significant local employer with a growing workforce of more than 10,000 employees from the Chicagoland area, with large majority identifying as minority. CTA is proud to have a dedicated and diverse workforce that has continually stepped up to meet various challenges CTA has faced in recent years and have kept the system running 24/7 for those who most depend on public transit services. CTA remains committed to seeking out ways to both attract and retain top talent to ensure buses and trains keep running and the City of Chicago moving.

The Infrastructure Investment and Jobs Act (IIJA) provides $108.2 billion for public transportation capital projects across the nation over federal fiscal year 2022 through 2026 – the largest federal investment in public transportation in the nation's history. This is an approximately 75 percent increase in funding authorization for public transit when compared to previous federal transit program (FAST Act) levels. Included in the federal transit funding program are funds allocated to the Chicago Urbanized Area that CTA traditionally receives each year. CTA's allocation of these formula funds represents an approximately 37 percent increase over previous authorized levels.

In addition, the federal IIJA law provides for new and expanded discretionary programs that are available for eligible projects associated with low or no emissions vehicles, buses and bus facilities, accessibility of transit facilities, and other major capital investments.

In 2024 CTA will continue to pursue long-term priorities, which focus on improving service to customers. The Agency will continue to make extensive investments in its bus and rail system, along with modernizing its infrastructure.

The **Red-Purple Modernization** (RPM) project is one of six major construction projects the CTA has embarked on; RPM is a $2.1 billion investment to modernize and add capacity to the CTA's busiest rail corridor. CTA awarded a contract to the Walsh-Fluor Design Build Team in 2018; CTA unveiled the Red-Purple Bypass in 2021 and began demolition and reconstruction of adjacent Red and Purple Line track structures north of Belmont; Lawrence to Bryn Mawr area construction of four stations and reconstruction of 6 miles of track, structure, and viaducts began in 2022 and will continue through 2024; Corridor Signal testing continues, installation of new signal system on 23 miles of track to be also completed in 2024; Project Completion estimated 2025; In addition, CTA continues to move forward with its planning for the proposed $3.6 billion **Red Line Extension** (RLE) project between 95th and 130th streets. The proposed 5.3-mile extension would include four new, fully accessible stations at 103rd Street, 111th Street, Michigan Avenue and 130th Street. In 2018, the CTA selected a preferred alignment for the extension, and awarded a Program Management Contract. The Program Manager oversees final environmental review and preliminary engineering work necessary to ultimately seek federal funding for the project. In 2019, the agency committed $310 million to advance the project beyond Project Development phase. In 2020, RLE entered the Project Development Phase. In 2022, CTA published a Supplemental Environmental Assessment (EA) and entered project into Engineering Phase. Also, in 2022 the Chicago City Council approved CTA's Transit TIF $959M local funds for RLE. In 2023 the federal government announced the RLE project is in line for $1.973 billion in critical grant funding needed to build the project. The RLE project also received a $100 million grant from the federal Congestion Mitigation and Air Quality Improvement (CMAQ)/Carbon Reduction Program, moving us one-step closer to our goal of breaking ground in 2025. Furthermore, in 2023 **Your New Blue** (YNB) comes to an end with its final Phase 4 Signal improvements from Jefferson Park to O'Hare on the Blue Line completed. CTA will continue to rehab other YNB stations throughout the line as part of the All Station Accessibility Program ASAP including Montrose, California, Irving Park, and Belmont. As of 2024, CTA has begun reconstruction of the Harlem Station Bus Bridge and construction of two new power substations on the O'Hare Branch of the Blue Line. CTA will also continue with initiatives to modernize and improve the rail system: The Green Line Improvements and the Forest Park Branch on the Blue Line. The **Green Line Improvements** will enhance its infrastructure including track, and station elements throughout the line system**.** Some initiatives for the Green Line include renovation of the Cottage Grove Station, Lake Street Bridge Replacement, and rehabbing track on the entire Jackson Park branch and a portion of Englewood**. The Forest Park - Blue Line** Upgrades project is the first of four phases of the Forest Park Branch Modernization. It will provide for new track-work from Halsted to Illinois Medical District, rehabilitation of the Racine station making it ADA compliant, advanced utility work, and a new substation and traction power equipment at Hermitage. Continuing the agency's efforts to modernize and improve operations and delivery of service. The CTA is planning a project to modernize two critical functions: Control Center, as well as Training and Instruction. Current Control Center is outdated and in need of costly repairs, training for front-line workers occurs throughout the agency and both have significant space constraints. As a result, CTA is starting the planning for the building of a new state-of-art facility with more space, modern technology, and adequate meeting space during major events or emergencies. CTA's intention is to also start the planning for a centralized training facility that enhances the training experience for front-line employees.

Major projects completed or substantially underway in 2023:

Vehicles – As of 2023, CTA has received Base, Option 1 and part of Option 2 of up to 5 Options to replace up to 600 1000's-Series buses, each Option consist of 100 buses, buses will be replaced with new -Series buses. CTA received and accepted mid-life work on 2 pilot buses for the Mid-life Bus Overhaul for (100) 4300 Series bus contract; CTA received a revised schedule for the existing Proterra Bus Contract for the Option of 22 electric buses new schedule estimates delivery in 2025/2026. Unfortunately CTA places on hold the purchase of new Electric Buses due to Nova Bus manufacturing exiting bus production in the US market; On the rail system CTA currently has received and placed into service 62 new 7000 Series rail cars to replace aged railcars (this project has been delayed due to COVID-19 pandemic), CTA also continues with the 5000-Series overhaul (714 cars) scheduled over 5 years (2021-2025) as of December 2023 three-hundred and seventy-six (376) cars have been rehabilitated. Also, in 2023 CTA received grant award of $200M from the new federal Vehicle Replacement Program to purchase 300 new 9000-Series Rail Cars.; Production also continued through FY 2023 for the design and build of 4 Diesel Locomotives with one (1) locomotive received in 2023. **Infrastructure** - Major construction continued through 2023 on the new Red-Purple Modernization CTA began demolition and reconstruction of stations adjacent to Red and Purple Line track structures north of Belmont; Also in 2023, CTA continued renovation design on four (4) All Stations Accessibility Program (ASAP) stations California, Austin, Montrose and Racine Station (project has been delayed due to environmental issues pending); Design continues for the State & Lake Loop Station project led by CDOT; In addition the City of Chicago is making notable strides in the construction of the new Damen Green Line Station project has also encountered delays and cost increases, raising its value to $80.2 million; Also in 2023 CTA has continued construction for the Non-Revenue Vehicle Maintenance Facility. **Renewal of Track and Structure** –CTA continues its efforts to improve and enhance the system. In 2023 CTA completed the fourth and final phase of the YNB project with the completion of the Signal Upgrades from Jefferson Park to O'Hare on the Blue Line; CTA completed construction in 2023 for the Substation Roof replacement; CTA continues construction work on two new substations and new tie house at Barry, Damen and Canal on the Blue line. Continues work on the Congress Line track improvement which is part of CTA's Forest Park Blue Line Upgrades Project. Phase I will provide for new track-work from Halsted to IMD, an accessible station at Racine, advanced utility work, and a new substation and traction power equipment upgrades at Hermitage. This work will enhance service quality via speed, reliability, and comfort, and improve operational efficiency on the Forest Park Branch of CTA's rapid transit Blue Line service.

Among the capital projects to continue or begin in FY 2024:

Vehicles - CTA anticipates the completion of the second, third and fourth delivery of the next 300 buses (Options 2-4) of the current contract to purchase up to 600 new buses, Option 5 is still under review. The agency also expects to complete a Mid-life Overhaul on the Artic 4300 Series (100) buses by quarter 4 of 2024; In addition, CTA also anticipates to award contract for the Life-extension Overhaul on up to 430 of the 1000 Series buses; On the rail rolling stock CTA also expects to receive one-hundred twenty (120) 7000-Series production cars by year end of 2024. In addition, the agency continues to progress on Phase Two of the Quarter-life Overhaul Program for the 5000-Series Rail Cars (714 cars) status over 50% of Phase II is completed. Second Phase began mid-year 2021 and scheduled to continue through 2025. CTA also anticipates receiving in FY 2024 the remainder 3 of 4 Snow Locomotives. **Infrastructure** – In FY2024, CTA will complete design on the California, Cottage Grove and Montrose Stations; General Contractor Notice to Proceed NTP is projected for renovation of Austin and Racine Stations to accommodate elevators and other ADA related upgrades; In addition CTA plans to continue design on six (6) additional ASAP stations Oak Park, Ridgeland, Irving Park, Belmont, Grand and Division, Station Design has been delayed due to Environment Issues; The Non-revenue Shop construction began in 2022 and is expected to be completed in the third quarter of 2024. **Renewal of Track and Structure** –CTA estimates final construction completion in 2024 for the Skokie Shops Electronic, Hydraulic Repair Room Expansions and for the

Belmont Track Crossover Replacement. Also, in 2024 construction to commence on the Lake Street Bridge replacement this project is being done in coordination with Chicago Department of Transportation.

Many capital projects include distinctive architecture and public art from notable Chicago and international artists, part of ongoing efforts to make public transportation more attractive and to highlight communities.

Legislation

On January 18, 2008, Public Act 95-708 became law. This legislation provides funding for CTA operations, pension and retiree healthcare from four sources: 1) a 0.25 percent increase in the RTA sales tax in each of the six counties, 2) a $1.50 per $500 of transfer price increase in the City of Chicago's real estate transfer tax, 3) an additional 5% state match on the real estate transfer tax and all sales tax receipts except for the replacement and use tax, and 4) a 25% state match on the new sales tax and real estate transfer tax. The proceeds from the increase in the RTA sales tax will be used to fund some existing programs such as ADA paratransit services, as well as some new initiatives such as the Suburban Community Mobility Fund and the Innovation, Coordination and Enhancement Fund. The balance of these additional proceeds along with the 5% state match on: existing, additional sales tax and real estate transfer tax; and the state 25% match on the new sales tax will be divided among the CTA (48%), Metra (39%) and Pace (13%) according to the statutory formula. On February 6, 2008, the Chicago City Council authorized an increase in the real estate transfer tax in the amount of $1.50 per $500 of transfer price, the proceeds of which (after deducting costs associated with collection) will be entirely directed to the CTA. Additionally the state 25% match on the real estate transfer tax will be entirely directed to CTA as well.

Pursuant to Public Act 94-839, the CTA was required to make contributions to its retirement system in an amount which, together with the contributions of its participants, interest earned on investments and other income, were sufficient to bring the total assets of the retirement system up to 90% of its total actuarial liabilities by the end of fiscal year 2058. This legislation also required the RTA to monitor the payment by the CTA of its required retirement system contributions. If the CTA's contributions were more than one month overdue, the RTA would pay the amount of the overdue contributions directly to the trustee of the CTA's retirement system out of moneys otherwise payable by the RTA to the CTA.

Public Act 95-708 modified this directive slightly and added a number of other requirements. First, a new Retirement Plan Trust was created to manage the Retirement Plan assets. Second, CTA contributions and employee contributions were increased. Third, in addition to the requirement that the Retirement Plan be 90% funded by 2059, there is a new requirement that the Retirement Plan be funded at a minimum of 60% by September 15, 2009. Any deviation from the stated projections could result in a directive from the State of Illinois Auditor General to increase the CTA and employee contributions. Fourth, Public Act 95-708 authorized the CTA to issue $1.349 billion in pension obligation bonds to fund the Retirement Plan. Finally, the legislation provides that CTA will have no future responsibility for retiree healthcare costs after the bond funding.

Public Act 95-708 also addressed retiree healthcare. In addition to the separation between pension and healthcare that was mandated by Public Act 94-839, Public Act 95-708 provides funding and benefit changes to the retiree healthcare benefits. First, all CTA employees will be required to contribute 3% of their compensation into the new retiree healthcare trust. Second, all employees will be eligible for retiree healthcare, but after January 18, 2008, only those employees who retire at or after the age of 55 with 10 years of continuous service will actually receive the benefit. Third, retiree, dependent and survivor premiums can be raised up to 45% of the premium cost. Finally, the CTA has been given the authorization to issue $640 million in pension obligation bonds to fund the healthcare trust. Subsequent to the 2008 legislation, the Board of Trustees of the Retiree Healthcare Trust amended the eligibility requirements to receive postemployment health benefits. Effective January 1, 2018, employees will be eligible for retiree healthcare at or after the age of 65 with 10 years of continuous service or at or after age 55 or at pension start date (whichever is later) with 20 years of continuous service.

The pension and retiree healthcare bonds were issued on August 6, 2008 and $1.1 billion was deposited in the pension trust and $528.8 million was deposited in the healthcare trust.

In August 2021, Illinois House Bill 1428 was signed into law. This bill allows the Board of Trustees of the Retiree Healthcare Trust to lower the active employee contribution rate from 3% of compensation to 1% of compensation. After consultation with the Trust's actuary, the Board of Trustees lowered the contribution rate to 1%, beginning on January 1, 2022.

Contacting the CTA's Financial Management

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the CTA's finances and to demonstrate the CTA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chicago Transit Authority's Chief Financial Officer, 567 W. Lake Street, Chicago, IL 60661.

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Net Position
December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 136,326	$ 90,134
Cash and cash equivalents restricted for damage reserve	71,484	78,255
Investments	20,511	43,599
Total cash, cash equivalents, and investments	228,321	211,988
Operating and capital receivables:		
Due from the RTA	350,185	376,494
Unbilled work in progress	218,704	209,281
Other	10,900	410
Total operating and capital receivable	579,789	586,185
Accounts receivable, net	41,609	29,348
Lease receivable	3,350	3,204
Materials and supplies, net	22,459	21,745
Prepaid expenses and other assets	7,251	8,082
Total current assets	882,779	860,552
Noncurrent assets:		
Other noncurrent assets:		
Restricted bond proceeds held by trustee	452,418	523,856
Restricted assets held by trustee for supplemental retirement plans	1,116	885
Lease receivable	11,400	14,750
Total other noncurrent assets	464,934	539,491
Capital assets:		
Capital assets not being depreciated:		
Land	182,783	173,634
Construction in process	803,582	689,142
Total capital assets not being depreciated	986,365	862,776
Capital assets being depreciated or amortized	14,895,591	14,175,072
Less accumulated depreciation and amortization	(10,634,963)	(9,961,138)
Total capital assets being depreciated or amortized, net	4,260,628	4,213,934
Total capital assets, net	5,246,993	5,076,710
Total noncurrent assets	5,711,927	5,616,201
Total assets	6,594,706	6,476,753
Deferred outflows of resources		
Deferred loss on refunding	15,155	17,772
Pension outflows - CTA Employees' Retirement Plan	383,150	216,796
Pension outflows - CTA Supplemental Plans	1,653	2,672
Total deferred outflows of resources	399,958	237,240
Total assets and deferred outflows of resources	$ 6,994,664	$ 6,713,993

(Continued)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Net Position
December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 356,443	$ 311,281
Accrued payroll, vacation pay, and related liabilities	176,108	174,819
Accrued interest payable	21,249	22,125
Advances, deposits, and other	15,471	15,635
Unearned passenger revenue	85,121	83,445
Other unearned revenue	3,446	2,513
Unearned operating assistance	55,149	49,362
Current portion of long-term liabilities	253,356	239,841
Total current liabilities	966,343	899,021
Long-term liabilities:		
Self-insurance claims, less current portion	204,230	192,676
Public Building Commission payable, less current portion	45,822	49,864
Bonds payable, less current portion	4,293,777	4,443,914
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable	170,768	173,672
Capital line of credit - note purchase agreement	155,100	98,900
Net pension liability - CTA Employees' Retirement Plan	2,022,086	1,669,452
Net pension liability - CTA Supplemental Plans	26,061	29,747
Total other postemployment benefits liability, less current portion	6,492	6,889
Other long-term liabilities	20	20
Total long-term liabilities	6,924,356	6,665,134
Total liabilities	7,890,699	7,564,155
Deferred inflows of resources		
Pension inflows - CTA Employees' Retirement Plan	-	133,931
Leases	14,750	17,954
Total deferred inflows of resources	14,750	151,885
Net position:		
Net investment in capital assets	2,176,505	2,040,618
Restricted:		
Payment of leasehold obligations	1,432	1,619
Debt service	60,961	70,463
Unrestricted (deficit)	(3,149,683)	(3,114,747)
Total net position	(910,785)	(1,002,047)
Total liabilities, deferred inflows of resources, and net position	$ 6,994,664	$ 6,713,993

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Operating revenues:		
Fare box revenue	$ 180,346	$ 165,797
Pass revenue	148,464	125,094
Total fare box and pass revenue	328,810	290,891
Advertising and concessions	29,285	33,387
Other revenue	10,733	10,249
Total operating revenues	368,828	334,527
Operating expenses:		
Labor and fringe benefits	1,265,311	1,092,778
Materials and supplies	114,673	105,052
Fuel	37,581	27,201
Electric power	27,298	18,323
Purchase of security services	69,115	23,944
Maintenance and repairs, utilities, rent, and other	140,741	127,906
	1,654,719	1,395,204
Provisions for injuries and damages	46,099	7,159
Provision for depreciation	722,962	740,290
Total operating expenses	2,423,780	2,142,653
Operating expenses in excess of operating revenues	(2,054,952)	(1,808,126)
Nonoperating revenues (expenses):		
RTA operating assistance	1,058,386	1,053,871
FTA operating assistance	240,255	151,936
Reduced-fare subsidies	15,227	14,606
Build America Bond subsidy	9,538	9,764
Operating grant revenue	4,265	8,213
Contributions from local government agencies	5,000	5,000
Investment income	31,375	9,567
Loss on sale of assets	(6)	(58)
Interest expense on bonds and other financing	(175,358)	(199,543)
Total nonoperating revenues, net	1,188,682	1,053,356
Change in net position before capital contributions	(866,270)	(754,770)
Capital contributions	957,532	755,732
Change in net position	91,262	962
Total net position – beginning of year	(1,002,047)	(1,003,009)
Total net position – end of year	$ (910,785)	$ (1,002,047)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Cash Flows
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Cash flows from operating activities:		
Cash received from fares	$ 330,486	$ 291,454
Payments to employees and benefit payments	(1,201,386)	(1,173,591)
Payments to suppliers	(392,901)	(293,068)
Other receipts	28,526	40,680
Net cash flows used in operating activities	(1,235,275)	(1,134,525)
Cash flows from noncapital financing activities:		
RTA operating assistance	1,090,482	1,003,795
FTA operating assistance	228,214	136,678
Reduced-fare subsidies	15,227	14,606
Operating grant revenue	4,265	8,213
Contributions from local governmental agencies	5,000	5,000
Net cash flows provided by noncapital financing activities	1,343,188	1,168,292
Cash flows from capital and related financing activities:		
Interest payments on bonds	(183,573)	(204,964)
Repayment of Public Building Commission payable	(6,123)	(6,131)
Proceeds from issuance of bonds	-	387,881
Proceeds from capital line of credit - note purchase agreement	60,000	70,400
Proceeds from issuance of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	5,649	37,180
Repayment of bonds payable	(131,085)	(124,830)
Repayment of line of credit - note purchase agreement	(3,800)	(208,800)
Repayment of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds	(1,721)	(1,663)
Repayment of other long-term liabilities	(12,497)	(11,935)
Payments for acquisition and construction of capital assets	(881,514)	(656,450)
Proceeds from the sale of property and equipment	1,304	104
Build America Bond subsidy	9,538	9,764
Capital grants	949,660	703,047
Net cash flows used in capital and related financing activities	(194,162)	(6,397)
Cash flows from investing activities:		
Purchases of unrestricted investments	(20,511)	(43,599)
Proceeds from maturity of unrestricted investments	43,599	44,959
Restricted cash and investment accounts:		
Purchases	(1,990,391)	(1,920,619)
Withdrawals	2,061,598	1,817,375
Investment revenue	31,375	9,567
Net cash flows provided (used) by investing activities	125,670	(92,317)
Net increase (decrease) in cash and cash equivalents	39,421	(64,947)
Cash and cash equivalents – beginning of year	168,389	233,336
Cash and cash equivalents – end of year	$ 207,810	$ 168,389

(Continued)

CHICAGO TRANSIT AUTHORITY
Business-Type Activities
Statements of Cash Flows
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Reconciliation of operating expenses in excess of operating revenues to net cash flows used in operating activities:		
Operating expenses in excess of operating revenues	$ (2,054,952)	$ (1,808,126)
Adjustments to reconcile operating expenses in excess of operating revenues to net cash flows used in operating activities:		
Depreciation	722,962	740,290
(Increase) decrease in assets/deferred outflows:		
Accounts receivable	(12,261)	(4,212)
Materials and supplies	(714)	5,793
Prepaid expenses and other assets	831	(1,805)
Deferred outflow - pension	(165,335)	4,184
Increase (decrease) in liabilities/deferred inflows:		
Accounts payable and accrued expenses	32,121	18,026
Accrued payroll, vacation pay, and related liabilities	1,289	(41,048)
Self-insurance reserves	23,824	(5,645)
Unearned passenger revenue	1,676	563
Other unearned revenue	933	379
Advances, deposits, and other	(164)	877
Net pension liability	348,948	(164,343)
Total OPEB liability	(502)	(2,774)
Deferred inflow - pension	(133,931)	123,316
Net cash flows used in operating activities	$ (1,235,275)	$ (1,134,525)
Noncash investing and financing activities:		
Retirement of fully depreciated capital assets	$ 49,137	$ 3,418
Purchases of capital assets in accounts payable at year-end	137,717	124,676
RTA operating assistance not received	350,185	376,494
Unbilled work in progress	218,704	209,281

CHICAGO TRANSIT AUTHORITY
Fiduciary Activities
Statements of Fiduciary Net Position
Qualified Supplemental Retirement Plan
December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Assets:		
Cash equivalents	$ 555	$ 8
Investments at fair value:		
Short-term investments	552	61
U.S. fixed income	8,396	7,946
Global fixed income	-	141
Common stock	20,395	19,650
Real estate	2,474	3,278
Total investments at fair value	31,817	31,076
Total assets	32,372	31,084
Liabilities:		
Accounts payable and other liabilities	28	35
Total liabilities	28	35
Net position restricted for pensions	$ 32,344	$ 31,049

See accompanying notes to financial statements.

CHICAGO TRANSIT AUTHORITY
Fiduciary Activities
Statements of Changes in Fiduciary Net Position
Qualified Supplemental Retirement Plan
Years ended December 31, 2023 and 2022
(In thousands of dollars)

	2023	2022
Additions:		
Contributions:		
Employee	$ 37	$ -
Employer	1,876	933
Total contributions	1,913	933
Investment income:		
Net increase (decrease) in fair value of investments	1,890	(6,800)
Investment income	1,447	3,071
Total investment income	3,337	(3,729)
Total additions	5,250	(2,796)
Deductions:		
Benefits paid to participants or beneficiaries	3,784	3,791
Administrative fees	171	172
Total deductions	3,955	3,963
Net increase (decrease)	1,295	(6,759)
Net position restricted for pensions		
Beginning of year	31,049	37,808
End of year	$ 32,344	$ 31,049

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION

The Chicago Transit Authority (CTA) was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago.

The Regional Transportation Authority Act (the Act) provides for the funding of public transportation in the six-county region of Northeastern Illinois. The Act established a regional oversight board, the Regional Transportation Authority (RTA), and designated three service boards (CTA, Commuter Rail Board, and Suburban Bus Board). The Act requires, among other things, that the RTA approve the annual budget of the CTA, that the CTA obtain agreement from local governmental units to provide an annual monetary contribution of at least $5,000,000 for public transportation, and that the CTA (collectively with the other service boards) finance at least 50% of its operating costs, excluding depreciation and certain other items, from system-generated sources on a budgetary basis.

<u>Financial Reporting Entity</u>: As defined by U.S. generally accepted accounting principles (GAAP), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2) Fiscal dependency on the primary government.

Based upon the application of these criteria, the CTA is not a component unit of any other entity.

The CTA participates in the Employees' Retirement Plan, which is a single employer, defined benefit pension plan covering substantially all full-time permanent union and nonunion employees. The Employees' Plan is governed by Illinois state statute (40 ILCS 5/22-101). The fund, established to administer the Employees' Retirement Plan, is not a fiduciary fund or a component unit of the CTA. This fund is a legal entity separate and distinct from the CTA. This plan is administered by its own board of trustees comprised of 5 union representatives, 5 representatives appointed by the CTA, and a professional fiduciary appointed by the RTA. The CTA has no direct authority and assumes no fiduciary responsibility with regards to the Employees' Retirement Plan. Accordingly, the accounts of this fund are not included in the accompanying financial statements.

The CTA participates in the Retiree Health Care Trust (RHCT), which provides and administers health care benefits for CTA retirees and their dependents and survivors. The Retiree Health Care Trust was established by Public Acts 94-839 and 95-708. The RHCT is not a fiduciary fund or a component unit of the CTA. This trust is a legal entity separate and distinct from the CTA. This trust is administered by its own board of trustees comprised of three union representatives, three representatives appointed by the CTA and a professional fiduciary appointed by the RTA. The CTA has no direct authority and assumes no fiduciary responsibility with regards to the RHCT. Accordingly, the accounts of this fund are not included in the accompanying financial statements.

(Continued)

NOTE 1 – ORGANIZATION (Continued)

The CTA administers supplemental retirement plans that are separate, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) closed board member plan (Board), (2) closed (Non-Qualified) supplemental plan for members retired or terminated from employment before March 2005, including early retirement incentive, and (3) closed (Qualified) supplemental plan for members retiring or terminating after March 2005. The CTA received qualification under Section 401(a) of the Internal Revenue Code for the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Qualified Supplemental Retirement Plan). The Qualified plan is administered by a committee that is appointed by the Board of Directors of the CTA. In addition, there is a financial burden as the CTA has the obligation to make contributions to the Qualified plan. Based on this, the trust for the Qualified plan is reported as a fiduciary component unit. Whereas the activities for the Non-Qualified and Board Plans are included in the financial statements of the CTA's business-type activities.

The CTA is not considered a component unit of the RTA because the CTA maintains separate management, exercises control over all operations, and is fiscally independent from the RTA. Because governing authority of the CTA is entrusted to the Chicago Transit Board, comprising four members appointed by the Mayor of the City of Chicago and three members appointed by the Governor of the State of Illinois, the CTA is not financially accountable to the RTA and is not included as a component unit in the RTA's financial statements, but is combined in pro forma statements with the RTA, as statutorily required.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The basic financial statements provide information about the CTA's business-type and fiduciary (Qualified Supplemental Retirement Plan) activities. Separate statements for each category, business-type and fiduciary, are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenues from operating activities are recognized in the fiscal year that the operations are provided; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

The financial statements for the CTA's business-type activities are used to account for the CTA's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the CTA maintains its records on the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the CTA are included in the Statements of Net Position.

The principal operating revenues of the CTA are bus and rail passenger fares. The CTA also recognizes as operating revenue the rental fees received from concessionaires, the fees collected from advertisements on CTA property, and miscellaneous operating revenues. Operating expenses for the CTA include the costs of operating the mass transit system, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the CTA receives value without directly giving equal value in return, include grants from federal, state, and local governments. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the CTA on a reimbursement basis.

The financial statements for the fiduciary activities are used to account for the assets held by the CTA in trust for the payment of future retirement benefits under the Qualified Supplemental Retirement Plan. The assets of the Qualified Supplemental Retirement Plan cannot be used to support CTA operations.

<u>Cash and Cash Equivalents</u>: Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities dated within three months or less of year-end.

<u>Cash and Cash Equivalents Restricted for Damage Reserve</u>: The CTA maintained cash and investment balances to fund the annual injury and damage obligations that are required to be designated under provisions of Section 39 of the Metropolitan Transportation Authority Act.

<u>Investments</u>: Investments, including the supplemental retirement plan assets, are reported at fair value based on quoted market prices and valuations provided by external investment managers.

Chapter 30, Paragraph 235/2 of the Illinois Compiled Statutes authorizes the CTA to invest in obligations of the United States Treasury and United States agencies, direct obligations of any bank, repurchase agreements, commercial paper rated within the highest classification set by two standard rating services, or money market mutual funds investing in obligations of the United States Treasury and United States agencies.

<u>Unbilled Work In Progress</u>: Unbilled work in progress represents grant expense that has not been billed to the funding agencies as of year-end. This would include contract retentions, accruals and expenditures for which, due to requisitioning restrictions of the agencies or the timing of the expenditures, reimbursement is requested in a subsequent period.

<u>Materials and Supplies</u>: Materials and supplies are stated at average cost and consist principally of maintenance supplies and repair parts.

<u>Other Noncurrent Assets</u>: Other noncurrent assets include (a) cash and claims to cash that are restricted as to withdrawal or use for other than current operations, (b) resources that are designated for expenditure in the acquisition or construction of noncurrent assets, or (c) resources that are segregated for the liquidation of long-term debts.

> *Bond proceeds held by trustee*: During various fiscal years, the CTA issued Capital Grant Receipt Revenue Bonds. The proceeds from each sale were placed in trust accounts restricted for financing the costs of capital improvement projects associated with each issuance. For more detailed information see Note 9.

<u>Leases Receivable</u>: The CTA is a lessor for leases of office and retail space and the commercial wireless system. The CTA recognizes a lease receivable and a deferred inflow of resources in the Statements of Net Position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the CTA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the CTA determines (a) the discount rate it uses to discount the expected lease receipts to present value, (b) lease term, and (c) lease receipts. The CTA uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The CTA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets: All capital assets are stated at cost. Capital assets are defined as assets which (1) have a useful life of one year or more and a unit cost of more than $5,000, (2) have a unit cost of $5,000 or less, but which are part of a network or system conversion, or (3) were purchased with grant money. The cost of maintenance and repairs is charged to operations as incurred.

Interest cost capitalized prior to the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* is amortized on the same basis as the related asset is depreciated. The CTA implemented Statement No. 89 on January 1, 2021; as a result of that implementation, interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred.

The provision for depreciation of transportation property and equipment is calculated under the straight-line method using the respective estimated useful lives of major asset classifications, as follows:

	Years
Buildings	10-40
Elevated structures, tracks, tunnels, and power system	20-40
Transportation vehicles:	
Bus	12
Rail	25
Signal and communication	10-20
Other equipment	3-10

A full month's depreciation is taken in the month after an asset is placed in service. When property and equipment are disposed, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded.

The transportation system operated by the CTA includes certain facilities owned by others. The CTA has the exclusive right to operate these facilities under the terms of the authorizing legislation and other agreements.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Included with the CTA's *other equipment* capital assets, the CTA has capitalized an intangible asset, computer software. The CTA follows the same capitalization policy and estimated useful life for its intangible asset as it does for its *other equipment* capital assets. The CTA also amortizes the intangible asset utilizing the straight-line method.

<u>Deferred Outflows of Resources</u>: A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period.

<u>Deferred Inflows of Resources</u>: A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

<u>Self-insurance</u>: The CTA is self-insured for various risks of loss, including public liability and property damage, workers' compensation, and health benefit claims, as more fully described in Note 15. A liability for each self-insured risk is provided based upon the present value of the estimated ultimate cost of settling claims using a case-by-case review and historical experience. A liability for claims incurred but not reported is also provided.

<u>Compensated Absences</u>: Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave that has been earned but not paid has been accrued in the accompanying financial statements. Compensation for holidays, illness, and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts do not accumulate or vest.

Under GASB Statement No. 16, *Accounting for Compensated Absences*, applicable salary-related employer obligations are accrued in addition to the compensated absences liability. This amount is recorded as a portion of the accrued payroll, vacation pay, and related liabilities on the Statements of Net Position.

<u>Bond Premiums</u>: Bond premiums are amortized over the life of the bonds using the bonds outstanding method, which is materiality consistent with the effective interest method.

<u>Pensions</u>: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans (the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more detailed information see Notes 12 and 13.

<u>Net Position</u>: Net position is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of legally restricted assets by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the CTA's policy to use restricted resources first, and then unrestricted resources when they are needed.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted – This component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Retirement Plan: The CTA has a retirement plan for all nontemporary, full-time employees with service greater than one year. Pension expense is recorded on an annual basis based on the results of an actuarial valuation in conformity with GASB 67 and 68. For more detailed information see Note 12.

Fare Box and Pass Revenues: Fare box and pass revenues are recorded as revenue at the time services are performed.

Classification of Revenues: The CTA has classified its revenues as either operating or nonoperating. Operating revenues include activities that have the characteristics of exchange transactions, including bus and rail passenger fares, rental fees received from concessionaires, the fees collected from advertisements on CTA property, and miscellaneous operating revenues. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as federal, state, and local grants and contracts.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Reclassifications: Certain amounts from the prior year have been reclassified to conform to the current year presentation. The reclassifications had no effect on net position or change in net position.

Implementation of New Accounting Standards:

In April 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). In addition, the statement provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement became effective for the CTA during fiscal year 2023 with no material impact for the CTA.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of this Statement became effective for the CTA during fiscal year 2023 with no material impact for the CTA.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements became effective for the CTA during fiscal year 2023 with no material impact for the CTA. The requirements related to financial guarantees and the classification and reporting of derivative instruments are effective for the CTA's fiscal year ended December 31, 2024.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Pronouncements:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the CTA's fiscal year ended December 31, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the CTA's fiscal year ended December 31, 2024.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this Statement are effective for the CTA's fiscal year ended December 31, 2025.

Management has not yet determined the impact of these statements on the basic financial statements.

NOTE 3 – BUDGET AND BUDGETARY BASIS OF ACCOUNTING

The CTA is required under Section 4.01 of the Regional Transportation Authority Act to submit for approval an annual budget to the RTA by November 15 prior to the commencement of each fiscal year. The budget is prepared on a basis consistent with GAAP, except for the exclusion of certain income and expenses. For 2023 and 2022, these amounts include provision for injuries and damage in excess of (or under) budget, depreciation expense, pension expense in excess of pension contributions, actuarial adjustments, revenue from leasing transactions, interest income and expense from sale/leaseback transactions, and capital contributions.

The Act requires that expenditures for operations and maintenance in excess of budget cannot be made without approval of the Chicago Transit Board. All annual appropriations lapse at fiscal year-end. The RTA, in accordance with the RTA Act, has approved for budgetary basis presentation the CTA's recognition of the amount of the injury and damage reserve and pension contribution, funded by the RTA in the approved annual budget. Provisions in excess of the approved annual budget that are unfunded are excluded from the recovery ratio calculation.

Prior to 2009, the RTA funded the budgets of the service boards rather than the actual operating expenses in excess of system-generated revenue. Under this funding policy favorable variances from budget remain as unearned operating assistance to the CTA and can be used in future years with RTA approval. At the end of 2009, the RTA changed the funding policy to reflect actual collections rather than the budgeted funding marks. This new policy shifts the risk of shortfalls from actual collections to the respective service boards.

NOTE 3 – BUDGET AND BUDGETARY BASIS OF ACCOUNTING (Continued)

The RTA approves the proposed budget based on a number of criteria:

- That the budget is in balance with regard to anticipated revenues from all sources, including operating subsidies and the costs of providing services and funding operating deficits;
- That the budget provides for sufficient cash balances to pay, with reasonable promptness, costs and expenses when due;
- That the budget provides for the CTA to meet its required system-generated revenue recovery ratio; and
- That the budget is reasonable, prepared in accordance with sound financial practices and complies with such other RTA requirements as the RTA Board of Directors may establish.

The RTA monitors the CTA's performance against the budget on a quarterly basis. If, in the judgment of the RTA, this performance is not substantially in accordance with the CTA's budget for such period, the RTA shall so advise the CTA and the CTA must within the period specified by the RTA, submit a revised budget to bring the CTA into compliance with the budgetary requirements listed above.

In late 2021, the Illinois legislature granted temporary recovery ratio relief for fiscal years 2021, 2022, and 2023 due to the ongoing pandemic. Per Public Act 102-0678, the aggregate of all projected fare revenues from such fares and charges received in fiscal years 2021, 2022, and 2023 may be less than 50% of the aggregate costs of providing such public transportation in those fiscal years. In 2023, the legislature further extended the waiver through 2025.

NOTE 4 – BUDGETED PUBLIC FUNDING FROM THE REGIONAL TRANSPORTATION AUTHORITY AND THE STATE OF ILLINOIS

Most of the CTA's public funding for operating needs is funneled through the RTA. The RTA allocates funds to the service boards based on a formula included in the 1983 Regional Transportation Authority Act and the 2008 Legislation (P.A. 95-0708) approved by Illinois lawmakers to provide increased operating funds to the Northeastern Illinois Transit System. Other funds are allocated based on the RTA's discretion.

The funding "marks" represent the amount of funds that each Service Board can expect to receive from the RTA and other sources.

The components of the operating assistance from the RTA were as follows (in thousands of dollars):

		2023	2022
83 Legislation	Illinois state sales tax allocation	$ 498,149	$ 476,787
83 Legislation	RTA discretionary funding and other	324,327	308,474
08 Legislation	Illinois state sales tax allocation & PTF	182,626	181,017
08 Legislation	Real estate transfer tax	53,284	79,926
08 Legislation	Innovation, Coordination and Enhancement funding (ICE)	-	7,667
Final operating assistance		$ 1,058,386	$ 1,053,871

(Continued)

NOTE 4 – BUDGETED PUBLIC FUNDING FROM THE REGIONAL TRANSPORTATION AUTHORITY AND THE STATE OF ILLINOIS (Continued)

Reduced-fare subsidies from the State of Illinois were $15,227,000 and $14,606,000 during the years ended December 31, 2023 and 2022, respectively, for discounted services provided to the elderly, disabled, or student riders.

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, Cash Equivalents, and Investments of the Business-type Activities

Cash, cash equivalents, and investments are reported in the Statements of Net Position of the business-type activities as follows as of December 31, 2023 and 2022 (in thousands of dollars):

	2023	2022
Current assets:		
Cash and cash equivalents	$ 136,326	$ 90,134
Restricted for damage reserve	71,484	78,255
Investments	20,511	43,599
Noncurrent assets:		
Bond proceeds held by trustee	452,418	523,856
Held by trustee for supplemental retirement plan	1,116	885
Total	$ 681,855	$ 736,729

Cash, cash equivalents, and investments of the business-type activities consist of the following as of December 31, 2023 and 2022 (in thousands of dollars):

	2023	2022
Investments:		
Certificates of deposit	$ 20	$ 20
Money market mutual funds	291,082	321,867
U.S. government agencies	61,503	115,342
U.S. Treasury notes	214,164	19,257
Municipal bonds	-	19,741
Commercial paper	19,892	181,710
Total Investments	586,661	657,937
Deposits with financial institutions	95,194	78,792
Total deposits and investments	$ 681,855	$ 736,729

(Continued)

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment Policy: CTA investments are made in accordance with the Public Funds Investment Act (30 ILCS 235/1) (the Act) and, as required under the Act, the Chicago Transit Authority Investment Policy (the Investment Policy). The Investment Policy does not apply to the Employees Retirement Plan or the Retiree Healthcare Trust, which are separate legal entities. Additionally, the CTA Investment Policy does not apply to the Supplemental Retirement Plan, which is directed by the Employee Retirement Review Committee. In accordance with the Act and the Investment Policy, CTA can invest in the following types of securities:

1. United States Treasury Securities (Bonds, Notes, Certificates of Indebtedness, and Bills). CTA may invest in obligations of the United States government, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. United States Agencies. CTA may invest in bonds, notes, debentures, or other similar obligations of the United States or its agencies. Agencies include: (a) federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit bank, or other entities authorized to issue debt obligations under the Farm Credit Act of 1971, as amended; (b) federal home loan banks and the federal home loan mortgage corporation; and (c) any other agency created by an act of Congress.
3. Bank Deposits. CTA may invest in interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.), provided that any such bank must be insured by the Federal Deposit Insurance Corporation (the FDIC) and no more than 33.33% of the maximum portfolio percentage amount allowed by the chart in Section 2B of the Investment Policy for investment in Certificates of Deposit may be invested in Certificates of Deposit of a single issuer of such Certificates.
4. Commercial Paper. CTA may invest in short-term obligations (commercial paper) of corporations organized in the United States with assets exceeding $500 million, provided that: (a) such obligations are at the time of purchase at the highest classification for short-term obligations and one of the three highest classifications for long-term obligations established by at least two standard rating services and which mature no later than 3 years from the date of purchase; (b) such purchases do not exceed 10% of the corporation’s outstanding obligations; (c) no more than one-third of the Authority’s funds may be invested in short term obligations of corporations; and (d) no more than 25% of the maximum portfolio percentage allowed by the chart in Section 2B of the Investment Policy for all Corporate Obligations may be invested in Corporate Obligations of a single issuer.
5. Mutual Funds. CTA may invest in mutual funds which invest exclusively in United States government obligations and agencies.
6. Investment Pool. CTA may invest in a Public Treasurers’ Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17).
7. Repurchase Agreements. CTA may invest in repurchase agreements for securities that are authorized investments under the Investment Policy, subject to all of the requirements of the Act, provided that: (a) the securities shall be held by a custodial bank authorized by the Chicago Transit Board; and (b) each transaction must be entered into under terms of a master repurchase agreement in a form authorized by the Chicago Transit Board.

(Continued)

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

8. Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the Authority or held under a custodial agreement at a bank. The bonds shall be rated, at the time of purchase, no lower than ‘A’ category by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions. The maturity of the bonds authorized by this subsection (8) shall, at the time of purchase, not exceed 5 years; provided that a longer maturity is authorized if the Authority has a put option on the bonds to demand early repayment on the bonds within 5 years from the date of purchase. These securities shall show on their face that they are fully payable as to principal and interest, where applicable, if any, within five years from the date of purchase.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the CTA’s deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the CTA will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. The Investment Policy requires that investment securities be held by an authorized custodial bank pursuant to a written custodial agreement.

In addition, the Investment Policy requires that whenever funds are deposited in a financial institution in an amount which causes the total amount of the Authority’s funds deposited with such institution to exceed the amount which is protected by the FDIC, all deposits which exceed the amount insured be collateralized, at the rate of 102% of such deposit, by: bonds, notes, certificates of indebtedness, Treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest or, at the rate of 110% of such deposit, by: bonds, notes, debentures, or other similar obligations of agencies of the United States of America. As of December 31, 2023 and 2022, the CTA’s bank balances were fully insured or collateralized.

Interest Rate Risk: Interest rate risk is the risk that the fair value of the CTA’s investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy limits the allocation of the portfolio, and the term of investments as follows:

Instrument Type	Maximum Investment Level	Actual Investment Level	Term of Investment
U.S. Treasuries	100%	37%	3 years
Repurchase Agreements	33%	0%	330 days
Certificates of Deposit	30%	0%	365 days
Corporate Obligations	33%	3%	3 years
Government Money Market	50%	50%	n.a.
U.S. Government Agencies	75%	10%	5 years
Municipal Bonds (Callable)	25%	0%	5 years
Investment Pool - Illinois Fund	25%	0%	n.a.

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of December 31, 2023, the maturities for the CTA's fixed-income investments are as follows (in thousands of dollars):

		Investment Maturities (By Years)		
	Fair Value	Less Than 1	1 - 5	5+
Certificates of deposit	$ 20	$ -	$ 20	$ -
Money market mutual funds	291,082	291,082	-	-
U.S. government agencies	61,503	-	61,503	-
U.S. Treasury notes	214,164	214,164	-	-
Commercial paper	19,892	19,892	-	-
Total	$ 586,661	$ 525,138	$ 61,523	$ -

As of December 31, 2022, the maturities for the CTA's fixed-income investments are as follows (in thousands of dollars):

		Investment Maturities (By Years)		
	Fair Value	Less Than 1	1 - 5	5+
Certificates of deposit	$ 20	$ 20	$ -	$ -
Money market mutual funds	321,867	321,867	-	-
U.S. government agencies	115,342	55,307	60,035	-
U.S. Treasury notes	19,257	4,786	14,471	-
Municipal bonds	19,741	4,888	14,853	-
Commercial paper	181,710	181,710	-	-
Total	$ 657,937	$ 568,578	$ 89,359	$ -

Credit Risk: Credit risk is the risk that the CTA will not recover its investments due to the failure of the counterparty to fulfill its obligation. To address this risk, the CTA invests in accordance with its Investment Policy which states investments held by CTA are backed by the United States Government, which are valued at AAA, municipal bonds that shall be rated, at the time of purchase, no lower than 'A' category by at least two accredited rating agencies with nationally recognized expertise in rating bonds of states and their political subdivisions, and commercial paper that are at the time of purchase at the highest classification established by at least two standard rating services and which mature not later than three years from the date of purchase.

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of December 31, 2023, the CTA had the following fixed-income investments which are rated by both Moody's and Standard and Poor's (in thousands of dollars):

		Credit Ratings				
	Fair Value	A1P1 or AAA	A2P2 or AA	A3P3 or A	B	Not Rated
Money market mutual funds	$ 291,082	$ 291,082	$ -	$ -	$ -	$ -
U.S. government agencies	61,503	61,503	-	-	-	-
Commercial paper	19,892	19,892	-	-	-	-
Total	$ 372,477	$ 372,477	$ -	$ -	$ -	$ -

As of December 31, 2022, the CTA had the following fixed-income investments which are rated by both Moody's and Standard and Poor's (in thousands of dollars):

		Credit Ratings				
	Fair Value	A1P1 or AAA	A2P2 or AA	A3P3 or A	B	Not Rated
Money market mutual funds	$ 321,867	$ 321,867	$ -	$ -	$ -	$ -
U.S. government agencies	115,342	115,342	-	-	-	-
Municipal bonds	19,741	19,741	-	-	-	-
Commercial paper	181,710	181,710	-	-	-	-
Total	$ 638,660	$ 638,660	$ -	$ -	$ -	$ -

Concentration of Credit Risk: Except for investments in certificates of deposits and commercial paper, the CTA does not restrict the amount which may be invested in authorized investments of a single issuer or financial institution. No more than 30 percent of the maximum portfolio percentage amount allowed for investment in certificates of deposit may be invested in certificates of deposit of a single issuer of such certificates. No more than 25 percent of the maximum portfolio percentage amount allowed for investment in commercial paper may be invested in commercial paper of a single issuer of such commercial paper.

As of December 31, 2023, the CTA had investments in Goldman Sachs – Amalgamated (16.35%), Morgan Stanley – Zions Bank (33.27%), Treasury Bill (T-Bills) (36.51%), and Federal Home Loan Mortgage Corp, (FHLMC) (5.64%), that exceeded 5 percent of the total investment balance. As of December 31, 2022, the CTA had investments in Goldman Sachs – Amalgamated (17.62%), Morgan Stanley – Zions Bank (31.30%), and Federal Home Loan Bank (FHLB) (9.48%), that exceeded 5 percent of the total investment balance.

Fair Value: CTA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs and are valued using future projected cash flows.

(Continued)

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

CTA has the following fair value measurements as of December 31, 2023 and 2022 (in thousands of dollars).

	Fair Value Measurements as of December 31, 2023			
	Total Amount	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 28,406	$ -	$ 28,406	$ -
Federal Home Loan Mortgage Corporation	33,097	-	33,097	-
US Treasury Notes	214,164	214,164	-	-
Money market mutual funds	291,082	291,082	-	-
Commercial paper	19,892	-	19,892	-
Total	$ 586,641	$ 505,246	$ 81,395	$ -

	Fair Value Measurements as of December 31, 2022			
	Total Amount	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 62,349	$ -	$ 62,349	$ -
Federal National Mortgage Association	15,882	-	15,882	-
Federal Home Loan Mortgage Corporation	22,769	-	22,769	-
Federal Farm Credit Banks	14,342	-	14,342	-
US Treasury Notes	19,257	19,257	-	-
Municipal bonds	19,741	-	19,741	-
Money market mutual funds	321,867	321,867	-	-
Commercial paper	181,710	-	181,710	-
Total	$ 657,917	$ 341,124	$ 316,793	$ -

Cash, Cash Equivalents, and Investments of the Fiduciary Activities

Cash, cash equivalents, and investments are reported in the Fiduciary Fund as follows as of December 31, 2023 and 2022 (in thousands of dollars):

	2023	2022
Investments:		
Short-term investments	$ 552	$ 61
U.S. fixed income	8,396	7,946
Global fixed income	-	141
Common stock	20,395	19,650
Real estate	2,474	3,278
Total	$ 31,817	$ 31,076

(Continued)

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment Policy: The Employee Retirement Review Committee has been appointed as the fiduciary having responsibility for administering the Qualified Supplemental Retirement Plan, including the responsibility for allocating the assets of the trust fund among the separate accounts, for monitoring the diversification of the investments of the trust fund, for determining the propriety of investments of the trust fund in foreign securities and of maintaining the custody of foreign investments abroad, for assuring that the plan does not violate any provisions of applicable law limiting the acquisition or holding of certain securities or other property, and for the appointment and removal of an investment fiduciary. The Qualified Supplemental Retirement Plan is a qualified plan that is not subject to the Public Funds Investment Act.

In March 2005 the Employee Retirement Review Committee engaged a registered investment adviser under the Investment Advisers Act of 1940. The Employee Retirement Review Committee engaged a new registered investment adviser in October 2015. The investment adviser is authorized to invest and reinvest the assets of the Qualified Supplemental Retirement Plan and keep the same invested, without distinction between principal and income, in any property, real, personal or mixed or share or part thereof, or part interest thereof, or part interest therein, wherever situated, and whether or not productive of income, including: capital, common and preferred stock, and short-term investments.

Interest Rate Risk: Interest rate risk is the risk that the fair value of the Qualified Supplemental Retirement Plan investments will decrease as a result of an increase in interest rates. The Employee Retirement Review Committee mitigates exposure to changes in interest rates by requiring that the assets of the Trust be invested in accordance with the following asset allocation guidelines as of December 31, 2023 and 2022.

Asset Class	2023 Allocation	2022 Allocation
U.S. large cap equities	20.00%	20.00%
U.S. mid size cap equities	5.00	5.00
U.S. small cap equities	5.00	5.00
Developed non-U.S. equities	15.00	15.00
Emerging markets equities	5.00	5.00
U.S. fixed income	30.00	30.00
Real estate	10.00	10.00
Open-End Private Equity	10.00	10.00
	100.00%	100.00%

As of December 31, 2023, the maturities for the Plan's fixed-income investments are as follows (in thousands):

	Fair Value	Investment Maturities (In Years) Less Than 1	1 - 5
Short-term investment funds	$ 552	$ 552	$ -
U.S. fixed income	8,396	8,396	-
Total	$ 8,948	$ 8,948	$ -

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of December 31, 2022, the maturities for the Plan's fixed-income investments are as follows (in thousands):

	Fair Value	Investment Maturities (In Years) Less Than 1	1 - 5
Short-term investment funds	$ 61	$ 61	$ -
U.S. fixed income	7,946	7,946	-
Global fixed income	141	141	-
Total	$ 8,148	$ 8,148	$ -

Credit Risk: Credit risk is the risk that the Qualified Supplemental Retirement Plan will not recover its investments due to the failure of the counterparty to fulfill its obligation.

As of December 31, 2023, the Plan had the following fixed-income investments which are not rated by either Moody's or Standard and Poor's (in thousands of dollars):

		Credit Ratings	
	Fair Value	Government Secured	Not Rated
Short-term investment funds	$ 552	$ -	$ 552
U.S. fixed income	8,396	-	8,396
Total	$ 8,948	$ -	$ 8,948

As of December 31, 2022, the Plan had the following fixed-income investments which are not rated by either Moody's or Standard and Poor's (in thousands of dollars):

		Credit Ratings	
	Fair Value	Government Secured	Not Rated
Short-term investment funds	$ 61	$ -	$ 61
U.S. fixed income	7,946	-	7,946
Global fixed income	141	-	141
Total	$ 8,148	$ -	$ 8,148

Custodial Credit Risk – Investments: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Qualified Supplemental Retirement Plan will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. The investment securities are held in trust pursuant to a written trust agreement.

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. There was no foreign currency risk as of December 31, 2023 or 2022.

Fair Value: The Qualified Supplemental Plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs and are valued using a matrix pricing model. Level 3 inputs are significant unobservable inputs and are valued using future projected cash flows. The Qualified Supplemental Plan has the following fair value measurements as of December 31, 2023 and 2022 (in thousands of dollars).

	Fair Value Measurements as of December 31, 2023			
	Total Amount	Level 1	Level 2	Level 3
Global Fixed Income	$ -	$ -	$ -	$ -
Common Stock	-	-	-	-
Total investments by fair value level	$ -	$ -	$ -	$ -
Investments measured at Net Asset Value				
U.S. Fixed Income	8,396			
Common Stock	12,162			
Common Stock - Global	8,233			
Real Estate	2,474			
Total investments	$ 31,265			

	Fair Value Measurements as of December 31, 2022			
	Total Amount	Level 1	Level 2	Level 3
Global Fixed Income	$ -	$ -	$ -	$ -
Common Stock	-	-	-	-
Total investments by fair value level	$ -	$ -	$ -	$ -
Investments measured at Net Asset Value				
U.S. Fixed Income	7,946			
Global Fixed Income	141			
Common Stock	11,178			
Common Stock - Global	8,472			
Real Estate	3,278			
Total investments	$ 31,015			

(Continued)

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment in Certain Entities that Calculate Net Asset Value Per Share

CTA measures certain investments that do not have a readily determinable fair value using NAV as a practical expedient. The Real Estate, Common Stock – Global, Global Fixed Income and the U.S. Fixed Income and Common Stock are generally structured as limited partnerships, limited liability corporations, or collective trusts, respectively, with an investment manager and are created by raising pools of capital from investors that will be invested according to one or more specific investment strategies. Investors commit capital to the fund, and as the investment manager identifies investment opportunities, the committed capital is called to purchase the investments.

The following table displays information regarding investments that use NAV per share (or equivalent) as their fair value measurement as of December 31, 2023 and 2022 (in thousands of dollars):

	Net Asset Value Practical Expedient			
	Fair Value December 31, 2023	Total Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
U.S. Fixed Income	$ 8,396	$ -	N/A	N/A
Common Stock	12,162	-	N/A	N/A
Common Stock - Global	8,233	-	N/A	30 Days
Real Estate	2,474	-	Quarterly on a Calendar Basis.	60 Days

	Net Asset Value Practical Expedient			
	Fair Value December 31, 2022	Total Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
U.S. Fixed Income	$ 7,946	$ -	N/A	N/A
Global Fixed Income	141	-	N/A	N/A
Common Stock	11,178	-	N/A	N/A
Common Stock - Global	8,472	-	N/A	30 Days
Real Estate	3,278	-	Quarterly on a Calendar Basis.	60 Days

(Continued)

NOTE 6 – CAPITAL ASSETS

The CTA has capital grant contracts with federal, state, and regional agencies, including the U.S. Department of Transportation, Federal Transit Administration (FTA), the State of Illinois Department of Transportation (IDOT), established under the Transportation Bond Act, and the RTA. Under these contracts, the CTA has acquired rapid-transit cars, buses, and equipment and is constructing, renewing, and improving various portions of track structures and related operating facilities and systems. It is anticipated that the FTA will finance approximately 80% of the total cost of the federal projects, with the balance of the cost being financed principally by IDOT, the RTA, and CTA bonds. Commitments of approximately $538,531,000 and $529,918,000 have been entered into for federal and state (including local) capital grant contracts as of December 31, 2023 and 2022, respectively.

The CTA also has additional capital grant contracts, which are 100% funded by the RTA, IDOT, FEMA, IEMA, or a capital line of credit. Commitments of approximately $1,719,831,000 and $2,074,551,000 have been entered into for these state and local capital grants as of December 31, 2023 and 2022, respectively.

Changes in capital assets for the year ended December 31, 2023 are as follows (in thousands of dollars):

	Balance at January 1, 2023	Increase	Decrease	Balance at December 31, 2023
Capital assets not being depreciated:				
Land	$ 173,634	$ 9,149	$ -	$ 182,783
Construction in process	689,142	894,555	(780,115)	803,582
Total capital assets not being depreciated	862,776	903,704	(780,115)	986,365
Capital assets being depreciated:				
Land improvements	972,556	28,048	-	1,000,604
Buildings	3,536,889	123,315	-	3,660,204
Transportation vehicles	4,302,786	280,150	(47,534)	4,535,402
Elevated structure track	2,812,450	139,156	-	2,951,606
Signal and communication	1,597,943	129,036	(205)	1,726,774
Other equipment	952,448	71,261	(2,708)	1,021,001
Total capital assets being depreciated	14,175,072	770,966	(50,447)	14,895,591
Less accumulated depreciation for:				
Land improvements	562,528	203,157	-	765,685
Buildings	2,163,912	128,184	-	2,292,096
Transportation vehicles	3,167,658	210,870	(46,229)	3,332,299
Elevated structure track	1,974,978	65,883	-	2,040,861
Signal and communication	1,260,183	52,835	(205)	1,312,813
Other equipment	831,879	62,033	(2,703)	891,209
Total accumulated depreciation	9,961,138	722,962	(49,137)	10,634,963
Total capital assets being depreciated, net	4,213,934	48,004	(1,310)	4,260,628
Total capital assets, net	$ 5,076,710	$ 951,708	$ (781,425)	$ 5,246,993

(Continued)

NOTE 6 – CAPITAL ASSETS (Continued)

Changes in capital assets for the year ended December 31, 2022 are as follows (in thousands of dollars):

	Balance at January 1, 2022	Increase	Decrease	Balance at December 31, 2022
Capital assets not being depreciated:				
Land	$ 173,739	$ 115	$ (220)	$ 173,634
Construction in process	723,097	692,748	(726,703)	689,142
Total capital assets not being depreciated	896,836	692,863	(726,923)	862,776
Capital assets being depreciated:				
Land improvements	664,569	307,987	-	972,556
Buildings	3,421,021	115,868	-	3,536,889
Transportation vehicles	4,100,533	204,190	(1,937)	4,302,786
Elevated structure track	2,797,274	15,176	-	2,812,450
Signal and communication	1,563,947	34,105	(109)	1,597,943
Other equipment	904,500	49,262	(1,314)	952,448
Total capital assets being depreciated	13,451,844	726,588	(3,360)	14,175,072
Less accumulated depreciation for:				
Land improvements	274,245	288,399	(116)	562,528
Buildings	2,033,775	130,137	-	2,163,912
Transportation vehicles	2,980,176	189,419	(1,937)	3,167,658
Elevated structure track	1,928,530	46,448	-	1,974,978
Signal and communication	1,212,837	47,397	(51)	1,260,183
Other equipment	794,703	38,490	(1,314)	831,879
Total accumulated depreciation	9,224,266	740,290	(3,418)	9,961,138
Total capital assets being depreciated, net	4,227,578	(13,702)	58	4,213,934
Total capital assets, net	$ 5,124,414	$ 679,161	$ (726,865)	$ 5,076,710

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2023 are as follows (in thousands of dollars):

	Balance at January 1, 2023	Additions	Reductions	Balance at December 31, 2023	Amount Due Beyond One Year	Amount Due Within One Year
Self insurance claims (Note 15)	$ 282,993	$ 244,697	$ (220,873)	$ 306,817	$ 204,230	$ 102,587
Bonds payable:						
Bonds payable (Note 9)	4,422,385	-	(131,085)	4,291,300	4,153,395	137,905
Premium on bonds payable	152,614	-	(12,232)	140,382	140,382	-
Total bonds payable	4,574,999	-	(143,317)	4,431,682	4,293,777	137,905
Direct Borrowings:						
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable (Note 11)	175,393	5,649	(1,721)	179,321	170,768	8,553
Public Building Commission payable (Note 8)	51,715	-	(3,565)	48,150	44,390	3,760
Premium on Public Building Commission payable	1,714	-	(282)	1,432	1,432	-
Fare system purchase agreement (Note 10)	12,497	-	(12,497)	-	-	-
Total direct borrowings	241,319	5,649	(18,065)	228,903	216,590	12,313
Other long-term liabilities:						
Net pension liability (Notes 12 & 13)	1,699,199	348,948	-	2,048,147	2,048,147	-
Total OPEB liability (Note 14)	7,545	-	(502)	7,043	6,492	551
Capital line of credit - note purchase agreement (Note 16)	98,900	60,000	(3,800)	155,100	155,100	-
Other	20	-	-	20	20	-
Total other long-term liabilities	1,805,664	408,948	(4,302)	2,210,310	2,209,759	551
Total	$ 6,904,975	$ 659,294	$ (386,557)	$ 7,177,712	$ 6,924,356	$ 253,356

(Continued)

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations for the year ended December 31, 2022 are as follows (in thousands of dollars):

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Amount Due Beyond One Year	Amount Due Within One Year
Self insurance claims (Note 15)	$ 288,638	$ 262,934	$ (268,579)	$ 282,993	$ 192,676	$ 90,317
Bonds payable:						
Bonds payable (Note 9)	4,197,215	350,000	(124,830)	4,422,385	4,291,300	131,085
Premium on bonds payable	127,896	37,881	(13,163)	152,614	152,614	-
Total bonds payable	4,325,111	387,881	(137,993)	4,574,999	4,443,914	131,085
Direct Borrowings:						
Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds payable (Note 11)	139,876	37,180	(1,663)	175,393	173,672	1,721
Public Building Commission payable (Note 8)	55,105	-	(3,390)	51,715	48,150	3,565
Premium on Public Building Commission payable	2,016	-	(302)	1,714	1,714	-
Fare system purchase agreement (Note 10)	24,432	-	(11,935)	12,497	-	12,497
Total direct borrowings	221,429	37,180	(17,290)	241,319	223,536	17,783
Other long-term liabilities:						
Net pension liability (Notes 12 & 13)	1,863,542	-	(164,343)	1,699,199	1,699,199	-
Total OPEB liability (Note 14)	10,319	-	(2,774)	7,545	6,889	656
Capital line of credit - note purchase agreement (Note 16)	237,300	70,400	(208,800)	98,900	98,900	-
Other	20	-	-	20	20	-
Total other long-term liabilities	2,111,181	70,400	(375,917)	1,805,664	1,805,008	656
Total	$ 6,946,359	$ 758,395	$ (799,779)	$ 6,904,975	$ 6,665,134	$ 239,841

NOTE 8 – PUBLIC BUILDING COMMISSION PAYABLE

Public Building Commission: In 2003, the Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of $119,020,000. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building, and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and are used by the CTA as its headquarters. On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91,340,000. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The principal amount of the bonds refunded was $111,120,000.

The proceeds from the sale of the 2006 bonds are being held in escrow under an escrow refunding agreement and have been invested in United States Treasury obligations. The principal amount of such obligations, together with interest earned thereon, will permit the payment of principal and interest on the refunded bonds up to and including their respective call dates. The refunded bonds are treated in the financial statements as defeased obligations. Accordingly, neither the trust account assets nor the refunded bonds appear in the accompanying financial statements. This refunding decreased annual debt service payments over 27 years by approximately $388,000, resulting in an economic gain of approximately $20,404,000.

NOTE 8 – PUBLIC BUILDING COMMISSION PAYABLE (Continued)

Based upon the requirements of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Accounts*, the CTA recorded a deferred amount (loss) on refunding of $2,395,000. The remaining unamortized portion of $95,000 was recorded as deferred outflows of resources in the accompanying Statements of Net Position as of December 31, 2022. There was no remaining unamortized portion as of December 31, 2023.

The bonds are payable from and secured by the agreement entered into between the Commission and the CTA and are considered a general obligation of the CTA payable from any lawfully available funds. The bond premium related to this transaction is presented as such on the Statements of Net Position. The present value of the future payments to be made by the CTA under the agreement of approximately $48,150,000 and $51,715,000 is reflected in the accompanying December 31, 2023 and 2022 Statements of Net Position, respectively, as a liability.

Principal and Interest Requirements to Maturity: As of December 31, 2023 future principal and interest payments for the PBC payable are as follows (in thousands of dollars):

	Principal	Interest
2024	$ 3,760	$ 2,429
2025	3,960	2,227
2026	4,175	2,013
2027	4,400	1,788
2028	4,635	1,551
2029 - 2033	27,220	3,722
	$ 48,150	$ 13,730

NOTE 9 – BONDS PAYABLE

2008A Series (Pension Funding) and 2008B Series (Retiree Health Care Funding) Sales and Transfer Tax Receipts Revenue Bonds: On July 30, 2008, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds in the amount of $1,936,855,000 to fund the employee retirement plan and to create a retiree health care trust. The bonds were sold in two tranches, a $1.3 billion Series A to fund the employee's retirement plan and a $640 million Series B to fund a permanent trust that was established to cover other postemployment benefits for retirees' health care. The bonds are secured primarily by a pledge of and lien on the Sales Tax Receipts Fund and the Transfer Tax Receipts Fund deposits. The bonds were issued pursuant to the pension and retiree health care reform requirements set forth in Public Acts 94-839 and 95-705.

Public Act 94-839 required the CTA to make contributions to its retirement system in an amount which, together with the contributions of its participants, interest earned on investments and other income, were sufficient to bring the total assets of the retirement system up to 90% of its total actuarial liabilities by the end of fiscal year 2058. Additionally, Public Act 94-839 required that the Retirement Plan's pension and retiree health care programs be separated into two distinct trusts by December 31, 2008.

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

Public Act 95-708 modified this directive slightly and added a number of other requirements. First, a new Retirement Plan Trust will be created to manage the Retirement Plan assets. Second, CTA contributions and employee contributions were increased. Third, in addition to the requirement that the Retirement Plan be 90% funded by 2059, there is a new requirement that the Retirement Plan be funded at a minimum of 60% by September 15, 2009. Any deviation from the stated projections could result in a directive from the State of Illinois Auditor General to increase the CTA and employee contributions.

Fourth, Public Act 95-708 authorized the CTA to issue $1.9 billion in pension obligation bonds to fund the pension and retiree health care. Finally, the legislation provides that CTA will have no future responsibility for retiree healthcare costs after the bond funding. In accordance with Public Act 95-708, all retiree healthcare benefits are now paid from the newly established Retiree Health Care Trust.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay any amounts remaining in the Sales Tax Receipt Fund and the Transfer Tax Receipts Fund, as defined by the bond agreement, and all tax receipts as promptly as practicable after receipt.

The Series 2008A and 2008B bonds bear interest ranging from 5.1% to 6.9%. Scheduled interest on the 2008A and 2008B bonds will be funded through June 1, 2009 and June 1, 2010, respectively, with bond proceeds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2013 through June 1, 2040.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ 50,370	$ 106,205	$ 156,575
2025	53,845	102,730	156,575
2026	57,560	99,015	156,575
2027	61,530	95,044	156,574
2028	65,775	90,799	156,574
2029	70,310	86,261	156,571
2030	75,165	81,410	156,575
2031	80,350	76,225	156,575
2032	85,895	70,681	156,576
2033	91,820	64,755	156,575
2034	98,150	58,421	156,571
2035	104,925	51,649	156,574
2036	112,165	44,411	156,576
2037	119,905	36,672	156,577
2038	128,170	28,400	156,570
2039	137,015	19,558	156,573
2040	146,470	10,105	156,575
Total	$ 1,539,420	$ 1,122,341	$ 2,661,761

NOTE 9 – BONDS PAYABLE (Continued)

2010A Sales Tax Receipts Revenue Bonds and Taxable Series 2010B Sales Tax Receipts Revenue Bonds (Build America Bonds): On March 23, 2010, the CTA issued the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B Build America Bonds, in the amount of $550,000,000, along with a premium of $5,186,000. The bonds were issued to provide funds to finance or reimburse the CTA for expenditures relating to the purchase of new rail cars, overhaul and rehabilitation of existing rail cars, and the purchase and installation of upgrades for rail system components. The American Recovery and Reinvestment Act of 2009 created the Build America Bond (BAB) Program. This program allows state and local governments to issue taxable bonds for capital projects and to receive a federal subsidy payment from the U.S. Treasury Department for a portion of their borrowing costs.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2010A and 2010B bonds bear interest ranging from 4.0% to 6.2%. Scheduled interest on the 2010 bonds was funded through December 1, 2010 with proceeds of the 2010 bonds and interest earnings thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on June 1, 2015 through June 1, 2040.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

		2010B	
	Principal	Interest	Total
2024	$ 14,135	$ 28,167	$ 42,302
2025	14,930	27,372	42,302
2026	15,855	26,447	42,302
2027	16,835	25,464	42,299
2028	17,880	24,420	42,300
2029	18,985	23,311	42,296
2030	20,155	22,134	42,289
2031	21,400	20,885	42,285
2032	22,725	19,558	42,283
2033	24,135	18,149	42,284
2034	31,820	16,653	48,473
2035	33,785	14,680	48,465
2036	35,875	12,585	48,460
2037	38,090	10,361	48,451
2038	40,455	7,999	48,454
2039	42,955	5,491	48,446
2040	45,610	2,828	48,438
Total	$ 455,625	$ 306,504	$ 762,129

There are no bond debt service requirements on the Series 2010A bonds as of December 31, 2023 and 2022.

NOTE 9 – BONDS PAYABLE (Continued)

2014 Sales Tax Receipts Revenue Bonds: On July 10, 2014, the CTA issued Sales and Transfer Tax Receipts Revenue Bonds, Series 2014 in the amount of $550,000,000, along with a premium of $45,154,000. The bonds were issued to provide funds to finance, in whole or in part, capital projects contemplated by the Authority's Capital Plan.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2014 bonds bear interest ranging from 5.0% to 5.25%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2049.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ -	$ 28,597	$ 28,597
2025	-	28,597	28,597
2026	-	28,597	28,597
2027	-	28,597	28,597
2028	-	28,597	28,597
2029	-	28,597	28,597
2030	-	28,597	28,597
2031	-	28,597	28,597
2032	-	28,597	28,597
2033	-	28,597	28,597
2034	-	28,597	28,597
2035	-	28,597	28,597
2036	-	28,597	28,597
2037	-	28,597	28,597
2038	-	28,597	28,597
2039	-	28,597	28,597
2040	-	28,597	28,597
2041	50,180	28,597	78,777
2042	52,690	26,088	78,778
2043	55,325	23,453	78,778
2044	58,090	20,687	78,777
2045	60,995	17,783	78,778
2046	64,195	14,580	78,775
2047	67,565	11,210	78,775
2048	71,115	7,663	78,778
2049	74,845	3,929	78,774
Total	$ 555,000	$ 640,139	$ 1,195,139

NOTE 9 – BONDS PAYABLE (Continued)

2015 Refunding Series Capital Grant Receipts Revenue Bonds: On September 16, 2015, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of $176,920,000 along with a premium of $21,569,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund a portion of the outstanding 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2015 bond bear interest at 5.00%. Interest is payable semiannually on June 1 and December 1, commencing December 1, 2015 and the bonds mature serially June 1, 2018 through June 1, 2026.

The remaining net proceeds of $197,159,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds. As a result, a portion of the 5307 (Series 2004B and 2006A) and 5337 (Series 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2015 Series bonds which reduced its total debt service payments over the next 10 years by $10,043,000 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $9,856,000. The defeased debt had a zero balance as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2015 of $12,281,000 was deferred and is being amortized over the next 10 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $796,000 and $1,318,000, respectively. Amortization of the deferred amount on the refunding was $522,000 and $526,000 for the years ended December 31, 2023 and 2022, respectively.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	2015 (5337)	
	Principal	Interest
2024	$ 13,855	$ 1,838
2025	14,550	1,128
2026	15,275	382
Total	$ 43,680	$ 3,348

There are no bond debt service requirements on the Series 2015 (5307) bonds as of December 31, 2023.

NOTE 9 – BONDS PAYABLE (Continued)

2017 Second Lien Sales Tax Receipts Revenue Bonds: On January 10, 2017, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2017, in the amount of $296,220,000, along with a premium of $18,108,000. The bonds were issued to (i) finance certain capital projects contemplated by the CTA's capital improvement plan, (ii) capitalize interest on the 2017 Second Lien Bonds and (iii) pay costs in connection with the issuance of the 2017 Second Lien Bonds.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2017 bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2017 bonds was funded through December 1, 2018 with proceeds of the 2017 bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially December 1, 2041 through December 1, 2051.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ -	$ 14,711	$ 14,711
2025	-	14,711	14,711
2026	-	14,711	14,711
2027	-	14,711	14,711
2028	-	14,711	14,711
2029	-	14,711	14,711
2030	-	14,711	14,711
2031	-	14,711	14,711
2032	-	14,711	14,711
2033	-	14,711	14,711
2034	-	14,711	14,711
2035	-	14,711	14,711
2036	-	14,711	14,711
2037	-	14,711	14,711
2038	-	14,711	14,711
2039	-	14,711	14,711
2040	-	14,711	14,711
2041	20,910	14,711	35,621
2042	21,945	13,681	35,626
2043	23,025	12,599	35,624
2044	24,160	11,464	35,624
2045	25,350	10,273	35,623
2046	26,600	9,023	35,623
2047	27,910	7,712	35,622
2048	29,310	6,316	35,626
2049	30,775	4,851	35,626
2050	32,310	3,312	35,622
2051	33,925	1,696	35,621
Total	$ 296,220	$ 345,725	$ 641,945

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

2017 Refunding Series Capital Grant Receipts Revenue Bonds: On July 18, 2017, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds and Section 5337 State of Good Repair Formula Program Funds, in the amount of $225,795,000 along with a premium of $31,279,000, in anticipation of the receipt of grants from the federal government pursuant to a full funding grant agreement. The bonds were issued to refund the Series 2008A 5307 bonds maturing June 1, 2022 through 2026 as well as refunding the Series 2008 5337 bonds maturing June 1, 2019 through 2026 and the Series 2008A 5337 bonds maturing June 1, 2019 through 2023.

This bond contains a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2017 bonds bear interest ranging from 2.0% to 5.0%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially June 1, 2018 through June 1, 2026.

Net proceeds of $255,396,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds. As a result, a portion of the 5307 (Series 2008A) and 5337 (Series 2008 and 2008A) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2017 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $30,456,000 and an economic gain (present value of the difference in debt service cash flows payments) of $27,099,000. The defeased debt had a balance of zero as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2017 of $4,929,000 was deferred and is being amortized over the next 9 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $516,000 and $929,000, respectively. Amortization of the deferred amount on the refunding was $413,000 and $559,000 for the years ended December 31, 2023 and 2022, respectively

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	2017 (5307)		2017 (5337)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 18,065	$ 2,848	$ 10,130	$ 1,597	$ 28,195	$ 4,445
2025	18,970	1,944	10,635	1,090	29,605	3,034
2026	19,915	996	11,165	558	31,080	1,554
Total	$ 56,950	$ 5,788	$ 31,930	$ 3,245	$ 88,880	$ 9,033

2020A Second Lien Sales Tax Receipts Revenue Bonds: On September 3, 2020, the CTA issued the Second Lien Sales Tax Receipts Revenue Bonds, Series 2020A, in the amount of $367,895,000, along with a premium of $43,580,000. The bonds were issued to pay for projects included in the Capital Improvement Plan and repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2020A bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2020A bonds was funded through September 1, 2023 with proceeds of the 2020A bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2041 through December 1, 2055.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ -	$ 16,279	$ 16,279
2025	-	16,279	16,279
2026	-	16,279	16,279
2027	-	16,279	16,279
2028	-	16,279	16,279
2029	-	16,279	16,279
2030	-	16,279	16,279
2031	-	16,279	16,279
2032	-	16,279	16,279
2033	-	16,279	16,279
2034	-	16,279	16,279
2035	-	16,279	16,279
2036	-	16,279	16,279
2037	-	16,279	16,279
2038	-	16,279	16,279
2039	-	16,279	16,279
2040	-	16,279	16,279
2041	17,590	16,279	33,869
2042	18,470	15,399	33,869
2043	19,395	14,476	33,871
2044	20,360	13,506	33,866
2045	21,380	12,488	33,868
2046	22,450	11,419	33,869
2047	23,345	10,521	33,866
2048	24,280	9,587	33,867
2049	25,250	8,616	33,866
2050	26,265	7,606	33,871
2051	27,315	6,556	33,871
2052	28,515	5,355	33,870
2053	29,765	4,103	33,868
2054	31,075	2,794	33,869
2055	32,440	1,427	33,867
Total	$ 367,895	$ 416,875	$ 784,770

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

2020B Taxable Series Sales Tax Receipts Revenue Refunding Bonds: On September 3, 2020, the CTA issued the Taxable Sales Tax Receipts Revenue Refunding Bonds, Series 2020B, in the amount of $534,005,000. The bonds were issued to refund the outstanding Sales Tax Receipts Revenue Bonds Series 2011 and to repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay, after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2020B bonds bear interest ranging from 1.7% to 3.9%. Scheduled interest on the 2020B bonds was funded through June 1, 2021 with proceeds of the 2020B bonds and interest thereon. Interest on the 2020 bonds is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2022 through December 1, 2040.

Net proceeds of $513,611,000 were deposited into an irrevocable trust with an escrow agent to provide for debt services payments on the Sales Tax Receipts Revenue (Series 2011) bonds. As a result, a portion of the Sales Tax Receipts Revenue (Series 2011) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the Series 2011 bonds using the proceeds from the 2020B Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $47,604,000 and an economic gain (present value of the difference in debt service cash flow payments) of $46,991,000. The defeased debt had a zero balance as of December 31, 2023 and 2022.

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Taxable Sales Tax Receipts Revenue Bonds, Refunding Series 2020B of $17,927,000 was deferred and is being amortized over the next 20 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $13,116,000 and $14,518,000, respectively. Amortization of the deferred amount on the refunding was $1,402,000 and $1,461,000 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ 22,590	$ 16,435	$ 39,025
2025	23,060	15,968	39,028
2026	23,565	15,458	39,023
2027	24,160	14,873	39,033
2028	24,825	14,213	39,038
2029	25,560	13,481	39,041
2030	26,345	12,700	39,045
2031	27,175	11,883	39,058
2032	28,075	10,986	39,061
2033	29,030	10,031	39,061
2034	30,055	9,014	39,069
2035	31,130	7,947	39,077
2036	32,255	6,825	39,080
2037	33,525	5,564	39,089
2038	34,845	4,252	39,097
2039	36,210	2,889	39,099
2040	37,635	1,472	39,107
Total	$ 490,040	$ 173,991	$ 664,031

2021 Refunding Series Capital Grant Receipts Revenue Bonds: On June 10, 2021, the CTA issued Capital Grant Receipts Revenue Bonds backed by the pledge of Federal Transit Administration Section 5307 Urbanized Area Formula Funds and Section 5337 State of Good Repair Formula Funds, in the amount of $120,975,000 along with a premium of $27,846,000. The bonds were issued to refund the Series 2010 5307 bonds maturing June 1, 2027 through 2028, the Series 2011 5307 bonds maturing June 1, 2022 through 2029, and the Series 2010 5309 bonds maturing June 1, 2027 through 2028.

The bonds contain a provision that in the event of default, the CTA upon demand of the Trustee shall pay all moneys, securities, and funds held by the CTA in a fund, account, or sub-account pursuant to the terms of the Indenture and all 5307 and 5337 Grant Receipts as promptly as practicable after receipt.

The Series 2021 bonds bear interest at 5.0%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially June 1, 2022 through June 1, 2029.

Net proceeds of $147,713,000 were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 5307 (Series 2010 and 2011) and 5309 (Series 2010) bonds. As a result, a portion of the 5307 (Series 2010 and 2011) and 5309 (Series 2010) bonds then outstanding are considered to be defeased and the related liability has been removed from the Statements of Net Position. The CTA refunded the various bonds using the proceeds from the 2021 Series bonds which resulted in a difference of cash flows of debt service payments on the old and new debt of $34,077,000 and an economic gain (present value of the difference in debt service cash flows payments of $32,484,000. The defeased debt had a balance of zero as of December 31, 2023 and 2022.

NOTE 9 – BONDS PAYABLE (Continued)

The difference between the reacquisition price and the net carrying amount of the bonds refunded by the Capital Grant Receipts Revenue Bonds, Refunding Series 2021 of $1,233,000 was deferred and is being amortized over the next 8 years. The deferred amount ending balance for the years ended December 31, 2023 and 2022 was $727,000 and $912,000, respectively. Amortization of the deferred amount on the refunding was $185,000 and $200,000 for the years ended December 31, 2023 and 2022, respectively.

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	2021 (5307)		2021 (5337)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 8,475	$ 4,172	$ 285	$ 1,055	$ 8,760	$ 5,227
2025	-	3,749	300	1,041	300	4,790
2026	-	3,748	315	1,026	315	4,774
2027	22,295	3,748	6,465	1,010	28,760	4,758
2028	32,700	2,634	13,730	686	46,430	3,320
2029	19,975	999	-	-	19,975	999
Total	$ 83,445	$ 19,050	$ 21,095	$ 4,818	$ 104,540	$ 23,868

2022A Second Lien Sales Tax Receipts Revenue Bonds: On March 31, 2022, the CTA issues the Second Lien Sales Tax Receipts Revenue Bonds, Series 2022A, in the amount of $350,000,000, along with a premium of $37,881,000. The bonds were issued to pay for projects included in the Capital Improvement Plan and repay a portion of CTA's Second Lien Sales Tax Receipts Capital Improvement Notes.

This bond contains a provision that in the event of default, the CTA, upon demand of the Trustee shall pay after payment is made on the 2008A and 2008B Pension and Retiree Health Care Funding bonds and on the Sales Tax Receipts Revenue Bonds, Series 2010A and Taxable Series 2010B bonds, any amounts remaining in the Sales Tax Receipts Fund, as defined by the bond agreement, and all Sales Tax Receipts as promptly as practicable after receipt.

The Series 2022A bonds bear interest ranging from 4.0% to 5.0%. Scheduled interest on the 2022A bonds was funded through December 1, 2024 with proceeds of the 2022A bonds and interest thereon. Interest is payable semiannually on June 1 and December 1 and the bonds mature on December 1, 2041 through December 1, 2057.

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

The bond debt service requirements to maturity are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ -	$ 16,923	$ 16,923
2025	-	16,923	16,923
2026	-	16,923	16,923
2027	-	16,923	16,923
2028	-	16,923	16,923
2029	-	16,923	16,923
2030	-	16,923	16,923
2031	-	16,923	16,923
2032	-	16,923	16,923
2033	-	16,923	16,923
2034	-	16,923	16,923
2035	-	16,923	16,923
2036	-	16,923	16,923
2037	-	16,923	16,923
2038	-	16,923	16,923
2039	-	16,923	16,923
2040	-	16,923	16,923
2041	13,790	16,923	30,713
2042	14,480	16,234	30,714
2043	15,205	15,510	30,715
2044	15,965	14,749	30,714
2045	16,760	13,951	30,711
2046	17,600	13,113	30,713
2047	18,480	12,233	30,713
2048	19,220	11,494	30,714
2049	19,990	10,725	30,715
2050	20,790	9,926	30,716
2051	21,825	8,886	30,711
2052	22,920	7,795	30,715
2053	24,065	6,649	30,714
2054	25,270	5,446	30,716
2055	26,530	4,182	30,712
2056	27,860	2,856	30,716
2057	29,250	1,462	30,712
Total	$ 350,000	$ 459,825	$ 809,825

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

The total bond debt service requirements to maturity for all outstanding bonds are as follows (in thousands of dollars):

	Principal	Interest	Total
2024	$ 137,905	$ 238,827	$ 376,732
2025	136,290	231,532	367,822
2026	143,650	224,140	367,790
2027	131,285	216,649	347,934
2028	154,910	209,262	364,172
2029 - 2033	667,100	925,999	1,593,099
2034 - 2038	905,150	697,983	1,603,133
2039 - 2043	768,900	409,313	1,178,213
2044 - 2048	655,130	239,772	894,902
2049 - 2053	418,555	90,005	508,560
2054 - 2057	172,425	18,167	190,592
Total	$ 4,291,300	$ 3,501,649	$ 7,792,949

Future Revenue Pledges: The CTA has pledged the following future revenues to secure outstanding balances of bond issuances as of December 31, 2023 and 2022 in accordance with bond security requirements:

- Real Estate Transfer Tax (RETT) Receipts received from the City of Chicago are pledged to secure the Series 2008A and 2008B Sales and Transfer Tax Receipts Revenue Bonds; Sales Tax Receipts received from the Regional Transportation Authority (RTA) are pledged to secure remaining debt service unpaid by RETT receipts. Debt service for the bonds outstanding were $2,661,761,000 and $2,818,336,000 as of December 31, 2023 and 2022, respectively. Total real estate transfer tax funds were approximately $53,284,000 and $79,926,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	Principal	Interest
2023	$ 47,120	$ 109,455
2022	44,080	112,496

(Continued)

NOTE 9 – BONDS PAYABLE (Continued)

- Sales Tax Receipts are also pledged to secure the First Lien Series 2010B, 2014, and 2020B as well as Second Lien Series 2017, 2020A, and 2022A Sales Tax Receipts Revenue Bonds and 2017 Tax-Exempt Note Purchase Agreement (NPA). Sales Tax Receipts secure balances due on the Second Lien Series 2017, 2020A, and 2022A Sales Tax Receipts Revenue Bonds and the 2017 Tax-Exempt Note NPA after satisfying balances due on First Lien Obligations. Debt service for the bonds outstanding were $4,857,839,000 and $5,015,666,000 as of December 31, 2023 and 2022, respectively. Total sales tax receipts funds were approximately $1,005,102,000 and $966,278,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	2010B	
	Principal	Interest
2023	$ 13,405	$ 28,900
2022	12,720	29,583

	2014		2017	
	Principal	Interest	Principal	Interest
2023	$ -	$ 28,597	$ -	$ 14,711
2022	-	28,597	-	14,711

	2020A		2020B	
	Principal	Interest	Principal	Interest
2023	$ -	$ 16,279	$ 22,170	$ 16,842
2022	-	16,279	21,795	17,214

	2022A	
	Principal	Interest
2023	$ -	$ 16,923
2022	-	11,329

NOTE 9 – BONDS PAYABLE (Continued)

- Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula funds received from the FTA are pledged to secure the Series 2010, 2011, 2015, 2017, and 2021 FTA Section 5307 Urbanized Area Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $165,233,000 and $198,792,000 as of December 31, 2023 and 2022, respectively. Total Federal Transit Administration Section 5307 Urbanized Area Formula funds were approximately $438,620,000 and $272,355,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	2017		2021	
	Principal	Interest	Principal	Interest
2023	$ 17,205	$ 3,708	$ 8,070	$ 4,576
2022	16,385	4,527	7,810	4,842

- As such, FTA Section 5337 State of Good Repair Federal Funds also received from the FTA are pledged to secure the Series 2010 FTA Section 5309 Fixed Guideway Modernization Capital Grant Receipts Revenue Bonds as well as the Series 2015, 2017, and 2021 FTA Section 5337 State of Good Repair Formula Funds Capital Grant Receipts Revenue Bonds. Debt service for the bonds outstanding were $108,116,000 and $137,212,000 as of December 31, 2023 and 2022, respectively. Total Federal Transit Administration Section 5337 State of Good Repair Formula funds were approximately $162,140,000 and $185,515,000 as of December 31, 2023 and 2022, respectively. The following principal and interest bond payments were made during December 31, 2023 and 2022 (in thousands of dollars):

	2015 (5337)		2017 (5337)	
	Principal	Interest	Principal	Interest
2023	$ 370	$ 2,193	$ 22,475	$ 2,720
2022	350	2,211	21,405	3,791

	2021 (5337)	
	Principal	Interest
2023	$ 270	$ 1,068
2022	285	1,055

(Continued)

NOTE 10 – FARE COLLECTION SYSTEM PURCHASE AGREEMENT

CTA entered into a purchase agreement to finance a fare collection system with a value of $102,900,000. Under the purchase agreement, the CTA will make monthly payments of approximately $1,067,600 over the ten-year term to finance the design, acquisition and installation of the open standards fare system.

There were no future payments to be made by the CTA under the purchase agreement as of December 31, 2023.

As of September 2019, CTA has entered into another purchase agreement to replace the majority of the fare collection system equipment. No amounts are due and payable under the agreement for the new system until it is delivered and operational, which is not anticipated to occur for several years. The payment for such replacement system will be a separate capital cost to be paid in addition to the foregoing financed amounts.

NOTE 11 – TIFIA LOANS

<u>2014 TIFIA Loan</u>

On April 24, 2014, CTA entered into a definitive loan agreement with the United States Department of Transportation (USDOT), an agency of the United States of America, acting by and through the Federal Highway Administrator under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to finance certain projects that are a part of the Authority's 95th Street Terminal Improvement Project.

This loan contains a provision that in the event of default, all obligations relating to the disbursement of undisbursed Loan amounts shall automatically be deemed terminated. The unpaid principal amount of the loan, together with all interest accrued, fees, costs, expenses, indemnities and other amounts payable under the loan shall automatically become immediately due and payable.

The principal amount of the TIFIA Loan shall not exceed $79,200,000; provided, the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA, cannot exceed thirty-three percent (33%) of reasonably anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loans and all federal direct or indirect grants, cannot exceed eighty percent (80%) of reasonably anticipated eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender a registered fare box receipts revenue bonds in the amount of $79,200,000 dated April 24, 2014 with a maturity date of December 1, 2050 bearing an interest rate of 3.5%, with a loan amortization schedule.

(Continued)

NOTE 11 – TIFIA LOANS (Continued)

CTA borrowed $79,200,000 in 2018 and capitalized interest through 2020. Total capitalized interest of $5,298,000 was added to the principal repayments over the life of the loan.

The TIFIA loan debt service requirements to maturity are as follows (in thousands of dollars):

	Principal*	Interest	Total
2024	$ 1,782	$ 2,728	$ 4,510
2025	1,844	2,666	4,510
2026	1,908	2,601	4,509
2027	1,975	2,535	4,510
2028	2,044	2,466	4,510
2029 - 2033	11,346	11,203	22,549
2034 - 2038	13,475	9,073	22,548
2039 - 2043	16,005	6,545	22,550
2044 - 2048	19,009	3,541	22,550
2049 - 2050	8,567	453	9,020
Total	$ 77,955	$ 43,811	$ 121,766

* Includes capitalized interest

2015 TIFIA Loan

On February 3, 2015, CTA entered into a definitive loan agreement with the United States Department of Transportation (USDOT), an agency of the United States of America, acting by and through the Federal Highway Administrator under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to finance certain projects that are a part of the Authority's "Your New Blue" capital improvement program.

This loan contains a provision that in the event of default, all obligations relating to the disbursement of undisbursed Loan amounts shall automatically be deemed terminated. The unpaid principal amount of the loan, together with all interest accrued, fees, costs, expenses, indemnities and other amounts payable under the loan shall automatically become immediately due and payable.

The principal amount of the TIFIA Loan shall not exceed $120,000,000; provided the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA, cannot exceed thirty-three percent (33%) of reasonably anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loans and all federal direct or indirect grants, cannot exceed eighty percent (80%) of reasonably anticipated eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender two fare box receipts revenue bonds in the amounts of $42,600,000 with a maturity date of December 1, 2029, bearing an interest rate of 2.02%, and $77,400,000 with a maturity date of December 1, 2052, bearing an interest rate of 2.31%.

NOTE 11 – TIFIA LOANS (Continued)

As of December 31, 2023 CTA had drawn down $101,249,000 on the 2015 TIFIA loan. Total capitalized interest of $117,000 was added to the principal repayments over the life of the loan. The payment schedule below (in thousands of dollars) assumes that the entire balance will be drawn down and will require payment. As a result, the payment schedule includes amounts that have not yet been drawn down and that the CTA is not yet obligated to pay.

	Principal*	Interest	Total
2024	$ 6,771	$ 2,217	$ 8,988
2025	6,908	2,081	8,989
2026	7,048	1,941	8,989
2027	7,190	1,799	8,989
2028	7,336	1,653	8,989
2029 - 2033	7,484	6,921	14,405
2034 - 2038	-	6,770	6,770
2039 - 2043	13,184	6,470	19,654
2044 - 2048	24,084	4,160	28,244
2049 - 2052	21,350	1,247	22,597
Total	$ 101,355	$ 35,259	$ 136,614

* Includes capitalized interest

2016 TIFIA Loan

On March 30, 2016, CTA entered into a third definitive loan agreement with the United States Department of Transportation (USDOT), an agency of the United States of America, acting by and through the Federal Highway Administration under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to finance certain projects that are part of the Authority's Rail Car Purchase Program.

This loan contains a provision that in the event of default, all obligations relating to the disbursement of undisbursed Loan amounts shall automatically be deemed terminated. The unpaid principal amount of the loan, together with all interest accrued, fees, costs, expenses, indemnities and other amounts payable under the loan shall automatically become immediately due and payable.

The aggregate principal amount of the loan shall not exceed $254,930,000, (excluding any interest that is capitalized in accordance with the terms of the loan); provided, however, in no event shall the maximum principal amount of the TIFIA loan disbursed by the USDOT, together with the amount (excluding any interest that is capitalized) of any other credit assistance provided under TIFIA Act, cannot exceed thirty-three percent (33%) of reasonable anticipated eligible project costs. Further, total federal funding, inclusive of the TIFIA loan and all federal direct or indirect grants, shall not exceed eighty percent (80%) of reasonably eligible project costs.

As evidence of CTA's obligation to repay the TIFIA Loan, CTA has issued to the lender registered receipts revenue bonds in the aggregate principal amount not to exceed $254,930,000, comprising two (2) tranches in the principal amounts of $147,018,000 ("Tranche A-1") and $107,912,000 ("Tranche A-2") and bearing an interest rate of 2.64%, with corresponding loan amortization schedules for each tranche. The final maturity date for the Tranche A-1 is December 1, 2049 and the earlier of (a) the last semi-annual payment date occurring no later than thirty-four (34) years from the substantial completion date and (b) December 1, 2056.

NOTE 11 – TIFIA LOANS (Continued)

As of December 31, 2023 no drawdown had occurred on the 2016 TIFIA loan. No balance is presented for this loan on the Statements of Net Position as of December 31, 2023 or 2022.

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES

General Information about the Retirement Plan for Chicago Transit Authority Employees

Plan Description. The CTA participates in a single employer defined benefit pension plan covering substantially all full-time permanent union and non-union employees. The Retirement Plan for Chicago Transit Authority Employees (the Employees' Plan) is governed by Illinois state statute (40 ILCS 5/22-101). Substantially all non-temporary, full-time employees who have completed one year of continuous service ("Service") participate in the Employees' Plan. The Employees' Plan issues a separate stand-alone financial report which is available at http://www.ctaretirement.org/index.asp.

Contributions. Prior to 2008, contribution requirements of the Employees' Plan were governed by collective bargaining agreements. After 2008, contribution requirements are governed by Illinois state statute (40 ILCS 5/22-101).

Actual contributions made to the Employees' Plan during the years ended December 31, 2023 and 2022 are as follows (in thousands of dollars):

	Employees' Plan	
	2023	2022
Employer contributions	$ 146,556	$ 143,591
Employee contributions	94,070	91,779
Total	$ 240,626	$ 235,370

	Employees' Plan	
	2023	2022
Employer contribution rate	20.647%	20.647%
Employee contribution rate	13.324%	13.324%

Benefit terms. Substantially all non-temporary, full-time employees who have completed one year of continuous service ("Service") participate in the Employee Plan. Employees are entitled to annual pension benefits upon normal retirement at age 65, in an amount generally based on a percentage, not to exceed 70% of their average annual compensation in the highest four of the 10 preceding years. For employees retiring on or after January 1, 2001, the percentage is 2.15% multiplied by the employee's number of continuous years of participating service. The Employee Plan permits early retirement at age 55 with three years of service, generally with reduced benefits. However, in the event of early retirement by an employee who has 25 years or more of continuous service, regardless of their age, benefits will not be reduced. In accordance with Public Act 095-0708, for all employees hired on or after January 18, 2008, eligibility for an unreduced pension benefit has changed to age 64 with 25 years of service and early retirement is age 55 with 10 years of service. Benefits are paid monthly equal to one-twelfth of the annual benefit for the retiree's lifetime. Married employees can elect to receive their pension benefits in the form of a joint and survivor option. In addition to retirement benefits, the Employee Plan also provides disability and death benefits.

(Continued)

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Employees covered by the benefit terms. The following participants were covered by the benefit terms as of January 1, 2022 and January 1, 2021:

	Employees' Plan
Participants as of January 1, 2022	
Retirees and beneficiaries currently receiving benefits	10,633
Terminated employees entitled to but not yet receiving benefits	146
Active plan members	7,725
Total	18,504
Participants as of January 1, 2021	
Retirees and beneficiaries currently receiving benefits	10,616
Terminated employees entitled to but not yet receiving benefits	160
Active plan members	8,078
Total	18,854

Net Pension Liability

The CTA's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and 2021.

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NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Actuarial assumptions and calculations. The total pension liability was determined using the following actuarial assumptions, applied to the periods included in the measurement:

	Employee Plan
January 1, 2023 Actuarial Valuation	
Acturial valuation date	January 1, 2022
Measurement date	December 31, 2022. Census data was collected as of January 1, 2022. Liabilities measured as of the census date were projected to December 31, 2022, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.10% per annum
Salary increases	Service graded table starting at 11% with 3.5% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	SOA Public Mortality General Below Median generational with Improvement Scale MP-2018
Early retirement age	Employees hired before January 17, 2008, can retire at age 55 with reduced benefits. However,if the employee has 25 years or more of continuous service, regardless of age, the employee can retire with full benefits. Employees hired after January 17, 2008, are eligible for an unreduced pension benefit at age 64 with 25 years of service.
Normal retirement age	65
Actuarial cost method	Entry age normal - level percentage of pay
Asset valuation method	5-year smoothed actuarial value of assets
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

(Continued)

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

	Employee Plan
January 1, 2022 Actuarial Valuation	
Acturial valuation date	January 1, 2021
Measurement date	December 31, 2021. Census data was collected as of January 1, 2021. Liabilities measured as of the census date were projected to December 31, 2021, assuming no demographic gains or losses.
Investment return	8.25% per annum, compounded annually, including inflation, net of expenses
Inflation	3.10% per annum
Salary increases	Service graded table starting at 11% with 3.5% ultimate rate after 5 years of service
Future ad hoc benefit increases	None assumed
Mortality	SOA Public Mortality General Below Median generational with Improvement Scale MP-2018
Early retirement age	Employees hired before January 17, 2008, can retire at age 55 with reduced benefits. However,if the employee has 25 years or more of continuous service, regardless of age, the employee can retire with full benefits. Employees hired after January 17, 2008, are eligible for an unreduced pension benefit at age 64 with 25 years of service.
Normal retirement age	65
Actuarial cost method	Entry age normal - level percentage of pay
Asset valuation method	5-year smoothed actuarial value of assets
Experience study	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

The 2021 and 2022 actuarial valuation reports had no changes to actuarial assumptions.

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Employees' Plan target asset allocation as of January 1, 2023 and 2022 are summarized in the following tables (note that the rates shown below include the inflation components):

	Employees' Plan			
	December 31, 2022		December 31, 2021	
	Target Allocation	Estimate of expected long-term rate of return	Target Allocation	Estimate of expected long-term rate of return
Fixed income	15%	4.36%	15%	3.85%
Domestic equities	30%	8.45%	30%	8.35%
International equities	26%	8.97%	26%	6.90%
Venture capital and partnerships	10%	12.90%	10%	8.48%
Real estate	12%	7.28%	12%	6.16%
Infrastructure	7%	6.37%	7%	4.87%

The long-term expected rate of returns on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of returns by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate. The discount rate used to measure the total pension liability was 8.25% for both 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that Employees' Plan members and employer contributions will continue to follow the current funding policy. Based on those assumptions, the Employees' Plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Changes in Net Pension Liability (in thousands of dollars):

	Employees' Plan Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at December 31, 2020	$ 3,773,577	$ 1,941,166	$ 1,832,411
Change for the year:			
Service cost	51,676	-	51,676
Interest	303,111	-	303,111
Difference between expected and actual experience	38,033	-	38,033
Changes in assumptions	-	-	-
Benefit payments	(308,461)	(308,461)	-
Contributions - Employer	-	136,908	(136,908)
Contributions - Employee	-	87,897	(87,897)
Net investment income, net of expenses	-	333,302	(333,302)
Administrative expenses	-	(2,328)	2,328
Net changes	84,359	247,318	(162,959)
Balance at December 31, 2021	3,857,936	2,188,484	1,669,452
Change for the year:			
Service cost	52,757	-	52,757
Interest	309,343	-	309,343
Difference between expected and actual experience	32,650	-	32,650
Changes in assumptions	-	-	-
Benefit payments	(328,668)	(328,668)	-
Contributions - Employer	-	142,475	(142,475)
Contributions - Employee	-	92,134	(92,134)
Net investment income, net of expenses	-	(190,005)	190,005
Administrative expenses	-	(2,488)	2,488
Net changes	66,082	(286,552)	352,634
Balance at December 31, 2022	$ 3,924,018	$ 1,901,932	$ 2,022,086

Plan fiduciary net position as a percentage of the total net pension liability - 12/31/22	48.47%
Plan fiduciary net position as a percentage of the total net pension liability - 12/31/21	56.73%

(Continued)

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

Sensitivity of the net pension liability to changes in discount rate. The following presents the net pension liability of the Employees' Plan, calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate (in thousands of dollars):

	Employees' Plan		
	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Employees' Plan net pension liability - 2023	$ 2,392,229	$ 2,022,086	$ 1,704,492
Employees' Plan net pension liability - 2022	$ 2,034,866	$ 1,669,452	$ 1,356,066

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CTA Employees' Retirement Plan financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the years ended December 31, 2023 and 2022, CTA recognized pension expense of $197,789,000 and $113,362,000, respectively. At December 31, 2023 and 2022, CTA reported net deferred outflows of resources related to pensions from the following sources:

	Employees' Plan 2023	
	Deferred Outflow of Resources (in thousands)	Deferred Inflow of Resources (in thousands)
Difference between project and actual earnings on pension plan	$ 174,053	$ -
Difference between expected and actual experience	62,541	-
Changes in assumptions	-	-
Employer contribution made after measurement date	146,556	-
Balance as of December 31, 2023	$ 383,150	$ -

NOTE 12 – EMPLOYEES' RETIREMENT PLAN PENSION DISCLOSURES (Continued)

	Employees' Plan 2022 Deferred Outflow of Resources (in thousands)	Employees' Plan 2022 Deferred Inflow of Resources (in thousands)
Difference between project and actual earnings on pension plan	$ -	$ (131,431)
Difference between expected and actual experience	73,205	-
Changes in assumptions	-	(2,500)
Employer contribution made after measurement date	143,591	-
Balance as of December 31, 2022	$ 216,796	$ (133,931)

CTA reported $146,556,000 and $143,591,000 as deferred outflows of resources related to pensions resulting from contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the years ended December 31, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Year Ended December 31:	Employees' Plan 2023 Amortization per year (in thousands)	Employees' Plan 2022 Amortization per year (in thousands)
2023	$ -	$ 20,589
2024	52,646	(28,746)
2025	62,599	(18,793)
2026	47,616	(33,776)
2027	73,733	-
Total Amortization	$ 236,594	$ (60,726)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES

GASB Statements No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No.71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

General Information about the Supplemental Plans

Plan Description. The CTA also maintains separate single employer, defined benefit pension plans for selected individuals. The supplemental retirement plans provide benefits to employees of the CTA in certain employment classifications. The supplemental retirement plans consist of the: (1) closed board member plan (Board) (2) closed (Non-Qualified) supplemental plan for members that retired or terminated employment before March 2005, including early retirement incentive, and (3) closed (Qualified) supplemental plan for active employees and members retiring after March 2005. All plans are closed to new entrants. CTA received qualification under Section 401(a) of the Internal Revenue Code for the supplemental plan and established a qualified trust during 2005 for members retiring after March 2005 (Qualified Supplemental Retirement Plan). The Qualified Supplemental Retirement Plan is reported in a fiduciary fund, whereas the activities for the Non-Qualified and Board plans are included in the financial statements of the CTA's business-type activities. There are no separate stand-alone financial reports issued for any of the Supplemental Plans.

Each of the Supplemental plans are administered by the Employee Retirement Review Committee (ERRC) of the CTA, whose members are appointed by the Board of Directors of the CTA, which retains oversight of the plan administration. The plans are each established by CTA ordinances, which grant the ERRC operational authority and can be modified by the CTA Board. The Board and Non-Qualified plans do not have assets accumulated in a trust.

Contributions. The Board and Non-Qualified plans are administered on a pay as you go basis. The CTA contributes to the Qualified plan based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

The CTA's annual pension cost for the current year and related information for fiscal years ended December 31, 2023 and 2022 for each plan are as follows (in thousands of dollars):

	Qualified Supplemental	Non-Qualified Supplemental	Board Plan
Actual 2023 contributions:			
CTA	$1,876	$1,822	$358
Plan members	$37	$0	$0
Actual 2022 contributions:			
CTA	$933	$1,909	$356
Plan members	$0	$0	$3

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Benefit terms.

Qualified and Non-Qualified Plans: Employees of the CTA in certain employment classifications established by Board ordinance are eligible to participate based on age and service credit, generally as follows: at age 65, at age 55 with three years of pensionable service or with twenty-five years of pensionable service. Disability and death benefits are provided to employees.

Benefits are based on the highest average annual compensation ("AAC") over any four calendar years out of the final ten years prior to retirement. For normal retirement and disability retirees, the benefit is the lessor of 1% of AAC per year of service or the excess of 75% of AAC over the benefit payable under the Retirement Plan for CTA Employees. For early retirees, the benefit is the lessor of 1% of AAC per year of service or the excess of 75% of AAC multiplied by the ratio of service completed at early retirement to service projected to age 65 over the benefit payable under the Retirement Plan for CTA Employees, with this benefit commencing at age 65. Benefits can commence prior to age 65 under certain conditions, generally as follows: any time after age 55 with a 5% reduction for each year under age 65 or with twenty-five years of service with no reduction. A minimum benefit is payable to an employee under normal, early or disability retirement equal to one-sixth of 1% of AAC multiplied by years of service limited to a maximum of 5% of AAC, with the minimum benefit commencing at early retirement. Termination benefits available to employees who complete ten years of service are as follows: the lessor of 1% of AAC per year of service or the excess of 75% of AAC over the benefit payable under the Retirement Plan for CTA Employees, with the benefit commencing at age 65.

Qualified and Non-Qualified participants who retire on or after February 1, 1984 may receive credit for service with certain other governmental agencies, if satisfying certain conditions and making required application and contributions. In addition to the increased supplemental benefits attributable to such "bridged" service, the Supplemental Plan is responsible for paying any additional benefits that the employees would be eligible for under the Retirement Plan for CTA Employees had they received this additional bridged service under both plans.

Board Plan: Individuals appointed to the Chicago Transit Board are eligible to participate based on age and service credit, generally as follows: at age 65 with completion of two years of service or at age 50 with completion of five years of service.

Benefits are based, generally, on provisions of the Retirement Plan for CTA Employees and the Supplemental Plan, to provide benefits to members of the Board comparable to what they would receive if employees of the CTA participating in those plans – with certain additional conditions and provisions, including specified minimum benefits, intended to take into account the anticipated periods of service by individuals as members of the Board.

Participants in the Board Plan may receive credit for service with certain other governmental agencies, if satisfying certain conditions and making required application and contributions – generally on terms similar to those applying to Qualified and Non-Qualified Plan participants receiving credit for bridged service.

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Employees covered by the benefit terms. The following participants were covered by the benefit terms as of January 1, 2024 and January 1, 2023:

	Qualified	Non-Qualified	Board	Total
Participants as of January 1, 2024				
Retirees and beneficiaries currently receiving benefits	127	239	17	383
Terminated employees entitled to but not yet receiving benefits	9	2	5	16
Active plan members	4	-	-	4
Total	140	241	22	403
Participants as of January 1, 2023				
Retirees and beneficiaries currently receiving benefits	124	249	17	390
Terminated employees entitled to but not yet receiving benefits	10	3	5	18
Active plan members	6	-	1	7
Total	140	252	23	415

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

<u>Net Pension Liabilities</u>

Actuarial assumptions and calculations. The total pension liabilities in the December 31, 2023 and 2022 actuarial valuation were determined using the following actuarial assumptions, applied to the periods included in the measurement:

2023 Actuarial Assumptions	
Acturial valuation date	December 31, 2023
Measurement date	December 31, 2023
Investment return	
Qualified	6.75% per year
Non-Qualified and Board	3.77%
Inflation	2.50%
Salary increases	3.50% per year
Future ad hoc benefit increases	0.00% per year
Mortality	PubG-2010 base rates projected fully generationally using Scale MP2021
Early retirement age	
Qualified and Non-Qualified	55 with completion of three years of pensionable service. For employees hired before January 1, 2000, with 25 years of service, there is no age requirement.
Normal retirement age	
Qualified and Non-Qualified	65 with completion of three years of service
Board	65 with completion of two years of service or age 50 with completion of five years of service
Actuarial cost method	Entry Age Normal
2022 Actuarial Assumptions	
Acturial valuation date	December 31, 2022
Measurement date	December 31, 2022
Investment return	
Qualified	6.75% per year
Non-Qualified and Board	4.05%
Inflation	2.50%
Salary increases	3.50% per year
Future ad hoc benefit increases	0.00% per year
Mortality	PubG-2010 base rates projected to 2022 using Scale MP2021
Early retirement age	
Qualified and Non-Qualified	55 with completion of three years of pensionable service. For employees hired before January 1, 2000, with 25 years of service, there is no age requirement.
Normal retirement age	
Qualified and Non-Qualified	65 with completion of three years of service
Board	65 with completion of two years of service or age 50 with completion of five years of service
Actuarial cost method	Entry Age Normal

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in assumptions from 2022-2023 include: investment return decrease for the Non-Qualified and Board Plans from 4.05% to 3.77% and change in mortality table from PubG-2010 base rates projected to 2022 with scale MP2021 to PubG-2010 base rates projected fully generationally with scale MP2021 for 2023.

Changes in assumptions from 2021-2022 include: investment return increase for the Non-Qualified and Board Plans from 1.84% to 4.05% and change in mortality table from PubG-2010 base rates projected to 2021 with scale MP2021 for 2021 to PubG-2010 base rates projected to 2022 with scale MP2021 for 2022.

Best estimates of arithmetic real rates of return over a ten-year investment horizon for each major asset class included in the Supplemental Plans target asset allocation as of December 31, 2023 and 2022 are summarized in the following tables (note that the rates shown below include the inflation components):

	2023 Target Allocation	2023 Estimate of Expected Rate of Return	2022 Target Allocation	2022 Estimate of Expected Rate of Return
U.S. Large Size Company Equities	20.0%	7.1%	20.0%	6.8%
U.S. Mid Size Company Equities	5.0%	7.6%	5.0%	7.3%
U.S. Small Size Company Equities	5.0%	8.2%	5.0%	7.9%
Developed Non-U.S. Size Company Equities	15.0%	7.5%	15.0%	7.5%
Emerging Markets Company Equities	5.0%	8.0%	5.0%	7.6%
Total Equities	50.0%		50.0%	
U.S. Fixed Income	30.0%	4.4%	30.0%	4.9%
Total Fixed Income	30.0%		30.0%	
Real Estate	10.0%	6.2%	10.0%	6.8%
Total Real Estate	10.0%		10.0%	
Open-End Private Equity	10.0%	10.6%	10.0%	11.4%
Total Private Equity	10.0%		10.0%	
Total Assets	100.0%		100.0%	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected long-term future real rates of return over the projected investment horizon (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected long-term future real rates of return by the target asset allocation percentage and by adding expected inflation.

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Discount rate. The discount rates used to measure the total pension liabilities in 2023 were 6.75% for the Qualified and 3.77% for the Non-Qualified and Board. The Qualified discount rate of 6.75% is the same rate that was used to measure the total pension liabilities as of December 31, 2022. The Non-Qualified and Board discount rate of 3.77% is a change from 4.05% that was used to measure the total pension liabilities as of December 31, 2022. The projection of cash flows used to determine the discount rate assumed that the System's contributions will continue to follow the current funding policy. Based on those assumptions, the System's Qualified Plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount rate. The discount rates used to measure the total pension liabilities in 2022 were 6.75% for the Qualified and 4.05% for the Non-Qualified and Board. The Qualified discount rate of 6.75% is the same rate that was used to measure the total pension liabilities as of December 31, 2021. The Non-Qualified and Board discount rate of 4.05% is a change from 1.84% that was used to measure the total pension liabilities as of December 31, 2021. The projection of cash flows used to determine the discount rate assumed that the System's contributions will continue to follow the current funding policy. Based on those assumptions, the System's Qualified Plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Qualified			
Balance as of December 31, 2021	$ 42,704	$ 37,808	$ 4,896
Change for the year:			
Service cost	62	-	62
Interest	2,744	-	2,744
Differences between expected and actual experience	(1,650)	-	(1,650)
Changes in assumptions	44	-	44
Benefit payments	(3,791)	(3,791)	-
Contributions - Employer	-	933	(933)
Contributions - Employee	-	-	-
Net investment income, net of expenses	-	(3,729)	3,729
Administrative expenses	-	(172)	172
Net changes	(2,591)	(6,759)	4,168
Balance as of December 31, 2022	$ 40,113	$ 31,049	$ 9,064
Change for the year:			
Service cost	52	-	52
Interest	2,569	-	2,569
Differences between expected and actual experience	(880)	-	(880)
Changes in assumptions	684	-	684
Benefit payments	(3,784)	(3,784)	-
Contributions - Employer	-	1,876	(1,876)
Contributions - Employee	-	37	(37)
Net investment income, net of expenses	-	3,337	(3,337)
Administrative expenses	-	(171)	171
Net changes	(1,359)	1,295	(2,654)
Balance as of December 31, 2023	$ 38,754	$ 32,344	$ 6,410

Plan fiduciary net position as a percentage of the total pension liability - 2023	83.46%
Plan fiduciary net position as a percentage of the total pension liability - 2022	77.40%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease) Total Pension Liability
Non-Qualified	
Balance as of December 31, 2021	$ 20,611
Change for the year:	
Service cost	-
Interest	360
Differences between expected and actual experience	6
Changes in assumptions	(2,730)
Benefit payments	(1,909)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(4,273)
Balance as of December 31, 2022	$ 16,338
Change for the year:	
Service cost	-
Interest	621
Differences between expected and actual experience	(459)
Changes in assumptions	617
Benefit payments	(1,822)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(1,043)
Balance as of December 31, 2023	$ 15,295

Plan fiduciary net position as a percentage of the total pension liability - 2023	0.00%
Plan fiduciary net position as a percentage of the total pension liability - 2022	0.00%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Board			
Balance as of December 31, 2021	$ 5,746	$ 122	$ 5,624
Change for the year:			
Service cost	-		-
Interest	102	-	102
Differences between expected and actual experience	65	-	65
Changes in assumptions	(1,087)	-	(1,087)
Benefit payments	(356)	(356)	-
Contributions - Employer	-	356	(356)
Contributions - Employee	-	3	(3)
Net investment income, net of expenses	-	-	-
Administrative expenses	-	-	-
Net changes	(1,276)	3	(1,279)
Balance as of December 31, 2022	$ 4,470	$ 125	$ 4,345
Change for the year:			
Service cost	-	-	-
Interest	173	-	173
Differences between expected and actual experience	(26)	-	(26)
Changes in assumptions	222	-	222
Benefit payments	(358)	(358)	-
Contributions - Employer	-	358	(358)
Contributions - Employee	-	-	-
Net investment income, net of expenses	-	-	-
Administrative expenses	-	-	-
Net changes	11	-	11
Balance as of December 31, 2023	$ 4,481	$ 125	$ 4,356

Plan fiduciary net position as a percentage of the total pension liability - 2023	2.78%
Plan fiduciary net position as a percentage of the total pension liability - 2022	2.78%

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Changes in Net Pension Liabilities (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Total			
Balance as of December 31, 2021	$ 69,060	$ 37,929	$ 31,131
Change for the year:			
Service cost	63		63
Interest	3,206	-	3,206
Differences between expected and actual experience	(1,579)	-	(1,579)
Changes in assumptions	(3,773)	-	(3,773)
Benefit payments	(6,057)	(6,057)	-
Contributions - Employer	-	3,198	(3,198)
Contributions - Employee	-	3	(3)
Net investment income, net of expenses	-	(3,728)	3,728
Administrative expenses	-	(172)	172
Net changes	(8,140)	(6,756)	(1,384)
Balance as of December 31, 2022	$ 60,920	$ 31,173	$ 29,747
Change for the year:			
Service cost	52	-	52
Interest	3,363	-	3,363
Differences between expected and actual experience	(1,365)	-	(1,365)
Changes in assumptions	1,523	-	1,523
Benefit payments	(5,964)	(5,964)	-
Contributions - Employer	-	4,056	(4,056)
Contributions - Employee	-	37	(37)
Net investment income, net of expenses	-	3,337	(3,337)
Administrative expenses	-	(171)	171
Net changes	(2,391)	1,295	(3,686)
Balance as of December 31, 2023	$ 58,529	$ 32,468	$ 26,061

Plan fiduciary net position as a percentage of the total pension liability - 2023	55.47%
Plan fiduciary net position as a percentage of the total pension liability - 2022	51.17%

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

*Sensitivity of the net pension liability to changes in discount rate***.** The following presents the net pension liability of the Qualified, Non-qualified, and Board plans, calculated using the discount rates disclosed above for each plan, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate (in thousands of dollars):

Plan	1% Decrease	Current Discount Rate	1% Increase
Qualified Discount Rate			
Qualified Plan - 2023 - 6.75%	$ 9,697	$ 6,410	$ 3,572
Qualified Plan - 2022 - 6.75%	$ 12,450	$ 9,064	$ 6,135
Non-Qualified Discount Rate			
Non-Qualified Plan - 2023 - 3.77%	$ 16,389	$ 15,295	$ 14,333
Non-Qualified Plan - 2022 - 4.05%	$ 17,495	$ 16,338	$ 15,317
Board Discount Rate			
Board Plan - 2023 - 3.77%	$ 4,820	$ 4,356	$ 3,963
Board Plan - 2022 - 4.05%	$ 4,790	$ 4,345	$ 3,967

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the years ended December 31, 2023 and 2022, CTA recognized pension expense and reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands of dollars):

	December 31, 2023		
	Qualified	Non-Qualified	Board
Pension expense	$ 262	$ 780	$ 369
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan:	$ 1,653	$ -	$ -
Total Deferred Outflows	$ 1,653	$ -	$ -

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

	December 31, 2022		
	Qualified	**Non-Qualified**	**Board**
Pension expense	$ (129)	$ (2,363)	$ (923)
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan:	$ 2,672	$ -	$ -
Total Deferred Outflows	$ 2,672	$ -	$ -

CTA did not report a deferred outflow of resources related to pensions resulting from contributions paid subsequent to the measurement dates for any Supplemental Plan for December 31, 2023 and 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows for December 31, 2024 and 2023 (in thousands of dollars):

		December 31, 2023	
Year Ended December 31:	**Qualified**	**Non-Qualified**	**Board**
2024	$ 369	$ -	$ -
2025	555	-	-
2026	971		
2027	(242)	-	-
Total Amortization	$ 1,653	$ -	$ -

		December 31, 2022	
Year Ended December 31:	**Qualified**	**Non-Qualified**	**Board**
2023	$ (13)	$ -	$ -
2024	632	-	-
2025	819	-	-
2026	1,234	-	-
Total Amortization	$ 2,672	$ -	$ -

GASB Statements No. 67 *Financial Reporting for Pensions Plans—an amendment of GASB Statement No. 25*

(Continued)

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Investments. The Board and Non-Qualified plans are administered on a pay as you go basis. The Non-Qualified plan does not have any associated assets. The Board plan has a limited reserve held in cash or cash equivalents, which is not actively managed or associated with an investment policy. The Qualified plan's investment policy is established and may be amended by the CTA's Employment Retirement Review Committee. The primary objective of the policy is to provide a documented structure for the implementation of investment strategies which suggests the highest probability of maximizing the level of investment return within acceptable parameters for the total Fund's volatility and risk.

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on Qualified plan assets, net of pension plan investment expense, was 10.80% and -10.68%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2023	**December 31, 2022**
Inflation	2.50% per year	2.50% per year
Salary increases	3.50% per year	3.50% per year
Investment rate of return (Discount rate)		
Qualified Plan	6.75% per year	6.75% per year
Non-Qualified and Board Plan	3.77% per year	4.05% per year

Mortality rates were based on the PubG-2010 base rates projected fully generationally using Scale MP2021 and the PubG-2010 base rates projected to 2022 using Scale MP2021 for the years ended December 31, 2023 and 2022, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return over the projected investment horizon (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 and 2022 (see the discussion of the pension plan's investment policy). The 3.77% and 4.05% rates used for the Non-qualified and Board plans represents the 20-year municipal bond rate as determined by the 20-year bond buyer index as of December 31, 2023 and 2022, respectively.

NOTE 13 – SUPPLEMENTAL PLANS PENSION DISCLOSURES (Continued)

Summary (in thousands of dollars):

	December 31, 2023		
	Employees' Plan	Supplemental Plan	Total
Net Pension Liability	$ 2,022,086	$ 26,061	$ 2,048,147
Deferred Outflows of Resources	383,150	1,653	384,803
Pension Expense	197,789	1,411	199,200

	December 31, 2022		
	Employees' Plan	Supplemental Plan	Total
Net Pension Liability	$ 1,669,452	$ 29,747	$ 1,699,199
Deferred Outflows of Resources	216,796	2,672	219,468
Deferred Inflows of Resources	133,931	-	133,931
Pension Expense	113,362	(3,415)	109,947

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions – Other Postemployment Benefits (OPEB)

Employees' Plan – Retiree Healthcare Benefits: In accordance with Public Act 95-708, all retiree healthcare benefits are to be paid from the Retiree Health Care Trust (RHCT), a single employer defined benefit plan. The RHCT was established in May 2008 and began paying for all retiree healthcare benefits in February 2009. For financial reporting purposes, the postemployment healthcare benefits are considered, in substance, a postemployment healthcare plan administered by the RHCT. Members are eligible for health benefits based on their age and length of service with CTA. The legislation provides that CTA will have no future responsibility for retiree healthcare costs. The RHCT issues a separate stand-alone financial report which is available at http://www.ctaretirement.org/index.asp.

Supplemental and Board Plans – Retiree Healthcare Benefits: Employees of the CTA in certain employment classifications are eligible to participate in the supplemental retirement plan, a single employer defined benefit plan. Members of the Supplemental Plan with bridged service or service purchased through the Voluntary Termination Program are eligible for Supplemental Healthcare benefits if they retired under the Supplemental Plan and do not immediately qualify for healthcare benefits under the CTA RHCT. Supplemental Healthcare Plan benefits are administered through the CTA's healthcare program covering active members. Supplemental healthcare benefits cease when the member becomes eligible for healthcare coverage under the RHCT. Certain members not eligible for benefits under the RHCT will continue to receive benefits through the CTA's healthcare program covering active members. The benefits are dependent on the amount of bridged service and the amount of service at the CTA that is credited in the Employees Plan.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Chicago Transit Board members participate in a separate Board Member Retirement Plan, a single employer defined benefit plan, and a Supplemental Plan. Board members with greater than five years of service are eligible for healthcare benefits immediately after termination or retirement.

The Supplemental and Board Plans do not issue separate stand-alone financial reports and do not have assets accumulated in a trust.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Covered Participants – The following participants were covered by the benefit terms as of January 1, 2024 and January 1, 2023:

	Supplemental & Board Plans
Participants as of January 1, 2024	
Retirees and beneficiaries currently receiving benefits	44
Terminated employees entitled to but not yet receiving benefits	4
Active plan members	-
Total	48
Participants as of January 1, 2023	
Retirees and beneficiaries currently receiving benefits	47
Terminated employees entitled to but not yet receiving benefits	6
Active plan members	1
Total	54

Contributions – Funding for the Supplemental and Board Retiree Healthcare Plans are on a pay-as-you-go basis. CTA's contribution rate was 2,624.51% of covered employee payroll for the year ended December 31, 2022. For the year ended December 31, 2023, there were no remaining active plan members. Retirees also make monthly contributions to the healthcare plan. Such contributions are determined annually by the plan administrator based on expected annual cost.

Total OPEB Liability – CTA's total OPEB liability was measured as of December 31, 2023 and 2022 and the total OPEB liability was determined by an actuarial valuation as of those dates.

Actuarial Assumptions – Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(Continued)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations were performed for the OPEB Plan as of December 31, 2023 and 2022. The following table shows a summary of significant actuarial assumptions:

2023 Actuarial Assumptions	
Actuarial valuation date	December 31, 2023
Measurement date	December 31, 2023
Discount rate	3.77%
Inflation	2.50%
Salary increases	5.50%
Investment return	3.77%
Health care cost trend rate	Starts with 6.75% in year 2024 and goes down to 5.00% in year 2029 and after.
Mortality	PubG-2010 base rates projected fully generationally using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	85% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. Of those covered under the VTP healthcare provisions, 15.0% are assumed to elect single coverage and 85.0% are assumed to elect single and dependent coverage. Supplemental deferred vested members are assumed to elect single and dependent coverage. 50% of Board deferred vested members are assumed to elect single coverage and 50% are assumed to elect single and dependent coverage. 50% of spouses covered under the healthcare plan during retirement are assumed to continue coverage after the death of the retiree.
Actuarial cost method	Entry Age Normal Actuarial Cost Method

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NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

2022 Actuarial Assumptions

Actuarial valuation date	December 31, 2022
Measurement date	December 31, 2022
Discount rate	4.05%
Inflation	2.50%
Salary increases	5.50%
Investment return	4.05%
Health care cost trend rate	Starts with 7.00% in year 2023 and goes down to 5.00% in year 2029 and after.
Mortality	PubG-2010 base rates projected fully generationally using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	85% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. Of those covered under the VTP healthcare provisions, 15.0% are assumed to elect single coverage and 85.0% are assumed to elect single and dependent coverage. Supplemental deferred vested members are assumed to elect single and dependent coverage. 50% of Board deferred vested members are assumed to elect single coverage and 50% are assumed to elect single and dependent coverage. 50% of spouses covered under the healthcare plan during retirement are assumed to continue coverage after the death of the retiree.
Actuarial cost method	Entry Age Normal Actuarial Cost Method

Changes in assumptions from 2022 to 2023 include the investment return decrease from 4.05% to 3.77% and the mortality assumption was changed from the PubG-2010 base rates projected to 2022 with scale MP2021 for 2022 to the PubG-2010 base rates projected fully generationally with scale MP2021 for 2023.

Changes in assumptions from 2021 to 2022 include the investment return increase from 1.84% to 4.05% and the mortality assumption was changed from the PubG-2010 base rates projected to 2021 with scale MP2021 for 2021 to the PubG-2010 base rates projected to 2022 with scale MP2021 for 2022.

Discount rate. The discount rate used to measure the total OPEB liability in 2023, 2022 and 2021 was 3.77%, 4.05% and 1.84%, respectively. The single discount rate was determined by the 20-year municipal bonds rates based on an index of 20-year obligation bonds with an average AA credit rating. The contribution policy assumed for this valuation was pay-as-you-go.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Net OPEB Liability: The changes in the total OPEB liability for the plan are as follows (in thousands of dollars):

	Increase (Decrease) Total OPEB Liability
Supplemental & Board Plans	
Balance as of December 31, 2021	$ 10,319
Change for the year:	
Service cost	13
Interest	184
Benefit changes	-
Differences between expected and actual experience	(961)
Changes in assumptions	(1,354)
Benefit payments	(656)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(2,774)
Balance as of December 31, 2022	$ 7,545
Change for the year:	
Service cost	-
Interest	294
Benefit changes	-
Differences between expected and actual experience	(755)
Changes in assumptions	510
Benefit payments	(551)
Contributions - Employer	-
Contributions - Employee	-
Net investment income, net of expenses	-
Administrative expenses	-
Net changes	(502)
Balance as of December 31, 2023	$ 7,043

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in discount rate. The following presents the net OPEB liability of CTA as well as what CTA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (in thousands of dollars):

Plan	1% Decrease	Current Discount Rate	1% Increase
Supplemental & Board Plans - 2023 - 3.77%	$ 7,967	$ 7,043	$ 6,296
Supplemental & Board Plans - 2022 - 4.05%	$ 8,437	$ 7,545	$ 6,807

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of CTA, as well as what the CTA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (in thousands of dollars):

Plan	1% Decrease	Current Trend Rates	1% Increase
Supplemental & Board Plans - 2023 - 6.75%	$ 6,331	$ 7,043	$ 7,904
Supplemental & Board Plans - 2022 - 7.00%	$ 6,844	$ 7,545	$ 8,384

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the years ended December 31, 2023 and 2022 CTA recognized OPEB expense of $49,000 and $(2,118,000), respectively. At December 31, 2023 and 2022, CTA reported no deferred inflows/outflows of resources related to OPEB.

NOTE 15 – RISK MANAGEMENT

The CTA is exposed to various types of risk of loss, including torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included are risks of loss associated with providing health, dental, and life insurance benefits to employees.

The CTA provides health insurance benefits to employees through a self-insured comprehensive PPO plan. The CTA provides dental insurance benefits through an insured dental maintenance organization and a self-insured dental indemnity plan. The CTA does not purchase stop-loss insurance for its self-insured comprehensive PPO plan. The CTA provides life insurance benefits for active employees through an insured life insurance program.

CTA purchases property insurance for damage to CTA property, including rolling stock. This insurance program is effective July 29, 2023 to July 29, 2024. Property limit of liability is $180,000,000 per occurrence and is purchased in three layers. The first/primary layer provides a $25,000,000 limit. The first excess layer provides a $105,000,000 limit excess and above the primary. The second excess layer provides the final $50,000,000 limit excess. The basic policy deductible is $1,000,000 per each occurrence, with a $5,000,000 deductible for each rail car collision or derailment claim.

(Continued)

NOTE 15 – RISK MANAGEMENT (Continued)

For its 45 underground storage tanks ("UST"), CTA purchases UST insurance to provide coverage in the event of soil or groundwater contamination from a UST leak. This insurance policy is effective January 28, 2023 to January 28, 2024 and provides a limit of $1,000,000 per UST incident and $2,000,000 total policy aggregate, with a tiered deductible based on the age of the UST.

The CTA is also self-insured for general liability, workers' compensation, employee accidents, non-UST-related environmental liability, automotive liability losses, employment-related suits, including discrimination and sexual harassment, and management liability of board members, directors, and officers of the CTA.

The RTA provides excess liability insurance to protect the self-insurance programs for general liability and terrorism currently maintained by the CTA. There are five insurance policies in effect from June 15, 2023 to June 15, 2024. The first policy provides $10,000,000 in excess of the $15,000,000 self-insured retention and $20,000,000 in the aggregate. The second policy provides $5,000,000 in excess of the $25,000,000 and $10,000,000 in the aggregate. The third policy provides $10,000,000 in excess of $30,000,000 and $20,000,000 in the aggregate. The fourth policy provides $10,000,000 in excess of $40,000,000 and $20,000,000 in the aggregate. The fifth policy provides $50,000,000 in excess of $50,000,000 and $100,000,000 in the aggregate.

The CTA participates in a Joint Self-Insurance Fund (the Fund) with the RTA that permits the CTA to receive monies necessary to pay injury and damage claims in excess of $2,500,000 per occurrence up to the total balance in the Fund or a maximum of $47,500,000. The CTA is obligated to reimburse the Fund for the principal amount borrowed plus a floating interest rate. However, the CTA is not obligated to make reimbursement payments, including interest, in excess of $3,500,000 in any one year. No borrowings were made from the Fund in fiscal years 2023 or 2022.

Settlements did not exceed coverage for any of the past three years, and there has been no significant reduction in coverage during that period.

Self-insured liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The estimate for injury and damage claims is adjusted for a current trend rate and discount factor of 3.25% and 4.0%, respectively. The estimate for workers' compensation claims is adjusted for a current trend rate and discount factor of 2.0% and 4.0%, respectively.

(Continued)

NOTE 15 – RISK MANAGEMENT (Continued)

Changes in the balance of claims liabilities during the past two years are as follows (in thousands of dollars):

	Injury and Damage	Group Health and Dental	Workers' Compensation	Total
Balance at January 1, 2021	$ 95,284	$ 6,302	$ 156,130	$ 257,716
Funded	31,680	178,960	56,736	267,376
Funding (excess)/deficiency per actuarial requirement	(3,095)	-	15,291	12,196
Payments	(16,177)	(175,737)	(56,736)	(248,650)
Balance at December 31, 2021	107,692	9,525	171,421	288,638
Funded	31,680	170,256	60,998	262,934
Funding (excess)/deficiency per actuarial requirement	(24,521)	-	(1,865)	(26,386)
Payments	(12,656)	(168,539)	(60,998)	(242,193)
Balance at December 31, 2022	102,195	11,242	169,556	282,993
Funded	20,200	165,846	58,651	244,697
Funding (excess)/deficiency per actuarial requirement	25,898	-	11,244	37,142
Payments	(35,730)	(163,634)	(58,651)	(258,015)
Balance at December 31, 2023	$ 112,563	$ 13,454	$ 180,800	$ 306,817

Chapter 70, Paragraph 3605/39 of the Illinois Compiled Statutes requires the CTA to establish an injury and damage reserve in order to provide for the adjustment, defense, and satisfaction of all suits, claims, and causes of action, and the payment and satisfaction of all judgments entered against the CTA for damages caused by injury to or death of any person and for damages to property resulting from the construction, maintenance, and operation of the transportation system. The statute also requires the CTA to separately fund the current year's budgeted provision for the injury and damage reserve. See Note 5 regarding cash and investment amounts maintained in this account.

NOTE 16 – LINE OF CREDIT – NOTE PURCHASE AGREEMENT

2019 Line of Credit

On July 12, 2019, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes had an initial commitment expiration date of July 11, 2022. This line of credit was replaced with an NPA with Wells Fargo, National Association.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

No principal was outstanding on the Notes as of December 31, 2023 and 2022.

2021 Line of Credit

On September 24, 2021, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with JP Morgan Chase Bank, National Association in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes have an initial commitment expiration date of September 24, 2026. This line of credit replaced the Authority's prior line of credit with Bank of America, National Association, which expired on September 30, 2021.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

The principal of outstanding Notes was $66.6 million and $38.5 million as of December 31, 2023 and 2022, respectively. The unused 2021 line of credit was $83.4 million and $111.5 million as of December 31, 2023 and 2022, respectively.

2022 Line of Credit

On July 8, 2022, the Chicago Transit Authority entered into a Note Purchase Agreement (NPA) with Wells Fargo, National Association in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the LIBOR rate. The Notes have an initial commitment expiration date of July 8, 2025. This line of credit replaced the Authority's prior line of credit with PNC Bank, National Association, which expired on July 11, 2022.

This line of credit contains a provision that in the event of default the obligation is to become immediately due and payable in full as the result of acceleration as defined in the Events of Default section.

(Continued)

NOTE 16 – LINE OF CREDIT – NOTE PURCHASE AGREEMENT (Continued)

The principal of outstanding Notes was $88.5 million and $60.4 million as of December 31, 2023 and 2022, respectively. The unused 2022 line of credit was $61.5 million and $89.6 million as of December 31, 2023 and 2022, respectively.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Litigation: The CTA has been named as a defendant in various other legal proceedings arising in the normal course of operations. Although the ultimate outcome of these matters cannot be presently determined, it is the opinion of management of the CTA that resolution of these matters will not have a material adverse impact on the CTA's financial statements.

Defeased Debt: On October 26, 2006, the PBC issued Building Refunding Revenue Bonds for the benefit of the CTA in the amount of $91,340,000. The proceeds of the bonds were used to advance refund the Public Building Commission of Chicago, Series 2003 bonds. The outstanding balance of the defeased debt as of December 31, 2022 was $9,550,000. The defeased debt had a balance of zero as of December 31, 2023.

NOTE 18 – COVID-19 PANDEMIC

The United States and the State of Illinois declared a state of emergency in March 2020 due to the COVID-19 global pandemic. Below is a summary of the federal funding that has supplemented the lower fare and public funding revenues due to the pandemic.

Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES)
On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The regional share of CARES Act funding to the RTA and Service Boards was $1.438 billion. CTA has been allocated approximately $817.5 million in CARES Act funding.

Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA)
On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) was signed into law. The regional share of CRRSAA funding to the RTA and Service Boards was $486 million. CTA has been allocated approximately $361.3 million in CRRSAA funding.

American Rescue Plan Act of 2021 (ARP)
On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. The regional share of ARP Act funding to the urbanized area, including RTA and Service Boards was $1.496 billion. CTA has been allocated approximately $912.1 million in ARP funding and $118.4 million in ARP discretionary funding.

The funding provided through the CARES Act; CRRSAA; and ARP allowed for changes in how recipients use FTA funds. The most significant of these changes has been allowing recipients to charge operating expenses to FTA grants with no matching requirements.

The RTA approved a provision to allow the federal operating assistance, which was provided to replace fare revenue lost due to the COVID-19 pandemic, to be included as operating revenue for purposes of the recovery ratio calculation.

(Continued)

NOTE 19 – SUBSEQUENT EVENTS

Lines of Credit
On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with PNC Bank, National Association in a not-to-exceed amount of $75,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the SOFR rate. The Notes have an initial commitment expiration date of April 2, 2027.

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with Bank of America, National Association in a not-to-exceed amount of $75,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the SOFR rate. The Notes have an initial commitment expiration date of April 2, 2027.

On April 3, 2024, the Chicago Transit Authority entered into a tax-exempt Note Purchase Agreement (NPA) with JP Morgan Chase Bank, National Association in a not-to-exceed amount of $150,000,000. The Notes are secured by a pledge of sales tax revenue receipts on parity with the existing Second Lien Sales Tax Receipts Revenue Bonds and may be drawn upon at any time for Capital Projects, the payment of costs of issuance related to this Note, and to refund short-term obligations issued pursuant to this Note. Interest on the Notes is based upon the SOFR rate. The Notes have an initial commitment expiration date of April 3, 2029.

Additional information on the capital lines of credit can be found in Note 16.

REQUIRED SUPPLEMENTARY INFORMATION

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Net Pension Liability and Related Ratios (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	$ 3,924,018	$ 3,857,936	$ 3,773,577	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154
Plan fiduciary net position	1,901,932	2,188,484	1,941,166	1,890,466	1,715,227	1,865,901	1,736,369	1,743,216	1,855,912
Plan's net pension liability	$ 2,022,086	$ 1,669,452	$ 1,832,411	$ 1,765,839	$ 1,847,007	$ 1,656,902	$ 1,720,623	$ 1,608,815	$ 1,427,242
Plan fiduciary net position as a percentage of the total pension liability	48.47%	56.73%	51.44%	51.70%	48.15%	52.97%	50.23%	52.00%	56.53%
Covered payroll	$ 651,652	$ 637,524	$ 640,442	$ 645,799	$ 623,037	$ 595,047	$ 575,444	$ 573,548	$ 564,828
Plan's net pension liability as a percentage of covered payroll	310.30%	261.86%	286.12%	273.43%	296.45%	278.45%	299.01%	280.50%	252.69%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

Note 1: 2016 used the RP Blue Collar Table, generational to 2016 based on Scale BB. Also the asset valuation changed to 5 year smoothed actuarial value of assets.
Note 2: 2017 used the RP Blue Collar Table, generational to 2017 based on Scale BB.
Note 3: 2018 used the RP Blue Collar Table, generational to 2000 based on Scale BB.
Note 4: 2019 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 5: 2020 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 6: 2021 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 7: 2022 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.
Note 8: 2023 used the SOA Public Mortality General Below Median generational with Improvement Scale MP-2018.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Net Pension Liability and Related Ratios (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Supplemental Qualified Plan										
Total Pension Liability	$ 38,754	$ 40,113	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118
Plan fiduciary net position	32,344	31,049	37,808	36,542	36,687	34,441	40,250	37,805	37,875	42,046
Plan's net pension liability	$ 6,410	$ 9,064	$ 4,896	$ 5,968	$ 5,429	$ 7,675	$ 3,812	$ 10,199	$ 11,460	$ 10,072
Plan fiduciary net position as a percentage of the total pension liability	83.46%	77.40%	88.53%	85.96%	87.11%	81.78%	91.35%	78.75%	76.77%	80.67%
Covered payroll	$ 682	$ 967	$ 1,219	$ 1,214	$ 1,225	$ 1,219	$ 1,098	$ 1,213	$ 1,355	$ 1,443
Plan's net pension liability as a percentage of covered payroll	940.18%	937.02%	401.55%	491.40%	443.34%	629.84%	347.13%	841.07%	845.71%	697.92%
Supplemental Non-Qualified Plan										
Total pension liability	$ 15,295	$ 16,338	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 29,926	$ 28,105
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan's total pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Board Member Plan										
Total pension liability	$ 4,481	$ 4,470	$ 5,746	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128
Plan fiduciary net position	125	125	122	119	112	103	88	77	68	88
Plan's net pension liability	$ 4,356	$ 4,345	$ 5,624	$ 5,538	$ 4,477	$ 4,258	$ 4,644	$ 4,484	$ 4,413	$ 5,040
Plan fiduciary net position as a percentage of the total liability	2.78%	2.78%	2.11%	2.09%	2.42%	2.34%	1.84%	1.69%	1.52%	1.72%
Covered payroll	$ -	$ 25	$ 25	$ 25	$ 78	$ 75	$ 75	$ 75	$ 75	$ 125
Plan's net pension liability as a percentage of covered payroll	N/A	17,378.85%	22,494.47%	22,149.74%	5,746.55%	5,676.97%	6,191.50%	5,978.83%	5,883.44%	4,031.43%

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Employees' Retirement Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Total Pension Liability - Beginning	$ 3,857,936	$ 3,773,577	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154	$ 3,220,533
Service cost	52,757	51,676	54,560	53,967	54,814	50,433	50,111	51,358	49,066
Interest	309,343	303,111	294,245	286,687	283,757	278,184	269,899	264,579	259,593
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	32,650	38,033	62,820	41,530	7,455	13,679	51,518	13,082	-
Changes of assumptions		-	-	-	(24,727)	-	-	-	-
Benefit payments, including refunds of member contributions	(328,668)	(308,461)	(294,353)	(288,113)	(281,868)	(276,485)	(266,567)	(260,142)	(246,038)
Net change in total pension liability	66,082	84,359	117,272	94,071	39,431	65,811	104,961	68,877	62,621
Total pension liability - ending	$ 3,924,018	$ 3,857,936	$ 3,773,577	$ 3,656,305	$ 3,562,234	$ 3,522,803	$ 3,456,992	$ 3,352,031	$ 3,283,154
Plan Fiduciary Net Position									
Plan fiduciary net position - beginning	$ 2,188,484	$ 1,941,166	$ 1,890,466	$ 1,715,227	$ 1,865,901	$ 1,736,369	$ 1,743,216	$ 1,855,912	$ 1,892,715
Contributions - employer	142,475	136,908	135,832	121,668	117,115	104,523	83,855	82,800	82,268
Contributions - member	92,134	87,897	87,925	81,298	78,340	70,286	59,561	58,993	58,566
Net investment income	(190,005)	333,302	123,613	263,201	(61,343)	233,739	118,613	8,230	71,524
Benefit payments, including refunds of member contributions	(328,668)	(308,461)	(294,353)	(288,113)	(281,868)	(276,485)	(266,567)	(260,142)	(246,038)
Administrative expense	(2,488)	(2,328)	(2,317)	(2,815)	(2,918)	(2,531)	(2,309)	(2,577)	(3,123)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(286,552)	247,318	50,700	175,239	(150,674)	129,532	(6,847)	(112,696)	(36,803)
Plan fiduciary net position - ending	1,901,932	2,188,484	1,941,166	1,890,466	1,715,227	1,865,901	1,736,369	1,743,216	1,855,912
CTA net pension liability - ending	$ 2,022,086	$ 1,669,452	$ 1,832,411	$ 1,765,839	$ 1,847,007	$ 1,656,902	$ 1,720,623	$ 1,608,815	$ 1,427,242

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Qualified Supplemental Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Qualified	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Total pension liability - beginning	$ 40,113	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118	$ 53,464
Service cost	52	62	60	68	64	60	60	56	52	61
Interest	2,569	2,744	2,725	2,793	2,789	2,929	3,204	3,296	3,488	3,578
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(880)	(1,650)	269	771	1,346	(1,310)	(3,170)	(611)	(2,145)	(554)
Changes of assumptions	684	44	1,090	855	(7)	480	62	71	67	-
Benefit payments	(3,784)	(3,791)	(3,950)	(4,093)	(4,192)	(4,105)	(4,098)	(4,143)	(4,245)	(4,431)
Net change in total pension liability	(1,359)	(2,591)	194	394	-	(1,946)	(3,942)	(1,331)	(2,783)	(1,346)
Total pension liability - ending	$ 38,754	$ 40,113	$ 42,704	$ 42,510	$ 42,116	$ 42,116	$ 44,062	$ 48,004	$ 49,335	$ 52,118
Plan Fiduciary Net Position										
Plan fiduciary net position - beginning	$ 31,049	$ 37,808	$ 36,542	$ 36,687	$ 34,441	$ 40,250	$ 37,805	$ 37,875	$ 42,046	$ 43,503
Contributions - employer	1,876	933	1,016	870	1,120	550	1,300	1,380	1,164	1,130
Contributions -member	37	-	-	-	29	72	-	8	34	82
Net investment income	3,337	(3,729)	4,436	3,293	5,518	(2,080)	5,357	2,942	(878)	2,073
Benefit payments	(3,784)	(3,791)	(3,950)	(4,093)	(4,192)	(4,105)	(4,098)	(4,143)	(4,245)	(4,431)
Refunds of member contributions	-	-	-	-	-	-	-	(17)	-	-
Administrative expense	(171)	(172)	(236)	(215)	(229)	(246)	(114)	(240)	(237)	(311)
Other	-	-	-	-	-	-	-	-	(9)	-
Net change in plan fiduciary net position	1,295	(6,759)	1,266	(145)	2,246	(5,809)	2,445	(70)	(4,171)	(1,457)
Plan fiduciary net position - ending	$ 32,344	$ 31,049	$ 37,808	$ 36,542	$ 36,687	$ 34,441	$ 40,250	$ 37,805	$ 37,875	$ 42,046
CTA net pension liability - ending	$ 6,410	$ 9,064	$ 4,896	$ 5,968	$ 5,429	$ 7,675	$ 3,812	$ 10,199	$ 11,460	$ 10,072

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Non-Qualified Supplemental Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Non-Qualified	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Total pension liability - beginning	$ 16,338	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 26,926	$ 28,105	$ 27,205
Service cost	-	-	-	-	-	-	-	-	-	-
Interest	621	360	405	576	884	792	903	911	949	1,209
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(459)	6	(160)	(351)	(1,237)	141	90	369	498	341
Changes of assumptions	617	(2,730)	1,051	1,176	1,979	26	655	(315)	57	2,373
benefit payments	(1,822)	(1,909)	(2,036)	(2,175)	(2,340)	(2,500)	(2,542)	(2,617)	(2,683)	(3,023)
Net Change in total pension liability	(1,043)	(4,273)	(740)	(774)	(714)	(1,541)	(894)	(1,652)	(1,179)	900
Total pension liability - ending	$ 15,295	$ 16,338	$ 20,611	$ 21,351	$ 22,125	$ 22,839	$ 24,380	$ 25,274	$ 26,926	$ 28,105

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Changes in Net Pension Liability - Board Supplemental Plan (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Board	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Total pension liability - beginning	$ 4,470	$ 5,746	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128	$ 4,698
Service cost	-	-	-	23	32	34	33	33	46	45
Interest	173	102	109	121	172	157	166	153	176	216
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(26)	65	(5)	839	(221)	(45)	125	310	(514)	(64)
Changes of assumptions	222	(1,087)	351	432	571	(202)	166	(90)	3	566
benefit payments	(358)	(356)	(366)	(347)	(326)	(315)	(319)	(326)	(358)	(333)
Net change in total pension liability	11	(1,276)	89	1,068	228	(371)	171	80	(647)	430
Total pension liability - ending	$ 4,481	$ 4,470	$ 5,746	$ 5,657	$ 4,589	$ 4,361	$ 4,732	$ 4,561	$ 4,481	$ 5,128
Plan Fiduciary Net Position										
Plan fiduciary net position - beginning	$ 125	$ 122	$ 119	$ 112	$ 103	$ 88	$ 77	$ 68	$ 88	$ 75
Contributions - employer	358	356	366	347	326	321	321	327	328	334
Contributions - member	-	3	3	7	9	9	9	8	10	12
Net investment income	-	-	-	-	-	-	-	-	-	-
Benefit payments	(358)	(356)	(366)	(347)	(326)	(315)	(319)	(326)	(358)	(333)
Administrative expense	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	3	3	7	9	15	11	9	(20)	13
Plan fiduciary net position - ending	$ 125	$ 125	$ 122	$ 119	$ 112	$ 103	$ 88	$ 77	$ 68	$ 88
CTA net pension liability - ending	$ 4,356	$ 4,345	$ 5,624	$ 5,538	$ 4,477	$ 4,258	$ 4,644	$ 4,484	$ 4,413	$ 5,040

Note 1: 2016 used the mortality table from RP-2000 projected to 2016 based on Scale AA.
Note 2: 2017 used the mortality table from RP-2000 projected to 2017 based on Scale AA.
Note 3: 2018 used the mortality table from RP-2014 projected to 2018 based on Scale MP 2018.
Note 4: 2019 used the mortality table from RP-2014 projected to 2019 based on Scale MP 2019.
Note 5: 2020 used the mortality table from RP-2014 projected to 2020 based on Scale MP 2020.
Note 6: 2021 used the mortality table from PubG-2010 base rates projected to 2021 using Scale MP 2021.
Note 7: 2022 used the mortality table from PubG-2010 base rates projected to 2022 using Scale MP 2021.
Note 8: 2023 used the mortality table from PubG-2010 base rates projected fully generationally using Scale MP 2021.
Note 9: The investment return was the following for the Board and Non-Qualified Plan:

2023 - 3.77%	2019 - 2.75%
2022 - 4.05%	2018 - 4.10%
2021 - 1.84%	2017 - 3.44%
2020 - 2.00%	2016 - 3.78%

There are no assets accumulated in a trust to pay related benefits for the Non-Qualified Plan.

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Employees' Plan
Required Supplementary Information -
Schedules of Statutorily Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 68

Employees' Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	N/A *	$ 134,547	$ 131,630	$ 132,232	$ 116,367	$ 112,265	$ 106,662	$ 82,001	$ 81,731	$ 80,488
Contributions in relation to the statutorily determined contribution	146,556	143,591	136,908	135,832	121,668	117,115	104,523	83,855	82,800	82,268
Contribution deficiency (excess)	N/A *	$ (9,044)	$ (5,278)	$ (3,600)	$ (5,301)	$ (4,850)	$ 2,139	$ (1,854)	$ (1,069)	$ (1,780)
Covered payroll	N/A *	$ 651,652	$ 637,524	$ 640,442	$ 645,799	$ 623,037	$ 595,047	$ 575,444	$ 573,548	$ 564,827
Contributions as a percentage of covered payroll	N/A *	20.65%	20.65%	20.65%	18.02%	18.02%	17.93%	14.25%	14.25%	14.25%

N/A * - Information not available

Notes to Schedule

Valuation date:	January 1, 2022
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Amortization method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The difference between projected and actual earnings is amortized over a closed period of five years.
Remaining amortization period	5 Years - Closed
Asset valuation method	5-year Smoothed Actuarial Value of Assets
Inflation	3.10%
Salary increases	11% for 1 year of service, 12% for 2 years of service, 16% for 3 years of service, 8% for 4 years of service, and 3.5% thereafter.
Investment rate of return	8.25%

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Actuarially Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Qualified Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 1,876	$ 933	$ 1,016	$ 871	$ 1,118	$ 550	$ 1,299	$ 1,380	$ 1,164	$ 1,130
Contributions in relation to the actuarially determined contribution	1,876	933	1,016	870	1,120	550	1,300	1,380	1,164	1,130
Contribution deficiency (excess)	$ -	$ -	$ -	$ 1	$ (2)	$ -	$ (1)	$ -	$ -	$ -
Covered payroll	$ 682	$ 967	$ 1,219	$ 1,214	$ 1,225	$ 1,219	$ 1,098	$ 1,213	$ 1,355	$ 1,443
Contributions as a percentage of covered payroll	275.20%	96.45%	83.33%	71.64%	91.46%	45.13%	118.37%	113.81%	85.90%	78.30%

Non-qualified Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 1,882	$ 1,932	$ 2,059	$ 2,215	$ 2,430	$ 2,501	$ 2,542	$ 2,571	$ 2,678	$ 4,595
Contributions in relation to the actuarially determined contribution	1,822	1,909	2,036	2,175	2,340	2,500	2,542	2,617	2,683	3,023
Contribution deficiency (excess)	$ 60	$ 23	$ 23	$ 40	$ 90	$ 1	$ -	$ (46)	$ (5)	$ 1,572
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedules of Actuarially Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 67/68

Board Member Plan	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	$ 378	$ 376	$ 389	$ 331	$ 348	$ 360	$ 358	$ 323	$ 379	$ 324
Contributions in relation to the actuarially determined contribution	358	356	366	347	326	321	321	327	328	333
Contribution deficiency (excess)	$ 20	$ 20	$ 23	$ (16)	$ 22	$ 39	$ 37	$ (4)	$ 51	$ (9)
Covered payroll	$ -	$ 25	$ 25	$ 25	$ 78	$ 75	$ 75	$ 75	$ 75	$ 125
Contributions as a percentage of covered payroll	N/A	1,425.25%	1,463.58%	1,386.99%	418.52%	427.63%	427.63%	436.37%	437.23%	266.66%

Notes to Schedule

Valuation date:	Actuarially determined contribution rates are calculated as of December 31, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Method
Amortization method	Level Dollar
Remaining amortization period	20 year level dollar closed period (effective January 1, 2009) Qualified: 6 Years remaining as of January 1, 2023 - Closed Qualified: 5 Years remaining as of December 31, 2023 - Closed
Asset valuation method	Market Value
Inflation	2.5%
Salary increases	3.5% per year
Investment rate of return	Qualified: 6.75% per year Non-qualified: 3.77% per year Board: 3.77% per year

CHICAGO TRANSIT AUTHORITY
Supplemental Plans
Required Supplementary Information -
Schedule of Investment Returns (Unaudited)
Year Ended December 31, 2023

	Year	Qualified Supplemental Plan
Annual Money-Weighted Rate of Return, Net of Investment Expense	2023	10.46%
	2022	-10.68%
	2021	11.92%
	2020	8.73%
	2019	16.12%
	2018	-5.85%
	2017	14.40%
	2016	7.38%
	2015	-2.69%
	2014	4.20%

CHICAGO TRANSIT AUTHORITY
Other Postemployment Benefits
Required Supplementary Information -
Schedules of Changes in the Total OPEB Liability (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 75

Total OPEB Plan	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Total OPEB liability - beginning	$ 7,545	$ 10,319	$ 10,553	$ 9,820	$ 9,751	$ 11,649
Service cost	-	13	12	41	54	54
Interest	294	184	204	260	385	390
Changes of benefit terms	-	-	-	(99)	-	(478)
Differences between expected and actual experience	(755)	(961)	(24)	374	(982)	(606)
Changes of assumptions	510	(1,354)	306	886	1,310	(664)
Benefit payments, including refunds of member contributions	(551)	(656)	(732)	(729)	(698)	(594)
Net change in total OPEB liability	(502)	(2,774)	(234)	733	69	(1,898)
Total OPEB liability - ending	$ 7,043	$ 7,545	$ 10,319	$ 10,553	$ 9,820	$ 9,751
Covered-employee payroll	-	$ 25	$ 557	$ 557	$ 612	$ 410
The total OPEB liability as a percentage of covered-employee payroll	N/A	30,180.00%	1,852.60%	1,894.61%	1,604.58%	2,378.29%

Notes:

There is no separate Trust established for OPEB benefits.

The discount rate is 3.77% for December 31, 2023. The discount rate in the prior measurement period was 4.05%, this represents a decrease of 0.28%.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See accompanying independent auditor's report.

CHICAGO TRANSIT AUTHORITY
Other Postemployment Benefits
Required Supplementary Information -
Schedules of Statutorily Determined Contributions (Unaudited)
Year Ended December 31, 2023
(In thousands of dollars)
as required by GASB 75

Total OPEB Plan	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 551	$ 656	$ 732	$ 730	$ 698	$ 594
Contributions in relation to the actuarially determined contribution	551	656	732	730	698	594
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ -	$ 25	$ 557	$ 557	$ 612	$ 410
Contributions as a percentage of covered-employee payroll	N/A	2,624.51%	131.25%	131.15%	114.03%	145.07%

Notes to Schedule

Valuation date:	December 31, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Discount rate	3.77%
Inflation	2.50%
Salary increases	5.50%
Investment return	3.77%
Health care cost trend rate	Starts with 6.75% in year 2024 and goes down to 5.00% in year 2029 and after.
Mortality	PubG-2010 base rates projected fully generationally using Scale MP2021
Future participation	For future eligible retirees, 100% are assumed to elect medical coverage.
Dependent coverage	75% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males. Of those covered under the provisions providing single coverage at no cost with higher dependent premium rates, 62.5% are assumed to elect single coverage and 37.5% are assumed to elect single and dependent coverage. Of those covered under the VTP healthcare provisions, 15.0% are assumed to elect single coverage and 85.0% are assumed to elect single and dependent coverage. Supplemental deferred vested members are assumed to elect single and dependent coverage. 50% of Board deferred vested members are assumed to elect single coverage and 50% are assumed to elect single and dependent coverage. 50% of spouses covered under the healthcare plan during retirement are assumed to continue coverage after the death of the retiree.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTARY SCHEDULES

CHICAGO TRANSIT AUTHORITY
Schedule of Expenses and Revenues –
Budget and Actual – Budgetary Basis
Year ended December 31, 2023
(In thousands of dollars)

	Original Budget	Actual – Budgetary Basis	Variance Favorable (Unfavorable)
Operating expenses:			
Labor and fringe benefits	$ 1,284,453	$ 1,204,888	$ 79,565
Materials and supplies	114,673	114,673	-
Fuel	51,736	37,581	14,155
Electric power	32,517	27,298	5,219
Purchase of security services	41,150	69,115	(27,965)
Other	282,821	236,952	45,869
Provision for injuries and damages	20,200	20,200	-
Total operating expenses	1,827,550	1,710,707	116,843
System-generated revenues:			
Fares and passes	315,552	328,810	13,258
Reduced-fare subsidies	14,606	15,227	621
Advertising and concessions	32,825	29,285	(3,540)
Investment income	2,500	9,214	6,714
Contributions from local governmental units	5,000	5,000	-
Other revenue	23,093	24,530	1,437
Total system-generated revenues	393,576	412,066	18,490
Operating expenses in excess of system-generated revenues	1,433,974	1,298,641	135,333
Public funding:			
RTA operating assistance	1,044,020	1,058,386	14,366
FTA operating assistance	389,954	240,255	(149,699)
	1,433,974	1,298,641	(135,333)
Change in net position – budgetary basis	$ -	-	$ -
Reconciliation of budgetary basis to GAAP basis:			
Provision for depreciation		(722,962)	
Pension expense in excess of pension contributions		(4,726)	
Supplemental Retirement		2,376	
Incentive Retirement		290	
Workers Compensation		(11,244)	
Provision for injuries and damages		(25,898)	
Interest expense on bond transactions		(125,557)	
Interest expense on TIFIA bond transactions		1,726	
Interest revenue on bond transactions		22,160	
Interest expense from sale/leaseback		(2,435)	
Capital contributions		957,532	
Change in net position – GAAP basis		$ 91,262	

	Actual – Budgetary Basis
CTA recovery ratio:	
Total operating expenses	$ 1,710,707
Less mandated security costs	(69,115)
Less security camera contracts	(5,702)
Less CSA/CSR Labor	(63,961)
Less CTA security department costs	(2,372)
Less Pension Obligation Bond debt service	(101,244)
Plus City of Chicago in-kind services	21,996
Total operating expenses for recovery ratio calculation (B)	1,490,309
Total system-generated revenues	$ 412,066
Plus FTA operating assistance	240,255
Plus Senior Free Rides	14,904
Plus City of Chicago in-kind services	21,996
Total system-generated revenues for recovery ratio calculation (A)	$ 689,221
Recovery ratio (A/B)	46.25%

CHICAGO TRANSIT AUTHORITY
Schedule of Expenses and Revenues –
Budget and Actual – Budgetary Basis
Year ended December 31, 2022
(In thousands of dollars)

	Original Budget	Final Budget	Actual – Budgetary Basis	Variance Favorable (Unfavorable)
Operating expenses:				
Labor and fringe benefits	$ 1,241,207	$ 1,217,878	$ 1,134,269	$ 83,609
Materials and supplies	102,578	102,279	105,052	(2,773)
Fuel	35,440	34,163	27,201	6,962
Electric power	36,480	34,274	18,323	15,951
Purchase of security services	26,269	24,901	23,944	957
Other	273,143	268,439	241,081	27,358
Provision for injuries and damages	31,680	31,680	31,680	-
Total operating expenses	1,746,797	1,713,614	1,581,550	132,064
System-generated revenues:				
Fares and passes	293,925	293,271	290,891	(2,380)
Reduced-fare subsidies	14,606	14,606	14,606	-
Advertising and concessions	26,742	27,429	33,387	5,958
Investment income	500	480	3,690	3,210
Contributions from local governmental units	5,000	5,000	5,000	-
Other revenue	28,137	27,527	28,169	642
Total system-generated revenues	368,910	368,313	375,743	7,430
Operating expenses in excess of system-generated revenues	1,377,887	1,345,301	1,205,807	139,494
Public funding:				
RTA operating assistance	922,382	1,002,092	1,053,871	51,779
FTA operating assistance	455,505	343,209	151,936	(191,273)
	1,377,887	1,345,301	1,205,807	(139,494)
Change in net position – budgetary basis	$ -	$ -	-	$ -
Reconciliation of budgetary basis to GAAP basis:				
Provision for depreciation			(740,290)	
Pension expense in excess of pension contributions			77,093	
Supplemental Retirement			5,460	
Incentive Retirement			1,154	
Workers Compensation			1,865	
Provision for injuries and damages			24,521	
Interest expense on bond transactions			(129,519)	
Interest expense on TIFIA bond transactions			1,668	
Interest revenue on bond transactions			5,878	
Interest expense from sale/leaseback			(2,600)	
Capital contributions			755,732	
Change in net position – GAAP basis			$ 962	

	Actual – Budgetary Basis
CTA recovery ratio:	
Total operating expenses	$ 1,581,550
Less mandated security costs	(23,944)
Less security camera contracts	(4,165)
Less CSA/CSR Labor	(64,312)
Less CTA security department costs	(1,919)
Less ICE operating funds	(5,724)
Less Pension Obligation Bond debt service	(156,576)
Plus City of Chicago in-kind services	21,996
Total operating expenses for recovery ratio calculation (B)	1,346,906
Total system-generated revenues	$ 375,743
Plus FTA operating assistance	145,424
Plus differential between loss in system-generated revenue and FTA operating assistance	165,248
Plus Senior Free Rides	14,872
Plus City of Chicago in-kind services	21,996
Total system-generated revenues for recovery ratio calculation (A)	$ 723,283
Recovery ratio (A/B)	53.70%

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the "Agreement") is executed and delivered by the Chicago Transit Authority (the "Authority") in connection with the issuance of its $658,835,000 Sales Tax Receipts Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds"). The Series 2024A Bonds, are being issued pursuant to a Trust Indenture dated as of March 1, 2010 (the "2010 Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee (the "Trustee"), as supplemented and amended to the date hereof, and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of December 1, 2024, by and between the Authority and the Trustee (the "Fifth Supplemental Indenture," and the 2010 Indenture as so supplemented and amended, the "Indenture").

In consideration of the issuance of the Series 2024A Bonds by the Authority and the purchase of such Series 2024A Bonds by the beneficial owners thereof, the Authority covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Authority as of the date set forth below, for the benefit of the beneficial owners of the Series 2024A Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Authority represents that it will be the only obligated person with respect to the Series 2024A Bonds at the time the Series 2024A Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Series 2024A Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" means financial information and operating data described in Exhibit I hereto.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 herein.

"Audited Financial Statements" means the audited financial statements of the Authority as described in Exhibit I hereto.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Event" means the occurrence of any of the events set forth in Exhibit II hereto.

"Events Disclosure" means dissemination of a notice of an Event as set forth in Section 5 hereof.

"*Financial Obligation*" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2024A Bonds as defined in the Rule.

"Rule" means Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"State" means the State of Illinois.

"Undertaking" means the obligations of the Authority pursuant to Sections 4 and 5 hereof.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Series 2024A Bonds are as set forth in Exhibit III hereto. The Official Statement relating to the Series 2024A Bonds dated December 10, 2024 is referred to herein as the *"Final Official Statement."*

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the Authority hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I hereto) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the SEC at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. To the extent that the Annual Financial Information is included in the Authority's Audited Financial Statements, it need not be separately delivered.

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

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the Authority hereby covenants that it will disseminate in a timely manner, not in excess of ten business days after the occurrence of the Event, notice of the occurrence of an Event to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the SEC at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2024A Bonds or defeasance of any Series 2024A Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders under the Indenture.

6. DUTY TO UPDATE THE PROCEDURES. The Authority shall determine, in the manner it deems appropriate, the proper procedures for disseminating such information required to be disseminated under the Rule each time it is required to file such information with EMMA.

7. CONSEQUENCES OF FAILURE OF THE AUTHORITY TO PROVIDE INFORMATION. The Authority shall give notice in a timely manner to EMMA in the manner and format described in Section 5 above of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Authority to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the Authority to comply with its obligations under this Agreement. Any court action to enforce this Agreement must be initiated in the Circuit Court of Cook County, Illinois. A default under this Agreement shall not be deemed a default under the Series 2024A Bonds, the Indenture, and the sole remedy under this Agreement in the event of any failure of the Authority to comply with this Agreement shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Authorized Officers (as defined in the Indenture), pursuant to authorization granted in the Indenture, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a)(i) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority or type of business conducted;

(ii) this Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2024A Bonds, as determined by parties unaffiliated with the Authority (such as the Trustee), or by approving vote of the beneficial owners of the Series 2024A Bonds pursuant to the terms of the Indenture at the time of the amendment; or

(b) the amendment or waiver is otherwise permitted by the Rule.

9. TERMINATION OF UNDERTAKING. The Undertaking of the Authority shall be terminated hereunder if the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2024A Bonds under the Indenture.

10. DISSEMINATION AGENT. The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or Event Disclosure, in addition to that which is required by this Agreement. If the Authority chooses to include any other information in any Annual Financial Information Disclosure or Event Disclosure in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such other information or include it in any future Annual Financial Information Disclosure or Event Disclosure.

12. BENEFICIARIES. This Agreement has been executed to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Authority and the beneficial owners of the Series 2024A Bonds, and shall create no rights in any other person or entity.

13. ASSIGNMENT. The Authority shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Authority under this Agreement or to execute a continuing disclosure undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Illinois, without giving effect to the conflict of laws provisions thereof.

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IN WITNESS WHEREOF, the party hereto has caused this Continuing Disclosure Undertaking in connection with the Series 2024A Bonds to be executed by its duly Authorized Officer as of the date below written.

Chicago Transit Authority

By: ___________________________
Name:_________________________
Title: _________________________

Chicago Transit Authority
567 W. Lake St.
Chicago, IL 60661

Dated: December __, 2024

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EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information means the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be set forth in other documents, including other official statements, which have been transmitted to EMMA, or may be included by specific reference to documents available to the public on the MSRB's internet website or filed with the SEC.

I. Annual Financial Information:

(a) Financial information and operating data (exclusive of Audited Financial Statements) generally consistent with that contained in the Final Official Statement under the tables captioned “RTA Percentage Funding Allocations Among the Service Boards in 2025”, “RTA Funding Allocations Among the Service Boards in 2025” and “Sales Tax Receipts Distributed to the Authority” under the heading “SALES TAX RECEIPTS,” the table captioned “Debt Service Coverage” under the heading “DEBT SERVICE COVERAGE,” and the tables captioned “RTA Sales Tax” and “State Sales Tax” in APPENDIX B—“SALES TAX RECEIPTS.”

(b) The Authority’s Annual Financial Information (exclusive of Audited Financial Statements) will be provided to EMMA, not more than 210 days after the last day of the Authority's fiscal year, which currently is December 31.

(c) Audited Financial Statements as described in Part II are expected to be filed at the same time as the Annual Financial Information described in this Part I. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be filed when available.

II. Audited Financial Statements:

(a) Audited Financial Statements will be prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

(b) Audited Financial Statements will be provided to EMMA within 30 days after availability to the Authority.

EXHIBIT II

EVENTS WITH RESPECT TO THE SERIES 2024A BONDS FOR WHICH EVENTS DISCLOSURE IS REQUIRED

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(g) modifications to rights of Bondholders, if material;

(h) bond calls, if material, and tender offers (other than scheduled mandatory redemptions);

(i) defeasances;

(j) release, substitution or sale of property securing repayment of the securities, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Authority (such an event will be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if the jurisdiction of the Authority has been assumed by leaving the Chicago Transit Board and the Authority's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority);

(m) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect Bondholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

EXHIBIT III

CUSIP NUMBERS

YEAR OF MATURITY (DECEMBER 1)	CUSIP NUMBER
2025	16772PDT0
2026	16772PDU7
2027	16772PDV5
2028	16772PDW3
2029	16772PDX1
2030	16772PDY9
2031	16772PDZ6
2032	16772PEA0
2033	16772PEB8
2034	16772PEC6
2035	16772PED4
2036	16772PEE2
2037	16772PEF9
2038	16772PEG7
2039	16772PEH5
2040	16772PEJ1
2041	16772PEK8
2042	16772PEL6
2043	16772PEM4
2044	16772PEN2
2049	16772PEP7

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APPENDIX F

PENSION PLANS AND POST- EMPLOYMENT HEALTHCARE

PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE

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PENSION PLANS AND POST-EMPLOYMENT HEALTHCARE

General Overview

Retirement Plan. The Authority contributes to the Retirement Plan for Chicago Transit Authority Employees, a trusted, single-employer defined benefit pension plan covering substantially all full-time permanent union and non-union Authority employees (the "Retirement Plan"). The Retirement Plan was first established by an agreement between the Authority and its collective bargaining units in 1949 ("Plan Agreement"), which has since been amended and is currently governed by Section 22-101 of the Illinois Pension Code (40 ILCS 5/22-101) (the "Pension Code"). The Authority's contributions to the Retirement Plan and benefits for participants in the Retirement Plan are governed by the Plan Agreement and the Pension Code. This appendix describes, among other things, the current provisions of the Pension Code applicable to the Authority's funding of the Retirement Plan; however, no assurance can be made that the Pension Code will not be amended in the future by the General Assembly.

The Retirement Plan is governed by an 11-member Board of Trustees (the "Retirement Board") established under the Pension Code, which is separate and distinct from the Chicago Transit Board and the RTA Board. More information about the Retirement Board can be found below under the heading "Background Information Regarding the Retirement Plan" below.

The Retirement Plan's primary sources of funding come from the Authority's contributions, the employees' contributions, and investment income on the Retirement Plan's assets. The amount of benefits payable to participating employees under the Retirement Plan and the calculation of the Authority and employee contribution amounts and certain other provisions of the Retirement Plan are established under and governed by the Plan Agreement and the Pension Code. As of the January 1, 2024 Actuarial Valuation (the "2024 Actuarial Valuation"), the contributions made by the Authority and its employees have been in compliance with the Pension Code. However, past asset performance, demographic experience, contribution levels, assumption changes and plan changes have resulted in an Unfunded Actuarial Accrued Liability (or "UAAL," as defined below) of $1.777 billion and a Funded Ratio (as defined below) of 54.39%. (*See* "Determination of Authority's Contributions," and "Funded Status" below.)

Under the Pension Code, the funding of the Retirement Plan is subject to the following requirements:

- For each year through 2039, the estimated "Funded Ratio" of the Retirement Plan, which is the actuarial value of assets divided by the actuarial accrued liability, expressed as a percentage, must be at least 60%. If the Funded Ratio is projected to decline below 60% in any year before 2040, increased contributions will be required each year as a level percentage of payroll over the years remaining until 2040 so that the Funded Ratio does not decline below 60%.

- If the Funded Ratio actually declines below 60% in any year prior to 2040, increased contributions will be required each year as a level percentage of payroll during the years after the then current year so that the Funded Ratio is projected to reach at least 60% no later than 10 years after the then current year.

- Beginning in 2040, the minimum annual contribution to the Retirement Plan must be sufficient to bring the Funded Ratio to 90% by the end of 2059.

- Beginning in 2060, the minimum contribution must be an amount necessary to maintain the Funded Ratio at 90%.

- Each year the Retirement Board must submit its actuarial valuation and determination of contribution rates to the Office of the Auditor General of the State of Illinois for a determination as to whether the rates and assumptions are not unreasonable in the aggregate.

- Two-thirds of required contributions are paid by the Authority and one-third by participating employees. The Authority's contributions are reduced by debt service on pension obligation bonds issued in 2008, up to maximum of six percent. (*See* "Pension Bonds" below.)

Supplemental Pension Plans. The Authority also maintains three other separate, non-statutory, single-employer defined benefit pension plans for a limited number of selected employees (collectively, the "Supplemental Pension Plans"): (i) a Chicago Transit Board member plan (the "Board Plan") for Chicago Transit Board members; (ii) a supplemental pension plan for certain employees who retired or terminated employment prior to March 2005 (the "Supplemental Non-Qualified Plan"); and (iii) a supplemental pension plan for certain employees retiring after March 2005 (the "Supplemental Qualified Plan"). The Board Plan and the Closed Supplemental Plan are administered on a pay-as-you-go basis. The Authority contributes to the Supplemental Qualified Plan based on an actuarially determined rate recommended by an independent actuary.

It should be noted that pursuant to legislation in 2008 (*see* "Legislative Changes Impacting the Retirement Plan" below), the Retirement Plan is the sole pension plan for Authority employees and all supplemental pension plans were closed to any new participants. In 2013, the Authority, although not required to by state law, closed the Board Plan to any new participants and the members subsequently appointed to the Chicago Transit Board have accordingly been informed that they will not be eligible to join the Board Plan. However, the Authority could in the future reverse or modify its decision to close the Board Plan. Additional information with respect to the Supplemental Pension Plans is presented below under the heading "Supplemental Pension Plans."

Retiree Health Care Trust. Prior to 2009, health care benefits for retirees and their dependents were administered by the Retirement Plan. Pursuant to amendments to the Pension Code enacted in 2008, the retiree health care benefits formerly administered by the Retirement Plan were transferred to a separate and newly created Retiree Health Care Trust ("RHCT"). The Authority does not have any obligation to provide or fund health care benefits for current or future retirees. However, Authority employees are required to contribute no less than one percent annually to the RHCT, which contributions are deducted from their paychecks and remitted by the Authority to the RHCT. Additional information with respect to the RHCT is presented below under the heading "Retiree Health Care Trust."

Pension Bonds. On August 6, 2008, the Authority issued its Pension and Retirement Debt Obligations ("Pension Bonds") in two series in an aggregate amount of $1,936.9 million. Proceeds of the Pension Bonds in the amount of approximately $1,110.5 million were deposited in the Retirement Plan, and proceeds in the amount of approximately $529.0 million were deposited into the RHCT. As a result of 2008 amendments to the Pension Code, the Authority's required annual contributions to the Retirement Plan are reduced by the amount of yearly debt service paid on the Pension and Retirement Debt Obligations up to a maximum of 6% of total employee compensation paid by the Authority for the year.

Sources of Information

Much of the information presented in this appendix regarding the Retirement Plan and the RHCT comes from and is prepared in reliance on public information made available by the Retirement Plan and the RHCT; documents produced by the Retirement Plan and the RHCT, including their respective actuarial valuations (the "Actuarial Valuations") prepared by independent actuaries (the "Actuary" or "Actuaries") and their respective financial statements (the "Financial Statements") prepared by independent auditors; and the State of Illinois Office of Auditor General's "2023 Annual Review of Information Submitted by the Retirement Plan for the CTA Employees" and its "2023 Annual Review of Information Submitted by the Retiree Health Care Trust."

Much of the information presented in this Appendix regarding the Supplemental Pension Plans comes from and is prepared in reliance on information contained in the Authority's audited financial statements for the years ended December 31, 2020, 2021, 2022 and 2023.

Such information is referred to collectively as the "Source Information." With the exception of the Authority's own financial statements, the Authority has not independently verified the Source Information and makes no representations nor expresses any opinion as to the accuracy or completeness of the Source Information, and such Source Information is not incorporated herein by reference. Any discussion herein with respect to actuarial assumptions, methodology, results or projections are strictly from the sources cited and should not be construed as statements or information from the Authority. To the Authority's knowledge, (i) the Financial Statements for the Retirement Plan for the years ended December 31, 2022 and 2023 and the Actuarial Valuation as of January 1, 2024 and (ii) the Financial Statements for the RHCT for the years ended December 31, 2022 and 2023 and the Actuarial Valuation as of January 1, 2024, are the most recent financial statements and actuarial valuations available.

Cautionary Statement

Certain information included in this Appendix, including information under the heading "Projection of Funded Status," relies on Source Information produced by the Actuaries. Actuarial assessments are "forward-looking" information that reflects the judgment of the Actuaries. When used in this Appendix, the words "estimate," "expect," "project," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Some assumptions used to develop forward-looking statements will not be realized, or unanticipated events and circumstances may occur. Actuarial assessments are based upon a variety of assumptions, some of which may prove to be inaccurate or changed in the future. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results, and that those differences could be material.

As stated above, the Retirement Plan is governed by the Plan Agreement and the Pension Code. Certain aspects of the Retirement Plan, including the level of benefits for participants and required funding levels, are established pursuant to the Pension Code, including the 2008 Pension Reform (as defined below). *See* "Legislative Changes Impacting the Retirement Plan" below. Subsequent to 2008, various amendments to the Pension Code that could have impacted the Retirement Plan or the RHCT have been introduced. The Authority is not aware of any currently proposed amendments. It cannot be predicted whether other amendments may be subsequently introduced or enacted and the economic impact of such amendments on the Retirement Plan, the RHCT or the Authority cannot be predicted and may be material.

Legislative Changes Impacting the Retirement Plan

2006 Pension Reform. On June 6, 2006, Public Act 094-0839 (the "2006 Pension Reform") was signed into law. The 2006 Pension Reform established a requirement that the Funded Ratio of the Retirement Plan reach 90% by the end of fiscal year 2058. The 2006 Pension Reform also required the RTA to begin monitoring the Authority's payment of the required contributions and, starting January 1, 2009, to make payments to the Retirement Plan if the Authority failed to do so.

2008 Pension Reform. On January 18, 2008, the Governor signed Public Act 095-0708 (the "2008 Pension Reform") into law. The 2008 Pension Reform made several significant changes to the Authority's pension and retiree healthcare benefits, including, among other things:

- established the Retirement Plan as the exclusive retirement plan, other than employee self-funded deferred compensation plans, for Authority employees hired after the effective date of the 2008 Pension Reform, thereby closing the Supplemental Qualified Plan to new participants;
- established the RHCT as a separate entity and provided that the Authority shall have no responsibility to make contributions to the RHCT after the issuance of the Pension and Retirement Debt Obligations (defined below);
- established minimum contribution requirements to the Retirement Plan for the Authority and participating employees of 12% (subject to a reduction of up to 6% for debt service paid on outstanding pension funding bonds) and 6% of employee compensation, respectively;
- requires that the Funded Ratio of the Retirement Plan be at least 60% by the end of fiscal year 2009 through 2039, with adjustments in Authority and employee contribution levels as may be necessary to achieve 60% within ten years in the event that the Funded Ratio falls below 60% in a given year;
- changed the requirement that the Retirement Plan's Funded Ratio be at least 90% from the end of fiscal year 2058 to the end of fiscal year 2059;
- established new minimum eligibility requirements for employees hired after the effective date of the 2008 Pension Reform to receive benefits under the Retirement Plan; and
- requires a Funded Ratio of at least 80% for any future early retirement incentive program.

2013 Pension Reform. In 2013, the General Assembly passed legislation known as Public Act 098-0599 (the "2013 Pension Reform") that provided for a series of changes to pension benefits and contributions affecting four pension plans covering employees of the State of Illinois. Section 5 of Article XIII of the Illinois Constitution (the "Pension Protection Clause") provides as follows: "Membership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." Several groups filed lawsuits (the "2013 Pension Reform Lawsuits") challenging the constitutionality of the 2013 Pension Reform, including on the basis that it violated the Pension Protection Clause. The 2008 Pension Reform was not the subject of these lawsuits. Ultimately a circuit court entered a decision declaring Public Act 098-0599 to be unconstitutional and permanently enjoining its enforcement, which decision was later affirmed on appeal to the Illinois Supreme Court.

Background Information Regarding the Retirement Plan

General. As stated in General Overview above, the Retirement Plan is a single-employer defined benefit retirement plan. "Single-employer" means that there is only one employer whose employees are eligible to participate in the plan. In this case, the Authority is the "single–employer." "Defined benefit" refers to the fact that the Retirement Plan pays a periodic benefit to retired employees (and upon their death to their surviving spouses and, in certain instances, their children) in an amount determined pursuant to a statutory formula on the basis of the employees' service credits and salary. Members have no segregated individual accounts in a defined benefit plan, and the amount of their benefits is not dependent on the investment performance of the plan assets. The Retirement Plan's fiscal year runs from January 1 to December 31. Each year, the Retirement Plan issues a separate, stand-alone Financial Statement.

As described in "Benefits and Membership" below, the benefits payable under the Retirement Plan accrue throughout the time a member is employed by the Authority. Although benefits accrue during employment, a member must satisfy certain age and service requirements in order for the member or a survivor to receive periodic retirement benefit payments upon the member's retirement or termination from the Authority's employ.

To fund the Retirement Plan, both employees and the employer make contributions to the Retirement Plan. Both the employees' contributions and the Authority's contributions are established and calculated in accordance with the Pension Code, which can only be amended by the General Assembly. *See* "Determination of Employees' Contribution" and "Determination of Authority's Contribution" below.

Benefits and Membership. Employees are entitled to annual pension benefits upon normal retirement at age 65, in an amount generally based on a percentage, multiplied by the number of years of continuous participating service, of their average annual compensation in the highest four of the 10 calendar years prior to retirement. As discussed below, the multiplier has been raised from time to time and ranges from 1.65% to 2.40% depending on the year in which individual participants retired. For employees retiring before December 1, 1987, the multiplier percentage was 1.65%. An amendment to the Plan Agreement between the Authority and its unions, signed September 1987, raised the multiplier percentage to 1.70% and 1.75% for retirements on or after December 1, 1987 and 1989, respectively. Another amendment to the Plan Agreement between the Authority and its unions, signed August 1993, raised the multiplier percentage to 1.80% and 1.85% for retirements on or after January 1, 1993 and January 1, 1995, respectively. The Arbitration Award of November 12, 2003, increased the multiplier percentage for service after June 1, 1949, to 2.00% from 1.85% for employees retiring from January 1, 2000 to December 31, 2000, and to 2.15% for employees retiring on and after January 1, 2001. The multiplier percentage for employees retiring before January 1, 2000 remained at 1.85%. During 1995, a Voluntary Early Retirement Incentive Program was offered, which provided a multiplier percentage of 2.05% for employees retiring after January 1, 1994. During 1997, the Retirement Plan offered a Voluntary Early Retirement Program to eligible employees who had 25 years of continuous service on or before December 31, 1999, and had not retired prior to January 1, 1997, in the form of a multiplier percentage of 2.40% for each year of continuous service, with a maximum retirement payment of 70% of the employee's annual compensation. All eligible employees who elected to participate were allowed to retire as soon as possible but no later than December 31, 1999. As stated above, the 2008 Pension Reform now requires a Funded Ratio of at least 80% for any future early retirement incentive program.

The Retirement Plan also permits early retirement for certain participants at age 55, generally with reduced benefits. The early retirement benefit of an employee hired before January 17, 2008, who has 25 years or more of continuous service, regardless of age, is not reduced; however, in accordance with the 2008 Pension Reform, for all employees hired after January 17, 2008, eligibility for an unreduced pension benefit has changed to age 64 with 25 years of service. Participants with at least ten years of continuous participation in the Retirement Plan who retire or leave employment with the Authority before age 65 are eligible to defer payment of pension benefits until they reach age 65. Participants who leave the Authority prior to vesting for benefits receive a refund of their contributions with 3% interest, but they receive no refund of the Authority's contributions made on their behalf. Married employees can elect to receive their pension benefits in the form of a joint and survivor annuity. Pension benefits are paid in monthly installments. The Retirement Plan also provides lump-sum death benefits ranging from $2,000 to $8,000, based on age and years of service. In addition, any excess of the employee's contributions, plus interest, on such contributions over the amount of pension benefits paid by the Retirement Plan to the retiree prior to death (and the death of the spouse in case of a survivorship option) is paid to the designated beneficiary. Employees satisfying certain eligibility requirements are eligible for a disability allowance based on compensation and service to date of disability with a minimum benefit of $400 per month.

The following Table 1 provides membership information for the Retirement Plan as of January 1, 2024, the date of the latest Actuarial Valuation.

TABLE 1
Membership of Retirement Plan

Active Members	Inactive/ Entitled to Benefits	Retirees and Beneficiaries	Receiving Disability Allowance
7,734	109	9,458	1,379

Source: Actuarial Valuation Report as of January 1, 2024 prepared by Gallagher Benefits Services, Inc.

Governance. The Retirement Plan is governed by the 11-member Retirement Board appointed as follows: (i) five trustees are appointed by the Chicago Transit Board; (ii) three trustees are appointed by Amalgamated Transit Union, Local 241; (iii) one trustee is appointed by Amalgamated Transit Union, Local 308; (iv) one trustee is appointed by the recognized coalition of representatives of participants who are not represented by the Amalgamated Transit Union; and (v) one trustee is selected by the RTA Board. Trustees serve on the Retirement Board until a successor has been appointed, or until resignation, death, incapacity or disqualification. Under the Pension Code, each trustee casts individual votes and a simple majority vote is required for action by the Retirement Board, provided that the Retirement Board may require a supermajority vote with respect to the investment of assets of the Retirement Plan. All trustees have alternates who are authorized to vote on their behalf if they are unavailable for a meeting.

Investments. The Retirement Board manages the investments of the Retirement Plan. The Pension Code regulates the types of investments in which the Retirement Plan's assets may be invested. Retirement Board members are fiduciaries of the Retirement Plan and must discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation. In carrying out its investment duty, the Retirement Board may appoint investment managers with a discretionary authority to manage, in a fiduciary capacity, all or a portion of the Retirement Plan's assets.

The Retirement Board has adopted a formal investment policy for the Retirement Plan. This investment policy is separate from the investment policy adopted for the RHCT. According to Note 3 of the Financial Statements for the Retirement Plan for the years ended December 31, 2022 and December 31, 2023 the primary objective of the Retirement Plan's investment policy is to provide a structured approach in implementing the Plan's investment strategies to achieve above average returns consistent with prudent risk and investment volatility. Any discussion herein with respect to assumptions, methodology, results or projections are strictly from the sources cited and should not be construed as statements or information from the Authority. The Retirement Plan's assumed rate of return is currently 8.25%. According to the Auditor General's Report released November 2023, the State of Illinois Office of the Auditor General (the "Auditor General") and its consultant concluded that, although the Plan's assumptions, including the interest rate, are "not unreasonable in the aggregate," the assumed rate of return and assumed rate of inflation "should continue to be monitored and justified on an annual basis."

The following Table 2 provides information on the actual investment returns experienced by the Retirement Plan for the period 2014 through 2023.

TABLE 2
Historical Investment Returns

Fiscal Year	Total Rate of Return
2014	5.2
2015	(0.2)
2016	7.2
2017	14.9
2018	(3.2)
2019	16.2
2020	8.0
2021	17.9
2022	(8.8)
2023	11.0

Source: The Retirement Plan's audited financial statements for the years ended December 31, 2014 through 2023.

Determination of Employee Contributions. Authority employees who are members of the Retirement Plan are required to contribute to the Retirement Plan as provided in the Pension Code. The Pension Code requires participating employees to contribute 6% of compensation, subject to adjustment as described in the "Determination of Authority's and Employees' Contributions" below. Beginning January 1, 2023--, the employee contribution rate was 13.795% of compensation.

Determination of Authority's Contributions. Contributions from the Authority to the Retirement Plan are based on requirements under the Pension Code. Under the Pension Code, the Authority's required contributions are reduced by a credit of up to 6% for debt service on bonds issued by the Authority for the purposes of funding contributions to the Retirement Plan. Beginning January 1, 2023, the Authority contribution rate was 27.590% of compensation, less a 6% credit for debt service on Pension Bonds, for a net contribution rate of 21.590%. The dollar amounts contributed by the Authority for the years ended December 31, 2019, 2020, 2021, 2022 and 2023 were \$121,668,000, \$135,832,000, \$136,908,000, \$142,476,000 and \$146,696,000 respectively. The following Table 3 provides information on the annual contributions made by the Authority to the Retirement Plan for the period 2014 through 2023.

Under the Pension Code, by September 15 of each year for the years 2009 through 2039, the Retirement Board is required to determine the estimated Funded Ratio of the Retirement Plan. If the Funded Ratio is projected to decline below 60% in any year before 2040, the Retirement Board is required to determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 so that the Funded Ratio does not decline below 60%. If the Funded Ratio actually declines below 60% in any year prior to 2040, the Retirement Board must also determine the increased contribution required each year as a level percentage of payroll during the years after the then current year so that the Funded Ratio is projected to reach at least 60% no later than 10 years after the then current year.

As of the January 1, 2024 Actuarial Valuation, the Funded Ratio meets the standard set forth in ILCS 5/22-101(e). The current contribution rates adopted by the Retirement Board pursuant to its ten-year plan now meet the minimum requirements under the Pension Code to restore the Funded Ratio to 60%.

Further, the Pension Code requires that, beginning in 2040, the minimum annual contribution to the Retirement Plan must be sufficient to bring the Funded Ratio to 90% by the end of 2059, and beginning in 2060, the minimum contribution must be an amount necessary to maintain the 90% Funded Ratio. Under the Pension Code, increased contributions necessary to meet these funding requirements during both of these periods will be funded two-thirds by the Authority and one-third by participating employees.

Under the Pension Code, the Retirement Board is required to file a report to the Authority, the representatives of its participating employees, the Auditor General and the RTA containing the determination of the Funded Ratio (see "The Actuarial Valuation – General" below). If the Auditor General finds that the determination of the Funded Ratio and the assumptions on which it is based are unreasonable, the Auditor General is authorized to issue a new determination of the Funded Ratio and establish increased contribution requirements.

Under provisions of the RTA Act, the RTA is required to continually review the Authority's payment of the required contributions to the Retirement Plan. If the RTA determines that the Authority's payment of any portion of the required contributions to the Retirement Plan is more than one month overdue, the RTA is required to pay, upon notice to the Authority, the Mayor of the City of Chicago, the Governor, the Auditor General and the General Assembly, those overdue contributions to the Retirement Board out of moneys otherwise payable to the Authority. To date, the RTA has not taken any of the foregoing actions.

The Actuarial Valuation

General. In addition to the process outlined above, the Pension Code requires that the Retirement Board annually submit to the Governor, General Assembly, the Auditor General, the Board of the Regional Transportation Authority and the Authority the amount of the required contributions for the next retirement system fiscal year and a copy of the Actuarial Valuation. The Actuarial Valuation measures the financial position and determines the Annual Employer Required Contribution of the Retirement Plan. Additionally, the Actuarial Valuation measures the Net Pension Liability and determines the Total Pension Expenses for reporting purposes pursuant to GASB Statement No. 67 ("GASB 67") and GASB Statement No. 68 ("GASB 68").

Additionally, the Illinois State Auditing Act requires the Retirement Board to annually submit to the Auditor General the most recent audit and the Actuarial Valuation of the Retirement Plan by September 30. The Auditor General is required to examine the information submitted by the Retirement Board and submit a report to the Illinois General Assembly regarding the Retirement Plan (the "Auditor General's Report").

A description of the calculations performed by the Retirement Plan's Actuary in the Actuarial Valuations follows below. This information was derived from the Source Information.

GASB, which is part of a private non-profit corporation known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. These principles have no legal effect and do not impose any legal liability on the Authority. The references to GASB principles in this section do not suggest and should not be construed to suggest otherwise.

Actuaries and the Actuarial Process.

The Annual Employer Required Contribution of the Retirement Plan consists of two components: (1) that portion of the present value of pension plan benefits which is allocated to the valuation year by the projected unit credit cost method (as described in "Actuarial Methods – Actuarial Accrued Liability" below), termed the "Normal Cost"; and (2) an amortized portion of any Unfunded Actuarial Accrued Liability.

In producing the Actuarial Valuations, the Retirement Plan's Actuary uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) to calculate, as of the valuation date, the Normal Cost, the Actuarial Accrued Liability, the Actuarial Value of Assets (defined below), and the actuarial present values for the Retirement Plan. The

Retirement Plan's Actuary uses this data to determine the following fiscal year's Annual Employer Required Contribution.

The Actuarial Accrued Liability is an estimate of the present value of the benefits the Retirement Plan must pay as a result of current and retired employees past employment with the Authority and participation in the Retirement Plan. The Actuarial Accrued Liability is calculated by use of a variety of demographic and other data (such as employee age, salary and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, retirement date and age, mortality and disability rates). The Actuarial Value of Assets reflects the value of the investments and other assets held by the Retirement Plan. Various methods exist for calculating the Actuarial Value of Assets and the Actuarial Accrued Liability. For a discussion of the methods and assumptions used to calculate the Retirement Plan's Actuarial Accrued Liability and Actuarial Value of Assets, see "Actuarial Methods" and "Actuarial Assumptions" below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability is referred to as the "Unfunded Actuarial Accrued Liability" or "UAAL." The UAAL represents the present value of benefits attributed to past service that are in excess of plan assets. In addition, the actuary will compute the "Funded Ratio," which is the Actuarial Value of Assets divided by the Actuarial Accrued Liability, expressed as a percentage. The Funded Ratio and the UAAL provide one way of measuring the financial health of a pension plan. As described above, the Pension Code requires the Retirement Plan to maintain a Funded Ratio of 60% until 2039 and to achieve a Funded Ratio of 90% by 2059.

The Authority's contributions to the Retirement Plan are not based on the Actuarial Math Contribution calculated and included in the Actuarial Valuation "for informational purposes". Instead, the Authority's actual required contribution rates are based on the formulas and amounts established in the Pension Code, as described in "Determination of Authority's Contributions" above. As stated above, the contribution rates adopted by the Retirement Board pursuant to its ten-year plan meet the minimum required by the Pension Code. The Retirement Board anticipates an annual review of contribution rates during the ten-year period.

A comparison of the actual contributions and the Annual Employer Required Contribution (as calculated by the Actuary) for the past ten fiscal years is shown under the heading "Funded Status" below.

Actuarial Methods

The Retirement Plan's Actuary employs a variety of actuarial methods to arrive at the Actuarial Value of Assets and the Actuarial Accrued Liability.

Actuarial Value of Assets. The Retirement Plan calculates its Actuarial Value of Assets by using the smoothing method which smoothes investment gains and losses over a period of five years.

The 2024 Actuarial Valuation as of January 1, 2024 states that the Funded Ratio of the Retirement Plan increased from 54.20% as of January 1, 2023 to 54.39% at as of January 1, 2024. See "Funded Status" below.

Actuarial Accrued Liability. As the final step in the Actuarial Valuation, the Actuary applies a cost method to allocate the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by the development of the Actuarial Accrued Liability and the Normal Cost. Currently, the Retirement Plan uses projected unit credit cost method (the "PUCC Method"). Under the PUCC Method, the Normal Cost is computed as the present value of the unit of benefit attributable to that year for each active plan member. Under this method, the Actuarial Accrued Liability equals the actuarial present value of that portion of a member's projected benefit that is attributable to service to date, again, on the basis of future compensation projected to retirement.

The PUCC Method, as compared to the entry age normal method, which is another commonly used actuarial cost method required by GASB, will produce a more back-loaded growth in liabilities because the PUCC Method allocates a higher portion of retirement costs closer to the time of retirement. Therefore, the PUCC Method results in a slower accumulation of liabilities, which in turn requires smaller initial, and larger future, contributions. Deferring contributions in this manner may increase the overall contributions needed to cover the cost of the liabilities and could result in increased financial risks for the Retirement Plan.

Actuarial Assumptions. The Actuarial Valuation of the Retirement Plan uses a variety of assumptions in order to calculate the Actuarial Accrued Liability and the Actuarial Value of Assets. The assumptions are based on past and anticipated future experience. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Plan. Variances between the assumptions and actual results may cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL, the Funded Ratio or the Annual Employer Required Contribution. Additional information on the Retirement Plan's actuarial assumptions is available in the 2024 Actuarial Valuation. See "Source Information" above.

The actuarial assumptions used by the Retirement Plan are determined by the Retirement Board. The Retirement Plan periodically has an experience study performed to evaluate the actuarial assumptions in use. The purpose of an experience study is to validate that the actuarial assumptions used in the Actuarial Valuation continue to reasonably estimate the actual experience of a pension plan or, if necessary, to develop recommendations for modifications to the actuarial assumptions to ensure their continuing appropriateness. Traditionally, the Retirement Plan has commissioned an experience study once in every five year period. The Retirement Plan's most recent experience study was based on the period from January 1, 2018 to December 31, 2022 and was first used with the January 1, 2024 Actuarial Valuation. In the 2024 Actuarial Valuation, the Actuary stated that the actuarial assumptions developed are reasonable and appropriate and that assumptions and methods used for financial reporting purposes fulfill the requirements of GASB 67 and GASB 68. Any changes in assumptions as a result of future experience studies may have an effect on the Annual Employer Required Contribution, Actuarial Accrued Liability, UAAL and Funded Ratio, as well as the Projections (as defined below) and such effects may be material.

Assumed Investment Rate of Return. As described under the heading "Background Information Regarding the Retirement Plan – Investments" above, the Actuarial Valuation assumes an investment rate of return on the assets of the Retirement Plan. The assumed investment rate of return is used by the Retirement Plan's Actuary as the discount rate to determine the present value of future payments to the Retirement Plan's members. Such a determination is part of the Actuary's process to develop the Actuarial Accrued Liability. The Retirement Plan assumes an average long-term investment rate of return of 8.25%. There can be no assurance that the actual rate of return earned by the Retirement Plan on its assets in any year will not be lower than the assumed rate of return. As shown in the table under the heading "Background Information Regarding the Retirement Plan – Investments" above, actual investment rates of return have varied substantially over the previous ten years. Changes in the Retirement Plan's assets as a result of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio.

The Retirement Plan's assumed rate of return has been reduced by the Retirement Board in recent years. The assumed investment rate of return was 8.50% prior to January 1, 2014, 8.75% prior to January 1, 2011 and was 9% prior to January 1, 2008. A reduction in the assumed investment rate of return, independent of other changes, produces a larger Actuarial Accrued Liability, which, independent of other changes, increases the UAAL, decreases the Funded Ratio and increases the Annual Employer Required Contribution. Any future decreases in the Retirement Plan's assumed rate of return may increase the UAAL, decrease the Funded Ratio and increase the Annual Employer Required Contribution, which may require the Authority to increase its contributions to the Retirement Plan under the Pension Code, which could put additional financial strain on the Authority.

Funded Status

UAAL and Funded Ratio. According to the 2024 Actuarial Valuation, the Retirement Plan had a UAAL of $1,777,608,000 as of January 1, 2024. The 2024 Actuarial Valuation shows that the UAAL as of January 1, 2024 increased by approximately $23.5 million from the UAAL as of January 1, 2023. The 2024 Actuarial Valuation states that Funded Ratio of the Retirement Plan increase by .19% during this time.

The following Tables 3, 4, and 5, which were produced from information provided in the Financial Statements and the Actuarial Valuations of the Retirement Plan, summarize the current financial condition and the funding progress of the Retirement Plan.

TABLE 3
Annual Employer Contribution Status
($ in thousands)

Fiscal Year Ended December 31	Annual Employer Required Contribution	Actual Employer Contribution	Contribution Deficiency(Excess)
2014	$ 80,488	$ 82,268	$(1,780)
2015	81,731	82,800	(1,069)
2016	82,001	83,855	(1,854)
2017	106,662	104,523	2,139
2018	112,265	117,115	(4,850)
2019	116,367	121,668	(5,301)
2020	132,232	135,832	(3,600)
2021	131,630	136,908	(5,278)
2022	134,547	142,476	(7,929)
2023	142,352	146,696	(4,344)

Source: The Retirement Plan's audited financial statements for the years ended December 31, 2014 through 2023 and the Retirement Plan's 2024 Actuarial Valuation as of January 1, 2024, prepared by Gallagher Benefit Services, Inc.

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TABLE 4
Historical Funding Progress
($ in thousands)

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	UAAL	Funded Ratio %
January 1, 2013	$2,867,335	$1,702,789	$1,164,546	59.39
January 1, 2014[(1)]	3,105,567	1,892,714	1,212,853	60.95
January 1, 2015	3,186,187	1,855,912	1,330,275	58.25
January 1, 2016	3,267,121	1,743,216	1,523,904	53.36
January 1, 2017	3,338,641	1,752,473	1,586,168	52.49
January 1, 2018[(2)]	3,423,218	1,802,216	1,621,002	52.65
January 1, 2019	3,488,955	1,835,792	1,653,163	52.62
January 1, 2020	3,583,859	1,883,411	1,700,448	52.55
January 1, 2021	3,670,670	1,955,264	1,715,406	53.27
January 1, 2022	3,740,656	2,057,053	1,683,603	54.99
January 1, 2023	3,830,189	2,075,985	1,754,204	54.20
January 1, 2024	3,897,702	2,120,094	1,777,608	54.39

Source: The Retirement Plan's 2024 Actuarial Valuation, prepared by Gallagher Benefit Services, Inc. and the Retirement Plan's audited financial statements for the years ended December 31, 2012 through 2023.

(1) Effective January 1, 2014, the assumed investment rate of return was changed from 8.50% to 8.25%.
(2) Effective January 1, 2017, the actuarial value of assets was changed from being valued using the market value method to using the Asset Smoothing Method.

A variety of factors impact the Retirement Plan's UAAL and Funded Ratio. All other factors being equal, a lower return on investment than that assumed by the Retirement Plan's Actuary, and insufficient contributions when compared to the Annual Employer Required Contribution will cause an increase in the UAAL and a decrease in the Funded Ratio. Conversely, all other factors being equal, higher returns on investment than assumed, and contributions in excess of the Annual Employer Required Contribution will decrease the UAAL and increase the Funded Ratio. In addition, legislative amendments, changes in actuarial assumptions and certain other factors (including, but not limited to, higher or lower incidences of retirement, disability, in-service mortality, retiree mortality or terminations than assumed) will have an impact on the UAAL and the Funded Ratio.

As stated in the January 1, 2024 Actuarial Valuation, the Funded Ratio of the Plan was 54.39%. This represents an increase of 0.19% from the Retirement Plan's funded ratio of 54.20% as of January 1, 2023.

TABLE 5
Statements of Changes in Fiduciary Net Positions
For years ended December 31
($ in thousands)

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Beginning Net Assets	$ 1,892,714	$ 1,855,912	$ 1,743,216	$ 1,736,369	$ 1,865,900	$ 1,715,227	$ 1,890,466	$ 1,941,166	$ 2,188,484	$ 1,901,932
Additions										
Net Investment income (loss)	$ 78,661	$ 8,230	$ 118,613	$ 233,738	$ (61,343)	$ 263,201	$ 123,612	$ 333,301	$ (190,004)	$ 185,369
Employer contributions	82,269	82,800	83,855	104,523	117,115	121,668	135,832	136,907	142,475	146,696
Employee contributions.......	58,566	58,993	59,560	70,286	78,340	81,298	87,926	87,897	92,134	94,305
Other income......................						285	240			
Total Additions	$ 219,496	$ 150,023	$ 262,028	$ 408,547	$ 134,112	$ 466,167	$ 347,370	$ 558,105	$ 44,605	$ 426,370
Deductions										
Benefit payments.................	$ 245,746	$ 253,436	$ 261,389	$ 269,141	$ 274,465	$ 280,686	$ 288,940	$ 308,461	$ 328,668	$ 335,098
Contribution refunds, including interest................	7,137	6,354	4,840	7,344	7,402	7,110	5,151			
Administrative expenses	3,415	2,929	2,646	2,531	2,918	3,132	2,579	2,328	2,488	2,440
Total	$ 256,298	$ 262,719	$ 268,875	$ 279,016	$ 284,785	$ 290,928	$ 296,670	$ 310,789	$ 331,156	$ 337,538
Net Increase (Decrease)	(36,802)	(112,696)	(6,847)	129,531	(150,673)	175,239	50,700	247,316	(286,552)	88,832
Ending Net Assets	$ 1,855,912	$ 1,743,216	$ 1,736,369	$ 1,865,900	$ 1,715,227	$ 1,890,466	$ 1,941,166	$ 2,188,483	$ 1,901,932	$ 1,990,766

Source: The Retirement Plan's audited financial statements for the years ended December 31, 2014 through 2023. Amounts in the table above may not sum due to rounding.

Note: Only amounts pertaining to the pension benefits under the Retirement Plan are shown in the table above. Changes to the Retirement Plan due to Public Act 94-839 and Public Act 95-708 effectively removed liability for retiree healthcare benefits from the Retirement Plan, effective January 1, 2009. See "OTHER POST-EMPLOYMENT BENEFITS" below.

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Projection of Funded Status. The following Table 6 contains projections regarding the funding of the Retirement Plan (the "Projections") that are based upon numerous variables that are subject to change. The Projections are forward-looking statements regarding future events based on the Retirement Plan's actuarial assumptions and assumptions made regarding such future events, including that there are no changes to the current legislative structure and that all projected contributions to the Retirement Plan are made as required. *See* "Cautionary Statement" above. The Projections also assume stable membership and assume that all actuarial assumptions described in the 2024 Actuarial Valuation are exactly realized each year. No representation or assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented in this subsection. Further, the benefits provided under the Retirement Plan and the minimum funding requirements of the Retirement Plan are established under the Pension Code, which statutory provisions are subject to change by the State legislature.

The Projections rely on information produced by the Retirement Plan's Actuary and were not independently verified by the Authority as to their validity, accuracy or conformance to any acceptable accounting, actuarial or reporting standards. The Projections should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the Projections. Neither the Authority, the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained in the Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Projections.

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The following table sets forth the projected funded status of the Retirement Plan based on the 2024 Actuarial Valuation.

TABLE 6
Projected Actuarial Results

	Board Adopted Contribution Rates			Board Adopted Contributions					
Fiscal Year	**Employee Contribution Percent %**	**Employer Contribution Percent %**	**Total Percent %**	**Employee Contribution**	**Employer Contribution**	**Total Contribution**	**Actuarial Accrued Liability**	**Actuarial Value of Assets**	**Funded Ratio %**
2024	13.795	21.590	35.385	$102,447,057	$160,336,263	$262,783,320	$3,897,702,075	$2,120,094,261	54.39
2025	13.795	21.590	35.385	105,168,280	164,595,153	269,763,433	3,936,106,381	2,155,135,878	54.75
2026	13.795	21.590	35.385	108,466,567	169,757,186	278,223,753	3,978,478,554	2,204,340,630	55.41
2027	13.795	21.590	35.385	112,009,522	175,302,140	287,311,662	4,017,437,348	2,224,733,611	55.38
2028	13.795	21.590	35.385	116,077,300	181,668,474	297,745,774	4,052,333,207	2,326,231,744	57.40
2029	13.795	21.590	35.385	120,384,825	188,410,029	308,794,854	4,083,539,220	2,243,929,022	59.55
2030	13.795	21.590	35.385	124,762,905	195,262,007	320,024,912	4,111,769,759	2,550,707,808	62.03
2031	13.795	21.590	35.385	129,277,239	202,327,232	331,604,471	4,137,970,766	2,684,433,804	64.87
2032	13.795	21.590	35.385	133,882,984	209,535,520	343,418,504	4,162,575,955	2,835,180,329	68.11
2033	13.795	21.590	35.385	138,468,752	216,712,544	355,181,296	4,187,504,431	3,006,477,557	71.80
2034	13.795	21.590	35.385	143,180,596	224,086,884	367,267,480	4,214,636,402	3,201,497,309	75.96
2035	13.795	21.590	35.385	148,046,840	231,702,870	379,749,710	4,244,797,499	3,423,162,564	80.64
2036	13.795	21.590	35.385	153,093,053	239,600,520	392,693,573	4,279,574,526	3,674,969,329	85.87
2037	13.795	21.590	35.385	158,305,244	247,757,936	406,063,180	4,320,698,429	3,960,862,134	91.67
2038	13.795	21.590	35.385	163,624,844	256,083,453	419,708,297	4,369,953,309	4,284,909,900	98.05
2039	13.795	21.590	35.385	169,040,294	264,558,983	433,599,277	4,428,943,105	4,650,970,102	105.01
2040	13.795	21.590	35.385	174,594,952	273,252,381	447,847,333	4,499,410,219	5,063,337,680	112.53
2041	13.795	27.590	41.385	180,274,905	360,549,810	540,824,715	4,582,551,625	5,526,367,660	120.60
2042	13.795	27.590	41.385	185,978,898	371,957,795	557,936,693	4,679,658,481	6,125,966,885	130.91
2043	13.795	27.590	41.385	191,727,159	383,454,318	575,181,477	4,791,132,109	6,793,837,496	141.80

Source: The Retirement Plan's 2024 Actuarial Valuation, prepared by Gallagher Benefits Services, Inc.

As shown in Table 6 above, the Actuary is projecting that Funded Ratio of the Retirement Plan will reach 141.80% by 2043 based on current assumptions, which include the assumption that the Authority will make contributions to the Retirement Plan equal to 21.590% from 2024 to 2040, which is higher than the minimum required by the Pension Code, and 27.590% from 2041 to 2043. The six percent increase for 2041 is due to the final maturity of the Pension Bonds in 2040, after which the six percent credit for debt service on the Pension Bonds will no longer apply. As discussed above, under the Pension Code, the Retirement Plan is required to be at least 60% funded by 2040 and at least 90% funded by 2060 (see "Determination of Authority's Contributions" above).

Supplemental Pension Plans

As described under the heading "General Overview" above, in addition to the Retirement Plan, the Authority maintains three separate single-employer, defined benefit supplemental pension plans for a limited number of participants, and all three plans are currently closed to new participants. Information related to the Supplemental Pension Plans is presented in the Authority's audited financial statements. This section summarizes the Supplemental Pension Plans based on the information in the Authority's financial statements for the years ended December 31, 2022 and 2023. The Supplemental Pension Plans do not issue separate stand-alone financial reports. Additional information related to the Supplemental Pension Plans is available in the Authority's audited financial statements. See "Sources of Information" above.

The Supplemental Pension Plans provide benefits to employees of the Authority in certain employment classifications. Employees of the applicable employment classifications are eligible for retirement benefits under the Supplemental Pension Plans based on age and years of service. Except in limited circumstances, as further described in the Authority's audited financial statements, participants in the Supplemental Pension Plans are not required to contribute to the Supplemental Pension Plans.

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The following Table 7 shows the membership in the Supplemental Pension Plans as of January 1, 2024 and January 1, 2023:

TABLE 7
Membership of Supplemental Pension Plans

	Qualified	Non-Qualified	Board	Total
Participants as of January 1, 2024				
Retirees and beneficiaries currently receiving benefits	129	239	17	383
Terminated employees entitled to but not yet receiving benefits	9	2	5	16
Active plan members	4	0	0	4
Total	142	305	24	471
Participants as of January 1, 2023				
Retirees and beneficiaries currently receiving benefits	125	249	17	390
Terminated employees entitled to but not yet receiving benefits	10	3	5	18
Active plan members	6	0	1	7
Total	140	252	23	415

Source: Financial Statements of the Authority for the years ended December 31, 2022 and 2023.

The Board Plan and the Closed Supplemental Plan are administered on a pay-as-you-go basis. The Authority contributes to the Supplemental Qualified Plan based on an actuarially determined rate recommended by an independent actuary.

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The following table shows the actual Authority contribution levels for the Supplemental Pension Plans for the years ended December 31, 2020 through 2023:

TABLE 8
Annual Employer Contribution
($ in thousands)

Pension Plan	Year Ended December 31	Annual Employer Contribution
Supplemental Qualified Plan	2020	$ 870
	2021	1,016
	2022	933
	2023	1,876
Supplemental Non-Qualified Plan	2020	2,175
	2021	2,036
	2022	1,909
	2023	1,822
Board	2020	347
	2021	366
	2022	356
	2023	358

Source: Financial Statements of the Authority for the years ended December 31, 2020 - 2023.

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The following table shows the funding progress of the Supplemental Pension Plans for the previous six years:

TABLE 9
Funding Progress of the Supplemental Plans
($ in thousands)

Pension Plan	Valuation Date December 31	Actuarial Accrued Liability	Actuarial Value of Assets	UAAL	Funded Ratio %
Supplemental Qualified Plan					
	2018	$42,116	$34,441	$7,675	81.78
	2019	42,116	36,687	5,429	87.11
	2020	42,510	36,542	5,968	85.96
	2021	42,704	37,808	4,896	88.53
	2022	40,113	31,049	9,064	77.40
	2023	38,754	32,344	6,064	83.46
Supplemental Non-Qualified Plan					
	2018	$22,839	$0	$22,839	0
	2019	22,125	0	22,125	0
	2020	21,351	0	21,351	0
	2021	20,611	0	20,611	0
	2022	16,338	0	16,338	0
	2023	15,295	0	15,295	0
Board					
	2018	$4,361	$103	$4,258	2.34
	2019	4,589	112	4,477	2.42
	2020	5,657	119	5,538	2.09
	2021	5,746	122	5,624	2.11
	2022	4,470	125	4,345	2.78
	2023	4,481	125	4,356	2.78

Source: Financial Statements of the Authority for the years ended December 31, 2022 and 2023.

Retiree Health Care Trust

As discussed in "General Overview" above, prior to 2009, retiree healthcare benefits were included as part of the Retirement Plan. The 2006 Pension Reform required the Authority to separate the funding of retiree healthcare benefits from the funding of its pension system by no later than January 1, 2009. The 2008 Pension Reform provided for the establishment of the RHCT, which is solely responsible for providing health care benefits to eligible Authority retirees and their dependents and survivors. The RHCT is established and administered under Section 22-101B of the Illinois Pension Code (40 ILCS 5/22-101B).

As discussed above, on August 6, 2008, the Authority issued the Pension Bonds and used $528.8 million of the proceeds to fund the RHCT. Under the Pension Code, the RHCT was required to assume financial responsibility for health care benefits of retirees (and the dependents and survivors of retirees) no later than July 1, 2009. Further, the Pension Code provides that, after the issuance of the Pension Bonds, the Authority has no further obligation to provide or fund health care benefits for current or future retirees, dependents and survivors. As noted in General Overview above, Authority employees are required to contribute not less than one percent of their compensation to the RHCT. The most recent Actuarial Valuation Report dated January 1, 2024 and Financial Statements for the RHCT for the years ended December 31, 2023 and 2022 show a fiduciary net position well exceeding 100% of the total OPEB liability for each of the past five years. Due to the Authority having no financial obligation to the RHCT under the Pension Code, no additional information is presented in this Official Statement regarding the RHCT. See, however, "Cautionary Statement" above, regarding possible future changes in legislation affecting the Pension Code.

Other Post-Employment Benefits

Certain participants in the Supplemental Pension Plans may not be eligible for healthcare coverage under the RHCT upon retirement. Such participants may be eligible to participate in a healthcare plan administered and funded by the Authority (the "OPEB Plan"). The paragraphs below detail the benefits, funding history and funded status of the OPEB Plan.

Benefits under the OPEB Plan are available for certain participants in the Supplemental Pension Plans with bridged service or service purchased through the Authority's Voluntary Termination Program who are not yet, or might not be, eligible for healthcare benefits under the RHCT. Benefits under the OPEB Plan cease once the member becomes eligible for coverage under the RHCT or may continue, depending on the amount of service by the participant, for members who do not become eligible for benefits under RHCT. Members of the Chicago Transit Board are eligible for benefits under the OPEB Plan after five years of service. OPEB Plan benefits are administered through the Authority's healthcare program for employees and, as such, the Authority funds the OPEB Plan on a self-insured "pay-as-you-go" basis. As of December 31, 2023 the OPEB Plan was not funded, resulting in an OPEB liability $7,043,000.

Information related to the OPEB Plan is presented in the Authority's audited financial statements. The OPEB Plan does not issue separate stand-alone financial reports. This section summarizes the OPEB Plan based on the information in the Authority's audited financial statements for the years ended December 31, 2022 and 2023. Additional information related to the OPEB Plan is available in the Authority's audited financial statements. *See* "Sources of Information" above.

The following Table 10 shows the actuarially determined contribution and actual Authority contribution levels for the OPEB Plan for the years ended December 31, 2021 through 2023:

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TABLE 10
Annual Employer Contribution
($ in thousands)

Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Percentage of Annual Required Contribution Contributed %
2021	$732	$732	100.0
2022	656	656	100.0
2023	551	551	100.0

Source: Financial Statements of the Authority for the years ended December 31, 2021 through 2023.

Litigation, Investigations and Labor Relations

Litigation. There is currently no known material litigation involving the Retirement Plan or the RHTC.

Investigations. There are currently no known material investigations involving the Retirement Plan or the RHTC. Routine audits are in process.

Labor Relations. There are currently no known labor relations matters that would impact the Retirement Plan or the RHCT.

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APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC has been furnished by DTC for use in this Official Statement. Neither the Authority nor the Underwriters are responsible for its accuracy or completeness.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024A Bond certificate will be issued for each maturity of the Series 2024A Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

Purchases of Series 2024A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC Nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2024A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024A Bond documents. For example, Beneficial Owners of Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2024A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority or the Trustee, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2024A Bonds purchased or tendered, through its Participant, to the tender agent, and shall effect delivery of such Series 2024A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2024A Bonds, on DTC's records, to the tender agent. The requirement for physical delivery of Series 2024A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2024A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2024A Bonds to the tender agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2024A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024A Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2024A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, OR INTEREST ON THE Series 2024A Bonds; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2024A BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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APPENDIX H

PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL

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December 19, 2024

Jefferies LLC, as Representative
New York, New York

Re: $658,835,000 Chicago Transit Authority Sales Tax Receipts Revenue Refunding Bonds, Series 2024A

Ladies and Gentleman:

Attached is a copy of our opinion letter, dated the date hereof, as co-bond counsel to the Chicago Transit Authority (the "*Authority*") in connection with the offering on this date by the Authority of its $658,835,000 Sales Tax Receipts Revenue Refunding Bonds, Series 2024A.

This is to advise you that you are entitled to rely upon the attached opinion letter as if such opinion letter had been addressed to you.

Very truly yours,

December 19, 2024

The Chicago Transit Board of the Chicago Transit Authority
Chicago, Illinois

U.S. Bank Trust Company, National Association
Chicago, Illinois

Re: $658,835,000 Chicago Transit Authority Sales Tax Receipts Revenue Refunding Bonds, Series 2024A

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $658,835,000 aggregate principal amount of Sales Tax Receipts Revenue Refunding Bonds, Series 2024A (the "*Bonds*") of the Chicago Transit Authority, a political subdivision, body politic and municipal corporation of the State of Illinois (the "*Authority*") duly organized and existing under the Metropolitan Transit Authority Act, 70 Illinois Compiled Statutes 3605 (the "*Act*"). The Bonds are authorized and issued under and pursuant to the Act and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, and by virtue of Ordinance Number 024-144 adopted by the Chicago Transit Board on November 13, 2024 (the "*Bond Ordinance*"). The Bonds are issued and secured under the a Trust Indenture dated as of March 1, 2010 (the "*2010 Indenture*") with U.S. Bank Trust Company, National Association, Chicago, Illinois, as trustee (the "*Trustee*"), and a Fifth Supplemental Trust Indenture, dated as of December 1, 2024 (the "*Fifth Supplemental Indenture*," and together with the 2010 Indenture, the "*Indenture*"). The Bonds are First Lien Bonds and First Lien Parity Obligations under the Indenture.

The Bonds are dated December 1, 2024 and bear interest from their date payable on June 1, 2025 and semiannually thereafter on each June 1 and December 1. The Bonds mature on December 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table and bear interest at the respective rate of interest per annum set forth opposite such principal amount:

Year	Principal Amount ($)	Interest Rate (%)
2025	$ 6,660,000	5.000%
2026	6,880,000	5.000%
2027	12,220,000	5.000%
2028	4,925,000	5.000%
2029	12,240,000	5.000%
2030	7,220,000	5.000%

2031	4,150,000	5.000%
2032	695,000	5.000%
2033	5,100,000	5.000%
2034	7,855,000	5.000%
2035	12,620,000	5.000%
2036	11,475,000	5.000%
2037	12,050,000	5.000%
2038	12,655,000	5.000%
2039	13,290,000	5.000%
2040	13,960,000	5.000%
2041	46,690,000	5.000%
2042	49,025,000	5.000%
2043	51,480,000	5.000%
2044	54,050,000	5.000%
2049	313,595,000	5.00%

The Bonds maturing on or after December 1, 2035 are subject to redemption prior to maturity at the option of the Authority, in such principal amounts and from such maturities as the Authority shall determine and by lot within a single maturity, on December 1, 2034 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

The Bonds maturing on December 1, 2049 in the original principal amount of $313,595,000 are term bonds subject to mandatory redemption in accordance with the provisions of the Indenture and the Fifth Supplemental Indenture, in part and pro-rata, at a redemption price equal to the principal amount thereof to be redeemed, by the application of annual sinking fund installments on December 1 of the years and in the principal amounts set forth in the following tables:

2049 Term Bonds

Year	**Principal Amount**
2045	$56,755,000
2046	59,590,000
2047	62,570,000
2048	65,700,000
2049*	68,980,000

*Final Maturity

Pursuant to the Indenture the Authority has previously issued bonds (the "*Outstanding Bonds*") that are Parity Obligations. The Bonds, the Outstanding Bonds and all other Parity Obligations hereafter issued or incurred under the Indenture are ratably and equally entitled to the benefits and security of the Indenture, including the pledge of the Trust Estate under the Indenture. The Trust Estate includes (a) the Sales Tax Receipts Fund held by the Authority, subject however to the PBC Parity Rights Pledge (as defined in the Indenture) and the parity pledge and lien created with respect to the Pension and Retirement Debt Obligations (as defined in the Indenture); and (b) the Debt Service Fund held by the Trustee under the Indenture, subject to the allocation of the Debt Service Fund into dedicated sub-funds, including the Series 2024A Dedicated Sub-Fund established and maintained for the benefit of the Bonds under the Fifth Supplemental Indenture.

The Act provides that the Bonds are not, and shall not be or become, an indebtedness or obligation of the State of Illinois or any political subdivision of the State (other than the Authority) or of any municipality within the State, nor shall any Bond be or become an indebtedness of the Authority within the purview of any constitutional limitation or provision.

Based upon our examination of said record of proceedings, we are of the opinion that:

1. The Authority has all requisite power and authority under the Constitution and the laws of the State of Illinois to adopt the Bond Ordinance, to enter into the Indenture and the Fifth Supplemental Indenture, to issue the Bonds thereunder, and to perform all of its obligations under the Bond Ordinance, the Indenture and the Fifth Supplemental Indenture in those respects.

2. The Bond Ordinance has been duly adopted by the Chicago Transit Board and is in full force and effect.

3. The Indenture and the Fifth Supplemental Indenture have been duly authorized, executed and delivered by the Authority and constitute valid and binding contractual obligations of the Authority enforceable in accordance with their terms.

4. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the Authority payable from the Series 2024A Dedicated Sub-Fund, are entitled to the benefits and security of the Indenture and the Fifth Supplemental Indenture, and are enforceable in accordance with their terms.

5. All First Lien Parity Obligations, including the Bonds, are ratably and equally secured under the Indenture by the pledges and assignments created by the Indenture, including the pledge of the Trust Estate. The Indenture creates a valid pledge of and lien on the Trust Estate for the benefit and security of all First Lien Parity Obligations, subject to application of the Trust Estate in accordance with the terms of the Indenture, including periodic withdrawals of moneys free from the lien of the Indenture.

6. Under existing law and assuming continuing compliance with certain covenants made by the Authority to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), (i) interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and (ii) will not be treated as a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Failure by the Authority to comply with such covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may also result in collateral federal income tax consequences to certain

taxpayers, and we express no opinion regarding any such collateral tax consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon and assume the correctness of certain representations and certifications of the Authority with respect to certain material facts solely within the Authority's knowledge relating to the property financed or refinanced with the proceeds of the Bonds and the application of the proceeds of the Bonds.

7. Interest on the Bonds is not exempt from Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds, the Indenture and the Fifth Supplemental Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Very truly yours,

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APPENDIX I

REFUNDED BONDS

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APPENDIX I

REFUNDED BONDS

The following bonds (the "Refunded Bonds") are called for redemption on December 19, 2024 at a redemption price of 100% of the principal amount of such bonds, together with accrued interest to their redemption date.

SALES TAX RECEIPTS REVENUE BONDS, SERIES 2014

Maturity Date (December 1)	Interest Rate	Total Par Amount Outstanding	CUSIP
2044	5.000%	$ 68,750,000	16772PBG0
2044	5.000%	147,535,000	16772PBE5
2049	5.250%	338,715,000	16772PBF2

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APPENDIX J

PURCHASED BONDS

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APPENDIX J

The Authority expects to purchase the bonds listed below by applying a portion of proceeds of the Series 2024A Bonds to pay the purchase price of such Purchased Bonds on December 19, 2024.

SALES TAX RECEIPTS REVENUE REFUNDING BONDS
SERIES 2020B (TAXABLE)

Maturity Date (December 1)	Interest Rate	Total Par Amount Outstanding	Total Par Amount to be Purchased (Purchased Bonds)	CUSIP[1]
2025	2.214%	$ 23,060,000	$ 8,650,000	16772PCL8
2026	2.481%	23,565,000	9,092,000	16772PCM6
2027	2.731%	24,160,000	14,310,000	16772PCN4
2028	2.952%	24,825,000	6,800,000	16772PCP9
2029	3.052%	25,560,000	14,065,000	16772PCQ7
2030	3.102%	26,345,000	8,865,000	16772PCR5
2031	3.302%	27,175,000	5,710,000	16772PCS3
2032	3.402%	28,075,000	2,235,000	16772PCT1
2033	3.502%	29,030,000	6,680,000	16772PCU8
2034	3.552%	30,055,000	9,415,000	16772PCV6
2035	3.602%	31,130,000	14,120,000	16772PCW4
2040	3.912%	174,470,000	69,525,000	16772PCX2

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