

\$425,000,000*

Illinois Finance Authority

State of Illinois Clean Water Initiative Revolving Fund
Revenue Bonds, Series 2020 (Green Bonds)

Investor Presentation

December 7, 2020



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Capitalized terms not defined herein are defined in the Preliminary Official Statement.

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1. Transaction Overview

Transaction Overview



Par Amount*	\$425,000,000*	Maturity*	Preliminary Par*
Bond Description	State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2020 (Green Bonds)	7/1/2021	1,665,000
Tax Status	Tax-Exempt for Federal Income Tax Purposes Not Exempt from Illinois Income Taxes	1/1/2022	4,035,000
Interest*	Semiannually on each January 1 and July 1, beginning on July 1, 2021	7/1/2022	4,400,000
Bond Structure*	January 1 and July 1 semi-annual maturities beginning July 1, 2021 with a final maturity in 2041	1/1/2023	5,105,000
Security	The Series 2020 Bonds are limited obligations of the Authority, payable solely from (i) payments, revenues and receipts derived from the Pledged Agreements (but excluding payments of Loan Support Fees) and (ii) any other funds held by the Master Trustee under the Master Trust Agreement	7/1/2023	5,605,000
Use of Funds	The proceeds of the Series 2020 Bonds shall be used to (i) fund loans made by the IEPA to units of local government in the State to finance eligible wastewater treatment and sanitary sewerage facilities and drinking water facilities and (ii) pay for costs associated with the issuance of the Series 2020 Bonds	1/1/2024	6,240,000
Optional Redemption	To Be Determined	7/1/2024	6,695,000
Extraordinary Mandatory Redemption	Subject to extraordinary mandatory redemption regarding the timing of the use of proceeds to comply with the requirements of the Tax Increase Prevention and Reconciliation Act as more fully described on page 22 herein	1/1/2025	6,270,000
Ratings	S&P: Applied For / Fitch: Applied For	7/1/2025	6,655,000
Green Bonds Designation	The Series 2020 Bonds are designated as "Green Bonds"	1/1/2026	7,935,000
Underwriting Syndicate	Bookrunning Senior Manager: Citigroup Co-Senior Manager: Ramirez & Co., Inc. Co-Managers: Academy Securities, Cabrera Capital Markets, LLC, Janney Montgomery Scott, Loop Capital Markets, Mesirow Financial, Inc.	7/1/2026	8,365,000
Expected Pricing Date*	December 14-15, 2020	1/1/2027	8,765,000
Expected Closing Date*	December 30, 2020	7/1/2027	9,365,000
Clean Water Initiative Documents	https://www.il-fa.com/programs/cwi	1/1/2028	10,120,000
		7/1/2028	10,600,000
		1/1/2029	10,705,000
		7/1/2029	11,575,000
		1/1/2030	12,130,000
		7/1/2030	12,665,000
		1/1/2031	13,100,000
		7/1/2031	11,910,000
		1/1/2032	10,445,000
		7/1/2032	9,360,000
		1/1/2033	10,305,000
		7/1/2033	11,550,000
		1/1/2034	12,530,000
		7/1/2034	13,225,000
		1/1/2035	13,675,000
		7/1/2035	13,680,000
		1/1/2036	14,175,000
		7/1/2036	13,980,000
		1/1/2037	16,610,000
		7/1/2037	17,375,000
		1/1/2038	21,860,000
		7/1/2038	19,135,000
		1/1/2039	14,830,000
		7/1/2039	13,250,000
		1/1/2040	10,260,000
		7/1/2040	5,700,000
		1/1/2041	5,420,000
		7/1/2041	3,730,000
		Total	425,000,000

*Preliminary, subject to change

The Series 2020 Bonds are Issued as Green Bonds



- The State of Illinois' SRF Programs provide a source of low interest loans and other financial assistance to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities that are eligible under the Clean Water Act and the Safe Drinking Water Act
- The goals of the Clean Water Act and the Safe Drinking Water Act are to improve water quality, protect the environment and public health, and as such, proceeds of the Series 2020 Bonds are statutorily limited to funding projects that are assessed by the State to be environmentally impactful

Green Bond Designation

- Consistent with Governor Pritzker's Executive Order No. 6 on climate change and the Authority's announced enhanced focus on sustainable financing/addressing climate change through its Transformation Initiative, the Authority is issuing the Series 2020 Bonds as "Green Bonds" in recognition that the funded projects adhere to the standards of the Clean Water Act and Safe Drinking Water Act
 - The purpose of labeling the Series 2020 Bonds as Green Bonds is to identify them as such to investors to allow investors to invest directly in bonds that finance environmentally beneficial projects
 - Holders of Green Bonds do not assume any additional risk because of the designation of the Series 2020 Bonds as Green Bonds
- Consistent with the "Green Bonds" classification, the proceeds of the Series 2020 Bonds will be applied exclusively for projects and activities that promote climate or other environmentally sustainable purposes in alignment with the International Capital Market Association's Green Bond Principles, 2018
- The SRF Programs are consistent with the United Nations Sustainable Development Goals No. 6 of Clean Water and Sanitation which includes reducing water pollution and/or improving the quality of drinking waters
- The SRF Programs also support United Nations Sustainable Development Goals No. 9 Industry, Innovation and Infrastructure and United Nations Sustainable Development Goals No. 11 Sustainable Cities and Communities

As issuer of the Series 2020 Bonds designated as “**Green Bonds**,” the Authority offers the following information regarding:

- ✓ **Use of Proceeds:** The federal Clean Water and Safe Drinking Water Acts and State law implementing the SRF Programs limit the use of bond proceeds for Clean Water and Drinking Water Programs to reimburse or fund loans to eligible Participants for purposes listed in the Preliminary Official Statement on page 12
- ✓ **Project Evaluation and Selection Process:** The IEPA annually prepares Intended Use Plans for the Clean Water Program and the Drinking Water Program, that identify projects that are eligible for assistance under the applicable SRF Programs
- ✓ **Management of Proceeds:** The net proceeds of the Series 2020 Bonds will be deposited in the Loan Origination Fund held by the Master Trustee under the Master Trust Agreement, and will be expended only for the purposes of the Clean Water and Drinking Water programs
- ✓ **Annual Reporting on Projects Financed:** IEPA agrees to report, commencing with the Annual Report for the fiscal year ending December 31, 2021, information on the projects financed with the proceeds of the Series 2020 Bonds including the name of the Participant completing the project, a description of the project, the amount of the Loan for such project, the percentage of the Loan disbursed for such project, and the expected or actual completion dates thereof (the “**Green Bond Information**”)
 - The IEPA will use its best efforts to gather and report information regarding quantitative and/or qualitative impacts resulting from eligible projects
 - The Authority will post the **Green Bond Information** on MSRB EMMA annually on or before January 30 of each year commencing January 30, 2022 with the current **Green Bond Information** report included in Appendix G of the Preliminary Official Statement
 - Current performance indicators posted on the IEPA website at <https://www2.illinois.gov/epa/topics/water-quality/Pages/default.aspx> and <https://www2.illinois.gov/epa/topics/energy/Pages/default.aspx> provide examples of metrics for nitrogen and phosphorous reductions, percentage of population served with good drinking water, percentage of drinking water loans supporting treatment, transmission and distribution, source water protection and storage and other; and energy efficiency audits at wastewater treatment plants, respectively
 - The IEPA provides an annual Public Accountability Report to the Illinois Office of the Comptroller which reviews financial and other resources allocated to programs and how those resources have been used to accomplish the program’s goals and objectives
 - The IEPA also provides an annual report to the federal EPA on the SRF Programs (the “*SRF Annual Report*”) which includes the projects for which the IEPA has entered into a Loan Agreement during the applicable year, as well as projects for which construction was begun during the applicable year and projects for which construction was completed during the applicable year

2. IFA and IEPA Management

IFA and IEPA Management Teams

- The Authority and IEPA have coordinated the duties and responsibilities with respect to the issuance of the Series 2020 Bonds and any other Bonds issued in connection with the SRF Programs

Illinois Finance Authority (IFA)

- Chris Meister, Executive Director
- Lisa Bonnett, Vice President Water Policy
- Elizabeth Fleming Weber, General Counsel
- Ximena Granda, Manager of Finance and Administration
- Charles Myart, Vice President Loans and Guarantees



Chris Meister
Executive Director
Illinois Finance Authority

Illinois Environmental Protection Agency (IEPA)

- John J. Kim, Director
- Todd Rettig, Deputy Director
- Laura Roche, Chief of Staff
- Charles Gunnarson, Chief Legal Counsel
- Gary Bingenheimer, Manager, Infrastructure Financial Assistance Section
- Jacob Poeschel, Chief Financial Officer/Water Revolving Fund Finance Manager
- Kevin Bryant, Consultant



John J. Kim
Director
Illinois Environmental
Protection Agency

Overview of the Illinois Finance Authority

- IFA was established in 2004 to provide access to low-cost capital to public and private institutions that are aligned with the mission of fostering economic development, creating and retaining jobs, and improving quality of life for Illinois residents
- Under the Authority Act, IFA may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding \$28,150,000,000, excluding bonds issued to refund the bonds of IFA or bonds of the predecessor authorities
 - The Authority’s outstanding bonds as of the issuance of the Series 2020 Bonds will not exceed such authorized amount
- IFA has no taxing power
- Since 2013, the IFA has issued \$1,651,725,000 of Clean Water Initiative Revolving Fund Revenue Bonds of which \$1,367,685,000 are currently outstanding

Summary of Issued and Currently Outstanding Debt¹

Bond Issue	Original Principal Amount	Outstanding Principal Amount
Series 2013	\$141,700,000	\$19,320,000
Series 2016	500,000,000	402,635,000
Series 2017	560,025,000	504,165,000
Series 2019	450,000,000	441,565,000
Total	\$1,651,725,000	\$1,367,685,000

Village of Elburn Wastewater Treatment Plant Modernization



1. As of December 7, 2020

- IEPA was established in 1970 to “safeguard environmental quality consistent with the social and economic needs of the State, so as to protect health, welfare, property and the quality of life”
- Under State law, IEPA is designated as the primary operations agency for purposes of the major federal environmental protection programs
- Statutory authority is granted for policy and regulatory development, planning and monitoring, permitting, inspections and enforcement, remedial actions, emergency management, and environmental infrastructure assistance
- IEPA oversees and operates the Clean Water and Drinking Water SRF programs
 - IEPA is responsible for the overall management of the SRF Programs, including review and approval of planning documents, plans and specifications, legal authority, dedicated source of revenue, and disbursement requests
- IEPA provides low-cost loans to units of local government for qualified wastewater and drinking water capital projects
- As of December 1, 2020, IEPA had made:
 - 1,001 loans pursuant to the Clean Water Program, and had 637 Clean Water Program loans outstanding totaling \$3.329 billion
 - 706 loans pursuant to the Drinking Water Program, and had 584 Drinking Water Program loans outstanding totaling \$1.427 billion
- As of December 1, 2020, the Currently Pledged Agreements represented approximately 84.86% of the aggregate principal amount of the outstanding Clean Water Program and Drinking Water Program loans

Program Management Responsibilities

- IEPA and IFA have entered into a Memorandum of Agreement for the Clean Water Initiative to work cooperatively and to identify and designate the responsibilities and authority of each entity
- Please see “Memorandum of Agreement” on page 38 in the Preliminary Official Statement



Illinois Environmental Protection Agency

IEPA is responsible for the overall management of the SRF Programs and the associated loans

- Establish procedures for reviewing, processing, and approving applications and documentation used in the SRF Programs
- Administer programmatic, operational, regulatory and financial matters relative to the loan program
- Review and monitor loans
- Maintain project files
- Provide information necessary to support designation of any series of bonds as “Green Bonds”

Illinois Finance Authority

IFA is responsible for activities in connection with issuing bonds or note obligations, proceeds of which will be used by the IEPA to finance eligible projects

- Includes arbitrage rebate compliance, compiling and reporting annual continuing disclosure, and certain quarterly reports to the Master Trustee under the Master Trust Agreement
- Investment management of trusteed funds
- Post information relating to “Green Bonds” on IFA website and MSRB EMMA

3. SRF Programs

- The Currently Pledged Agreements secure payment of Series 2013 Bonds, Series 2016 Bonds, Series 2017 Bonds, Series 2019 Bonds and the Series 2020 Bonds on a parity basis (collectively, the “Bonds”) and any Additional Indebtedness
 - The Original Assignment Agreement has been amended and restated from time to time and will be further amended and restated by a Fourth Amended and Restated Assignment of Loans dated as of December 1, 2020, from the IEPA to the Authority to provide for the assignment to the Authority of additional Agreements and the Loans made thereunder
 - As of December 1, 2020, the Currently Pledged Agreements having outstanding balances or remaining future disbursements consisted of 883 Loans with an aggregate outstanding principal amount of \$4,035,871,213
 - As of December 1, 2020, 76.78% of the aggregate principal amount of the Currently Pledged Agreements having an outstanding balance are secured by revenues of the water and/or wastewater system of the related Participant, 20.84% are secured by the general obligation of the related Participant, and 2.38% are secured by other revenue sources of the related Participant
- Any particular maturity of Bonds and any particular Bond may be comprised of both a Clean Water Program portion and a Drinking Water Program portion, and each such portion may be further subdivided into a “State Match Portion” and a “Leveraged Portion”
- The Bonds are cross-collateralized by the Clean Water (“CW” or “CWSRF”) and Drinking Water (“DW” or “DWSRF”) Pledged Agreements
- No debt service reserve funds required in connection with the Series 2020 financing or any other Outstanding Bonds
- IEPA has a separate payment intercept authority pursuant to Section 10.05 of the State Comptroller Act (15 ILCS 405) which it may use, in its discretion, to secure the repayment obligations under a Pledged Agreement of a Participant
 - In the event of default, each Pledged Agreement provides the IEPA authority to initiate collection, including the right of offset, in accordance with the Illinois State Collection Act of 1986 (30 ILCS 210) or to pursue collection by any other reasonable means provided by law
- In accordance with federal law, Clean Water Program and Drinking Water Program assets are available only in connection with the SRF Programs

Funding Sources



- The Clean Water Act and the Safe Drinking Water Act currently authorize the federal government to provide annual funding for the Water Revolving Fund, in the form of appropriations that provide federal capitalization funding for the SRF Programs
 - There can be no assurance that continued funding by the federal government for the SRF Programs will be appropriated and if so appropriated, will be appropriated at current levels
- None of the proceeds of the Series 2020 Bonds will be used to fund the State Match
 - The remaining proceeds of the State Match portion of the Series 2019 Bonds will be used to fund a portion of the State Match for federal fiscal year 2021
 - The State has appropriated funds from the State's Anti-Pollution Bond Fund in the amount of \$100 million to be used to fund the remainder of the State Match for federal fiscal year 2021, as well as the estimated State Match for federal fiscal years 2022 through 2025
 - The IEPA expects to receive \$46 million of such amount from the State by the end of calendar year 2020

Historical Funding Sources – Illinois SRF Program

Federal Fiscal Years	Clean Water Capitalization Grants	State Match ¹
1988-1995	\$435,000,000	\$87,000,000
1996-1997	145,000,000	29,000,000
1998-2005	504,606,990	100,921,398
2006-2007 partial	40,159,515	8,031,903
2007-2009	109,402,360	21,880,472
2010	92,149,000	18,429,800
2011	66,784,000	13,356,800 ²
2012	63,919,000	12,783,800 ²
2013	60,382,000	12,076,400 ²
2014	63,411,000	12,682,200 ³
2015	63,087,000	12,617,400 ³
2016	60,428,000	12,085,600 ⁴
2017	55,962,000	11,992,400 ⁴
2018	72,591,000	14,518,200 ⁵
2019	71,861,000	14,372,200 ⁶
2020	71,871,000	14,374,200 ⁶
Totals	\$1,976,613,865	\$396,122,773

Federal Fiscal Years	Drinking Water Capitalization Grants	State Match ¹
1998-2005	\$265,062,900	\$53,012,580
2006	33,566,500	6,713,300
2007	33,567,000	6,713,400
2008	33,226,000	6,645,200
2009	33,226,000	6,645,200
2010	51,230,000	10,246,000
2011	35,549,000	7,109,800 ²
2012	34,209,000	6,841,800 ²
2013	31,786,000	6,357,200 ²
2014	36,911,000	7,382,200 ³
2015	36,668,000	7,333,600 ³
2016	34,690,000	6,938,000 ⁴
2017	34,393,000	6,878,600 ⁴
2018	41,908,000	8,381,600 ⁵
2019	41,516,000	8,303,200 ⁵
2020	41,542,000	8,308,400 ⁵
Totals	\$819,050,400	\$163,810,080

¹Prior to 2011, the State Match was funded from appropriations from the General Revenue Fund of the State or from the proceeds of the sale of State general obligation bonds.

²State Match was funded from proceeds of the Series 2013 Bonds.

³State Match was provided from a transfer of Loan Support Fees into the SRF Programs.

⁴State Match was funded from proceeds of the Series 2016 Bonds.

⁵A small portion of State Match (\$98,392 with respect to the Clean Water Program and \$68,141 with respect to the Drinking Water Program) was funded from proceeds of the Series 2016 Bonds, and the balance was funded by a transfer of Loan Support Fees into the SRF Programs.

⁶Reflects the IEPA's use of the State Match portion of the Series 2019 Bonds for capitalization grants received during 2019 and 2020.

- In order to qualify for funding from a SRF Program, a project must be listed on IEPA's Project Priority Lists of eligible water quality projects and eligible drinking water projects (each, a "Priority List")
- Each project is ranked on the applicable Priority List based on its Loan Priority Score ("LPS") calculated by the IEPA
 - The LPS for projects in the Clean Water Program is calculated by assigning points based on:
 - Violations and enforcement compliance
 - Unsewered communities and consolidation
 - Water quality improvement
 - Protection of assets, conservation and green infrastructure
 - Readiness to proceed
 - Economic factors and population
 - The LPS for projects in the Drinking Water Program is calculated by assigning points based on:
 - Compliance and water quality
 - Protection of water source
 - Protection of assets
 - Conservation and green infrastructure
 - Readiness to proceed
 - Economic factors and population

DeKalb Sanitary District New Anaerobic Digesters



- Once a project is placed on the applicable Priority List, the potential Participant must file an application with IEPA for financial assistance for such project
- The application is reviewed by IEPA to determine whether the proposed project addresses:
 - Needs identified in the approved plan
 - Compliance with regulatory and statutory requirements
 - Project administration, which determines if the project is eligible for funding in accordance with state and federal regulations
 - Environmental aspects
 - Financial capability which analyzes an applicant's ability to repay the Loan
- IEPA determines whether, and on what terms and conditions, financial assistance will be provided
- Loan security – dedicated and pledged repayment sources sufficient to pay operating and maintenance costs, annual debt service and renewal and replacement costs:
 - *Water/Wastewater System Revenues* - approximately 76.78% of the aggregate principal amount of Loans outstanding under Currently Pledged Agreements
 - *General Obligation Debt (Property Tax)* - approximately 20.84% of the aggregate principal amount of Loans outstanding under Currently Pledged Agreements
 - *Other Sources* - approximately 2.38% of the aggregate principal amount of Loans outstanding under Currently Pledged Agreements
- IEPA may require a separate reserve for any loan to a Participant that is secured by a subordinate revenue pledge

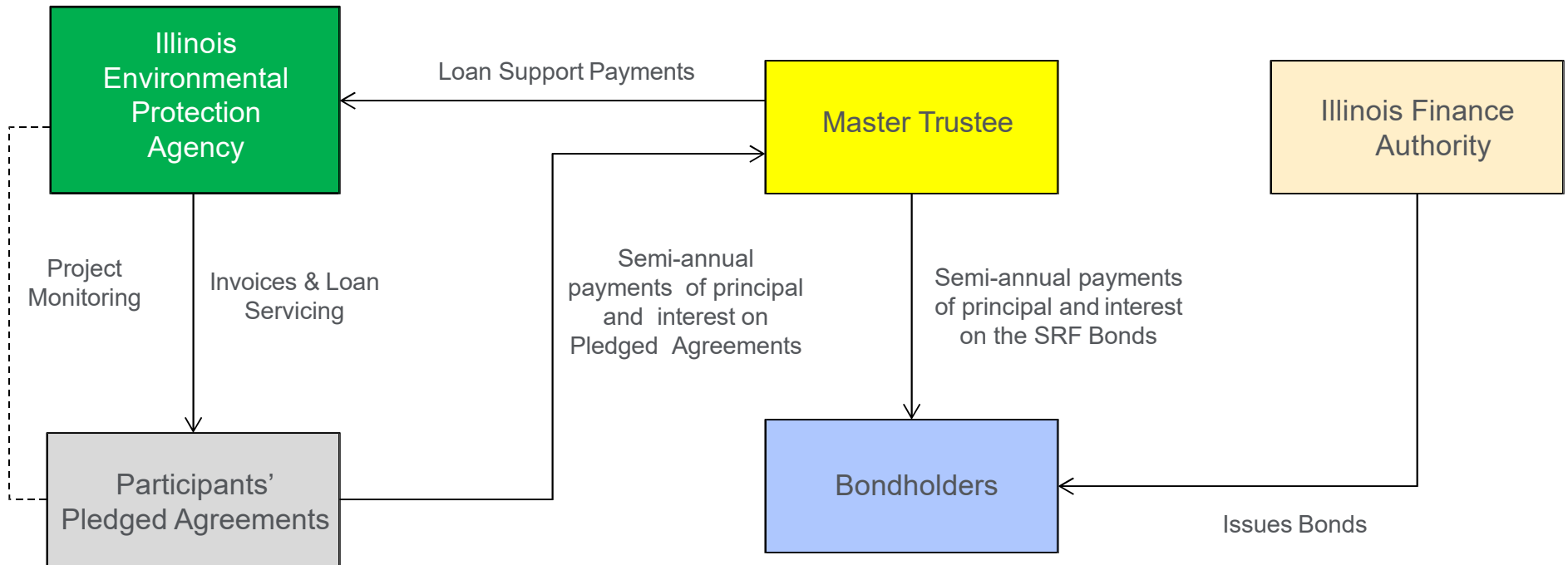
MWRD/Ostara Nutrient Recovery Facility



- IEPA assigns to each Loan a fixed rate of interest determined at the time a Loan is made to a Participant equal to the Base Loan Rate, the Small Community Rate or the Hardship Rate
 - The Base Loan Rate is the rate computed annually using the mean interest rate of the Bond Buyer 20-Bond G.O. Index of the preceding State fiscal year rounded to the nearest one hundredth of a percent and multiplied by 50%
- Small Community Rate - fixed loan rate equal to 75% of Base Loan Rate (68 loans totaling \$148.7 million outstanding¹)
- Hardship Rate - a fixed loan rate of 1.0% (21 loans totaling \$14.6 million outstanding¹)
- Participants may receive a 0.2% discount from the applicable Fixed Loan Rate (the “Environmental Impact Discount”), where at least 50% of the eligible project costs fund:
 - New projects for the collection or treatment of wastewater from unsewered communities;
 - Projects involving nutrient removal or nutrient loss reduction;
 - Green infrastructure projects;
 - Projects lowering water demand;
 - Projects reducing energy demands at a wastewater treatment facility; or
 - Projects involving the removal or replacement of lead in water mains or service lines
- Once a Loan is made, IEPA produces invoices and the Participant remits Loan payments semi-annually to the Master Trustee
- To the extent IEPA does not receive a Loan repayment, it sends a formal notice of delinquency promptly if a payment is more than 15 days in arrears
- The IEPA has established a new database to monitor the financial condition of Participants after Loans are made in order to improve financial forecasting
 - The IEPA receives annual audited financial statements from Participants, and enters certain information from these financial statements into its database
 - This process allows the IEPA to (i) identify variances from expected results, (ii) forecast future results and (iii) detect early signals of deterioration in financial position of Participants

1. As of December 2020

Loan Management and Servicing (Continued)



- No payment defaults have occurred with respect to any of the CWSRF or DWSRF Loans
 - In the last year, 11 payments due with respect to CWSRF Loans pursuant to Pledged Agreements were paid more than 15 days past the due date
 - In the last year, 27 payments due with respect to DWSRF Loans pursuant to Pledged Agreements were paid more than 15 days past the due date
 - These late payments aggregated approximately \$1.099 million
 - See “PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Payment Delinquencies with Respect to Pledged Agreements” on page 19 of the Preliminary Official Statement
- The IEPA and the Authority are collaborating with the Receiving Agent to implement the use of an ACH payment system intended to address issues with payment by checks
 - Once implemented, the IEPA will seek to require ACH payment processing by all Participants, subject to exceptions for those Participants whose banking institutions are unable to accommodate the ACH payment system

4. Financing Structure

- The Series 2020 Bonds will be issued under the Master Trust Agreement
 - Fifth Series of bonds issued and secured by the Master Trust Agreement
 - The Series 2020 Bonds are on parity with the Series 2013 Bonds, Series 2016 Bonds, Series 2017 Bonds and Series 2019 Bonds
 - Cash flow model
 - Debt service reserve fund allowed, however no reserves required in connection with the Series 2020 financing or any other outstanding bonds
 - Use of pledged Equity Fund; subject to release from the Trust Estate upon certain criteria being met, but not from the SRF Programs
 - Includes the ability to issue leveraged and state match bonds; however, there will not be a State Match Portion of the Series 2020 Bonds
- Clean Water and Drinking Water Loan Programs are cross-collateralized
- Includes two coverage tests:
 - Projected Debt Service Coverage Ratio – 1.05x revenues to debt service used for additional issuance (1.00x for subordinate obligations)
 - Projected Asset Coverage Ratio – 1.20x assets to debt service used for release of assets

1. On each Interest Payment Date, the Master Trustee shall deposit into the applicable State Match Portion Subaccounts of the Bond Fund:
 - i. first from the moneys on deposit in the applicable Interest Subaccounts of the Revenue Fund, and
 - ii. second from moneys on deposit in the applicable Interest Subaccounts of the Equity Fund, an amount which when aggregated shall be sufficient to pay the principal of and interest on the State Match Portion of the Bonds due on such Interest Payment Date
2. In addition, on each Interest Payment Date, there shall be deposited into the Leveraged Portion Subaccount of the Bond Fund, an amount which when aggregated shall be sufficient to pay the principal of the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds due on such date, plus the interest due on such Interest Payment Date on the Leveraged CWSRF Portion and the Leveraged DWSRF Portion of the Bonds Outstanding, from the following sources and in the following order of priority:
 - i. moneys on deposit in the applicable Principal Subaccounts of the Revenue Fund
 - ii. moneys on deposit in the applicable Interest Subaccounts of the Revenue Fund (the Leveraged Portion Subaccount of the Bond Fund will receive these moneys only after the State Match Portion Subaccounts of the Bond Fund have received sufficient funds to meet their debt service payment requirements), and
 - iii. moneys on deposit in the Equity Fund
3. If the aggregate amount on deposit in the Principal Subaccounts and Interest Subaccounts of each of the CWSRF Revenue Account and the DWSRF Revenue Account is at least equal to the debt service requirement, then the Master Trustee shall transfer any amount on deposit in such subaccounts in excess of the debt service requirement to the appropriate subaccounts of the Equity Fund
4. On the first Business Day of each month, the Master Trustee shall:
 - i. transfer all amounts held in the Loan Support Fee Subaccounts to the IEPA
 - ii. transfer all amounts held in the Redemption Subaccounts to the Equity Fund, and
 - iii. transfer all investment earnings on all moneys held in the Bond Fund to the applicable Interest Subaccount of the Revenue Fund

Security and Source of Payment

- The Bonds are not general obligations of the Authority, nor will they constitute an indebtedness or an obligation of the Authority, the State or any political subdivision thereof within the meaning of any constitutional provision or statutory limitation
- The Bonds are limited obligations payable solely from revenues or other amounts pledged under the Master Trust Agreement
- The Bonds are secured by:
 - Payments, revenues and receipts derived from the Pledged Agreements (but excluding Loan Support Fees)
 - Any other funds held under the Master Trust Agreement and available for such payment
- Loan Support Fees, which are primarily used for administrative expenses for CW and DW program activities, are not pledged to secure the Bonds
 - The Loan Support Fee for all outstanding Pledged Agreements is currently equal to 50% of the maximum rate of the applicable Fixed Loan Rate (the Base Loan Rate, the Small Community Rate or the Hardship Rate, as applicable)

Hoopeston Water Tank Project



Pledged Loan Portfolio Composition

As of December 1, 2020, the Currently Pledged Agreements having outstanding balances or remaining future disbursements consisted of 883 Loans with an aggregate outstanding principal amount of \$4,035,871,213, generally described as follows:

	Loans Outstanding Under Currently Pledged Agreements
Number of Discrete Borrowers	458
Average Outstanding Balance ¹	\$4,156,407
Interest Rate Range ²	0.00% to 2.91%
Interest Rate Range (Net of Loan Support Payments)	0.00% to 1.46%
Loan Maturity Range	1 month to 30 years
Security for Loans (calculated on aggregate principal amount of Loans outstanding):	
Water/Wastewater System Revenues	76.78%
General Obligation Debt (Property Tax)	20.84%
Other Sources	2.38%

¹ Average outstanding balance of all loans which have a loan balance remaining

² Includes Loan Support Fee component of interest rate, which is not pledged to the payment of the Bonds

Pledged Loan Portfolio Composition: Top 10 Borrowers



A discrete borrower may be a Participant with respect to a number of Agreements. As of December 1, 2020, the ten borrowers having the largest aggregate outstanding balances on Loans made under the Agreements constituting Currently Pledged Agreements comprised approximately 56.47% of the total outstanding balance of all Loans made under Agreements that are part of the Currently Pledged Agreements, such borrowers being further described as follows:

Top Ten Borrowers	Loan Balance	Loan Balance (% of Total)	Security
Metropolitan Water Reclamation District of Greater Chicago	\$888,269,330	22.01%	Property tax, system revenues and user charges ⁽¹⁾
City of Chicago	681,813,996	16.89%	System revenues and user charges ⁽²⁾
City of Joliet	171,057,188	4.24%	System revenues
Fox Metro Water Reclamation District	123,987,329	3.07%	System revenues
Village of Oak Lawn	83,683,992	2.07%	System revenues
Morton Grove-Niles Water Commission	77,670,597	1.92%	System revenues
City of Rock Island	72,923,223	1.81%	System revenues
Kishwaukee Water Reclamation District	62,904,820	1.56%	System revenues
City of Belleville	61,942,009	1.53%	System revenues
Rock River Water Reclamation District	54,656,978	1.35%	System revenues
Total of Top 10 Borrowers	\$2,278,909,462	56.47%	

¹Consists of \$833,895,136 of Loans secured by property taxes, \$47,745,015 secured by system revenues, \$3,717,902 secured by property taxes and system revenues and \$2,911,277 secured by other revenues.

²Consists of \$652,607,294 secured by system revenues and \$29,206,702 secured by user charges.

Projected Cash Flow and Debt Service Table



For additional details and assumptions for this table, please see page 17 of the POS - "PROJECTED CASH FLOW AND DEBT SERVICE TABLE – PROJECTED DEBT SERVICE COVERAGE FOR THE BONDS"

Payment Date	Loan Repayments ⁽¹⁾	Total Series 2013 Bonds Debt Service	Total Series 2016 Bonds Debt Service	Total Series 2017 Bonds Debt Service	Total Series 2019 Bonds Debt Service	Total Series 2020 Bonds Debt Service ⁽²⁾	Total Bonds Debt Projected Debt Service ⁽²⁾	Debt Service Coverage Ratio ⁽²⁾
1/1/2021	\$159,531,880	\$5,224,300	\$24,831,075	\$26,619,125	\$20,711,206	\$-	\$77,385,706	2.06x
7/1/2021	144,774,565	3,797,175	24,702,825	26,933,750	21,152,956	12,349,028	88,935,734	1.63x
1/1/2022	148,655,862	3,625,925	24,208,075	26,786,750	21,172,581	14,618,375	90,411,706	1.64x
7/1/2022	147,466,076	3,448,625	23,575,825	26,629,250	21,060,206	14,882,500	89,596,406	1.65x
1/1/2023	147,978,133	2,697,250	23,479,575	26,886,375	21,158,956	15,477,500	89,699,656	1.65x
7/1/2023	148,457,928	1,952,625	23,374,775	26,912,625	21,253,456	15,849,875	89,343,356	1.66x
1/1/2024	148,653,201	-	24,026,025	26,923,375	21,628,581	16,344,750	88,922,731	1.67x
7/1/2024	148,022,504	-	23,441,025	26,668,750	21,562,081	16,643,750	88,315,606	1.68x
1/1/2025	145,018,894	-	22,665,025	26,340,125	21,364,581	16,051,375	86,421,106	1.68x
7/1/2025	143,930,312	-	22,050,325	25,814,250	21,289,206	16,279,625	85,433,406	1.68x
1/1/2026	142,999,464	-	21,141,325	25,221,000	20,937,831	17,393,250	84,693,406	1.69x
7/1/2026	142,623,495	-	20,750,950	25,172,125	20,912,206	17,624,875	84,460,156	1.69x
1/1/2027	142,357,971	-	20,413,650	25,034,125	20,894,206	17,815,750	84,157,731	1.69x
7/1/2027	139,804,616	-	19,228,900	23,844,000	20,683,456	18,196,625	81,952,981	1.71x
1/1/2028	139,450,579	-	18,654,025	23,492,875	20,549,581	18,717,500	81,413,981	1.71x
7/1/2028	136,609,141	-	17,609,275	22,745,250	20,205,581	18,944,500	79,504,606	1.72x
1/1/2029	135,522,734	-	17,166,525	22,556,000	20,191,581	18,784,500	78,698,606	1.72x
7/1/2029	132,491,004	-	15,976,150	21,771,375	19,659,331	19,386,875	76,793,731	1.73x
1/1/2030	131,375,523	-	15,386,900	21,281,125	19,506,581	19,652,500	75,827,106	1.73x
7/1/2030	128,988,895	-	14,499,275	20,668,125	19,183,956	19,884,250	74,235,606	1.74x
1/1/2031	126,808,125	-	13,871,575	20,115,500	18,875,581	20,002,625	72,865,281	1.74x
7/1/2031	121,943,671	-	13,512,825	20,021,875	18,056,081	18,485,125	70,075,906	1.74x

¹Loan Repayments on the Currently Pledged Agreements. Loan Repayments exclude the Loan Support Fees, a component of the Fixed Loan Rate in an amount not exceeding 50% of the Fixed Loan Rate, which are not pledged to the payment of the Bonds. Loan Repayments may in the future include a positive return on investments. The Authority and IEPA have assumed a 0% return on investments for purposes of this table

²Preliminary, subject to change.

Projected Cash Flow and Debt Service Table (Cont.)



For additional details and assumptions for this table, please see page 17 of the POS - "PROJECTED CASH FLOW AND DEBT SERVICE TABLE – PROJECTED DEBT SERVICE COVERAGE FOR THE BONDS"

Payment Date	Loan Repayments ⁽¹⁾	Total Series 2013 Bonds Debt Service	Total Series 2016 Bonds Debt Service	Total Series 2017 Bonds Debt Service	Total Series 2019 Bonds Debt Service	Total Series 2020 Bonds Debt Service ⁽²⁾	Total Bonds Debt Projected Debt Service ⁽²⁾	Debt Service Coverage Ratio ⁽²⁾
1/1/2032	\$115,290,326	\$-	\$12,940,700	\$19,680,875	\$16,913,206	\$16,722,375	\$66,257,156	1.74x
7/1/2032	108,559,213	-	12,332,600	19,133,500	15,555,331	15,376,250	62,397,681	1.74x
1/1/2033	105,024,002	-	10,997,100	18,069,875	15,218,331	16,087,250	60,372,556	1.74x
7/1/2033	101,325,487	-	9,513,900	16,723,000	14,932,331	17,074,625	58,243,856	1.74x
1/1/2034	98,996,505	-	8,456,400	15,915,375	14,771,081	17,765,875	56,908,731	1.74x
7/1/2034	94,415,050	-	7,186,600	14,644,125	14,301,456	18,147,625	54,279,806	1.74x
1/1/2035	95,003,092	-	7,244,100	14,776,125	14,331,081	18,267,000	54,618,306	1.74x
7/1/2035	88,537,481	-	6,117,800	14,036,875	12,817,406	17,930,125	50,902,206	1.74x
1/1/2036	83,136,604	-	4,811,300	12,812,875	12,085,100	18,083,125	47,792,400	1.74x
7/1/2036	79,021,300	-	4,263,600	12,086,500	11,547,600	17,533,750	45,431,450	1.74x
1/1/2037	67,010,194	-	-	8,440,875	10,281,975	19,814,250	38,537,100	1.74x
7/1/2037	64,833,643	-	-	7,144,250	9,976,600	20,164,000	37,284,850	1.74x
1/1/2038	62,096,038	-	-	-	11,488,100	24,214,625	35,702,725	1.74x
7/1/2038	48,374,676	-	-	-	6,865,500	20,943,125	27,808,625	1.74x
1/1/2039	37,043,451	-	-	-	5,151,000	16,159,750	21,310,750	1.74x
7/1/2039	32,180,985	-	-	-	4,298,750	14,209,000	18,507,750	1.74x
1/1/2040	20,210,179	-	-	-	734,750	10,887,750	11,622,500	1.74x
7/1/2040	10,999,533	-	-	-	252,250	6,071,250	6,323,500	1.74x
1/1/2041	10,241,623	-	-	-	241,375	5,648,750	5,890,125	1.74x
7/1/2041	7,045,140	-	-	-	230,625	3,823,250	4,053,875	1.74x

¹Loan Repayments on the Currently Pledged Agreements. Loan Repayments exclude the Loan Support Fees, a component of the Fixed Loan Rate in an amount not exceeding 50% of the Fixed Loan Rate, which are not pledged to the payment of the Bonds. Loan Repayments may in the future include a positive return on investments. The Authority and IEPA have assumed a 0% return on investments for purposes of this table

²Preliminary, subject to change.

TIPRA Requirements and IFA and IEPA Compliance



- Among the TIPRA Requirements are provisions requiring the redemption of bonds if certain amounts of the bond proceeds are not used for loans within certain prescribed periods. In particular, the Code requires:
 - The IFA to reasonably expect:
 1. to use, directly or indirectly, within the 1-year period beginning at closing, at least 30% of net proceeds of the issue to make loans; and
 2. to use, directly or indirectly, within the 3-year period beginning at closing, at least 95% of the net proceeds of the issue to make loans
 - The IFA to redeem outstanding bonds within 90 days after the end of such 1-year period and 3-year period, as applicable, to the extent of, and in an amount equal to the unused proceeds (i.e., difference between amount actually used and amount equal to such applicable %)
- The Series 2020 Bonds are subject to extraordinary mandatory redemptions (“EMR”) as part of TIPRA Requirements
 - All bonds maturing on and after July 1, 2022 are subject to EMR on March 15, 2022* (the “One Year Extraordinary Mandatory Redemption Date”) in an amount equal to the One-Year Computation Amount
 - All bonds maturing on and after July 1, 2024 are subject to EMR on March 15, 2024* (the “Three Year Extraordinary Mandatory Redemption Date”) in an amount equal to the Three-Year Computation Amount
- The Series 2013 Bonds, Series 2016 Bonds, Series 2017 and Series 2019 Bonds were subject to TIPRA Requirements
 - No redemptions were required with respect to these bonds as all bond proceeds were spent within the required time periods

IFA and IEPA Compliance with TIPRA Requirements

Series	Par Amount	Closing Date	Attainment of 1 Year/30% Requirement	Attainment of 3 Years/95% Requirement
2013	\$141,700,000	12/5/2013	2/4/2014	12/24/2014
2016	500,000,000	9/12/2016	1/19/2017	9/29/2017
2017	560,025,000	9/12/2017	12/20/2017	9/25/2018
2019	450,000,000	4/16/2019	08/26/2019	11/06/2020

*Preliminary, subject to change

- The COVID-19 pandemic and the governmental and private actions in response thereto may have an adverse impact on the financial condition and operating results of the Participants which could, in turn, impact the ability of the Participants to make the payments due under the Pledged Agreements
 - No Participant has informed the IEPA of any anticipated difficulty in making payments due under Pledged Agreements as a result of impacts related to COVID-19
 - Please see pages 43 of the Preliminary Official Statement for a summary of governmental actions
- Though certain of the Participants have failed to make timely payments under Pledged Agreements during the last year, to the IEPA’s knowledge such delinquencies were not related to financial hardship, whether caused by the COVID-19 pandemic or otherwise
 - See “PROJECTED CASH FLOW AND ACTUAL DEBT SERVICE TABLE—Payment Delinquencies with Respect to Pledged Agreements” page 19 of the Preliminary Official Statement
- If the COVID-19 pandemic does negatively impact the receipt of payments under the Pledged Agreements, the Authority may have difficulty paying debt service on the Series 2020 Bonds
- Neither the Authority nor the IEPA makes any prediction as to the effect of the COVID-19 pandemic or the various governmental or private actions in reaction thereto on the financial condition of the Participants or the ability of Participants to pay as required by the Pledged Agreements.

5. Conclusion

- The Clean Water Initiative was created in 2012 as a stand-alone, self-sufficient financing program
 - No reliance on state funding for repayment of the loan pool
- Over-collateralized SRF program with cross collateralization between the Clean Water and Drinking Water loan programs
 - Approximately \$1.792* billion total bonds outstanding after issuance of Series 2020 bonds
 - As of December 1, 2020, the Currently Pledged Agreements having outstanding balances or remaining future disbursements consisted of 883 Loans with an aggregate outstanding principal amount of \$4,035,871,213 which secure the Bonds on a parity basis
- Equity Fund provides additional security
 - Funds may be released from the Trust Estate only if certain coverage levels are maintained
 - Even if released, funds remain in SRF Programs
- IEPA further has a separate payment intercept authority pursuant to Section 10.05 of the State Comptroller Act (15 ILCS 405) which it may use, in its discretion, to secure the repayment obligations under a Pledged Agreement of a Participant

New Taylorville Water Treatment Plant



*Preliminary, subject to change

Key Dates and Contact Information*

December						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

 Key Dates

Activity	Date*
Pricing	Monday, December 14 - Tuesday, December 15
BPA Signing	Tuesday, December 15
Closing	Wednesday, December 30

Please contact your Citigroup sales representative or the individuals listed below with any questions:

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