Corporation Counsel
City of Chicago
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division

City of Chicago
Department of Finance
121 North LaSalle Street, Room 700
Chicago, Illinois 60602
Attention: Chief Financial Officer

April 29, 2022

RE: Concessionaire's Financial Reports due under the Chicago Metered Parking System Concession Agreement

Ladies and Gentlemen:

Reference is made to the Amended and Restated Chicago Metered Parking System Concession Agreement dated June 5, 2013, between the City of Chicago (the ***City***) and Chicago Parking Meters, LLC (***CPM***), as amended, and all defined terms therein.

Reference is also made to Section 8.1(c) of the Concession Agreement pursuant to which the Concessionaire's audited financial reports shall be delivered to the City following the end of each calendar year, along with a certification from the Concessionaire's chief financial officer. Enclosed herewith are CPM's audited balance sheet, statement of income, changes in equity and cash flows for the calendar year ended December 31, 2021, along with the notes thereto and the report from CPM's independent certified public accountants (the ***Financial Statements***).

I, in my capacity as Chief Financial Officer of CPM, certify that the enclosed Financial Statements fairly present the financial condition and the results of operations, changes in equity and cash flows of CPM as of and for the calendar year ending December 31, 2021, all in accordance with generally accepted accounting principles in the United States consistently applied.

Sincerely,

Jean R. Chidley

Jean Ratty Chidley
Chief Financial Officer

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

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KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report

The Members
Chicago Parking Meters, LLC:

Opinion

We have audited the financial statements of Chicago Parking Meters, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of comprehensive income (loss), changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we:

KPMG

- 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 Company'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 Company'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.

KPMG LLP

Chicago, Illinois
April 29, 2022

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Balance Sheets

December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	$ 34,364,172	28,040,007
Accounts receivable	4,861,478	2,077,664
Other current assets	1,090,913	831,685
Total current assets	40,316,563	30,949,356
Fixed assets (net of accumulated depreciation of $25,762,029 and $20,063,009, respectively)	18,531,567	21,550,516
Intangible asset (net of accumulated amortization of $196,773,801 and $181,490,399, respectively)	949,481,385	964,764,787
Total assets	$ 1,008,329,515	1,017,264,659
Liabilities and Members' Deficit		
Liabilities:		
Current liabilities:		
Accounts payable	$ 1,496,186	1,039,293
Due to affiliate	777,553	324,164
Capital lease obligation	61,951	152,513
Current portion of long-term debt	20,323,392	18,401,448
Other current liabilities	18,865,672	15,691,290
Total current liabilities	41,524,754	35,608,708
Other liabilities:		
Capital lease obligation	145,858	175,405
Subordinated notes and accrued interest payable to members	—	15,225,000
Long-term debt, net	1,128,576,832	1,147,951,546
Total other liabilities	1,128,722,690	1,163,351,951
Total liabilities	1,170,247,444	1,198,960,659
Members' deficit	(161,917,929)	(181,696,000)
Total liabilities and members' deficit	$ 1,008,329,515	1,017,264,659

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Statements of Comprehensive Income (Loss)

Years ended December 31, 2021 and 2020

		2021	2020
Income:			
Parking revenues	$	136,190,409	91,645,498
Total income		136,190,409	91,645,498
Cost of parking services:			
Credit card and other fees		6,887,136	4,720,713
Total cost of parking services		6,887,136	4,720,713
Gross profit		129,303,273	86,924,785
Expenses:			
Administrative management costs		4,684,473	4,080,206
General administrative costs		3,569,974	3,476,364
Operating expenses		9,668,148	8,142,763
Amortization of intangible asset		15,283,402	15,283,402
Depreciation		5,699,020	6,801,561
Management fees – affiliate		4,327,287	4,198,538
Total expenses		43,232,304	41,982,834
Net operating income		86,070,969	44,941,951
Other income (expense):			
Interest expense		(67,294,847)	(65,328,484)
Other income		—	88,818
Total other expense, net		(67,294,847)	(65,239,666)
Net income (loss)		18,776,122	(20,297,715)
Other comprehensive income:			
Amortization of cash flow hedges		1,001,949	1,004,695
Comprehensive income (loss)	$	19,778,071	(19,293,020)

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Statements of Changes in Members' Deficit

Years ended December 31, 2021 and 2020

		Class A Common Units				Class B Preferred Units			
		Deeside Investments, Inc.	**MS Infrastructure Investors LP**	**North Haven Infrastructure Partners LP**	**North Haven Infrastructure Partners A Sub LP**	**Deeside Investments, Inc.**	**CPM PrefCo. LLC**	**Accumulated Other Comprehensive Loss**	**Total**
Members' deficit – January 1, 2020	$	(67,507,882)	(923,376)	(16,171,719)	(53,855,790)	—	—	(10,944,213)	(149,402,980)
Distributions		(6,487,000)	(84,861)	(1,484,074)	(4,944,065)	—	—	—	(13,000,000)
Net loss		(10,128,560)	(132,544)	(2,316,984)	(7,719,627)	—	—	—	(20,297,715)
Other comprehensive income		—	—	—	—	—	—	1,004,695	1,004,695
Members' deficit – December 31, 2020	$	(84,123,442)	(1,140,781)	(19,972,777)	(66,519,482)	—	—	(9,939,518)	(181,696,000)
Members' deficit – January 1, 2021	$	(84,123,442)	(1,140,781)	(19,972,777)	(66,519,482)	—	—	(9,939,518)	(181,696,000)
Contributions		—	—	—	—	11,423,202	11,468,986	—	22,892,188
Preferred return		—	—	—	—	1,166,594	1,171,270	—	2,337,864
Redemptions		—	—	—	—	(12,589,796)	(12,640,256)	—	(25,230,052)
Net income		9,369,285	122,608	2,143,294	7,140,935	—	—	—	18,776,122
Other comprehensive income		—	—	—	—	—	—	1,001,949	1,001,949
Members' deficit – December 31, 2021	$	(74,754,157)	(1,018,173)	(17,829,483)	(59,378,547)	—	—	(8,937,569)	(161,917,929)

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Statements of Cash Flows

Years ended December 31, 2021 and 2020

		2021	2020
Cash flows from operating activities:			
Net income (loss)	$	18,776,122	(20,297,715)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation		5,699,020	6,801,561
Amortization of intangible asset		15,283,402	15,283,402
Amortization of deferred financing costs		948,678	974,840
Amortization of interest rate derivatives		1,001,949	1,004,695
Class B preferred return		2,337,864	—
Changes in assets and liabilities:			
Accounts receivable		(2,783,814)	634,665
Other current assets		(259,228)	266,517
Due to affiliate		453,389	(11,747)
Accounts payable		412,386	(339,524)
Accrued interest payable		667,188	1,225,000
Other current liabilities		3,174,382	421,515
Net cash provided by operating activities		45,711,338	5,963,209
Cash flows from investing activities:			
Purchase of fixed assets		(2,755,673)	(1,930,671)
Cash used in investing activities		(2,755,673)	(1,930,671)
Cash flows from financing activities:			
Subordinated member notes proceeds		7,000,000	14,000,000
Repayments of long-term debt		(18,401,448)	(14,697,046)
Redemptions of Class B members		(25,230,052)	—
Distributions to members		—	(13,000,000)
Net cash used in financing activities		(36,631,500)	(13,697,046)
Net cash increase (decrease) for year		6,324,165	(9,664,508)
Cash and cash equivalents at beginning of year		28,040,007	37,704,515
Cash and cash equivalents at end of year	$	34,364,172	28,040,007
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	64,677,032	62,137,459
Noncash activity:			
Capital expenditures incurred but not yet paid	$	82,923	38,416

See accompanying notes to financial statements.

(1) Organization

Chicago Parking Meters, LLC (the Company) was formed on November 18, 2008, for the purpose of owning the concession right for the Chicago Metered Parking System (the System) in Chicago, Illinois. On December 4, 2008 and February 3, 2009, the Company entered into a concession agreement (as amended and restated on June 5, 2013) and a side letter (collectively, the Agreements), respectively, pursuant to which, effective February 13, 2009 (the Concession Start Date), it leased the System for a 75-year term from the City of Chicago (the City) for a purchase price of $1,151,355,186. The Company has an exclusive right and franchise during the lease term to operate and collect revenues from the System (Rights).

The class A common units members of the Company (Class A Members) are Morgan Stanley Infrastructure Investors LP (MSII), North Haven Infrastructure Partners LP (NHIP) (formerly known as Morgan Stanley Infrastructure Partners LP), North Haven Infrastructure Partners A Sub LP (formerly known as Morgan Stanley Infrastructure Partners A Sub LP), (collectively with MSII and NHIP, the MSIP Partnerships), and Deeside Investments, Inc. (Deeside); the Class A Members own 0.653%, 11.415%, 38.032%, and 49.900%, respectively, of the Company. The General Partner of the MSIP Partnerships (which own 50.100% of the Company in total) is Morgan Stanley Infrastructure GP LP, an affiliate of Morgan Stanley & Co Inc. (Morgan Stanley). Deeside is owned by two infrastructure investors who are not related to the MSIP Partnerships.

On April 1, 2021, the Company authorized and designated a new ownership class, the class B preferred units, and admitted CPM PrefCo. LLC (CPM PrefCo), an affiliate of the MSIP Partnerships, as a member of the Company. On the same date, the subordinated notes payable to members described in Note 7 were surrendered and cancelled in exchange for the issuance of class B preferred units. The class B preferred units have a preferred return at an annual rate of 15% of the aggregate principal amount of the outstanding class B preferred units. On November 30 and December 31, 2021, the class B preferred units were redeemed in full by the Company.

The Company's net income or net loss and each item of income, gain, loss, deduction, or expense included in the determination of such net income or net loss shall generally be allocated among the Class A Members in proportion to each Class A Member's percentage interest. The Company does not have a defined dissolution date.

(2) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

(a) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions have been made with respect to the initial purchase price allocation and useful lives of assets. Actual results could differ from those estimates.

(b) Acquisition of Parking Meters

The fair values of the assets acquired pursuant to the Agreements were recorded as follows:

Equipment	$ 5,100,000
Intangible asset	1,146,255,186
Purchase price	$ 1,151,355,186

The Company used an income method, specifically the excess earnings method, to value the Agreements, which are recorded as an intangible asset. Under the excess earnings method, the Company examined the expected economic returns contributed by the System's fixed assets and the Rights obtained under the Agreements, and then isolated the excess return, which were attributable to the Rights. The cost approach was used in the valuation of the equipment.

(c) Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. Throughout the period, the Company may have cash balances in excess of federally insured amounts on deposit with various financial institutions.

Amounts received by parking meters but not yet deposited into the bank account are treated as cash (deposits in transit) and are included in the cash and cash equivalents balance as of December 31, 2021 and 2020.

(d) Cost of Parking Services

Cost of parking services consists of interchange, assessment, and processing fees for credit card sales, transaction fees paid to the Company's mobile payment provider and parking taxes.

(e) Fixed Assets

Fixed assets are stated at cost and primarily consist of parking meters. The Company's fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of such assets may not be recoverable. The Company's fixed assets are considered impaired when their estimated future undiscounted operating cash flows are less than the carrying values of such assets. To the extent impairment has occurred, the excess of carrying values of the Company's fixed assets over their estimated fair values will be charged to operations. No fixed assets impairment losses were recognized for the years ended December 31, 2021 and 2020.

Depreciation is provided on a straight-line basis over two years for computer software, three years for computer equipment, five years for land improvements, and seven years for equipment including parking meters. Maintenance and repairs are charged to expense when incurred. Expenditures for significant betterments and improvements that extend the economic lives of the fixed assets are capitalized.

(f) Intangible Asset

The intangible asset is stated at cost and consists of the Rights ($1,146,255,186), which are amortized on a straight-line basis over 75 years, resulting in annual amortization of $15,283,402 each year. The Company's definite-lived intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such asset may not be recoverable. The Company's intangible asset is considered impaired when its estimated future undiscounted operating cash flows are less than the carrying value of such asset. To the extent impairment has occurred, the excess of carrying value of the Company's intangible asset over its estimated fair value will be charged to operations. No intangible asset impairment losses were recognized for the years ended December 31, 2021 and 2020.

(g) Leases

Base rent associated with operating leases is recorded monthly on a straight line basis over the term of the respective lease. Leased property and equipment meeting capital lease criteria are capitalized at the lower of the present value of the related lease payments or the fair value of the leased asset at the inception of the lease and are recorded as a component of fixed assets on the accompanying balance sheets. Depreciation is calculated on the straight-line method based on the shorter of the estimated economic useful life of the assets or lease term.

(h) Revenue Recognition

The Company accounts for revenue in accordance with Topic 606. Topic 606 requires entities to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Company adopted Topic 606 effective as of January 1, 2019. There was no impact to retained earnings as a result of adoption of the new standard. The Company has two main revenue streams: (1) revenue received from customers for on-street parking, whether paid at a parking pay station or using the mobile phone parking application, and (2) revenue received from the City in accordance with the Agreements for changes to the parking system that reduce the revenue value generation capacity of the parking system (True-up Revenue). The Company elected the portfolio approach practical expedient to evaluate revenues received from customers for on-street parking.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. All of the revenue received from customers for on-street parking is considered a single performance obligation. True-up Revenue is earned over time as the Company satisfies its obligations to reduce its revenue-generating capacity and to make the parking system available for other uses and purposes as directed by the City.

Revenues from transient parking in the Company's parking meters are recognized at points in time as parking services are provided. This generally corresponds to when cash is received, or credit card transactions are authorized. In May 2014, the Company implemented a mobile phone parking application that allows customers to prepay for parking services. Revenues from customers using the mobile application are recognized as transactions are authorized using customers' prepaid balances.

Customers' prepaid balances of $17,957,091 and $15,504,116 are included in cash and cash equivalents and other current liabilities as of December 31, 2021 and 2020, respectively.

The Company is entitled to compensation from the City in accordance with the Agreements in the event that the City implements changes to the System, which reduces the Company's revenues. In addition, if the City implements certain changes to the System in accordance with the Agreements that result in an increase to the Company's revenue, the City has a right to a settlement credit, which results in a reduction of the Company's revenue. A settlement credit amount can only be used by the City as an offset against future True-up Revenue owed by the City to the Company, unless the Agreements are terminated prior to February 29, 2084. True-up Revenue, including adjustments for settlement credits, is calculated and recognized over time as the Company adjusts its revenue generating capacity as directed by the City. Amounts earned are generally received within 90 days of each quarterly settlement date defined in the Agreements (May 31, August 31, November 30, and February 28). True-up Revenue amounts due from the City are recorded in accounts receivable on the accompanying balance sheets. Settlement credit amounts the City has not utilized to offset future True-up Revenue are recorded as other current liabilities on the accompanying balance sheets. Accounts receivable as of December 31, 2021 and 2020 includes $4,804,640 and $2,071,363, respectively, of True-up Revenue due from the City. No unapplied settlement credits were outstanding as of December 31, 2021 and 2020.

For the years ended December 31, 2021 and 2020, the Company recognized True-up Revenue of $6,722,885 and $6,250,836, respectively. These amounts are included in parking revenues on the accompanying statements of comprehensive income (loss).

(i) Income Taxes

The Company is organized as a Limited Liability Company, treated as a disregarded entity for U.S. income tax purposes, and has no federal or state tax liability. No provision has been made for federal or state income taxes, as the liability for such taxes, if any, is that of the members rather than the Company.

The Company's income tax returns are subject to examination by taxing authorities. Generally, the Company is subject to audit under the statute of limitations by taxing authorities for the year ended December 31, 2018 and subsequent years. As the application of tax laws and regulations related to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the taxing authorities. The Company has assessed its tax position for all open tax years as of December 31, 2021 (2018-2021). There are no uncertain tax positions which require recognition in accordance with the provisions of FASB Accounting Standards Codification (ASC) 740, *Income Taxes*, as of December 31, 2021 and 2020.

(j) Derivative Instruments

The Company accounts for derivatives in accordance with applicable accounting literature, which requires that all derivatives be recognized as either an asset or liability in the balance sheets and be measured at fair value. The accounting for changes in the fair value of derivative instruments is dependent upon whether the applicable instrument has been formally designated as a hedging instrument. Derivative instruments that are designated and qualify as hedging instruments must be designated, based upon the exposure being hedged, as a fair value or a cash flow hedge. The Company has designated its derivatives as cash flow hedging instruments. When an effective hedge is terminated and the forecasted/hedged transactions remain probable of occurring, the amounts the Company previously recorded to other comprehensive income/loss in members' equity will be reclassified into income as the forecasted transactions occur. Subsequent changes in the fair value of the derivative will be recorded into income.

(k) Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which makes certain changes to the existing leasing standard including changes to (1) require lessees to recognize lease assets and lease liabilities, including operating leases, on the balance sheet, and (2) increase disclosure requirements for key information about lease transactions. ASU 2016-02 is effective for the Company beginning January 1, 2022, with early adoption permitted, and mandates a modified retrospective transition method for all entities. The Company is continuing to evaluate this guidance and its impact on the financial statements.

(3) Interest Rate Derivatives

On June 20, 2018, the Company entered into (1) a 10 year interest rate swaption collar with a third party for a notional amount of $300,000,000 and (2) a 15 year interest rate swaption collar with the same third party for a notional amount of $300,000,000, each with an effective date of December 31, 2020.

The Company's risk management objective and strategy with respect to these interest rate swaption collars is to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to forecasted future interest payments on the issuance of long-term debt (see Note 6). The Company is meeting its objective by entering into swaption collars to hedge the risk of changes in its cash flows (interest payments) attributable to changes in the 3 month USD-LIBOR swap rate, the designated benchmark interest rate being hedged, above the purchased swaption fixed rate of 3.54% and below the sold receiver swaption fixed rate of 2.75%.

The Company has designated the derivatives as cash flow hedges of interest rate risk. On December 24, 2018, the Company settled the derivatives for $12,250,000. Because the tenor of the debt issuance that the derivatives were meant to hedge (see Note 6) did not match the derivatives, only $11,866,556 of the related loss on cash flow hedges was recorded in accumulated other comprehensive loss in members' equity in 2018 while the remaining $383,444 was recorded in interest expense that same year. Since the Company settled the derivatives, it discontinued the application of hedge accounting prospectively from December 24, 2018. However, as the forecasted future interest payments are still reasonably possible of occurring, the Company amortizes the amount originally recorded in accumulated other comprehensive loss into interest expense as future interest payments occur. Amortization of the interest rate derivatives for the years ended December 31, 2021 and 2020 of $1,001,949 and $1,004,695, respectively, is included in interest expense on the accompanying statements of comprehensive income (loss). There were no new derivatives entered into or in place during 2020 or 2021.

(4) Operating Agreement

The System is managed by LAZ Parking Chicago, LLC (LAZ) pursuant to the terms of a management agreement. The management fees incurred for the years ended December 31, 2021 and 2020 were $450,580 and $280,277, respectively, and are recorded in administrative management costs on the accompanying statements of comprehensive income (loss).

(5) Transactions with Related Parties

The Company is managed by AMI Group, LLC, f/k/a Chicago Parking Services, LLC (AMI), an entity which is also owned by the MSIP Partnerships. AMI charges the Company for the costs of its services plus a fee equal to 10% of such costs. The Company incurred costs and fees totaling $4,327,287 and $4,198,538 during the years ended December 31, 2021 and 2020, respectively, and owed AMI $777,553 and $324,164 at December 31, 2021 and 2020, respectively. This amount is included as due to affiliate on the accompanying balance sheets.

(6) Long-Term Debt

The Company entered into a Note Purchase Agreement (the NPA) on January 30, 2019, to refinance previously issued debt; the total debt issuance was $900,000,000, consisting of three series as detailed below. The Company issued $353,000,000 of Senior Secured Notes (the 2025 Notes) under the NPA. The 2025 Notes bear interest at 4.93%, and require payments of interest quarterly on March 30, June 30, September 30 and December 30, commencing on March 30, 2019. The 2025 Notes mature on December 30, 2025. The Company issued $389,000,000 of Senior Secured Notes (the 2033 Notes) under the NPA. The 2033 Notes bear interest at 5.07%, and require payments of interest quarterly on March 30, June 30, September 30 and December 30, commencing on March 30, 2019. The 2033 notes begin amortizing on March 30, 2019 and mature on December 30, 2033. The Company issued $158,000,000 of Senior Secured Notes (the 2038 Notes) under the NPA. The 2038 Notes bear interest at 5.42%, and require payments of interest quarterly on March 30, June 30, September 30 and December 30, commencing on March 30, 2019. The 2033 Notes begin amortizing on December 30, 2033 and mature on December 30, 2038.

The Company entered into a Note Purchase Agreement (the June 2019 NPA) on June 30, 2019; the total debt issuance was $270,000,000, consisting of two series as detailed below. The Company issued $30,000,000 of Senior Secured Notes (the 2041 Notes) under the June 2019 NPA. The 2041 notes were issued under a deferred purchase agreement on July 11, 2019. The 2041 Notes bear interest at 4.98% and require payments of interest and principal quarterly on March 30, June 30, September 30 and December 30, commencing on September 30, 2019. The 2041 Notes mature on June 30, 2041. The Company issued $240,000,000 of Senior Secured Notes (the 2049 Notes) under the June 2019 NPA. The 2049 Notes bear interest at 5.70% and require payments of interest and principal quarterly on March 30, June 30, September 30 and December 30, commencing on September 30, 2019. The 2049 notes mature on June 30, 2049.

On June 28, 2019, the Company entered into a 25-year credit agreement with a third-party lender (the Credit Agreement). The total principal amount available for borrowing under the Credit Agreement is $30,000,000. On June 28, 2019, the Company borrowed the entire principal amount at an interest rate of LIBOR plus an applicable margin of 2.20%. The Credit Agreement requires payments of interest and principal quarterly on March 30, June 30, September 30 and December 30, commencing on September 30, 2019. The interest rate in effect for the interest payment due on December 31, 2021 was 2.3315%. The Credit Agreement matures on June 30, 2044.

An affiliate of one of the Deeside investors purchased $23,000,000 of the 2025 Notes and $50,000,000 of the 2033 Notes. As of the date of this report, the Company is in compliance with all covenants under the NPA, the June 2019 NPA and the Credit Agreement.

Pursuant to the terms of the NPA, the Company is required to maintain a debt service reserve equal to the amount of principal and interest due and payable in the next six months, either in a deposit account or letter of credit. As of the date of this report, the Company has obtained a $30,600,000 letter of credit and has $1,410,925 in a deposit account to satisfy this requirement. There have been no drawdowns on the $30,600,000 letter of credit.

Pursuant to the terms of the June 2019 NPA, the Company is required to maintain a debt service reserve equal to the amount of principal and interest due and payable in the next six months, either in a deposit account or letter of credit. As of the date of this report, the Company has obtained an $8,250,000 letter of credit and has $224,641 in a deposit account to satisfy this requirement. There have been no drawdowns on the $8,250,000 letter of credit.

Pursuant to the terms of the Credit Agreement, the Company is required to maintain a debt service reserve equal to the amount of principal and interest due and payable in the next six months, either in a deposit account or letter of credit. As of the date of this report, the Company has obtained a $500,000 letter of credit and has $207,256 in a deposit account to satisfy this requirement. There have been no drawdowns on the $500,000 letter of credit.

The 2025 Notes, 2033 Notes, 2038 Notes, 2041 Notes, 2049 Notes and the Credit Agreement are secured by a first priority lien on substantially all of the Company's tangible and intangible assets, including, without limitation, those assets related to the operation, maintenance, and rehabilitation of the System, the Company's interests in the Agreements, and a lien on substantially all of the Company's accounts, including the debt service reserve account. In addition, the 2025 Notes, 2033 Notes, 2038 Notes, 2041 Notes, 2049 Notes and the Credit Agreement are secured by a first priority security interest in all the limited liability company interests.

Financing costs associated with obtaining debt have been capitalized and are amortized over the term of the debt as a component of interest expense. Debt issuance costs of $10,702,800 and $11,651,478 at December 31, 2021 and 2020, respectively, are recorded as a direct deduction from the carrying amount of the Company's debt balance within the accompanying balance sheets and are reflected net of accumulated amortization of $2,704,835 and $1,756,157, respectively. Amortization expense related to debt issuance costs and included in interest expense within the accompanying statements of comprehensive income (loss) was $948,678 and $974,840 for the years ended December 31, 2021 and 2020, respectively.

Minimum principal payments due under long-term debt as of December 31, 2021 are as follows:

2022	$	20,323,392
2023		22,734,513
2024		26,493,167
2025		381,675,345
2026		23,664,283
Thereafter		684,712,324
		1,159,603,024
Less: current portion		(20,323,392)
Less: deferred financing costs		(10,702,800)
Total long-term debt, net	$	1,128,576,832

(7) Subordinated Notes Payable to Members

On June 1, 2020, Deeside and CPM PrefCo made loans to the Company in the total amount of $14,000,000. On February 26, 2021, Deeside and CPM PrefCo made loans to the Company in the total amount of $7,000,000. The notes bear interest at a rate of 15% compounded annually and mature on December 31, 2035. Interest accrued on the notes, if unpaid on the 61st day after the end of each fiscal year is added to the principal amount of the loans effective as of the last day of such fiscal year. The notes are fully subordinated to the secured obligations of the Company described in Note 6. On April 1, 2021, the notes were surrendered and cancelled in exchange for the issuance of class B preferred units described in Note 1.

(8) Leases

On July 17, 2009, the Company entered into a sublease (the Sublease) with Chicago Loop Parking, LLC (Loop), a company wholly owned by the MSIP Partnerships, in which the Company rents a warehouse with related office space on 17,417 square feet of the Loop's property (the Rental Space) for a ten-year period beginning with the Company's initial occupancy of the Rental Space on November 1, 2009. Effective January 31, 2014, Loop assigned its interest in the Sublease to a third party. In 2019, the Sublease was amended which extended the lease term for a five-year period ending on October 31, 2024 subject to an additional extension option of five years. Rent payments for the extended period are as follows: (i) $400,000 of annual base rent is payable by the Company in monthly installments starting on November 1, 2019, and (ii) the annual base rent increases by 2% on January 1 of each calendar year.

Rent expense for the years ended December 31, 2021 and 2020 was $408,000 and $400,000, respectively, and is recorded in general administrative costs on the accompanying statements of comprehensive income (loss).

Minimum future rental payments under the noncancelable operating lease as of December 31, 2021 are as follows:

2022	$	416,160
2023		424,483
2024		360,811
	$	1,201,454

In 2016, 2019, 2020 and 2021, the Company entered into vehicle lease agreements with Enterprise FM Trust with lease terms of 60 months. These lease agreements are accounted for as capital leases in the financial statements. Property under capital leases are included in fixed assets as follows:

		December 31, 2021	December 31, 2020
Asset class:			
Vehicles	$	879,743	839,737
Less: accumulated amortization		(666,051)	(492,770)
Total	$	213,692	346,967

Future rental payments under the capital leases as of December 31, 2021 are as follows:

2022	$	76,892
2023		76,892
2024		63,201
2025		17,548
2026		2,200
	$	236,733

(9) Commitments and Contingencies

Litigation

The Company may be subject to litigation in the normal course of business. Management uses guidance from legal counsel relating to the potential outcome of any litigation when determining the need to record liabilities for potential losses and the disclosure of pending legal claims. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the Company's financial position, results of operations, or liquidity.

(10) Subsequent Events

The Company has evaluated events subsequent to December 31, 2021 through April 29, 2022, the date of the financial statement issuance, and no additional events required disclosure.