
2000 Annual Report

Central Loop Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2001

June 30, 2001

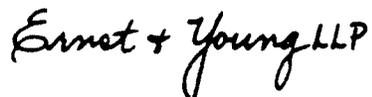
Ms. Alicia Mazur Berg
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Central Loop Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City Departments.

Very truly yours,



Ernst & Young LLP

Central Loop Redevelopment Project Area 2000 Annual Report

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ANNUAL REPORT – CENTRAL LOOP REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Alicia Mazur Berg
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)

<http://www.cityofchicago.org>

June 30, 2001

The Honorable Daniel Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the Central Loop Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Alicia Mazur Berg
Commissioner

NEIGHBORHOODS



**Central Loop Redevelopment Project Area
2000 Annual Report**

(1) DATE OF DESIGNATION OR TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on June 20, 1984. The Project Area may be terminated no later than June 20, 2007.

SECTION 4. The costs to be reimbursed will be paid from funds of the Borrower which have been allocated to other purposes.

SECTION 5. This ordinance is consistent with the budgetary and financial circumstances of the City. No funds from sources other than the Bonds are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the City for the Project.

SECTION 6. This ordinance constitutes a declaration of official intent under Treasury Regulations Sections 1.150-2 and 1.103-8(a)(5).

SECTION 7. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 8. This ordinance shall be effective as of the date of its passage.

APPROVAL OF AMENDMENT TO CENTRAL LOOP
REDEVELOPMENT PROJECT AREA TAX
INCREMENT FINANCING PROGRAM
REDEVELOPMENT PLAN
AND PROJECT.

The Committee on Finance submitted the following report:

CHICAGO, May 17, 2000.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance amending the redevelopment agreement for the Central Loop Redevelopment Project Area, having had the same under advisement, begs leave to report and recommend that Your Honorable Body Pass the proposed ordinance transmitted herewith.

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5/17/2000

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas-- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Hairston, Lyle, Beavers, Dixon, Beale, Pope, Balcer, Frias, Olivo, Burke, Thomas, Coleman, Peterson, Murphy, Troutman, DeVille, Munoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Suarez, Matlak, Mell, Austin, Colom, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Natarus, Daley, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 48.

Nays -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, Pursuant to ordinances adopted on June 20, 1984, in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), the City Council (the "Corporate Authorities") of the City of Chicago (the "City"): (i) approved a redevelopment plan and project (the "Original Plan") for a portion of the City known as the "North Loop Redevelopment Project Area" (the "Original Area") (the "Original Plan Ordinance"); (ii) designated the Original Area as a "redevelopment project area" (the "Designation Ordinance"); and (iii) adopted tax increment allocation financing for the Original Area (the "T.I.F. Adoption Ordinance") (the Original Plan Ordinance, the Designation Ordinance and the T.I.F. Adoption Ordinance are collectively referred to in this ordinance as the "T.I.F. Ordinances"); and

WHEREAS, The City subsequently determined that the Original Area be expanded to include additional contiguous areas (the "Added Property" and, together with the Original Area, the "Expanded Project Area"); and

WHEREAS, In connection with the addition of the Added Property to the Original Area, the Corporate Authorities adopted the following ordinances amending and supplementing the T.I.F. Ordinances on February 7, 1997, in accordance with the provisions of the Act: (i) an ordinance approving the Central Loop Redevelopment Plan and Project (the "Expanded Area Plan" and, together with the Original Plan, the "Redevelopment Plan") for the Expanded Project Area; (ii) an ordinance designating the Central Loop Redevelopment Project Area as a "redevelopment project area" pursuant to the Act, which re-confirmed the designation of the Original Area and designated the Expanded Project Area as a "redevelopment project area"; and (iii) an ordinance adopting tax increment allocation financing for the Expanded Project Area (collectively, the "Expanded Area T.I.F. Ordinances"); and

WHEREAS, The Redevelopment Plan established the estimated dates of completion of the redevelopment project described in the Redevelopment Plan and of the retirement of obligations issued to finance redevelopment project costs to be March 1, 2007, which date is not more than twenty-three (23) years from the date of the adoption of the Designation Ordinance, and the Corporate Authorities made a finding in the Redevelopment Plan Ordinances that such dates were not more than twenty-three (23) years from the date of the adoption of the Designation Ordinance in accordance with the provisions of Section 11-74.4-3(n)(3) of the Act in effect on the date of adoption of the T.I.F. Ordinances and the Expanded Area T.I.F. Ordinances; and

WHEREAS, Public Act 91-478 (the "Amendatory Act"), which became effective November 1, 1999, amended the Act, among other things, to (i) change the dates set forth in Section 11-74.4-3(n)(3) of the Act by which redevelopment projects must be completed and obligations issued to finance redevelopment project costs must be retired to be no later than December 31 of the year in which the payment to a municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving a redevelopment project area is adopted, and (ii) provide that a municipality may amend an existing redevelopment plan to conform such redevelopment plan to Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act, by an ordinance adopted without further hearing or notice and without complying with the procedures provided in the Act pertaining to an amendment to or the initial approval of a redevelopment plan and project and designation of a redevelopment project area; and

WHEREAS, The Corporate Authorities desire to amend the Redevelopment Plan to conform the Redevelopment Plan to Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act, in accordance with the procedures set forth in amended Section 11-74.4-3(n)(3); now, therefore,

5/17/2000

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof.

SECTION 2. Approval Of Amendment To Redevelopment Plan. The "Amendment to the Central Loop Tax Increment Financing Redevelopment Project and Plan", a copy of which is attached hereto as Exhibit A (the "Plan Amendment"), is hereby approved.

SECTION 3. Finding. The Corporate Authorities hereby find that the estimated dates of completion of the redevelopment project described in the Redevelopment Plan and of the retirement of obligations issued to finance redevelopment project costs set forth in the Redevelopment Plan, as amended by the Plan Amendment, conform to the provisions of Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act.

SECTION 4. Invalidity Of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 5. Superseder. All ordinances (including, without limitation, the T.I.F. Ordinances and the Expanded Area T.I.F. Ordinances), resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflicts.

SECTION 6. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

Exhibit "A" referred to in this ordinance reads as follows:

Exhibit "A".

*Amendment To
Central Loop Tax Increment Financing
Redevelopment Project And Plan.*

1. The first sentence of the second paragraph under Section V.F., "Issuance of Obligations", is amended to read as follows:

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All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the Original Project Area and the Original Redevelopment Plan was adopted, such ultimate retirement date occurring on December 31, 2008.

DESIGN
A

2. The first sentence of the first paragraph under Section V.G.2., "Anticipated Equalized Assessed Valuation", is amended to read as follows:

By the tax year 2007 (collection year 2008) and following the completion of all potential Redevelopment Projects, the E.A.V. of the Added Project Area is estimated to total between One Billion Eighty-eight Million Five Hundred Eighty-five Thousand Dollars (\$1,088,585,000) and One Billion One Hundred Twenty-three Million Seven Hundred Ninety-five Thousand Dollars (\$1,123,795,000).

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3. The third paragraph under Section X, "Phasing And Scheduling", is amended to read as follows:

The estimated date for completion of Redevelopment Projects is no later than December 31, 2008.

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4. In Section V of Exhibit I to the Central Loop Tax Increment Financing Redevelopment Project and Plan, entitled the "Original Redevelopment Project and Plan", the first sentence of the second paragraph under the subheading, "Issuance of Obligations", is amended to read as follows:

Obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the Original Project Area and the Original Redevelopment Plan was adopted, such ultimate retirement date occurring on December 31, 2008.

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5. In Section VI of Exhibit I to the Central Loop Tax Increment Financing Redevelopment Project and Plan, entitled the "Original Redevelopment Project and Plan", under the subheading, "Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs", is amended to read as follows:

The estimated date for completion of Redevelopment Projects is no later than December 31, 2008.

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Dixon, B
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Carother
O'Conno
Moore, S

**Central Loop Redevelopment Project Area
2000 Annual Report**

(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

Please see attached.

***City of Chicago, Illinois
Central Loop Redevelopment
Project***

*Financial Statements for the
Years Ended December 31, 2000 and 1999,
Required Supplementary and Additional
Information for the Years Ended
December 31, 2000 and 1999 and
Independent Auditors' Report*

CITY OF CHICAGO, ILLINOIS

CENTRAL LOOP REDEVELOPMENT PROJECT

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INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor, and
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying combined balance sheet of the City of Chicago, Illinois' Central Loop Redevelopment Project (Project) as of December 31, 2000, and the related combined statements of revenues, expenditures and changes in fund balance for the years ended December 31, 2000 and 1999. These combined financial statements are the responsibility of the management of the City of Chicago, Illinois. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Project as of December 31, 2000, and the results of its operations for the years ended December 31, 2000 and 1999 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The additional information, which is also the responsibility of the City's management, is presented for purposes of additional analysis and is not a required part of the financial statements, but is required by the Illinois Tax Increment Financing Act of 1997. Such additional information (page 8) has been subjected to the auditing procedures applied in our audits of the combined financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the combined financial statements taken as a whole.

Deloitte & Touche LLP

June 25, 2001

CITY OF CHICAGO, ILLINOIS

CENTRAL LOOP REDEVELOPMENT PROJECT

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2000, WITH COMPARATIVE TOTALS FOR 1999

	2000			Totals (Memorandum Only)	
	Governmental Fund Types	Fiduciary Fund Types	General Long-Term Debt Account Group	2000	1999
ASSETS:					
Cash and cash equivalents (Note 2)	\$ 108,771.935	\$ 3,272.016		\$ 112,043.951	\$ 71,124.499
Investments (Note 2)	71,069.172			71,069.172	47,711.193
Cash and investments with escrow agent	62,118.533			62,118.533	44,439.825
Property tax receivable	43,766.506			43,766.506	45,945.521
Accrued interest receivable	2,106.266	11,299		2,117.565	820.796
OTHER DEBITS:					
Amount available for debt service			\$ 65,494.441	65,494.441	47,706.834
Amount to be provided for retirement of long-term debt			234,352.173	234,352.173	123,693.166
TOTAL ASSETS AND OTHER DEBITS	\$ 287,832.412	\$ 3,283.315	\$ 299,846.614	\$ 590,962.341	\$ 381,441.834
LIABILITIES AND FUND BALANCE:					
Vouchers payable	\$ 4,325.648			\$ 4,325.648	\$ 8,913.950
Accrued interest	1,406.953			1,406.953	813.485
Due to other funds	1,101.330			1,101.330	14,378.708
Accrued liabilities	100,000	\$ 3,283.315		3,383.315	3,263.496
Deferred revenue	42,242.119			42,242.119	41,992.618
Bonds payable (Note 3)			\$ 299,846.614	299,846.614	171,400.000
Total liabilities	49,176.050	3,283.315	299,846.614	352,305.979	240,762.257
Fund balance:					
Reserved for encumbrances (Note 5)	11,976.744			11,976.744	21,301.491
Reserved for debt service	65,494.441			65,494.441	47,706.834
Designated for future redevelopment project costs	161,185.177			161,185.177	71,671.252
Total fund balance	238,656.362			238,656.362	140,679.577
TOTAL LIABILITIES AND FUND BALANCE	\$ 287,832.412	\$ 3,283.315	\$ 299,846.614	\$ 590,962.341	\$ 381,441.834

See notes to combined financial statements.

CITY OF CHICAGO, ILLINOIS

CENTRAL LOOP REDEVELOPMENT PROJECT

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
REVENUES:		
Property taxes	\$ 44,604,950	\$ 40,416,457
Investment income	<u>8,407,178</u>	<u>8,026,030</u>
Total revenues	53,012,128	48,442,487
EXPENDITURES:		
Capital projects	54,548,611	65,138,023
Bond issuance costs	4,969,533	
Principal retirement	16,800,000	15,600,000
Interest expense	<u>6,072,654</u>	<u>9,834,325</u>
Total expenditures	<u>82,390,798</u>	<u>90,572,348</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(29,378,670)	(42,129,861)
OTHER FINANCING SOURCES (USES):		
Sale of land		3,417,469
Proceeds of debt	240,315,591	
Payment to refunded bond escrow agent	(94,960,136)	
Operating transfers-out (Note 4)	<u>(18,000,000)</u>	<u>(32,500,000)</u>
Total other financing sources (uses)	<u>127,355,455</u>	<u>(29,082,531)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	97,976,785	(71,212,392)
FUND BALANCE, BEGINNING OF YEAR	<u>140,679,577</u>	<u>211,891,969</u>
FUND BALANCE, END OF YEAR	<u>\$ 238,656,362</u>	<u>\$ 140,679,577</u>

See notes to combined financial statements.

CITY OF CHICAGO, ILLINOIS

CENTRAL LOOP REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2000 AND 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Project - The Central Loop Redevelopment Project (Project) was established as a Tax Increment Financing (TIF) district by the City of Chicago, Illinois (City) in 1997. The Project is an extension of the North Loop Redevelopment Project established in 1986. The area has been established to finance improvements, leverage private investment, and create and retain jobs. Reimbursements, if any, are made to developers for Project costs as public improvements are completed and pass City inspection.

Fund Accounting - The Project uses fund accounting to organize its accounts on the basis of funds and account groups, each of which is a separate accounting entity, with a separate set of self-balancing accounts as follows:

- **Governmental Funds** - The Project is accounted for within the capital projects, debt service and special revenue funds of the City. Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities. Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt and related costs. Special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal, grant or regulatory provisions or administrative action. These funds are presented herein on a combined basis.
- **Agency Fund** - An agency fund accounts for assets held by the Project in a trustee capacity for a developer deposit. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- **General Long-Term Debt Account Group** - The general long-term debt account group accounts for all long-term obligations of the Project.

Basis of Accounting - Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting with only current assets and current liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Management's Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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. Actual results could differ from those estimates.

Encumbrances - Encumbrances are purchase orders, contracts and other commitments for expenditures of funds and are recorded to reserve that portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities.

Cash, Cash Equivalents and Investments - The bond proceeds and incremental taxes associated with the Project are deposited with the City Treasurer or a trust account. The Municipal Code of Chicago (Code) permits deposits only to City Council-approved depositories, which must be regularly organized state or national banks and federal and state savings and loan associations, located within the City, whose deposits are federally insured. The City uses separate escrow accounts in which certain tax revenues are deposited and held for payment of general obligation debt.

Investments authorized by the Code include interest-bearing general obligations of the City, State of Illinois (State), and U.S. Government; U.S. treasury bills and other non-interest-bearing general obligations of the U.S. Government purchased in the open market below face value; domestic money market funds regulated and in good standing with the Securities and Exchange Commission; and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

Investments, generally, may not have a maturity in excess of one year from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinance.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Property Taxes - Property taxes are recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

Fixed Assets - Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

Total Columns - Total Columns used on the balance sheet are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position of the Project in conformity with generally accepted accounting principles, and, thus, are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits - Certain deposits with the City Treasurer are commingled and invested by the Treasurer with deposits from other City funds; accordingly, it is not practical to disclose the related bank balance of such cash deposits for the Project. Of the City Treasurer's total bank balances at December 31, 2000, \$112.4 million or 98.1 percent were either insured or collateralized with securities held by City agents in the City's name. The remaining balances were uninsured and uncollateralized.

Investments - Investments are categorized to give an indication of the level of credit risk. Category 1 includes investments that are insured or registered in the City's name or the securities were held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or its agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or counterparty, or by its trust department or agent, but not in the City's name. Pooled funds include primarily money market accounts. The following table provides a summary for all Project funds at December 31, 2000:

Description	Risk Category	2000
U.S. Government obligations	1	\$ 138,781,344
Commercial paper	1	
Noncategorized - pooled funds		<u>89,204,147</u>
Total		<u><u>\$ 227,985,491</u></u>

The following reconciles the fair value of investments to the financial statements:

	2000
Investments	\$ 71,069,172
Investments included in cash and investments with escrow agent	62,118,533
Investments included in cash and cash equivalents	<u>94,797,786</u>
Total	<u><u>\$ 227,985,491</u></u>

3. BONDS PAYABLE

Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000 A and Taxable Series 2000 B (\$142.3 million) were sold in November 2000. The Series 2000 A (\$79.9 million) were sold as capital appreciation bonds having yields of 5.03 percent and maturity dates ranging from December 1, 2005 to December 1, 2008. The Taxable Series 2000 B (\$62.4 million) were sold as current interest bonds having interest rates ranging from 6.55 percent to 6.8 percent with maturity dates ranging from December 1, 2002 to December 1, 2005. Net proceeds of \$139.4 million will be used to finance certain Project costs (\$125.5 million) and fund the debt service reserve account (\$14.2 million).

Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000 A (\$98.9 million) were sold in November 2000. The bonds have interest rates ranging from 6.25 percent to 6.5 percent with maturity dates ranging from December 1, 2002 to December 1, 2008. Net proceeds of \$95.9 million together with certain proceeds of \$10 million released from the debt service reserve account in respect to the Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997 A were used to advance refund all of the Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997 A (\$95 million); fund the debt service reserve requirement for the Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000 A (\$9.9 million); and fund a portion of the Project costs (\$1 million). The advance refunding increased

total debt payments by \$22.9 million and resulted in an economic loss of \$9.2 million. The City advance refunded the Series 1997 A bonds in order to remove certain covenants and to issue new bonds to finance additional redevelopment project costs.

In November 1997, the City authorized and issued the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project) \$96 million Series 1997 A and \$91 million Taxable Series 1997 B. The bonds have interest rates ranging from 4.5 percent to 6.375 percent and have maturity dates ranging from June 1, 1999 to June 1, 2007. Certain net proceeds (\$166.6 million) are to be used to finance redevelopment of the TIF district. During 2000, \$96 million was defeased with the issuance of the new bonds. The amount outstanding is recorded in the City's general long-term debt account group.

The following summarizes debt service requirements as of December 31, 2000:

Year Ending December 31	Principal	Interest	Total
2001	\$ 18,100,000	\$ 15,488,307	\$ 33,588,307
2002	33,800,000	12,575,138	46,375,138
2003	36,975,000	10,365,151	47,340,151
2004	37,825,000	8,562,225	46,387,225
2005	44,905,604	9,178,061	54,083,665
2006 - 2008	<u>128,241,010</u>	<u>38,965,615</u>	<u>167,206,625</u>
Total	<u>\$299,846,614</u>	<u>\$95,134,497</u>	<u>\$394,981,111</u>

4. OPERATING TRANSFERS-OUT

During 2000 and 1999, the Project transferred funds to the City's General Fund relating to initial start-up costs funded by the City of \$18 million and \$30 million, respectively. During 1999, in accordance with State statutes, the Project also transferred \$2,500,000 to the contiguous River South Redevelopment Project for the construction of the District 1 Police Station and other public improvements.

5. COMMITMENTS

As of December 31, 2000, the Project has entered into contracts for services and construction projects for approximately \$12 million.

* * * * *

CITY OF CHICAGO, ILLINOIS

CENTRAL LOOP REDEVELOPMENT PROJECT

SCHEDULES OF EXPENDITURES BY STATUTORY CODE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
EXPENDITURES:		
Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal and marketing	\$ 1,823,962	\$ 1,826,621
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights and interests therein, demolition of buildings, and the clearing and grading of land	25,242,399	14,647,605
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	20,141,381	12,255,911
Costs of the construction of public works or improvements	7,222,725	36,249,870
Costs of job training and retraining projects	13,222	25,788
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	27,842,187	25,434,325
Costs of relocation to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law	<u>104,922</u>	<u>132,228</u>
TOTAL EXPENDITURES	<u>\$82,390,798</u>	<u>\$90,572,348</u>

**Central Loop Redevelopment Project Area
2000 Annual Report**

(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: Carol Reckamp, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Rm. 1149
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Kay Kosmal

Dean L. Viverito, Comptroller
Forest Preserve District of Cook County
536 North Harlem Avenue
River Forest, Illinois 60305

Michael Koldyke, Chairman
Chicago School Finance Authority
135 S. LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent & CEO
Chicago Park District
541 N. Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Paul Vallas, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Mary West, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime, Manager

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Central Loop Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

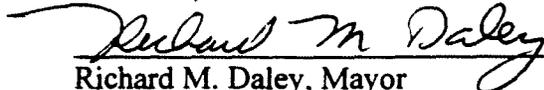
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2000, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2001.


Richard M. Daley, Mayor
City of Chicago, Illinois

**Central Loop Redevelopment Project Area
2000 Annual Report**

(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.



June 30, 2001

City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-6900
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)

<http://www.ci.chi.il.us>

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: Carol Reckamp, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Rm. 1149
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Kay Kosmal

Dean L. Viverito, Comptroller
Forest Preserve District of Cook County
536 North Harlem Avenue
River Forest, Illinois 60305

Michael Koldyke, Chairman
Chicago School Finance Authority
135 S. LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent &
CEO
Chicago Park District
541 N. Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Paul Vallas, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Mary West, Director of Finance
Metropolitan Water Reclamation District
of Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime, Manager

Re: Central Loop
Redevelopment Project Area (the "Redevelopment Project Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.

NEIGHBORHOODS



Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

Central Loop Redevelopment Project Area 2000 Annual Report

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2000		2000
Revenues		
Property tax	\$	44,604,950
Sales tax		-
Interest		8,407,178
Total revenues		53,012,128
Expenditures		
Costs of studies, admin., and professional services. (q)(1)		1,823,962
Marketing Costs. (q)(1.6)		-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)		25,242,399
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)		20,141,381
Costs of construction of public works and improvements. (q)(4)		7,222,725
Cost of job training and retraining. (q)(5)		13,222
Financing costs. (q)(6)		27,842,187
Approved capital costs of overlapping taxing districts. (q)(7)		-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)		-
Relocation costs. (q)(8)		104,922
Payments in lieu of taxes. (q)(9)		-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)		-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)		-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)		-
Cost of day care services and operational costs of day care centers. (q)(11.5)		-
Total expenditures		82,390,798
Expenditures over revenues		29,378,670
Other financing sources (uses)		
Proceeds of debt		240,315,591
Payment to refunded bond escrow agent		(94,960,136)
Operating transfers out		(18,000,000)
Total other financing sources (uses)		127,355,455
Revenues and other financing sources over expenditures and other financing uses		97,976,785
Fund balance, beginning of year		140,679,577
Fund balance, end of year	\$	238,656,362
Fund Balance		
Reserved for debt service	\$	65,494,441
Reserved for encumbrances		11,976,744
Designated for future redevelopment project costs		161,185,177
Total fund balance	\$	238,656,362

Central Loop Redevelopment Project Area 2000 Annual Report

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5) cont.

Below is listed all vendors, including other municipal funds, that were paid in excess of \$5,000 during the current reporting year.

Name	Service	Amount
City Staff Costs	Administration	\$1,064,047
Earl L. Neal & Associates, LLC	Legal	\$305,757
Real Estate Analysis Corp.	Consultant	\$37,990
Ty Lin	Consultant	\$40,828
Lambert Group	Consultant	\$7,761
A. Epstein & Sons	Consultant	\$6,660
S. B. Friedman & Co.	Consultant	\$14,804
Ernst & Young LLP	Consultant	\$23,680
Gonzalez/Hasbrook	Consultant	\$19,429
Goodman Williams	Consultant	\$41,815
Arthur Andersen	Consultant	\$189,147
Harry S. Cutmore	Consultant	\$7,500
William A. McCann & Associates	Consultant	\$29,678
Deloitte & Touche	Consultant	\$14,700
American National Bank Trust # 122984-02	Acquisition	\$3,800,000
Harris Trust and Savings Bank Trust #38310	Acquisition	\$9,842,400
Cole Taylor Bank as Successor to Harris Trust and Savings Trust #30223	Acquisition	\$1,520,000
Frank J. Howell and Unknown Owners	Acquisition	\$1,330,000
Katherine T. Roche, as Trustee, under The Family Trust of Katherine T. Roche, et al.	Acquisition	\$1,100,000
Bank One f/k/a The First National Bank of Chicago, et al.	Acquisition	\$3,300,000
John Q. Adams, Jr., Katherine A. Volckens and Mary Sarett, as Trustee under Trust Agreement	Acquisition	\$3,450,000
State of Illinois	Acquisition	\$900,000
330 S. Michigan L.L.C.	Rehabilitation	\$1,130,000
Chicago Symphony Orchestra	Rehabilitation	\$2,500,000
Palmet Venture LLC	Rehabilitation	\$1,816,107
Goodman Theater	Rehabilitation	\$12,665,489
Canal Street Hotel, LLC	Rehabilitation	\$48,971
American Youth Hostels	Rehabilitation	\$1,295,813
Oxford House	Rehabilitation	\$60,000
Mentor Building	Rehabilitation	\$625,000
Walsh Construction	Public Improvement	\$286,725
Public Building Commission	Public Improvement	\$1,753,748
Capitol Cement	Public Improvement	\$404,033

Central Loop Redevelopment Project Area 2000 Annual Report

McDonough	Public Improvement	\$13,173
Chicago Department of Transportation	Public Improvement	\$1,231,493
Chicago Department of Water	Public Improvement	\$8,817
Chicago Department of Streets & Sanitation	Public Improvement	\$5,501
Baker Heavy	Public Improvement	\$744,381
E.A. Cox	Public Improvement	\$1,042,986
Gordian Group	Public Improvement	\$13,115
F.H. Paschen	Public Improvement	\$81,341
Pacific Construction	Public Improvement	\$26,405
Teng & Associates	Public Improvement	\$6,792
Tishman Company	Public Improvement	\$16,007
Professional Service	Public Improvement	\$5,063
G.F. Structures	Public Improvement	\$10,357
Nakawatase, Wynn	Public Improvement	\$56,707
Kudrna & Associates	Public Improvement	\$19,529
Ciorba	Public Improvement	\$89,909
STV, Inc.	Public Improvement	\$16,553
Parsons, Brinckerhoff	Public Improvement	\$52,443
DePaul University	Job Training	\$11,900
Trkla, Pettigrew, Allen & Payne	Consultant	\$120,000
The Knight Group	Consultant	\$100,000
Katten, Muchin and Zavis	Legal	\$145,000
McGaugh & Associates	Consultant	\$60,000
Moody's Investment Service	Financial	\$34,144
Mesirow Financial Inc.	Financial	\$1,182,698
Loop Capital Markets, LLC	Financial	\$482,776
Melvin Securities	Financial	\$268,983
U.S. Bancorp Piper Jaffray, Inc.	Financial	\$203,478
Banc One Capital Markets, Inc.	Financial	\$137,973
Berean Capital, Inc.	Financial	\$137,973
AMBAC Assurance Corporation	Financial	\$1,249,097
ACA Financial Guaranty Corporation	Financial	\$735,026
McGladrey & Pullen	Consultant	\$6,500
Emerald Services, Inc.	Financial	\$44,884
Fitch Investor Service	Financial	\$10,000
Standard & Poor's	Financial	\$42,000
Cole Taylor Bank	Financial	\$22,881,654
State Randolph	Relocation	\$39,936
World Money Exchange	Relocation	\$30,367
Murphy Cap & Gown	Relocation	\$15,899
Glorious Hair	Relocation	\$14,141

**Central Loop Redevelopment Project Area
2000 Annual Report**

(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

TABLE 6
DESCRIPTION OF PROPERTY PURCHASED BY THE CITY WITHIN THE TIF AREA

STREET ADDRESS	APPROXIMATE SIZE OR DESCRIPTION OF PROPERTY	PURCHASE PRICE	SELLER OF PROPERTY
72 E. Randolph St. ¹	Irregular 23,000 Sq. Ft.	\$3,800,000	American National Bank and Trust Company
151 North State St. ¹	n/a	\$9,750,000	Harris Trust and Savings Bank
208-212 South State St. ¹	n/a	\$1,520,000	Cole Taylor Bank
32-34 South State St. ¹	n/a	\$1,330,000	Frank J. Howell
25 South State St. ¹	n/a	\$1,100,000	Katherine T. Roche, Trustee for Katherine T. Roche Family Trust
36-44 South Wabash Ave. ¹	n/a	\$3,300,000	Bank One
12-14 East Monroe St. ¹	n/a	\$3,450,000	John Q. Adams, Jr., Katherine A. Volkens, and Mary Sarett, as Trustees
174 West Randolph St. ¹	n/a	\$900,000	State of Illinois

¹ An acquisition by condemnation is considered effective upon the date just compensation is deposited with the County Treasurer.

Central Loop Redevelopment Project Area 2000 Annual Report

(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)

- (A)** Projects implemented in the preceding fiscal year.
- (B)** A description of the redevelopment activities undertaken.
- (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F)** Joint Review Board reports submitted to the City.
- (G)** Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/00, and of such investments expected to be undertaken in Year 2001; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/00, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON THE FOLLOWING PAGES.

**Central Loop Redevelopment Project Area
2000 Annual Report**

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

TABLE 7(A)
PROJECTS IMPLEMENTED IN THE PROCEEDING FISCAL YEAR

NAME
OF PROJECT

330 South Michigan Chicago Symphony Orchestra Ethnicgrocer.com, Inc. One North Dearborn, LLC One South State Street, LLC
--

(7)(B) - 65 ILCS 5/11-74.4(d)(7)(B)

Redevelopment activities undertaken within this Project Area during the year 2000, if any, have been made pursuant to i) the Redevelopment Plan for that Project Area, and ii) the one or more Redevelopment Agreements, if any, affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

Central Loop Redevelopment Project Area 2000 Annual Report

(7)(C) - 65 ILCS 5/11-74.4(d)(7)(C)

TABLE 7(C)
AGREEMENTS ENTERED INTO WITH REGARD TO THE DISPOSITION & REDEVELOPMENT OF
PROPERTY WITHIN THE PROJECT AREA

PARTIES TO AGREEMENT WITH CITY	NATURE OF AGREEMENT	PROJECT DESCRIPTION	ADDRESS	JOBS CREATED AND/OR RETAINED
330 South Michigan	Redevelopment Agreement	Developer put in life/safety improvements in connection with the rehabilitation of the office portion of the building.	330 S. Michigan	Retaining 280 full time employees
Chicago Symphony Orchestra	Redevelopment Agreement	Developer performed an extensive renovation of Orchestra Hall and an adjoining building.	220 S. Michigan	Creating 49 full time & part time jobs. Retained 737 full time & part time jobs
Ethnicgrocer.com, Inc.	Redevelopment Agreement	The City provided a guarantee of reimbursement for a portion of the costs of certain tenant improvements incurred on behalf of EthnicGrocer.com in connection with its lease of office space at 1 N. Dearborn.	Dearborn & Madison	Creating 200 full time jobs
One North Dearborn, LLC	Redevelopment Agreement	Rehabilitation of 900,000 sq. ft. office building and redevelopment of the bottom floors of a new Sears Department Store.	Dearborn & Madison	Creating 800 new jobs
One South State Street, LLC	Redevelopment Agreement	Redevelopment of the Carson's Department Store Building by repair of the State Street façade along with the restoration of the cornice atop said façade and the conversion of floors 8-12 of the building for office use.	State & Madison	Creating 463 new jobs

**Central Loop Redevelopment Project Area
2000 Annual Report**

(7)(D) - 65 ILCS 5/11-74.4(d)(7)(D)

The Project Area has received \$ 329,095,571 of property tax and sales tax (if applicable) increment since the creation of the Project Area. These amounts have been used to pay for project costs within the Project Area and for debt service (if applicable). The Project Area's fund balance as shown on Table 5 represents (on a modified accrual basis) financial resources (including increment) that have not been expended.

(7)(E) - 65 ILCS 5/11-74.4(d)(7)(E)

TABLE 7(E)
DESCRIPTION OF CERTAIN EXTERNAL CONTRACTS THAT ARE RELATED TO THE AREA

Name of Entity or Person That has Entered into a Contract with the City's Tax Increment Advisor(s) and is Receiving or has Received Payments Financed by Tax Increment Revenues from the Project Area.	Purpose of Contract	Dates and Duration of Contract	Compensation Under Contract
Robert Mariano	Preparation of TIF Revenue Estimates	5/00 – 7/00	\$1,100

**Central Loop Redevelopment Project Area
2000 Annual Report**

(7)(F) - 65 ILCS 5/11-74.4(d)(7)(F)

During 2000, no reports were submitted to the City by the Joint Review Board.

(7)(G) - 65 ILCS 5/11-74.4(d)(7)(G)

**TABLE 7(G)
PROJECT BY PROJECT REVIEW OF PUBLIC AND PRIVATE INVESTMENT
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT ***

Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: 330 South Michigan	n/a	\$21,308,030	n/a	\$2,030,000	n/a	10:1
Project 2: Chicago Symphony Orchestra	n/a	\$64,500,000	n/a	\$2,500,000	n/a	26:1
Project 3: Ethnicgrocer.com	n/a	\$1,400,663	n/a	\$1,148,255	n/a	1:1
Project 4: One North Dearborn, LLC	n/a	\$142,881,167	n/a	\$13,500,000	n/a	11:1
Project 5: One South State Street, LLC	n/a	\$57,480,743	n/a	\$5,500,000	n/a	10:1
Total:	n/a	\$230,089,860	n/a	\$24,678,255	n/a	9:1

* Each Public Investment amount reported below is the maximum public investment amount that could be made under the provisions of the corresponding Project/Redevelopment Agreement and may not necessarily reflect actual expenditures, if any, as reported under Sections 2 or 5 herein. (The total public investment ultimately made under the Project/Redevelopment Agreement will depend upon the future occurrence of various conditions set forth in that agreement.)

**Central Loop Redevelopment Project Area
2000 Annual Report**

Projects Estimated to be Undertaken in 2001	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: 201 N. Wells Investors, LLC	n/a	\$44,660,820	n/a	\$7,000,000	n/a	6:1
Project 2: Chicago Theater Restoration Association	n/a	n/a	n/a	\$1,500,000	n/a	n/a
Project 3: Michigan-Wacker Association, LLC	n/a	\$10,700,000	n/a	\$1,500,000	n/a	7:1
Project 4: Dearborn Center, LLC	n/a	\$310,000,000	n/a	\$10,000,000	n/a	31:1

* Each Public Investment amount reported below is the maximum public investment amount that could be made under the provisions of the corresponding Project/Redevelopment Agreement and may not necessarily reflect actual expenditures, if any, as reported under Sections 2 or 5 herein. (The total public investment ultimately made under the Project/Redevelopment Agreement will depend upon the future occurrence of various conditions set forth in that agreement.)

**Central Loop Redevelopment Project Area
2000 Annual Report**

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

This information is contained in the official statements, limited offering memoranda, promissory notes or debt service schedules of such obligations. See attached.

This Official Statement does not constitute an offer to sell the Subordinate Lien Series 2000A Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or make representations, other than those contained herein, in connection with the offering of the Subordinate Lien Series 2000A Bonds, and, if given or made, such other information or representations must not be relied upon. The delivery of this Official Statement at any time does not imply that the information or opinions herein are correct as of any time subsequent to its date. The information set forth herein has been obtained by the Underwriters from the City, the Consultant, DTC and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness. All expressions of opinion herein whether or not so stated as such are intended merely as such and not as representations of fact. No statement herein is to be considered as a contract with any purchaser or Owner of the Subordinate Lien Series 2000A Bonds.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. These statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

No representation is made regarding whether the Subordinate Lien Series 2000A Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the redevelopment project here described or in the affairs of the City or any other party since the dates as of which information is given herein.

The Subordinate Lien Series 2000A Bonds will not be registered under the Securities Act of 1933, as amended, pursuant to an exemption from the registration requirement of such act, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement or, other than the authorizing action by the City, approved the Subordinate Lien Series 2000A Bonds for sale. Any representation to the contrary may be a criminal offense.

This Official Statement is "deemed final" by the City for purposes of Rule 15c2-12 of the regulations under the Securities Exchange Act of 1934, as amended, except for any information permitted by such rule to be omitted.

In connection with the issuance of the Subordinate Lien Series 2000A Bonds, the City will be entering into a Continuing Disclosure Undertaking. See "SECONDARY MARKET DISCLOSURE."

IN CONNECTION WITH THE OFFERING OF THE SUBORDINATE LIEN SERIES 2000A BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SUBORDINATE LIEN SERIES 2000A BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. UNDERWRITERS ARE NOT OBLIGATED TO TAKE SUCH ACTIONS, AND SUCH STABILIZING ACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF CHICAGO

MAYOR

Richard M. Daley

CITY CLERK

James J. Laski

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DEPARTMENT OF PLANNING AND DEVELOPMENT

Christopher R. Hill, Commissioner

CORPORATION COUNSEL

Mara S. Georges

FINANCIAL ADVISOR

The Knight Group, Inc.
Chicago, Illinois

CO-BOND COUNSEL

Katten Muchin Zavis
Chicago, Illinois

McGaugh & Associates
Chicago, Illinois

CONSULTANT

Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

MATURITY SCHEDULE

\$65,900,000 Subordinate Lien Series 2000A Serial Bonds

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2002	\$ 1,600,000	6.250%	6.247%
2003	3,025,000	6.350	6.348
2004	2,600,000	6.450	6.448
2005	10,700,000	6.500	6.499
2006	5,925,000*	6.500	5.700
2007	6,550,000	6.500	6.850
2008	17,500,000	6.500	7.125
2008	18,000,000**	6.500	6.000

\$33,000,000 6.500% Subordinate Lien Series 2000A Term Bonds*, due December 1, 2008; @ 97.701**

(Accrued interest from October 1, 2000 to be added)

*Insured by ACA. See "BOND INSURANCE."

**Insured by ACA (designated by CUSIP No. 167709EF7). See "BOND INSURANCE."

***Subject to special mandatory redemption as described herein.

NEW ISSUE — GLOBAL BOOK-ENTRY

Rating: Insured Bonds Only
See "RATING" herein.

The delivery of the Subordinate Lien Series 2000A Bonds is subject to the opinions of Katten Muchin Zavis and McGaugh & Associates, Co-Bond Counsel, to the effect that, under existing law, interest on the Subordinate Lien Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and that, assuming continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended, interest on the Subordinate Lien Series 2000A Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Subordinate Lien Series 2000A Bonds is not an item of tax preference for purposes of computing individual and corporate alternative minimum taxable income. However, interest on the Subordinate Lien Series 2000A Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Subordinate Lien Series 2000A Bonds is not exempt from present Illinois income taxes. See the discussion under the caption "TAX EXEMPTION."



\$98,900,000
City of Chicago
Subordinate Tax Increment Allocation Bonds
(Central Loop Redevelopment Project), Series 2000A

Dated: October 1, 2000

Due: December 1, as shown on the inside cover page

The Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Subordinate Lien Series 2000A Bonds") will be issued in fully registered form, in denominations of \$100,000 in principal amount or any integral multiple of \$5,000 in excess thereof, pursuant to a Trust Indenture dated as of October 1, 2000 (as supplemented and amended, the "Subordinate Lien Indenture") from the City of Chicago (the "City") to Cole Taylor Bank, as Subordinate Lien Trustee. The Depository Trust Company, New York, New York ("DTC"), will act as the securities depository for the Subordinate Lien Series 2000A Bonds and its nominee will be the Owner of the Subordinate Lien Series 2000A Bonds. Individual purchases of the Subordinate Lien Series 2000A Bonds will be recorded on a book-entry only system operated by DTC. For further details on ownership, payments, notices and other matters under the book-entry only system, see "DESCRIPTION OF THE SUBORDINATE LIEN SERIES 2000A BONDS — Book-Entry System" herein.

The Subordinate Lien Series 2000A Bonds consist of Insured Bonds and Uninsured Bonds. The Insured Bonds consist of (a) all of the Serial Bonds maturing on December 1, 2006 and (b) \$18,000,000 original principal amount of the Serial Bonds maturing on December 1, 2008 and the Uninsured Bonds consist of (x) all of the other Serial Bonds and (y) all of the Term Bonds, all as shown on the inside cover page.

Payment of the principal of and interest on the Insured Bonds when due will be insured by a bond insurance policy to be issued by ACA Financial Guaranty Corporation simultaneously with the delivery of the Subordinate Lien Series 2000A Bonds.

ACA

The Subordinate Lien Series 2000A Serial Bonds are not subject to redemption prior to maturity. The Subordinate Lien Series 2000A Term Bonds are subject to special mandatory redemption from Available Pledged Revenues as described herein.

The Subordinate Lien Series 2000A Bonds will be issued as Junior Lien Obligations as described herein. Payment of the Subordinate Lien Series 2000A Bonds is subject and subordinate to the payment of certain senior obligations as provided in the Senior Lien Indenture (as defined herein) and certain deposit requirements therein provided. Principal of each Subordinate Lien Series 2000A Bond is payable at maturity, or earlier special mandatory redemption in the case of the Subordinate Lien Series 2000A Term Bonds, and interest is payable on each June 1 and December 1, commencing June 1, 2001.

Proceeds of the Subordinate Lien Series 2000A Bonds, together with other available funds, will be used for the purposes of (i) advance refunding Senior Lien Series 1997A Bonds (as described herein), (ii) paying a portion of the Project Costs of the Central Loop Redevelopment Project, (iii) funding the Debt Service Reserve Requirement for the Subordinate Lien Series 2000A Bonds and (iv) paying certain costs of issuance of the Subordinate Lien Series 2000A Bonds.

The Subordinate Lien Series 2000A Bonds are limited obligations of the City, subordinate to certain senior obligations, payable solely from Junior Lien Revenues, as described herein, and from amounts on deposit in and pledged to certain funds and accounts as provided in the Subordinate Lien Indenture. THE SUBORDINATE LIEN SERIES 2000A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO OWNER OF THE SUBORDINATE LIEN SERIES 2000A BONDS WILL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY OTHER POLITICAL SUBDIVISION THEREOF, FOR ANY PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THE SUBORDINATE LIEN SERIES 2000A BONDS.

INVESTMENT IN THE SUBORDINATE LIEN SERIES 2000A BONDS INVOLVES THE ASSUMPTION OF CERTAIN RISKS BY THE BONDOWNERS. SEE "BONDOWNER'S RISKS".

The Subordinate Lien Series 2000A Bonds are offered when, as, and if issued by the City, subject to the delivery of the legal opinions of Katten Muchin Zavis and McGaugh & Associates, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its Corporation Counsel and for the Underwriters, by their co-counsel, Sidley & Austin and Sanchez & Daniels, Chicago, Illinois. It is expected that the Subordinate Lien Series 2000A Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about November 8, 2000.

Mesirow Financial, Inc.
Melvin Securities, L.L.C.

Loop Capital Markets, LLC
U.S. Bancorp Piper Jaffray, Inc.

November 1, 2000

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OFFICIAL STATEMENT

\$98,900,000

CITY OF CHICAGO

SUBORDINATE TAX INCREMENT ALLOCATION BONDS (CENTRAL LOOP REDEVELOPMENT PROJECT), SERIES 2000A

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and Appendices, sets forth information concerning the City of Chicago (the "City") and the City's \$98,900,000 Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Subordinate Lien Series 2000A Bonds"). The Subordinate Lien Series 2000A Bonds are being issued under and pursuant to the Tax Increment Allocation Redevelopment Act, Section 11-74.4-1 *et seq.* of the Illinois Municipal Code, as supplemented and amended (the "Act"), an ordinance adopted by the City Council of the City on May 17, 2000 (the "Ordinance") and a Trust Indenture dated as of October 1, 2000 (the "Subordinate Lien Trust Indenture") from the City to Cole Taylor Bank, as trustee (the "Subordinate Lien Trustee"), as supplemented by a First Supplemental Indenture dated as of October 1, 2000 (the "Subordinate Lien First Supplemental Indenture") from the City to the Subordinate Lien Trustee relating to the Subordinate Lien Series 2000A Bonds. The Subordinate Lien Trust Indenture, the Subordinate Lien First Supplemental Indenture and all other Subordinate Lien Supplemental Indentures are hereinafter referred to collectively as the "Subordinate Lien Indenture." Capitalized words and terms used in this Official Statement and not defined elsewhere have the meanings set forth in APPENDIX A to this Official Statement.

The Subordinate Lien Series 2000A Bonds are limited obligations of the City, payable solely from Junior Lien Revenues, as described herein, and from amounts on deposit in and pledged to certain funds and accounts established under the Subordinate Lien Indenture. Payment of the Subordinate Lien Series 2000A Bonds is subject and subordinate to the prior pledge of Pledged Revenues to (1) the payment of the Senior Lien Bonds as provided in the Senior Lien Indenture (as those terms are defined herein) and (2) certain deposit requirements therein provided.

Concurrently with the issuance of the Subordinate Lien Series 2000A Bonds, the City is issuing \$79,996,614 principal amount of its Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Senior Lien Series 2000A Bonds"), and \$62,350,000 principal amount of its Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B (the "Senior Lien Series 2000B Bonds" and, together with the Senior Lien Series 2000A Bonds, the "Senior Lien Series 2000 Bonds"). The Senior Lien Series 2000 Bonds will be issued and secured under the Senior Lien Indenture (as defined in APPENDIX A) and are described in an official statement separate from this Official Statement.

For a description of the use of proceeds of the Subordinate Lien Bonds and the Senior Lien Series 2000 Bonds, see "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS"

The City's Central Loop Redevelopment Project Area, approximately 171 acres, was designated pursuant to an ordinance adopted by the City of the City on February 7, 1997. The Central Loop Redevelopment Project Area is a portion of the North Loop Redevelopment Project Area, which consisted of approximately 171 blocks, originally established by the City in June of 1984 (the "Original Project Area"). The Central Loop Redevelopment Project Area consists of the Original Project Area and approximately 139 acres (24 full and 14 partial blocks) added on February 7, 1997 (the "New Project Area"). See "CENTRAL LOOP REDEVELOPMENT PROJECT AREA" for more information.

Investment in the Subordinate Lien Series 2000A Bonds involves the assumption of certain risks. See "BONDOWNER'S RISKS."

The summaries of, and references to, all documents, agreements, ordinances, statutes, reports or other instruments referred to in this Official Statement do not constitute a comprehensive or definitive and are qualified in their entirety by reference to the full text of the document, agreement, ordinance, statute, report or instrument.

THE CITY

The City was incorporated in 1837. The City is a municipal corporation and a home rule unit of local government under the 1970 Illinois Constitution and as such may exercise power and perform any function pertaining to its government and affairs in and to the extent not limited to, the power to regulate for the protection of the public health, safety, and welfare; to license; to tax; and to incur debt." The General Assembly of the State of Illinois, by a three-fifths vote of each legislative house, the amount of debt incurred by municipalities. To date, it has not done so.

PLAN OF FINANCE

Proceeds of the Subordinate Lien Series 2000A Bonds, together with other available funds, will be used for the purposes of (i) advance refunding the Series 1997 Bonds (as described herein), (ii) paying a portion of the Project Costs of the Central Loop Redevelopment Project described herein (the "Project"), (iii) funding the Debt Service Reserve Requirement for the Subordinate Lien Series 2000A Bonds and (iv) paying certain costs of issuance of the Subordinate Lien Series 2000A Bonds. Proceeds of the Senior Lien Series 2000 Bonds to be issued concurrently with the Subordinate Lien Series 2000A Bonds, together with other available funds, will be used for the purposes of (i) paying a portion of the Project Costs of the Project, (ii) funding the Debt Service Reserve Requirements for the Senior Lien Series 2000 Bonds and (iii) paying certain costs of issuance of the Senior Lien Series 2000 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE."

Advance Refunding of Senior Lien Series 1997A Bonds

Proceeds of the Subordinate Lien Series 2000A Bonds, together with other available funds, will be used to provide funds necessary to advance refund and retire all of the \$96,000,000 principal amount of the City's outstanding Senior Lien Series 1997A Bonds. At or prior to delivery of the Subordinate Lien Series 2000A Bonds, the City will enter into an Escrow Agreement (the "2000 Escrow Agreement") with Cole Taylor Bank, as Escrow Agent, providing for the establishment of an escrow account for the Senior Lien Series 1997A Bonds (the "2000 Escrow Fund") and the payment of interest on the advance refunded Senior Lien Series 1997A Bonds accruing on or prior to the applicable maturity date, and the principal amounts of the advance refunded Senior Lien Series 1997A Bonds as the same becomes due, from money in the 2000 Escrow Fund.

The proceeds of the Subordinate Lien Series 2000A Bonds and other available funds so deposited will be applied to the purchase of U.S. Treasury obligations, the principal of and interest on which, when due, will provide for the payment from the 2000 Escrow Fund of the principal amount of and interest on the advance refunded Senior Lien Series 1997A Bonds as the same becomes due. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. McGladrey & Pullen LLP, Minneapolis, Minnesota, will verify at the time of delivery of the Subordinate Lien Series 2000A Bonds that the investments in the 2000 Escrow Fund for the advance refunded Senior Lien Series 1997A Bonds will mature at such times and yield interest in such amounts so that, if paid on maturity or when such interest becomes due, sufficient moneys will be available from the maturing principal and interest thereof to pay, when due, the principal of and interest on the advance refunded Senior Lien Series 1997A Bonds.

Upon making the deposits referred to above, the City's obligations with respect to the Owners of the advance refunded Senior Lien Series 1997A Bonds will be fully discharged and such Owners will be entitled to payment only from the moneys in the 2000 Escrow Fund established therefor.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds, other than accrued interest, are as follows:

	<u>Senior Lien Series 2000A</u>	<u>Senior Lien Series 2000B</u>	<u>Subordinate Series 2000A</u>	<u>Total</u>
<u>Sources of Funds</u>				
Par Amount of Bonds.....	\$ 79,996,614	\$ 62,350,000	\$ 98,900,000	\$241,246,614
Original Issue (Discount)/ Premium.....	-	(189,356)	(741,666)	(931,022)
Senior Lien Series 1997A Sub- Account of Reserve and Redemption Account (1).....	-	-	10,046,870	10,046,870
Total Sources	<u>\$ 79,996,614</u>	<u>\$ 62,160,644</u>	<u>\$108,205,204</u>	<u>\$250,362,462</u>
<u>Uses of Funds</u>				
Project Costs(2).....	\$ 70,436,541	\$ 54,830,475	\$ 934,777	\$126,201,793
Advance Refunding of Senior Lien Series 1997A Bonds.....	-	-	94,960,136	94,960,136
Deposit to Principal and Interest Account(1).....			156,870	156,870
Deposits to Reserve and Redemption Sub-Accounts(1).	7,999,661	6,235,000	9,890,000	24,124,661
Issuance Costs(3).....	903,240	648,558	953,324	2,505,122
Underwriters' Discount.....	657,172	446,611	1,310,097	2,413,880
Total Uses	<u>\$ 79,996,614</u>	<u>\$ 62,160,644</u>	<u>\$108,205,204</u>	<u>\$250,362,462</u>

1. The Debt Service Reserve Requirement for the Senior Lien Series 1997A Bonds will be used to fund the Debt Service Reserve Requirement for the Subordinate Lien Series 2000A Bonds with the balance deposited in the Principal and Interest Account for the Subordinate Lien Series 2000A Bonds.
2. Includes certain costs (estimated at \$57 million for the Millennium Park project and the Grant Park Garage South project) which involve public property that is either contiguous to, or separated only by a public right of way from, the Central Loop Redevelopment Project Area, as permitted under the Act, the Subordinate Lien Indenture and the Senior Lien Indenture.
3. Includes the premium for the Municipal Bond Insurance Policy for the Senior Lien Series 2000 Bonds and the premium for the Bond Insurance Policy for the Subordinate Lien Series 2000A Bonds that are Insured Bonds.

DESCRIPTION OF THE SUBORDINATE LIEN SERIES 2000A BONDS

General Description

The Subordinate Lien Series 2000A Bonds will be issued as fully registered bonds in denominations of \$100,000 in principal amount or any integral multiple of \$5,000 in excess thereof. The Subordinate Lien Series 2000A Bonds will be initially dated the dated date, will mature on December 1 of the years and in the amounts, and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates and payable on the dates, set forth on the cover page and inside cover page hereof. The Subordinate Lien Series 2000A Bonds consist of Serial Bonds maturing on December 1 of each year from 2002 through 2008 and Term Bonds maturing on December 1, 2008, as shown on the inside cover page.

The principal of the Subordinate Lien Series 2000A Bonds will be payable at the principal corporate trust office of the Subordinate Lien Trustee, or its successor in trust, upon presentation of such Subordinate Lien Series 2000A Bonds. Payment of interest on the Subordinate Lien Series 2000A Bonds shall be made to the Owners thereof and shall be paid by check or bank draft mailed or delivered by the Subordinate Lien Trustee to the person in whose name each Subordinate Lien Series 2000A Bond is registered on the Record Date at his or her address as it appears on the registration books of the City maintained by the Subordinate Lien Trustee or at such other address as is furnished in writing by such Owner to the Subordinate Lien Trustee. The "Record Date" is May 15 and November 15 of each year.

Redemption Provisions

The Subordinate Lien Series 2000A Serial Bonds are not subject to redemption prior to maturity.

Special Mandatory Redemption of Subordinate Lien Series 2000A Term Bonds. The Subordinate Lien Series 2000A Term Bonds are subject to special mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof being redeemed, plus accrued interest, if any, to the date fixed for redemption, as a whole or in part on December 1 of each year beginning on December 1, 2002, to the extent of Available Pledged Revenues, determined as of December 15 of the prior calendar year (or such later date as is provided in the Subordinate Lien Indenture). "Available Pledged Revenues" means the balance of Pledged Revenues (as defined in the Senior Lien Indenture) available for transfer to the General Account each year in accordance with the provisions of the Senior Lien Indenture reduced by (a) the amount of Junior Lien Revenues required to be transferred at such time to the Junior Lien Revenue Fund in accordance with the provisions of the Subordinate Lien Indenture (exclusive of amounts to be applied to the special mandatory redemption of Subordinate Lien Series 2000A Term Bonds pursuant to this paragraph); and (b) an amount equal to \$1,500,000; provided, however, (x) in no event shall the amount of Available Pledged Revenues in any year exceed \$5,500,000, and (y) the amounts set forth in this definition shall be non-cumulative from year to year. See "SECURITY FOR THE SUBORDINATE LIEN SERIES 2000A BONDS - Application of Pledged Revenues Under the Senior Lien Indenture."

The effect of the special mandatory redemption described above on the average life of the Subordinate Lien Series 2000A Term Bonds is uncertain. Assuming no Available

Pledged Revenues during the term of the Subordinate Lien Series 2000A Term Bonds, the average life of the Subordinate Lien Series 2000A Term Bonds would be approximately 8.2 years. If, however, the amount of Available Pledged Revenues in each year prior to December 31, 2007 equals or exceeds \$5,500,000, the average life of the Subordinate Lien Series 2000A Term Bonds would be approximately 4.7 years.

Selection of Subordinate Lien Series 2000A Term Bonds for Redemption; Notice.

In the event of the redemption of less than all the Subordinate Lien Series 2000A Term Bonds, the aggregate amount to be redeemed shall be \$100,000 or an integral multiple of that amount and the Subordinate Lien Trustee shall assign to each Subordinate Lien Series 2000A Term Bond a distinctive number of each \$100,000 of such Subordinate Lien Series 2000A Term Bond and shall select by lot from the numbers so assigned as many numbers as, at \$100,000 for each number, shall equal the amount of such Subordinate Lien Series 2000A Term Bonds to be redeemed. The Subordinate Lien Series 2000A Term Bonds to be redeemed in part shall be the Subordinate Lien Series 2000A Term Bonds whose assigned numbers were so selected; provided that only so much of the amount of each Subordinate Lien Series 2000A Term Bond shall be redeemed as shall equal \$100,000 for each number assigned to it and so selected.

Written notice of the redemption of any or all of the Subordinate Lien Series 2000A Term Bonds shall be given by the Subordinate Lien Trustee to the Owner thereof by first-class mail, postage prepaid, to the address shown on the registration books of the City maintained by the Subordinate Lien Trustee or at such other address as is furnished in writing by such Owner to the Subordinate Lien Trustee. The date of the mailing of such notice shall be not less than 30 days prior to the date fixed for redemption, and when any or all of said Subordinate Lien Series 2000A Term Bonds or any portion thereof shall have been called for redemption and payment made or provided for, interest on the Subordinate Lien Series 2000A Term Bonds called for redemption shall cease from and after the date so specified.

Negotiability, Transfer, Exchange and Registry

The Subordinate Lien Series 2000A Bonds will be negotiable, subject to the following provisions for registration, exchange and transfer. The City shall maintain and keep, at the office of the Subordinate Lien Registrar, books for the registration and transfer of Subordinate Lien Series 2000A Bonds. The City has appointed the Subordinate Lien Trustee to serve as the Subordinate Lien Registrar pursuant to the Subordinate Lien Indenture. Upon presentation of any Subordinate Lien Series 2000A Bond for registration and transfer at the office of the Subordinate Lien Registrar, the City shall register or cause to be registered upon those books, and shall permit to be transferred on those books, any Subordinate Lien Series 2000A Bond entitled to registration or transfer.

Each Subordinate Lien Series 2000A Bond shall be transferable only by the Owner of the Subordinate Lien Series 2000A Bond in person or by such Owner's attorney duly authorized in writing, upon surrender of the Subordinate Lien Series 2000A Bond together with a written instrument of transfer satisfactory to the Subordinate Lien Registrar, duly executed by the Owner or such Owner's duly authorized attorney. Upon the surrender for transfer of any such Subordinate Lien Series 2000A Bond, the City shall execute and the Subordinate Lien Trustee shall authenticate and deliver a new Subordinate Lien Series 2000A Bond or Subordinate Lien Series 2000A Bonds registered as directed by the instrument of transfer, of the same aggregate principal amount and maturity as the surrendered Subordinate Lien Series 2000A Bonds. The

Subordinate Lien Series 2000A Bonds may, upon surrender at the office of the Subordinate Lien Registrar with a written instrument of transfer satisfactory to the Subordinate Lien Registrar, duly executed by the Owner or such Owner's duly authorized attorney, be exchanged for an equal aggregate principal amount of Subordinate Lien Series 2000A Bonds of the same maturity and interest rate.

The City and each Fiduciary may deem and treat the person in whose name any Subordinate Lien Series 2000A Bond is registered upon the registration books of the City as the absolute owner of such Subordinate Lien Series 2000A Bond, whether such Subordinate Lien Series 2000A Bond be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, and interest on such Subordinate Lien Series 2000A Bond and for all other purposes, and all such payments so made to any such Owner or upon its order will be valid and effective to satisfy and discharge the liability upon such Subordinate Lien Series 2000A Bond to the extent of the sum or sums so paid, and neither the City nor any Fiduciary will be affected by any notice to the contrary.

For every transfer or exchange of Subordinate Lien Series 2000A Bonds, the City, the Subordinate Lien Trustee or any Subordinate Lien Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer. The Subordinate Lien Registrar and the Subordinate Lien Trustee will not be required to make any registration, transfer or exchange of Subordinate Lien Series 2000A Bonds during the period between each Record Date and the next succeeding Interest Payment Date or after a Subordinate Lien Series 2000A Term Bond has been called for redemption or, in the case of any proposed redemption, during the 15 days next preceding the date of first giving notice of redemption.

Book-Entry System

The following information concerning The Depository Trust Company, New York, New York ("DTC"), has been furnished by DTC. Neither the City nor the Underwriters take responsibility for its accuracy or completeness.

The Subordinate Lien Series 2000A Bonds will initially be issued as registered bonds through a book-entry system operated by DTC, acting as securities depository for the Subordinate Lien Series 2000A Bonds. The ownership of one fully registered Subordinate Lien Series 2000A Bond for each maturity as set forth on the inside cover page, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC has advised the City that it is a limited purpose trust company organized under the laws of the State of New York, 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, as amended. DTC was created to hold securities of participating members (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of which (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies

that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

Ownership interests in the Subordinate Lien Series 2000A Bonds may be purchased only by or through Participants. Such Participants and the persons for whom they acquire interests in the Subordinate Lien Series 2000A Bonds as nominees will not receive certificated Subordinate Lien Series 2000A Bonds, but each Participant will receive a credit balance in the records of DTC in the amount of such Participant's interest in the Subordinate Lien Series 2000A Bonds, which will be confirmed in accordance with DTC's standard procedures. Each such person for whom a Participant has an interest in the Subordinate Lien Series 2000A Bonds, as nominee, may desire to make arrangements with such Participant to have all notices of redemption, if any, or other communications of the City to DTC which may affect such persons forwarded in writing by such Participant and to have notification made of all principal and interest payments. **NEITHER THE CITY NOR THE SUBORDINATE LIEN TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION IN ANY RESPECT TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SUBORDINATE LIEN SERIES 2000A BONDS.**

DTC will receive payment of interest and principal and premium, if any, on the Subordinate Lien Series 2000A Bonds from the Subordinate Lien Trustee, to be remitted to the Participants for the benefit of the beneficial owners, and thereafter paid by the Participants to the beneficial owners. The ownership interest of each beneficial owner in the Subordinate Lien Series 2000A Bonds will be recorded through the computerized book-entry system operated by DTC and through the records of the Participants.

When reference is made to any action which is required or permitted to be taken by the beneficial owners, such reference relates only to those persons permitted to act (by statute, regulation or otherwise) on behalf of such beneficial owners for such purposes. When notices are given, they will be sent by the City or the Subordinate Lien Trustee to DTC with a request that DTC forward (or cause to be forwarded) the notices to the Participants so that such Participants may forward (or cause to be forwarded) the notices to the beneficial owners.

It will be the responsibility of the Participants to furnish confirmations of purchases of the Subordinate Lien Series 2000A Bonds to the beneficial owners. Transfers of ownership interests in the Subordinate Lien Series 2000A Bonds will be accomplished by book entries made by DTC and the Participants who act on behalf of the beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in the Subordinate Lien Series 2000A Bonds, except as specifically provided in the Subordinate Lien Indenture. Interest, principal and premium, if any, will be paid by the Subordinate Lien Trustee to DTC, then paid by DTC to the Participants, and thereafter paid by the Participants to the beneficial owners when due.

For every transfer and exchange of the Subordinate Lien Series 2000A Bonds, the City, the Subordinate Lien Trustee, DTC and the Participants may charge the beneficial owner a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to it.

DTC may determine to discontinue providing its services with respect to the Subordinate Lien Series 2000A Bonds at any time by giving notice to the City and discharging

its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver Subordinate Lien Series 2000A Bond certificates as described in the Subordinate Lien Indenture. If the Authorized Officer of the City determines that DTC or a successor is incapable of discharging its responsibilities as a securities depository for the Subordinate Lien Series 2000A Bonds or that it is in the best interests of the beneficial owners that they be able to obtain certificated Subordinate Lien Series 2000A Bonds, the City may cause the Subordinate Lien Trustee to authenticate and deliver Subordinate Lien Series 2000A Bond certificates to Participants. If DTC is no longer to serve as securities depository for the Subordinate Lien Series 2000A Bonds, DTC, the City and the Subordinate Lien Trustee shall cooperate with one another in taking appropriate action to make available separate certificates evidencing the Subordinate Lien Series 2000A Bonds to the Participants having Subordinate Lien Series 2000A Bonds credited to their DTC accounts or arrange for another securities depository operating a book-entry securities depository to maintain custody of certificates evidencing the Subordinate Lien Series 2000A Bonds.

The City and the Subordinate Lien Trustee will have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Subordinate Lien Series 2000A Bonds, (ii) the delivery to any Participant or any other person, other than an Owner, of any notice with respect to the Subordinate Lien Series 2000A Bonds, including any notice of redemption, if any, or (iii) the payment to any Participant or any other person, other than an Owner, of any amount with respect to principal of, premium, if any or interest on the Subordinate Lien Series 2000A Bonds.

SECURITY FOR THE SUBORDINATE LIEN SERIES 2000A BONDS

Limited Obligations

The Subordinate Lien Series 2000A Bonds, together with the interest and premium, if any, thereon, are limited obligations of the City, payable solely from Junior Lien Revenues and the amounts on deposit in and pledged to certain funds and accounts as provided for in the Subordinate Lien Indenture. No Owner of any Subordinate Lien Series 2000A Bond will have the right to compel the exercise of any taxing power of the City for payment of principal thereof or interest or premium, if any, thereon. **THE SUBORDINATE LIEN SERIES 2000A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION.**

Pledge of Junior Lien Revenues

The Subordinate Lien Series 2000A Bonds and any additional Subordinate Lien Bonds hereafter issued pursuant to the Subordinate Lien Indenture on a parity basis with the Subordinate Lien Series 2000A Bonds (collectively, the "Subordinate Lien Bonds") are secured by a pledge of Junior Lien Revenues and all of the moneys, securities and earnings thereon in all funds, accounts and sub-accounts, except the Program Expense Account and the Rebate Account, established pursuant to the Subordinate Lien Indenture. The term "Junior Lien Revenues" means amounts transferred from time to time from the General Account of the Incremental Taxes Fund under the Senior Lien Indenture to pay the principal, Redemption Price, if any, and interest on Junior Lien Obligations (such as the Subordinate Lien Series 2000A Bonds), including amounts transferred from the General Account to the Subordinate Lien Trustee for deposit into the Junior Lien Revenue Fund under the Subordinate Lien Indenture.

See the sub-captions "Pledged Revenues and Application Thereof Under the Senior Lien Indenture" and "Junior Lien Revenue Fund" below. The Subordinate Lien Indenture provides that the Junior Lien Revenues are and will be free and clear of any pledge, lien, charge or encumbrance prior to, or of equal rank with, the pledge and lien created by the Subordinate Lien Indenture. The pledge of Junior Lien Revenues is irrevocable until the obligations of the City are discharged under the Subordinate Lien Indenture.

The pledge of Junior Lien Revenues is subject and subordinate to the prior pledge of Pledged Revenues in favor of all Senior Lien Bonds issued and outstanding under the Senior Lien Indenture. Pledged Revenues means "Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Senior Lien Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the Program Expenses Account and the Rebate Account under the Senior Lien Indenture) as provided in the Senior Lien Indenture, together with interest earnings thereon."

The Senior Lien Indenture provides that all Incremental Taxes will be set aside as collected and be deposited by the City Treasurer in the Incremental Taxes Fund established under the Senior Lien Indenture. See the caption "Pledged Revenues and Application Thereof Under the Senior Lien Indenture" below. The pledge is irrevocable until the obligations of the City are discharged under the Senior Lien Indenture. The final maturity of the Senior Lien Series 2000A Bonds is December 1, 2008 and the final maturity of the Subordinate Lien Series 2000A Bonds is December 1, 2008. It is anticipated that Incremental Taxes levied in 2007 and collectable in 2008 will be available, on a subordinate basis, to pay Outstanding Subordinate Lien Series 2000A Bonds at such final maturity on December 1, 2008. The Central Loop Redevelopment Project terminates on December 31, 2008 and there is no assurance the Senior Lien Trustee will receive Incremental Taxes collected after that date. However, the City has covenanted in the Subordinate Lien Indenture to deposit, or cause to be deposited, Incremental Taxes the City receives that are attributable to levy year 2007 or any prior levy year, to the credit of the Incremental Taxes Fund in accordance with the Senior Lien Indenture. See "BONDOWNER'S RISKS - Limited Source of Payment" and "ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE."

The payment of principal of and interest on the Subordinate Lien Bonds is subject and subordinate to the payment of the Senior Lien Bonds, as provided in the Senior Lien Indenture, and certain deposit requirements therein provided. See the caption "Pledged Revenues and Application Thereof Under the Senior Lien Indenture" below.

Pledged Revenues and Application Thereof Under the Senior Lien Indenture

In accordance with the provisions of the Act and the Senior Lien Indenture, Incremental Taxes are to be paid to the City Treasurer and then deposited into the Incremental Taxes Fund established under the Senior Lien Indenture. All Pledged Revenues, including Incremental Taxes, deposited in the Incremental Taxes Fund are required to be transferred by the City Treasurer to the Senior Lien Trustee for application in accordance with the Senior Lien Indenture, as follows: (1) first, to pay Program Expenses (as defined in the Senior Lien Indenture) for the next succeeding calendar year, (2) next, to pay principal of and redemption premium, if any, and interest on the Senior Lien Bonds as the same become due in the next succeeding calendar year, (3) next, for transfer to the Reserve and Redemption Account

established for each Series of Senior Lien Bonds outstanding until the amount on deposit therein equals the Debt Service Reserve Requirement for each Series of the Senior Lien Bonds, and (4) the balance shall be transferred to the City Treasurer and credited to the General Account. Moneys in the General Account shall be used first, if necessary, to remedy any deficiencies in any prior accounts in the Incremental Taxes Fund, including the Rebate Account under the Senior Lien Indenture; second, for the purpose of crediting the amounts to the respective accounts established under any indenture with respect to Junior Lien Obligations, including deposits to the Junior Lien Revenue Fund under the Subordinate Lien Indenture; and then for other authorized purposes as directed by the Chief Financial Officer of the City.

The Senior Lien Indenture provides that the Pledged Revenues are and will be free and clear of any other pledge, lien, charge or encumbrance prior to, or of equal rank with, the pledge and lien created by the Senior Lien Indenture except for the rights of holders of certain specified contractual obligations to payment of specific project redevelopment costs (the "Excluded Contractual Obligations," as defined in APPENDIX A to this Official Statement).

At the time of the issuance of the Subordinate Lien Series 2000A Bonds, the City will represent that, with the exception of the Excluded Contractual Obligations, (i) the Pledged Revenues are not subject to any claim, lien or contractual obligation prior to or on a parity with the pledge and lien in favor of the Senior Lien Series 2000 Bonds and the Senior Lien Series 1997 Bonds as set forth in the Senior Lien Indenture and (ii) with the further exception of the Senior Lien Indenture, the Senior Lien Series 2000 Bonds and the Senior Lien Series 1997 Bonds, the Junior Lien Revenues are not subject to any claim, lien or contractual obligation prior to or on a parity with the pledge and lien in favor of the Subordinate Lien Series 2000A Bonds as set forth in the Subordinate Lien Indenture. The City will further represent that it either has satisfied or has reserved funds reasonably determined to be fully sufficient to satisfy the Excluded Contractual Obligations.

Junior Lien Revenue Fund

The Junior Lien Revenue Fund is established under the Subordinate Lien Indenture as a special fund of the City, to be held by the Subordinate Lien Trustee subject to the provisions of the Subordinate Lien Indenture, separate and apart from all other funds and accounts of the City. Separate accounts have been established within the Junior Lien Revenue Fund known as the "Program Expenses Account," the "Principal and Interest Account," the "Reserve and Redemption Account" and the "Rebate Account." Within the Principal and Interest Account, a Capitalized Interest Sub-Account shall be established. Within the Reserve and Redemption Account, a separate Sub-Account will be established for each Series of Subordinate Lien Bonds. All moneys on deposit in such accounts and sub-accounts, other than the Program Expenses Account and the Rebate Account, are pledged to the payment of the Subordinate Lien Bonds; provided that any separate sub-account established within the Reserve and Redemption Account for any Series of Subordinate Lien Bonds pursuant to a Subordinate Lien Supplemental Indenture shall only secure and be pledged to such Series of Subordinate Lien Bonds unless otherwise provided in the Subordinate Lien Indenture.

The City covenants and agrees under the Subordinate Lien Indenture to make, or cause to be made, transfers from the General Account established under the Senior Lien Indenture to the Junior Lien Revenue Fund established under the Subordinate Lien Indenture no later than the later of (a) December 15 of each year, or (b) 30 days following the receipt of the

second installment of Incremental Taxes if not received by December 15, so as to provide sufficient funds to make the annual deposits into the accounts described below as follows:

Program Expenses Account. From Junior Lien Revenues first received by the Subordinate Lien Trustee, the Subordinate Lien Trustee shall credit to and deposit into the Program Expenses Account an amount of Junior Lien Revenues sufficient to pay Program Expenses for the next succeeding calendar year. The City shall provide to the Subordinate Lien Trustee information, calculations or estimates of Program Expenses for the next succeeding calendar year, and the Subordinate Lien Trustee may reasonably rely upon such information, calculations or estimates of such Program Expenses as necessary to determine the proper amounts of such deposit into the Program Expenses Account.

Principal and Interest Account. The Subordinate Lien Trustee shall next credit to and shall deposit into the Principal and Interest Account an amount of Junior Lien Revenues sufficient to pay the principal of and interest on all Outstanding Subordinate Lien Bonds coming due during the next succeeding calendar year. Except as provided below, such moneys shall be used solely and only for the purpose of paying principal of and redemption premium, if any, and interest on the Subordinate Lien Bonds as the same become due. Any capitalized interest received upon the sale of Subordinate Lien Bonds that is deposited in the Capitalized Interest Sub-Account within the Principal and Interest Account or otherwise credited to the Principal and Interest Account shall be used to pay interest coming due on the Subordinate Lien Bonds prior to applying any other moneys for that purpose.

Reserve and Redemption Account. The Subordinate Lien Trustee shall next transfer the balance of the Junior Lien Revenues into the Reserve and Redemption Account until such Account (exclusive of any amounts held in a Sub-Account therein for special mandatory redemption) equals the Debt Service Reserve Requirement. Thereafter, no further transfers shall be made into such Account for such purpose, except that when any money has been transferred therefrom to prevent or remedy a deficiency in the Principal and Interest Account, transfers from Junior Lien Revenues shall be resumed and continued until the Reserve and Redemption Account (exclusive of amounts held therein for special mandatory redemption) has been restored to an aggregate amount equal to the Debt Service Reserve Requirement for the Subordinate Lien Bonds. The Subordinate Lien Trustee shall value the investments in the Reserve and Redemption Account, on the basis of market price, on the 15th business day preceding each June 1 and December 1.

The City may establish separate Sub-Accounts in the Reserve and Redemption Account. Moneys on deposit in each Sub-Account of the Reserve and Redemption Account shall be transferred to the Principal and Interest Account as may be necessary from time to time to prevent or remedy a default in the payment of interest or premium, if any, on or principal of the applicable Series of Subordinate Lien Bonds. Amounts on deposit in each Sub-Account in excess of its Debt Service Reserve Requirement shall be transferred to the Principal and

Interest Account and applied to the payment of principal of the applicable Series of Subordinate Lien Bonds.

Amounts for Special Mandatory Redemption. The balance of the Junior Lien Revenues remaining after crediting the required amounts to the respective accounts described above shall be deposited into a sub-account of the Reserve and Redemption Account for application to the special mandatory redemption of the Subordinate Lien Series 2000A Term Bonds from Available Pledged Revenues, to the extent required by the Subordinate Lien Supplemental Indenture. See "DESCRIPTION OF THE SUBORDINATE LIEN SERIES 2000A BONDS – Redemption Provisions - Special Mandatory Redemption of Subordinate Lien Series 2000A Term Bonds."

Rebate Account. There shall be deposited into the Rebate Account, from the Junior Lien Revenue Fund as necessary, amounts necessary to fund the Rebate Account in anticipation of making required rebate payments to the United States in accordance with the City's tax compliance agreement. The amount to be so deposited will be certified to the Subordinate Lien Trustee from time to time by the City. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from the Rebate Account. Amounts on deposit in the Rebate Account are not pledged to the payment of the Subordinate Lien Series 2000A Bonds.

Investments. The moneys on deposit in the Junior Lien Revenue Fund and the various accounts in the Junior Lien Revenue Fund shall be invested from time to time in Investment Securities that mature no later than necessary to provide moneys when needed for payments from such Fund or accounts, pursuant to directions from the City to the Subordinate Lien Trustee. Any earnings on such investments in the Reserve and Redemption Account shall be credited to and held in the applicable Sub-Accounts of the Reserve and Redemption Account so long as the balance of any Sub-Account is less than the Debt Service Reserve Requirement for such Sub-Account, and next shall be transferred to the Principal and Interest Account. All other investment earnings shall be attributed to the account within the Junior Lien Revenue Fund for which the investment was made.

Directions Regarding Deposits. Pursuant to the direction of the City, the Senior Lien Trustee will be directed to calculate Available Pledged Revenues as of December 15 of each calendar year (or such later date as is provided in the Subordinate Lien Indenture) and to provide such calculation to the City and the Subordinate Lien Trustee promptly thereafter. Such Available Pledged Revenues will be used to effect a special mandatory redemption of the Subordinate Lien Series 2000A Term Bonds on December 1 of the following calendar year. In addition, pursuant to the direction of the City as set forth in the Subordinate Lien Indenture, the Subordinate Lien Trustee will be directed to calculate the amounts necessary to make the required deposits described above and to provide such calculation to the City and the Senior Lien Trustee no later than December 1 of each year.

Debt Service Reserve Requirement

At the time of delivery of the Subordinate Lien Series 2000A Bonds, an amount equal to 10% of the original principal amount of such Series will be deposited into a separate Sub-Account of the Reserve and Redemption Account established for such Series. The amount required to be maintained in such Sub-Account (the "Debt Service Reserve Requirement") shall be equal to 10% of the original principal amount of the Subordinate Lien Series 2000A Bonds. Moneys on deposit in such Sub-Account will be transferred to the Principal and Interest Account as may be necessary from time to time to prevent or remedy a default in the payment of principal of or interest on the Subordinate Lien Series 2000A Bonds. Amounts on deposit in the Sub-Account in excess of its Debt Service Reserve Requirement shall be transferred to the Principal and Interest Account and applied to the payment of principal of the Subordinate Lien Series 2000A Bonds.

Additional Senior Lien Bonds; Senior Lien Refunding Bonds; Junior Lien Obligations

In connection with the issuance of the Subordinate Lien Series 2000A Bonds, the City will covenant with the Owners of Subordinate Lien Bonds not to issue any additional Senior Lien Bonds, except Senior Lien Refunding Bonds, having a parity lien with the Senior Lien Series 2000 Bonds and the Senior Lien Series 1997 Bonds on the Pledged Revenues.

Subject to complying with the conditions set forth in the Senior Lien Indenture, the City may issue Senior Lien Refunding Bonds. One of the conditions to the issuance of Senior Lien Refunding Bonds is evidence that Annual Debt Service Requirements for all outstanding Senior Lien Bonds, after giving effect to the refunding, does not exceed Annual Debt Service Requirements immediately prior to the refunding. Except with respect to Sub-Accounts of the Reserve and Redemption Account which secure particular Series of Senior Lien Bonds and as otherwise provided in the Senior Lien Indenture, any such Senior Lien Refunding Bonds will share ratably and equally with the other Senior Lien Bonds in the Pledged Revenues, including Incremental Taxes, and the funds and accounts established by the Senior Lien Indenture.

Additional Subordinate Lien Bonds

Subject to complying with the conditions set forth in the Subordinate Lien Indenture, the City may issue additional Subordinate Lien Bonds and Subordinate Lien Refunding Bonds in the future. With respect to all Series of Subordinate Lien Bonds, other than Subordinate Lien Refunding Bonds, issued and delivered subsequent to the delivery of the Subordinate Lien Series 2000A Bonds, the City is required to deliver a certificate of an Authorized Officer:

- (i) setting forth for the current calendar year and each calendar year thereafter the projected Incremental Taxes and other Pledged Revenues to be generated or otherwise available for payment of Senior Lien Bonds and Subordinate Lien Bonds, which projection of Incremental Taxes shall be based on a report prepared by an independent consultant having recognized urban renewal and tax increment financing expertise;

(ii) setting forth for the current calendar year and each calendar year thereafter, the Annual Debt Service Requirement on account of all Senior Lien Bonds and Subordinate Lien Bonds then Outstanding and the Subordinate Lien Bonds proposed to be issued under the Subordinate Lien Indenture; provided that for purposes of such calculation only, all references to Bond Year in the definitions in Senior Lien Indenture shall be deemed to refer instead to calendar year;

(iii) establishing that (A) the amounts shown in subparagraph (i) above for each calendar year up to and including calendar year 2006 shall be not less than 150 percent of the Annual Debt Service Requirement calculated pursuant to subparagraph (ii) above for the next succeeding calendar year, and (B) the amounts determined in subparagraph (i) above for calendar years 2007 and 2008, in the aggregate, shall be not less than 150 percent of the Annual Debt Service Requirement, calculated pursuant to subparagraph (ii) above, for calendar year 2008; provided, however, that, the calculations pursuant to subparagraph (ii) above shall be exclusive of the final maturing principal amount of any series to the extent of the applicable Debt Service Reserve Requirement if amounts held in the Reserve and Redemption Account for such series are expected to be available to pay Senior Lien Bonds or Subordinate Lien Bonds of such series on such final maturity date; and

(iv) stating that all required deposits to all Funds, Accounts and Sub-Accounts under the Subordinate Lien Indenture and under the Senior Lien Indenture are current.

For a more detailed description of the conditions required to issue additional Subordinate Lien Bonds and Subordinate Lien Refunding Bonds, see "THE INDENTURE - Additional Bonds and Refunding Bonds" herein.

Subject to compliance with the conditions set forth in the Subordinate Lien Indenture and the Senior Lien Indenture, the City may issue additional Subordinate Lien Bonds or other Junior Lien Obligations for the purposes authorized in the Central Loop Redevelopment Plan. The City has agreed not to issue additional Subordinate Lien Bonds without the consent of the bond insurer for the outstanding Senior Lien Bonds.

The City is issuing its Senior Lien Series 2000 Bonds concurrently with the issuance of the Subordinate Lien Series 2000A Bonds. See "PLAN OF FINANCE" herein. The City has no present plans to issue additional Senior Lien Bonds, Refunding Bonds, other Subordinate Lien Bonds or other Junior Lien Obligations, but may do so in the future.

BOND INSURANCE

The following information has been furnished by ACA Financial Guaranty Corporation ("ACA") for use in this Official Statement. Reference is made to APPENDIX D for a specimen of ACA's policy. References to owners under this caption refer to owners of the Insured Bonds.

Payment Pursuant to Bond Insurance Policy

ACA has made a commitment to issue a bond insurance policy (the "Policy") relating to the Insured Bonds effective as of the date of issuance of the Insured Bonds. Under the terms of the Policy, ACA unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the City (the "Issuer") to the trustee or paying agent (as designated in the documentation providing for the issuance of and securing the Insured Bonds) for the Insured Bonds, for the benefit of any owner, or, at the election of ACA, directly to such owner, that portion of the principal of and interest on the Insured Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy). ACA will make such payments to or for the benefit of each owner on the later of the day on which such principal and interest becomes Due for Payment or within one Business Day following the Business Day on which ACA shall have received Notice of Nonpayment (as such terms are defined in the Policy). The Policy is non-cancelable for any reason.

The Policy will insure an amount equal to (i) the principal of (either at the stated maturity or pursuant to a mandatory sinking fund payment) and interest on, the Insured Bonds as such payments shall become Due for Payment but shall not be so paid by reason of Nonpayment by the Issuer (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Insured Bonds pursuant to a final non-appealable order of a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Policy does not insure against loss of any redemption premium which may at any time be payable with respect to any Insured Bond. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Insured Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Insured Bonds resulting from the insolvency, negligence or any other act or omission of the trustee or paying agent for the Insured Bonds.

Upon receipt of telephonic or electronic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by ACA from the trustee or paying agent or any owner of a Insured Bond the payment of an insured amount for which is then due, that such required payment has not been made, ACA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with the trustee or paying agent, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Insured Bonds or presentment of such other proof of ownership of the Insured Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Insured Bonds as are paid by ACA, and appropriate instruments to effect the appointment of ACA as agent for such owners of the Insured Bonds in any legal proceeding related to payment

of insured amounts on the Insured Bonds, such instruments being in a form satisfactory to ACA, ACA shall disburse to such owners or the paying agent payment of the insured amounts due on such Insured Bonds, less any amount held by the paying agent for the payment of such insured amounts and legally available therefor.

ACA's Rights Under the Financing Documents

Under the financing documents, ACA has certain rights to consents, notices and to control certain procedures, including, without limitation, the right to control proceedings, without the consent of bondholders, following an event of default under the financing documents. Reference is made to the provisions of the financing documents for a more complete description of ACA's rights thereunder.

ACA Financial Guaranty Corporation

ACA is domiciled in the State of Maryland and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States and the Territory of Guam. State laws regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by ACA, changes in control and transactions among affiliates. Additionally, ACA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of June 30, 2000, ACA had, on an unaudited basis, admitted assets of \$176,648,272, total liabilities of \$89,829,461, and total capital and surplus of \$86,818,811, as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Copies of ACA's year-end financial statements prepared in accordance with statutory accounting practices are available without charge from ACA. The address of ACA is 140 Broadway 47th Floor, New York, New York 10005. The telephone number of ACA is (888) 427-2833.

Standard & Poor's Ratings Service rates the financial strength of ACA "A". The rating reflects the rating agency's current assessment of the creditworthiness of ACA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above rating may be obtained only from the rating agency. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. ACA does not guaranty the market price of the Insured Bonds nor does it guaranty that the rating on the Insured Bonds will not be revised or withdrawn.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING ACA FINANCIAL GUARANTY CORPORATION ("ACA") CONTAINED UNDER THE CAPTION "BOND INSURANCE" HEREIN, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY ACA AND ACA MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY

OF THE INSURED BONDS; OR (III) THE TAX EXEMPT STATUS OF THE INTEREST ON THE INSURED BONDS.

BONDOWNER'S RISKS

Investment in the Subordinate Lien Series 2000A Bonds involves the assumption of certain risks. The following summary is not intended to be complete and does not purport to identify all possible risks that should be considered by prospective purchasers of Subordinate Lien Series 2000A Bonds. For a further discussion of risks, see the Consultant's Report (including the Addendum thereto dated October 6, 2000 and the Addendum thereto dated September 18, 2000) attached hereto as APPENDIX B.

In particular, prospective purchasers of the Subordinate Lien Series 2000A Bonds should note that changes in any of the matters affecting the amount or collection of Incremental Taxes (such as, for example, Assessed Valuation, the multiplier, tax rates or changes in law or tax procedures) could reduce the amount of Incremental Taxes to an amount that, together with any available funds, is insufficient to pay debt service on the Senior Lien Bonds and the Subordinate Lien Series 2000A Bonds when due.

Limited Source of Payment

The Subordinate Lien Series 2000A Bonds are limited obligations of the City, payable solely from Junior Lien Revenues, as described herein, and from amounts on deposit in and pledged to certain funds and accounts established under the Subordinate Lien Indenture. The Subordinate Lien Series 2000A Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation or a pledge of the full faith and credit of the City or the State of Illinois. No Owner of the Subordinate Lien Series 2000A Bonds will have the right to compel the exercise of any taxing power of the City, the State or any other political subdivision thereof, for payment of the principal of or interest or premium, if any, on the Subordinate Lien Series 2000A Bonds.

Payment of the Subordinate Lien Series 2000A Bonds and any other Subordinate Lien Bonds is subject and subordinate to the prior pledge of Pledged Revenues to (1) the payment of the Senior Lien Bonds as provided in the Senior Lien Indenture and (2) certain deposit requirements therein provided.

The Senior Lien Bonds are secured by a pledge of Pledged Revenues and all of the moneys, consisting primarily of Incremental Taxes derived by the City from the Central Loop Redevelopment Project Area, on deposit in certain accounts within the Incremental Taxes Fund, a trust fund established pursuant to the Act, the Ordinance and the Senior Lien Indenture for the purpose of carrying out the covenants, terms and conditions imposed upon the City by the Senior Lien Indenture. The term "Pledged Revenues" means "Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Senior Lien Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the (Senior Lien) Program Expenses Account and the (Senior Lien) Rebate Account) as provided in the Senior Lien Indenture, together with interest earnings thereon."

Subject to the covenant made to the Owners of the Subordinate Lien Series 2000A Bonds not to issue any additional Senior Lien Bonds (other than Senior Lien Refunding Bonds), additional Senior Lien Bonds (and Senior Lien Refunding Bonds), payable and secured on a parity basis with the Senior Lien Series 2000 Bonds and the Senior Lien Series 1997 Bonds, may be issued in the future. The Central Loop Redevelopment Project will terminate on December 31, 2008 and there is no assurance that Incremental Taxes collected after that date will be available for payment of, first, the Senior Lien Bonds and, second, the Subordinate Lien Bonds. However, the City has covenanted in the Subordinate Lien Indenture to deposit, or cause to be deposited, Incremental Taxes the City receives that are attributable to levy year 2007 or any prior levy year, to the credit of the Incremental Taxes Fund in accordance with the Senior Lien Indenture. See "SECURITY FOR THE SUBORDINATE LIEN SERIES 2000A BONDS - Pledge of Junior Lien Revenues" and "ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE" herein.

Assumptions in Consultant's Projections

The City has engaged the consulting firm of Trkla, Pettigrew, Allen & Payne, Inc. (the "Consultant") to prepare an estimate of Incremental Taxes to be collected annually from the Central Loop Redevelopment Project Area during the period from tax collection year 2000 through tax collection year 2008 (including the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000, the "Consultant's Report"). The Consultant's Report (which includes the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000) is attached as APPENDIX B; it is based on numerous assumptions set forth therein which are material to the estimates of Incremental Taxes to be collected. One of the Consultant's important assumptions is that none of the risks enumerated in the Consultant's Report will occur; the occurrence of any one or more of such enumerated risks could adversely affect the collection and receipt of Incremental Taxes. Certain of such enumerated risks are summarized in the following subcaptions. The City has not independently verified the projections of Incremental Taxes contained in the Consultant's Report (including the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000).

Economic Risks Affecting Incremental Taxes

Future collections of Incremental Taxes could be adversely affected by a number of economic factors not within the City's control resulting in reductions in Incremental Taxes available to pay debt service, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds. Relocations of major property owners to sites outside the Central Loop Redevelopment Project Area or sales of major properties to tax-exempt entities could reduce the Assessed Valuation of the Central Loop Redevelopment Project Area. Substantial damage to, or destruction of, improvements that have been or will be constructed in the Central Loop Redevelopment Project Area could cause a material decline in Assessed Valuation and could impair the ability of the taxpayers in the Central Loop Redevelopment Project Area to pay their respective portions of real estate taxes. There can be no assurance that the improvements in the Central Loop Redevelopment Project Area are or will be insured under fire and extended coverage insurance policies, and, even if such insurance exists, the proceeds thereof will not be assigned as security for the payment of real estate taxes or of, first, the Senior Lien Bonds and, second, the Subordinate Lien Bonds. In addition, any insurance proceeds may not be sufficient to repair or rebuild the improvements. The restoration of the improvements may be delayed by other factors, or the terms of then-applicable mortgage financing could require the application of

insurance proceeds to the reduction of mortgage balances. Any of the foregoing circumstances could result in the Assessed Valuation of property in the Central Loop Redevelopment Project Area remaining depressed for an unknown period of time and decrease the amount of Incremental Taxes available to pay debt service, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds.

No market feasibility study has been performed to determine the real estate market values or conditions that exist in the Central Loop Redevelopment Project Area. Results of operation of properties within the Central Loop Redevelopment Project Area depend, in part, on the rental rates and tenant occupancy levels, which may be adversely affected by competition, suitability of the Central Loop Redevelopment Project Area in its local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the Central Loop Redevelopment Project Area, vandalism, rising operating costs, and similar factors. Poor operating results of properties within the Central Loop Redevelopment Project Area may cause delinquencies in the payment of real estate taxes, reduce Assessed Valuations and increase the risk of foreclosures. Successful petitions by taxpayers to reduce their Assessed Valuations on the basis of poor operating results or otherwise could adversely affect Incremental Taxes available for payment of, first, the Senior Lien Bonds and, second, the Subordinate Lien Bonds.

Methodology to Determine Assessed Valuation

From time to time, classification percentages used for determining a property's Assessed Valuation may be reduced or the methodology for determining a property's Assessed Valuation may be modified. In addition, the Assessed Valuation of a property is subject to appeal before the Cook County Board of Review and the Illinois Property Tax Appeal Board (the "PTAB"). In two PTAB opinions rendered in March 2000, the PTAB chose not to apply the Cook County Classification Ordinance assessment levels. If, as a result of any such reduction, modification or appeal, the Assessed Valuations of properties located in the Central Loop Redevelopment Project Area were materially decreased, there could be an adverse material effect on Incremental Taxes generated in the Central Loop Redevelopment Project Area and the ability to pay debt service, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds. See "REAL PROPERTY TAX SYSTEM - Real Property Assessment, Tax Levy and Collection Procedures - Assessment" and Section III of the Consultant's Report attached as APPENDIX B.

Changes in Multiplier and Tax Rates

The equalization factor annually determined by the Illinois Department of Revenue for properties located within Cook County (commonly referred to as the "multiplier") may vary substantially in future years. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Equalization." A decrease in the multiplier would reduce the Equalized Assessed Valuation of the taxable real property in the Central Loop Redevelopment Project Area and, therefore, the Incremental Taxes available to pay debt service, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds. The future tax rates of the units of local government levying taxes in the Central Loop Redevelopment Project Area (the "Units" described in "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Tax Levy"), either individually or on a composite basis, may differ from their historical levels. Any decrease in the composite tax rate of the Units would decrease the amount of Incremental Taxes available to pay debt service, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds.

Decreases in the composite tax rate of the Units could occur in future years as a result of various factors, including, but not limited to, one or more of the following: (a) reduced governmental costs; (b) constitutional or statutory spending, tax extension or tax rate limitations; (c) reduced reliance on real property taxes as a source of local government funding; or (d) governmental reorganization or consolidation. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Property Tax Limits" herein.

Changes in Law

In recent years, a number of states have considered or enacted various legislation significantly reducing the reliance of local governmental units on real estate taxes. Illinois has considered, but not yet enacted, such legislation. Any such legislation could reduce the tax levy amount that could be extended to property in a redevelopment project area and, consequently, would reduce the incremental taxes generated in that area.

There can be no assurance that such legislation will not become law in the future. Enactment of a law reducing or abating real estate taxes for local school districts could have a material adverse effect on Incremental Taxes generated in the Central Loop Redevelopment Project Area and the ability to pay debt service, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds. Similarly, other future changes in law reducing governmental reliance on real property taxes or amending the Act could adversely affect the amount of Incremental Taxes collected by the City, and any such adverse effect may be material.

Changes in Tax Procedures

The estimates of Incremental Taxes contained in the Consultant's Report relate to collections of Incremental Taxes from the Central Loop Redevelopment Project Area by tax code. In particular, the City and the Consultant have assumed, based on the Cook County Clerk's current practice and procedures, that future declines in the Equalized Assessed Valuations of properties in one tax code below the certified initial Equalized Assessed Valuations of such properties would not adversely affect the estimates of Incremental Taxes for the other tax codes set forth in the Consultant's Report. However, neither the City nor the Consultant can assure that the County Clerk will not change such practice and procedures in the future in a manner that would adversely affect such estimates of Incremental Taxes. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Property Tax Limits" herein and the discussion of "Tax Codes" in Section IV of the Consultant's Report in APPENDIX B.

Transfer of Amounts from Incremental Taxes Fund

The Central Loop Redevelopment Project Area is contiguous with other redevelopment project areas designated by the City pursuant to the Act and may become contiguous with others. The Act allows the City to expend Incremental Taxes collected from the Central Loop Redevelopment Project Area which are in excess of the amounts required in each year to pay and secure obligations issued and Project Costs incurred with respect to the Central Loop Redevelopment Project Area to pay for costs eligible for payment under the Act which are incurred in these contiguous areas. In addition, the Act permits the City to utilize revenues or proceeds of obligations authorized under the Act to pay for costs which involve public property that is either contiguous to, or separated only by a public right of way from, the Central Loop

Redevelopment Project Area. If the Incremental Taxes from the Central Loop Redevelopment Project Area exceed the amounts required to pay principal and interest coming due, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds or other Junior Lien Obligations in any year and are allocated to a contiguous redevelopment project area or public property, such Incremental Taxes will not be available to remedy any future failure to pay principal of and interest, first, on the Senior Lien Bonds and, second, on the Subordinate Lien Bonds or any deficiency in the required balances in the funds and accounts within the Incremental Taxes Fund.

ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE

The following table is based on certain information derived from the Consultant's Report (excluding the Addendum thereto dated October 6, 2000 and the Addendum thereto dated September 18, 2000), prepared by Trkla, Pettigrew, Allen & Payne, Inc. (the "Consultant"), attached to this Official Statement as APPENDIX B, and on certain assumptions made by the Underwriters, as referenced in the following footnotes.

CITY OF CHICAGO Tax Increment Allocation Bonds (Central Loop Redevelopment Project)

Series 2000A and 2000B Bonds Debt Service Coverage (1)

Year Ending December 31(1)	Prior Year's Estimated Incremental Taxes (2)	Estimated Senior Lien Fund Earnings(3)	Senior Lien Debt Service Reserve Fund Principal(4)	Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application	Senior Lien Series 1997B Bonds Debt Service	Senior Lien Series 2000 Bonds Debt Service	Total Annual Senior Lien Debt Service and Estimated Program Expenses(5)	Estimated Debt Service Coverage(6)
2001	\$ 39,144,000	\$ 1,896,000	\$ 5,050,000	\$ 46,090,000	\$ 21,224,250	\$ 4,875,617	\$ 26,134,867	1.76
2002	40,908,000	2,898,580	1,860,000	45,666,580	20,577,375	12,279,100	32,891,475	1.39
2003	42,284,000	2,691,280	2,010,000	46,985,280	20,855,438	11,998,550	32,888,988	1.43
2004	43,537,000	2,575,180	180,000	46,292,180	1,857,375	31,018,275	32,910,650	1.41
2005	46,172,000	2,509,480	6,235,000	54,916,480	-	32,997,300	33,032,300	1.66
2006	46,881,000	2,504,080	-	49,385,080	-	33,000,000	33,035,000	1.49
2007	47,121,000	2,129,980	-	49,250,980	-	33,000,000	33,035,000	1.49
2008	99,286,000 (7)	4,259,959	7,999,661	111,545,621	-	33,000,000	33,035,000	3.38
Totals	\$ 405,333,000	\$ 21,464,537	\$ 23,334,661	\$ 450,132,199	\$ 64,514,438	\$ 192,168,842	\$ 256,963,279	

Series 2000A and 2000B Bonds and Subordinate Series 2000A Bonds Debt Service Coverage(1)

Year Ending December 31(1)	Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application	Estimated Subordinate Lien Fund Earnings(3)	Subordinate Lien Debt Service Reserve Fund Principal(4)	Total Estimated Available Funds(8)	Total Annual Senior Lien Debt Service and Estimated Program Expenses(5)	Subordinate Lien Debt Service(9)	Total Annual Debt Service and Estimated Program Expenses	Estimated Debt Service Coverage(10)
2001	\$ 46,090,000	-	-	\$ 46,090,000	\$ 26,134,867	\$ 7,488,440	\$ 33,623,306	1.37
2002	45,666,580	\$ 967,822	-	46,634,402	32,891,475	8,018,663	40,910,138	1.14
2003	46,985,280	994,333	-	47,979,613	32,888,988	9,343,663	42,232,650	1.14
2004	46,292,180	1,060,583	-	47,352,763	32,910,650	8,726,575	41,637,225	1.14
2005	54,916,480	1,029,729	-	55,946,208	33,032,300	16,658,875	49,691,175	1.13
2006	49,385,080	1,426,344	-	50,811,423	33,035,000	11,188,375	44,223,375	1.15
2007	49,250,980	1,152,819	-	50,403,798	33,035,000	11,428,250	44,463,250	1.13
2008	111,545,621 (7)	1,758,213	\$ 9,890,000	123,193,833	33,035,000	72,952,500	105,987,500	1.16
Totals	\$ 450,132,199	\$ 8,389,842	\$ 9,890,000	\$ 468,412,041	\$ 256,963,279	\$ 145,805,340	\$ 402,768,619	

- (1) The debt service payment due December 1, 2000 on the Senior Lien Series 1997B Bonds will be satisfied by the application of funds currently held by the Senior Lien Trustee in the Principal and Interest Account for the Senior Lien Bonds. The first debt service payment date for the Senior Lien Series 2000 Bonds and the Subordinate Lien Series 2000A Bonds will be June 1, 2001.
- (2) The Estimated Incremental Taxes shown for each year represent Incremental Taxes projected to be levied on the Central Loop Redevelopment Project Area for the second preceding year (the "Assessment Year"), that would be collectible by the County and distributable to the Incremental Taxes Fund in two payments in the spring and fall of the immediately preceding year (the "Collection Year"). Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.
- (3) Amounts equal to 10% of the original principal amount of each Series of Senior Lien Series 2000 Bonds and Subordinate Lien Series 2000A Bonds will be deposited into separate Sub-Accounts of the Reserve and Redemption Account on the date of issuance of the Bonds of each respective Series. An amount equal to 10% of the original principal amount of the Senior Lien Series 1997B Bonds is also being held in a separate Sub-Account of the Reserve and Redemption Account. Earnings on the Reserve and Redemption Account are estimated at 6.00% per annum. Earnings on the Principal and Interest Account are estimated at 5.00% per annum.
- (4) On June 1, 2001, \$5,050,000 will be transferred from the 1997B Sub-Account of the Reserve and Redemption Account to the Principal and Interest Account and used to pay principal on the Senior Lien Series 1997B Bonds. Similar transfers will take place on each succeeding principal payment date of the Senior Lien Series 1997B Bonds in accordance with the Series 1997B Debt Service Reserve Requirement. Amounts equal to 10% of the original principal amount of the Senior Lien Series 2000 Bonds and the Subordinate Lien Series 2000A Bonds will be held in the respective Sub-Accounts of the Reserve and Redemption Account until the final principal payment date for each respective Series. On each such date, the amounts on deposit in the respective Sub-Accounts of the Reserve and Redemption Account will be transferred to the Principal and Interest Account and used to pay a portion of the final principal payment on each respective Series, all in accordance with the applicable Debt Service Reserve Requirement for the Senior Lien Series 2000 Bonds and the Subordinate Lien Series 2000A Bonds.
- (5) Program expenses are estimated by the City to be \$35,000 per year.
- (6) Estimated Debt Service Coverage for the Senior Lien Series 2000 Bonds equals Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application divided by Total Annual Senior Lien Debt Service and Estimated Program Expenses. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.
- (7) Incremental Tax Collections for both 2007 and 2008 will be applied to the payment of debt service during 2008. Estimated Incremental Taxes collected in both 2007 and 2008 from Table 14 of the Consultant's Report are included. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.
- (8) Only the portion of Total Estimated Available Funds that is transferred to the Subordinate Lien Trustee by the Senior Lien Trustee from the General Account under the Senior Lien Indenture after, among other things, payment of the Senior Lien Bonds, constitutes Junior Lien Revenues secured by a lien for the benefit of the Owners of the Subordinate Lien Series 2000A Bonds.
- (9) Debt Service on the Subordinate Lien Series 2000A Bonds does not include the special mandatory redemption of the Subordinate Lien Series 2000A Term Bonds.
- (10) Estimated Debt Service Coverage for the Subordinate Lien Series 2000A Bonds equals Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application plus Estimated Subordinate Lien Fund Earnings and Subordinate Lien Debt Service Reserve Fund Principal, divided by Total Annual Debt Service and Estimated Program Expenses. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.

FINANCIAL INFORMATION

A summary of Incremental Tax receipts for the Central Loop Redevelopment Project Area for the years ended December 31, 1992 through 1999 and for the period ended July 20, 2000 is set forth below. The City began providing audited financial statements prepared in accordance with generally accepted accounting principles for the Central Loop Redevelopment Project Area for the year ending December 31, 1997 and will continue to do so for each subsequent fiscal year. See "SECONDARY MARKET DISCLOSURE."

Summary of Incremental Tax Receipts for the Central Loop Redevelopment Project Area / Original Project Area

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Total Receipts⁽¹⁾</u>
1991	1992	\$19,501,694
1992	1993	23,569,122
1993	1994	29,359,939
1994	1995	28,040,395
1995	1996	33,435,756
1996	1997	31,673,670
1997	1998	36,846,876
1998	1999	40,416,457
1999	2000	19,516,546 ⁽²⁾

Source: Office of the City Comptroller.

⁽¹⁾ Original Project Area only for Assessment Years 1991 – 1996. Central Loop Redevelopment Project Area for subsequent years. Actual receipts during each collection period.

⁽²⁾ Actual receipts through July 20, 2000.

CONSULTANT'S REPORT

The City has received from the Consultant the report (including the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000, the "Consultant's Report") attached to this Official Statement as APPENDIX B. The Consultant's Report documents the Consultant's estimates of the Incremental Taxes to be derived from the Central Loop Redevelopment Project Area during the period from tax collection year 2000 through tax collection year 2008. The Consultant's Report is based on numerous assumptions which are material to the estimates of Incremental Taxes contained in the Consultant's Report. Investors should read and carefully consider all of such assumptions, including the assumption

that certain specified risks will not materialize. The City has not independently verified the projections of Incremental Taxes contained in the Consultant's Report.

TAX INCREMENT FINANCING

The Act authorizes the use of tax increment financing as a means for municipalities, after the approval of a "redevelopment plan and project," to redevelop "blighted," "conservation" or "industrial park conservation" areas by financing redevelopment project costs with incremental real estate tax revenues. Incremental real estate tax revenue is derived from the increase in the Equalized Assessed Valuation of real property within the redevelopment project area over and above the Equalized Assessed Valuation in effect at the time the redevelopment project area is established. Any such increase in Equalized Assessed Valuation above the certified initial Equalized Assessed Valuation is then multiplied, on an annual basis, by the aggregate tax rate resulting from the levy of real property taxes by all units of local government having taxing power over that real property. The product of this calculation, net of loss in collection, is the amount of incremental real estate tax revenues generated within the redevelopment project area. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures".

Tax increment financing does not generate revenues by increasing tax rates. Instead, it generates revenues by allowing a municipality to capture all tax revenues resulting from increases in the Equalized Assessed Valuation within the area which has been designated for redevelopment. The incremental real estate tax revenue is deposited into a special tax allocation fund from which redevelopment project costs and principal of and interest on obligations issued to finance the redevelopment are paid. Under tax increment financing, all overlapping taxing districts continue to receive real estate tax revenue from the redevelopment project area based on the Certified Initial Equalized Assessed Value. When the amount of incremental real estate tax revenue applicable to the redevelopment project area is greater than the amount required to pay for expected redevelopment project costs and principal of and interest on obligations issued to pay such costs, the municipality is required to return such money to the county for distribution to the overlapping taxing districts. If a redevelopment plan and project so provides, a municipality may use incremental real estate tax revenue for eligible costs in a contiguous redevelopment project area or one separated only by a public right of way. See "BONDOWNER'S RISKS - Transfer of Amounts from Incremental Taxes Fund".

To finance redevelopment project costs, a municipality may issue obligations secured by the anticipated tax increment revenue generated within the redevelopment project area. These redevelopment project costs include, but are not limited to, costs of studies and surveys, costs associated with the acquisition of land, costs of rehabilitation or repair of existing public or private buildings, costs of construction of public works or improvements, costs of job training and retraining programs and financing costs. Subject to certain limitations, tax increment financing may also apply to certain interest costs incurred by the developer of a project.

For an area to be designated as a tax increment financing redevelopment project area, a municipality must demonstrate that the prospective redevelopment project area qualifies as a "blighted area," as a "conservation area" or as an "industrial park conservation area" within the definitions set forth in the Act. A "blighted area" may be either improved or vacant. When

the Central Loop Redevelopment Project Area was created, the Act required the presence of five or more of the following factors in an improved area: age, dilapidation, obsolescence, deterioration, illegal use of individual structures, structures below minimum code standards, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities, inadequate utilities, excess land coverage, deleterious land-use or layout, depreciation of physical maintenance or lack of community planning. For a vacant area, the Act required the municipality to find that sound growth of the taxing districts was impaired by a combination of two or more of the following factors: obsolete platting, diversity of ownership, tax and special assessment delinquencies, flooding, deterioration of structures or site improvements on adjacent land; otherwise it had to be demonstrated that such vacant land was a blighted improved area immediately before becoming vacant, or the area consisted of an unused quarry, railyard, railtracks or railroad rights of way, or was subject to chronic flooding as particularly provided in the Act, or the area consisted of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation, or dredge sites, or the area was not less than 50 nor more than 100 acres, 75 percent (75%) of which was vacant. The Act defined "conservation area" as any improved area within the boundaries of a redevelopment project area in which 50 percent (50%) or more of the structures had an age of 35 years or more. Such an area was not yet a blighted area but was in danger of becoming a blighted area and was detrimental to the public safety, health, morals or welfare because of a combination of three or more of the following factors: dilapidation, obsolescence, deterioration, illegal use of individual structures, presence of structures below minimum code standards, abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage, deleterious land use or layout, depreciation of physical maintenance, lack of community planning. Recent amendments to the Act have redefined "blighted area" and "conservation area." See "Recent Legislation" below.

At the time that the Central Loop Redevelopment Project Area was created, the Act required a municipality to hold a public hearing and convene an advisory joint review board to consider the proposal. Pursuant to that version of the Act, the joint review board consisted of representatives selected by certain taxing districts having taxing power over the area, and a member of the public. After considering all comments made by the public and the joint review board, if any, the municipality could adopt the necessary ordinances to create a redevelopment project area, but only after adopting an ordinance approving a redevelopment plan. Then an ordinance approving tax increment allocation financing could be adopted.

Recent Legislation

In each of the last five years, the Illinois General Assembly has considered legislation to amend the Act. In 1999, the Illinois General Assembly adopted substantial amendments to the Act (the "Act Amendments") that became effective on November 1, 1999. The Act Amendments include the following provisions:

- adding definitions for each eligibility factor for blighted and conservation areas and for each factor relating to improved and vacant land; certain eligibility factors have been eliminated and others have been added, and additional findings are required to be made for blighted areas;

- prohibiting the inclusion in redevelopment plans of certain types of developments, such as vacant land with a golf course and related facilities and public land designated for recreational activities or nature preserves;
- permitting the estimated date of completion of a redevelopment project to be extended to December 31 of the year in which the payment to the municipal treasurer is to be made with respect to property taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted;
- requiring the provision of replacement housing and relocation assistance where the redevelopment plan displaces low-income or very low-income persons;
- adding certain items to the definition of “redevelopment project costs” to include, among other things, the increased education cost attributable to assisted housing units for which financing assistance was obtained, up to 50 percent (50%) of the costs of construction of low-income and very low-income housing units, site improvements that serve as environmental barriers and certain costs of day care services for children of employees from low-income families;
- restricting the use of incremental taxes for other items, such as the construction of certain types of new municipal public buildings, a municipality’s general overhead or administrative costs and marketing costs;
- adding procedural steps in the process by which redevelopment plans and projects are adopted and operated, such as requiring a municipality to adopt an ordinance or resolution providing for a feasibility study to be conducted for a proposed redevelopment project area, requiring the establishment of an interested parties’ registry, requiring municipalities planning to include 75 or more inhabited residential units or to remove ten or more inhabited residential units within a proposed redevelopment project area to hold a public meeting before mailing the notices of the public hearing and to conduct a housing impact study;
- expanding the membership and duties of the joint review board;
- expanding the annual reporting requirements for all redevelopment project areas and municipalities and designating the State Comptroller as the repository for these reports; and
- clarifying the definition of “surplus funds” to include any portion of the balance in the special tax allocation fund at the end of the fiscal year that has not been identified as required, pledged, earmarked or otherwise designated for payment of or securing of obligations or anticipated redevelopment project costs and requiring the distribution of any surplus funds from the special tax allocation fund to the taxing districts and the Illinois Department of Revenue.

CENTRAL LOOP REDEVELOPMENT PROJECT AREA

General

The City's Central Loop Redevelopment Project Area was designated pursuant to an ordinance adopted by the City Council of the City on February 7, 1997. The Central Loop Redevelopment Project Area consists of approximately 171 acres located in Chicago's central business district. The Central Loop Redevelopment Project Area is an expansion of the North Loop Redevelopment Project Area originally established by the City on June 20, 1984, pursuant to the North Loop Tax Increment Redevelopment Plan and Project (as amended in September 1987, the "Original Redevelopment Plan"), which provided for the redevelopment of approximately 32 acres (the "Original Project Area"). In addition to the Original Project Area, the Central Loop Redevelopment Project Area includes approximately 139 acres (the "Added Project Area" and, together with the Original Project Area, the "Central Loop Redevelopment Project Area").

Original Project Area

The Original Project Area consists of a 9 block area in the City's historical "Loop" and is generally bounded by LaSalle and Clark Streets on the west, Randolph and Washington Streets on the south, State and Wabash Streets on the east and Haddock Place and Wacker Drive on the north. The Original Project Area was determined to constitute a "blighted area" under the Act and the Original Redevelopment Plan was adopted to overcome conditions of blight and declining conditions in the Original Project Area.

As a result of public and private investment, many of the major development projects identified in the Original Redevelopment Plan have been completed. New buildings and facilities have replaced many of the deteriorated and obsolete buildings that led to the designation of the Original Project Area. Private construction in the Original Project Area includes new buildings at 203 North LaSalle Street, 77 West Wacker Drive, 201 North Clark Street, 200 North Dearborn Street, 35 West Wacker Drive, 161 North Clark Street, the Renaissance Hotel at 1 West Wacker Drive and two new parking facilities. Rehabilitation of the Chicago Theatre, at 175 North State Street, the ABC Building, at 190 North State Street, the Oriental Theatre, on West Randolph Street, and the Reliance Building (the Hotel Burnham), on North State Street, is complete. In addition, rehabilitation of the Harris-Selwyn Theatres and development of the new site of the Goodman Theatre Center, 150 North Dearborn Street, and rehabilitation of the Butler Building and the site of the Art Institute resident housing and film center, 156-170 North State Street, have been initiated.

Added Project Area

The Added Project Area consists of 24 full and 14 partial blocks located in two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west, Haddock Place on the north, LaSalle Street on the east and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west, the Chicago River on the north, Michigan Avenue on the east and Congress Parkway on the south.

According to the surveys and analyses of Trkla, Pettigrew, Allen & Payne, Inc. (the "Consultant"), the Added Project Area constitutes a "conservation area" as defined by the Act.

Rehabilitation and redevelopment of several buildings in the Added Project Area have been completed since the adoption of the Central Loop Redevelopment Plan, including the Manhattan Building, at 431 South Dearborn Street, the Singer Building, at 120 South State Street, the Hotel Monaco, at 225 North Wabash Avenue, Hotel Allegro/Cadillac Palace Theatre, at 171 West Randolph Street, 427 South LaSalle Street (the former Western Union Building), One Congress Center, at 1 East Congress Parkway, and Symphony Center, at 220 South Michigan Avenue. Other redevelopment projects that have been initiated in the Added Project Area include rehabilitation or redevelopment of all or portions of the London Guarantee Building, at 360 North Michigan Avenue, the Fisher Building, at 343 South Dearborn Street, the Lytton Building, at 14 East Jackson Boulevard, the Mentor Building, at 37 South State Street, the McCormick Building, at 330 South Michigan Avenue, 68 East Wacker Place, 1 North Dearborn Street (the site of the Sears Department Store), and 320 North Michigan.

REAL PROPERTY TAX SYSTEM AND LIMITS

Real Property Assessment, Tax Levy and Collection Procedures

General. Substantially all (approximately 99.98 percent) of the "Equalized Assessed Valuation" (described below) of taxable property in the City, including all of the Central Loop Redevelopment Area, is located in Cook County (the "County"). The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth under this caption and elsewhere in this Official Statement with respect to taxable property in the City does not reflect the portion situated in DuPage County. The laws of the State of Illinois relating to real property taxation are contained in the Illinois Property Tax Code (the "Property Tax Code").

Assessment. The Cook County Assessor (the "Assessor") is responsible for assessing of all taxable real property within the County, except for certain railroad property and pollution control equipment assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by the Assessor. Suburbs in the northern and northwestern portions of the County were reassessed in 1998; suburbs in the western and southern portions of the County were reassessed in 1999, and the City is being reassessed in 2000.

Real property in the County is separated into ten classifications for assessment purposes. After the Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The current classification percentages range from 16 percent (16%) for certain residential, commercial and industrial properties to 36 percent (36%) and 38 percent (38%), respectively, for other industrial and commercial property.

On April 18, 2000, the Cook County Board of Commissioners adopted an amendment to the County's Real Property Assessment Classification Ordinance, pursuant to which the Assessed Valuation of real property is established. Among other things, the amendment reduces the classification percentage for mixed-use residential/commercial buildings

having less than six units from its current level of 33 percent (33%) to 16 percent (16%) in 2000; changes the number of renewals of the period for a classification percentage of 16 percent (16%) for certain buildings rehabilitated or constructed for multi-family housing with affordable units from two renewals to an indefinite number; and extends the period for reduced classification percentages for certain rehabilitated landmark buildings from 16 percent (16%) for the first eight years, 23 percent (23%) for the ninth year and 30 percent (30%) in the tenth year, to 16 percent (16%) for the first 10 years, 23 percent (23%) in the eleventh year and 30 percent (30%) in the twelfth year; except for rehabilitated, industrial landmark properties which may apply for an indefinite number of 10-year renewal periods for the 16 percent (16%) classification. In the Consultant's opinion, the effect of the amendment on the tax increment projections included in Tables 12, 13, 14 and 16 of the Consultant's Report would be negligible.

The Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the Assessor certifies the final Assessed Valuations, a taxpayer can seek review of the assessment by filing a complaint with the Cook County Board of Review (the "Board of Review") which consists of three members elected by the voters of the County. The Board of Review has the power to review and adjust Assessed Valuations set by the Assessor.

Taxpayers are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a state-wide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. In two PTAB opinions rendered in March 2000, the PTAB chose not to apply the Cook County Classification Ordinance assessment levels. Instead, the PTAB utilized the median level of assessments derived from the Illinois Department of Revenue's sales ratio studies as the mechanism for determining the assessment levels. As a result, property tax refunds were granted to the two commercial and industrial property owners who petitioned the PTAB.

Currently, the Assessor's office is pursuing a remedy to this situation in the Illinois legislature. If enacted in its current form, Amendment No. 1 to Senate Bill 747 would require that, in cases concerning commercial or industrial properties in counties with 3,000,000 or more inhabitants (like the County), for valuation appeals that concern a request for a change in Assessed Valuation of \$100,000 or more, the classification levels of the Cook County Classification Ordinance must be applied, except for residential property of six units or less. A general reduction in the level of assessments as a result of the use of the methodology applied by the PTAB in its two recent opinions could adversely affect the level of tax increment in a particular redevelopment project area.

In the Consultant's opinion, application of the methodology applied in the recent PTAB decisions within the Central Loop Redevelopment Project Area, would not be likely to reduce the tax increment projections included in Table 12 of the Consultant's Report by more than five and three-tenths percent (5.3%).

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a certificate of error.

Equalization. After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "Equalization Factor"), commonly called the "multiplier", for each county. The purpose of equalization is to bring the aggregate Assessed Valuation of all real estate in each county to the statutory requirement of 33-1/3 percent (33 1/3%) of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "Equalized Assessed Valuation").

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. The following table sets forth the Equalization Factors for the tax years ended December 31, 1990, through 1999:

<u>Tax Year</u>	<u>Equalization Factor</u>
1990	1.9946
1991	2.0523
1992	2.0897
1993	2.1407
1994	2.1135
1995	2.1243
1996	2.1517
1997	2.1489
1998	2.1799
1999	2.2505

In 1991, legislation was enacted by the State which provided that for 1992 and for subsequent years' tax levies, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. This legislation impacts taxing districts with rate limits only and currently does not apply to the City. See "Property Tax Limits" below.

Exemptions. The annual homestead exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used exclusively for residential purposes by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of \$4,500. Additional exemptions exist for (i) senior citizens, with the Assessor authorized annually to reduce the Equalized Assessed Valuation on a senior citizen's home by \$2,500, and (ii) disabled veterans, with the Assessor authorized annually to exempt up to \$50,000 of the Assessed Valuation of certain property owned and used exclusively by such veterans, their spouses or unmarried surviving spouses of such veterans for residential purposes.

A homestead improvement exemption allows owners of single family residences to make certain home improvements without increasing the Assessed Valuation of their property for at least four years. Through December 31, 1997, the amount of this exemption was limited to \$30,000; effective January 1, 1998, the amount of this exemption was increased to \$45,000. For rehabilitation of certain historic property, the Equalized Assessed Valuation is limited for eight years to the value when the rehabilitation work began. The Senior Citizens Tax Freeze Homestead Exemption was enacted in 1994 and freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less. In addition, certain property is exempt from taxation on the basis of ownership and/or use.

Additionally, since 1996, counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, longtime, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction of new residences in the area. The County has not established such a property tax exemption. However, if the County were, in the future, to provide for such a property tax exemption, the City would be required to participate in the program.

Tax Levy. There are over 800 units of local government (the "Units") located in whole or in part in the County that have taxing power. The major Units having taxing power over property within the City are the City, the Chicago Park District, the Chicago Board of Education, the City of Chicago School Finance Authority, Community College District No. 508, the Metropolitan Water Reclamation District of Greater Chicago, the County and the Forest Preserve District of Cook County.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real estate taxes, proceedings are adopted by the designated body for each Unit. The tax levy proceedings impose the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the "County Collector").

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared by the County Collector (the "Warrant Books") the tax (determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel), along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Cook County Truth in Taxation Law (the "Truth in Taxation Law") contained within the Property Tax Code, imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in prescribed form must be published if the aggregate annual levy is estimated to exceed 105 percent (105%) of the levy of the preceding year, exclusive of levies for debt service, election costs and amounts due under public building commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105 percent (105%) of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. As of January 1, 2000, certain amendments to the above-described procedures imposed by the Truth in Taxation Law became effective with respect to the City and other County taxing districts. As of the date of this Official Statement, the City is in compliance with the Truth in Taxation Law.

The City is authorized to issue tax increment bonds for the redevelopment of blighted or conservation areas. Tax revenues resulting from increases in the Equalized Assessed Valuation of property in a redevelopment project area are pledged for the payment of the tax increment bonds. Taxes levied for other purposes are extended at rates which take the tax increment financing into account. See "TAX INCREMENT FINANCING".

Abatement. The Property Tax Code authorizes any taxing unit, upon a majority vote of its governing authority and the determination of the Assessed Valuation of its property, to abate any portion of its taxes on certain types of property, including commercial and industrial facilities. The term and aggregate amount of the abatement is limited, depending on the property involved. The terms range from 10 to 20 years and the aggregate amounts allowed for abatement range from \$3,000,000 to \$12,000,000. The Property Tax Code also authorizes abatements for certain leasehold interests, leased low-rent housing and areas of urban decay.

Additionally, the Illinois Enterprise Zone Act authorizes the Illinois Department of Commerce and Community Affairs to certify a limited number of enterprise zones. Each unit of local government has the authority to abate property tax on business improvements added to real estate following the creation of an enterprise zone. The abatement applies to any class of property and is limited to the term of the enterprise zone. However, the Illinois Enterprise Zone Act provides that a municipality may not create a redevelopment project area that overlaps with an enterprise zone unless it amends the enterprise zone designating ordinance to limit the eligibility for tax abatements as provided in Section 5.4.1 of the Illinois Enterprise Zone Act.

Collection. Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill equal to one-half of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, Assessed Valuation and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

Other than as described below, for the last ten years, the second installment "penalty date" (the date after which interest is due on unpaid amounts) was no later than

September 25. The second installment "penalty date" for 1994 taxes was November 3, 1995, because of delays in the assessment process. The second installment "penalty date" for the 1997 taxes was October 28, 1998, because of changes to the assessment appeal process described above. The second installment "penalty date" for 1998 taxes was November 1, 1999, also because of changes to the assessment appeal process described above. It is possible that delays in the assessment process or changes to the assessment appeal process described above will cause delays similar to those experienced in 1995, 1998 and 1999 in preparing and mailing second installment tax bills in future years.

The County may provide for tax bills to be payable in four installments instead of two. To date, the County has not determined to require payment of tax bills in four installments.

During the periods of peak collections, tax receipts are forwarded to each Unit weekly. Upon receipt of taxes from the County Collector, the City Treasurer credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "Annual Tax Sale"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5 percent (1.5%) per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18 percent (18%) for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and are eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

A scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled to be held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

Property Tax Limits

State of Illinois. The Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units of local government located in the County and five adjacent counties, and (b) the ability of those entities to issue general obligation bonds without voter approval (the "State Tax Cap"). Generally, the extension of property taxes for a unit of

local government subject to the State Tax Cap may increase in any year by five percent (5%) or the percent increase in the Consumer Price Index, whichever is less, or the amount approved by referendum. The State Tax Cap does not apply to the issuance of "limited bonds" payable from a Unit's "debt service extension base" or "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act.

The City continues to be excluded from the State Tax Cap. However, from time to time, various public officials have stated that the State Tax Cap also should be made applicable to the City and other home rule municipalities. In addition, an advisory referendum posing the question "should the Illinois General Assembly limit annual property tax extension increases to a maximum of five percent (5%) or as provided by the Consumer Price Index, whichever is less," was considered by County voters at the November 1994 general election. This advisory question was approved by approximately 83 percent (83%) of County voters who cast ballots on the question.

Under the Illinois Constitution of 1970, the enactment of legislation applying the State Tax Cap to the City and other home rule municipalities requires a three-fifths vote of each house of the Illinois General Assembly and the concurrence of the Governor of the State of Illinois. It is not possible to predict whether, or in what form, any property tax limitations applicable to the City would be enacted by the Illinois General Assembly. The adoption of any such limits on the extension of real property taxes by the Illinois General Assembly may, in future years, adversely affect the City's ability to levy property taxes to finance operations at current levels and the City's power to issue additional general obligation debt without the prior approval of voters.

A recently enacted State law imposes certain notice and public hearing requirements on non-home rule Units of local government that propose to issue debt. Those requirements do not apply to the City.

The City. In 1993, the City Council of the City adopted an ordinance (the "City Tax Limitation Ordinance"), limiting, beginning in 1994, the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy (subject to certain adjustments) plus the lesser of (a) five percent (5%), or (b) the percentage increase in the annualized Consumer Price Index for all urban consumers for all items, as published by the United States Department of Labor, during the 12-month period most recently announced prior to the filing of the preliminary budget estimate report. The City Tax Limitation Ordinance provides a safe harbor for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy (the "Safe Harbor"). Additional safe harbors are provided for portions of any levy attributable to payments under installment contracts or public building commission leases or attributable to payments due as a result of the refunding of general obligation bonds or notes or of such installment contracts or leases. The City Council amended the City Tax Limitation Ordinance in October 1997 to exclude certain school improvement taxes and in September 1999, to exclude the tax levy for its General Obligation Bonds, Series 1999 (City Colleges of Chicago Project), from the limits set forth therein.

The tax limits set forth in the City Tax Limitation Ordinance may in future years adversely affect the City's ability to finance operations at current levels and limit the ability of the City to finance capital improvement projects through the issuance of property tax-supported bonds.

See Section IV, "Assumptions and Calculation of Incremental Property Taxes", and Subsection A-7 thereof, "Tax Rate", in the Consultant's Report attached as APPENDIX B hereto for a discussion of the estimated effect of property tax limits on the tax rates of Units which collect real property taxes within the Central Loop Redevelopment Project Area.

THE SUBORDINATE LIEN INDENTURE

The following is a summary of certain provisions of the Subordinate Lien Indenture. Other provisions of the Subordinate Lien Indenture are described earlier herein, see "DESCRIPTION OF THE SUBORDINATE LIEN SERIES 2000A BONDS" and "SECURITY FOR THE SUBORDINATE LIEN SERIES 2000A BONDS." Neither the following summary nor the descriptions contained elsewhere in this Official Statement are intended to be comprehensive or definitive and are qualified in their entirety by reference to such document, copies of which are available for review prior to the issuance and delivery of the Subordinate Lien Series 2000A Bonds at the office of the City Comptroller, City Hall, Room 501, 121 North LaSalle Street, Chicago, Illinois 60602, and thereafter at the office of the Subordinate Lien Trustee.

Application of Bond Proceeds

Accrued interest received by the City upon the sale of the Subordinate Lien Series 2000A Bonds shall be deposited in the Capitalized Interest Sub-Account of the Principal and Interest Account and be used to pay interest first coming due on the Subordinate Lien Series 2000A Bonds.

A portion of the proceeds of the Subordinate Lien Series 2000A Bonds, together with other available funds, will be transferred to the 2000 Escrow Fund under the 2000 Escrow Agreement in an amount sufficient for the advance refunding of Senior Lien Series 1997A Bonds and will be used for such purpose.

Pursuant to the Subordinate Lien Indenture, a Project Fund has been established and maintained by the City in a Depositary and a separate, segregated Project Account for each Series of Subordinate Lien Bonds issued to finance additional Project Costs is required to be established within the Project Fund. Portions of the proceeds from the sale of the Subordinate Lien Series 2000A Bonds will be deposited in the related Project Accounts and will be used to pay Project Costs, including costs related to the issuance of the Subordinate Lien Series 2000A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

An amount equal to the initial Debt Service Reserve Requirement for the Subordinate Lien Series 2000A Bonds (10% of the original principal amount of such Series) shall be deposited in a separate Sub-Account of the Reserve and Redemption Account at closing. See "SECURITY FOR THE SUBORDINATE LIEN SERIES 2000A BONDS - Debt Service Reserve Requirement."

Additional Bonds and Refunding Bonds

Subject to compliance with the conditions described below, the City may issue additional Subordinate Lien Bonds for the purposes authorized in the Central Loop Redevelopment Plan or may issue Refunding Bonds. Except with respect to Sub-Accounts of the Reserve and Redemption Account which secure particular Series of Subordinate Lien Bonds and as otherwise provided in the Subordinate Lien Indenture, any such additional Subordinate Lien Bonds or Refunding Bonds will share ratably and equally with the Subordinate Lien Series 2000A Bonds in the Junior Lien Revenues. Except with respect to Sub-Accounts of the Reserve and Redemption Account which secure particular Series of Subordinate Lien Bonds and as otherwise provided in the Subordinate Lien Indenture, additional Subordinate Lien Bonds and Refunding Bonds shall not have any terms creating a preference or priority of any Series of additional Subordinate Lien Bonds or Refunding Bonds over the Subordinate Lien Series 2000A Bonds, or any other Series of additional Subordinate Lien Bonds or Refunding Bonds.

The City is issuing its Senior Lien Series 2000 Bonds concurrently with the issuance of the Subordinate Lien Series 2000A Bonds. See "PLAN OF FINANCE" herein. The City has no present plans to issue additional Senior Lien Bonds, Refunding Bonds, other Subordinate Lien Bonds or other Junior Lien Obligations, but may do so in the future.

General Provisions for Issuance and Delivery of Bonds. (a) Each Series of Subordinate Lien Bonds shall be created by a Subordinate Lien Supplemental Indenture which shall prescribe expressly or by reference with respect to such Series (unless otherwise determined in the Subordinate Lien Indenture):

(i) the authorized principal amount, designation and Series of such Subordinate Lien Bonds;

(ii) the purposes for which such Series of Subordinate Lien Bonds is being issued;

(iii) the manner in which the proceeds of the Subordinate Lien Bonds of such Series are to be applied;

(iv) the date and the maturity date or dates of the Subordinate Lien Bonds of such Series;

(v) the interest rate or rates of the Subordinate Lien Bonds of such Series, or the manner of determining such rate or rates, and the Interest Payment Dates and Record Dates therefor;

(vi) the authorized denominations and the manner of dating, numbering and lettering of the Subordinate Lien Bonds of such Series;

(vii) the Subordinate Lien Registrar and the Paying Agent or Paying Agents for the Subordinate Lien Bonds of such Series;

(viii) the Redemption Price or Prices, if any, and any redemption dates and terms for the Subordinate Lien Bonds of such Series;

(ix) the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Subordinate Lien Bonds of such Series or the manner of designating the same;

(x) the amount and date of each Sinking Fund Installment, if any, for Subordinate Lien Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments shall equal the aggregate principal amount of all such Subordinate Lien Bonds less the principal amount scheduled to be retired at maturity;

(xi) provisions as to registration of the Subordinate Lien Bonds of such Series;

(xii) the form and text of the Subordinate Lien Bonds of such Series and provision for the Subordinate Lien Trustee's authentication thereof by certificate or otherwise;

(xiii) the amount of the Debt Service Reserve Requirement with respect to such Series of Subordinate Lien Bonds, if any, calculated immediately after such authentication and delivery; and

(xiv) any other provisions deemed advisable by the City as shall not conflict with the provisions of the Subordinate Lien Indenture.

(b) Subordinate Lien Bonds of the same Series and maturity shall be of like tenor except as to denomination and form. After the original issuance of Subordinate Lien Bonds of a Series, no Subordinate Lien Bonds of such Series shall be issued except in lieu of or in substitution for the Subordinate Lien Bonds of such Series pursuant to the Subordinate Lien Indenture.

(c) Subordinate Lien Bonds issued pursuant to the Subordinate Lien Indenture may be issued as Current Interest Bonds, Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Serial Bonds or Term Bonds or any combination thereof, all as provided in the Subordinate Lien Supplemental Indenture providing for their issuance.

Conditions Precedent to Delivery of any Series. Subordinate Lien Bonds of any Series shall be executed by the City and delivered to the Subordinate Lien Trustee and thereupon shall be authenticated by the Subordinate Lien Trustee and delivered to the City or upon its order, but only following the receipt by the Subordinate Lien Trustee of:

(a) A copy of an ordinance adopted by the City Council, certified by the City Clerk, authorizing the execution and delivery of the applicable Subordinate Lien Supplemental Indenture;

(b) A Counsel's Opinion to the effect that (i) the City had the right and power to adopt the ordinance referred to in (a) above; (ii) the ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and

is enforceable in accordance with its terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iii) the Subordinate Lien Indenture and such Subordinate Lien Supplemental Indenture have been duly and lawfully executed by authorized officers of the City, are in full force and effect and are valid and binding upon the City and are enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iv) the Subordinate Lien Indenture and the Subordinate Lien Supplemental Indenture create the valid pledge of Junior Lien Revenues, moneys and securities held thereunder for the benefit and security of the Subordinate Lien Bonds, subject to application thereof in the manner provided therein; and (v) upon the execution, authentication and delivery thereof, the Subordinate Lien Bonds of such Series will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State of Illinois, the Subordinate Lien Indenture and such Subordinate Lien Supplemental Indenture;

(c) A written order as to the delivery of such Series, executed by an Authorized Officer (i) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such Series and that no event of default has occurred and is continuing under the Subordinate Lien Indenture and (ii) fixing and determining all terms and provisions of the Subordinate Lien Bonds of such Series not fixed or determined by the Subordinate Lien Indenture or the applicable Subordinate Lien Supplemental Indenture;

(d) An original executed counterpart of the Subordinate Lien Indenture (or a copy duly certified by the City Clerk of the City) and the applicable Subordinate Lien Supplemental Indenture;

(e) With respect to all Series of Subordinate Lien Bonds, other than Refunding Bonds to the extent permitted by the Subordinate Lien Indenture as described below, issued and delivered subsequent to the delivery of the Subordinate Lien Series 2000A Bonds, a certificate of an Authorized Officer:

(i) setting forth for the current calendar year and each calendar year thereafter the projected Incremental Taxes and other Pledged Revenues to be generated or otherwise available for payment of Senior Lien Bonds and Subordinate Lien Bonds, which projection of Incremental Taxes shall be based on a report prepared by an independent consultant having recognized urban renewal and tax increment financing expertise;

(ii) setting forth for the current calendar year and each calendar year thereafter, the Annual Debt Service Requirement on account of all Senior Lien Bonds and Subordinate Lien Bonds then Outstanding and the Subordinate Lien Bonds proposed to be issued under the Subordinate Indenture; provided that for purposes of such calculation only, all references to Bond Year in the definitions in the Senior Lien Indenture shall be deemed to refer instead to calendar year;

(iii) establishing that (A) the amounts shown in subparagraph (i) above for each calendar year up to and including calendar year 2006 shall be not less than 150 percent

of the Annual Debt Service Requirement calculated pursuant to subparagraph (ii) above for the next succeeding calendar year, and (B) the amounts determined in subparagraph (i) above for calendar years 2007 and 2008, in the aggregate, shall be not less than 150 percent of the Annual Debt Service Requirement, calculated pursuant to subparagraph (ii) above, for calendar year 2008; provided, however, that, the calculations pursuant to subparagraph (ii) above shall be exclusive of the final maturing principal amount of any series to the extent of the applicable Debt Service Reserve Requirement if amounts held in the Reserve and Redemption Account for such series are expected to be available to pay Senior Lien Bonds or Subordinate Lien Bonds of such series on such final maturity date; and

(iv) stating, that all required deposits to all funds, accounts and sub-accounts under the Senior Lien Indenture are current.

Refunding Bonds. (a) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund or advance refund any or all Outstanding Subordinate Lien Bonds of one or more Series, to pay costs and expenses incident to the issuance of such Refunding Bonds and to make deposits in any fund, account or sub-account under the Subordinate Lien Indenture as determined by the City in the Subordinate Lien Supplemental Indenture authorizing such Subordinate Lien Bonds.

(b) Refunding Bonds of a Series to refund or advance refund Outstanding Subordinate Lien Bonds shall be authenticated and delivered by the Subordinate Lien Trustee only upon receipt by it (in addition to the documents, securities and moneys required by paragraphs (a), (b), (c) and (d) under the subcaption "*Conditions Precedent to Delivery of any Series*" above) of:

(i) Such instructions to the Subordinate Lien Trustee as necessary to comply with all requirements set forth in the Subordinate Lien Indenture so that the Subordinate Lien Bonds to be refunded or advance refunded will be paid or deemed to be paid pursuant to the Subordinate Lien Indenture.

(ii) Either (A) 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 Subordinate Lien Bonds 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 Subordinate Lien Trustee or any of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Owners of the Subordinate Lien Bonds to be refunded or advance refunded, or (B) Government 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 Subordinate Lien Trustee at the same time, to comply with the provisions of the Subordinate Lien Indenture relating to payment or deemed payment.

(iii) A certificate of an Authorized Officer evidencing either that (A) (1) the term of the Refunding Bonds does not exceed the term of the Subordinate Lien Bonds being refunded, and (2) the Annual Debt Service Requirement for any Bond Year on account of

all Subordinate Lien Bonds Outstanding, after the issuance of such Refunding Bonds and the redemption or provision for payment of the Subordinate Lien Bonds to be refunded shall not exceed the Annual Debt Service Requirement for the corresponding Bond Year on account of all the Subordinate Lien Bonds Outstanding, including the Subordinate Lien Bonds to be refunded, immediately prior to the issuance of such Refunding Bonds or (B) in the case of a refunding of Outstanding Subordinate Lien Bonds that does not meet the requirements of the preceding clause (A), satisfaction of the test set forth in paragraph (e) under the subcaption "*Conditions Precedent to Delivery of any Series*" above as applied to the Refunding Bonds to be issued under the provisions described under this subcaption, giving effect to the redemption or provision for payment of the Subordinate Lien Bonds being refunded.

Subordinate Lien Trustee

The Subordinate Lien Indenture provides for the appointment of the Subordinate Lien Trustee and sets forth the duties and responsibilities of the Subordinate Lien Trustee.

General Covenants

Under the Subordinate Lien Indenture, the City covenants as follows:

Payment of Bonds. The City will cause to be punctually paid from the Junior Lien Revenue Fund, but solely to the extent that adequate amounts of Junior Lien Revenues are on deposit in that Fund for that purpose, the principal of, interest on and premium, if any, to become due in respect of the Subordinate Lien Bonds in strict conformity with the terms of the Subordinate Lien Bonds and the Subordinate Lien Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

Discharge of Liens. The City will cause to be punctually paid and discharged, from the Junior Lien Revenue Fund, but solely to the extent that adequate amounts are on deposit in that Fund for that purpose, any and all lawful claims which, if unpaid, might become a lien or charge upon the Junior Lien Revenues, or any part thereof, or upon any funds in the hands of the Subordinate Lien Trustee, or which might impair the security of the Subordinate Lien Bonds; provided, however, nothing contained in the Subordinate Lien Indenture will require the City to make any such payment so long as the City in good faith is contesting the validity of such claims.

Maintenance of Books and Records; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries will be made of all transactions relating to the Subordinate Lien Bonds and to the Junior Lien Revenues. Such books of record and accounts will at all times during regular business hours be subject to the inspection of the Owners of not less than ten percent of the principal amount of the Subordinate Lien Bonds then outstanding, or their representatives authorized in writing.

The City will prepare or cause the preparation of, within 270 days after the close of each fiscal year of the City so long as any of the Subordinate Lien Bonds are

outstanding, audited financial statements with respect to the preceding fiscal year showing the Junior Lien Revenues received and disbursements from the funds and accounts created by the Subordinate Lien Indenture, on a consolidated basis, as of the end of such fiscal year, which statements shall be accompanied by a certificate or opinion in writing of an independent certified public accountant.

Defense of Claims. The City will preserve and protect the security of the Subordinate Lien Bonds and the rights of the Owners thereof and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Subordinate Lien Bonds by the City, the Subordinate Lien Bonds will be incontestable by the City.

Further Actions. The City will execute and deliver any and all instruments and assurances, as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, the Subordinate Lien Indenture, and to better assure and confirm unto the Owners of the Subordinate Lien Bonds the rights and benefits provided in the Subordinate Lien Indenture.

Events of Default and Remedies

Each of the following constitutes an Event of Default pursuant to the Subordinate Lien Indenture:

- (a) default in the payment of the principal of or Redemption Price, if any, on any Subordinate Lien Bond when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) default in the payment of any installment of interest on any Subordinate Lien Bond when and as such installment of interest becomes due and payable; or
- (c) default by the City in the performance of any obligation in respect of the Reserve and Redemption Account and such default continues for 60 days thereafter; or
- (d) the City (i) commences a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, (ii) makes an assignment for the benefit of its creditors, (iii) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (iv) is adjudicated a bankrupt or has entered against it any order for relief in respect of an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law and such order continues in effect for a period of 60 days without stay or vacation; or
- (e) a court of competent jurisdiction enters an order, judgment or decree appointing a receiver of the City, or of the whole or any substantial part of its property, or approves a petition seeking reorganization of the City under the federal bankruptcy laws or any other applicable federal or state law or statute and such order, judgment or decree is not vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(f) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property, and such custody or control is not terminated or stayed within 60 days from the date of assumption of such custody or control; or

(g) the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Subordinate Lien Bonds or in the Subordinate Lien Indenture on the part of the City to be performed, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the Subordinate Lien Trustee (which may give such notice whenever it determines that such a default is subsisting and shall give such notice at the written request of the Owners of not less than a majority in principal amount of the Subordinate Lien Bonds then outstanding).

Upon the occurrence of an Event of Default under the Subordinate Lien Indenture, the Subordinate Lien Trustee may, and upon the written request of the Owners of a majority in principal amount of the Subordinate Lien Bonds affected by the Event of Default and then outstanding shall, proceed to protect and enforce its rights and the rights of the Owners of the Subordinate Lien Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Subordinate Lien Indenture or in aid of the execution of any power granted in the Subordinate Lien Indenture or for any enforcement of any proper legal or equitable remedy as the Subordinate Lien Trustee, being advised by counsel, deems most effectual to protect and enforce such rights.

No Owner of any Subordinate Lien Bond shall have the right to cause the acceleration of the Subordinate Lien Bonds if any Event of Default occurs under the Subordinate Lien Indenture.

Application of Revenues and Other Moneys after Default

The City covenants that if an Event of Default shall happen and shall not have been remedied, the Subordinate Lien Trustee shall apply all moneys, securities and funds received by the Subordinate Lien Trustee pursuant to any right given or action taken under the provisions of the Subordinate Lien Indenture as follows and in the following order:

(a) First, to the payment of the reasonable and proper expenses of the Subordinate Lien Trustee, the Subordinate Lien Registrar and Paying Agents, and thereafter;

(b) Second, to the payment of principal or redemption premium, if any, and interest then due on the Subordinate Lien Bonds as follows:

(i) Unless the principal of all the Subordinate Lien Bonds shall have become due and payable, all such moneys shall be applied as follows:

(A) first, to the payment to the Persons so entitled of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled to such payment, without any discrimination or preference;

(B) second, to the payment to the Persons so entitled of the unpaid principal of any of the Subordinate Lien Bonds which shall have become due (other than Subordinate Lien Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Subordinate Lien Indenture), in the order of their due dates, with interest upon such Subordinate Lien Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Subordinate Lien Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal ratably according to the amount of such principal due on such date, to the Persons entitled to payment without any discrimination or preference; and

(C) third, to the payment of the Redemption Price of any Subordinate Lien Bonds called for redemption pursuant to the provisions of the Subordinate Lien Indenture.

(ii) If the principal of all the Subordinate Lien Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinate Lien Bonds, with interest on the Subordinate Lien Bonds as provided above, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Lien Bond over any other Subordinate Lien Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled to payment without any discrimination or preference.

Whenever moneys are to be applied by the Subordinate Lien Trustee pursuant to the provisions of this paragraph, such moneys shall be applied by the Subordinate Lien Trustee at such times, and from time to time, as the Subordinate Lien Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose, shall constitute proper application by the Subordinate Lien Trustee; and the Subordinate Lien Trustee shall incur no liability whatsoever to the City, to any Owner or to any other Person for any delay in applying any such funds, so long as the Subordinate Lien Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Subordinate Lien Indenture as may be applicable at the time of application by the Subordinate Lien Trustee. Whenever the Subordinate Lien Trustee shall exercise such discretion in applying such funds, it shall fix the date (which

shall be an Interest Payment Date unless the Subordinate Lien Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Subordinate Lien Trustee shall give such notice as it may deem appropriate of the fixing of any such date and of the endorsement to be entered on each Subordinate Lien Bond on which payment shall be made, and shall not be required to make payment to the Owner of any unpaid Subordinate Lien Bond until such Subordinate Lien Bond shall be presented to the Subordinate Lien Trustee for appropriate endorsement, or some other procedure deemed satisfactory by the Subordinate Lien Trustee.

Restriction on Owners' Action

No Owner of any Subordinate Lien 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 Subordinate Lien Indenture or for any remedy thereunder, unless such Owner shall have previously given to the Subordinate Lien Trustee written notice of the occurrence of an Event of Default, as provided in the Subordinate Lien Indenture, and the Owners of at least a majority in principal amount of the Subordinate Lien Bonds then Outstanding shall have filed a written request with the Subordinate Lien Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Subordinate Lien 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 Subordinate Lien Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Subordinate Lien 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 Subordinate Lien Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Subordinate Lien Indenture or to enforce any right under the Subordinate Lien Indenture, except in the manner therein provided.

Supplemental Indentures

Without the consent of, or notice to, any of the Owners of the Subordinate Lien Bonds, the City and the Subordinate Lien Trustee may enter into an indenture or indentures supplemental to, and not inconsistent with the terms and provisions of, the Subordinate Lien Indenture for any one or more of the following purposes:

- (a) to authorize a Series of Subordinate Lien Bonds and to specify, determine or authorize any matters and things concerning any such Subordinate Lien Bonds which are not contrary to or inconsistent with the Subordinate Lien Indenture;
- (b) to close the Subordinate Lien Indenture against, or impose additional limitations or restrictions on, the issuance of Subordinate Lien Bonds, or of other notes, bonds, obligations or evidences of indebtedness;
- (c) to impose additional covenants or agreements to be observed by the City;
- (d) to impose other limitations or restrictions upon the City;

(e) to surrender any right, power or privilege reserved to or conferred upon the City by the Subordinate Lien Indenture;

(f) to confirm, as further assurance, any pledge of or lien upon the Junior Lien Revenues or any other moneys, securities or funds;

(g) to cure any ambiguity, omission or defect in the Subordinate Lien Indenture;

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

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

(j) to make any other change which, in the judgment of the Subordinate Lien Trustee, is not to the prejudice of the Subordinate Lien Trustee or the Owners of the Subordinate Lien Bonds.

In addition to supplemental indentures for the purposes described above, the City and the Subordinate Lien Trustee may enter into any other supplemental indenture or indentures for the purpose of modifying or amending the Subordinate Lien Indenture with the written consent (a) of the Owners of at least a majority in principal amount of the Subordinate Lien Bonds Outstanding at the time such consent is given, and (b) in case less than all of the several Series of Subordinate Lien Bonds then outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Subordinate Lien Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Subordinate Lien Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Subordinate Lien Bonds shall not be required and such Subordinate Lien Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Subordinate Lien Bonds for this purpose. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinate Lien 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 Subordinate Lien 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. For this purpose, a Series shall be deemed to be affected by a modification or amendment of the Subordinate Lien Indenture if the same adversely affects or diminishes the rights of the Owners of Subordinate Lien Bonds of such Series. The Subordinate Lien Trustee may in its discretion determine whether or not the rights of the Owners of Subordinate Lien 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 City and all Owners of the Subordinate Lien Bonds.

Covenants Regarding Senior Lien Indenture.

The City agrees to keep the provisions of the Senior Lien Indenture in full force and effect until all Subordinate Lien Bonds have been paid in full. In addition, the City agrees

that any amendment or supplement to the Senior Lien Indenture that would materially adversely affect the security for the Subordinate Lien Bonds will be made only with the prior written consent of a majority of the Owners of the outstanding Subordinate Lien Bonds.

Bond Insurer

Payments Under the Policy. As long as any Policy shall be in full force and effect with respect to the Insured Bonds, the City, the Subordinate Lien Trustee and any Paying Agent agree to comply with the following provisions:

(a) At least two (2) Business Days prior to all interest and principal payment dates on the Insured Bonds, the Subordinate Lien Trustee or Paying Agent, if any, will determine whether there will be sufficient funds in the funds and accounts maintained under the Subordinate Lien Indenture to pay the principal of or interest on the Insured Bonds on such payment date. If the Subordinate Lien Trustee or Paying Agent, if any, determines that there will be insufficient funds in such funds or accounts, the Subordinate Lien Trustee or Paying Agent, if any, shall immediately so notify ACA or its designee by telephone or electronic mail, confirmed in writing by registered or certified mail. Such notice shall specify the amount of the anticipated deficiency, the Insured Bonds to which such deficiency is applicable and whether such Insured Bonds will be deficient as to principal or interest, or both.

(b) If the deficiency is made up in whole or in part prior to or on the interest or principal payment date, as applicable, the Subordinate Lien Trustee or Paying Agent, if any, shall so notify ACA or its designee.

(c) If the Subordinate Lien Trustee or Paying Agent, if any, has notice that any Bondholder has been required to disgorge payments of principal or interest on the Insured Bonds pursuant to a final non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Subordinate Lien Trustee or Paying Agent, if any, shall notify ACA or its designee of such fact by telephone or electronic notice, confirmed in writing by registered or certified mail.

(d) The Subordinate Lien Trustee or Paying Agent, if any, is irrevocably designated, appointed, directed and authorized under the Subordinate Lien Indenture to act as attorney-in-fact for Owners of the Insured Bonds as follows:

(i) if and to the extent there is a deficiency in amounts required to pay interest on the Insured Bonds, the Subordinate Lien Trustee or Paying Agent, if any, shall:

(A) execute and deliver to ACA, in form satisfactory to ACA, an instrument appointing ACA as agent for such Owners of the Insured Bonds in any legal proceeding related to the payment of such interest and an assignment to ACA of the claims for interest to which such deficiency relates and which are paid by ACA,

(B) receive as designee of the respective Owners of the Insured Bonds (and not as Subordinate Lien Trustee or Paying Agent) in accordance with the

tenor of the Policy payment from ACA with respect to the claims for interest so assigned, and

(C) disburse the same to such respective Owners of the Insured Bonds;
and

(ii) if and to the extent of a deficiency in amounts required to pay principal of the Insured Bonds, the Subordinate Lien Trustee or Paying Agent, if any, shall:

(A) execute and deliver to ACA, in form satisfactory to ACA, an instrument appointing ACA as agent for such Owners of the Insured Bonds in any legal proceeding related to the payment of such principal and an assignment to ACA of the Insured Bonds surrendered to ACA in an amount equal to the principal amount thereof as has not previously been paid or for which moneys are not held by the Subordinate Lien Trustee or Paying Agent, if any, and available for such payment (but such assignment shall be delivered only if payment from ACA is received),

(B) receive as designee of the respective Owners of the Insured Bonds (and not as Subordinate Lien Trustee or Paying Agent) in accordance with the tenor of the Policy payment therefor from ACA, and

(C) disburse the same to such Owners of the Insured Bonds.

(e) Payments with respect to claims for interest on and principal of Insured Bonds disbursed by the Subordinate Lien Trustee or Paying Agent, if any, from proceeds of the Policy shall not be considered to discharge the obligation of the City with respect to such Insured Bonds, and ACA shall become the owner of such unpaid Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the City and the Subordinate Lien Trustee or Paying Agent, if any, agree in the Subordinate Lien Indenture for the benefit of ACA that:

(i) they recognize that to the extent ACA makes payments directly or indirectly (as by paying through the Subordinate Lien Trustee or Paying Agent), on account of principal of or interest on the Insured Bonds, ACA will be subrogated to the rights of such Owners of the Insured Bonds to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in the Subordinate Lien Indenture, the Subordinate Lien First Supplemental Indenture and the Insured Bonds; and

(ii) they will accordingly pay to ACA the amount of such principal and interest, with interest thereon as provided in the Subordinate Lien Indenture, the Subordinate Lien First Supplemental Indenture and the Insured Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Bonds to the Owners thereof, and will otherwise treat ACA as the Owner of such rights to the amount of such principal and interest.

(g) ACA shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Policy), whether or not ACA has received a Notice (as defined in the Policy) of Nonpayment or a claim upon the Policy.

Consent of ACA. (a) Any provision of the Subordinate Lien Indenture or the First Supplemental Indenture expressly recognizing or granting rights in or to ACA may not be amended in any manner which affects the rights of ACA without the prior written consent of ACA.

(b) The consent of ACA shall be required in addition to the consent of the Owners of the Insured Bonds, when required, for the following purposes:

- (i) execution and delivery of any Supplemental Indenture;
- (ii) any approval described above under the caption "Covenants Regarding Senior Lien Indenture"; and
- (iii) initiation or approval of any action not described in (i) or (ii) above which requires consent of the Owners of the Insured Bonds.

ACA Deemed Bondholder. Upon Default. Upon the occurrence and continuance of an Event of Default, ACA shall have the right to vote on behalf of all Owners who hold Insured Bonds absent a default by ACA under the Policy.

Defeasance. Notwithstanding anything in the Subordinate Lien Indenture or the Subordinate Lien First Supplemental Indenture to the contrary, in the event that the principal of or interest on the Insured Bonds shall be paid by ACA pursuant to the Policy, the Insured Bonds shall remain Outstanding for all purposes, shall be not be deemed to be defeased or otherwise satisfied and not considered paid by the City, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the City to the Owners of the Insured Bonds shall continue to exist and shall run to the benefit of ACA, and ACA shall be subrogated to the rights of such Owners.

Unless ACA otherwise consents, no Insured Bonds shall be deemed to be paid within the meaning of the Subordinate Lien Indenture by the deposit of moneys and Defeasance Obligations in escrow with the Subordinate Lien Trustee as contemplated therein unless there shall have been delivered to ACA (A) a report of an independent certified public accounting firm verifying that such moneys and the receipts from such Defeasance Obligations are sufficient to pay the principal of and interest and redemption premium, if any, on such Insured Bonds when due, (B) an opinion or opinions of independent counsel to the effect that (1) such Insured Bonds are deemed to have been paid within the meaning of the Subordinate Lien Indenture, and (2) the establishment of such escrow will not adversely affect the exclusion of interest on the Insured Bonds from gross income for federal income tax purposes, and (C) such Defeasance Obligations in such escrow may not be replaced without a confirming verification report and confirming legal opinions as described above and the written consent of ACA.

Discharge of the Subordinate Lien Indenture

If the City (a) pays or causes to be paid to the Owners of the Subordinate Lien Bonds, the principal, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein and in the Subordinate Lien Indenture, (b) pays or causes to be paid all fees and expenses of the Subordinate Lien Trustee, the bond registrar and the paying agent and (c) performs and observes all of its covenants in the Subordinate Lien Bonds and in the Subordinate Lien Indenture, then the Subordinate Lien Indenture and the rights granted thereby with respect to the Subordinate Lien Bonds so paid will terminate.

Subordinate Lien Bonds will be deemed to have been paid within the meaning of the Subordinate Lien Indenture when sufficient moneys or sufficient Defeasance Obligations (including interest thereon when due) have been deposited with the Subordinate Lien Trustee (whether upon or prior to the maturity or the redemption date of such Subordinate Lien Bonds); provided, however, that if such Subordinate Lien Bonds are to be redeemed prior to maturity, notice of redemption has been given as provided in the Subordinate Lien Indenture or arrangements satisfactory to the Subordinate Lien Trustee have been made for the giving thereof.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, pursuant to an amended and restated contract of purchase, to purchase the Subordinate Lien Series 2000A Bonds at a price equal to \$96,848,236.55 (reflecting an underwriting discount of \$1,310,096.95 and net original issue discount of \$741,666.50), plus accrued interest to the date of delivery. The purchase contract requires the Underwriters to purchase all of the Subordinate Lien Series 2000A Bonds if any are purchased.

FINANCIAL ADVISOR

The Knight Group, Inc. has been retained as financial advisor to render certain professional services to the City in connection with the issuance and sale of the Subordinate Lien Series 2000A Bonds. The Financial Advisor has provided advice on the plan of finance and structure of the Subordinate Lien Series 2000A Bonds and has reviewed certain documents, including this Official Statement, with respect to financial matters. The Financial Advisor has not independently verified the factual information contained in this Official Statement but has relied on the information provided by the City and other sources.

LEGAL MATTERS

The Subordinate Lien Series 2000A Bonds will be offered for sale subject to the approval of legality by Katten Muchin Zavis and McGaugh & Associates, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its Corporation Counsel; and for the Underwriters, by their co-counsel Sidley & Austin and Sanchez & Daniels, Chicago, Illinois. In addition, appropriate certificates in connection with such matters and matters affecting the requirements which must be met in order for the interest on the Subordinate Lien Series 2000A Bonds to be excludible from gross income for federal income tax purposes will be obtained from the City.

LITIGATION

There is no litigation pending in any court or, to the knowledge of the City, threatened, questioning the corporate existence of the City or the legality of the North Loop Redevelopment Project Area or the Central Loop Redevelopment Project Area, or which would restrain or enjoin the issuance or delivery of the Subordinate Lien Series 2000A Bonds, or which concerns the proceedings of the City taken in connection with the issuance of the Subordinate Lien Series 2000A Bonds.

TAX EXEMPTION

General. Co-Bond Counsel are of the opinion that under existing law, interest on the Subordinate Lien Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), Co-Bond Counsel are of the opinion that interest on the Subordinate Lien Series 2000A Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Co-Bond Counsel are further of the opinion that the Subordinate Lien Series 2000A Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Subordinate Lien Series 2000A Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Subordinate Lien Series 2000A Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Subordinate Lien Series 2000A Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements. The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Subordinate Lien Series 2000A Bonds. Among these requirements are the following:

A. Limitations on Private Use. The Code includes limitations on the amount of Subordinate Lien Series 2000A Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

B. Investment Restrictions. Except during certain "temporary periods," proceeds of the Subordinate Lien Series 2000A Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a

“minor portion”) may generally not be invested in investments having a yield that is “materially higher” (1/8 of one percent) than the yield on the Subordinate Lien Series 2000A Bonds.

C. Rebate of Permissible Arbitrage Earnings. Unless the City qualifies for one of several exemptions, earnings from the investment of the “gross proceeds” of the Subordinate Lien Series 2000A Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Subordinate Lien Series 2000A Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Subordinate Lien Series 2000A Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Subordinate Lien Series 2000A Bonds.

Covenants to Comply. The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Subordinate Lien Series 2000A Bonds.

Risks of Non-Compliance. In the event that the City fails to comply with the requirements of the Code, interest on the Subordinate Lien Series 2000A Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, there is no requirement that payment of principal of, or interest on, the Subordinate Lien Series 2000A Bonds be accelerated or that any additional interest or penalties to the owners of the Subordinate Lien Series 2000A Bonds be paid.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Subordinate Lien Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Subordinate Lien Series 2000A Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. **PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SUBORDINATE LIEN SERIES 2000A BONDS.**

A. In General. Owners of the Subordinate Lien Series 2000A Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Subordinate Lien Series 2000A Bonds. As discussed below, special allocation rules apply to financial institutions.

B. Corporate Owners. Interest on the Subordinate Lien Series 2000A Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Subordinate Lien Series 2000A Bonds is taken into account not only in computing the corporate alternative minimum tax but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

C. Individual Owners. Receipt of interest on the Subordinate Lien Series 2000A Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

D. Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Subordinate Lien Series 2000A Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

E. Property or Casualty Insurance Companies. Receipt of interest on the Subordinate Lien Series 2000A Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

F. Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Subordinate Lien Series 2000A Bonds.

G. Foreign Personal Holding Company Income. Pursuant to regulations issued under Subpart F of the Code on January 2, 1997, a United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Subordinate Lien Series 2000A Bonds held by such a company is allocated to the shareholder during taxable years beginning after March 3, 1997.

Change of Law. The opinions of Co-Bond Counsel and the descriptions of the 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 Subordinate Lien Series 2000A 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 Subordinate Lien Series 2000A Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Subordinate Lien Series 2000A Bonds.

Bonds Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Subordinate Lien Series 2000A Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Subordinate Lien Series 2000A Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Subordinate Lien Series 2000A Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Subordinate Lien Series 2000A Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Subordinate Lien Series 2000A Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the Subordinate Lien Series 2000A Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable

from the gross income of the owner of such Subordinate Lien Series 2000A Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Subordinate Lien Series 2000A Bond. A Subordinate Lien Series 2000A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Subordinate Lien Series 2000A Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Subordinate Lien Series 2000A Bond).

Owners who purchase Subordinate Lien Series 2000A Bonds at a price other than the Offering Price after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Subordinate Lien Series 2000A Bonds. In addition, owners of Subordinate Lien Series 2000A Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Subordinate Lien Series 2000A Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

RATING

The City has not made, and does not contemplate making, application to any rating agency for the assignment of a rating on the Subordinate Lien Series 2000A Bonds that are Uninsured Bonds.

The rating on the Subordinate Lien Series 2000A Bonds that are Insured Bonds is based on the bond insurance policy issued by ACA Financial Guaranty Corporation. Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., rates bond issues insured by ACA Financial Guaranty Corporation "A." Such rating reflects only the views of Standard & Poor's Ratings Services, from which an explanation of the significance of such rating may be obtained.

The City has furnished ACA Financial Guaranty Corporation and the Rating Agency with certain information and materials relating to the Subordinate Lien Series 2000A Bonds that are Insured Bonds and the City that have not been included in this Official Statement. Generally, a Rating Agency bases its rating on the information and materials so furnished and on investigations, studies and assumptions by the Rating Agency. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency originally establishing the rating, circumstances so warrant. Neither the City nor the Underwriters has undertaken any responsibility to bring to the attention of the Owners of the Subordinate Lien Series 2000A Bonds that are Insured Bonds any proposed revision or withdrawal of any rating of the Subordinate Lien Series 2000A Bonds that are Insured Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Subordinate Lien Series 2000A Bonds that are Insured Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations as to the adequacy of the maturing principal amounts of and interest on the U.S. Treasury obligations, together with any

proceeds from the reinvestment thereof, and any cash held in the 2000 Escrow Account to pay, in the manner described herein under "PLAN OF FINANCE – Advance Refunding of Senior Lien Series 1997A Bonds", the advance refunded Senior Lien Series 1997A Bonds will be verified at the time of delivery of the Subordinate Lien Series 2000 Bonds by McGladrey & Pullen LLP, Minneapolis, Minnesota. Such verification will be based, among other things, upon mathematical computations supplied by the Underwriters in connection with the matters set forth above.

SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Subordinate Lien Series 2000A Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act").

The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the Subordinate Lien Series 2000A Bonds, the Ordinance or the Subordinate Lien Indenture and beneficial owners of the Subordinate Lien Series 2000A Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the City to Provide Information" under this caption. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Subordinate Lien Series 2000A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Subordinate Lien Series 2000A Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State as the state depository (the "SID") and recognized as such by the SEC for purposes of the Rule. The City is required to deliver such information so that such entities receive the information by the date specified in the Undertaking (within 210 days after the end of the City's fiscal year - currently December 31). "Audited Financial Statements" means the audited financial statements with respect to the Subordinate Lien Series 2000A Bonds, the Central Loop Redevelopment Project Area, the Incremental Taxes and the other Pledged Revenues prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

Events Notification; Material Events Disclosure

The City has agreed that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the 1934 Act. The "Events," certain of which may not be applicable to the Subordinate Lien Series 2000A Bonds, are:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the Subordinate Lien Series 2000A Bonds;
7. modifications to rights of Subordinate Lien Series 2000A Bond owners;
8. bond calls;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities; and
11. rating changes.

Consequences of Failure of the City to Provide Information

The City will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

The City is in compliance with undertakings previously entered into by it pursuant to the Rule. In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial Owner of any Series 2000 Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking will not be deemed a default under the Subordinate Lien Series 2000A Bonds, the Ordinance or the Subordinate Lien Indenture, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking will be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the Undertaking 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 City or type of business conducted;

(ii) the Undertaking, 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 Subordinate Lien Series 2000A Bonds, as determined by parties unaffiliated with the City (such as the Subordinate Lien Trustee or co-bond counsel); or

(b) the amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking will be terminated if the City no longer has any legal liability for any obligation on or relating to repayment of the Subordinate Lien Series 2000A Bonds under the Subordinate Lien Indenture. If this provision is applicable, the City will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

Additional Information

Nothing in the Undertaking will be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the City chooses to include any information in any Audited Financial Statements or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the City will have no obligation under the Undertaking to update such information or include it in any future Annual Financial Statements or notice of occurrence of a material Event.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Subordinate Lien Indenture, the Senior Lien Indenture, the Central Loop Redevelopment Area Redevelopment Plan, the City's planning documents and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matters for further information.

Any statement made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. There is no assurance that the facts will materialize as so opined or estimated.

The City has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the City on behalf of the City.

CITY OF CHICAGO

By: /s/ Walter K. Knorr
Chief Financial Officer

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APPENDIX A

CERTAIN DEFINITIONS

“Act” means the Tax Increment Allocation Redevelopment Act of the State of Illinois, Division 74.4 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-74.4-1, *et seq.*, as amended and supplemented from time to time.

“Added Project Area” has the meaning assigned to such term in the Ordinance.

“Aggregate Certified Initial Equalized Assessed Value” means the aggregate of the Certified Initial Equalized Assessed Value of each piece of property in the Central Loop Redevelopment Project Area.

“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.

“Area” has the meaning assigned to the term “Central Loop Redevelopment Project Area” in the Central Loop Redevelopment Plan.

“Available Pledged Revenues” means the balance of Pledged Revenues (as defined in the Senior Lien Indenture) available for transfer to the General Account each year in accordance with Senior Lien Indenture reduced by (a) the amount of Junior Lien Revenues required to be transferred at such time to the Junior Lien Revenue Fund in accordance with the Subordinate Lien Indenture (other than amounts applied to redeem Subordinate Lien Term Bonds subject to special mandatory redemption); and (b) an amount equal to \$1,500,000; provided, however, (x) in no event shall the amount of Available Pledged Revenues in any year exceed \$5,500,000, and (y) the amounts set forth in this definition shall be non-cumulative from year to year.

“Authorized Officer” means the Mayor, the Chief Financial Officer or any other officer or employee of the City authorized to perform specific acts or duties under the Subordinate Lien Indenture by ordinance or resolution duly adopted by the City Council.

“Bond Year”, as that term is used in the Senior Lien Indenture, means the initial period beginning on December 4, 1997 and ending on June 1, 1998 and thereafter each 12-month period commencing on June 2 of each calendar year and ending on June 1 in the next succeeding calendar year.

“Bond Year”, as that term is used in the Subordinate Lien Indenture, means the initial period beginning on the date of initial delivery of the Subordinate Lien Series 2000A Bonds and ending on December 1, 2000, and thereafter each 12-month period commencing on December 2 of each calendar year and ending on December 1 in the next succeeding calendar year.

“Business Day” means a day which is not a Saturday, a Sunday or 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 by law or executive order to close (and such Fiduciary is in fact closed).

“Central Loop Redevelopment Plan” has the meaning assigned to such term in the Ordinance.

“Central Loop Redevelopment Project” means the redevelopment project approved by the Central Loop Redevelopment Plan.

“Central Loop Redevelopment Project Area” has the meaning assigned to such term in the Central Loop Redevelopment Plan.

“Certified Initial Equalized Assessed Value” means the certified initial equalized assessed value with respect to the Central Loop Redevelopment Project Area, as certified by the Clerk of the County of Cook, Illinois in accordance with Section 11-74.4-9 of the Act.

“Chief Financial Officer” means the Chief Financial Officer of the City appointed by the Mayor of the City or, if there is no such officer then holding said office, the City Comptroller.

“City” means the City of Chicago, a home rule unit of local government.

“Credit Facility” means, as to any particular Series of Senior Lien Bonds or Subordinate Lien 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, as may be provided in the Senior Lien Supplemental Indenture or Subordinate Lien Supplemental Indenture, respectively, authorizing such Series.

“Debt Service Reserve Requirement” means, with respect to the Senior Lien Bonds or Subordinate Lien Bonds of any Series Outstanding at any time, that amount, if any, as shall be required to be maintained in the applicable Sub-Account of the Reserve and Redemption Account established by the terms of the Senior Lien Supplemental Indenture or Subordinate Lien Supplemental Indenture authorizing such Series of Senior Lien Bonds or Subordinate Lien Bonds, respectively.

“Defeasance Obligations” means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (ii) of this definition, or (ii) direct obligations of (including obligations issued in book-entry form on the books of) the Department of the Treasury of the United States of America.

“DTC” means The Depository Trust Company, New York, New York, as securities depository for the Subordinate Lien Series 2000A Bonds.

“DTC Participant” means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Subordinate Lien Series 2000A Bonds with DTC pursuant to the book-entry only system.

“Event of Default” means any event so designated and specified in the Subordinate Lien Indenture.

“Excluded Contractual Obligations” means (i) the obligation of the City to make a financial contribution pursuant to Section 4.5(a) of that certain Agreement dated as of October 24, 1990, between the City and Chicago Theater Group, (ii) the obligation of the City to make a financial contribution pursuant to Section 4.8(b) of that certain Redevelopment Agreement, dated as of April 29, 1996, between the City and Livent Realty (Chicago) Inc., (iii) that certain Individual Project Agreement (Federal Project No.: DPU-A056)(001); CDOT Job No.: D-4-016), dated March 17, 1995, as supplemented, between the State of Illinois, acting through its Department of Transportation, and the City, acting through its Department of Transportation, and (iv) that certain Individual Project Agreement (Federal Project No.: DPU-STPM-A056(002); CDOT Job No.: D-4-016), dated December 4, 1995, as supplemented, between the State of Illinois, acting through its Department of Transportation, and the City, acting through its Department of Transportation.

“Fiduciary” or “Fiduciaries” means the Subordinate Lien Trustee, the Subordinate Lien Registrar, the Paying Agents and any depository, or any or all of them, as may be appropriate.

“Government Obligations” means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any person to whom the custodian may be obligated.

“Incremental Taxes” means the ad valorem taxes, if any, arising from the tax levies upon taxable real property in the Central Loop Redevelopment Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the Central Loop Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Central Loop Redevelopment Project Area over and above the Certified Initial Equalized Assessed Value of each such piece of property, as determined by the Clerk of the County of Cook, Illinois.

“Incremental Taxes Fund” means the Central Loop Redevelopment Project Area Special Tax Allocation Fund of the City, a special tax allocation fund for the Central Loop Redevelopment Project Area established pursuant to Section 11-74.4-8 of the Act and created under the Senior Lien Indenture.

“Insured Bonds” means (a) all of the Subordinate Lien Series 2000A Bonds that are Serial Bonds maturing on December 1, 2006 and (b) \$18,000,000 of the Subordinate Lien Series 2000A Bonds that are Serial Bonds maturing on December 1, 2008 and designated by CUSIP No. 167709EF7, all as shown on the inside cover page of this Official Statement.

“Interest Payment Date” means (i) for purposes of the Senior Lien Indenture, a date on which interest on a Series of Senior Lien Bonds is payable as established in the Senior Lien Supplemental Indenture authorizing such Series, and (ii) for purposes of the Subordinate Lien Indenture, any date on which interest on a Series of Subordinate Lien Bonds is payable as established in the Subordinate Lien Supplemental Indenture authorizing such Series.

“Interest Period” means the period from the date of the Subordinate Lien Bonds (in the case of the Subordinate Lien Indenture) or the Senior Lien Bonds (in the case of the Senior Lien Indenture) of any Series to and including the day 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”, as that term is used in the Subordinate Lien Indenture, for any Bond Year or any Interest Period, as the context may require, as applied to Subordinate Lien Bonds of any Series then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Subordinate Lien Bonds during such Bond Year or Interest Period if the interest on the current interest Subordinate Lien Bonds of such Series were deemed to accrue daily during such year or Interest Period in equal amounts; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid (a) from the proceeds of Subordinate Lien Bonds allocable to the payment of such interest as provided in the Subordinate Lien Supplemental Indenture authorizing the issuance of such Subordinate Lien 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 or (b) from investment earnings on deposit in the Reserve and Redemption Account established under the Subordinate Lien Indenture to the extent any such earnings may be determined precisely. Unless the City shall otherwise provide in a Subordinate Lien Supplemental Indenture, interest expense on Credit Facilities drawn upon to purchase but not to retire Subordinate Lien 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. If interest is not payable at a single numerical rate for the entire term of such Subordinate Lien Bonds, then “Interest Requirement” shall have the appropriate meaning assigned thereto by the Subordinate Lien Supplemental Indenture authorizing such Subordinate Lien Bonds.

“Interest Requirement,” as that term is used in the Senior Lien Indenture, for any Bond Year or any Interest Period, as the context may require, as applied to Senior Lien Bonds of any Series then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Senior Lien Bonds during such Bond Year or Interest Period if the interest on the current interest Senior Lien Bonds of such Series were deemed to accrue daily during such year or Interest Period in equal amounts and employing the methods of calculation set forth in the Senior Lien Indenture in the case of a Qualified Swap Agreement, Tender Option Bond and Variable Rate Bond (as these terms are defined in the Senior Lien Indenture); provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid (a) from the proceeds of Senior Lien Bonds allocable to the payment of such interest as provided in the Senior Lien Supplemental Indenture authorizing the issuance of such Senior Lien 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 or (b) from investment

earnings on deposit in the Reserve and Redemption Account established under the Senior Lien Indenture to the extent any such earnings may be determined precisely. Unless the City shall otherwise provide in a Senior Lien Supplemental Indenture, interest expense on Credit Facilities drawn upon to purchase but not to retire Senior Lien Bonds, except to the extent such interest exceeds the interest otherwise payable on such Senior Lien Bonds, shall not be included in the determination of Interest Requirement. If interest is not payable at a single numerical rate for the entire term of such Senior Lien Bonds, then "Interest Requirement" shall have the appropriate meaning assigned thereto by the Senior Lien Supplemental Indenture authorizing such Senior Lien Bonds.

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

(i) Government Obligations;

(ii) for purposes of the Senior Lien Indenture only, bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank, Resolution Funding Corporation and Student Loan Marketing Association;

(iii) for purposes of the Subordinate Lien Indenture only, (A) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies but only to the extent such obligations are backed by the full faith and credit of the United States of America: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank, Resolution Funding Corporation and Student Loan Marketing Association and (B) 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: (1) senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (2) senior debt obligations of the Federal Home Loan Bank System, and (3) senior debt obligations of other government sponsored agencies approved by ACA;

(iv) investments in a money market fund registered under the Investment Company Act of 1940, as amended, including any such money market fund sponsored by or affiliated with any Fiduciary (and for purposes of the Subordinate Lien Indenture only rated in the highest short-term rating category of at least two nationally recognized rating agencies), comprised of any of the investments set forth in subparagraph (i) or subparagraph (ii) or (iii), as applicable, above;

(v) negotiable or non-negotiable certificates of deposit or time deposits or other banking arrangements issued by any bank, trust company or national banking association (including any Fiduciary), which certificates of deposit or time deposits or other banking arrangements shall be continuously secured or collateralized by obligations described in subparagraphs (i), (ii), (iii) or (iv), as applicable, of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount (or in the case of the Subordinate Lien Indenture only, 102% of the principal amount) of such certificates of deposit or time deposits or other banking arrangements and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit or time deposits or other banking arrangements, which certificates of deposit or time deposits or other banking arrangements acquired or entered into pursuant to this subparagraph (v) shall be deemed to constitute investments and not deposits;

(vi) repurchase agreements (which for purposes of the Subordinate Lien Indenture only must be acceptable to ACA) with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amortized value (or in the case of the Subordinate Lien Indenture only, 102% of the amortized value) of such repurchase agreements, provided such security or collateral is lodged with and held by the Trustee or the Subordinate Lien Trustee, as applicable, or the City as title holder, as the case may be (and for purposes of the Subordinate Lien Indenture only, provided such repurchase agreements are in the approved PSA form or are otherwise in form acceptable to ACA);

(vii) for purposes of the Senior Lien Indenture only, public housing bonds issued by public housing authorities or by other political subdivisions or bodies politic and corporate so authorized, fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; and project notes issued by public housing authorities or by other political subdivisions or bodies politic and corporate so authorized, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(viii) investment agreements (which for purposes of the Subordinate Lien Indenture only must be acceptable to ACA) 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 Agencies; and

(ix) any other securities authorized for investment of City funds by Article VI of Chapter 2-32 of the Municipal Code of Chicago (1990), as from time to time

amended, that in the case of the Subordinate Lien Indenture only are acceptable to ACA.

All securities so purchased, excepting tax anticipation warrants and investment agreements, shall show on their face that they are fully payable as to principal and interest, where applicable, within two years of the date of purchase.

“Junior Lien Obligations” means obligations of the City permitted to be issued under the Senior Lien Indenture which are payable out of Pledged Revenues and may be secured by a pledge and assignment of amounts in certain accounts and sub-accounts under the Senior Lien Indenture provided that such Junior Lien Obligations are specifically subordinate and junior to the pledge of Pledged Revenues and Trust Estate for the Senior Lien Bonds.

“Junior Lien Revenues” means amounts transferred from time to time from the General Account in the Incremental Taxes Fund established under the Senior Lien Indenture to pay the principal, redemption price and interest on Junior Lien Obligations such as the Subordinate Lien Series 2000A Bonds, including amounts transferred from the General Account to the Subordinate Lien Trustee for deposit into the Junior Lien Revenue Fund.

“Maximum Annual Debt Service Requirement” means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and all succeeding Bond Years.

“North Loop Redevelopment Plan” has the meaning assigned to such term in the Ordinance.

“Ordinance” means the ordinance duly adopted by the City Council of the City on May 17, 2000 authorizing the Subordinate Lien Indenture, the Senior Lien Series 2000 Bonds and the Subordinate Lien Series 2000A Bonds.

“Original Project Area” has the meaning assigned to such term in the Central Loop Redevelopment Plan.

“Outstanding,” when used with reference to Subordinate Lien Bonds, means, as of any date, all Subordinate Lien Bonds theretofore or thereupon being authenticated and delivered under the Subordinate Lien Indenture except:

(i) Any Subordinate Lien Bonds cancelled by the Subordinate Lien Trustee at or prior to such date;

(ii) Subordinate Lien Bonds (or portions of Subordinate Lien Bonds) for the payment or redemption of 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 Subordinate Lien Indenture, and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Subordinate Lien Bonds (or portions of Subordinate Lien Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Subordinate Lien Indenture, or provision satisfactory to the Subordinate Lien Trustee shall have been made for the giving of such notice;

(iii) Subordinate Lien Bonds in lieu of or in substitution for which other Subordinate Lien Bonds shall have been authenticated and delivered pursuant to the Subordinate Lien Indenture; and

(iv) Subordinate Lien Bonds deemed to have been paid as provided in the Subordinate Lien Indenture.

“Owner” means any Person who shall be the registered owner of any Subordinate Lien Bonds.

“Paying Agent” means any bank, national banking association or trust company designated by an Authorized Officer as paying agent for the Subordinate Lien Bonds of any Series, and any successor or successors appointed by an Authorized Officer under the Subordinate Lien Indenture.

“Payment Date” means any Interest Payment Date or Principal Payment Date.

“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.

“Pledged Revenues” means Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Senior Lien Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the Program Expenses Account and the Rebate Account) as provided in the Senior Lien Indenture, together with interest earnings thereon.

“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 connection with the original issuance of Senior Lien Bonds or Subordinate Lien Bonds and with the order of priority of payments 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 Senior Lien Bonds or Subordinate Lien 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 and (ii) with respect to the principal amount of any Current Interest Bond or Tender Option Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

“Principal Payment Date” means (i) for purposes of the Senior Lien Indenture, the date upon which the principal of any Senior Lien Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment established in the Senior Lien Indenture authorizing such Series, and (ii) for purposes of the Subordinate Lien Indenture, the date upon which the principal of any Subordinate Lien Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption

in satisfaction of a Sinking Fund Installment as established in the Subordinate Lien Supplemental Indenture authorizing such Series.

“Principal Requirement”, as that term is used in the Senior Lien Indenture, for any Bond Year, as applied to Senior Lien Bonds of any Series, means an amount of money equal to the aggregate of the principal amount of outstanding Senior Lien Bonds of said Series which mature during said Bond Year, reduced by the aggregate principal amount of such outstanding Senior Lien Bonds which would at or before such Bond Year be retired by reason of the payment when due and application in accordance with the Senior Lien Indenture and the Senior Lien Supplemental Indenture creating such Series of Sinking Fund Installments payable before such Bond Year for the retirement of outstanding Senior Lien Bonds.

“Principal Requirement”, as that term is used in the Subordinate Lien Indenture, for any Bond Year, as applied to Subordinate Lien Bonds of any Series, means an amount of money equal to the aggregate of the principal amount of Outstanding Subordinate Lien Bonds of said Series which mature during said Bond Year, reduced by the aggregate principal amount of such outstanding Subordinate Lien Bonds which would at or before such Bond Year be retired by reason of the payment when due and application in accordance with the Subordinate Lien Indenture and the Subordinate Lien Supplemental Indenture creating such Series of Sinking Fund Installments payable before such Bond Year for the retirement of outstanding Subordinate Lien Bonds.’

“Program Expenses” means, in any Bond Year, all initial and ongoing administrative expenses related to or incurred in connection with the Subordinate Lien Bonds, including, specifically, (i) the sum necessary to pay all rating agency surveillance fees and costs and expenses of any trustee, registrar or paying agent, (ii) the expected annual fees or premiums of any issuer or provider of any credit facility or debt reserve credit instrument with respect to the Subordinate Lien Bonds which expected annual fees may include additional amounts owing to such issuer or provider pursuant to any reimbursement or other agreement, other than reimbursement obligations arising from any draw or payment under such credit facility or debt reserve credit instrument and other than payments on the Subordinate Lien Bonds, (iii) fees related to the calculation or verification of any required payment to the United States of America pursuant to Section 148(f) of the Code, and (iv) auditing fees incurred in connection with the preparation of the financial statements required pursuant to the Subordinate Lien Indenture; but excluding, specifically, expenses of the City relating specifically to the administration of the Project.

“Project” means the redevelopment project approved by the Central Loop Redevelopment Plan.

“Project Costs” means those costs of the Project included in the definition of “Redevelopment Project Costs” in the Act as in effect on the effective date of the Senior Lien Indenture and shall include any costs added to the definition of “Redevelopment Project Costs” in the Act from time to time after the effective date of the Senior Lien Indenture and shall also include the purpose set forth in 65 ILCS 5/11-74.4-4(q); in no event, however, shall the removal of a cost from the definition of “Redevelopment Project Costs” from and after the effective date of the Senior Lien Indenture cause such cost not to be a “Project Cost” within the meaning of the Senior Lien Indenture.

“Rating Agencies” means each and every one of the nationally recognized rating services that shall have assigned ratings to any Subordinate Lien Bonds outstanding as requested by or on behalf of the City, and which ratings are then currently in effect.

“Record Date” means the date established as the record date with respect to an Interest Payment Date for a Series of Subordinate Lien Bonds in the Subordinate Lien Supplemental Indenture creating such Series.

“Redemption Price” means, with respect to any Subordinate Lien Bonds, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

“Refunding Bonds” means (i) in the case of the Senior Lien Indenture, all Senior Lien Bonds hereinafter issued to effect a refunding of Senior Lien Bonds or Junior Lien Obligations pursuant to the Senior Lien Indenture and (iii) in the case of the Subordinate Lien Indenture, means Subordinate Lien Bonds hereafter issued to effect a refunding of Subordinate Lien Bonds pursuant to the Subordinate Lien Indenture.

“Senior Lien Bond” or **“Senior Lien Bonds”** means a bond or bonds issued and outstanding as such under the Senior Lien Indenture, including, without limitation, the Senior Lien Series 2000 Bonds and the Senior Lien Series 1997 Bonds, other than Subordinate Lien Bonds or other Junior Lien Obligations.

“Senior Lien Indenture” means the Senior Lien Trust Indenture as from time to time amended and supplemented by Senior Lien Supplemental Indentures executed and delivered by the City and the Senior Lien Trustee in accordance therewith.

“Senior Lien Official Statement” means the Official Statement relating to the Senior Lien Series 2000 Bonds.

“Senior Lien Series 1997 Bonds” means the Senior Lien Series 1997A Bonds and the Senior Lien Series 1997B Bonds.

“Senior Lien Series 1997A Bonds” means the \$96,000,000 principal amount of the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997A issued and secured under the Senior Lien Indenture.

“Senior Lien Series 1997B Bonds” means the \$91,000,000 principal amount of the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 1997B issued and secured under the Senior Lien Indenture.

“Senior Lien Series 2000 Bonds” means the Senior Lien Series 2000A Bonds and the Senior Lien Series 2000B Bonds.

“Senior Lien Series 2000A Bonds” means the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A issued and secured under the Senior Lien Indenture and described in the Senior Lien Official Statement.

“Senior Lien Series 2000B Bonds” means the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B issued and secured under the Senior Lien Indenture and described in the Senior Lien Official Statement.

“Senior Lien Supplemental Indenture” means any Supplemental Indenture of the City authorized pursuant to the Senior Lien Indenture.

“Senior Lien Trust Indenture” means the Trust Indenture, dated as of November 1, 1997, by and between the City and the Senior Lien Trustee, relating to Senior Lien Bonds.

“Senior Lien Trustee” means Cole Taylor Bank, Chicago, Illinois, and any successor or successors appointed under the Senior Lien Indenture.

“Serial Bonds” means bonds of a Series which shall be stated to mature in annual installments.

“Series” means (i) for purposes of the Senior Lien Indenture, all of the Senior Lien Bonds, designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Senior Lien Bonds thereafter authenticated and delivered in lieu of or in substitution for such Senior Lien Bonds pursuant to the Senior Lien Indenture and (ii) for purposes of the Subordinate Lien Indenture, means all Subordinate Lien Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Subordinate Lien Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinate Lien Bonds pursuant to the Subordinate Lien Indenture.

“Sinking Fund Installment” means with respect to any Series, each principal amount of bonds of such Series scheduled to be redeemed through mandatory redemption provisions of a supplemental indenture creating such Series.

“SLG’s” means United States Treasury Certificates of Indebtedness, Notes and Bonds State and Local Government Series.

“Subordinate Lien Bond” or “Subordinate Lien Bonds” means any bond or bonds issued and outstanding under the Subordinate Lien Indenture from time to time and constituting Junior Lien Obligations under and pursuant to the Senior Lien Indenture, including, without limitation, the Subordinate Lien Series 2000A Bonds and any Refunding Bonds issued thereunder.

“Subordinate Lien First Supplemental Indenture” means the First Supplemental Indenture dated as of October 1, 2000 from the City to the Subordinate Lien Trustee relating to the Subordinate Lien Series 2000A Bonds, and any amendments and supplements hereto.

“Subordinate Lien Indenture” means the Subordinate Lien Trust Indenture, as from time to time amended and supplemented by Subordinate Lien Supplemental Indentures executed and delivered by the City and the Subordinate Lien Trustee in accordance with the Senior Lien Indenture and the Subordinate Lien Trust Indenture.

“Subordinate Lien Registrar” means any bank, national banking association or trust company appointed by an Authorized Officer under the Subordinate Lien Indenture and

designated as registrar for the Subordinate Lien Bonds of any Series, and its successor or successors.

“Subordinate Lien Series 2000A Bonds” means the \$98,900,000 principal amount of the City of Chicago’s Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A, issued and secured as Junior Lien Obligations under the Subordinate Lien First Supplemental Indenture and described in this Official Statement.

“Subordinate Lien Supplemental Indenture” means any Supplemental Indenture of the City amending or supplementing the Subordinate Lien Trust Indenture and authorized as such pursuant to the Subordinate Lien Indenture.

“Subordinate Lien Trust Estate” means the Junior Lien Revenues and all other property pledged to the Subordinate Lien Trustee pursuant to the Subordinate Lien Indenture.

“Subordinate Lien Trust Indenture” means the Trust Indenture, dated as of October 1, 2000, by and between the City and the Subordinate Lien Trustee, relating to Subordinate Lien Bonds.

“Subordinate Lien Trustee” means Cole Taylor Bank, Chicago, Illinois, and any successor or successors appointed under the Subordinate Lien Indenture.

“Term Bonds” means 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.

“Treasurer” means the City Treasurer of the City.

“Trust Estate” with respect to the Subordinate Lien Indenture means the Junior Lien Revenues and all other property pledged to the Subordinate Lien Trustee pursuant to the Senior Lien Indenture.

“Uninsured Bonds” means all of the Subordinate Lien Series 2000A Bonds other than the Insured Bonds.

APPENDIX B

CONSULTANT'S REPORT

**(INCLUDING THE ADDENDUM THERETO DATED OCTOBER 6, 2000 AND THE
ADDENDUM THERETO DATED SEPTEMBER 18, 2000)**

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ADDENDUM TO
ESTIMATE OF
INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
AND SUBORDINATE SERIES 2000A BONDS
CHICAGO, ILLINOIS

Secured by
Incremental Property Taxes
Resulting from the

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

October 6, 2000

Trkla, Pettigrew, Allen, & Payne, Inc.'s ("TPAP") Report of the Estimate of Incremental Property Tax Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 2000A (Capital Appreciation Bonds), Taxable Series 2000B (Current Interest Bonds) and Subordinate Series 2000 Bonds, dated August 8, 2000, (the "Consultant's Report"), includes estimates of incremental property taxes to be generated and collected from each tax code within the Central Loop Redevelopment Project Area ("Project Area") for assessment year 1999/collection year 2000 ("the Estimates") by the assessment and reassessment of (i) land and existing improvements, (ii) land and existing improvements plus constructed improvements, and (iii) land and existing improvements plus constructed improvements plus improvements currently under construction in Tables 12, 13, and 14 respectively. The Estimates are also summarized in Table 16 of the Consultant's Report.

The office of the Cook County Clerk has issued a report, dated September 28, 2000 entitled "Tax Increment Agency Distribution Summary" (the "County Report") that shows, by tax code in the Project Area, expected amounts of incremental property taxes to be generated and collected for assessment year 1999/collection year 2000 based upon assessments applicable to properties in the Project Area. This information is summarized in the table below.

**Assessment Year 1999/Collection Year 2000 Incremental Property Taxes
Central Loop Redevelopment Project Area**

	(A)	(B)	(C)	(D)	(E)
Tax Code	Existing 1998 Adjusted Base EAV Only Estimates	Land and Existing Improvements plus Constructed Improvements Estimates	Land and Existing Improvements Plus Constructed and Under Construction Estimates	Cook County Clerk Report 9/28/00	Difference (E) = (D) - (C)
76004	\$1,111,000	\$1,111,000	\$1,111,000	\$1,269,172.86	\$158,172.86
76011	\$29,796,000	\$29,821,000	\$29,821,000	\$31,343,809.16	\$1,522,809.16
76012	\$8,094,000	\$8,154,000	\$8,142,000	\$8,688,992.08	\$546,992.08
76025	\$0	\$0	\$0	\$0	\$0
76026	\$0	\$0	\$0	\$0	\$0
76028	\$62,000	\$70,000	\$70,000	\$110,957.07	\$40,957.07
76029	\$0	\$0	\$0	\$2,959,668.82	\$2,959,668.82
76030	\$62,000	\$70,000	\$70,000	\$46,152.49	(\$23,847.51)
Total	\$39,063,000	\$39,156,000	\$39,144,000	\$44,418,751.48	\$5,274,751.48

TPAP has not conducted any study or analysis of, or otherwise attempted to determine the factors that resulted in the differences between, the Estimates and the County Report, as identified in column E of the table above. TPAP has no basis for anticipating that the overall increase in incremental property tax above the Estimates for collection year 2000, as indicated in the County Report, will be realized in any subsequent collection year over the remaining life of the Project Area. TPAP has no knowledge of any factors that would cause future incremental property taxes to be less than the Estimates.

upon Bonds surrendered to the Insurance Trustee by the Owners of Bonds entitled to receive full or partial payments from the Bond Insurer.

(D) The Trustee or Paying Agent, if any, shall, at the time it provides notice to the Bond Insurer pursuant to (A) above, notify Owners of Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of entitlement of such Owners to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Bonds the portion of the principal paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner of Bonds by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time the Bond Insurer is notified pursuant to (A) above, notify all Owners of the Bonds that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to the Bond Insurer its records evidencing the payment of principal of and interest on the Bonds which have been made by the Trustee or Paying Agent, if any, and subsequently recovered from Owners of Bonds and the dates on which such payments were made.

(F) In addition to those rights granted the Bond Insurer under the Indenture and the applicable Supplemental Indenture, the Bond Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Paying Agent, if any, upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Paying Agent, if any, upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Consent of Bond Insurer. (A) Any provision of the Indenture or the applicable Supplemental Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer without the prior written consent of the Bond Insurer.

- (B) The consent of the Bond Insurer will be required in addition to the consent of the Owners of the Bonds, when required, for the following purposes:
- (i) execution and delivery of any Supplemental Indenture;
 - (ii) removal of the Trustee or any Paying Agent and selection and appointment of any successor Trustee or Paying Agent; and
 - (iii) initiation or approval of any action not described in (i) or (ii) above which required consent of the Owners of the Bonds.

Defeasance. Notwithstanding anything in the Indenture or the applicable Supplemental Indenture to the contrary, in the event that the principal of or interest on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds will remain Outstanding for all purposes, will not be deemed to be defeased or otherwise satisfied and not considered paid by the City, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the City to the Owners of the Bonds will continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such Owners.

Rights of Bond Insurer Upon Default or Insolvency. Notwithstanding anything in the Indenture or the applicable Supplemental Indenture to the contrary, upon the occurrence and continuance of an Event of Default, the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds or the Trustee for the benefit of the Owners of the Bonds under the Indenture.

In the event of any reorganization or liquidation, the Bond Insurer will have the right to vote on behalf of all Owners who hold Bonds secured by the Bond Insurance Policy absent a default by the Bond Insurer under the Bond Insurance Policy.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, pursuant to an amended and restated contract of purchase, to purchase the Series 2000 Bonds at a price equal to \$141,053,474.57 (reflecting an underwriting discount of \$1,103,783.68 and net original issue discount of \$189,355.75), plus accrued interest to the date of delivery. The purchase contract requires the Underwriters to purchase all of the Series 2000 Bonds if any are purchased.

FINANCIAL ADVISOR

The Knight Group, Inc. has been retained as financial advisor to render certain professional services to the City in connection with the issuance and sale of the Series 2000 Bonds. The Financial Advisor has provided advice on the plan of finance and structure of the Series 2000 Bonds and has reviewed certain documents, including this Official Statement, with respect to financial matters. The Financial Advisor has not independently verified the factual

information contained in this Official Statement but has relied on the information provided by the City and other sources.

LEGAL MATTERS

The Series 2000 Bonds will be offered for sale subject to the approval of legality by Katten Muchin Zavis and McGaugh & Associates, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its Corporation Counsel; and for the Underwriters, by their co-counsel Sidley & Austin and Sanchez & Daniels, Chicago, Illinois. In addition, appropriate certificates in connection with such matters and matters affecting the requirements which must be met in order for the interest on the Series 2000A Bonds to be excludible from gross income for federal income tax purposes will be obtained from the City.

LITIGATION

There is no litigation pending in any court or, to the knowledge of the City, threatened, questioning the corporate existence of the City or the legality of the North Loop Redevelopment Project Area or the Central Loop Redevelopment Project Area, or which would restrain or enjoin the issuance or delivery of the Series 2000 Bonds, or which concerns the proceedings of the City taken in connection with the issuance of the Series 2000 Bonds.

TAX EXEMPTION

Series 2000A Bonds

General. Co-Bond Counsel are of the opinion that under existing law, interest on the Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), Co-Bond Counsel are of the opinion that interest on the Series 2000A Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Co-Bond Counsel are further of the opinion that the Series 2000A Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2000A Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Series 2000A Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2000A Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements. The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2000A Bonds. Among these requirements are the following:

A. **Limitations on Private Use.** The Code includes limitations on the amount of Series 2000A Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

B. Investment Restrictions. Except during certain “temporary periods,” proceeds of the Series 2000A Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “minor portion”) may generally not be invested in investments having a yield that is “materially higher” (1/8 of one percent) than the yield on the Series 2000A Bonds.

C. Rebate of Permissible Arbitrage Earnings. Unless the City qualifies for one of several exemptions, earnings from the investment of the “gross proceeds” of the Series 2000A Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2000A Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Series 2000A Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2000A Bonds.

Covenants to Comply. The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2000A Bonds.

Risks of Non-Compliance. In the event that the City fails to comply with the requirements of the Code, interest on the Series 2000A Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, there is no requirement that payment of principal of, or interest on, the Series 2000A Bonds be accelerated or that any additional interest or penalties to the owners of the Series 2000A Bonds be paid.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2000A Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. **PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2000A BONDS.**

A. In General. Owners of the Series 2000A Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Series 2000A Bonds. As discussed below, special allocation rules apply to financial institutions.

B. Corporate Owners. Interest on the Series 2000A Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series 2000A Bonds is taken into account not only in computing the corporate alternative minimum tax but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

C. Individual Owners. Receipt of interest on the Series 2000A Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

D. Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Series 2000A Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

E. Property or Casualty Insurance Companies. Receipt of interest on the Series 2000A Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

F. Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Series 2000A Bonds.

G. Foreign Personal Holding Company Income. Pursuant to regulations issued under Subpart F of the Code on January 2, 1997, a United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2000A Bonds held by such a company is allocated to the shareholder during taxable years beginning after March 3, 1997.

Change of Law. The opinions of Co-Bond Counsel and the descriptions of the 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 2000A 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 2000A Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2000A Bonds.

Bonds Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Series 2000A Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Series 2000A Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Series 2000A Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Series 2000A Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Series 2000A Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the Series 2000A Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series 2000A Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Series 2000A Bond. A Series 2000A

Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Series 2000A Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Series 2000A Bond).

Owners who purchase Series 2000A Bonds at a price other than the Offering Price after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Series 2000A Bonds. In addition, owners of Series 2000A Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series 2000A Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Series 2000B Bonds

In the opinion of Co-Bond Counsel, interest on the Series 2000B Bonds is *not excluded* from gross income for federal income tax purposes and interest on the Series 2000B Bonds is not exempt from present Illinois income taxes.

RATINGS

The ratings on the Series 2000 Bonds are based on the municipal bond insurance policy issued by Ambac Assurance Corporation. Moody's Investors Service rates bond issues insured by Ambac Assurance Corporation "Aaa." Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., rates bond issues insured by Ambac Assurance Corporation "AAA." Fitch IBCA, Inc. rates bond issues insured by Ambac Assurance Corporation "AAA." Such ratings reflect only the views of Moody's Investors Service, Standard & Poor's Ratings Services and Fitch IBCA, Inc., respectively, from which an explanation of the significance of such ratings may be obtained.

The City has furnished Ambac Assurance Corporation and the Rating Agencies with certain information and materials relating to the Series 2000 Bonds and the City that have not been included in this Official Statement. Generally, Rating Agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the Rating Agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency originally establishing the rating, circumstances so warrant. Neither the City nor the Underwriters has undertaken any responsibility to bring to the attention of the Owners of the Series 2000 Bonds any proposed revision or withdrawal of any rating of the Series 2000 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Series 2000 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations as to the adequacy of the maturing principal amounts of and interest on the U.S. Treasury obligations, together with any proceeds from the reinvestment thereof, and any cash held in the 2000 Escrow Account to pay, in the manner described herein under "PLAN OF FINANCE - Advance Refunding of Series 1997A Bonds", the advance refunded Series 1997A Bonds will be verified at the time of delivery

of the Series 2000 Bonds by McGladrey & Pullen LLP, Minneapolis, Minnesota. Such verification will be based, among other things, upon mathematical computations supplied by the Underwriters in connection with the matters set forth above.

SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2000 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act").

The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the Series 2000 Bonds, the Ordinance or the Indenture and beneficial owners of the Series 2000 Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the City to Provide Information" under this caption. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2000 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2000 Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State as the state depository (the "SID") and recognized as such by the SEC for purposes of the Rule. The City is required to deliver such information so that such entities receive the information by the date specified in the Undertaking (within 210 days after the end of the City's fiscal year - currently December 31). "Audited Financial Statements" means the audited financial statements with respect to the Series 2000 Bonds, the Central Loop Redevelopment Project Area, the Incremental Taxes and the other Pledged Revenues prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

Events Notification; Material Events Disclosure

The City has agreed that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the 1934 Act. The "Events," certain of which may not be applicable to the Series 2000 Bonds, are:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. modifications to rights of Bond owners;
8. bond calls;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities; and
11. rating changes.

Consequences of Failure of the City to Provide Information

The City will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

The City is in compliance with undertakings previously entered into by it pursuant to the Rule. In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial Owner of any Series 2000 Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking will not be deemed a default under the Series 2000 Bonds, the Ordinance or the Indenture, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking will be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the Undertaking 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 City or type of business conducted;

(ii) the Undertaking, 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 2000 Bonds, as determined by parties unaffiliated with the City (such as the Trustee or co-bond counsel); or

(b) the amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking will be terminated if the City no longer has any legal liability for any obligation on or relating to repayment of the Series 2000 Bonds under the Indenture. If this provision is applicable, the City will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

Additional Information

Nothing in the Undertaking will be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the City chooses to include any information in any Audited Financial Statements or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the City will have no obligation under the Undertaking to update such information or include it in any future Annual Financial Statements or notice of occurrence of a material Event.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Indenture, the Central Loop Redevelopment Area Redevelopment Plan, the City's planning documents and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matters for further information.

Any statement made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. There is no assurance that the facts will materialize as so opined or estimated.

The City has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the City on behalf of the City.

CITY OF CHICAGO

By: /s/ Walter K. Knorr
Chief Financial Officer

APPENDIX A

CERTAIN DEFINITIONS

“Accreted Amount” means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Bonds. The Accreted Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such 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 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 Tax Increment Allocation Redevelopment Act of the State of Illinois, Division 74.4 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-74.4-1, *et seq.*, as amended and supplemented from time to time.

“Added Project Area” has the meaning assigned to such term in the Ordinance.

“Aggregate Certified Initial Equalized Assessed Value” means the aggregate of the Certified Initial Equalized Assessed Value of each piece of property in the Central Loop Redevelopment Project Area.

“Ambac Assurance” means Ambac Assurance Corporation, Wisconsin-domiciled stock insurance corporation and issuer of the Municipal Bond Insurance Policy

“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.

“Authorized Officer” means the Mayor, the Chief Financial Officer or any other officer or employee of the City authorized to perform specific acts or duties under the Indenture by ordinance or resolution duly adopted by the City Council.

“Bond” or “Bonds” means a Series 2000 Bond or Series 2000 Bonds, a Series 1997 Bond or Series 1997 Bonds and any other bond or bonds authenticated and delivered under and pursuant to the Indenture, other than Junior Lien Obligations.

“Bond Insurance Policy” means any municipal bond new issue 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.

“Bond Insurer” means any Person authorized under law to issue a Bond Insurance Policy.

“Bond Year” means the initial period beginning on December 4, 1997 and ending on June 1, 1998, and thereafter each 12-month period commencing on June 2 of each calendar year and ending on June 1 in the next succeeding calendar year.

“Business Day” means a day which is not a Saturday, a Sunday or 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 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” as used throughout the Indenture also includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

“Central Loop Redevelopment Plan” has the meaning assigned to such term in the Ordinance.

“Central Loop Redevelopment Project” means the redevelopment project approved by the Central Loop Redevelopment Plan.

“Central Loop Redevelopment Project Area” or “Area” has the meaning assigned to such term in the Central Loop Redevelopment Plan.

“Certified Initial Equalized Assessed Value” means the certified initial equalized assessed value with respect to the Central Loop Redevelopment Project Area, as certified by the Clerk of the County of Cook, Illinois in accordance with Section 11-74.4-9 of the Act.

“Chief Financial Officer” means the Chief Financial Officer of the City appointed by the Mayor of the City or, if there is no such officer then holding said office, the City Comptroller.

“City” means the City of Chicago, a home rule unit of local government.

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

“Credit Bank” means, as to any particular Series of Bonds, the person (other than a Bond Insurer) providing a Credit Facility, as may be provided in the Supplemental Indenture authorizing such Series.

“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, as may be provided in the Supplemental Indenture authorizing such Series.

“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 Bond. The term “Current Interest Bond” as used throughout the Indenture also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

“Debt Service Credit Instrument” means, as to any particular Series of Bonds, an unconditional and irrevocable surety bond, insurance policy, letter of credit or other credit facility assuring the availability of cash to fund the Debt Service Reserve Requirement applicable to such Series of Bonds, as provided in the Supplemental Indenture authorizing such Series.

“Debt Service Reserve Requirement” means, with respect to the Bonds of any Series outstanding at any time, that amount, if any, as shall be required to be maintained in the applicable Sub-Account of the Reserve and Redemption Account established by the terms of the Supplemental Indenture authorizing such Series of Bonds.

“Defeasance Government Obligations” means Government Obligations which are not subject to redemption other than at the option of the holder thereof.

“Defeasance Obligations” means (i) Defeasance Government Obligations and (ii) obligations of any state or territory of the United States or any political subdivision thereof which obligations are rated in the highest rating category by any of the Rating Agencies and which obligations meet the following requirements: (a) the obligations are not subject to redemption or the trustee therefor has been given irrevocable instructions by the issuer thereof not to call such obligations for redemption; (b) the obligations are secured by cash or Defeasance Government Obligations that may be applied only to interest, principal and premium payments of such obligations; (c) the principal of and interest on the Defeasance Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations; (d) the Defeasance Government Obligations serving as security for such obligations are held by an escrow agent or trustee; and (e) the Defeasance Government Obligations are not available to satisfy any other claims, including those against such escrow agent or trustee.

“Depository” means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least \$1,000,000, selected by an Authorized Officer as a depository of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

“DTC” means The Depository Trust Company, New York, New York, as securities depository for the Bonds.

“DTC Participant” means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Bonds with DTC pursuant to the book-entry only system.

“Event of Default” means any event so designated and specified in the Indenture.

“Excluded Contractual Obligations” means (i) the obligation of the City to make a financial contribution pursuant to Section 4.5(a) of that certain Agreement dated as of October 24, 1990, between the City and Chicago Theater Group, (ii) the obligation of the City to make a financial contribution pursuant to Section 4.8(b) of that certain Redevelopment Agreement, dated as of April 29, 1996, between the City and Livent Realty (Chicago) Inc., (iii) that certain Individual Project Agreement (Federal Project No.: DPU-A056)(001); CDOT Job No.: D-4-016), dated March 17, 1995, as supplemented, between the State of Illinois, acting through its Department of Transportation, and the City, acting through its Department of Transportation, and (iv) that certain Individual Project Agreement (Federal Project No.: DPU-STPM-A056(002); CDOT Job No.: D-4-016), dated December 4, 1995, as supplemented, between the State of Illinois, acting through its Department of Transportation, and the City, acting through its Department of Transportation.

“Fiduciary” or “Fiduciaries” means the Trustee, the Registrar, the Paying Agents and any Depository, or any or all of them, as may be appropriate.

“First Supplemental Indenture” means the First Supplemental Indenture dated as of November 1, 1997 from the City to the Trustee relating to the Series 1997A Bonds, and any amendments and supplements hereto.

“Fourth Supplemental Indenture” means the Fourth Supplemental Indenture dated as of October 1, 2000 from the City to the Trustee relating to the Series 2000B Bonds, and any amendments and supplements hereto.

“Government Obligations” means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any person to whom the custodian may be obligated.

“Incremental Taxes” means the ad valorem taxes, if any, arising from the tax levies upon taxable real property in the Central Loop Redevelopment Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the Central Loop Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Central Loop Redevelopment Project Area over and above the Certified Initial Equalized Assessed Value of each such piece of property, as determined by the Clerk of the County of Cook, Illinois.

“Incremental Taxes Fund” means the Central Loop Redevelopment Project Area Special Tax Allocation Fund of the City, a special tax allocation fund for the Central Loop

Redevelopment Project Area established pursuant to Section 11-74.4-8 of the Act and created under the Indenture.

“Indenture” means the Trust Indenture, dated as of November 1, 1997, by and between the City and the Trustee, as from time to time amended and supplemented by Supplemental Indentures executed and delivered by the City and the Trustee in accordance therewith.

“Indenture Amendment No. 1” means the Supplemental Indenture entitled “Amendment No. 1 to Indenture” dated as of October 1, 2000 from the City to the Trustee amending the Indenture in various respects, and any amendments and supplements hereto.

“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 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 date on which interest on a Series of Bonds is payable as established in the Supplemental Indenture authorizing such Series.

“Interest Period” means the period from the date of the Bonds of any Series to and including the day 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, shall mean the total of the sums that would be deemed to accrue on such Bonds during such Bond Year or Interest Period if the interest on the Current Interest Bonds of such Series were deemed to accrue daily during such year or Interest Period in equal amounts, and employing the methods of calculation set forth in the Indenture in the cases of a Qualified Swap Agreement, Tender Option Bonds and Variable Rate Bonds; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid (a) from the proceeds of Bonds allocable to the payment of such interest as provided in the Supplemental Indenture authorizing the issuance of such 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 or (b) from investment earnings on deposit in the Reserve and Redemption Account to the extent any such earnings may be determined precisely. Unless the City 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. If interest is not payable at a single numerical rate for the entire term of such Bonds, then “Interest Requirement” shall have the appropriate meaning assigned thereto by the Supplemental Indenture authorizing such Bonds.

“Investment Securities” means any of the following securities authorized by law as permitted investments of City funds at the time of purchase thereof:

(i) Government Obligations;

(ii) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank, Resolution Funding Corporation and Student Loan Marketing Association;

(iii) investments in a money market fund registered under the Investment Company Act of 1940, as amended (including any such money market fund sponsored by or affiliated with any Fiduciary), comprised of any of the investments set forth in subparagraph (i) or subparagraph (ii) above;

(iv) negotiable or non-negotiable certificates of deposit or time deposits or other banking arrangements issued by any bank, trust company or national banking association (including any Fiduciary), which certificates of deposit or time deposits or other banking arrangements shall be continuously secured or collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or time deposits or other banking arrangements and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit or time deposits or other banking arrangements, which certificates of deposit or time deposits or other banking arrangements acquired or entered into pursuant to this subparagraph (iv) shall be deemed for purposes of the Indenture to constitute investments and not deposits;

(v) repurchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amortized value of such repurchase agreements, provided such security or collateral is lodged with and held by the Trustee or the City as title holder, as the case may be;

(vi) public housing bonds issued by public housing authorities or by other political subdivisions or bodies politic and corporate so authorized, fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; and project notes issued by public housing authorities or by other political subdivisions or bodies politic and corporate so authorized, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(vii) 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 Agencies; and

(viii) any other securities authorized for investment of City funds by Article VI of Chapter 2-32 of the Municipal Code of Chicago (1990), as from time to time amended.

All securities so purchased, excepting tax anticipation warrants and investment agreements, shall show on their face that they are fully payable as to principal and interest, where applicable, within two years of the date of purchase.

“Junior Lien Obligations” means obligations of the City payable from Pledged Revenues which are specifically subordinate and junior to the pledge of Pledged Revenues for the Bonds.

“Maximum Annual Debt Service Requirement” means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and all succeeding Bond Years.

“Municipal Bond Insurance Policy” means the Municipal Bond Insurance Policy issued by the Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2000 Bonds as provided therein.

“North Loop Redevelopment Plan” has the meaning assigned to such term in the Ordinance.

“Ordinance” means, the ordinance duly adopted by the City Council of the City on May 17, 2000 authorizing Indenture Amendment No. 1, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Series 2000 Bonds.

“Original Project Area” has the meaning assigned to such term in the Central Loop Redevelopment Plan.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of 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 Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Indenture 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;

(iv) Bonds deemed to have been paid as provided in the Indenture; and

(v) Tender Option 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.

“Owner” means any Person who shall be the registered owner of any Bond or Bonds.

“Paying Agent” means any bank, national banking association or trust company designated 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.

“Payment Date” means any Interest Payment Date or Principal Payment Date.

“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.

“Pledged Revenues” means Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the Program Expenses Account and the Rebate Account) as provided in the Indenture, together with interest earnings thereon.

“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 and (ii) with respect to the principal amount of any Current Interest Bond or Tender Option Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

“Principal Payment Date” means the date upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment as established in the Supplemental Indenture authorizing such Series.

“Principal Requirement” for any Bond Year, as applied to Bonds of any Series, means an amount of money equal to the aggregate of the principal amount of Outstanding Bonds of said Series which mature during said Bond Year, reduced by the aggregate principal amount of such Outstanding Bonds which would at or before such Bond Year be retired by reason of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating such Series of sinking fund installments payable before such Bond Year for the retirement of Outstanding Bonds.

“Program Expenses” means, in any Bond Year, all initial and ongoing administrative expenses related to or incurred in connection with the Bonds, including, specifically, (i) the sum necessary to pay all rating agency surveillance fees and costs and expenses of any Trustee, registrar or paying agent, (ii) the expected annual fees or premiums of any issuer or provider of any Credit Facility with respect to the Bonds, which expected annual fees may include additional amounts owing to such issuer or provider pursuant to any reimbursement or other agreement, other than reimbursement obligations arising from any draw or payment under such Credit Facility and other than payments on the Bonds, (iii) fees related to the calculation or verification of any required payment to the United States of America pursuant to Section 148(f) of the Code, and (iv) auditing fees incurred in connection with the preparation of the financial statements required pursuant to the Indenture; but excluding, specifically, expenses of the City relating specifically to the administration of the Project.

“Project” means the redevelopment project approved by the Central Loop Redevelopment Plan.

“Project Costs” means those costs of the Project included in the definition of “Redevelopment Project Costs” in the Act as in effect on the effective date of the Indenture and shall include any costs added to the definition of “Redevelopment Project Costs” in the Act from time to time after the effective date of the Indenture and shall also include the purpose set forth in 65 ILCS 5/11-74.4-4(q); in no event, however, shall the removal of a cost from the definition of “Redevelopment Project Costs” from and after the effective date of the Indenture cause such cost not to be a “Project Cost” within the meaning of the Indenture.

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

“Qualified Swap Agreement” means an agreement between the City and a Swap Provider under which the City agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the City for a specified period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where (i) each Rating Agency (if such Rating Agency 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 City, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Bonds by such Rating Agency (without regard to Bond Insurance or any other Credit Facility), and (ii) the City has notified each Rating Agency (whether or not such Rating Agency 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 and has received from such Rating Agency a written indication that the entering into of the swap agreement by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its rating on the Bonds.

“Rating Agencies” means each and every one of the nationally recognized rating services that shall have assigned ratings to any Bonds Outstanding as requested by or on behalf of the City, and which ratings are then currently in effect.

“Record Date” means the date established as the record date with respect to an Interest Payment Date for a Series of Bonds in the Supplemental Indenture creating such Series.

“Redemption Price” means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

“Refunding Bonds” means all Bonds hereinafter issued to effect a refunding pursuant to the Indenture.

“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.

“Second Supplemental Indenture” means the Second Supplemental Indenture dated as of November 1, 1997 from the City to the Trustee relating to the Series 1997B Bonds, and any amendments and supplements hereto.

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

“Series” means all of the Bonds 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 Indenture.

“Series 1997 Bonds” means the Series 1997A Bonds and the Series 1997B Bonds.

“Series 1997A Bonds” means the \$96,000,000 principal amount of the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997A issued and secured under the First Supplemental Indenture.

“Series 1997B Bonds” means the \$91,000,000 principal amount of the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 1997B issued and secured under the Second Supplemental Indenture.

“Series 2000 Bonds” means the Series 2000A Bonds and the Series 2000B Bonds.

“Series 2000A Bonds” means the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A described in this Official Statement.

“Series 2000B Bonds” means the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B described in this Official Statement.

“Sinking Fund Installment” means with respect to any Series of Bonds, each principal amount of Bonds scheduled to be redeemed through sinking fund redemption provisions of a Supplemental Indenture creating such Series by the application of amounts on deposit in the Principal and Interest Account, established pursuant to the Indenture.

“SLG’s” means United States Treasury Certificates of Indebtedness, Notes and Bonds State and Local Government Series.

“Subordinate Indenture” means the Trust Indenture, dated as of October 1, 2000, by and between the City and the Trustee, relating to Junior Lien Obligations, as from time to time amended and supplemented by Subordinate Supplemental Indentures executed and delivered by the City and the Trustee in accordance with the Indenture and therewith.

“Subordinate Series 2000A Bonds” means the \$98,900,000 principal amount of the City of Chicago’s Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A, issued and secured as Junior Lien Obligations under the Subordinate Indenture and described in a private placement memorandum separate from this Official Statement.

“Subordinate Supplemental Indenture” means any Subordinate Supplemental Indenture of the City authorized pursuant to the Indenture and the Subordinate Indenture.

“Supplemental Indenture” means any Supplemental Indenture of the City authorized pursuant to the Indenture.

“Swap Provider” means any counterparty with whom the City enters into a Qualified Swap Agreement.

“Tender Option Bonds” means any Bonds with respect to which the Owners thereof have the option to tender to the City, to any Fiduciary or to any agent thereof, all or a portion of such Bonds for payment or purchase; provided, that no Tender Option Bonds shall be issued unless (i) the City has notified each Rating Agency in writing of its intention to issue such Tender Option Bonds and (ii) each Rating Agency shall notify the City that the issuance of such Tender Option Bonds by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its rating on the Bonds.

“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.

“Third Supplemental Indenture” means the Third Supplemental Indenture dated as of October 1, 2000 from the City to the Trustee relating to the Series 2000A Bonds, and any amendments and supplements hereto.

“Treasurer” means the Treasurer of the City.

“Trust Estate” means the Pledged Revenues and all other property pledged to the Trustee pursuant to the Indenture.

“Trustee” means Cole Taylor Bank, Chicago, Illinois, and any successor or successors appointed under the 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; provided, no Variable Rate Bonds shall be issued unless (i) the City has notified each Rating Agency in writing of its intention to issue such Variable Rate Bonds and (ii) each Rating Agency shall notify the City that the issuance of such Variable Rate Bonds by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its rating on the Bonds.

APPENDIX B

CONSULTANT'S REPORT

**(INCLUDING THE ADDENDUM THERETO DATED OCTOBER 6, 2000
AND THE ADDENDUM THERETO DATED SEPTEMBER 18, 2000)**

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ESTIMATE OF
INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
AND SUBORDINATE SERIES 2000A BONDS
CHICAGO, ILLINOIS

Secured by
Incremental Property Taxes
Resulting from the

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

August 8, 2000

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INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
AND SUBORDINATE SERIES 2000A BONDS
CHICAGO, ILLINOIS

Secured by
Incremental Property Taxes
Resulting from the

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

September 18, 2000

Trkla, Pettigrew, Allen, & Payne, Inc.'s ("TPAP") *Report of the Estimate of Incremental Property Taxes, Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 2000A (Capital Appreciation Bonds), Taxable Series 2000B (Current Interest Bonds) and Subordinate Series 2000A Bond*, dated August 8, 2000, (the "Consultant's Report"), states on page 27 of Section IV.A-2:

...the City indicates that it may approve Class L incentive classification for at least two proposed redevelopment projects (35 E. Wacker and 29 E. Madison) that may have an adverse impact on the future EAV of tax parcels associated with each redevelopment project (relative to the pre-development EAV of each affected tax parcel which may or may not be equal to the 1998 EAV for each affected tax parcel given that these redevelopment projects would not likely be completed before the next one or two reassessment years, 2000 and 2003, respectively).¹

In August 2000, the property owners of 35 E. Wacker (the "Applicant") filed an eligibility application for a Cook County Class L incentive classification ("Class L") upon completion of the building's rehabilitation project in 2004. If the Class L is approved, the building's assessment rate would be reduced from 38 percent to 16 percent for ten years beginning in levy year 2005. The Cook County Assessor requires the support and consent of the Chicago City Council for Class L approval. The Commission on Chicago Landmarks has recommended approval of the Class L application, but an ordinance supporting and consenting to the project has not yet been adopted by the Chicago City Council. The Applicant indicates that the equalized assessed valuation of 35 E. Wacker will fall below its 1998 equalized assessed valuation as a result of the Class L designation.

Based on (i) the specific development program assumptions provided by the City and the Applicant (timing, value, Class L, etc.) and (ii) the general assumptions detailed in the Consultant's Report (tax rates, equalization factors, collection rates, etc.), TPAP estimates that the 35 E. Wacker rehabilitation project, located within Tax Code 76029, will reduce incremental property tax revenues in the Central Loop Redevelopment Project Area by approximately \$1.97 million through tax collection year 2008, as shown in the following table.

**35 E. Wacker Class L Rehabilitation Project
Impact on Central Loop Redevelopment Project Area Incremental Property Taxes**

Collection Year	35 E. Wacker Estimated Incremental Property Tax Impact
2000	\$0
2001	0
2002	(247,000)
2003	(248,000)
2004	(382,000)
2005	478,000
2006	(524,000)
2007	(523,000)
2008	(527,000)
Total	(\$1,973,000)

¹ The property owners of 29 E. Madison (i) have not yet filed for a Class L eligibility application to the Cook County Assessor and (ii) indicate that the proposed rehabilitation project will not adversely affect the 1998 equalized assessed valuation of the property.

ADDENDUM TO
ESTIMATE OF
INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
AND SUBORDINATE SERIES 2000A BONDS
CHICAGO, ILLINOIS

Secured by
Incremental Property Taxes
Resulting from the

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

October 6, 2000

Trkla, Pettigrew, Allen, & Payne, Inc.'s ("TPAP") Report of the Estimate of Incremental Property Taxes Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 2000A (Capital Appreciation Bonds), Taxable Series 2000B (Current Interest Bonds) and Subordinate Series 2000A Bonds, dated August 8, 2000, (the "Consultant's Report"), includes estimates of incremental property taxes to be generated and collected from each tax code within the Central Loop Redevelopment Project Area ("Project Area") for assessment year 1999/collection year 2000 ("the Estimates") by the assessment and reassessment of (i) land and existing improvements, (ii) land and existing improvements plus constructed improvements, and (iii) land and existing improvements plus constructed improvements plus improvements currently under construction in Tables 12, 13, and 14 respectively. The Estimates are also summarized in Table 16 of the Consultant's Report.

The office of the Cook County Clerk has issued a report, dated September 28, 2000 entitled "Tax Increment Agency Distribution Summary" (the "County Report") that shows, by tax code in the Project Area, expected amounts of incremental property taxes to be generated and collected for assessment year 1999/collection year 2000 based upon assessments applicable to properties in the Project Area. This information is summarized in the table below.

**Assessment Year 1999/Collection Year 2000 Incremental Property Taxes
Central Loop Redevelopment Project Area**

Tax Code	(A) Existing 1998 Adjusted Base EAV Only Estimates	(B) Land and Existing Improvements plus Constructed Improvements Estimates	(C) Land and Existing Improvements Plus Constructed and Under Construction Estimates	(D) Cook County Clerk Report 9/28/00	(E) Difference (E) = (D) - (C)
76004	\$1,111,000	\$1,111,000	\$1,111,000	\$1,269,172.86	\$158,172.86
76011	\$29,796,000	\$29,821,000	\$29,821,000	\$31,343,809.16	\$1,522,809.16
76012	\$8,094,000	\$8,154,000	\$8,142,000	\$8,688,992.08	\$546,992.08
76025	\$0	\$0	\$0	\$0	\$0
76026	\$0	\$0	\$0	\$0	\$0
76028	\$62,000	\$70,000	\$70,000	\$110,957.07	\$40,957.07
76029	\$0	\$0	\$0	\$2,959,668.82	\$2,959,668.82
76030	\$62,000	\$70,000	\$70,000	\$46,152.49	(\$23,847.51)
Total	\$39,063,000	\$39,156,000	\$39,144,000	\$44,418,751.48	\$5,274,751.48

TPAP has not conducted any study or analysis of, or otherwise attempted to determine the factors that resulted in the differences between, the Estimates and the County Report, as identified in column E of the table above. TPAP has no basis for anticipating that the overall increase in incremental property taxes above the Estimates for collection year 2000, as indicated in the County Report, will be realized in any subsequent collection year over the remaining life of the Project Area. TPAP has no knowledge of any factors that would cause future incremental property taxes to be less than the Estimates.

EXECUTIVE SUMMARY

On June 20, 1984, the City of Chicago, Illinois (the "City") adopted the North Loop Tax Increment Redevelopment Area Redevelopment Plan and Project (as amended in September 1987, the "Original Redevelopment Plan"), which provides for the redevelopment of approximately 32 acres (the "Original Project Area"). The Original Project Area consists of a 9-block area in the City's historical "Loop" and is generally bounded by LaSalle and Clark Streets on the west; Randolph and Washington Streets on the south; State and Wabash Streets on the east; and Haddock Place and Wacker Drive on the north.

On February 7, 1997, the City adopted the Central Loop Tax Increment Financing Redevelopment Project and Plan (the "Central Loop Redevelopment Plan"), which supplements and amends the Original Redevelopment Plan to provide for the continued redevelopment of the Original Project Area and the revitalization of approximately 138.9 additional acres (the "Added Project Area"). The Added Project Area consists of two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south.

The Original Redevelopment Plan and the Central Loop Redevelopment Plan were adopted to overcome conditions of blight and declining conditions found throughout the approximately 171 acres contained within the Original Project Area and the Added Project Area (collectively referred to as the "Central Loop Project Area"), and to improve the economic and physical well-being of the City.

Pursuant to public and private investment, many of the major redevelopment projects identified in the Original Redevelopment Plan and expanded upon in the Central Loop Redevelopment Plan were successfully implemented. New buildings and facilities have replaced many of the deteriorated and obsolete buildings that led to the designation of the Original Project Area. Although redevelopment of the Original Project Area is not complete, private investment in new development is evident in several buildings, including 203 North LaSalle, 77 West Wacker, 201 North Clark, 200 North Dearborn, 35 West Wacker, 161 North Clark, the Renaissance Hotel and two new parking facilities. In addition, rehabilitation of the Chicago Theatre, the ABC Building, the Oriental Theatre, and the Reliance Building (the Hotel Burnham) is complete. Further, rehabilitation of the Harris-Selwyn Theatres/development of the northwest corner of Dearborn and Randolph (new site of the Goodman Theatre Center) and rehabilitation of the Butler Building/northwest corner of Randolph and State (site of the Art Institute resident housing and film center) have been initiated.

The Added Project Area has also shown progress toward the realization of the redevelopment projects, goals and objectives of the Central Loop Redevelopment Plan. Rehabilitation and redevelopment of several buildings in the Added Project Area have been completed since the adoption of the Central Loop Redevelopment Plan, including the Manhattan Building, the Singer Building, the Hotel Monaco, the Hotel Allegro/Cadillac Palace Theatre, 427 S. LaSalle (former Western Union Building), One Congress Center and Symphony Center. Other redevelopment projects that have been initiated in the Added Project Area include rehabilitation or redevelopment of all or portions of the London Guarantee Building, Fisher

Building, Lytton Building, Mentor Building, McCormick Building, 68 E. Wacker Place, 1 N. Dearborn (site of the Sears Department Store), and 320 N. Michigan. All of these projects include rehabilitation of obsolescent office or retail space for either modern office uses (including high-tech users) or conversion to residential uses.

Distributions to the City of Incremental Property Taxes resulting from the Central Loop Project Area for the 1998 levy year (the most recent levy year for which collection and distribution data are available) totaled approximately \$39,993,345 as of March 31, 2000.

In November 1997, the City issued Tax Increment Allocation Bonds (Central Loop Redevelopment Project Area) Series 1997 (the "Outstanding Bonds") in the aggregate principal amount of \$187,000,000 to complete redevelopment projects within the Central Loop Project Area and achieve the objectives of the Original Redevelopment Plan and the Central Loop Redevelopment Plan. The final maturity of the Outstanding Bonds is June 1, 2007.

In 1999, the Illinois Tax Increment Allocation Redevelopment Act (the "Act"), 65 ILCS 5/11-74.4-1, *et seq.*) was amended to, among other matters, allow the City to elect to amend the Central Loop Redevelopment Plan to change the dates by which a redevelopment project must be completed and obligations issued to finance redevelopment project costs must be retired under the Act. In March 2000, the City amended the Central Loop Redevelopment Plan in conformance with the Act to provide that all obligations issued by the City pursuant to the Central Loop Redevelopment Plan shall be retired no later than December 31 of the year in which the payment to the municipal treasurer is to be made with respect to *ad valorem* taxes levied in the twenty-third calendar year after the year in which the ordinance approving the Original Project Area and the Original Redevelopment Plan was adopted, such ultimate retirement date occurring on December 31, 2008. Since the Original Project Area was adopted in 1984, Incremental Property Taxes are assumed to be generated through levy year 2007 with the final collection by the County and distribution to the City occurring in 2008.

To continue the redevelopment of the Central Loop Project Area and achieve the goals of the Central Loop Redevelopment Plan, the City proposes to issue Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A Bonds (Capital Appreciation Bonds), Taxable Series 2000B Bonds (Current Interest Bonds), and Subordinate Series 2000A Bonds in the aggregate original principal amount of not to exceed \$250,000,000 (the "Bonds"). The Bonds will be secured by Incremental Property Taxes resulting from the Central Loop Project Area as provided in the bond ordinance authorizing the Bonds.

Scope of this Report

In connection with the issuance of the Bonds, Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") has been engaged by the City to estimate potential Incremental Property Taxes that may be generated by the assessment and reassessment of land and improvements within the Central Loop Project Area based on the application of assumptions contained in this Report. This Report estimates potential Incremental Property Taxes for properties within the Central Loop Project Area, including: (i) land and existing improvements ("Existing Improvements"), (ii) completed improvements that were not fully assessed as of 1998, the most recent tax levy year for which final data is available ("Constructed Improvements") and (iii) improvements under construction at the time of the writing of this Report ("Improvements Currently Under Construction"). This Report does not examine the impact of any potential or proposed project that may subsequently be completed within the Central Loop Project Area.

Each year the County Clerk determines incremental property taxes separately for each tax code within TIF redevelopment project areas by aggregating the current equalized assessed valuation ("EAV") of all

parcels within such tax code and subtracting the aggregate certified initial EAV for such tax code. The resulting "increment" in EAV for such tax code is then multiplied by the aggregate tax rate of the taxing districts which extend taxes on the parcels within such tax code to determine the incremental property taxes generated within such tax code.

The Central Loop Project Area is currently assigned eight Tax Codes, five in the Original Project Area and three in the Added Project Area. The estimates of Incremental Property Taxes for the Central Loop Project Area contained in this Report are based on the assumptions that (i) the County Clerk will (a) maintain these separate Tax Codes for the Central Loop Project Area and (b) determine Incremental Property Taxes separately for each such Tax Code; (ii) all tax parcels will retain their 1999-levy-year Tax Codes throughout the remaining life of the Central Loop Project Area; and (iii) the Certified Initial EAV of each Central Loop Project Area Tax Code, as determined by the County Clerk on July 10, 2000, will serve as the EAV base from which Incremental Property Taxes will be calculated throughout the remaining life of the Central Loop Project Area. Based on these assumptions, the estimates of Incremental Property Taxes attributable to the individual Tax Codes of the Central Loop Project Area would not be adversely affected by declines in current EAV of other Tax Codes within the Central Loop Project Area below the Certified Initial EAV for such Tax Codes.

TPAP has relied upon information from various parties, including County officials and City officials, to estimate Incremental Property Taxes. No representations or assurances can be made that the receipt of Incremental Property Taxes will be realized at the levels estimated in this Report. The receipt of Incremental Property Taxes may be adversely impacted by future economic conditions, changes in law and other factors. The estimates of Incremental Property Taxes contained in this Report are based, in part, on certain stated assumptions regarding real estate market values and conditions in the Central Loop Project Area and in the taxing jurisdictions as a whole based on information provided by the County, the City and other sources. TPAP has not conducted any market feasibility study to determine real estate market values or conditions and consideration of such values or market conditions is outside the scope of TPAP's assignment.

The estimates of Incremental Property Taxes contained in this Report are also based upon numerous other assumptions included in this Report which TPAP believes are reasonable. TPAP offers no prediction or opinion regarding the ultimate correctness of such assumptions, any one or more of which may, if incorrect, adversely impact the receipt of Incremental Property Taxes. Section III, *Assumptions and Conditions of Findings*, contains a list of risks, any one or more of which may affect the receipt of Incremental Property Taxes. The estimates of Incremental Property Taxes contained in this Report assume that none of such risks will occur and, while such assumption is believed to be reasonable and such list of risks is believed to be complete, there is no assurance that such assumption or belief will prove to be correct or that there are no other risks that may affect the receipt of Incremental Property Taxes.

Prospective purchasers of the Bonds must make their own independent judgment as to whether the assumptions on which this Report is based are reasonable in light of the conditions of findings described in this Report. Additionally, any purchaser of the Bonds should review the risks set forth in the Official Statement (defined herein) of which this Report is a part.

This Report, dated August 8, 2000, is TPAP's final Report. TPAP has no obligation to update this Report for any reason.

Key Findings

TPAP's key findings are summarized below.

1. Estimated Incremental Property Taxes Attributable to Assessment and Reassessment of Land and Existing Improvements within the Central Loop Project Area. TPAP estimated Incremental Property Taxes that may arise as a result of (i) the assessment and reassessment of land and Existing Improvements contained within the Central Loop Project Area and (ii) other assumptions and conditions contained in this Report.

Based on the assumptions contained in this Report, the assessment and reassessment of the land and Existing Improvements contained within the Central Loop Project Area is estimated to generate approximately \$374,392,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008, ranging from \$39,063,000 in collection year 2000 to \$44,671,000 in collection year 2008. Approximately \$36,875,000 of the total estimated Incremental Property Taxes for land and Existing Improvements contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

2. Estimated Incremental Property Taxes Attributable to Assessment and Reassessment of Land and Existing Improvements plus Constructed Improvements within the Central Loop Project Area. TPAP estimated Incremental Property Taxes that may arise as a result of (i) the assessment and reassessment of land and Existing Improvements plus Constructed Improvements contained within the Central Loop Project Area and (ii) other assumptions and conditions contained in this Report.

Based on the assumptions contained in this Report, the assessment and reassessment of the land and Existing Improvements plus Constructed Improvements contained within the Central Loop Project Area is estimated to generate approximately \$390,218,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008, ranging from \$39,156,000 in collection year 2000 to \$46,678,000 in collection year 2008. Approximately \$46,773,000 of the total estimated Incremental Property Taxes for Existing Improvements plus Constructed Improvements contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

3. Estimated Incremental Property Taxes Attributable to Assessment and Reassessment of Land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction within the Central Loop Project Area. TPAP estimated Incremental Property Taxes that may arise as a result of (i) the assessment and reassessment of land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction contained within the Central Loop Project Area and (ii) other assumptions and conditions contained in this Report.

Based on the assumptions contained in this Report, the assessment and reassessment of the land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction contained within the Central Loop Project Area is estimated to generate approximately \$405,333,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008, ranging from \$39,144,000 in collection year 2000 to \$49,815,000 in collection year 2008. Approximately \$49,734,000 of the

total estimated Incremental Property Taxes of the land and Existing Improvements *plus* Constructed Improvements *plus* Improvements Currently Under Construction contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

4. Summary of Conclusions. Based on information provided by the various parties named in this Report and other findings discussed in this Report, the current assessment practices of Cook County, Illinois, existing State and local legislation regarding taxation of real property, and subject to the assumptions stated herein, TPAP is of the opinion that the estimated Incremental Property Taxes stated in this Report reasonably reflect levels of Incremental Property Tax revenues that can be achieved if the Improvements Currently Under Construction are completed and properties currently existing (land and Existing Improvements and Constructed Improvements) within the Central Loop Project Area remain economically viable over the life of the Bonds.

I. DEFINITIONS

"**Act**" means the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, *et seq.*, as amended and supplemented from time to time, and specifically as supplemented by the Local Government Debt Reform Act, 30 ILCS 350/1, *et seq.*

"**Added Project Area**" means the approximately 138.9 acres of land added to the Original Project Area in connection with the adoption of the Central Loop Redevelopment Plan, and which consists of two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south.

"**Assessor**" means the County Assessor.

"**AV**" means the County assessed valuation of real property.

"**AV-to-Sales-Ratio**" or "**AV-to-Sales-Ratios**" means the ratio equal to the AV divided by the sales price of a recently-sold tax parcel. Each year the State Department of Revenue conducts studies of the AV-to-Sales-Ratios for the County for all recently sold properties of each general property class (1, 2, 3, 5a, and 5b).

"**Bonds**" means the Tax Increment Allocation Bonds (Central Loop Redevelopment Project Area), Series 2000A Bonds (Capital Appreciation Bonds), Taxable Series 2000B Bonds (Current Interest Bonds), and Subordinate Series 2000A Bonds, in the aggregate original principal amount of not to exceed \$250,000,000 of the City for the furtherance of the Central Loop Redevelopment Plan.

"**Central Loop Project Area**" means, collectively, the Original Project Area and the Added Project Area.

"**Central Loop Redevelopment Plan**" means the Central Loop Tax Increment Financing Redevelopment Project and Plan adopted by the City on February 7, 1997.

"**Certified Initial EAV**" means, as certified by the County Clerk on September 30, 1997 and amended on July 10, 2000 (i) for the Original Project Area, the EAV of all taxable real property within the Original Project Area at the time the Original Redevelopment Plan was adopted (1982 EAV) and (ii) for the Added Project Area, the EAV of all taxable real property within the Added Project Area at the time the Central Loop Redevelopment Plan was adopted (1995 EAV). The Certified Initial EAV serves as the EAV base from which incremental EAV and Incremental Property Taxes are calculated for each Tax Code within the Central Loop Project Area. The Certified Initial EAV of the Central Loop Project Area is \$0 for Tax Code

76004; \$31,107,080 for Tax Code 76011; \$10,851,848 for Tax Code 76012; \$8,245,606 for Tax Code 76025; \$4,332,385 for Tax Code 76026; \$2,897,709 for Tax Code 76028; \$709,205,112 for Tax Code 76029; and \$180,206,594 for Tax Code 76030, for a total of \$946,846,334. The Certified Initial EAV for the five Tax Codes primarily comprising the Original Project Area (76004, 76011, 76012, 76025 and 76026) totals \$54,536,919 and the Certified Initial EAV for the three Tax Codes comprising the majority of the Added Project Area (76028, 76029 and 76030) totals \$892,309,415.

"**City**" means the City of Chicago, Illinois.

"**Constructed Improvements**" means improvements that have been constructed or rehabilitated in the Central Loop Project Area as of the date of this Report, but were not fully assessed as of the most current levy year for which final EAV is available (1998). These redevelopment projects include: Hotel Burnham, Hotel Allegro, Hotel Monaco, Oriental Theatre, Cadillac Palace Theatre, 427 S. LaSalle, 431 S. Dearborn, the Singer Building, One Congress Center, and Symphony Center.

"**County**" means Cook County, Illinois.

"**CPI**" means the Consumer Price Index for All Urban Consumers for all items, published by the United States Department of Labor.

"**EAV**" means AV as equalized by the State Equalization Factor for the County.

"**Existing Improvements**" means improvements within the Central Loop Project Area as of their physical condition and assessed value through levy year 1998.

"**FMV**" means the estimated Fair Market Value as determined by the Assessor for each taxable parcel.

"**Fund**" means the Special Tax Allocation Fund established by the City and required by State law to be maintained in connection with the Central Loop Redevelopment Plan for the receipt of incremental property taxes.

"**Improvements Currently Under Construction**" means improvements within the Central Loop Project Area that are under construction or rehabilitation as of the date of this Report. These improvements include the following redevelopment projects: Sears Department Store, the Lytton Building, American Youth Hostel, Goodman Theatre Center, the London Guarantee Building, 68 E. Wacker Place, Art Institute Resident Housing, the Fisher Building, the Mentor Building, the McCormick Building, and 320 N. Michigan.

"**Incremental Property Tax**" or "**Incremental Property Taxes**" means (i) for each Tax Code within the Central Loop Project Area, the portion of property taxes generated from aggregate current EAV within such Tax Code over and above the Certified Initial EAV for such Tax Code as a result of the assessment and reassessment of land and improvements within such Tax Code, and (ii) for the Central Loop Project Area, the sum of the Incremental Property Taxes for all the Tax Codes within the Central Loop Project Area as described in clause (i) above.

"Local Ordinances" means, collectively, the Chicago Property Tax Limitation Ordinance and the Cook County Property Tax Relief Ordinance.

"Official Statement" means the document or documents published by the City describing the Bonds.

"Original Project Area" means the approximately 32 acres of land designated by the City as the North Loop Tax Increment Redevelopment Project Area in connection with the adoption of the North Loop Tax Increment Redevelopment Plan and Project on June 20, 1984, and amended in September 1987, which is generally bounded by LaSalle and Clark Streets on the west; Randolph and Washington Streets on the south; State and Wabash Streets on the east; and Haddock Place and Wacker Drive on the north.

"Original Redevelopment Plan" means the North Loop Tax Increment Redevelopment Area Redevelopment Plan and Project adopted by the City on June 20, 1984, as amended in September 1987.

"Outstanding Bonds" means the \$187,000,000 Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997, of which \$154,600,000 is outstanding as of July 1, 2000.

"Redevelopment Project Costs" means expenses estimated to be incurred in connection with the Central Loop Project Area and which are eligible for TIF financing in accordance with the Act.

"Report" means this *Report of Estimated Incremental Property Taxes* prepared by TPAP.

"State" means the State of Illinois.

"State Equalization Factor" means a multiplication factor issued by the Illinois Department of Revenue to the County which is applied to AV and is designed to make all real estate valuations State-wide equal to 33-1/3 percent of FMV.

"Tax Code" means the five-digit code assigned by the County to all tax parcels within the Central Loop Project Area that are subject to the taxing jurisdiction of the same combination of taxing districts. The Tax Codes assigned primarily to the Original Project Area are 76004, 76011, 76012, 76025 and 76026 and the Tax Codes assigned to the Added Project Area are 76028, 76029 and 76030.

"Tax Freeze Program" means the State of Illinois Property Tax Assessment Freeze Program created under the Illinois Revenue Act (35 ILCS 200/10-40) that provides an eight-year freeze on the AV of substantially rehabilitated owner-occupied residences that have been designated as historic buildings locally or nationally (either individually or as part of an historic district). The rehabilitation must be valued at 25 percent or more of the FMV of the property in the year that rehabilitation begins and must be conducted in a manner consistent with the United States Secretary of the Interior Standards for Rehabilitation. The AV is frozen at its level the year rehabilitation begins. After eight years, the AV is brought to market value gradually over the next four-year period.

"Tax Limitation Act" means *Property Tax Extension Limitation Act, Public Act 87-17 (35 ILCS 245/1-1 et seq.)* of the State, as amended.

"TIF" means tax increment financing as described in the Act.

"**TPAP**" means Trkla, Pettigrew, Allen & Payne, Inc., located at 222 South Riverside Plaza, Chicago, Illinois.

II. CENTRAL LOOP REDEVELOPMENT PLAN OVERVIEW

On June 20, 1984, the City adopted the Original Redevelopment Plan to overcome conditions of blight and to improve the economic and physical well-being of the City. The Original Project Area consists of a 9-block area in the City's historical "Loop" and is generally bounded by LaSalle and Clark Streets on the west; Randolph and Washington Streets on the south; State and Wabash Streets on the east; and Haddock Place and Wacker Drive on the north. The Original Project Area began generating Incremental Property Taxes in 1986.

On February 7, 1997, the City adopted the Central Loop Redevelopment Plan to provide for the continued redevelopment of the Original Project Area and to overcome declining conditions and the threat of blight within the Added Project Area. The Added Project Area contains approximately 138.9 acres and consists of two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east; and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south. The Added Project Area began generating Incremental Property Taxes in 1997.

Distributions of Incremental Property Taxes for levy year 1998 resulting from the Central Loop Project Area and distributed to the City totaled approximately \$39,993,345 as of March 31, 2000.

Figure 1, *Central Loop Redevelopment Project Area*, illustrates the location of the Original Project Area and the Added Project Area. The total land area (including alleys and rights-of-way) within the Central Loop Project Area is approximately 171 acres.

Major Redevelopment Projects

Completed Redevelopment Projects

Since the adoption of the Original Redevelopment Plan in 1984, many major redevelopment projects have been successfully implemented. New buildings and facilities have replaced many of the deteriorated and obsolete buildings that led to the designation of the Original Project Area and, as a result, have spurred redevelopment initiatives in the Central Loop Project Area since the adoption of the Central Loop Redevelopment Plan in 1997. The locations of all completed redevelopment projects are illustrated in Figure 2, *Major Redevelopment Projects to Date*.

Redevelopment projects that were completed in the Original Project Area through 1997 are summarized in Table 1 and are reflected in levy year 1998 FMV, AV and EAV data. These redevelopment projects are incorporated into the estimates of Incremental Property Taxes for Existing Improvements contained in this Report. Redevelopment Projects that have been completed in the Central Loop Project Area after

1997 are summarized in Table 2. The buildings and developments in Table 2 include projects that have been completed as of the writing of this Report, but were not fully assessed in the 1998 levy year and are referred to collectively as "Constructed Improvements." The estimates of Incremental Property Taxes for Constructed Improvements described in detail in Section IV of this Report incorporate estimates of value enhancements to EAV as full assessment is achieved.

TABLE 1: MAJOR REDEVELOPMENT PROJECTS, COMPLETED THROUGH 1997, (EXISTING IMPROVEMENTS)

<u>Address/Site</u>	<u>Building</u>	<u>Description of Redevelopment Activity</u>	<u>Completed</u>
35 W. Wacker	Leo Burnett Building	New Office Building	1989
161 N. Clark	Chicago Title Building	New Office Building	1992
77 W. Wacker	Donnelley Building	New Office Building	1992
203 N. LaSalle	203 North LaSalle	New Office Building	1985
190 N. State	State-Lake Building	Rehabilitation of Office Building	1989
55 W. Wacker	55 W. Wacker	Rehabilitation of Office Building	1987
201 N. Clark	Food Court/Fitness	New Retail/Commercial Building	1989
200 N. Dearborn	200 North Dearborn	New Apartment Building	1989
1 W. Wacker	Renaissance Hotel	New Full-Service Hotel	1991
30 E. Randolph	Field's Parking Garage	New Parking Garage	1990
171 N. Dearborn	Theatre Row Garage	New Parking Garage	1987
175 N. State	Chicago Theatre	Rehabilitation of Theatre	1986

TABLE 2: MAJOR REDEVELOPMENT PROJECTS, COMPLETED AFTER 1997 (CONSTRUCTED IMPROVEMENTS)

<u>Address/Site</u>	<u>Building</u>	<u>Description of Redevelopment Activity</u>	<u>Completed</u>
1 W. Washington	Hotel Burnham	Conversion to Full-Service Hotel	1999
171 W. Randolph	Hotel Allegro	Rehabilitation of Full-Service Hotel	1999
225 N. Wabash	Hotel Monaco	Rehabilitation of Full-Service Hotel	1998
427 S. LaSalle	Western Union Building	Rehabilitation of Office Building	1999
1 E. Congress	One Congress Center	Rehabilitation of Office Building	1998*
431 S. Dearborn	Manhattan Building	Condominium Conversion	1999
120 S. State	Singer Building	Residential/Office Condominium Conversion	1999
220 S. Michigan	Symphony Center	Rehabilitation of Auditorium/Office	1998*
20-24 W. Randolph	Oriental Theatre	Rehabilitation of Theatre	1998
151 W. Randolph	Cadillac Palace Theatre	Rehabilitation of Theatre	1999

*a portion of this project is assumed to be tax-exempt from levy year 1999 throughout the remaining life of the Central Loop Project Area.

Projects Currently Under Construction

Since 1997, several redevelopment projects contemplated in the Central Loop Redevelopment Plan have been initiated. Redevelopment projects that include Improvements Currently Under Construction are summarized in Table 3 and illustrated in Figure 2, *Major Redevelopment Projects To Date*. The estimates of Incremental Property Taxes for Existing Improvements, Constructed Improvements and Improvements Currently Under Construction described in detail in Section IV of this Report incorporate estimates of value enhancements to EAV as full assessment is achieved for all improvements. Other than the Improvements Currently Under Construction, the estimates of potential Incremental Property Taxes contained in this Report do not include any pending, proposed or incomplete project that may or may not occur within the Central Loop Project Area.

TABLE 3: MAJOR REDEVELOPMENT PROJECTS (IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION)

<u>Address/Site</u>	<u>Building</u>	<u>Description of Redevelopment Activity</u>	<u>Projected Completion</u>
1 N. Dearborn	Sears Department Store	Conversion of Office to Retail Department Store & Rehabilitation of Office	2001
14 E. Jackson	Lytton Building	Conversion of Retail Department Store to Office	2000
24 E. Congress	American Youth Hostel	Conversion of Commercial to Hostel & Student Housing	2000
150 N. Dearborn	Goodman Theatre Center	Rehabilitation of Theatres and New Commercial	2000*
360 N. Michigan	London Guarantee Building	Rehabilitation of Office Building	2001
68 E. Wacker Place	Wacker Tower	Rehabilitation of Office Building	2000
156-170 N. State	Butler Building/Art Institute Housing	Rehabilitation and Conversion for Student Housing/Theatre/ New Commercial	2001*
343 S. Dearborn	Fisher Building	Residential Conversion (rental)	2000
320 N. Michigan	Michigan Avenue Suites	Residential Conversion (rental)	2000
37 S. State	Mentor Building	Residential Conversion (condominium)	2001
330 S. Michigan	McCormick Building	Residential Conversion (condominium)	2000

*a portion of this project is assumed to be tax-exempt from levy year 1999 throughout the remaining life of the Central Loop Project Area.

Potentially Tax Exempt Redevelopment Projects

In addition to facilitating redevelopment activities associated with the buildings and properties described in Tables 2 and 3, the City may facilitate and/or approve redevelopment activities including acquisition and operation of properties by not-for-profit, tax-exempt entities (including the City) that may temporarily or permanently render these buildings and properties tax exempt. These buildings and properties and their assessment status as of levy year 1998 are summarized below.

<u>Building/Site</u>	<u>Address/Location</u>	<u>Tax Status in Levy year 1998</u>
Page Brothers Building	177 N. State	Taxable
6 E. Lake	6 E. Lake	Taxable
Dept. of Cultural Affairs	66 E. Randolph	Tax Exempt
Dept. of Cultural Affairs	70/72 E. Randolph	Taxable
Evans Building	36 S. State	Tax Exempt Land/Taxable Ground Lease

The estimates of Incremental Property Taxes contained in this Report assume that (i) all buildings and properties that were tax exempt in levy year 1998 will remain tax exempt throughout the remaining life of the Central Loop Project Area, unless so indicated for individual redevelopment projects; and (ii) all buildings and properties listed above as actual or potential candidates for reclassification from taxable to tax-exempt properties that were not tax exempt in levy year 1998, will become fully tax exempt in levy year 1999 or 2000, as appropriate, and remain tax exempt for the remaining life of the Central Loop Project Area.

In the event that additional buildings or sites which were included in the estimate of future EAV are acquired by the City or other parties and rendered tax exempt, future EAV and Incremental Property Taxes would be lower than the levels estimated in this Report. The estimates of potential Incremental Property Taxes contained in this Report do not include EAV or Incremental Property Taxes from any potential or proposed redevelopment project that may or may not occur subsequent to the City or any other not-for-profit entity acquiring any or all of the buildings and developments described above.

Public Redevelopment Program

The City proposes to achieve the redevelopment goals and objectives set forth in the Original Redevelopment Plan and the Central Loop Redevelopment Plan through various redevelopment improvements and activities authorized by the Act. The various categories of redevelopment improvements and activities described in the Central Loop Redevelopment Plan include: (i) provision of public works or improvements (including roadway, utility, streetscape, pedestrian walkway, parks, open space and transit improvements); (ii) rehabilitation of landmarks and Theatres; (iii) other building rehabilitation, conversion and reconstruction; (iv) land acquisition, demolition and site preparation; and (v) other redevelopment improvements and activities authorized in the Act.

Improvements *plus* Constructed Improvements contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

Based on the assumptions contained in this Report, and shown in Table 14 and Table 16, the assessment and reassessment of the land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction contained within the Central Loop Project Area is estimated to generate approximately \$405,333,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008 ranging from \$39,144,000 in collection year 2000 to \$49,815,000 in collection year 2008. Approximately \$49,734,000 of the total estimated Incremental Property Taxes of the land and Existing Improvements *plus* Constructed Improvements *plus* Improvements Currently Under Construction contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

APPENDIX C

FORMS OF OPINIONS OF CO-BOND COUNSEL

[Date of Closing]

City of Chicago
Chicago, Illinois

Cole Taylor Bank
Chicago, Illinois

We have acted as co-bond counsel in connection with the issuance and delivery by the City of Chicago (the "City") of \$98,900,000 aggregate principal amount of its Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Series 2000A Bonds"). The Series 2000A Bonds are issued pursuant to the Tax Increment Allocation Redevelopment Act of the State of Illinois, as amended, 65 ILCS 5/11-74.4-1, et seq. (the "Act").

We have examined a certified copy of the record of proceedings of the City relating to the Series 2000A Bonds, together with various accompanying certificates, pertaining to the issuance of the Series 2000A Bonds. The record of proceedings includes an ordinance adopted by the City Council of the City on May 17, 2000 (the "Ordinance") providing for the issuance of the Series 2000A Bonds. The Series 2000A Bonds are being issued pursuant to the Ordinance and a Trust Indenture dated as of October 1, 2000 from the City to Cole Taylor Bank, as trustee (the "Trustee"), as supplemented by a First Supplemental Indenture dated as of October 1, 2000 (collectively, the "Indenture"), from the City to the Trustee.

The Series 2000A Bonds are issuable in fully registered form in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof and are dated October 1, 2000. The Series 2000A Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and bear interest from their date, payable on June 1, 2001, and semiannually thereafter on June 1 and December 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2002	\$ 1,600,000	6.250%
2003	3,025,000	6.350%
2004	2,600,000	6.450%
2005	10,700,000	6.500%
2006	5,925,000	6.500%
2007	6,550,000	6.500%
2008	68,500,000	6.500%

On the basis of our examination of the aforementioned record of proceedings and such other documents, showings and related matters of law as we have deemed necessary in order to render this opinion, we are of the opinion that:

1. The City is a municipal corporation duly existing under the Constitution and laws of the State of Illinois (the "State"), and is a home rule unit of local government within the meaning of Article VII, Section 6(a) of the Illinois Constitution of 1970. The City has all requisite power and authority under the Constitution and laws of the State to adopt the Ordinance, to execute and deliver the Indenture, to issue, sell and deliver the Series 2000A Bonds, and to perform its obligations under the terms and conditions of the Series 2000A Bonds, the Ordinance and the Indenture.

2. The Ordinance has been duly adopted by the City Council of the City pursuant to the Act, is in full force and effect and is valid and binding upon the City.

3. The Indenture has been duly authorized, executed and delivered by the City, and assuming the due authorization, execution and delivery of such instrument by, and the binding effect of such instrument on, the Trustee, constitutes the legal, valid and binding obligation of the City.

4. The Series 2000A Bonds have been duly authorized and issued by the City in accordance with the Constitution and laws of the State, the Ordinance and the Indenture, are legal, valid and binding obligations of the City enforceable in accordance with their terms, and are entitled to the benefit and security of the Indenture.

5. The Series 2000A Bonds are valid and legally binding limited obligations of the City. The Series 2000A Bonds, together with additional bonds which may be issued in the future on a parity with the Series 2000A Bonds, have a claim for payment, as to principal, redemption premium, if any, and interest, on an equal and ratable basis solely from the Junior Lien Revenues (as defined in the Indenture), and from amounts in certain funds and accounts provided for in the Indenture, all as and to the extent and in the priority as provided for in the Indenture, and subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Series 2000A Bonds or the Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief. The Series 2000A Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. No owner of the Series 2000A Bonds shall have the right to compel the exercise of any taxing power of the City for payment of principal of the Series 2000A Bonds or interest or premium, if any, on the Series 2000A Bonds. No opinion is expressed as to the sufficiency of the Junior Lien Revenues to pay the principal of, premium, if any, or interest on the Series 2000A Bonds.

6. Under existing law, interest on the Series 2000A Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Series 2000A Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Series 2000A Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2000A Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Series 2000A Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Series 2000A Bonds. These requirements relate to the use and investment of the proceeds of the Series 2000A Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2000A Bonds and the use of the property financed with the proceeds of the Series 2000A Bonds. The City has covenanted in the Indenture to comply with these requirements.

Interest on the Series 2000A Bonds is not exempt from Illinois income taxes.

Respectfully yours,

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APPENDIX D
SPECIMEN BOND INSURANCE POLICY

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ACA Financial Guaranty Corporation
140 Broadway, 47th Floor
For information, contact:
New York, NY 10005
(212) 375-2000
(888) 427-2833

BOND INSURANCE POLICY

Policy Number:

Effective Date:

Issuer:

Bonds:

ACA FINANCIAL GUARANTY CORPORATION ("ACA"), a Maryland stock insurance company, in consideration of the payment of the premium and subject to the terms and conditions contained in this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as designated in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of any Owner, or, at the election of ACA, directly to such Owner, that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

ACA will make such payments to or for the benefit of each Owner on the later of the day on which such principal or interest becomes Due for Payment or the Business Day next following the Business Day on which ACA shall have received Notice of Nonpayment. ACA will disburse to or for the benefit of the Owner the face amount of principal of and interest on the Bond which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by ACA, in form reasonably satisfactory to it, of (i) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Owner's rights to payment of such principal or interest then Due for Payment shall thereupon vest in ACA. Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. Eastern prevailing time on such Business Day; otherwise, it will be deemed received on the next Business Day. Upon disbursement in respect of a Bond, ACA shall become the owner of such Bond, appurtenant coupon, if any, or right to payment of principal of or interest on such Bond and shall be fully subrogated to all of the Owner's rights thereunder, including the Owner's right to payment thereof to the extent of any payment by ACA hereunder. Payment by ACA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of ACA under this Policy.

This Policy is non-cancelable for any reason and the premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity.

The following terms shall have the meanings specified for all purposes of this Policy. The term "Owner" means, as to a particular Bond, the person other than the Issuer or any party whose direct or indirect obligation constitutes the underlying security for the Bonds, who at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means (a) when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless ACA shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a bond, the stated date for payment of interest. "Nonpayment" with respect to a Bond means the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Bond. "Nonpayment" shall also include any payment of principal or interest made to an Owner by or on behalf of the Issuer of such Bond which has been recovered from such Owner pursuant to a final, non-appealable order of a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law. "Notice" means telephonic or electronic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to ACA, which notice shall specify: (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the State of Maryland or the Insurer's Fiscal Agent are authorized or required by law to remain closed.

ACA may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent (a) copies of all notices required to be delivered to ACA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to ACA and shall not be deemed received until received by both and (b) all payments required to be made by ACA under this Policy may be made directly by ACA or by the Insurer's Fiscal Agent on behalf of ACA. The Insurer's Fiscal Agent is the agent of ACA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of ACA to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

There shall be no acceleration payment due under this Policy except at the sole option of ACA.

IN WITNESS WHEREOF, ACA has caused this Policy to be affixed with its corporate seal and to be executed on its behalf by its duly authorized representative.

ACA FINANCIAL GUARANTY CORPORATION

[SEAL]

Authorized Representative



The delivery of the Series 2000A Bonds is subject to the opinions of Katten Muchin Zavis and McGaugh & Associates, Co-Bond Counsel, to the effect that, under existing law, interest on the Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and that, assuming continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended, interest on the Series 2000A Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Series 2000A Bonds is not an item of tax preference for purposes of computing individual and corporate alternative minimum taxable income. However, interest on the Series 2000A Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2000B Bonds is not excludable from gross income for federal income tax purposes. Interest on the Series 2000 Bonds is not exempt from present Illinois income taxes. See the discussion under the caption "TAX EXEMPTION."



\$142,346,614
City of Chicago
Tax Increment Allocation Bonds
(Central Loop Redevelopment Project), Series 2000
\$79,996,614 Series 2000A Bonds (Capital Appreciation Bonds)
\$62,350,000 Taxable Series 2000B Bonds (Current Interest Bonds)

Dated: Series 2000A Bonds — Delivery Date
 Series 2000B Bonds — October 1, 2000

Due: December 1, as shown on the inside cover page

The Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Series 2000A Bonds") and Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B (the "Series 2000B Bonds") and, together with the Series 2000A Bonds, the "Series 2000 Bonds") will be issued in fully registered form pursuant to a Trust Indenture dated as of November 1, 1997 (as supplemented and amended, the "Indenture") from the City of Chicago (the "City") to Cole Taylor Bank, as Trustee. The Depository Trust Company, New York, New York ("DTC"), will act as the securities depository for the Series 2000 Bonds and its nominee will be the Owner of the Series 2000 Bonds. Individual purchases of the Series 2000 Bonds will be recorded on a book-entry only system operated by DTC. For further details on ownership, payments, notices and other matters under the book-entry only system, see "DESCRIPTION OF THE SERIES 2000 BONDS — Book-Entry System" herein.

Payment of the Accreted Amount and principal of and interest on the Series 2000 Bonds when due will be insured by a municipal bond insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2000 Bonds.

Ambac

The Series 2000A Bonds will be issued as Capital Appreciation Bonds and the Series 2000B Bonds will be issued as Current Interest Bonds as described below and herein.

The Accreted Amount of each Series 2000A Bond and principal of each Series 2000B Bond are payable at maturity. Interest on each Series 2000B Bond is payable on each June 1 and December 1, commencing June 1, 2001.

The Series 2000 Bonds are not subject to redemption prior to maturity.

Proceeds of the Series 2000A Bonds, together with other available funds, will be used for the purposes of (i) paying a portion of the Project Costs of the Central Loop Redevelopment Project (the "Project"), (ii) funding the Debt Service Reserve Requirement for the Series 2000A Bonds and (iii) paying certain costs of issuance of the Series 2000A Bonds. Proceeds of the Series 2000B Bonds, together with other available funds, will be used for the purposes of (i) paying a portion of Project Costs, (ii) funding the Debt Service Reserve Requirement for the Series 2000B Bonds and (iii) paying certain costs of issuance of the Series 2000B Bonds.

Maturities, Amounts, Interest Rates and Yields are set forth on the inside of this cover page.

The Series 2000 Bonds are limited obligations of the City, payable solely from Pledged Revenues, including Incremental Taxes, as described herein, and from amounts on deposit in and pledged to certain funds and accounts as provided in the Indenture. THE SERIES 2000 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO OWNER OF THE SERIES 2000 BONDS WILL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY OTHER POLITICAL SUBDIVISION THEREOF, FOR ANY PAYMENT OF THE ACCRETED AMOUNT OR PRINCIPAL OF, OR INTEREST ON THE SERIES 2000 BONDS.

The Series 2000 Bonds are offered when, as, and if issued by the City, subject to the delivery of the legal opinions of Katten Muchin Zavis and McGaugh & Associates, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the City by us Corporation Counsel and for the Underwriters by their co-counsel, Sidley & Austin and Sanchez & Daniels, Chicago, Illinois. It is expected that the Series 2000 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about November 8, 2000.

Mesirow Financial, Inc.
Banc One Capital Markets, Inc.
Melvin Securities, L.L.C.

Loop Capital Markets, LLC
Berean Capital, Inc.
U.S. Bancorp Piper Jaffray, Inc.

MATURITY SCHEDULE

\$79,996,614 Series 2000A Bonds (Capital Appreciation Bonds)

<u>Maturity (December 1)</u>	<u>Original Principal Amount</u>	<u>Original Principal Amount Per \$5,000 Accreted Amount at Maturity</u>	<u>Approximate Yield to Maturity</u>	<u>Compound Accreted Amount at Maturity</u>
2005	\$10,730,604	\$3,887.90	5.030%	\$13,800,000
2006	24,344,430	3,688.55	5.080	33,000,000
2007	23,073,600	3,496.00	5.130	33,000,000
2008	21,847,980	3,310.30	5.180	33,000,000

(Price of all Capital Appreciation Bonds 100%)

\$62,350,000 Taxable Series 2000B Bonds (Current Interest Bonds)

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2002	\$ 8,100,000	6.550%	6.640%
2003	8,350,000	6.650	6.740
2004	27,925,000	6.700	6.800
2005	17,975,000	6.800	6.870

(Accrued interest on Series 2000B Bonds from October 1, 2000 to be added)

CITY OF CHICAGO

MAYOR

Richard M. Daley

CITY CLERK

James J. Laski

CITY COUNCIL COMMITTEE ON FINANCE

Edward M. Burke, Chairman

CHIEF FINANCIAL OFFICER

Walter K. Knorr

BUDGET DIRECTOR

Michael E. Harris

CITY COMPTROLLER

Phoebe S. Selden

DEPARTMENT OF PLANNING AND DEVELOPMENT

Christopher R. Hill, Commissioner

CORPORATION COUNSEL

Mara S. Georges

FINANCIAL ADVISOR

The Knight Group, Inc.
Chicago, Illinois

CO-BOND COUNSEL

Katten Muchin Zavis
Chicago, Illinois

McGaugh & Associates
Chicago, Illinois

CONSULTANT

Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

This Official Statement does not constitute an offer to sell the Series 2000 Bonds in any jurisdiction any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or make any representations, other than those contained herein, in connection with the offering of the Series 2000 Bonds, and, if given or made, such other information or representations must not be relied upon. The delivery of this Official Statement at any time does not imply that the information or opinions herein are correct as of any time subsequent to its date. The information set forth herein has been obtained by the Underwriters from the City, the Consultant, DTC and other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness. All expressions of opinion herein whether or not so stated as such are intended merely as such and not as representations of fact. This statement herein is to be considered as a contract with any purchaser or Owner of the Series 2000 Bonds.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made and information currently available to the City. These statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

No representation is made regarding whether the Series 2000 Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, or other institutions organized in such state, or fiduciaries subject to the laws of such state.

Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the redevelopment project herein described or in the affairs of the City or any other party since the dates as of which information is given herein.

The Series 2000 Bonds will not be registered under the Securities Act of 1933, as amended, pursuant to an exemption from the registration requirement of such act, and will not be listed on any stock or securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement or, other than the authorizing action by the City, approved the Series 2000 Bonds for sale. Any representation to the contrary may be a criminal offense.

This Official Statement is "deemed final" by the City for purposes of Rule 15c2-12 of the regulations under the Securities Exchange Act of 1934, as amended, except for any information permitted by such rule to be omitted.

In connection with the issuance of the Series 2000 Bonds, the City will enter into a Continuous Disclosure Undertaking. See "SECONDARY MARKET DISCLOSURE."

IN CONNECTION WITH THE OFFERING OF THE SERIES 2000 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2000 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. THE UNDERWRITERS ARE NOT OBLIGATED TO TAKE SUCH ACTIONS, AND SUCH STABILIZING ACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$142,346,614

**CITY OF CHICAGO
TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT), SERIES 2000
\$79,996,614 Series 2000A Bonds (Capital Appreciation Bonds)
\$62,350,000 Taxable Series 2000B Bonds (Current Interest Bonds)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and Appendices, sets forth information concerning the City of Chicago (the "City") and the City's \$79,996,614 Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Series 2000A Bonds") and \$62,350,000 Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B (the "Series 2000B Bonds"). The Series 2000A Bonds and the Series 2000B Bonds are referred to collectively as the "Series 2000 Bonds". The Series 2000 Bonds are being issued under and pursuant to the Tax Increment Allocation Redevelopment Act, Section 11-74.4-1 *et seq.* of the Illinois Municipal Code, as supplemented and amended (the "Act"), an ordinance adopted by the City Council of the City on May 17, 2000 (the "Ordinance"), and a Trust Indenture dated as of November 1, 1997 (the "Trust Indenture"), as amended by Amendment No. 1 to Indenture dated as of October 1, 2000 (the "Indenture Amendment No. 1"), and as supplemented by (i) a Third Supplemental Indenture dated as of October 1, 2000 relating to the Series 2000A Bonds (the "Third Supplemental Indenture") and (ii) a Fourth Supplemental Indenture dated as of October 1, 2000 relating to the Series 2000B Bonds (the "Fourth Supplemental Indenture"), each from the City to Cole Taylor Bank, as Trustee (the "Trustee"). The Trust Indenture, as amended and supplemented pursuant to its terms, is hereinafter referred to as the "Indenture." Capitalized words and terms used in this Official Statement and not defined elsewhere have the meanings set forth in APPENDIX A to this Official Statement.

The Series 2000 Bonds are limited obligations of the City, payable solely from Pledged Revenues, including Incremental Taxes, as described herein, and from amounts on deposit in and pledged to certain funds and accounts established under the Indenture.

Two Series of Bonds have been previously issued that have a parity lien and claim on Pledged Revenues with the Series 2000 Bonds: (i) the \$96,000,000 principal amount of the City of Chicago's Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997A (the "Series 1997A Bonds"), all of which are currently Outstanding as of July 1, 2000 and all of which will be advance refunded in connection with the issuance of the Series 2000 Bonds and (ii) the \$91,000,000 principal amount of the City of Chicago's Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 1997B (the "Series 1997B Bonds"), of which \$58,600,000 remain Outstanding as of July 1, 2000. Each of such Series of Bonds is, and each Series of the Series 2000 Bonds will be, secured by a separate Sub-

Account of the Reserve and Redemption Account set up and funded in the amount of the Debt Service Reserve Requirement for that Series at the time of issuance of that Series.

Concurrently with the issuance of the Series 2000 Bonds, the City is issuing \$98,900,000 principal amount of its Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A, as Junior Lien Obligations (the "Subordinate Series 2000A Bonds"). The Subordinate Series 2000A Bonds will be issued and secured under the Subordinate Indenture (as defined in APPENDIX A) and are described in an official statement separate from this Official Statement.

In connection with the issuance of the Subordinate Series 2000A Bonds, the City will covenant with the Owners of the Subordinate Series 2000A Bonds not to issue any additional Bonds (except Refunding Bonds) having a parity lien with the Series 2000 Bonds on the Pledged Revenues so long as any Subordinate Series 2000A Bonds are Outstanding. Subject to the preceding sentence, additional Bonds (and Refunding Bonds) having a parity lien with the Series 2000 Bonds on the Pledged Revenues may be issued in accordance with the provisions of the Indenture. See "SECURITY FOR THE BONDS" herein.

For a description of the use of proceeds of the Series 2000 Bonds, see "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS".

Prior to the issuance of the Series 2000 Bonds, the Trustee and the Bond Insurer for the Series 1997 Bonds are expected to consent to Amendment No. 1 to Indenture (which amends the provisions of the Trust Indenture relating to additional Bonds and additional Junior Lien Obligations). Such amendments are reflected in this Official Statement as if they are currently effective. See "SECURITY FOR THE BONDS - Additional Bonds; Refunding Bonds; Junior Lien Obligations" and "THE INDENTURE - Additional Bonds; Refunding Bonds; Junior Lien Obligations" herein.

The City's Central Loop Redevelopment Project Area, consisting of approximately 171 acres, was designated pursuant to an ordinance adopted by the City Council of the City on February 7, 1997. The Central Loop Redevelopment Project Area is an expansion of the North Loop Redevelopment Project Area, which consisted of approximately 32 acres (nine blocks), originally established by the City in June of 1984 (the "Original Project Area"). The Central Loop Redevelopment Project Area consists of the Original Project Area and approximately 139 acres (24 full and 14 partial blocks) added on February 7, 1997 (the "Added Project Area"). See "CENTRAL LOOP REDEVELOPMENT PROJECT AREA" herein.

The summaries of, and references to, all documents, agreements, ordinances, statutes, reports or other instruments referred to in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, agreement, ordinance, statute, report or instrument.

THE CITY

The City was incorporated in 1837. The City is a municipal corporation and home rule unit of local government under the 1970 Illinois Constitution and as such "may exercise power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and

welfare; to license; to tax; and to incur debt.” The General Assembly of the State of Illinois may limit, by a three-fifths vote of each legislative house, the amount of debt incurred by home rule municipalities. To date, it has not done so.

PLAN OF FINANCE

Proceeds of the Series 2000 Bonds, together with other available funds, will be used for the purposes of (i) paying a portion of the Project Costs of the Central Loop Redevelopment Project described herein (the “Project”), (ii) funding the Debt Service Reserve Requirements for the Series 2000 Bonds and (iii) paying certain costs of issuance of the Series 2000 Bonds. Proceeds of certain Junior Lien Obligations (defined as the “Subordinate Series 2000A Bonds”) to be issued concurrently with the Series 2000 Bonds, together with other available funds, will be used for the purposes of (i) advance refunding the Series 1997A Bonds (as described herein), (ii) paying a portion of the Project Costs of the Project, (iii) funding the Debt Service Reserve Requirement for the Subordinate Series 2000A Bonds and (iv) paying certain costs of issuance of the Subordinate Series 2000A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE.”

Advance Refunding of Series 1997A Bonds

Proceeds of the Subordinate Series 2000A Bonds, together with other available funds, will be used to provide funds necessary to advance refund and retire all of the \$96,000,000 principal amount of the City’s outstanding Series 1997A Bonds. At or prior to delivery of the Series 2000 Bonds, the City will enter into an Escrow Agreement (the “2000 Escrow Agreement”) with Cole Taylor Bank, as Escrow Agent, providing for the establishment of an escrow account for the Series 1997A Bonds (the “2000 Escrow Fund”) and the payment of interest on the advance refunded Series 1997A Bonds accruing on or prior to the applicable maturity date, and the principal amounts of the advance refunded Series 1997A Bonds as the same becomes due, from money in the 2000 Escrow Fund.

The proceeds of the Subordinate Series 2000A Bonds and other available funds so deposited will be applied to the purchase of U.S. Treasury obligations, the principal of and interest on which, when due, will provide for the payment from the 2000 Escrow Fund of the principal amount of and interest on the advance refunded Series 1997A Bonds as the same becomes due. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein. McGladrey & Pullen LLP, Minneapolis, Minnesota, will verify at the time of delivery of the Series 2000 Bonds that the investments in the 2000 Escrow Fund for the advance refunded Series 1997A Bonds will mature at such times and yield interest in such amounts so that, if paid on maturity or when such interest becomes due, sufficient moneys will be available from the maturing principal and interest thereof to pay, when due, the principal of and interest on the advance refunded Series 1997A Bonds.

Upon making the deposits referred to above, the City’s obligations with respect to the Owners of the advance refunded Series 1997A Bonds will be fully discharged and such Owners will be entitled to payment only from the moneys in the 2000 Escrow Fund established therefor.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds, other than accrued interest, are as follows:

	<u>Series 2000A</u>	<u>Series 2000B</u>	<u>Subordinate Series 2000A</u>	<u>Total</u>
<u>Sources of Funds</u>				
Par Amount of Bonds.....	\$ 79,996,614	\$ 62,350,000	\$ 98,900,000	\$241,246,614
Original Issue (Discount)/ Premium.....	-	(189,356)	(741,666)	(931,022)
Series 1997A Sub-Account of Reserve and Redemption Account (1).....	-	-	10,046,870	10,046,870
Total Sources	\$ 79,996,614	\$ 62,160,644	\$108,205,204	\$250,362,462
<u>Uses of Funds</u>				
Project Costs(2).....	\$ 70,436,541	\$ 54,830,475	\$ 934,777	\$126,201,793
Advance Refunding of Series 1997A Bonds.....	-	-	94,960,136	94,960,136
Deposits to Principal and Interest Account(1).....			156,870	156,870
Deposits to Reserve and Redemption Sub-Accounts(1).	7,999,661	6,235,000	9,890,000	24,124,661
Issuance Costs(3).....	903,240	648,558	953,324	2,505,122
Underwriters' Discount.....	657,172	446,611	1,310,097	2,413,880
Total Uses	\$ 79,996,614	\$ 62,160,644	\$108,205,204	\$250,362,462

1. The Debt Service Reserve Requirement for the Series 1997A Bonds will be used to fund the Debt Service Reserve Requirement for the Subordinate Series 2000A Bonds with the balance deposited in the Principal and Interest Account for the Subordinate Series 2000A Bonds.
2. Includes certain costs (estimated at \$57 million for the Millennium Park project and the Grant Park Garage South project) which involve public property that is either contiguous to, or separated only by a public right of way from, the Central Loop Redevelopment Project Area, as permitted under the Act, the Subordinate Lien Indenture and the Senior Lien Indenture.
3. Includes the premium for the Municipal Bond Insurance Policy for the Series 2000 Bonds and the premium for the Bond Insurance Policy for the Subordinate Series 2000A Bonds that are Insured Bonds.

DESCRIPTION OF THE SERIES 2000 BONDS

Series 2000A Bonds

The Series 2000A Bonds will be issued as fully registered Capital Appreciation Bonds in denominations of \$5,000 of Accreted Amount at maturity or any integral multiple thereof. The Series 2000A Bonds will be initially dated the date of delivery and will mature on

December 1 of the years and in the amounts shown on the inside cover page hereof. Interest on the Series 2000A Bonds will be accumulated and compounded from their date, at the approximate yields to maturity set forth on the inside cover page hereof, semi-annually on June 1 and December 1, commencing December 1, 2000, until maturity. The Accreted Amount of each Series 2000A Bond, including such interest, will be payable only at maturity upon presentation of such Series 2000 Bond at the principal corporate trust office of the Trustee, or its successor in trust.

A table of Accreted Amounts, per each \$5,000 of Accreted Amount at maturity, on each June 1 and December 1 is included as APPENDIX E. The Accreted Amount of each Series 2000A Bond on any date other than June 1 and December 1 will be determined conclusively by the Trustee by interpolating the Accreted Amount using the straight line method, by reference to the Accreted Amount on the June 1 and December 1 immediately prior to and immediately after such determination date, and the number of days (based on a 360-day year of twelve 30-day months) elapsed since the June 1 or December 1 immediately prior to such date.

Series 2000B Bonds

The Series 2000B Bonds will be issued as fully registered Current Interest Bonds in denominations of \$5,000 in principal amount or any integral multiple thereof. The Series 2000B Bonds will be initially dated the dated date, will mature on December 1 of the years and in the amounts, and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates and payable on the dates, set forth on the cover page and inside cover page hereof. The principal of the Series 2000B Bonds shall be payable at the principal corporate trust office of the Trustee, or its successor in trust, upon presentation of such Series 2000B Bonds. Payment of interest on the Series 2000B Bonds shall be made to the Owners thereof and shall be paid by check or bank draft mailed or delivered by the Trustee to the person in whose name each Series 2000B Bond is registered on the Record Date at his or her address as it appears on the registration books of the City maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee. The "Record Date" is May 15 and November 15 of each year.

No Redemption Prior to Maturity

The Series 2000 Bonds are not subject to redemption prior to maturity.

Negotiability, Transfer, Exchange and Registry

The Series 2000 Bonds will be negotiable, subject to the following provisions for registration, exchange and transfer. The City shall maintain and keep, at the office of the Registrar, books for the registration and transfer of Series 2000 Bonds. The City has appointed the Trustee to serve as the Registrar pursuant to the Indenture. Upon presentation of any Series 2000 Bond for registration and transfer at the office of the Registrar, the City shall register or cause to be registered upon those books, and shall permit to be transferred on those books, any Series 2000 Bond entitled to registration or transfer.

Each Series 2000 Bond shall be transferable only by the Owner of the Series 2000 Bond in person or by such Owner's attorney duly authorized in writing, upon surrender of the Series 2000 Bond together with a written instrument of transfer satisfactory to the Registrar, duly

executed by the Owner or such Owner's duly authorized attorney. Upon the transfer of any such Series 2000 Bond, the City shall execute and the Trustee shall and deliver a new Series 2000 Bond or Series 2000 Bonds registered as disinstrument of transfer, of the same Series, aggregate principal amount or Accreted maturity as the surrendered Series 2000 Bonds. The Series 2000 Bonds may, upon the office of the Registrar with a written instrument of transfer satisfactory to the City, be executed by the Owner or such Owner's duly authorized attorney, be exchanged for Series 2000 Bonds of the same aggregate principal amount or Accreted Amount of Series 2000 Bonds of the same maturity and interest rate or approximate yield to maturity.

The City and each Fiduciary may deem and treat the person in whose name a Series 2000 Bond is registered upon the registration books of the City as the absolute owner of such Series 2000 Bond, whether such Series 2000 Bond be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Accreted Amount or interest, or premium, if any, and interest on such Series 2000 Bond and for all other purposes. Payments so made to any such Owner or upon its order will be valid and effective and will discharge the liability upon such Series 2000 Bond to the extent of the sum or sums so paid, and neither the City nor any Fiduciary will be affected by any notice to the contrary.

For every transfer or exchange of Series 2000 Bonds, the City, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other charge required to be paid with respect to such transfer. The Registrar and the Trustee shall be required to make any registration, transfer or exchange of Series 2000 Bonds within the period between each Record Date and the next succeeding Interest Payment Date.

Book-Entry System

The following information concerning The Depository Trust Company, New York, New York ("DTC"), has been furnished by DTC. Neither the City nor the Trustee take responsibility for its accuracy or completeness.

The Series 2000 Bonds will initially be issued as registered bonds through a book-entry system operated by DTC, acting as securities depository for the Series 2000 Bonds. Ownership of one fully registered Series 2000 Bond for each maturity of each Series 2000 Bond will be shown on the inside cover page, each in the aggregate principal amount of such maturity and registered in the name of Cede & Co., as nominee for DTC. DTC has advised that it is a limited purpose trust company organized under the laws of the State of New York and is a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code, and a "clearing agency" registered pursuant to the Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to facilitate the securities of participating members (the "Participants") and to facilitate the settlement of securities transactions among Participants in such securities through book-entry changes in accounts of the Participants, thereby eliminating the need for the physical movement of securities certificates. Participants include securities brokers and dealers, trust companies, clearing corporations and certain other organizations, some of which are themselves members of DTC (each, a "Participant"). Access to the DTC system is also available to banks, brokers, dealers and trust companies that clear through or maintain a clearing relationship with a Participant, either directly or indirectly.

Ownership interests in the Series 2000 Bonds may be purchased only by or through Participants. Such Participants and the persons for whom they acquire interests in the Series 2000 Bonds as nominees will not receive certificated Series 2000 Bonds, but each Participant will receive a credit balance in the records of DTC in the amount of such Participant's interest in the Series 2000 Bonds, which will be confirmed in accordance with DTC's standard procedures. Each such person for whom a Participant has an interest in the Series 2000 Bonds, as nominee, may desire to make arrangements with such Participant to have all notices of redemption, if any, or other communications of the City to DTC which may affect such persons forwarded in writing by such Participant and to have notification made of all principal and interest payments. **NEITHER THE CITY NOR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION IN ANY RESPECT TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2000 BONDS.**

DTC will receive payment of interest and principal and premium, if any, on the Series 2000 Bonds from the Trustee, to be remitted to the Participants for the benefit of the beneficial owners, and thereafter paid by the Participants to the beneficial owners. The ownership interest of each beneficial owner in the Series 2000 Bonds will be recorded through the computerized book-entry system operated by DTC and through the records of the Participants.

When reference is made to any action which is required or permitted to be taken by the beneficial owners, such reference relates only to those persons permitted to act (by statute, regulation or otherwise) on behalf of such beneficial owners for such purposes. When notices are given, they will be sent by the City or the Trustee to DTC with a request that DTC forward (or cause to be forwarded) the notices to the Participants so that such Participants may forward (or cause to be forwarded) the notices to the beneficial owners.

It will be the responsibility of the Participants to furnish confirmations of purchases of the Series 2000 Bonds to the beneficial owners. Transfers of ownership interests in the Series 2000 Bonds will be accomplished by book entries made by DTC and the Participants who act on behalf of the beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in the Series 2000 Bonds, except as specifically provided in the Indenture. Interest, principal and premium, if any, will be paid by the Trustee to DTC, then paid by DTC to the Participants, and thereafter paid by the Participants to the beneficial owners when due.

For every transfer and exchange of the Series 2000 Bonds, the City, the Trustee, DTC and the Participants may charge the beneficial owner a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to it.

DTC may determine to discontinue providing its services with respect to the Series 2000 Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City is obligated to deliver Series 2000 Bond certificates as described in the Indenture. If the Authorized Officer of the City determines that DTC or a successor is incapable of discharging its responsibilities as a securities depository for the Series 2000 Bonds or that it is in the best interests of the beneficial owners that they be able to obtain certificated Series 2000 Bonds, the City may cause the Trustee to authenticate and deliver Series 2000 Bond

certificates to Participants. If DTC is no longer to serve as securities depository for the Series 2000 Bonds, DTC, the City and the Trustee shall cooperate with one another in taking appropriate action to make available separate certificates evidencing the Series 2000 Bonds to the Participants having Series 2000 Bonds credited to their DTC accounts or arrange for another securities depository operating a book-entry securities depository to maintain custody of certificates evidencing the Series 2000 Bonds.

The City and the Trustee will have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Series 2000 Bonds, (ii) the delivery to any Participant or any other person, other than an Owner, of any notice with respect to the Series 2000 Bonds, including any notice of redemption, if any, or (iii) the payment to any Participant or any other person, other than an Owner, of any amount with respect to principal of, premium, if any or interest on the Series 2000 Bonds.

SECURITY FOR THE BONDS

Limited Obligations

The Series 2000 Bonds, together with the interest and premium, if any, thereon, are limited obligations of the City, payable solely from Pledged Revenues, including Incremental Taxes, and the amounts on deposit in and pledged to certain funds and accounts as provided for in the Indenture, including the applicable Supplemental Indenture. No Owner of any Series 2000 Bond will have the right to compel the exercise of any taxing power of the City for payment of principal thereof or interest or premium, if any, thereon. **THE SERIES 2000 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION.**

Pledge of Pledged Revenues

The Series 2000 Bonds, the Series 1997 Bonds and any additional Bonds hereafter issued pursuant to the Indenture on a parity basis with the Series 2000 Bonds and the Series 1997 Bonds (collectively, the "Bonds") are secured by a pledge of Pledged Revenues and all of the moneys on deposit in certain accounts within the Incremental Taxes Fund, a trust fund established pursuant to the Act, the Ordinance and the Indenture for the purpose of carrying out the covenants, terms and conditions imposed upon the City by the Indenture. The term "Pledged Revenues" means "Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the Program Expenses Account and the Rebate Account) as provided in the Indenture, together with interest earnings thereon."

The Indenture provides that the Pledged Revenues are and will be free and clear of any other pledge, lien, charge or encumbrance prior to, or of equal rank with, the pledge and lien created by the Indenture except for the rights of holders of certain specified contractual obligations to payment of specific project redevelopment costs (the "Excluded Contractual Obligations," as defined in APPENDIX A to this Official Statement). At the time of the issuance of the Series 2000 Bonds, the City will represent that, with the exception of the Excluded Contractual Obligations, the Pledged Revenues are not subject to any claim, lien or contractual

obligation prior to or on a parity with the pledge and lien in favor of the Series 2000 Bonds and the Series 1997 Bonds as set forth in the Indenture. The City will further represent that it has reserved funds reasonably determined to be fully sufficient to satisfy the Excluded Contractual Obligations.

The Indenture provides that all of the Pledged Revenues will be set aside as collected and be deposited by the City Treasurer in the Incremental Taxes Fund. The pledge is irrevocable until the obligations of the City are discharged under the Indenture. The final maturity of the Series 2000 Bonds is December 1, 2008 and it is anticipated that Incremental Taxes levied in 2007 and collectable in 2008 will be available to pay Outstanding Series 2000 Bonds at such final maturity on December 1, 2008. The Central Loop Redevelopment Project terminates on December 31, 2008 and there is no assurance the Trustee will receive Incremental Taxes collected after that date. However, the City has covenanted in the Indenture to deposit, or cause to be deposited, Incremental Taxes the City receives that are attributable to levy year 2007 or any prior levy year, to the credit of the Incremental Taxes Fund in accordance with the Indenture. See "BONDOWNER'S RISKS - Limited Source of Payment" and "ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE."

Within the Incremental Taxes Fund, the following accounts will be established: the "Program Expenses Account," the "Principal and Interest Account," the "Reserve and Redemption Account," the "Rebate Account" and the "General Account." Within the Principal and Interest Account, a Capitalized Interest Sub-Account will be established. Within the Reserve and Redemption Account, a separate Sub-Account will be established for each Series of Bonds. With the exception of the General Account, all of the accounts and sub-accounts within the Incremental Taxes Fund will be held by the Trustee. All moneys on deposit in such accounts and sub-accounts, other than the Program Expenses Account and the Rebate Account, are pledged to the payment of the Bonds.

Debt Service Reserve Requirements

At the time of delivery of the Series 2000 Bonds, an amount equal to 10% of the principal amount of each Series of the Series 2000 Bonds will be deposited into a separate Sub-Account of the Reserve and Redemption Account established for such Series. The amount required to be maintained in each such Sub-Account (each a "Debt Service Reserve Requirement") shall be equal to 10% of the original principal amount of the Series secured by such Sub-Account. Moneys on deposit in each such Sub-Account will be transferred to the Principal and Interest Account as may be necessary from time to time to prevent or remedy a default in the payment of principal of or interest on the related Series of Series 2000 Bonds. Amounts on deposit in each Sub-Account in excess of its Debt Service Reserve Requirement shall be transferred to the Principal and Interest Account and applied to the payment of principal of the applicable Series of Series 2000 Bonds.

Incremental Taxes Fund

In accordance with the provisions of the Act and the Indenture, the Incremental Taxes are to be paid to the City Treasurer and then deposited into the Incremental Taxes Fund. All Pledged Revenues, including Incremental Taxes, deposited in the Incremental Taxes Fund shall be transferred by the City Treasurer to the Trustee for application by the Trustee in

accordance with the Indenture. All Pledged Revenues received by the Trustee shall be applied as follows:

Program Expenses Account. From Incremental Taxes first received by the Trustee, the Trustee shall credit to and shall deposit into the Program Expenses Account an amount of Incremental Taxes sufficient to pay Program Expenses for the next succeeding calendar year. Amounts on deposit in the Program Expenses Account are not pledged to the payment of the Bonds.

Principal and Interest Account. The Trustee shall next transfer the balance of the Incremental Taxes into the Principal and Interest Account. Except as provided below, such moneys shall be used solely and only for the purpose of paying principal of and redemption premium, if any, and interest on the Bonds as the same become due. Accrued and capitalized interest received upon the sale of Bonds that is deposited in the Capitalized Interest Sub-Account within the Principal and Interest Account or otherwise credited to the Principal and Interest Account shall be used to pay interest coming due on the Bonds prior to applying any other moneys for that purpose.

On December 1 of each year, the Trustee shall determine (i) the amount of Pledged Revenues credited to the Principal and Interest Account and (ii) the amount of proceeds of the Bonds, together with investment earnings on those proceeds, credited to the Capitalized Interest Sub-Account; provided, however, the Trustee shall determine the foregoing within 30 days of the receipt of Incremental Taxes if such Incremental Taxes have not been received by December 1. Moneys credited to the Capitalized Interest Sub-Account shall be deemed the first moneys available to pay interest on the Bonds, and shall be applied by the Trustee to interest first coming due on the Bonds. The Trustee shall determine the amount necessary to pay principal, interest, and redemption premium, if any, on the Bonds during the next succeeding calendar year after such December 1, which amount shall be set aside for such purpose within the Principal and Interest Account. After such necessary amount has been set aside within the Principal and Interest Account, funds in that account in excess of such necessary amount shall first be transferred by the Trustee to the Reserve and Redemption Account as provided below, and shall next be paid by the Trustee to the City Treasurer for deposit into the General Account.

Reserve and Redemption Account. The Trustee shall next transfer the balance of the Pledged Revenues into the Reserve and Redemption Account and shall credit any amounts so transferred, pro rata, among the separate Sub-Accounts of the Reserve and Redemption Account established for each Series of Bonds Outstanding until the aggregate amount in each Sub-Account equals the Debt Service Reserve Requirement for the related Series of Bonds. Thereafter no further transfers shall be made into such Sub-Accounts, except that when any money has been transferred from one of such Sub-Accounts to the Principal and Interest Account, transfers into such Sub-Account from Pledged Revenues shall be resumed and continued until that Sub-Account has been restored to an aggregate amount equal to the Debt Service Reserve Requirement for the related Series of Bonds. The Trustee shall value the investments in the Reserve and Redemption Account, on the basis of market price, on the 15th day preceding each June 1 and December 1.

Moneys on deposit in each Sub-Account of the Reserve and Redemption Account shall be transferred to the Principal and Interest Account as may be necessary from time to time to prevent or remedy a default in the payment of interest or premium, if any, on or principal of the applicable Series of Bonds. Amounts on deposit in each Sub-Account in excess of its Debt Service Reserve Requirement shall be transferred to the Principal and Interest Account and applied to the payment of principal of the applicable Series of Series 2000 Bonds.

General Account. The balance of the Pledged Revenues remaining after crediting the required amounts to the respective accounts described above shall be transferred to the City Treasurer and credited to the General Account. Moneys on deposit in the General Account shall be transferred by the Treasurer first, if necessary, to remedy any deficiencies in any account in the Incremental Taxes Fund, including the Rebate Account, as determined by the Trustee; second, for the purpose of crediting the amounts to the respective accounts established under any indenture with respect to any Junior Lien Obligations; and then for one or more of the following purposes without any order or priority as directed by the Chief Financial Officer:

- (i) for the purpose of paying any Project Costs;
- (ii) for the purpose of redeeming Bonds;
- (iii) for the purpose of purchasing Bonds at a price not in excess of par and accrued interest and applicable redemption premium, if any, to the date of purchase;
- (iv) for the purpose of paying principal, interest or Accreted Amount of any Junior Lien Obligations;
- (v) for the purpose of redeeming any Junior Lien Obligations;
- (vi) for the purpose of purchasing any Junior Lien Obligations at a price not in excess of par and accrued interest and applicable redemption premium, if any, to the date of purchase; or
- (vii) for the purpose of distribution of such funds to the taxing districts or municipal corporations having the power to tax real property in the Central Loop Redevelopment Project Area in accordance with the Act.

Rebate Account. There shall be deposited into the Rebate Account, from the General Account as necessary, amounts necessary to fund the Rebate Account in anticipation of making required rebate payments to the United States in accordance with the City's tax compliance agreement. The amount to be so deposited will be certified to the Trustee from time to time by the City. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from the Rebate Account. Amounts on deposit in the Rebate Account are not pledged to the payment of the Bonds.

Investments. The moneys on deposit in the Incremental Taxes Fund and the various accounts in the Incremental Taxes Fund shall be invested from time to time in Investment Securities that mature no later than necessary to provide moneys when needed for payments from such Fund or accounts, pursuant to directions from the City to the Trustee (or by the City directly if in the General Account). Any such investments may be sold from time to time as moneys may be needed for the purposes for which the Incremental Taxes Fund and such accounts have been created. In addition, the Trustee and the City Treasurer shall sell such investments when necessary to remedy any deficiency in the Incremental Taxes Fund or such accounts created in the Incremental Taxes Fund. Any earnings on such investments in the Reserve and Redemption Account shall be credited to and held in the applicable Sub-Accounts of the Reserve and Redemption Account so long as the balance of any Sub-Account is less than the Debt Service Reserve Requirement for such Sub-Account, and next shall be transferred to the Principal and Interest Account. All other investment earnings shall be attributed to the account within the Incremental Taxes Fund for which the investment was made.

Additional Bonds; Refunding Bonds; Junior Lien Obligations

In connection with the issuance of the Subordinate Series 2000A Bonds, the City will covenant with the Owners of the Subordinate Series 2000A Bonds not to issue any additional Bonds (except Refunding Bonds) having a parity lien with the Series 2000 Bonds on the Pledged Revenues so long as any Subordinate Series 2000A Bonds are Outstanding.

Subject to the preceding paragraph and to complying with the conditions set forth in the Indenture, the City may issue additional Bonds, Junior Lien Obligations or Refunding Bonds. See "THE INDENTURE - Additional Bonds; Refunding Bonds; Junior Lien Obligations" herein. Except with respect to Sub-Accounts of the Reserve and Redemption Account which secure particular Series of Bonds and as otherwise provided in the Indenture, any such additional Bonds or Refunding Bonds will share ratably and equally with the Series 2000 Bonds in the Pledged Revenues, including Incremental Taxes and the funds and accounts established by the Indenture and will not have any terms creating a preference or priority of any Series of additional Bonds or Refunding Bonds over the Series 2000 Bonds or the Series 1997 Bonds or any other Series of additional Bonds or Refunding Bonds.

With respect to all Series of Bonds, other than Refunding Bonds, issued and delivered subsequent to the delivery of the Series 2000 Bonds, the City is required to deliver a certificate of an Authorized Officer:

(i) setting forth the amount of the Pledged Revenues in the most recently ended calendar year next preceding the date of issuance of such Bonds;

(ii) setting forth for the current Bond Year and each Bond Year thereafter, the Annual Debt Service Requirement on account of all Bonds then Outstanding and the Bonds proposed to be issued under the Indenture;

(iii) establishing that the amount shown in paragraph (i) above shall be not less than 125 percent of the Maximum Annual Debt Service Requirement on account of all Bonds then Outstanding and the Bonds proposed to be issued (exclusive of the final

maturing principal amount of any series to the extent of the applicable Debt Service Reserve Requirement if amounts held in the Reserve and Redemption Account for such series are expected to be available to pay Bonds of such series on such final maturity date); and

(iv) stating, that all required deposits to all Funds, Accounts and Sub-Accounts under the Indenture are current.

Any Junior Lien Obligations shall be subordinate to the Series 2000 Bonds, the Series 1997 Bonds and any additional Bonds and Refunding Bonds and shall have the terms established in the indenture or indentures supplemental to the Indenture authorizing such issuance of such Junior Lien Obligations.

The City is issuing Junior Lien Obligations (defined as the "Subordinate Series 2000A Bonds") concurrently with the issuance of the Series 2000 Bonds. See "PLAN OF FINANCE". The City has no present plans to issue additional Bonds, Refunding Bonds or other Junior Lien Obligations, but may do so in the future.

For a more detailed description of the conditions required to issue additional Bonds, Refunding Bonds and Junior Lien Obligations, see "THE INDENTURE - Additional Bonds; Refunding Bonds; Junior Lien Obligations" herein.

BOND INSURANCE

The following information concerning Ambac Assurance Corporation has been provided by representatives of Ambac Assurance Corporation and has not been independently confirmed or verified by the City or the Underwriters or their respective counsel. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material changes in such information subsequent to the date of such information or the date hereof. Summaries of or references to the insurance policy to be issued by Ambac Assurance Corporation are made subject to all the detailed provisions thereof to which reference is hereby made for further information and do not purport to be complete statements of any or all of such provisions. See "APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$4,031,000,000 (unaudited) and statutory capital of approximately \$2,474,000,000 (unaudited) as of March 31, 2000. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service and Fitch IBCA, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its Municipal Bond Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Series 2000 Bonds.

Ambac Assurance makes no representation regarding the Series 2000 Bonds or the advisability of investing in the Series 2000 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under this heading "BOND INSURANCE" and "APPENDIX D - Specimen Municipal Bond Insurance Policy."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Incorporation of Certain Documents by Reference

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement:

- (1) The Company's Current Report on Form 8-K dated January 26, 2000 and filed on January 27, 2000;
- (2) The Company's Current Report on Form 8-K dated March 13, 2000 and filed on March 13, 2000;
- (3) The Company's Current Report on Form 8-K dated March 21, 2000 and filed on March 22, 2000;

(4) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 and filed on March 30, 2000;

(5) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 and filed on May 12, 2000; and

(6) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 and filed on August 11, 2000.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information."

Y2K Update

To date the Company has had no disruptions with its internal computer systems as a result of what is commonly known as the Y2K problem. Although the Company had been running tests on its critical systems throughout 1999, a final live test occurred on January 1, 2000. The results of this test indicated that the Company's internal computer systems, and the normal business activities and operations that depend on them have not been adversely impacted by Y2K sensitive dates.

Although Ambac Assurance does not expect issuers of obligations insured by Ambac Assurance to experience significant disruptions due to Y2K, in reality it will take considerable time before Ambac Assurance can fully assess how all of them have fared.

Payment Pursuant to Municipal Bond Insurance Policy

Ambac Assurance has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Series 2000 Bonds effective as of the date of issuance of such Bonds. Under the terms of the Municipal Bond Insurance Policy, Ambac Assurance will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2000 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2000 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates, in the case of principal, and on stated dates for payment, in the case of interest. In the event of any acceleration of the principal of the Series 2000 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2000 Bond which has become Due for Payment and which is made to a Series 2000

Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Municipal Bond Insurance Policy. Specifically, the Municipal Bond Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or paying agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Series 2000 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2000 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of a Bondholder's entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of such Series 2000 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2000 Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

BONDOWNER'S RISKS

The following is a summary of some of the risks that may affect an investment in the Series 2000 Bonds. The following summary is not intended to be complete and does not purport to identify all possible risks that should be considered by prospective purchasers of Series 2000 Bonds. For a further discussion of risks, see the Consultant's Report (including the Addendum thereto dated October 6, 2000 and the Addendum thereto dated September 18, 2000) attached hereto as APPENDIX B.

In particular, prospective purchasers of the Series 2000 Bonds should note that changes in any of the matters affecting the amount or collection of Incremental Taxes (such as, for example, Assessed Valuation, the multiplier, tax rates or changes in law or tax procedures) could reduce the amount of Incremental Taxes to an amount that, together with any available funds, is insufficient to pay debt service on the Series 2000 Bonds and the Subordinate Series 2000A Bonds when due.

Limited Source of Payment

The Series 2000 Bonds are limited obligations of the City, payable solely from Pledged Revenues set aside in the Incremental Taxes Fund, consisting primarily of Incremental Taxes derived by the City from the Central Loop Redevelopment Project Area. The Series 2000 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation or a pledge of the full faith and credit of the City or the State of Illinois. No Owner of the Series 2000 Bonds will have the right to compel the exercise of any taxing power of the City, the State or any other political subdivision thereof, for payment of the principal of or interest or premium, if any, on the Series 2000 Bonds. Subject to the covenant made to the owners of the Subordinate Series 2000A Bonds not to issue any additional Bonds (other than Refunding Bonds), additional Bonds (and Refunding Bonds), payable and secured on a parity basis with the Series 2000 Bonds and the Series 1997 Bonds, may be issued in the future. The Central Loop Redevelopment Project will terminate on December 31, 2008 and there is no assurance that Incremental Taxes collected after that date will be available for payment of the Series 2000 Bonds. However, the City has covenanted in the Indenture to deposit, or cause to be deposited, Incremental Taxes the City receives that are attributable to levy year 2007 or any prior levy year, to the credit of the Incremental Taxes Fund in accordance with the Indenture. See "SECURITY FOR THE BONDS - Pledge of Pledged Revenues" and "ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE" herein.

Assumptions in Consultant's Projections

The City has engaged the consulting firm of Trkla, Pettigrew, Allen & Payne, Inc. (the "Consultant") to prepare an estimate of Incremental Taxes to be collected annually from the Central Loop Redevelopment Project Area during the period from tax collection year 2000 through tax collection year 2008 (including the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000, the "Consultant's Report"). The Consultant's Report (which includes the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000) is attached as APPENDIX B; it is based on numerous assumptions set forth therein which are material to the estimates of Incremental Taxes to be collected. One of the Consultant's important assumptions is that none of the risks enumerated in the Consultant's Report will occur; the occurrence of any one or more of such enumerated risks could adversely affect the collection and receipt of Incremental Taxes. Certain of such enumerated risks are summarized in the following subcaptions. The City has not independently verified the projections of Incremental Taxes contained in the Consultant's Report (including the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000).

Economic Risks Affecting Incremental Taxes

Future collections of Incremental Taxes could be adversely affected by a number of economic factors not within the City's control resulting in reductions in Incremental Taxes available to pay debt service on the Series 2000 Bonds. Relocations of major property owners to sites outside the Central Loop Redevelopment Project Area or sales of major properties to tax-exempt entities could reduce the Assessed Valuation of the Central Loop Redevelopment Project Area. Substantial damage to, or destruction of, improvements that have been or will be constructed in the Central Loop Redevelopment Project Area could cause a material decline in Assessed Valuation and could impair the ability of the taxpayers in the Central Loop Redevelopment Project Area to pay their respective portions of real estate taxes. There can be

no assurance that the improvements in the Central Loop Redevelopment Project Area are or will be insured under fire and extended coverage insurance policies, and, even if such insurance exists, the proceeds thereof will not be assigned as security for the payment of real estate taxes or of the Series 2000 Bonds. In addition, any insurance proceeds may not be sufficient to repair or rebuild the improvements. The restoration of the improvements may be delayed by other factors, or the terms of then-applicable mortgage financing could require the application of insurance proceeds to the reduction of mortgage balances. Any of the foregoing circumstances could result in the Assessed Valuation of property in the Central Loop Redevelopment Project Area remaining depressed for an unknown period of time and decrease the amount of Incremental Taxes available to pay debt service on the Series 2000 Bonds.

No market feasibility study has been performed to determine the real estate market values or conditions that exist in the Central Loop Redevelopment Project Area. Results of operation of properties within the Central Loop Redevelopment Project Area depend, in part, on the rental rates and tenant occupancy levels, which may be adversely affected by competition, suitability of the Central Loop Redevelopment Project Area in its local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the Central Loop Redevelopment Project Area, vandalism, rising operating costs, and similar factors. Poor operating results of properties within the Central Loop Redevelopment Project Area may cause delinquencies in the payment of real estate taxes, reduce Assessed Valuations and increase the risk of foreclosures. Successful petitions by taxpayers to reduce their Assessed Valuations on the basis of poor operating results or otherwise could adversely affect Incremental Taxes available for payment of the Series 2000 Bonds.

Methodology to Determine Assessed Valuation

From time to time, classification percentages used for determining a property's Assessed Valuation may be reduced or the methodology for determining a property's Assessed Valuation may be modified. In addition, the Assessed Valuation of a property is subject to appeal before the Cook County Board of Review and the Illinois Property Tax Appeal Board (the "PTAB"). In two PTAB opinions rendered in March 2000, the PTAB chose not to apply the Cook County Classification Ordinance assessment levels. If, as a result of any such reduction, modification or appeal, the Assessed Valuations of properties located in the Central Loop Redevelopment Project Area were materially decreased, there could be an adverse material effect on Incremental Taxes generated in the Central Loop Redevelopment Project Area and the ability to pay debt service, first, on the Series 2000 Bonds and, second, on the Subordinate Series 2000A Bonds. See "REAL PROPERTY TAX SYSTEM - Real Property Assessment, Tax Levy and Collection Procedures - Assessment" and Section III of the Consultant's Report attached as APPENDIX B.

Changes in Multiplier and Tax Rates

The equalization factor annually determined by the Illinois Department of Revenue for properties located within Cook County (commonly referred to as the "multiplier") may vary substantially in future years. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Equalization." A decrease in the multiplier would reduce the Equalized Assessed Valuation of the taxable real property in the Central Loop Redevelopment Project Area and, therefore, the Incremental Taxes available to pay debt service on the Series 2000 Bonds. The future tax rates of the units of local government

levying taxes in the Central Loop Redevelopment Project Area (the "Units" described in "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Tax Levy"), either individually or on a composite basis, may differ from their historical levels. Any decrease in the composite tax rate of the Units would decrease the amount of Incremental Taxes available to pay debt service on the Series 2000 Bonds. Decreases in the composite tax rate of the Units could occur in future years as a result of various factors, including, but not limited to, one or more of the following: (a) reduced governmental costs; (b) constitutional or statutory spending, tax extension or tax rate limitations; (c) reduced reliance on real property taxes as a source of local government funding; or (d) governmental reorganization or consolidation. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Property Tax Limits" herein.

Changes in Law

In recent years, a number of states have considered or enacted various legislation significantly reducing the reliance of local governmental units on real estate taxes. Illinois has considered, but not yet enacted, such legislation. Any such legislation could reduce the tax levy amount that could be extended to property in a redevelopment project area and, consequently, would reduce the incremental taxes generated in that area.

There can be no assurance that such legislation will not become law in the future. Enactment of a law reducing or abating real estate taxes for local school districts could have a material adverse effect on Incremental Taxes generated in the Central Loop Redevelopment Project Area and the ability to pay debt service on the Series 2000 Bonds. Similarly, other future changes in law reducing governmental reliance on real property taxes or amending the Act could adversely affect the amount of Incremental Taxes collected by the City, and any such adverse effect may be material.

Changes in Tax Procedures

The estimates of Incremental Taxes contained in the Consultant's Report relate to collections of Incremental Taxes from the Central Loop Redevelopment Project Area by tax code. In particular, the City and the Consultant have assumed, based on the Cook County Clerk's current practice and procedures, that future declines in the Equalized Assessed Valuations of properties in one tax code below the certified initial Equalized Assessed Valuations of such properties would not adversely affect the estimates of Incremental Taxes for the other tax codes set forth in the Consultant's Report. However, neither the City nor the Consultant can assure that the County Clerk will not change such practice and procedures in the future in a manner that would adversely affect such estimates of Incremental Taxes. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures - Property Tax Limits" herein and the discussion of "Tax Codes" in Section IV of the Consultant's Report in APPENDIX B.

Transfer of Amounts from Incremental Taxes Fund

The Central Loop Redevelopment Project Area is contiguous with other redevelopment project areas designated by the City pursuant to the Act and may become contiguous with others. The Act allows the City to expend Incremental Taxes collected from the Central Loop Redevelopment Project Area which are in excess of the amounts required in each

year to pay and secure obligations issued and Project Costs incurred with respect to the Central Loop Redevelopment Project Area to pay for costs eligible for payment under the Act which are incurred in these contiguous areas. In addition, the Act permits the City to utilize revenues or proceeds of obligations authorized under the Act to pay for costs which involve public property that is either contiguous to, or separated only by a public right of way from, the Central Loop Redevelopment Project Area. If the Incremental Taxes from the Central Loop Redevelopment Project Area exceed the amounts required to pay principal and interest coming due on the Bonds and Junior Lien Obligations in any year and are allocated to a contiguous redevelopment project area or public property, such Incremental Taxes will not be available to remedy any future failure to pay principal of and interest on the Bonds or any deficiency in the required balances in the funds and accounts within the Incremental Taxes Fund.

ESTIMATED DEBT SERVICE AND DEBT SERVICE COVERAGE

The following table is based on certain information derived from the Consultant's Report (excluding the Addendum thereto dated October 6, 2000 and the Addendum thereto dated September 18, 2000), prepared by Trkla, Pettigrew, Allen & Payne, Inc. (the "Consultant"), attached to this Official Statement as APPENDIX B, and on certain assumptions made by the Underwriters, as referenced in the following footnotes.

CITY OF CHICAGO Tax Increment Allocation Bonds (Central Loop Redevelopment Project)

Series 2000A and 2000B Bonds Debt Service Coverage (1)

Year Ending December 31(1)	Prior Year's Estimated Incremental Taxes (2)	Estimated Senior Lien Fund Earnings(3)	Senior Lien Debt Service Reserve Fund Principal(4)	Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application	1997B Bonds Debt Service	Series 2000 Bonds Debt Service	Total Annual Senior Lien Debt Service and Estimated Program Expenses(5)	Estimated Debt Service Coverage(6)
2001	\$ 39,144,000	\$ 1,896,000	\$ 5,050,000	\$ 46,090,000	\$ 21,224,250	\$ 4,875,617	\$ 26,134,867	1.76
2002	40,908,000	2,898,580	1,860,000	45,666,580	20,577,375	12,279,100	32,891,475	1.39
2003	42,284,000	2,691,280	2,010,000	46,985,280	20,855,438	11,998,550	32,888,988	1.43
2004	43,537,000	2,575,180	180,000	46,292,180	1,857,375	31,018,275	32,910,650	1.41
2005	46,172,000	2,509,480	6,235,000	54,916,480	-	32,997,300	33,032,300	1.66
2006	46,881,000	2,504,080	-	49,385,080	-	33,000,000	33,035,000	1.49
2007	47,121,000	2,129,980	-	49,250,980	-	33,000,000	33,035,000	1.49
2008	99,286,000 (7)	4,259,959	7,999,661	111,545,621	-	33,000,000	33,035,000	3.38
Totals	\$ 405,333,000	\$ 21,464,537	\$ 23,334,661	\$ 450,132,199	\$ 64,514,438	\$ 192,168,842	\$ 256,963,279	

Series 2000A and 2000B Bonds and Subordinate Series 2000A Bonds Debt Service Coverage(1)

Year Ending December 31(1)	Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application	Estimated Subordinate Lien Fund Earnings(3)	Subordinate Lien Debt Service Reserve Fund Principal(4)	Total Estimated Available Funds(8)	Total Annual Senior Lien Debt Service and Estimated Program Expenses(5)	Subordinate Lien Debt Service(9)	Total Annual Debt Service and Estimated Program Expenses	Estimated Debt Service Coverage(10)
2001	\$ 46,090,000	-	-	\$ 46,090,000	\$ 26,134,867	\$ 7,488,440	\$ 33,623,306	1.37
2002	45,666,580	\$ 967,822	-	46,634,402	32,891,475	8,018,663	40,910,138	1.14
2003	46,985,280	994,333	-	47,979,613	32,888,988	9,343,663	42,232,650	1.14
2004	46,292,180	1,060,583	-	47,352,763	32,910,650	8,726,575	41,637,225	1.14
2005	54,916,480	1,029,729	-	55,946,208	33,032,300	16,658,875	49,691,175	1.13
2006	49,385,080	1,426,344	-	50,811,423	33,035,000	11,188,375	44,223,375	1.15
2007	49,250,980	1,152,819	-	50,403,798	33,035,000	11,428,250	44,463,250	1.13
2008	111,545,621 (7)	1,758,213	\$ 9,890,000	123,193,833	33,035,000	72,952,500	105,987,500	1.16
Totals	\$ 450,132,199	\$ 8,389,842	\$ 9,890,000	\$ 468,412,041	\$ 256,963,279	\$ 145,805,340	\$ 402,768,619	

- (1) The debt service payment due December 1, 2000 on the Series 1997B Bonds will be satisfied by the application of funds currently held by the Trustee in the Principal and Interest Account for the Senior Lien Bonds. The first debt service payment date for the Series 2000 Bonds and the Subordinate Series 2000A Bonds will be June 1, 2001.
- (2) The Estimated Incremental Taxes shown for each year represent Incremental Taxes projected to be levied on the Central Loop Redevelopment Project Area for the second preceding year (the "Assessment Year"), that would be collectible by the County and distributable to the Incremental Taxes Fund in two payments in the spring and fall of the immediately preceding year (the "Collection Year"). Reference is made to Table 14 of the Consultant's Report. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.
- (3) Amounts equal to 10% of the original principal amount of each Series of Series 2000 Bonds and Subordinate Series 2000A Bonds will be deposited into separate Sub-Accounts of the Reserve and Redemption Account on the date of issuance of the Bonds of each respective Series. An amount equal to 10% of the original principal amount of the Series 1997B Bonds is also being held in a separate Sub-Account of the Reserve and Redemption Account. Earnings on the Reserve and Redemption Account are estimated at 6.00% per annum. Earnings on the Principal and Interest Account are estimated at 5.00% per annum.
- (4) On June 1, 2001, \$5,050,000 will be transferred from the 1997B Sub-Account of the Reserve and Redemption Account to the Principal and Interest Account and used to pay principal on the Series 1997B Bonds. Similar transfers will take place on each succeeding principal payment date of the Series 1997B Bonds in accordance with the Series 1997B Debt Service Reserve Requirement. Amounts equal to 10% of the original principal amount of the Series 2000 Bonds and the Subordinate Series 2000A Bonds will be held in the respective Sub-Accounts of the Reserve and Redemption Account until the final principal payment date for each respective Series. On each such date, the amounts on deposit in the respective Sub-Accounts of the Reserve and Redemption Account will be transferred to the Principal and Interest Account and used to pay a portion of the final principal payment on each respective Series, all in accordance with the applicable Debt Service Reserve Requirement for the Series 2000 Bonds and the Subordinate Series 2000A Bonds.
- (5) Program expenses are estimated by the City to be \$35,000 per year.
- (6) Estimated Debt Service Coverage for the Series 2000 Bonds equals Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application divided by Total Annual Senior Lien Debt Service and Estimated Program Expenses. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.
- (7) Incremental Tax Collections for both 2007 and 2008 will be applied to the payment of debt service during 2008. Estimated Incremental Taxes collected in both 2007 and 2008 from Table 14 of the Consultant's Report are included. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.
- (8) Only the portion of Total Estimated Available Funds that is transferred to the trustee for the Subordinate Series 2000A Bonds by the Trustee from the General Account under the Indenture after, among other things, payment of the Bonds, constitutes Junior Lien Revenues secured by a lien for the benefit of the Owners of the Subordinate Series 2000A Bonds.
- (9) Debt Service on the Subordinate Series 2000A Bonds does not include the special mandatory redemption of certain Subordinate Series 2000A Term Bonds.
- (10) Estimated Debt Service Coverage for the Subordinate Lien Series 2000A Bonds equals Total Estimated Senior Lien Pledged Revenues and Debt Service Reserve Application plus Estimated Subordinate Lien Fund Earnings and Subordinate Lien Debt Service Reserve Fund Principal, divided by Total Annual Debt Service and Estimated Program Expenses. Neither the facts described in the Addendum dated October 6, 2000 to the Consultant's Report attached to this Official Statement as APPENDIX B, nor the adjustment described in the Addendum dated September 18, 2000, to the Consultant's Report attached to this Official Statement as APPENDIX B, is reflected in the foregoing table.

FINANCIAL INFORMATION

A summary of Incremental Tax receipts for the Central Loop Redevelopment Project Area for the years ended December 31, 1992 through 1999 and for the period ended July 20, 2000 is set forth below. The City began providing audited financial statements prepared in accordance with generally accepted accounting principles for the Central Loop Redevelopment Project Area for the year ending December 31, 1997 and will continue to do so for each subsequent fiscal year. See "SECONDARY MARKET DISCLOSURE."

Summary of Incremental Tax Receipts for the
Central Loop Redevelopment Project Area / Original Project Area

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Total Receipts</u> ⁽¹⁾
1991	1992	\$19,501,694
1992	1993	23,569,122
1993	1994	29,359,939
1994	1995	28,040,395
1995	1996	33,435,756
1996	1997	31,673,670
1997	1998	36,846,876
1998	1999	40,416,457
1999	2000	19,516,546 ⁽²⁾

Source: Office of the City Comptroller.

(1) Original Project Area only for Assessment Years 1991 – 1996. Central Loop Redevelopment Project Area for subsequent years. Actual receipts during each collection period.

(2) Actual receipts through July 20, 2000.

CONSULTANT'S REPORT

The City has received from the Consultant the report (including the Addendum thereto dated October 6, 2000, and the Addendum thereto dated September 18, 2000, the "Consultant's Report") attached to this Official Statement as APPENDIX B. The Consultant's Report documents the Consultant's estimates of the Incremental Taxes to be derived from the Central Loop Redevelopment Project Area during the period from tax collection year 2000 through tax collection year 2008. The Consultant's Report is based on numerous assumptions which are material to the estimates of Incremental Taxes contained in the Consultant's Report. Investors should read and carefully consider all of such assumptions, including the assumption

that certain specified risks will not materialize. The City has not independently verified the projections of Incremental Taxes contained in the Consultant's Report.

TAX INCREMENT FINANCING

The Act authorizes the use of tax increment financing as a means for municipalities, after the approval of a "redevelopment plan and project," to redevelop "blighted," "conservation" or "industrial park conservation" areas by financing redevelopment project costs with incremental real estate tax revenues. Incremental real estate tax revenue is derived from the increase in the Equalized Assessed Valuation of real property within the redevelopment project area over and above the Equalized Assessed Valuation in effect at the time the redevelopment project area is established. Any such increase in Equalized Assessed Valuation above the certified initial Equalized Assessed Valuation is then multiplied, on an annual basis, by the aggregate tax rate resulting from the levy of real property taxes by all units of local government having taxing power over that real property. The product of this calculation, net of loss in collection, is the amount of incremental real estate tax revenues generated within the redevelopment project area. See "REAL PROPERTY TAX SYSTEM AND LIMITS - Real Property Assessment, Tax Levy and Collection Procedures".

Tax increment financing does not generate revenues by increasing tax rates. Instead, it generates revenues by allowing a municipality to capture all tax revenues resulting from increases in the Equalized Assessed Valuation within the area which has been designated for redevelopment. The incremental real estate tax revenue is deposited into a special tax allocation fund from which redevelopment project costs and principal of and interest on obligations issued to finance the redevelopment are paid. Under tax increment financing, all overlapping taxing districts continue to receive real estate tax revenue from the redevelopment project area based on the Certified Initial Equalized Assessed Value. When the amount of incremental real estate tax revenue applicable to the redevelopment project area is greater than the amount required to pay for expected redevelopment project costs and principal of and interest on obligations issued to pay such costs, the municipality is required to return such money to the county for distribution to the overlapping taxing districts. If a redevelopment plan and project so provides, a municipality may use incremental real estate tax revenue for eligible costs in a contiguous redevelopment project area or one separated only by a public right of way. See "BONDOWNER'S RISKS - Transfer of Amounts from Incremental Taxes Fund".

To finance redevelopment project costs, a municipality may issue obligations secured by the anticipated tax increment revenue generated within the redevelopment project area. These redevelopment project costs include, but are not limited to, costs of studies and surveys, costs associated with the acquisition of land, costs of rehabilitation or repair of existing public or private buildings, costs of construction of public works or improvements, costs of job training and retraining programs and financing costs. Subject to certain limitations, tax increment financing may also apply to certain interest costs incurred by the developer of a project.

For an area to be designated as a tax increment financing redevelopment project area, a municipality must demonstrate that the prospective redevelopment project area qualifies as a "blighted area," as a "conservation area" or as an "industrial park conservation area" within the definitions set forth in the Act. A "blighted area" may be either improved or vacant. When

the Central Loop Redevelopment Project Area was created, the Act required the presence of five or more of the following factors in an improved area: age, dilapidation, obsolescence, deterioration, illegal use of individual structures, structures below minimum code standards, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities, inadequate utilities, excess land coverage, deleterious land-use or layout, depreciation of physical maintenance or lack of community planning. For a vacant area, the Act required the municipality to find that sound growth of the taxing districts was impaired by a combination of two or more of the following factors: obsolete platting, diversity of ownership, tax and special assessment delinquencies, flooding, deterioration of structures or site improvements on adjacent land; otherwise it had to be demonstrated that such vacant land was a blighted improved area immediately before becoming vacant, or the area consisted of an unused quarry, railyard, railtracks or railroad rights of way, or was subject to chronic flooding as particularly provided in the Act, or the area consisted of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation, or dredge sites, or the area was not less than 50 nor more than 100 acres, 75 percent (75%) of which was vacant. The Act defined "conservation area" as any improved area within the boundaries of a redevelopment project area in which 50 percent (50%) or more of the structures had an age of 35 years or more. Such an area was not yet a blighted area but was in danger of becoming a blighted area and was detrimental to the public safety, health, morals or welfare because of a combination of three or more of the following factors: dilapidation, obsolescence, deterioration, illegal use of individual structures, presence of structures below minimum code standards, abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage, deleterious land use or layout, depreciation of physical maintenance, lack of community planning. Recent amendments to the Act have redefined "blighted area" and "conservation area." See "Recent Legislation" below.

At the time that the Central Loop Redevelopment Project Area was created, the Act required a municipality to hold a public hearing and convene an advisory joint review board to consider the proposal. Pursuant to that version of the Act, the joint review board consisted of representatives selected by certain taxing districts having taxing power over the area, and a member of the public. After considering all comments made by the public and the joint review board, if any, the municipality could adopt the necessary ordinances to create a redevelopment project area, but only after adopting an ordinance approving a redevelopment plan. Then an ordinance approving tax increment allocation financing could be adopted.

Recent Legislation

In each of the last five years, the Illinois General Assembly has considered legislation to amend the Act. In 1999, the Illinois General Assembly adopted substantial amendments to the Act (the "Act Amendments") that became effective on November 1, 1999. The Act Amendments include the following provisions:

- adding definitions for each eligibility factor for blighted and conservation areas and for each factor relating to improved and vacant land; certain eligibility factors have been eliminated and others have been added, and additional findings are required to be made for blighted areas;

- prohibiting the inclusion in redevelopment plans of certain types of developments, such as vacant land with a golf course and related facilities and public land designated for recreational activities or nature preserves;
- permitting the estimated date of completion of a redevelopment project to be extended to December 31 of the year in which the payment to the municipal treasurer is to be made with respect to property taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted;
- requiring the provision of replacement housing and relocation assistance where the redevelopment plan displaces low-income or very low-income persons;
- adding certain items to the definition of “redevelopment project costs” to include, among other things, the increased education cost attributable to assisted housing units for which financing assistance was obtained, up to 50 percent (50%) of the costs of construction of low-income and very low-income housing units, site improvements that serve as environmental barriers and certain costs of day care services for children of employees from low-income families;
- restricting the use of incremental taxes for other items, such as the construction of certain types of new municipal public buildings, a municipality’s general overhead or administrative costs and marketing costs;
- adding procedural steps in the process by which redevelopment plans and projects are adopted and operated, such as requiring a municipality to adopt an ordinance or resolution providing for a feasibility study to be conducted for a proposed redevelopment project area, requiring the establishment of an interested parties’ registry, requiring municipalities planning to include 75 or more inhabited residential units or to remove ten or more inhabited residential units within a proposed redevelopment project area to hold a public meeting before mailing the notices of the public hearing and to conduct a housing impact study;
- expanding the membership and duties of the joint review board;
- expanding the annual reporting requirements for all redevelopment project areas and municipalities and designating the State Comptroller as the repository for these reports; and
- clarifying the definition of “surplus funds” to include any portion of the balance in the special tax allocation fund at the end of the fiscal year that has not been identified as required, pledged, earmarked or otherwise designated for payment of or securing of obligations or anticipated redevelopment project costs and requiring the distribution of any surplus funds from the special tax allocation fund to the taxing districts and the Illinois Department of Revenue.

CENTRAL LOOP REDEVELOPMENT PROJECT AREA

General

The City's Central Loop Redevelopment Project Area was designated pursuant to an ordinance adopted by the City Council of the City on February 7, 1997. The Central Loop Redevelopment Project Area consists of approximately 171 acres located in Chicago's central business district. The Central Loop Redevelopment Project Area is an expansion of the North Loop Redevelopment Project Area originally established by the City on June 20, 1984, pursuant to the North Loop Tax Increment Redevelopment Plan and Project (as amended in September 1987, the "Original Redevelopment Plan"), which provided for the redevelopment of approximately 32 acres (the "Original Project Area"). In addition to the Original Project Area, the Central Loop Redevelopment Project Area includes approximately 139 acres (the "Added Project Area" and, together with the Original Project Area, the "Central Loop Redevelopment Project Area").

Original Project Area

The Original Project Area consists of a 9 block area in the City's historical "Loop" and is generally bounded by LaSalle and Clark Streets on the west, Randolph and Washington Streets on the south, State and Wabash Streets on the east and Haddock Place and Wacker Drive on the north. The Original Project Area was determined to constitute a "blighted area" under the Act and the Original Redevelopment Plan was adopted to overcome conditions of blight and declining conditions in the Original Project Area.

As a result of public and private investment, many of the major development projects identified in the Original Redevelopment Plan have been completed. New buildings and facilities have replaced many of the deteriorated and obsolete buildings that led to the designation of the Original Project Area. Private construction in the Original Project Area includes new buildings at 203 North LaSalle Street, 77 West Wacker Drive, 201 North Clark Street, 200 North Dearborn Street, 35 West Wacker Drive, 161 North Clark Street, the Renaissance Hotel at 1 West Wacker Drive and two new parking facilities. Rehabilitation of the Chicago Theatre, at 175 North State Street, the ABC Building, at 190 North State Street, the Oriental Theatre, on West Randolph Street, and the Reliance Building (the Hotel Burnham), on North State Street, is complete. In addition, rehabilitation of the Harris-Selwyn Theatres and development of the new site of the Goodman Theatre Center, 150 North Dearborn Street, and rehabilitation of the Butler Building and the site of the Art Institute resident housing and film center, 156-170 North State Street, have been initiated.

Added Project Area

The Added Project Area consists of 24 full and 14 partial blocks located in two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west, Haddock Place on the north, LaSalle Street on the east and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west, the Chicago River on the north, Michigan Avenue on the east and Congress Parkway on the south.

According to the surveys and analyses of Trkla, Pettigrew, Allen & Payne, Inc. (the "Consultant"), the Added Project Area constitutes a "conservation area" as defined by the Act.

Rehabilitation and redevelopment of several buildings in the Added Project Area have been completed since the adoption of the Central Loop Redevelopment Plan, including the Manhattan Building, at 431 South Dearborn Street, the Singer Building, at 120 South State Street, the Hotel Monaco, at 225 North Wabash Avenue, Hotel Allegro/Cadillac Palace Theatre, at 171 West Randolph Street, 427 South LaSalle Street (the former Western Union Building), One Congress Center, at 1 East Congress Parkway, and Symphony Center, at 220 South Michigan Avenue. Other redevelopment projects that have been initiated in the Added Project Area include rehabilitation or redevelopment of all or portions of the London Guarantee Building, at 360 North Michigan Avenue, the Fisher Building, at 343 South Dearborn Street, the Lytton Building, at 14 East Jackson Boulevard, the Mentor Building, at 37 South State Street, the McCormick Building, at 330 South Michigan Avenue, 68 East Wacker Place, 1 North Dearborn Street (the site of the Sears Department Store), and 320 North Michigan.

REAL PROPERTY TAX SYSTEM AND LIMITS

Real Property Assessment, Tax Levy and Collection Procedures

General. Substantially all (approximately 99.98 percent) of the "Equalized Assessed Valuation" (described below) of taxable property in the City, including all of the Central Loop Redevelopment Area, is located in Cook County (the "County"). The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth under this caption and elsewhere in this Official Statement with respect to taxable property in the City does not reflect the portion situated in DuPage County. The laws of the State of Illinois relating to real property taxation are contained in the Illinois Property Tax Code (the "Property Tax Code").

Assessment. The Cook County Assessor (the "Assessor") is responsible for assessing of all taxable real property within the County, except for certain railroad property and pollution control equipment assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by the Assessor. Suburbs in the northern and northwestern portions of the County were reassessed in 1998; suburbs in the western and southern portions of the County were reassessed in 1999, and the City is being reassessed in 2000.

Real property in the County is separated into ten classifications for assessment purposes. After the Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The current classification percentages range from 16 percent (16%) for certain residential, commercial and industrial properties to 36 percent (36%) and 38 percent (38%), respectively, for other industrial and commercial property.

On April 18, 2000, the Cook County Board of Commissioners adopted an amendment to the County's Real Property Assessment Classification Ordinance, pursuant to which the Assessed Valuation of real property is established. Among other things, the amendment reduces the classification percentage for mixed-use residential/commercial buildings

having less than six units from its current level of 33 percent (33%) to 16 percent (16%) in 2000; changes the number of renewals of the period for a classification percentage of 16 percent (16%) for certain buildings rehabilitated or constructed for multi-family housing with affordable units from two renewals to an indefinite number; and extends the period for reduced classification percentages for certain rehabilitated landmark buildings from 16 percent (16%) for the first eight years, 23 percent (23%) for the ninth year and 30 percent (30%) in the tenth year, to 16 percent (16%) for the first 10 years, 23 percent (23%) in the eleventh year and 30 percent (30%) in the twelfth year; except for rehabilitated, industrial landmark properties which may apply for an indefinite number of 10-year renewal periods for the 16 percent (16%) classification. In the Consultant's opinion, the effect of the amendment on the tax increment projections included in Tables 12, 13, 14 and 16 of the Consultant's Report would be negligible.

The Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the Assessor certifies the final Assessed Valuations, a taxpayer can seek review of the assessment by filing a complaint with the Cook County Board of Review (the "Board of Review") which consists of three members elected by the voters of the County. The Board of Review has the power to review and adjust Assessed Valuations set by the Assessor.

Taxpayers are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a state-wide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. In two PTAB opinions rendered in March 2000, the PTAB chose not to apply the Cook County Classification Ordinance assessment levels. Instead, the PTAB utilized the median level of assessments derived from the Illinois Department of Revenue's sales ratio studies as the mechanism for determining the assessment levels. As a result, property tax refunds were granted to the two commercial and industrial property owners who petitioned the PTAB.

Currently, the Assessor's office is pursuing a remedy to this situation in the Illinois legislature. If enacted in its current form, Amendment No. 1 to Senate Bill 747 would require that, in cases concerning commercial or industrial properties in counties with 3,000,000 or more inhabitants (like the County), for valuation appeals that concern a request for a change in Assessed Valuation of \$100,000 or more, the classification levels of the Cook County Classification Ordinance must be applied, except for residential property of six units or less. A general reduction in the level of assessments as a result of the use of the methodology applied by the PTAB in its two recent opinions could adversely affect the level of tax increment in a particular redevelopment project area.

In the Consultant's opinion, application of the methodology applied in the recent PTAB decisions within the Central Loop Redevelopment Project Area, would not be likely to reduce the tax increment projections included in Table 12 of the Consultant's Report by more than five and three-tenths percent (5.3%).

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a certificate of error.

Equalization. After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "Equalization Factor"), commonly called the "multiplier", for each county. The purpose of equalization is to bring the aggregate Assessed Valuation of all real estate in each county to the statutory requirement of 33-1/3 percent (33 1/3%) of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "Equalized Assessed Valuation").

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. The following table sets forth the Equalization Factors for the tax years ended December 31, 1990, through 1999:

<u>Tax Year</u>	<u>Equalization Factor</u>
1990	1.9946
1991	2.0523
1992	2.0897
1993	2.1407
1994	2.1135
1995	2.1243
1996	2.1517
1997	2.1489
1998	2.1799
1999	2.2505

In 1991, legislation was enacted by the State which provided that for 1992 and for subsequent years' tax levies, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. This legislation impacts taxing districts with rate limits only and currently does not apply to the City. See "Property Tax Limits" below.

Exemptions. The annual homestead exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used exclusively for residential purposes by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of \$4,500. Additional exemptions exist for (i) senior citizens, with the Assessor authorized annually to reduce the Equalized Assessed Valuation on a senior citizen's home by \$2,500, and (ii) disabled veterans, with the Assessor authorized annually to exempt up to \$50,000 of the Assessed Valuation of certain property owned and used exclusively by such veterans, their spouses or unmarried surviving spouses of such veterans for residential purposes.

A homestead improvement exemption allows owners of single family residences to make certain home improvements without increasing the Assessed Valuation of their property for at least four years. Through December 31, 1997, the amount of this exemption was limited to \$30,000; effective January 1, 1998, the amount of this exemption was increased to \$45,000. For rehabilitation of certain historic property, the Equalized Assessed Valuation is limited for eight years to the value when the rehabilitation work began. The Senior Citizens Tax Freeze Homestead Exemption was enacted in 1994 and freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less. In addition, certain property is exempt from taxation on the basis of ownership and/or use.

Additionally, since 1996, counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, longtime, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction of new residences in the area. The County has not established such a property tax exemption. However, if the County were, in the future, to provide for such a property tax exemption, the City would be required to participate in the program.

Tax Levy. There are over 800 units of local government (the "Units") located in whole or in part in the County that have taxing power. The major Units having taxing power over property within the City are the City, the Chicago Park District, the Chicago Board of Education, the City of Chicago School Finance Authority, Community College District No. 508, the Metropolitan Water Reclamation District of Greater Chicago, the County and the Forest Preserve District of Cook County.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real estate taxes, proceedings are adopted by the designated body for each Unit. The tax levy proceedings impose the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the "County Collector").

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared by the County Collector (the "Warrant Books") the tax (determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel), along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Cook County Truth in Taxation Law (the "Truth in Taxation Law") contained within the Property Tax Code, imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in prescribed form must be published if the aggregate annual levy is estimated to exceed 105 percent (105%) of the levy of the preceding year, exclusive of levies for debt service, election costs and amounts due under public building commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105 percent (105%) of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. As of January 1, 2000, certain amendments to the above-described procedures imposed by the Truth in Taxation Law became effective with respect to the City and other County taxing districts. As of the date of this Official Statement, the City is in compliance with the Truth in Taxation Law.

The City is authorized to issue tax increment bonds for the redevelopment of blighted or conservation areas. Tax revenues resulting from increases in the Equalized Assessed Valuation of property in a redevelopment project area are pledged for the payment of the tax increment bonds. Taxes levied for other purposes are extended at rates which take the tax increment financing into account. See "TAX INCREMENT FINANCING".

Abatement. The Property Tax Code authorizes any taxing unit, upon a majority vote of its governing authority and the determination of the Assessed Valuation of its property, to abate any portion of its taxes on certain types of property, including commercial and industrial facilities. The term and aggregate amount of the abatement is limited, depending on the property involved. The terms range from 10 to 20 years and the aggregate amounts allowed for abatement range from \$3,000,000 to \$12,000,000. The Property Tax Code also authorizes abatements for certain leasehold interests, leased low-rent housing and areas of urban decay.

Additionally, the Illinois Enterprise Zone Act authorizes the Illinois Department of Commerce and Community Affairs to certify a limited number of enterprise zones. Each unit of local government has the authority to abate property tax on business improvements added to real estate following the creation of an enterprise zone. The abatement applies to any class of property and is limited to the term of the enterprise zone. However, the Illinois Enterprise Zone Act provides that a municipality may not create a redevelopment project area that overlaps with an enterprise zone unless it amends the enterprise zone designating ordinance to limit the eligibility for tax abatements as provided in Section 5.4.1 of the Illinois Enterprise Zone Act.

Collection. Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill equal to one-half of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, Assessed Valuation and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

Other than as described below, for the last ten years, the second installment "penalty date" (the date after which interest is due on unpaid amounts) was no later than

September 25. The second installment "penalty date" for 1994 taxes was November 3, 1995, because of delays in the assessment process. The second installment "penalty date" for the 1997 taxes was October 28, 1998, because of changes to the assessment appeal process described above. The second installment "penalty date" for 1998 taxes was November 1, 1999, also because of changes to the assessment appeal process described above. It is possible that delays in the assessment process or changes to the assessment appeal process described above will cause delays similar to those experienced in 1995, 1998 and 1999 in preparing and mailing second installment tax bills in future years.

The County may provide for tax bills to be payable in four installments instead of two. To date, the County has not determined to require payment of tax bills in four installments.

During the periods of peak collections, tax receipts are forwarded to each Unit weekly. Upon receipt of taxes from the County Collector, the City Treasurer credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "Annual Tax Sale"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5 percent (1.5%) per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18 percent (18%) for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and are eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

A scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled to be held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

Property Tax Limits

State of Illinois. The Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units of local government located in the County and five adjacent counties, and (b) the ability of those entities to issue general obligation bonds without voter approval (the "State Tax Cap"). Generally, the extension of property taxes for a unit of

local government subject to the State Tax Cap may increase in any year by five percent (5%) or the percent increase in the Consumer Price Index, whichever is less, or the amount approved by referendum. The State Tax Cap does not apply to the issuance of "limited bonds" payable from a Unit's "debt service extension base" or "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act.

The City continues to be excluded from the State Tax Cap. However, from time to time, various public officials have stated that the State Tax Cap also should be made applicable to the City and other home rule municipalities. In addition, an advisory referendum posing the question "should the Illinois General Assembly limit annual property tax extension increases to a maximum of five percent (5%) or as provided by the Consumer Price Index, whichever is less," was considered by County voters at the November 1994 general election. This advisory question was approved by approximately 83 percent (83%) of County voters who cast ballots on the question.

Under the Illinois Constitution of 1970, the enactment of legislation applying the State Tax Cap to the City and other home rule municipalities requires a three-fifths vote of each house of the Illinois General Assembly and the concurrence of the Governor of the State of Illinois. It is not possible to predict whether, or in what form, any property tax limitations applicable to the City would be enacted by the Illinois General Assembly. The adoption of any such limits on the extension of real property taxes by the Illinois General Assembly may, in future years, adversely affect the City's ability to levy property taxes to finance operations at current levels and the City's power to issue additional general obligation debt without the prior approval of voters.

A recently enacted State law imposes certain notice and public hearing requirements on non-home rule Units of local government that propose to issue debt. Those requirements do not apply to the City.

The City. In 1993, the City Council of the City adopted an ordinance (the "City Tax Limitation Ordinance"), limiting, beginning in 1994, the City's aggregate property tax levy to an amount equal to the prior year's aggregate property tax levy (subject to certain adjustments) plus the lesser of (a) five percent (5%), or (b) the percentage increase in the annualized Consumer Price Index for all urban consumers for all items, as published by the United States Department of Labor, during the 12-month period most recently announced prior to the filing of the preliminary budget estimate report. The City Tax Limitation Ordinance provides a safe harbor for that portion of any property tax debt service levy equal to the aggregate interest and principal payments on the City's general obligation bonds and notes during the 12-month period ended January 1, 1994, subject to annual increase in the manner described above for the aggregate levy (the "Safe Harbor"). Additional safe harbors are provided for portions of any levy attributable to payments under installment contracts or public building commission leases or attributable to payments due as a result of the refunding of general obligation bonds or notes or of such installment contracts or leases. The City Council amended the City Tax Limitation Ordinance in October 1997 to exclude certain school improvement taxes and in September 1999, to exclude the tax levy for its General Obligation Bonds, Series 1999 (City Colleges of Chicago Project), from the limits set forth therein.

The tax limits set forth in the City Tax Limitation Ordinance may in future years adversely affect the City's ability to finance operations at current levels and limit the ability of the City to finance capital improvement projects through the issuance of property tax-supported bonds.

See Section IV, "Assumptions and Calculation of Incremental Property Taxes", and Subsection A-7 thereof, "Tax Rate", in the Consultant's Report attached as APPENDIX B hereto for a discussion of the estimated effect of property tax limits on the tax rates of Units which collect real property taxes within the Central Loop Redevelopment Project Area.

THE INDENTURE

The following is a summary of certain provisions of the Indenture, as amended by Indenture Amendment No. 1. Other provisions of the Indenture are described earlier herein, see "DESCRIPTION OF THE SERIES 2000 BONDS" and "SECURITY FOR THE BONDS." Neither the following summary nor the descriptions contained elsewhere in this Official Statement are intended to be comprehensive or definitive and are qualified in their entirety by reference to such document, copies of which are available for review prior to the issuance and delivery of the Series 2000 Bonds at the office of the City Comptroller, City Hall, Room 501, 121 North LaSalle Street, Chicago, Illinois 60602, and thereafter at the office of the Trustee.

Application of Bond Proceeds

Accrued interest received by the City upon the sale of the Series 2000 Bonds shall be deposited in the Capitalized Interest Sub-Account of the Principal and Interest Account and be used to pay interest first coming due on the Series 2000 Bonds.

Pursuant to the Indenture, a Project Fund has been established and maintained by the City in a Depository and a separate, segregated Project Account for each Series of Bonds issued to finance additional Project Costs is required to be established within the Project Fund. Portions of the proceeds from the sale of each Series of the Series 2000 Bonds will be deposited in the related Project Accounts and will be used to pay Project Costs, including costs related to the issuance of the Series 2000 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

An amount equal to the initial Debt Service Reserve Requirement for each Series of Series 2000 Bonds (10% of the original principal amount of such Series) shall be deposited in a separate Sub-Account of the Reserve and Redemption Account at closing. See "SECURITY FOR THE BONDS - Debt Service Reserve Requirements."

Additional Bonds; Refunding Bonds; Junior Lien Obligations

Subject to compliance with the conditions described below, the City may issue additional Bonds or Junior Lien Obligations for the purposes authorized in the Central Loop Redevelopment Plan or may issue Refunding Bonds. Except with respect to Sub-Accounts of the Reserve and Redemption Account which secure particular Series of Bonds and as otherwise provided in the Indenture, any such additional Bonds or Refunding Bonds will share ratably and equally with the Series 2000 Bonds and the Series 1997 Bonds in the Pledged Revenues, including Incremental Taxes and the funds and accounts established by the Indenture. Except with respect to Sub-Accounts of the Reserve and Redemption Account which secure particular Series of Bonds and as otherwise provided in the Indenture, additional Bonds and Refunding Bonds shall not have any terms creating a preference or priority of any Series of additional Bonds or Refunding Bonds over the Series 2000 Bonds, the Series 1997 Bonds or any other Series of additional Bonds or Refunding Bonds. Any Junior Lien Obligations shall be subordinate to the Series 2000 Bonds, the Series 1997 Bonds and any additional Bonds and Refunding Bonds and shall have the terms established in the indenture or indentures supplemental to the Indenture authorizing such issuance of Junior Lien Obligations.

The City is issuing Junior Lien Obligations (defined as the "Subordinate Series 2000A Bonds") concurrently with the issuance of the Series 2000 Bonds. See "PLAN OF FINANCE" herein. The City has no present plans to issue additional Bonds, Refunding Bonds or other Junior Lien Obligations, but may do so in the future.

General Provisions for Issuance and Delivery of Bonds. (a) Each Series of Bonds shall be created by a Supplemental Indenture which shall prescribe expressly or by reference with respect to such Series (unless otherwise determined in the Indenture):

- (i) the authorized principal amount, designation and Series of such Bonds;
- (ii) the purposes for which such Series of Bonds is being issued;
- (iii) the manner in which the proceeds of the Bonds of such Series are to be applied;
- (iv) the date and the maturity date or dates of the Bonds of such Series;
- (v) the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, and the Interest Payment Dates and Record Dates therefor;
- (vi) the authorized denominations and the manner of dating, numbering and lettering of the Bonds of such Series;
- (vii) the Registrar and the Paying Agent or Paying Agents for the Bonds of such Series;
- (viii) the Redemption Price or Prices, if any, and any redemption dates and terms for the Bonds of such Series;

(ix) the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Bonds of such Series or the manner of designating the same;

(x) the amount and date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments shall equal the aggregate principal amount of all such Bonds less the principal amount scheduled to be retired at maturity;

(xi) provisions as to registration of the Bonds of such Series;

(xii) the form and text of the Bonds of such Series and provision for the Trustee's authentication thereof by certificate or otherwise;

(xiii) the amount of the Debt Service Reserve Requirement with respect to such Series of Bonds, if any, calculated immediately after such authentication and delivery; and

(xiv) any other provisions deemed advisable by the City as shall not conflict with the provisions of the Trust Indenture.

(b) Bonds of the same Series and maturity shall be of like tenor except as to denomination and form. After the original issuance of Bonds of a Series, no Bonds of such Series shall be issued except in lieu of or in substitution for the Bonds of such Series pursuant to the Indenture.

(c) Bonds issued pursuant to the Indenture may be issued as Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Tender Option Bonds (provided the City shall deliver to the Trustee upon the authentication of Tender Option Bonds a Credit Facility which the Trustee or another Fiduciary may draw upon to pay the Purchase Price of any such Bonds), Serial Bonds or Term Bonds or any combination thereof, all as provided in the Supplemental Indenture providing for their issuance.

Conditions Precedent to Delivery of any Series. Bonds of any Series shall be executed by the City and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only following the receipt by the Trustee of:

(a) A copy of an ordinance adopted by the City Council, certified by the City Clerk, authorizing the execution and delivery of the applicable Supplemental Indenture;

(b) A Counsel's Opinion to the effect that (i) the City had the right and power to adopt the ordinance referred to in (a) above; (ii) the ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and is enforceable in accordance with its terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iii) the Trust Indenture and such Supplemental Indenture have been duly and lawfully executed by authorized officers of the City, are in full

force and effect and are valid and binding upon the City and are enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iv) the Trust Indenture and the Supplemental Indenture create the valid pledge of Pledged Revenues, moneys and securities held thereunder for the benefit and security of the Bonds, subject to application thereof in the manner provided therein; and (v) upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State of Illinois, the Trust Indenture and such Supplemental Indenture;

(c) A written order as to the delivery of such Series, executed by an Authorized Officer (i) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such Series and that no event of default has occurred and is continuing under the Indenture and (ii) fixing and determining all terms and provisions of the Bonds of such Series not fixed or determined by the Trust Indenture or the applicable Supplemental Indenture;

(d) An original executed counterpart of the Trust Indenture (or a copy duly certified by the City Clerk of the City) and the applicable Supplemental Indenture;

(e) With respect to all Series of Bonds, other than Refunding Bonds to the extent permitted by the Indenture as described below, issued and delivered subsequent to the delivery of the Series 2000 Bonds, a certificate of an Authorized Officer:

(i) setting forth the amount of the Pledged Revenues in the most recently ended calendar year next preceding the date of issuance of such Bonds;

(ii) setting forth for the current Bond Year and each Bond Year thereafter, the Annual Debt Service Requirement on account of all Bonds then Outstanding and the Bonds proposed to be issued under the Indenture;

(iii) establishing that the amount shown in subparagraph (i) above shall be not less than 125 percent of the Maximum Annual Debt Service Requirement on account of all Bonds then Outstanding and the Bonds proposed to be issued (exclusive of the final maturing principal amount of any series to the extent of the applicable Debt Service Reserve Requirement if amounts held in the Reserve and Replacement Account for such series are expected to be available to pay Bonds of such series on such final maturity date); and

(iv) stating, that all required deposits to all funds, accounts and sub-accounts under the Indenture are current.

In applying the foregoing test, if any of the Bonds Outstanding immediately prior to or after the issuance of the Bonds to be issued constitute Tender Option Bonds or Variable Rate Bonds, the provisions set forth in subparagraphs (X) and (Y) under the subcaption "*Refunding Bonds*" below shall be applied in determining the Annual Debt Service Requirement of such Bonds.

Refunding Bonds. (a) 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, to refund or advance refund any Junior Lien Obligations, to pay costs and expenses incident to the issuance of such Refunding Bonds and to make deposits in any fund, account or subaccount under the Indenture as determined by the City in the Supplemental Indenture authorizing such Bonds.

(b) Refunding Bonds of a Series to refund or advance refund Outstanding Bonds shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required by paragraphs (a), (b), (c) and (d) under the subcaption "*Conditions Precedent to Delivery of any Series*" above) of:

(i) Such instructions to the Trustee as necessary to comply with all requirements set forth in the Indenture so that the Bonds to be refunded or advance refunded will be paid or deemed to be paid pursuant to the Indenture.

(ii) Either (A) 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 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 to be refunded or advance refunded, or (B) Government 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 relating to payment or deemed payment.

(iii) A certificate of an Authorized Officer evidencing either that (A) (1) the term of the Refunding Bonds does not exceed the term of the Bonds being refunded, and (2) the Annual Debt Service Requirement for any Bond Year on account of all Bonds Outstanding, after the issuance of such Refunding Bonds and the redemption or provision for payment of the Bonds to be refunded, shall not exceed the Annual Debt Service Requirement for the corresponding Bond Years on account of all the Bonds Outstanding, including the Bonds to be refunded, immediately prior to the issuance of such Refunding Bonds, or (B) in the case of a refunding of Outstanding Bonds that does not meet the requirements of the preceding clause (A), satisfaction of the test set forth in paragraph (e) under the subcaption "*Conditions Precedent to Delivery of any Series*" above as applied to the Refunding Bonds to be issued under the provisions described under this subcaption, giving effect to the redemption or provision for payment of the Bonds being refunded.

In applying the test set forth in subparagraph (b)(iii) above, if any of the Bonds Outstanding immediately prior to or after the issuance of the Refunding Bonds to be issued constitute Tender Option Bonds or Variable Rate Bonds, the following provisions shall be applied in determining the Annual Debt Service Requirements of such Bonds:

(X) Tender Option Bonds. If any of the Outstanding Bonds constitute Tender Option Bonds, then for purposes of the amounts to be shown as set forth in subparagraph (b)(iii) above, the options of the Owners of such Bonds to tender the same for payment

prior to their stated maturity or maturities shall be ignored, and (1) if such Bonds also constitute Variable Rate Bonds, the City shall adjust such amounts to be shown as set forth in subparagraph (b)(iii) under this subcaption as provided in subparagraph (Y) below, (2) if such Bonds are secured by a Credit Facility, the Credit Bank or obligations secured by credit facilities issued by such Credit Bank shall be rated in one of the three highest rating categories (without reference to gradations such as "plus" or "minus") by any of the Rating Agencies, and (3) any obligation the City may have, other than its obligation on such Bonds (which need not be uniform as to all Owners thereof), to reimburse any Credit Bank including any obligations so to reimburse in excess of the Annual Debt Service Requirements on such Bonds (determined without regard to whether such Credit Bank shall then be holding or shall then have had pledged to it such Bonds) shall be subordinated to the obligation of the City on the Bonds.

(Y) Variable Rate Bonds. If any of the Outstanding Bonds constitute Variable Rate Bonds, then for purposes of the amounts to be shown as set forth in subparagraph (b)(iii) above, the interest rate used in such computation shall be the lesser of (1) the maximum interest rate established in the Supplemental Indenture authorizing such Bonds and (2) if and so long as a Qualified Swap Agreement is in effect, the interest rate determined by reference to the provisions of the Indenture with respect thereto. The conversion of Bonds constituting 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.

(c) Refunding Bonds of a Series issued to refund or advance refund Junior Lien Obligations shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required under the subcaption "*Conditions Precedent to Delivery of any Series*" above) of:

(i) A certificate of an Authorized Officer evidencing satisfaction of the test set forth in paragraph (e) under the subcaption "*Conditions Precedent to Delivery of any Series*" as applied to the Refunding Bonds to be issued under the provisions of this subcaption.

(ii) A certificate of the trustee then duly appointed or acting under the Supplemental Indenture, indenture, resolution or other appropriate instrument securing and authorizing such Junior Lien Obligations or of the City if there shall be no such trustee, that (A) provision has been duly made for the redemption or payment at maturity of such Junior Lien Obligations in accordance with the terms thereof, (B) the pledge of Pledged Revenues securing such Junior Lien Obligations and all other rights granted by such indenture, resolution or instrument shall have been discharged and satisfied, and (C) such trustee or the paying agents for such Junior Lien Obligations hold in trust the moneys or securities, together with investment income thereon, required to effect such redemption or payment.

(iii) A Counsel's Opinion to the effect that all actions required under the indenture, resolution or other appropriate instrument securing and authorizing such Junior Lien Obligations to provide for the redemption or payment of such Junior Lien Obligations have been taken.

(iv) The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied upon their delivery as follows: (A) there shall be deposited in any fund, account or sub-account under the Indenture the amount, if any, required by the Supplemental Indenture authorizing such Series, including, but not limited to, an amount to be applied to the payment of costs and expenses incident to the issuance of such Refunding Bonds, (B) the amount of such proceeds needed for the refunding of the Junior Lien Obligations to be refunded and for the payment of expenses incidental to such refunding shall be used for such purposes, and (C) any balance of such proceeds shall be deposited in the Incremental Taxes Fund for application pursuant to the Indenture.

(v) Such Refunding Bonds may be issued as Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Current Interest Bonds, Variable Rate Bonds, Tender Option Bonds (provided the City delivers upon the authentication of such Tender Option Bonds a Credit Facility which the Trustee or another Fiduciary may draw upon to pay the Purchase Price of any such Bonds), Serial Bonds or Term Bonds or any combination thereof, all as provided in the Supplemental Indenture providing for the issuance thereof.

Junior Lien Obligations. (a) The City may authorize and issue Junior Lien Obligations from time to time pursuant to Supplemental Indentures for any of the purposes for which Bonds may be issued under the Indenture. The Junior Lien Obligations will be payable out of the Pledged Revenues and may be secured by a pledge and assignment of such amounts in the accounts and subaccounts established pursuant to the Indenture and the respective Supplemental Indenture as may from time to time be available for the purpose of payment thereof as provided in the Indenture, provided, however, that any such pledge and assignment shall be, and shall be expressed to be, subordinate to the pledge of the Trust Estate under the Indenture as security for the Bonds to the extent provided in the Indenture.

(b) Prior to the issuance of any Junior Lien Obligations, there shall be delivered to the Trustee a certificate of an Authorized Officer:

(i) setting forth, for the current calendar year and each calendar year thereafter, the projected Incremental Taxes and other Pledged Revenues to be generated or otherwise available for payment of Bonds and Junior Lien Obligations, which projection of Incremental Taxes shall be based on a report prepared by an independent consultant having recognized urban renewal and tax increment financing expertise;

(ii) setting forth for the current calendar year and each calendar year thereafter, the Annual Debt Service Requirement on account of all Bonds and Junior Lien Obligations then Outstanding and the Junior Lien Obligations proposed to be issued under the Indenture; provided that for purposes of such calculation only, all references to Bond Year in the definitions in the Indenture shall be deemed to refer instead to calendar year;

(iii) establishing that (A) the amounts shown in subparagraph (i) above for each calendar year up to and including calendar year 2006 shall be not less than 100 percent of the Annual Debt Service Requirement calculated pursuant to subparagraph (ii) above

for the next succeeding calendar year, and (B) the amounts determined in subparagraph (i) above for calendar years 2007 and 2008, in the aggregate, shall be not less than 100 percent of the Annual Debt Service Requirement, calculated pursuant to subparagraph (ii) above, for calendar year 2008; provided, however, that, the calculations pursuant to subparagraph (ii) above shall be exclusive of the final maturing principal amount of any series to the extent of the applicable Debt Service Reserve Requirement if amounts held in the Reserve and Redemption Account for such series are expected to be available to pay Bonds or Junior Lien Obligations of such series on such final maturity date; and

(iv) stating that all required deposits to all Funds, Accounts and Sub-Accounts under the Indenture are current.

In applying the foregoing test, if any of the Junior Lien Obligations Outstanding immediately prior to or after the issuance of the Junior Lien Obligations to be issued constitute Tender Option Bonds or Variable Rate Bonds, the provisions set forth in subparagraphs (X) and (Y) under the subcaption "*Refunding Bonds*" above shall be applied in determining the Annual Debt Service Requirement of such Junior Lien Obligations.

(c) The Junior Lien Obligations shall have such terms and provisions as shall be set forth in the Supplemental Indenture providing for the issuance thereof; provided, however, that no owner of a Junior Lien Obligation will have the right to cause the acceleration of such Junior Lien Obligation in the event of a default thereunder so long as Bonds are Outstanding under the Indenture.

Trustee

The Indenture provides for the appointment of the Trustee and sets forth the duties and responsibilities of the Trustee.

General Covenants

Under the Indenture, the City covenants as follows:

Payment of Bonds. The City will cause to be punctually paid from the Incremental Taxes Fund, but solely to the extent that adequate amounts of Pledged Revenues are on deposit in that Fund for that purpose, the principal of, interest on and premium, if any, to become due in respect of the Bonds in strict conformity with the terms of the Bonds and the Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

Discharge of Liens. The City will cause to be punctually paid and discharged, from the Incremental Taxes Fund, but solely to the extent that adequate amounts are on deposit in that Fund for that purpose, any and all lawful claims (other than Excluded Contractual Obligations) which, if unpaid, might become a lien or charge upon the Pledged Revenues, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided, however, nothing contained in the Indenture will require the City to make any such payment so long as the City in good faith is contesting the validity of such claims.

Maintenance of Books and Records; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries will be made of all transactions relating to the Bonds and to the Pledged Revenues. Such books of record and accounts will at all times during regular business hours be subject to the inspection of the Owners of not less than ten percent of the principal amount of the Bonds then outstanding, or their representatives authorized in writing.

The City will prepare or cause the preparation of, within 270 days after the close of each fiscal year of the City so long as any of the Bonds are outstanding, audited financial statements with respect to the preceding fiscal year showing the Pledged Revenues received and disbursements from the funds and accounts created by the Indenture, on a consolidated basis, as of the end of such fiscal year, which statements shall be accompanied by a certificate or opinion in writing of an independent certified public accountant.

Defense of Claims. The City will preserve and protect the security of the Bonds and the rights of the Owners thereof and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the City, the Bonds will be incontestable by the City.

Further Actions. The City will execute and deliver any and all instruments and assurances, as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, the Indenture, and to better assure and confirm unto the Owners of the Bonds the rights and benefits provided in the Indenture.

Events of Default and Remedies

Each of the following constitutes an Event of Default pursuant to the Indenture:

(a) default in the payment of the principal of or redemption premium, if any, on any Bond when the same becomes due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) default in the payment of any installment of interest on any Bond when and as such installment of interest becomes due and payable; or

(c) default by the City in the performance of any obligation in respect of the Reserve and Redemption Account and such default continues for 60 days thereafter; or

(d) the City (i) commences a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, (ii) makes an assignment for the benefit of its creditors, (iii) consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (iv) is adjudicated a bankrupt or has entered against it any order for relief in respect of an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or

other similar law and such order continues in effect for a period of 60 days without stay or vacation; or

(e) a court of competent jurisdiction enters an order, judgment or decree appointing a receiver of the City, or of the whole or any substantial part of its property, or approves a petition seeking reorganization of the City under the federal bankruptcy laws or any other applicable federal or state law or statute and such order, judgment or decree is not vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(f) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property, and such custody or control is not terminated or stayed within 60 days from the date of assumption of such custody or control; or

(g) the City defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture on the part of the City to be performed, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the Trustee (which may give such notice whenever it determines that such a default is subsisting and shall give such notice at the written request of the Owners of not less than a majority in principal amount of the Bonds then outstanding).

Upon the occurrence of an Event of Default under the Indenture, the Trustee may, and upon the written request of the Owners of a majority in principal amount of the Bonds affected by the Event of Default and then outstanding shall, proceed to protect and enforce its rights and the rights of the Owners of the Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture or for any enforcement of any proper legal or equitable remedy as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights.

Supplemental Indentures

Without the consent of, or notice to, any of the Owners of the Bonds, the City and the Trustee may enter into an indenture or indentures supplemental to, and not inconsistent with the terms and provisions of, the Indenture for any one or more of the following purposes:

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

(b) to close the Indenture against, or impose additional limitations or restrictions on, the issuance of Bonds, or of other notes, bonds, obligations or evidences of indebtedness;

(c) to impose additional covenants or agreements to be observed by the City;

- (d) to impose other limitations or restrictions upon the City;
- (e) to surrender any right, power or privilege reserved to or conferred upon the City by the Indenture;
- (f) to confirm, as further assurance, any pledge of or lien upon the Pledged Revenues or any other moneys, securities or funds;
- (g) to authorize the issuance of Junior Lien Obligations and in connection therewith, specify and determine any matters and things relative thereto which are not contrary to or inconsistent with the Indenture as then in effect;
- (h) to cure any ambiguity, omission or defect in the Indenture;
- (i) to provide for the appointment of a successor securities depository in the event any Series of Bonds is held in book-entry only form;
- (j) to provide for the appointment of any successor Fiduciary; and
- (k) to make any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners.

In addition to supplemental indentures for the purposes described above, the City and the Trustee may enter into any other supplemental indenture or indentures for the purpose of modifying or amending the Indenture with the written consent (a) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (b) 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, however, 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 for this purpose. 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. For this purpose, a Series shall be deemed to be affected by a modification or amendment of the 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 City and all Owners of the Bonds.

Discharge of the Indenture

If the City (a) pays or causes to be paid to the Owners of the Bonds, the principal, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein and in the Indenture, (b) pays or causes to be paid all fees and expenses of the Trustee, the bond registrar and the paying agent and (c) performs and observes all of its covenants in the Bonds and in the Indenture, then the Indenture and the rights granted thereby with respect to the Bonds so paid will terminate.

Bonds will be deemed to have been paid within the meaning of the Indenture when sufficient moneys or sufficient Defeasance Obligations (including interest thereon when due) have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds); provided, however, that if such Bonds are to be redeemed prior to maturity, notice of redemption has been given as provided in the Indenture or arrangements satisfactory to the Trustee have been made for the giving thereof.

Bond Insurer

Payments Under a Bond Insurance Policy. As long as any Bond Insurance Policy shall be in full force and effect with respect to the Bonds, the City, the Trustee and any Paying Agent will comply with the following provisions:

(A) At least one (1) day prior to all interest payment dates on the Bonds, the Trustee or Paying Agent, if any, will determine whether there will be sufficient funds in the funds and accounts maintained under the Indenture to pay the principal of or interest on the Bonds on such interest payment date. If the Trustee or Paying Agent, if any, determines that there will be insufficient funds in such funds or accounts, the Trustee or Paying Agent, if any, shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee or Paying Agent, if any, has not so notified the Bond Insurer at least one (1) day prior to an interest payment date, the Bond Insurer will make payments of principal or interest due on the Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee or Paying Agent, if any.

(B) The Trustee or Paying Agent, if any, shall, after giving notice to the Bond Insurer as provided in (A) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "*Insurance Trustee*"), the registration books of the City maintained by the Trustee or Paying Agent, if any, and all records relating to the funds and accounts maintained under the Indenture.

(C) The Trustee or Paying Agent, if any, shall provide the Bond Insurer and the Insurance Trustee with a list of Owners of Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal

upon Bonds surrendered to the Insurance Trustee by the Owners of Bonds entitled to receive full or partial payments from the Bond Insurer.

(D) The Trustee or Paying Agent, if any, shall, at the time it provides notice to the Bond Insurer pursuant to (A) above, notify Owners of Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of entitlement of such Owners to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Bonds the portion of the principal paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner of Bonds by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time the Bond Insurer is notified pursuant to (A) above, notify all Owners of the Bonds that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to the Bond Insurer its records evidencing the payment of principal of and interest on the Bonds which have been made by the Trustee or Paying Agent, if any, and subsequently recovered from Owners of Bonds and the dates on which such payments were made.

(F) In addition to those rights granted the Bond Insurer under the Indenture and the applicable Supplemental Indenture, the Bond Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Paying Agent, if any, upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Paying Agent, if any, upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Consent of Bond Insurer. (A) Any provision of the Indenture or the applicable Supplemental Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer without the prior written consent of the Bond Insurer.

- (B) The consent of the Bond Insurer will be required in addition to the consent of the Owners of the Bonds, when required, for the following purposes:
- (i) execution and delivery of any Supplemental Indenture;
 - (ii) removal of the Trustee or any Paying Agent and selection and appointment of any successor Trustee or Paying Agent; and
 - (iii) initiation or approval of any action not described in (i) or (ii) above which required consent of the Owners of the Bonds.

Defeasance. Notwithstanding anything in the Indenture or the applicable Supplemental Indenture to the contrary, in the event that the principal of or interest on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds will remain Outstanding for all purposes, will not be deemed to be defeased or otherwise satisfied and not considered paid by the City, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the City to the Owners of the Bonds will continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such Owners.

Rights of Bond Insurer Upon Default or Insolvency. Notwithstanding anything in the Indenture or the applicable Supplemental Indenture to the contrary, upon the occurrence and continuance of an Event of Default, the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds or the Trustee for the benefit of the Owners of the Bonds under the Indenture.

In the event of any reorganization or liquidation, the Bond Insurer will have the right to vote on behalf of all Owners who hold Bonds secured by the Bond Insurance Policy absent a default by the Bond Insurer under the Bond Insurance Policy.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, pursuant to an amended and restated contract of purchase, to purchase the Series 2000 Bonds at a price equal to \$141,053,474.57 (reflecting an underwriting discount of \$1,103,783.68 and net original issue discount of \$189,355.75), plus accrued interest to the date of delivery. The purchase contract requires the Underwriters to purchase all of the Series 2000 Bonds if any are purchased.

FINANCIAL ADVISOR

The Knight Group, Inc. has been retained as financial advisor to render certain professional services to the City in connection with the issuance and sale of the Series 2000 Bonds. The Financial Advisor has provided advice on the plan of finance and structure of the Series 2000 Bonds and has reviewed certain documents, including this Official Statement, with respect to financial matters. The Financial Advisor has not independently verified the factual

information contained in this Official Statement but has relied on the information provided by the City and other sources.

LEGAL MATTERS

The Series 2000 Bonds will be offered for sale subject to the approval of legality by Katten Muchin Zavis and McGaugh & Associates, Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its Corporation Counsel; and for the Underwriters, by their co-counsel Sidley & Austin and Sanchez & Daniels, Chicago, Illinois. In addition, appropriate certificates in connection with such matters and matters affecting the requirements which must be met in order for the interest on the Series 2000A Bonds to be excludible from gross income for federal income tax purposes will be obtained from the City.

LITIGATION

There is no litigation pending in any court or, to the knowledge of the City, threatened, questioning the corporate existence of the City or the legality of the North Loop Redevelopment Project Area or the Central Loop Redevelopment Project Area, or which would restrain or enjoin the issuance or delivery of the Series 2000 Bonds, or which concerns the proceedings of the City taken in connection with the issuance of the Series 2000 Bonds.

TAX EXEMPTION

Series 2000A Bonds

General. Co-Bond Counsel are of the opinion that under existing law, interest on the Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), Co-Bond Counsel are of the opinion that interest on the Series 2000A Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Co-Bond Counsel are further of the opinion that the Series 2000A Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series 2000A Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Series 2000A Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2000A Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements. The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2000A Bonds. Among these requirements are the following:

A. **Limitations on Private Use.** The Code includes limitations on the amount of Series 2000A Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

B. Investment Restrictions. Except during certain “temporary periods,” proceeds of the Series 2000A Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “minor portion”) may generally not be invested in investments having a yield that is “materially higher” (1/8 of one percent) than the yield on the Series 2000A Bonds.

C. Rebate of Permissible Arbitrage Earnings. Unless the City qualifies for one of several exemptions, earnings from the investment of the “gross proceeds” of the Series 2000A Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2000A Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Series 2000A Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2000A Bonds.

Covenants to Comply. The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2000A Bonds.

Risks of Non-Compliance. In the event that the City fails to comply with the requirements of the Code, interest on the Series 2000A Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, there is no requirement that payment of principal of, or interest on, the Series 2000A Bonds be accelerated or that any additional interest or penalties to the owners of the Series 2000A Bonds be paid.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Series 2000A Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2000A Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. **PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2000A BONDS.**

A. In General. Owners of the Series 2000A Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Series 2000A Bonds. As discussed below, special allocation rules apply to financial institutions.

B. Corporate Owners. Interest on the Series 2000A Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series 2000A Bonds is taken into account not only in computing the corporate alternative minimum tax but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

C. Individual Owners. Receipt of interest on the Series 2000A Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

D. Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Series 2000A Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

E. Property or Casualty Insurance Companies. Receipt of interest on the Series 2000A Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

F. Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Series 2000A Bonds.

G. Foreign Personal Holding Company Income. Pursuant to regulations issued under Subpart F of the Code on January 2, 1997, a United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2000A Bonds held by such a company is allocated to the shareholder during taxable years beginning after March 3, 1997.

Change of Law. The opinions of Co-Bond Counsel and the descriptions of the 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 2000A 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 2000A Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2000A Bonds.

Bonds Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Series 2000A Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Series 2000A Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Series 2000A Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Series 2000A Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Series 2000A Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the Series 2000A Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series 2000A Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Series 2000A Bond. A Series 2000A

Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Series 2000A Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Series 2000A Bond).

Owners who purchase Series 2000A Bonds at a price other than the Offering Price after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Series 2000A Bonds. In addition, owners of Series 2000A Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series 2000A Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Series 2000B Bonds

In the opinion of Co-Bond Counsel, interest on the Series 2000B Bonds is *not excluded* from gross income for federal income tax purposes and interest on the Series 2000B Bonds is not exempt from present Illinois income taxes.

RATINGS

The ratings on the Series 2000 Bonds are based on the municipal bond insurance policy issued by Ambac Assurance Corporation. Moody's Investors Service rates bond issues insured by Ambac Assurance Corporation "Aaa." Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., rates bond issues insured by Ambac Assurance Corporation "AAA." Fitch IBCA, Inc. rates bond issues insured by Ambac Assurance Corporation "AAA." Such ratings reflect only the views of Moody's Investors Service, Standard & Poor's Ratings Services and Fitch IBCA, Inc., respectively, from which an explanation of the significance of such ratings may be obtained.

The City has furnished Ambac Assurance Corporation and the Rating Agencies with certain information and materials relating to the Series 2000 Bonds and the City that have not been included in this Official Statement. Generally, Rating Agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the Rating Agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency originally establishing the rating, circumstances so warrant. Neither the City nor the Underwriters has undertaken any responsibility to bring to the attention of the Owners of the Series 2000 Bonds any proposed revision or withdrawal of any rating of the Series 2000 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Series 2000 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations as to the adequacy of the maturing principal amounts of and interest on the U.S. Treasury obligations, together with any proceeds from the reinvestment thereof, and any cash held in the 2000 Escrow Account to pay, in the manner described herein under "PLAN OF FINANCE - Advance Refunding of Series 1997A Bonds", the advance refunded Series 1997A Bonds will be verified at the time of delivery

of the Series 2000 Bonds by McGladrey & Pullen LLP, Minneapolis, Minnesota. Such verification will be based, among other things, upon mathematical computations supplied by the Underwriters in connection with the matters set forth above.

SECONDARY MARKET DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2000 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act").

The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the Series 2000 Bonds, the Ordinance or the Indenture and beneficial owners of the Series 2000 Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the City to Provide Information" under this caption. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2000 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2000 Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State as the state depository (the "SID") and recognized as such by the SEC for purposes of the Rule. The City is required to deliver such information so that such entities receive the information by the date specified in the Undertaking (within 210 days after the end of the City's fiscal year - currently December 31). "Audited Financial Statements" means the audited financial statements with respect to the Series 2000 Bonds, the Central Loop Redevelopment Project Area, the Incremental Taxes and the other Pledged Revenues prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

Events Notification; Material Events Disclosure

The City has agreed that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the 1934 Act. The "Events," certain of which may not be applicable to the Series 2000 Bonds, are:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. modifications to rights of Bond owners;
8. bond calls;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities; and
11. rating changes.

Consequences of Failure of the City to Provide Information

The City will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

The City is in compliance with undertakings previously entered into by it pursuant to the Rule. In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial Owner of any Series 2000 Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking will not be deemed a default under the Series 2000 Bonds, the Ordinance or the Indenture, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking will be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the Undertaking 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 City or type of business conducted;

(ii) the Undertaking, 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 2000 Bonds, as determined by parties unaffiliated with the City (such as the Trustee or co-bond counsel); or

(b) the amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking will be terminated if the City no longer has any legal liability for any obligation on or relating to repayment of the Series 2000 Bonds under the Indenture. If this provision is applicable, the City will give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

Additional Information

Nothing in the Undertaking will be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the City chooses to include any information in any Audited Financial Statements or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the City will have no obligation under the Undertaking to update such information or include it in any future Annual Financial Statements or notice of occurrence of a material Event.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Indenture, the Central Loop Redevelopment Area Redevelopment Plan, the City's planning documents and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matters for further information.

Any statement made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. There is no assurance that the facts will materialize as so opined or estimated.

The City has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the City on behalf of the City.

CITY OF CHICAGO

By: /s/ Walter K. Knorr
Chief Financial Officer

APPENDIX A

CERTAIN DEFINITIONS

“Accreted Amount” means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Bonds. The Accreted Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such 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 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 Tax Increment Allocation Redevelopment Act of the State of Illinois, Division 74.4 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-74.4-1, *et seq.*, as amended and supplemented from time to time.

“Added Project Area” has the meaning assigned to such term in the Ordinance.

“Aggregate Certified Initial Equalized Assessed Value” means the aggregate of the Certified Initial Equalized Assessed Value of each piece of property in the Central Loop Redevelopment Project Area.

“Ambac Assurance” means Ambac Assurance Corporation, Wisconsin-domiciled stock insurance corporation and issuer of the Municipal Bond Insurance Policy

“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.

“Authorized Officer” means the Mayor, the Chief Financial Officer or any other officer or employee of the City authorized to perform specific acts or duties under the Indenture by ordinance or resolution duly adopted by the City Council.

“Bond” or “Bonds” means a Series 2000 Bond or Series 2000 Bonds, a Series 1997 Bond or Series 1997 Bonds and any other bond or bonds authenticated and delivered under and pursuant to the Indenture, other than Junior Lien Obligations.

“Bond Insurance Policy” means any municipal bond new issue 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.

“Bond Insurer” means any Person authorized under law to issue a Bond Insurance Policy.

“Bond Year” means the initial period beginning on December 4, 1997 and ending on June 1, 1998, and thereafter each 12-month period commencing on June 2 of each calendar year and ending on June 1 in the next succeeding calendar year.

“Business Day” means a day which is not a Saturday, a Sunday or 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 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” as used throughout the Indenture also includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

“Central Loop Redevelopment Plan” has the meaning assigned to such term in the Ordinance.

“Central Loop Redevelopment Project” means the redevelopment project approved by the Central Loop Redevelopment Plan.

“Central Loop Redevelopment Project Area” or “Area” has the meaning assigned to such term in the Central Loop Redevelopment Plan.

“Certified Initial Equalized Assessed Value” means the certified initial equalized assessed value with respect to the Central Loop Redevelopment Project Area, as certified by the Clerk of the County of Cook, Illinois in accordance with Section 11-74.4-9 of the Act.

“Chief Financial Officer” means the Chief Financial Officer of the City appointed by the Mayor of the City or, if there is no such officer then holding said office, the City Comptroller.

“City” means the City of Chicago, a home rule unit of local government.

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

“Credit Bank” means, as to any particular Series of Bonds, the person (other than a Bond Insurer) providing a Credit Facility, as may be provided in the Supplemental Indenture authorizing such Series.

“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, as may be provided in the Supplemental Indenture authorizing such Series.

“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 Bond. The term “Current Interest Bond” as used throughout the Indenture also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

“Debt Service Credit Instrument” means, as to any particular Series of Bonds, an unconditional and irrevocable surety bond, insurance policy, letter of credit or other credit facility assuring the availability of cash to fund the Debt Service Reserve Requirement applicable to such Series of Bonds, as provided in the Supplemental Indenture authorizing such Series.

“Debt Service Reserve Requirement” means, with respect to the Bonds of any Series outstanding at any time, that amount, if any, as shall be required to be maintained in the applicable Sub-Account of the Reserve and Redemption Account established by the terms of the Supplemental Indenture authorizing such Series of Bonds.

“Defeasance Government Obligations” means Government Obligations which are not subject to redemption other than at the option of the holder thereof.

“Defeasance Obligations” means (i) Defeasance Government Obligations and (ii) obligations of any state or territory of the United States or any political subdivision thereof which obligations are rated in the highest rating category by any of the Rating Agencies and which obligations meet the following requirements: (a) the obligations are not subject to redemption or the trustee therefor has been given irrevocable instructions by the issuer thereof not to call such obligations for redemption; (b) the obligations are secured by cash or Defeasance Government Obligations that may be applied only to interest, principal and premium payments of such obligations; (c) the principal of and interest on the Defeasance Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations; (d) the Defeasance Government Obligations serving as security for such obligations are held by an escrow agent or trustee; and (e) the Defeasance Government Obligations are not available to satisfy any other claims, including those against such escrow agent or trustee.

“Depository” means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least \$1,000,000, selected by an Authorized Officer as a depository of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

“DTC” means The Depository Trust Company, New York, New York, as securities depository for the Bonds.

“DTC Participant” means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Bonds with DTC pursuant to the book-entry only system.

“Event of Default” means any event so designated and specified in the Indenture.

“Excluded Contractual Obligations” means (i) the obligation of the City to make a financial contribution pursuant to Section 4.5(a) of that certain Agreement dated as of October 24, 1990, between the City and Chicago Theater Group, (ii) the obligation of the City to make a financial contribution pursuant to Section 4.8(b) of that certain Redevelopment Agreement, dated as of April 29, 1996, between the City and Livent Realty (Chicago) Inc., (iii) that certain Individual Project Agreement (Federal Project No.: DPU-A056)(001); CDOT Job No.: D-4-016), dated March 17, 1995, as supplemented, between the State of Illinois, acting through its Department of Transportation, and the City, acting through its Department of Transportation, and (iv) that certain Individual Project Agreement (Federal Project No.: DPU-STPM-A056(002); CDOT Job No.: D-4-016), dated December 4, 1995, as supplemented, between the State of Illinois, acting through its Department of Transportation, and the City, acting through its Department of Transportation.

“Fiduciary” or “Fiduciaries” means the Trustee, the Registrar, the Paying Agents and any Depository, or any or all of them, as may be appropriate.

“First Supplemental Indenture” means the First Supplemental Indenture dated as of November 1, 1997 from the City to the Trustee relating to the Series 1997A Bonds, and any amendments and supplements hereto.

“Fourth Supplemental Indenture” means the Fourth Supplemental Indenture dated as of October 1, 2000 from the City to the Trustee relating to the Series 2000B Bonds, and any amendments and supplements hereto.

“Government Obligations” means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any person to whom the custodian may be obligated.

“Incremental Taxes” means the ad valorem taxes, if any, arising from the tax levies upon taxable real property in the Central Loop Redevelopment Project Area by any and all taxing districts or municipal corporations having the power to tax real property in the Central Loop Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Central Loop Redevelopment Project Area over and above the Certified Initial Equalized Assessed Value of each such piece of property, as determined by the Clerk of the County of Cook, Illinois.

“Incremental Taxes Fund” means the Central Loop Redevelopment Project Area Special Tax Allocation Fund of the City, a special tax allocation fund for the Central Loop

Redevelopment Project Area established pursuant to Section 11-74.4-8 of the Act and created under the Indenture.

“Indenture” means the Trust Indenture, dated as of November 1, 1997, by and between the City and the Trustee, as from time to time amended and supplemented by Supplemental Indentures executed and delivered by the City and the Trustee in accordance therewith.

“Indenture Amendment No. 1” means the Supplemental Indenture entitled “Amendment No. 1 to Indenture” dated as of October 1, 2000 from the City to the Trustee amending the Indenture in various respects, and any amendments and supplements hereto.

“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 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 date on which interest on a Series of Bonds is payable as established in the Supplemental Indenture authorizing such Series.

“Interest Period” means the period from the date of the Bonds of any Series to and including the day 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, shall mean the total of the sums that would be deemed to accrue on such Bonds during such Bond Year or Interest Period if the interest on the Current Interest Bonds of such Series were deemed to accrue daily during such year or Interest Period in equal amounts, and employing the methods of calculation set forth in the Indenture in the cases of a Qualified Swap Agreement, Tender Option Bonds and Variable Rate Bonds; provided, however, that interest expense shall be excluded from the determination of Interest Requirement to the extent that such interest is to be paid (a) from the proceeds of Bonds allocable to the payment of such interest as provided in the Supplemental Indenture authorizing the issuance of such 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 or (b) from investment earnings on deposit in the Reserve and Redemption Account to the extent any such earnings may be determined precisely. Unless the City 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. If interest is not payable at a single numerical rate for the entire term of such Bonds, then “Interest Requirement” shall have the appropriate meaning assigned thereto by the Supplemental Indenture authorizing such Bonds.

“Investment Securities” means any of the following securities authorized by law as permitted investments of City funds at the time of purchase thereof:

(i) Government Obligations;

(ii) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank, Resolution Funding Corporation and Student Loan Marketing Association;

(iii) investments in a money market fund registered under the Investment Company Act of 1940, as amended (including any such money market fund sponsored by or affiliated with any Fiduciary), comprised of any of the investments set forth in subparagraph (i) or subparagraph (ii) above;

(iv) negotiable or non-negotiable certificates of deposit or time deposits or other banking arrangements issued by any bank, trust company or national banking association (including any Fiduciary), which certificates of deposit or time deposits or other banking arrangements shall be continuously secured or collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or time deposits or other banking arrangements and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit or time deposits or other banking arrangements, which certificates of deposit or time deposits or other banking arrangements acquired or entered into pursuant to this subparagraph (iv) shall be deemed for purposes of the Indenture to constitute investments and not deposits;

(v) repurchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amortized value of such repurchase agreements, provided such security or collateral is lodged with and held by the Trustee or the City as title holder, as the case may be;

(vi) public housing bonds issued by public housing authorities or by other political subdivisions or bodies politic and corporate so authorized, fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; and project notes issued by public housing authorities or by other political subdivisions or bodies politic and corporate so authorized, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(vii) 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 Agencies; and

(viii) any other securities authorized for investment of City funds by Article VI of Chapter 2-32 of the Municipal Code of Chicago (1990), as from time to time amended.

All securities so purchased, excepting tax anticipation warrants and investment agreements, shall show on their face that they are fully payable as to principal and interest, where applicable, within two years of the date of purchase.

“Junior Lien Obligations” means obligations of the City payable from Pledged Revenues which are specifically subordinate and junior to the pledge of Pledged Revenues for the Bonds.

“Maximum Annual Debt Service Requirement” means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and all succeeding Bond Years.

“Municipal Bond Insurance Policy” means the Municipal Bond Insurance Policy issued by the Ambac Assurance insuring the payment when due of the principal of and interest on the Series 2000 Bonds as provided therein.

“North Loop Redevelopment Plan” has the meaning assigned to such term in the Ordinance.

“Ordinance” means, the ordinance duly adopted by the City Council of the City on May 17, 2000 authorizing Indenture Amendment No. 1, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Series 2000 Bonds.

“Original Project Area” has the meaning assigned to such term in the Central Loop Redevelopment Plan.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of 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 Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Indenture 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;

(iv) Bonds deemed to have been paid as provided in the Indenture; and

(v) Tender Option 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.

“Owner” means any Person who shall be the registered owner of any Bond or Bonds.

“Paying Agent” means any bank, national banking association or trust company designated 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.

“Payment Date” means any Interest Payment Date or Principal Payment Date.

“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.

“Pledged Revenues” means Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the Program Expenses Account and the Rebate Account) as provided in the Indenture, together with interest earnings thereon.

“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 and (ii) with respect to the principal amount of any Current Interest Bond or Tender Option Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

“Principal Payment Date” means the date upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment as established in the Supplemental Indenture authorizing such Series.

“Principal Requirement” for any Bond Year, as applied to Bonds of any Series, means an amount of money equal to the aggregate of the principal amount of Outstanding Bonds of said Series which mature during said Bond Year, reduced by the aggregate principal amount of such Outstanding Bonds which would at or before such Bond Year be retired by reason of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating such Series of sinking fund installments payable before such Bond Year for the retirement of Outstanding Bonds.

“Program Expenses” means, in any Bond Year, all initial and ongoing administrative expenses related to or incurred in connection with the Bonds, including, specifically, (i) the sum necessary to pay all rating agency surveillance fees and costs and expenses of any Trustee, registrar or paying agent, (ii) the expected annual fees or premiums of any issuer or provider of any Credit Facility with respect to the Bonds, which expected annual fees may include additional amounts owing to such issuer or provider pursuant to any reimbursement or other agreement, other than reimbursement obligations arising from any draw or payment under such Credit Facility and other than payments on the Bonds, (iii) fees related to the calculation or verification of any required payment to the United States of America pursuant to Section 148(f) of the Code, and (iv) auditing fees incurred in connection with the preparation of the financial statements required pursuant to the Indenture; but excluding, specifically, expenses of the City relating specifically to the administration of the Project.

“Project” means the redevelopment project approved by the Central Loop Redevelopment Plan.

“Project Costs” means those costs of the Project included in the definition of “Redevelopment Project Costs” in the Act as in effect on the effective date of the Indenture and shall include any costs added to the definition of “Redevelopment Project Costs” in the Act from time to time after the effective date of the Indenture and shall also include the purpose set forth in 65 ILCS 5/11-74.4-4(q); in no event, however, shall the removal of a cost from the definition of “Redevelopment Project Costs” from and after the effective date of the Indenture cause such cost not to be a “Project Cost” within the meaning of the Indenture.

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

“Qualified Swap Agreement” means an agreement between the City and a Swap Provider under which the City agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the City for a specified period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where (i) each Rating Agency (if such Rating Agency 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 City, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Bonds by such Rating Agency (without regard to Bond Insurance or any other Credit Facility), and (ii) the City has notified each Rating Agency (whether or not such Rating Agency 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 and has received from such Rating Agency a written indication that the entering into of the swap agreement by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its rating on the Bonds.

“Rating Agencies” means each and every one of the nationally recognized rating services that shall have assigned ratings to any Bonds Outstanding as requested by or on behalf of the City, and which ratings are then currently in effect.

“Record Date” means the date established as the record date with respect to an Interest Payment Date for a Series of Bonds in the Supplemental Indenture creating such Series.

“Redemption Price” means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

“Refunding Bonds” means all Bonds hereinafter issued to effect a refunding pursuant to the Indenture.

“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.

“Second Supplemental Indenture” means the Second Supplemental Indenture dated as of November 1, 1997 from the City to the Trustee relating to the Series 1997B Bonds, and any amendments and supplements hereto.

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

“Series” means all of the Bonds 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 Indenture.

“Series 1997 Bonds” means the Series 1997A Bonds and the Series 1997B Bonds.

“Series 1997A Bonds” means the \$96,000,000 principal amount of the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997A issued and secured under the First Supplemental Indenture.

“Series 1997B Bonds” means the \$91,000,000 principal amount of the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 1997B issued and secured under the Second Supplemental Indenture.

“Series 2000 Bonds” means the Series 2000A Bonds and the Series 2000B Bonds.

“Series 2000A Bonds” means the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A described in this Official Statement.

“Series 2000B Bonds” means the City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B described in this Official Statement.

“Sinking Fund Installment” means with respect to any Series of Bonds, each principal amount of Bonds scheduled to be redeemed through sinking fund redemption provisions of a Supplemental Indenture creating such Series by the application of amounts on deposit in the Principal and Interest Account, established pursuant to the Indenture.

“SLG’s” means United States Treasury Certificates of Indebtedness, Notes and Bonds State and Local Government Series.

“Subordinate Indenture” means the Trust Indenture, dated as of October 1, 2000, by and between the City and the Trustee, relating to Junior Lien Obligations, as from time to time amended and supplemented by Subordinate Supplemental Indentures executed and delivered by the City and the Trustee in accordance with the Indenture and therewith.

“Subordinate Series 2000A Bonds” means the \$98,900,000 principal amount of the City of Chicago’s Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A, issued and secured as Junior Lien Obligations under the Subordinate Indenture and described in a private placement memorandum separate from this Official Statement.

“Subordinate Supplemental Indenture” means any Subordinate Supplemental Indenture of the City authorized pursuant to the Indenture and the Subordinate Indenture.

“Supplemental Indenture” means any Supplemental Indenture of the City authorized pursuant to the Indenture.

“Swap Provider” means any counterparty with whom the City enters into a Qualified Swap Agreement.

“Tender Option Bonds” means any Bonds with respect to which the Owners thereof have the option to tender to the City, to any Fiduciary or to any agent thereof, all or a portion of such Bonds for payment or purchase; provided, that no Tender Option Bonds shall be issued unless (i) the City has notified each Rating Agency in writing of its intention to issue such Tender Option Bonds and (ii) each Rating Agency shall notify the City that the issuance of such Tender Option Bonds by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its rating on the Bonds.

“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.

“Third Supplemental Indenture” means the Third Supplemental Indenture dated as of October 1, 2000 from the City to the Trustee relating to the Series 2000A Bonds, and any amendments and supplements hereto.

“Treasurer” means the Treasurer of the City.

“Trust Estate” means the Pledged Revenues and all other property pledged to the Trustee pursuant to the Indenture.

“Trustee” means Cole Taylor Bank, Chicago, Illinois, and any successor or successors appointed under the 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; provided, no Variable Rate Bonds shall be issued unless (i) the City has notified each Rating Agency in writing of its intention to issue such Variable Rate Bonds and (ii) each Rating Agency shall notify the City that the issuance of such Variable Rate Bonds by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its rating on the Bonds.

APPENDIX B

CONSULTANT'S REPORT

**(INCLUDING THE ADDENDUM THERETO DATED OCTOBER 6, 2000
AND THE ADDENDUM THERETO DATED SEPTEMBER 18, 2000)**

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ESTIMATE OF
INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
AND SUBORDINATE SERIES 2000A BONDS
CHICAGO, ILLINOIS

Secured by
Incremental Property Taxes
Resulting from the

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

August 8, 2000

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ADDENDUM TO
ESTIMATE OF
INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
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CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

September 18, 2000

Trkla, Pettigrew, Allen, & Payne, Inc.'s ("TPAP") *Report of the Estimate of Incremental Property Taxes, Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 2000A (Capital Appreciation Bonds), Taxable Series 2000B (Current Interest Bonds) and Subordinate Series 2000A Bond*, dated August 8, 2000, (the "Consultant's Report"), states on page 27 of Section IV.A-2:

...the City indicates that it may approve Class L incentive classification for at least two proposed redevelopment projects (35 E. Wacker and 29 E. Madison) that may have an adverse impact on the future EAV of tax parcels associated with each redevelopment project (relative to the pre-development EAV of each affected tax parcel which may or may not be equal to the 1998 EAV for each affected tax parcel given that these redevelopment projects would not likely be completed before the next one or two reassessment years, 2000 and 2003, respectively).¹

In August 2000, the property owners of 35 E. Wacker (the "Applicant") filed an eligibility application for a Cook County Class L incentive classification ("Class L") upon completion of the building's rehabilitation project in 2004. If the Class L is approved, the building's assessment rate would be reduced from 38 percent to 16 percent for ten years beginning in levy year 2005. The Cook County Assessor requires the support and consent of the Chicago City Council for Class L approval. The Commission on Chicago Landmarks has recommended approval of the Class L application, but an ordinance supporting and consenting to the project has not yet been adopted by the Chicago City Council. The Applicant indicates that the equalized assessed valuation of 35 E. Wacker will fall below its 1998 equalized assessed valuation as a result of the Class L designation.

Based on (i) the specific development program assumptions provided by the City and the Applicant (timing, value, Class L, etc.) and (ii) the general assumptions detailed in the Consultant's Report (tax rates, equalization factors, collection rates, etc.), TPAP estimates that the 35 E. Wacker rehabilitation project, located within Tax Code 76029, will reduce incremental property tax revenues in the Central Loop Redevelopment Project Area by approximately \$1.97 million through tax collection year 2008, as shown in the following table.

**35 E. Wacker Class L Rehabilitation Project
Impact on Central Loop Redevelopment Project Area Incremental Property Taxes**

Collection Year	35 E. Wacker Estimated Incremental Property Tax Impact
2000	\$0
2001	0
2002	(247,000)
2003	(248,000)
2004	(382,000)
2005	478,000
2006	(524,000)
2007	(523,000)
2008	(527,000)
Total	(\$1,973,000)

¹ The property owners of 29 E. Madison (i) have not yet filed for a Class L eligibility application to the Cook County Assessor and (ii) indicate that the proposed rehabilitation project will not adversely affect the 1998 equalized assessed valuation of the property.

ADDENDUM TO
ESTIMATE OF
INCREMENTAL PROPERTY TAXES

TAX INCREMENT ALLOCATION BONDS
(CENTRAL LOOP REDEVELOPMENT PROJECT)

SERIES 2000A BONDS (CAPITAL APPRECIATION BONDS),
TAXABLE SERIES 2000B BONDS (CURRENT INTEREST BONDS),
AND SUBORDINATE SERIES 2000A BONDS
CHICAGO, ILLINOIS

Secured by
Incremental Property Taxes
Resulting from the

CENTRAL LOOP
REDEVELOPMENT PROJECT AREA

Prepared for
the City of Chicago

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.
Chicago, Illinois

October 6, 2000

Trkla, Pettigrew, Allen, & Payne, Inc.'s ("TPAP") Report of the Estimate of Incremental Property Taxes Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 2000A (Capital Appreciation Bonds), Taxable Series 2000B (Current Interest Bonds) and Subordinate Series 2000A Bonds, dated August 8, 2000, (the "Consultant's Report"), includes estimates of incremental property taxes to be generated and collected from each tax code within the Central Loop Redevelopment Project Area ("Project Area") for assessment year 1999/collection year 2000 ("the Estimates") by the assessment and reassessment of (i) land and existing improvements, (ii) land and existing improvements plus constructed improvements, and (iii) land and existing improvements plus constructed improvements plus improvements currently under construction in Tables 12, 13, and 14 respectively. The Estimates are also summarized in Table 16 of the Consultant's Report.

The office of the Cook County Clerk has issued a report, dated September 28, 2000 entitled "Tax Increment Agency Distribution Summary" (the "County Report") that shows, by tax code in the Project Area, expected amounts of incremental property taxes to be generated and collected for assessment year 1999/collection year 2000 based upon assessments applicable to properties in the Project Area. This information is summarized in the table below.

**Assessment Year 1999/Collection Year 2000 Incremental Property Taxes
Central Loop Redevelopment Project Area**

Tax Code	(A) Existing 1998 Adjusted Base EAV Only Estimates	(B) Land and Existing Improvements plus Constructed Improvements Estimates	(C) Land and Existing Improvements Plus Constructed and Under Construction Estimates	(D) Cook County Clerk Report 9/28/00	(E) Difference (E) = (D) - (C)
76004	\$1,111,000	\$1,111,000	\$1,111,000	\$1,269,172.86	\$158,172.86
76011	\$29,796,000	\$29,821,000	\$29,821,000	\$31,343,809.16	\$1,522,809.16
76012	\$8,094,000	\$8,154,000	\$8,142,000	\$8,688,992.08	\$546,992.08
76025	\$0	\$0	\$0	\$0	\$0
76026	\$0	\$0	\$0	\$0	\$0
76028	\$62,000	\$70,000	\$70,000	\$110,957.07	\$40,957.07
76029	\$0	\$0	\$0	\$2,959,668.82	\$2,959,668.82
76030	\$62,000	\$70,000	\$70,000	\$46,152.49	(\$23,847.51)
Total	\$39,063,000	\$39,156,000	\$39,144,000	\$44,418,751.48	\$5,274,751.48

TPAP has not conducted any study or analysis of, or otherwise attempted to determine the factors that resulted in the differences between, the Estimates and the County Report, as identified in column E of the table above. TPAP has no basis for anticipating that the overall increase in incremental property taxes above the Estimates for collection year 2000, as indicated in the County Report, will be realized in any subsequent collection year over the remaining life of the Project Area. TPAP has no knowledge of any factors that would cause future incremental property taxes to be less than the Estimates.

EXECUTIVE SUMMARY

On June 20, 1984, the City of Chicago, Illinois (the "City") adopted the North Loop Tax Increment Redevelopment Area Redevelopment Plan and Project (as amended in September 1987, the "Original Redevelopment Plan"), which provides for the redevelopment of approximately 32 acres (the "Original Project Area"). The Original Project Area consists of a 9-block area in the City's historical "Loop" and is generally bounded by LaSalle and Clark Streets on the west; Randolph and Washington Streets on the south; State and Wabash Streets on the east; and Haddock Place and Wacker Drive on the north.

On February 7, 1997, the City adopted the Central Loop Tax Increment Financing Redevelopment Project and Plan (the "Central Loop Redevelopment Plan"), which supplements and amends the Original Redevelopment Plan to provide for the continued redevelopment of the Original Project Area and the revitalization of approximately 138.9 additional acres (the "Added Project Area"). The Added Project Area consists of two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south.

The Original Redevelopment Plan and the Central Loop Redevelopment Plan were adopted to overcome conditions of blight and declining conditions found throughout the approximately 171 acres contained within the Original Project Area and the Added Project Area (collectively referred to as the "Central Loop Project Area"), and to improve the economic and physical well-being of the City.

Pursuant to public and private investment, many of the major redevelopment projects identified in the Original Redevelopment Plan and expanded upon in the Central Loop Redevelopment Plan were successfully implemented. New buildings and facilities have replaced many of the deteriorated and obsolete buildings that led to the designation of the Original Project Area. Although redevelopment of the Original Project Area is not complete, private investment in new development is evident in several buildings, including 203 North LaSalle, 77 West Wacker, 201 North Clark, 200 North Dearborn, 35 West Wacker, 161 North Clark, the Renaissance Hotel and two new parking facilities. In addition, rehabilitation of the Chicago Theatre, the ABC Building, the Oriental Theatre, and the Reliance Building (the Hotel Burnham) is complete. Further, rehabilitation of the Harris-Selwyn Theatres/development of the northwest corner of Dearborn and Randolph (new site of the Goodman Theatre Center) and rehabilitation of the Butler Building/northwest corner of Randolph and State (site of the Art Institute resident housing and film center) have been initiated.

The Added Project Area has also shown progress toward the realization of the redevelopment projects, goals and objectives of the Central Loop Redevelopment Plan. Rehabilitation and redevelopment of several buildings in the Added Project Area have been completed since the adoption of the Central Loop Redevelopment Plan, including the Manhattan Building, the Singer Building, the Hotel Monaco, the Hotel Allegro/Cadillac Palace Theatre, 427 S. LaSalle (former Western Union Building), One Congress Center and Symphony Center. Other redevelopment projects that have been initiated in the Added Project Area include rehabilitation or redevelopment of all or portions of the London Guarantee Building, Fisher

Building, Lytton Building, Mentor Building, McCormick Building, 68 E. Wacker Place, 1 N. Dearborn (site of the Sears Department Store), and 320 N. Michigan. All of these projects include rehabilitation of obsolescent office or retail space for either modern office uses (including high-tech users) or conversion to residential uses.

Distributions to the City of Incremental Property Taxes resulting from the Central Loop Project Area for the 1998 levy year (the most recent levy year for which collection and distribution data are available) totaled approximately \$39,993,345 as of March 31, 2000.

In November 1997, the City issued Tax Increment Allocation Bonds (Central Loop Redevelopment Project Area) Series 1997 (the "Outstanding Bonds") in the aggregate principal amount of \$187,000,000 to complete redevelopment projects within the Central Loop Project Area and achieve the objectives of the Original Redevelopment Plan and the Central Loop Redevelopment Plan. The final maturity of the Outstanding Bonds is June 1, 2007.

In 1999, the Illinois Tax Increment Allocation Redevelopment Act (the "Act"), 65 ILCS 5/11-74.4-1, *et seq.*) was amended to, among other matters, allow the City to elect to amend the Central Loop Redevelopment Plan to change the dates by which a redevelopment project must be completed and obligations issued to finance redevelopment project costs must be retired under the Act. In March 2000, the City amended the Central Loop Redevelopment Plan in conformance with the Act to provide that all obligations issued by the City pursuant to the Central Loop Redevelopment Plan shall be retired no later than December 31 of the year in which the payment to the municipal treasurer is to be made with respect to *ad valorem* taxes levied in the twenty-third calendar year after the year in which the ordinance approving the Original Project Area and the Original Redevelopment Plan was adopted, such ultimate retirement date occurring on December 31, 2008. Since the Original Project Area was adopted in 1984, Incremental Property Taxes are assumed to be generated through levy year 2007 with the final collection by the County and distribution to the City occurring in 2008.

To continue the redevelopment of the Central Loop Project Area and achieve the goals of the Central Loop Redevelopment Plan, the City proposes to issue Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A Bonds (Capital Appreciation Bonds), Taxable Series 2000B Bonds (Current Interest Bonds), and Subordinate Series 2000A Bonds in the aggregate original principal amount of not to exceed \$250,000,000 (the "Bonds"). The Bonds will be secured by Incremental Property Taxes resulting from the Central Loop Project Area as provided in the bond ordinance authorizing the Bonds.

Scope of this Report

In connection with the issuance of the Bonds, Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") has been engaged by the City to estimate potential Incremental Property Taxes that may be generated by the assessment and reassessment of land and improvements within the Central Loop Project Area based on the application of assumptions contained in this Report. This Report estimates potential Incremental Property Taxes for properties within the Central Loop Project Area, including: (i) land and existing improvements ("Existing Improvements"), (ii) completed improvements that were not fully assessed as of 1998, the most recent tax levy year for which final data is available ("Constructed Improvements") and (iii) improvements under construction at the time of the writing of this Report ("Improvements Currently Under Construction"). This Report does not examine the impact of any potential or proposed project that may subsequently be completed within the Central Loop Project Area.

Each year the County Clerk determines incremental property taxes separately for each tax code within TIF redevelopment project areas by aggregating the current equalized assessed valuation ("EAV") of all

parcels within such tax code and subtracting the aggregate certified initial EAV for such tax code. The resulting "increment" in EAV for such tax code is then multiplied by the aggregate tax rate of the taxing districts which extend taxes on the parcels within such tax code to determine the incremental property taxes generated within such tax code.

The Central Loop Project Area is currently assigned eight Tax Codes, five in the Original Project Area and three in the Added Project Area. The estimates of Incremental Property Taxes for the Central Loop Project Area contained in this Report are based on the assumptions that (i) the County Clerk will (a) maintain these separate Tax Codes for the Central Loop Project Area and (b) determine Incremental Property Taxes separately for each such Tax Code; (ii) all tax parcels will retain their 1999-levy-year Tax Codes throughout the remaining life of the Central Loop Project Area; and (iii) the Certified Initial EAV of each Central Loop Project Area Tax Code, as determined by the County Clerk on July 10, 2000, will serve as the EAV base from which Incremental Property Taxes will be calculated throughout the remaining life of the Central Loop Project Area. Based on these assumptions, the estimates of Incremental Property Taxes attributable to the individual Tax Codes of the Central Loop Project Area would not be adversely affected by declines in current EAV of other Tax Codes within the Central Loop Project Area below the Certified Initial EAV for such Tax Codes.

TPAP has relied upon information from various parties, including County officials and City officials, to estimate Incremental Property Taxes. No representations or assurances can be made that the receipt of Incremental Property Taxes will be realized at the levels estimated in this Report. The receipt of Incremental Property Taxes may be adversely impacted by future economic conditions, changes in law and other factors. The estimates of Incremental Property Taxes contained in this Report are based, in part, on certain stated assumptions regarding real estate market values and conditions in the Central Loop Project Area and in the taxing jurisdictions as a whole based on information provided by the County, the City and other sources. TPAP has not conducted any market feasibility study to determine real estate market values or conditions and consideration of such values or market conditions is outside the scope of TPAP's assignment.

The estimates of Incremental Property Taxes contained in this Report are also based upon numerous other assumptions included in this Report which TPAP believes are reasonable. TPAP offers no prediction or opinion regarding the ultimate correctness of such assumptions, any one or more of which may, if incorrect, adversely impact the receipt of Incremental Property Taxes. Section III, *Assumptions and Conditions of Findings*, contains a list of risks, any one or more of which may affect the receipt of Incremental Property Taxes. The estimates of Incremental Property Taxes contained in this Report assume that none of such risks will occur and, while such assumption is believed to be reasonable and such list of risks is believed to be complete, there is no assurance that such assumption or belief will prove to be correct or that there are no other risks that may affect the receipt of Incremental Property Taxes.

Prospective purchasers of the Bonds must make their own independent judgment as to whether the assumptions on which this Report is based are reasonable in light of the conditions of findings described in this Report. Additionally, any purchaser of the Bonds should review the risks set forth in the Official Statement (defined herein) of which this Report is a part.

This Report, dated August 8, 2000, is TPAP's final Report. TPAP has no obligation to update this Report for any reason.

Key Findings

TPAP's key findings are summarized below.

1. Estimated Incremental Property Taxes Attributable to Assessment and Reassessment of Land and Existing Improvements within the Central Loop Project Area. TPAP estimated Incremental Property Taxes that may arise as a result of (i) the assessment and reassessment of land and Existing Improvements contained within the Central Loop Project Area and (ii) other assumptions and conditions contained in this Report.

Based on the assumptions contained in this Report, the assessment and reassessment of the land and Existing Improvements contained within the Central Loop Project Area is estimated to generate approximately \$374,392,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008, ranging from \$39,063,000 in collection year 2000 to \$44,671,000 in collection year 2008. Approximately \$36,875,000 of the total estimated Incremental Property Taxes for land and Existing Improvements contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

2. Estimated Incremental Property Taxes Attributable to Assessment and Reassessment of Land and Existing Improvements plus Constructed Improvements within the Central Loop Project Area. TPAP estimated Incremental Property Taxes that may arise as a result of (i) the assessment and reassessment of land and Existing Improvements plus Constructed Improvements contained within the Central Loop Project Area and (ii) other assumptions and conditions contained in this Report.

Based on the assumptions contained in this Report, the assessment and reassessment of the land and Existing Improvements plus Constructed Improvements contained within the Central Loop Project Area is estimated to generate approximately \$390,218,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008, ranging from \$39,156,000 in collection year 2000 to \$46,678,000 in collection year 2008. Approximately \$46,773,000 of the total estimated Incremental Property Taxes for Existing Improvements plus Constructed Improvements contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

3. Estimated Incremental Property Taxes Attributable to Assessment and Reassessment of Land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction within the Central Loop Project Area. TPAP estimated Incremental Property Taxes that may arise as a result of (i) the assessment and reassessment of land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction contained within the Central Loop Project Area and (ii) other assumptions and conditions contained in this Report.

Based on the assumptions contained in this Report, the assessment and reassessment of the land and Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction contained within the Central Loop Project Area is estimated to generate approximately \$405,333,000 in Incremental Property Taxes over the remaining life of the Central Loop Project Area ending and collectable through December 31, 2008, ranging from \$39,144,000 in collection year 2000 to \$49,815,000 in collection year 2008. Approximately \$49,734,000 of the

total estimated Incremental Property Taxes of the land and Existing Improvements *plus* Constructed Improvements *plus* Improvements Currently Under Construction contained within the Central Loop Project Area is due to the inflation adjustment of 1 percent per annum (as described in Section IV.A-4 of this Report) throughout the remaining life of the Central Loop Project Area.

4. Summary of Conclusions. Based on information provided by the various parties named in this Report and other findings discussed in this Report, the current assessment practices of Cook County, Illinois, existing State and local legislation regarding taxation of real property, and subject to the assumptions stated herein, TPAP is of the opinion that the estimated Incremental Property Taxes stated in this Report reasonably reflect levels of Incremental Property Tax revenues that can be achieved if the Improvements Currently Under Construction are completed and properties currently existing (land and Existing Improvements and Constructed Improvements) within the Central Loop Project Area remain economically viable over the life of the Bonds.

I. DEFINITIONS

"**Act**" means the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, *et seq.*, as amended and supplemented from time to time, and specifically as supplemented by the Local Government Debt Reform Act, 30 ILCS 350/1, *et seq.*

"**Added Project Area**" means the approximately 138.9 acres of land added to the Original Project Area in connection with the adoption of the Central Loop Redevelopment Plan, and which consists of two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south.

"**Assessor**" means the County Assessor.

"**AV**" means the County assessed valuation of real property.

"**AV-to-Sales-Ratio**" or "**AV-to-Sales-Ratios**" means the ratio equal to the AV divided by the sales price of a recently-sold tax parcel. Each year the State Department of Revenue conducts studies of the AV-to-Sales-Ratios for the County for all recently sold properties of each general property class (1, 2, 3, 5a, and 5b).

"**Bonds**" means the Tax Increment Allocation Bonds (Central Loop Redevelopment Project Area), Series 2000A Bonds (Capital Appreciation Bonds), Taxable Series 2000B Bonds (Current Interest Bonds), and Subordinate Series 2000A Bonds, in the aggregate original principal amount of not to exceed \$250,000,000 of the City for the furtherance of the Central Loop Redevelopment Plan.

"**Central Loop Project Area**" means, collectively, the Original Project Area and the Added Project Area.

"**Central Loop Redevelopment Plan**" means the Central Loop Tax Increment Financing Redevelopment Project and Plan adopted by the City on February 7, 1997.

"**Certified Initial EAV**" means, as certified by the County Clerk on September 30, 1997 and amended on July 10, 2000 (i) for the Original Project Area, the EAV of all taxable real property within the Original Project Area at the time the Original Redevelopment Plan was adopted (1982 EAV) and (ii) for the Added Project Area, the EAV of all taxable real property within the Added Project Area at the time the Central Loop Redevelopment Plan was adopted (1995 EAV). The Certified Initial EAV serves as the EAV base from which incremental EAV and Incremental Property Taxes are calculated for each Tax Code within the Central Loop Project Area. The Certified Initial EAV of the Central Loop Project Area is \$0 for Tax Code

76004; \$31,107,080 for Tax Code 76011; \$10,851,848 for Tax Code 76012; \$8,245,606 for Tax Code 76025; \$4,332,385 for Tax Code 76026; \$2,897,709 for Tax Code 76028; \$709,205,112 for Tax Code 76029; and \$180,206,594 for Tax Code 76030, for a total of \$946,846,334. The Certified Initial EAV for the five Tax Codes primarily comprising the Original Project Area (76004, 76011, 76012, 76025 and 76026) totals \$54,536,919 and the Certified Initial EAV for the three Tax Codes comprising the majority of the Added Project Area (76028, 76029 and 76030) totals \$892,309,415.

"**City**" means the City of Chicago, Illinois.

"**Constructed Improvements**" means improvements that have been constructed or rehabilitated in the Central Loop Project Area as of the date of this Report, but were not fully assessed as of the most current levy year for which final EAV is available (1998). These redevelopment projects include: Hotel Burnham, Hotel Allegro, Hotel Monaco, Oriental Theatre, Cadillac Palace Theatre, 427 S. LaSalle, 431 S. Dearborn, the Singer Building, One Congress Center, and Symphony Center.

"**County**" means Cook County, Illinois.

"**CPI**" means the Consumer Price Index for All Urban Consumers for all items, published by the United States Department of Labor.

"**EAV**" means AV as equalized by the State Equalization Factor for the County.

"**Existing Improvements**" means improvements within the Central Loop Project Area as of their physical condition and assessed value through levy year 1998.

"**FMV**" means the estimated Fair Market Value as determined by the Assessor for each taxable parcel.

"**Fund**" means the Special Tax Allocation Fund established by the City and required by State law to be maintained in connection with the Central Loop Redevelopment Plan for the receipt of incremental property taxes.

"**Improvements Currently Under Construction**" means improvements within the Central Loop Project Area that are under construction or rehabilitation as of the date of this Report. These improvements include the following redevelopment projects: Sears Department Store, the Lytton Building, American Youth Hostel, Goodman Theatre Center, the London Guarantee Building, 68 E. Wacker Place, Art Institute Resident Housing, the Fisher Building, the Mentor Building, the McCormick Building, and 320 N. Michigan.

"**Incremental Property Tax**" or "**Incremental Property Taxes**" means (i) for each Tax Code within the Central Loop Project Area, the portion of property taxes generated from aggregate current EAV within such Tax Code over and above the Certified Initial EAV for such Tax Code as a result of the assessment and reassessment of land and improvements within such Tax Code, and (ii) for the Central Loop Project Area, the sum of the Incremental Property Taxes for all the Tax Codes within the Central Loop Project Area as described in clause (i) above.

"Local Ordinances" means, collectively, the Chicago Property Tax Limitation Ordinance and the Cook County Property Tax Relief Ordinance.

"Official Statement" means the document or documents published by the City describing the Bonds.

"Original Project Area" means the approximately 32 acres of land designated by the City as the North Loop Tax Increment Redevelopment Project Area in connection with the adoption of the North Loop Tax Increment Redevelopment Plan and Project on June 20, 1984, and amended in September 1987, which is generally bounded by LaSalle and Clark Streets on the west; Randolph and Washington Streets on the south; State and Wabash Streets on the east; and Haddock Place and Wacker Drive on the north.

"Original Redevelopment Plan" means the North Loop Tax Increment Redevelopment Area Redevelopment Plan and Project adopted by the City on June 20, 1984, as amended in September 1987.

"Outstanding Bonds" means the \$187,000,000 Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997, of which \$154,600,000 is outstanding as of July 1, 2000.

"Redevelopment Project Costs" means expenses estimated to be incurred in connection with the Central Loop Project Area and which are eligible for TIF financing in accordance with the Act.

"Report" means this *Report of Estimated Incremental Property Taxes* prepared by TPAP.

"State" means the State of Illinois.

"State Equalization Factor" means a multiplication factor issued by the Illinois Department of Revenue to the County which is applied to AV and is designed to make all real estate valuations State-wide equal to 33-1/3 percent of FMV.

"Tax Code" means the five-digit code assigned by the County to all tax parcels within the Central Loop Project Area that are subject to the taxing jurisdiction of the same combination of taxing districts. The Tax Codes assigned primarily to the Original Project Area are 76004, 76011, 76012, 76025 and 76026 and the Tax Codes assigned to the Added Project Area are 76028, 76029 and 76030.

"Tax Freeze Program" means the State of Illinois Property Tax Assessment Freeze Program created under the Illinois Revenue Act (35 ILCS 200/10-40) that provides an eight-year freeze on the AV of substantially rehabilitated owner-occupied residences that have been designated as historic buildings locally or nationally (either individually or as part of an historic district). The rehabilitation must be valued at 25 percent or more of the FMV of the property in the year that rehabilitation begins and must be conducted in a manner consistent with the United States Secretary of the Interior Standards for Rehabilitation. The AV is frozen at its level the year rehabilitation begins. After eight years, the AV is brought to market value gradually over the next four-year period.

"Tax Limitation Act" means *Property Tax Extension Limitation Act, Public Act 87-17 (35 ILCS 245/1-1 et seq.)* of the State, as amended.

"TIF" means tax increment financing as described in the Act.

"**TPAP**" means Trkla, Pettigrew, Allen & Payne, Inc., located at 222 South Riverside Plaza, Chicago, Illinois.

II. CENTRAL LOOP REDEVELOPMENT PLAN OVERVIEW

On June 20, 1984, the City adopted the Original Redevelopment Plan to overcome conditions of blight and to improve the economic and physical well-being of the City. The Original Project Area consists of a 9-block area in the City's historical "Loop" and is generally bounded by LaSalle and Clark Streets on the west; Randolph and Washington Streets on the south; State and Wabash Streets on the east; and Haddock Place and Wacker Drive on the north. The Original Project Area began generating Incremental Property Taxes in 1986.

On February 7, 1997, the City adopted the Central Loop Redevelopment Plan to provide for the continued redevelopment of the Original Project Area and to overcome declining conditions and the threat of blight within the Added Project Area. The Added Project Area contains approximately 138.9 acres and consists of two subareas. The first subarea is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east; and Court Place on the south. The second subarea is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south. The Added Project Area began generating Incremental Property Taxes in 1997.

Distributions of Incremental Property Taxes for levy year 1998 resulting from the Central Loop Project Area and distributed to the City totaled approximately \$39,993,345 as of March 31, 2000.

Figure 1, *Central Loop Redevelopment Project Area*, illustrates the location of the Original Project Area and the Added Project Area. The total land area (including alleys and rights-of-way) within the Central Loop Project Area is approximately 171 acres.

Major Redevelopment Projects

Completed Redevelopment Projects

Since the adoption of the Original Redevelopment Plan in 1984, many major redevelopment projects have been successfully implemented. New buildings and facilities have replaced many of the deteriorated and obsolete buildings that led to the designation of the Original Project Area and, as a result, have spurred redevelopment initiatives in the Central Loop Project Area since the adoption of the Central Loop Redevelopment Plan in 1997. The locations of all completed redevelopment projects are illustrated in Figure 2, *Major Redevelopment Projects to Date*.

Redevelopment projects that were completed in the Original Project Area through 1997 are summarized in Table 1 and are reflected in levy year 1998 FMV, AV and EAV data. These redevelopment projects are incorporated into the estimates of Incremental Property Taxes for Existing Improvements contained in this Report. Redevelopment Projects that have been completed in the Central Loop Project Area after

1997 are summarized in Table 2. The buildings and developments in Table 2 include projects that have been completed as of the writing of this Report, but were not fully assessed in the 1998 levy year and are referred to collectively as "Constructed Improvements." The estimates of Incremental Property Taxes for Constructed Improvements described in detail in Section IV of this Report incorporate estimates of value enhancements to EAV as full assessment is achieved.

TABLE 1: MAJOR REDEVELOPMENT PROJECTS, COMPLETED THROUGH 1997, (EXISTING IMPROVEMENTS)

<u>Address/Site</u>	<u>Building</u>	<u>Description of Redevelopment Activity</u>	<u>Completed</u>
35 W. Wacker	Leo Burnett Building	New Office Building	1989
161 N. Clark	Chicago Title Building	New Office Building	1992
77 W. Wacker	Donnelley Building	New Office Building	1992
203 N. LaSalle	203 North LaSalle	New Office Building	1985
190 N. State	State-Lake Building	Rehabilitation of Office Building	1989
55 W. Wacker	55 W. Wacker	Rehabilitation of Office Building	1987
201 N. Clark	Food Court/Fitness	New Retail/Commercial Building	1989
200 N. Dearborn	200 North Dearborn	New Apartment Building	1989
1 W. Wacker	Renaissance Hotel	New Full-Service Hotel	1991
30 E. Randolph	Field's Parking Garage	New Parking Garage	1990
171 N. Dearborn	Theatre Row Garage	New Parking Garage	1987
175 N. State	Chicago Theatre	Rehabilitation of Theatre	1986

TABLE 2: MAJOR REDEVELOPMENT PROJECTS, COMPLETED AFTER 1997 (CONSTRUCTED IMPROVEMENTS)

<u>Address/Site</u>	<u>Building</u>	<u>Description of Redevelopment Activity</u>	<u>Completed</u>
1 W. Washington	Hotel Burnham	Conversion to Full-Service Hotel	1999
171 W. Randolph	Hotel Allegro	Rehabilitation of Full-Service Hotel	1999
225 N. Wabash	Hotel Monaco	Rehabilitation of Full-Service Hotel	1998
427 S. LaSalle	Western Union Building	Rehabilitation of Office Building	1999
1 E. Congress	One Congress Center	Rehabilitation of Office Building	1998*
431 S. Dearborn	Manhattan Building	Condominium Conversion	1999
120 S. State	Singer Building	Residential/Office Condominium Conversion	1999
220 S. Michigan	Symphony Center	Rehabilitation of Auditorium/Office	1998*
20-24 W. Randolph	Oriental Theatre	Rehabilitation of Theatre	1998
151 W. Randolph	Cadillac Palace Theatre	Rehabilitation of Theatre	1999

*a portion of this project is assumed to be tax-exempt from levy year 1999 throughout the remaining life of the Central Loop Project Area.

Projects Currently Under Construction

Since 1997, several redevelopment projects contemplated in the Central Loop Redevelopment Plan have been initiated. Redevelopment projects that include Improvements Currently Under Construction are summarized in Table 3 and illustrated in Figure 2, *Major Redevelopment Projects To Date*. The estimates of Incremental Property Taxes for Existing Improvements, Constructed Improvements and Improvements Currently Under Construction described in detail in Section IV of this Report incorporate estimates of value enhancements to EAV as full assessment is achieved for all improvements. Other than the Improvements Currently Under Construction, the estimates of potential Incremental Property Taxes contained in this Report do not include any pending, proposed or incomplete project that may or may not occur within the Central Loop Project Area.

TABLE 3: MAJOR REDEVELOPMENT PROJECTS (IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION)

<u>Address/Site</u>	<u>Building</u>	<u>Description of Redevelopment Activity</u>	<u>Projected Completion</u>
1 N. Dearborn	Sears Department Store	Conversion of Office to Retail Department Store & Rehabilitation of Office	2001
14 E. Jackson	Lytton Building	Conversion of Retail Department Store to Office	2000
24 E. Congress	American Youth Hostel	Conversion of Commercial to Hostel & Student Housing	2000
150 N. Dearborn	Goodman Theatre Center	Rehabilitation of Theatres and New Commercial	2000*
360 N. Michigan	London Guarantee Building	Rehabilitation of Office Building	2001
68 E. Wacker Place	Wacker Tower	Rehabilitation of Office Building	2000
156-170 N. State	Butler Building/Art Institute Housing	Rehabilitation and Conversion for Student Housing/Theatre/ New Commercial	2001*
343 S. Dearborn	Fisher Building	Residential Conversion (rental)	2000
320 N. Michigan	Michigan Avenue Suites	Residential Conversion (rental)	2000
37 S. State	Mentor Building	Residential Conversion (condominium)	2001
330 S. Michigan	McCormick Building	Residential Conversion (condominium)	2000

*a portion of this project is assumed to be tax-exempt from levy year 1999 throughout the remaining life of the Central Loop Project Area.

Potentially Tax Exempt Redevelopment Projects

In addition to facilitating redevelopment activities associated with the buildings and properties described in Tables 2 and 3, the City may facilitate and/or approve redevelopment activities including acquisition and operation of properties by not-for-profit, tax-exempt entities (including the City) that may temporarily or permanently render these buildings and properties tax exempt. These buildings and properties and their assessment status as of levy year 1998 are summarized below.

<u>Building/Site</u>	<u>Address/Location</u>	<u>Tax Status in Levy year 1998</u>
Page Brothers Building	177 N. State	Taxable
6 E. Lake	6 E. Lake	Taxable
Dept. of Cultural Affairs	66 E. Randolph	Tax Exempt
Dept. of Cultural Affairs	70/72 E. Randolph	Taxable
Evans Building	36 S. State	Tax Exempt Land/Taxable Ground Lease

The estimates of Incremental Property Taxes contained in this Report assume that (i) all buildings and properties that were tax exempt in levy year 1998 will remain tax exempt throughout the remaining life of the Central Loop Project Area, unless so indicated for individual redevelopment projects; and (ii) all buildings and properties listed above as actual or potential candidates for reclassification from taxable to tax-exempt properties that were not tax exempt in levy year 1998, will become fully tax exempt in levy year 1999 or 2000, as appropriate, and remain tax exempt for the remaining life of the Central Loop Project Area.

In the event that additional buildings or sites which were included in the estimate of future EAV are acquired by the City or other parties and rendered tax exempt, future EAV and Incremental Property Taxes would be lower than the levels estimated in this Report. The estimates of potential Incremental Property Taxes contained in this Report do not include EAV or Incremental Property Taxes from any potential or proposed redevelopment project that may or may not occur subsequent to the City or any other not-for-profit entity acquiring any or all of the buildings and developments described above.

Public Redevelopment Program

The City proposes to achieve the redevelopment goals and objectives set forth in the Original Redevelopment Plan and the Central Loop Redevelopment Plan through various redevelopment improvements and activities authorized by the Act. The various categories of redevelopment improvements and activities described in the Central Loop Redevelopment Plan include: (i) provision of public works or improvements (including roadway, utility, streetscape, pedestrian walkway, parks, open space and transit improvements); (ii) rehabilitation of landmarks and Theatres; (iii) other building rehabilitation, conversion and reconstruction; (iv) land acquisition, demolition and site preparation; and (v) other redevelopment improvements and activities authorized in the Act.

III. CONDITIONS OF FINDINGS

TPAP was engaged by the City to prepare an estimate of Incremental Property Taxes that may be generated by increases in EAV and property taxes resulting from (i) the assessment and reassessment of land and Existing Improvements, (ii) the assessment and reassessment of Constructed Improvements, and (iii) the assessment and reassessment of Improvements Currently Under Construction within the Central Loop Project Area based on the application of the assumptions contained in this Report.

TPAP has relied on various assumptions outlined in Section IV, *Assumptions and Calculation of Incremental Property Taxes*. These assumptions are based on conclusions reached as a result of the review and analysis of information and data collected during the compilation of this Report. This information and data were provided by various parties, including the City, County, State and other sources. TPAP cannot assure, however, that this information and data are accurate, complete or reliable. However, nothing has come to the attention of TPAP that would cause TPAP to believe such information is inaccurate, incomplete or unreliable.

TPAP has not conducted any market feasibility study to determine the real estate market values and conditions which exist in the Central Loop Project Area. Consideration of real estate market values and conditions is outside the scope of TPAP's engagement. To the extent relevant, the estimates in this Report incorporate stated assumptions regarding such market values and conditions based on data obtained from County property tax records. It is the responsibility of the readers of this Report to ascertain whether the assumptions contained in this Report are reasonable, in light of local and regional market influences, and to determine their affect on EAV and Incremental Property Taxes. The receipt of Incremental Property Taxes may be adversely impacted by future economic conditions or changes in law, as well as other factors not considered in this Report, and TPAP cannot assure that the receipt of Incremental Property Taxes will be realized at the levels estimated in this Report.

The receipt of Incremental Property Taxes is dependent upon the continuing validity of the assumptions contained in this Report, including the assumption that none of the following conditions, actions or matters will occur. The occurrence of any one of such conditions described herein may materially and adversely affect the estimate of Incremental Property Taxes. Since these conditions are outside the control of TPAP and their occurrence and/or magnitude of occurrence cannot be predicted, TPAP has identified them as bondholder risks to be considered. TPAP cannot determine the effect they may have on the estimates made in this Report and offers no opinion regarding possible outcomes.

1. Possible future actions by the State:

- a. Changes in the State Equalization Factor caused by a change in the County assessment rates or the method by which the State calculates this factor.

- b. Changes in legislation affecting the ability of the County to assess property by the assessment rates defined in the County Real Property Assessment Classification Ordinance.
- c. Legislative changes in the level and method of providing assistance to local governments, which may affect local governments' reliance upon property tax revenues, including, but not limited to, school finance reform legislation similar to enactments in other states.
- d. Changes in the manner in which the homeowner or other property tax exemptions are applied to EAV which would affect the calculation of incremental EAV.
- e. Changes in the Tax Limitation Act which would further limit the ability of local governments to extend or increase property tax rates or levies.
- f. Changes in property tax laws which may affect or delay the timing or distribution of property taxes.
- g. Amendment or repeal of the Act resulting in the reduction or elimination of Incremental Property Taxes.
- h. Changes in State law through legislative enactment, judicial interpretation, or administrative ruling which could affect the mechanics of the property tax system and/or tax increment financing and adversely affect the amount of Incremental Property Taxes.

The Illinois Property Tax Appeal Board ("PTAB"), a state-wide administrative body, has the power upon appeal to determine the AV of real property based on equity and the weight of the evidence. In two PTAB opinions rendered in March 2000, the PTAB chose not to apply the County Real Property Assessment Classification Ordinance assessment levels. Instead, the PTAB utilized the median level of assessments derived from the State Department of Revenue's sales ratio studies ("AV-to-Sales Ratio") as the mechanism for determining the assessment levels. As a result, property tax refunds were granted to the two commercial and industrial property owners who successfully petitioned the PTAB.

A general reduction in the level of assessments as a result of the use of the methodology applied by the PTAB in these two recent opinions could have an adverse effect on the level of tax increment generated in a particular redevelopment project area. Currently, the Assessor's office is pursuing a remedy to this situation in the State legislature. If enacted in its current form, Amendment No. 1 to Senate Bill 747 would require that the classification levels of the County Real Property Assessment Classification Ordinance must be applied, except for residential properties of six units or less.

In the event that the SB 747 amendment (or any successor bill providing for an equal remedy) is not adopted, it is possible that the PTAB could continue to apply median AV-to-Sales Ratios in place of the County Real Property Assessment Classification Ordinance assessment levels and, as a result, Incremental Property Taxes estimated in this Report could be adversely

affected. The following paragraphs explain TPAP's analysis and quantify the potential adverse impact on Incremental Property Taxes for the Central Loop Project Area.

Because most real estate property in the Central Loop Project Area is of such high value, even minor adjustments in the AV can represent significant property tax savings to owners. Accordingly, a high percentage of property owners invest in securing appraisals and expert opinions regarding FMV for assessment purposes. Therefore, properties within the Central Loop Project Area have a much higher likelihood of receiving accurate and realistic assessments of FMV, both initially and through the results of the appeals process.

As a result of such due diligence by owners of Central Loop Project Area properties, the AV-to-FMV ratios for these properties is believed to fall within a much tighter range than other areas of the City or County.

For levy year 1998, approximately 32 percent of Central Loop Project Area properties appealed their assessments to the Cook County Board of Appeals, and 35 percent of those appealing received reductions. The average reduction in AV of the successful appeals was 14 percent, and the net effect on the Central Loop Project Area was a reduction in AV of 1.645 percent.

It is TPAP's opinion that the adjustments granted by the Cook County Board of Appeals are an accurate indicator of market values for assessment purposes, as well as an accurate indicator of the variance that can be anticipated as a result of any future adjustments by the PTAB due to their methodology. Thus the PTAB adjustments may be of a similar magnitude and would not likely exceed approximately 2.0 percent of the total AV of the Central Loop Project Area. Assuming a potential total reduction in AV of 2.0 percent, TPAP estimates that total Incremental Property Taxes for the base case (land plus Existing Improvements with a 1 percent per annum inflation adjustment) could be reduced by 5.3 percent over the remaining life of the Central Loop Project Area. This estimate of impact assumes no future adjustments to tax rates or the State Equalization Factor.

2. Possible future actions by the City:

- a. Amendments to the Chicago Property Tax Limitation Ordinance or the enactment of any additional ordinances which may further restrict the ability of the City to extend or increase property tax levies.

3. Possible future actions by the County:

- a. Changes in the method of estimating the FMV of property in the County.
- b. Changes in the assessment rates contained in the County Real Property Assessment Classification Ordinance and which are applied to the estimated FMV.

- c. Amendments to the County Property Tax Relief Ordinance, or the enactment of any additional ordinances which may further restrict the ability of the County to extend or increase property tax levies.
 - d. Changes in the incentive class program criteria as contained in the County Real Property Assessment Classification Ordinance.
 - e. Changes in the manner in which property tax exemptions, including value amounts, are administered.
 - f. Failure of the County Treasurer to distribute Incremental Property Taxes in a timely manner to the City or its designated trustee.
 - g. Failure to administer assessment and tax extension practices and procedures of the County in accordance with applicable law.
 - h. Failure of the County Clerk to maintain at least eight separate Tax Codes listed in the Certified Initial EAV resulting in possible reductions of Incremental Property Taxes.
 - i. Changes in the manner in which the County Clerk calculates incremental EAV or Incremental Property Taxes resulting in possible reductions of Incremental Property Taxes.
4. Possible future actions by other taxing districts:
- a. Reductions in a taxing district's property tax levy for whatever reason, which may result in a reduction in the property tax rate and Incremental Property Taxes.
 - b. Claims against past or future Incremental Property Taxes as a result of administrative actions by the County Clerk in assigning Tax Codes and calculating the Certified Initial EAV.
5. Possible future actions by taxpayers, property owners or tenants:
- a. Failure of the current or future property owners and their managers, leasing agents or other professionals to maintain the economic viability of their property and to act promptly to replace tenants or sell their property to new occupants when the premises are vacated.
 - b. Filing for bankruptcy, which may result in the non-payment of real estate taxes, and may prevent unpaid taxes from being offered at the County's annual tax sale.
 - c. Successful application by one or more owners for the reduction of AV of a property below the levels assumed in this Report.
 - d. Successful application by one or more owners, beyond those assumed in this Report, for the reduction of AV through any of the County's special assessment classifications designed to stimulate investment, the collective result of which may be a reduction in Incremental Property Taxes.

- e. Failure to pay property taxes in a timely manner.
- f. Conveyance of property by one or more owners to tax-exempt entities, the collective result of which may be a reduction in Incremental Property Taxes.
- g. Challenges by taxpayers, owners or tenants to the legality of expenditures, contracts or other City actions relating to the Central Loop Project Area that could affect the collection, disbursement to the City and payment to Bondholders of Incremental Property Taxes.
- h. Successful application by one or more owners to the State Property Tax Freeze Program, beyond those assumed in Section IV.A of this Report.
- i. Successful filing by one or more owners for the homeowner or senior citizen exemptions, beyond those assumed in Section IV.A of this Report.

6. General economic conditions:

- a. Lower than historic inflationary growth in property values within the Central Loop Project Area, *i.e.*, below the inflation estimates assumed in this Report.
- b. Real estate market conditions, rezoning, federal, state or local economic conditions, etc. may prevent or delay the sale or lease of property or the completion of the public redevelopment program, or reduce the values of real estate within the Central Loop Project Area below the values assumed in this Report.

7. Force majeure conditions:

- a. Riots, civil disturbances, vandalism, fires, and natural disasters or other "acts of God" affecting the conditions and viability of properties within the Central Loop Project Area, which may reduce or eliminate the receipt of Incremental Property Taxes.
- b. Labor strikes, or shortages in materials or labor that may delay construction of a redevelopment project or reduce Incremental Property Taxes.
- c. Adverse environmental conditions which may render all or a portion of the Central Loop Project Area unusable.

IV. ASSUMPTIONS AND CALCULATION OF INCREMENTAL PROPERTY TAXES

This section provides an overview of the assumptions used in estimating Incremental Property Taxes that may be generated within the Central Loop Project Area.

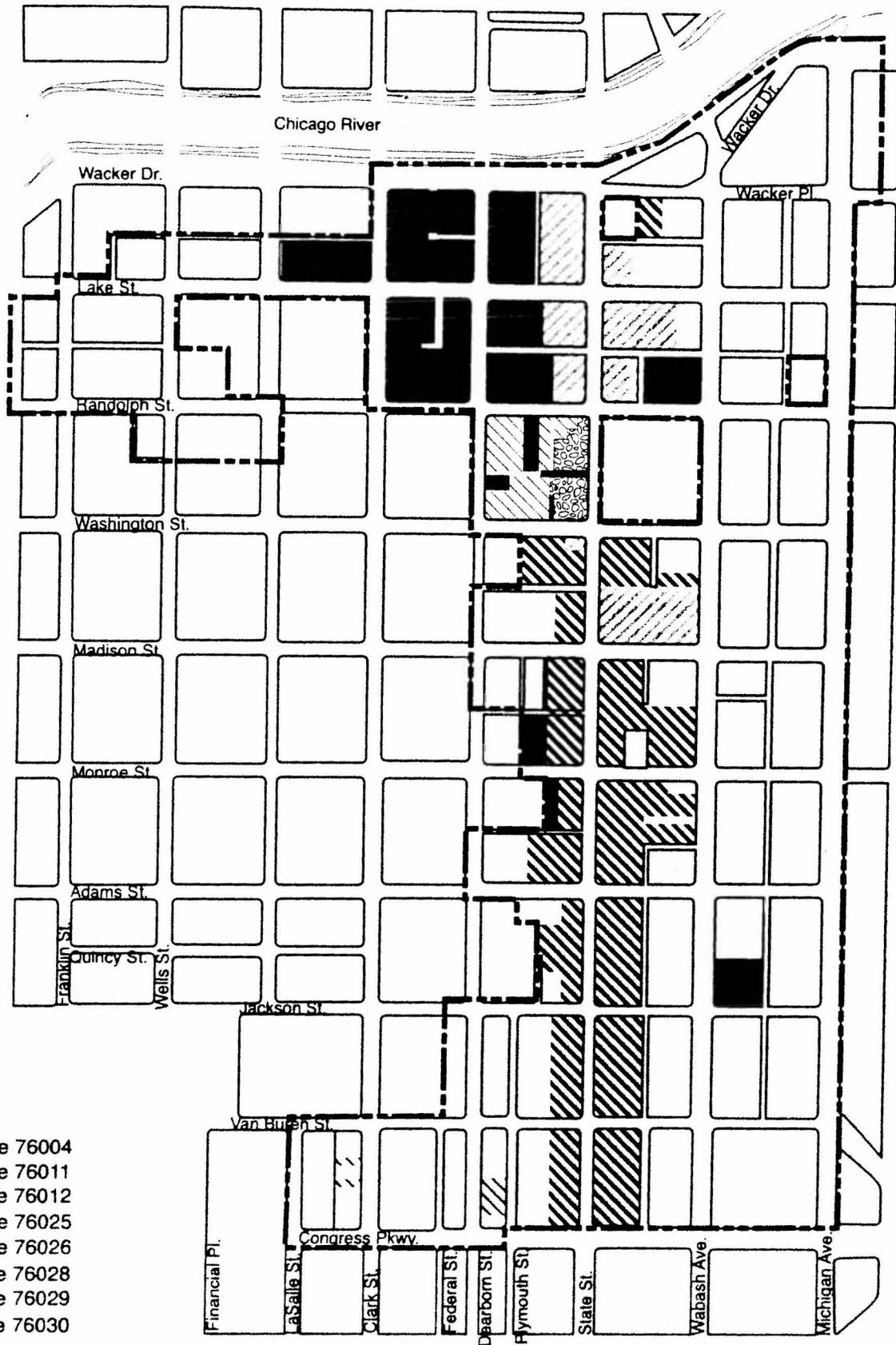
Each year the County Clerk determines incremental property taxes separately for each tax code assigned to TIF redevelopment project areas by aggregating the current EAV of all parcels within such tax code and subtracting the aggregate certified initial EAV for such tax code. The resulting "increment" in EAV for such tax code is then multiplied by the aggregate tax rate of the taxing districts that extend taxes on the parcels within such tax code to determine the incremental property taxes generated within such tax code.

For levy year 1998, the Central Loop Project Area was assigned eight tax codes for the purposes of calculating Incremental Property Taxes: 76004, 76011, 76012, 76025, 76026, 76028, 76029, and 76030. The Original Project Area was assigned five Tax Codes: 76004, 76011, 76012, 76025 and 76026. Tax Code 76004 consisted of six tax parcels located within two separate blocks in the Original Project Area and subject to the jurisdiction of ten taxing districts. Tax Code 76011 consisted of tax parcels primarily in the Original Project Area that are subject to the jurisdiction of the same ten taxing districts, as well as the City's Special Service Area No. 12 (the "Circulator SSA"). Tax Code 76012 consisted of tax parcels primarily in the Original Project Area that are subject to the jurisdiction of the same ten taxing districts, as well as the Circulator SSA and the City's Special Service Area No. 1 (the "State Street SSA"). Tax Code 76025 consisted of fourteen tax parcels subject to the jurisdiction of the same eleven taxing districts as Tax Code 76011 but located in Block 37. Tax Code 76026 consisted of six tax parcels subject to the jurisdiction of the same twelve taxing districts as Tax Code 76012 but located in Block 37.

Nearly all tax parcels within the Added Project Area were assigned one of three Tax Codes: 76028, 76029 and 76030 in levy year 1998. Tax Code 76028 consisted of tax parcels located within two separate blocks (tax blocks 243 and 246) in the Added Project Area and subject to the jurisdiction of ten taxing districts. Tax Code 76029 consisted of tax parcels distributed throughout the Added Project Area subject to the jurisdiction of the same ten taxing districts, as well as the Circulator SSA. Tax Code 76030 consisted of tax parcels primarily with State Street frontage located within the Added Project Area subject to the jurisdiction of the same ten taxing districts, as well as the Circulator SSA and the State Street SSA. In addition to its three primary Tax Codes, the Added Project Area contained four tax parcels assigned Tax Code 76011, five tax parcels assigned Tax Code 76012, two tax parcels assigned Tax Code 76015, and three tax parcels assigned Tax Code 76010. In levy year 1999, tax parcels with Tax Code 76015 were re-assigned to Tax Code 76029 and tax parcels with Tax Code 76010 were re-assigned to Tax Code 76030.

The estimates of Incremental Property Taxes for the Central Loop Project Area contained in this Report are based on the assumptions that (i) the County Clerk will (a) maintain these separate Tax Codes for the Central Loop Project Area and (b) determine Incremental Property Taxes separately for each such Tax Code; (ii) all tax parcels will retain their 1999-levy-year Tax Codes throughout the remaining life of the Central Loop Project Area; and (iii) the Certified Initial EAV of each Central Loop Project Area Tax Code, as determined by the County Clerk on July 10, 2000, will serve as the EAV base from which Incremental Property Taxes will be calculated throughout the remaining life of the Central Loop Project Area. Based on these assumptions, the estimates of total Incremental Property Taxes attributable to individual Tax Codes of the Central Loop Project Area would not be adversely affected by declines in current EAV of the other Tax Codes within the Central Loop Project Area below the Certified Initial EAV for such Tax Codes.

Figure 3, *Project Area Tax Codes*, illustrates the general location of the Tax Codes within the Central Project Area and Section IV-A-7, *Tax Rate*, contains additional information regarding the Tax Codes.



Map Legend

-  Tax Code 76004
-  Tax Code 76011
-  Tax Code 76012
-  Tax Code 76025
-  Tax Code 76026
-  Tax Code 76028
-  Tax Code 76029
-  Tax Code 76030

Figure 3: Project Area Tax Codes

General Methodology for Calculating Current Equalized Assessed Valuation

Current EAV is calculated for each tax parcel within the Central Loop Project Area as follows:

$$\begin{aligned} & \text{Estimated Fair Market Value} \\ & \times \frac{\text{Assessment Rate}}{} \\ & = \text{Assessed Valuation} \\ & \times \frac{\text{State Equalization Factor}}{} \\ & = \text{Current Equalized Assessed Valuation} \end{aligned}$$

After deducting any applicable homeowner or senior citizen exemptions, the County then aggregates current EAV at the Tax Code level to calculate Incremental Property Taxes.

General Methodology for Calculating Incremental Property Taxes

Incremental Property Taxes are calculated as shown below for each Tax Code within the Central Loop Project Area.

$$\begin{aligned} & \text{Current Equalized Assessed Valuation} \\ & - \frac{\text{Certified Initial EAV}}{} \\ & = \text{Incremental EAV} \\ & \times \frac{\text{Aggregate Tax Rate}}{} \\ & = \text{Gross Incremental Property Taxes} \\ & \times \frac{\text{Tax Collection Rate}}{} \\ & = \text{Incremental Property Taxes} \end{aligned}$$

The total Incremental Property Taxes generated within the Central Loop Project Area equals the sum of the Incremental Property Taxes generated by all the Tax Codes within the Central Loop Project Area.

Assumptions and Calculation of Incremental Property Taxes

The Incremental Property Taxes estimated in this Report are based solely on (i) the assessment and reassessment of land and Existing Improvements within the Central Loop Project Area, (ii) the assessment and reassessment of Constructed Improvements, (iii) the assessment and reassessment of Improvements Currently Under Construction and (iv) other assumptions and conditions contained in this Report.

Each of the factors outlined in the above calculations and assumed for this analysis is reviewed below and summarized in tables throughout this section of the Report.

IV.A-1 Estimated Fair Market Value ("FMV")

The Assessor assesses a parcel of property by (a) estimating the FMV of the land and improvements of that parcel, (b) multiplying the FMV by the appropriate assessment rate to derive the AV of that parcel and (c) multiplying the AV by the State Equalization Factor to

derive the EAV of that parcel. Due to the multiple assessment rates (see Item IV-A-2, *Assessment Rates*) and the large number of tax parcels within the Central Loop Project Area containing various assessment rates, the FMV of individual properties within the Central Loop Project Area has not been examined for purposes of this Report. Accordingly, the estimates of future EAV and Incremental Property Taxes contained in this Report are based on the assumption that the FMV of land and Existing Improvements within the Central Loop Project Area (except those specifically identified in Section IV.A-5 as "value removals") will remain at their levy year 1998 levels, plus an inflation adjustment of 1 percent per annum as described in Section IV.A-4. However, the estimates of future EAV for Constructed Improvements and Improvements Currently Under Construction have been estimated by TPAP's examination of a sample of potentially comparable developments within the Central Loop Project Area and the surrounding areas.

Most properties within the Central Loop Project Area are income-producing properties, a fact that is generally incorporated into the Assessor's determination of FMV. Future assessments of the properties within the Central Loop Project Area will be sensitive to the actual income produced by the properties. In the event the existing properties within the Central Loop Project Area fail to remain economically viable over the life of the Bonds or the income produced by any property is lower than the level reflected in the levy year 1998 FMV, the subsequent FMV of such property may be lower, resulting in levels of Incremental Property Taxes lower than those estimated in this Report.

The State of Illinois Property Tax Assessment Freeze Program (the "Tax Freeze Program") created under the Illinois Revenue Act (35 ILCS 200/10-40) provides an eight-year freeze on the AV of substantially rehabilitated owner-occupied residences that have been designated as historic buildings locally or nationally (either individually or as part of a historic district). No properties within the Central Loop Project Area participated in the Tax Freeze Program in levy year 1998 (which implies that the AV of any property that may participate in the Tax Freeze Program in the future will not fall below its 1998 level exclusively as a result of Tax Freeze Program participation). The estimates of future EAV and Incremental Property Taxes contained in this Report assume that three residential condominium units of the Singer Building redevelopment project will participate in the Tax Freeze Program beginning in levy year 1999, and no other properties of identified Constructed Improvements or Improvements Currently Under Construction in this Report will participate in the Tax Freeze Program over the remaining life of the Central Loop Project Area.

IV.A-2

Assessment Rates

Except for farmland and certain railroad property, which are assessed by the State, the County assesses all real estate within the County, including the Central Loop Project Area. The County assesses all real estate by (a) classifying the property or improvement by its type of use and (b) by multiplying its estimated FMV by the appropriate assessment rate, as described below.

<u>Cook County Major Property Classifications</u>	<u>Assessment Rate</u>
1. Vacant Land	22%
2. Residential or Residential and Commercial (6 units or less) ⁽¹⁾	16%
3. Residential (more than 6 units) ⁽²⁾	33%
4. Not-for-profit	30%
5a. Commercial	38%
5b. Industrial	36%

⁽¹⁾ Expanded in April 2000, to include buildings with both residential and commercial uses.

⁽²⁾ Excludes condominiums and attached townhouses that are owned separately and assessed at 16 percent.

In addition to the major property classifications presented above, the County Real Property Assessment Classification Ordinance also provides for various "incentive" classifications (including 6b, 6C, 7a, 7b, 8, 9 and L) that provide for lower assessment rates for a varying number of years. With the exception of class 9 incentives, the local government must pass an ordinance or resolution demonstrating that it supports and consents to the incentive.

Class L classification incentives are available for individual, commercial local landmark buildings that undergo substantial rehabilitation (the investment by the owner of at least 50 percent of the building's full market value as determined by the Assessor in the last levy year) which meets or exceeds the standards of the United States Department of the Interior for Rehabilitation, Preservation, Restoration, and Reconstruction of historic properties; and which has been completed in accordance with plans approved by the local government within which the landmark is located. The local government must approve an ordinance or resolution expressly stating that the local government (i) has determined that the incentive is necessary; (ii) supports and consents to the granting of the incentive; and (iii) has reviewed and accepted its preservation commission's written recommendation of the project for the incentive. *[note: the City indicates that they may propose to the County that the Class L classification incentive be expanded to include buildings contributing to the historic significance of an historic district.]*

In levy year 1998, no properties within the Central Loop Project Area were assessed under any incentive classification. The estimates of Incremental Property Taxes contained in this Report assume that (i) the assessment rates for all major property classifications will remain at their current levels; (ii) among the redevelopment projects examined for the purposes of estimating Incremental Property Taxes for this Report, only the London Guarantee Building redevelopment project is assumed to file for a Class L incentive classification

within the Central Loop Project Area; and (iii) no property within the Central Loop Project Area will be granted an incentive classification, other than those identified for Class L, over the period studied in this Report. The possible effects of potential Class L incentive classification on the EAV of any proposed or potential redevelopment project were not estimated as part of this Report. *[note: the City has approved a Class L incentive classification for a redevelopment project that is not yet under construction (222/230 N. Michigan) for which the City indicates that future EAV of the affected tax parcels will not be adversely affected. In addition, the City indicates that it may approve Class L incentive classification for at least two proposed redevelopment projects (35 E. Wacker and 29 E. Madison) that may have an adverse impact on the future EAV of tax parcels associated with each redevelopment project (relative to the pre-development EAV of each affected tax parcel which may or may not be equal to the 1998 EAV for each affected tax parcel given that these redevelopment projects would not likely be completed before the next one or two reassessment years, 2000 and 2003, respectively).]*

IV.A-3 State Equalization Factor

The distribution of State grants-in-aid for education, highways and public assistance is based on a formula that includes a component of assessed valuation. To achieve more uniform assessments on a county-by-county basis for the equitable distribution of these grants-in-aid, the State issues an Equalization Factor for each county that is designed to make all real estate valuations uniform among the 102 counties in the State. Assessments on a county-wide basis are equalized at 33-1/3 percent of estimated FMV. The State Equalization Factor is calculated annually for each county from sales and AV data collected on properties which have sold during the year.

Because the County Real Property Assessment Classification Ordinance stipulates varying assessment rates for different property classes, some of which rates are substantially lower than 33-1/3 percent of estimated FMV, the total AV for many properties in the County is historically lower than 33-1/3 percent of FMV. Consequently, the State Equalization Factor for the County has historically been greater than 1.0000. Table 4, *Historic State Equalization Factors for Cook County*, illustrates the State Equalization Factor for the County from 1989 through 1998.

As illustrated in Table 4, the State Equalization Factor for the County increased over the previous year's level in seven of the nine annual periods between 1989 and 1998, at an average annual rate of increase of 2.1 percent.

TABLE 4: HISTORIC STATE EQUALIZATION FACTORS FOR COOK COUNTY

<u>Levy year</u>	<u>Equalization Factor</u>
1989	1.9133
1990	1.9946
1991	2.0523
1992	2.0897
1993	2.1407
1994	2.1135
1995	2.1243
1996	2.1517
1997	2.1489
1998	2.1799

For purposes of estimating Incremental Property Taxes, the five-year average (levy years 1994, 1995, 1996, 1997 and 1998) State Equalization Factor for the County of 2.1437 is used to estimate 1999 EAV and all subsequent years' EAV.

IV.A-4 Triennial Adjustment/Inflation Provision

In 1990, the Assessor changed its reassessment schedule from every four years to every three years. The most recent reassessment for the City occurred in 1997. According to the Assessor, the City will be reassessed in 2000 and every three years thereafter.

Between 1995 and 1998, the EAV of the City as a whole increased at an average annual rate of 3.8 percent. Over the same period, the EAV of the Central Loop Project Area increased at an average annual rate of 2.3 percent; the EAV of the Original Project Area increased at an average annual rate of 5.3 percent; and the EAV of the Added Project Area increased at an average annual rate of 1.1 percent.

In this Report, the EAV of the Central Loop Project Area is assumed to increase at the rate of 1.0 percent per annum, or approximately 3.03 percent per triennial reassessment period.

IV.A-5 Calculation of Estimated EAV

Table 5, *Summary of Redevelopment Project Assumptions*, summarizes the details of redevelopment projects identified as Constructed Improvements or Improvements Currently Under Construction for the purposes of estimating future EAV and Incremental Property Tax Revenues. The series of Tables (6, 7, and 8) showing *Calculation of Estimated Annual EAV, 1999-2007*, sets forth, for each of the eight Tax Codes within the Central Loop Project Area, the 1998 EAV and the estimated EAV for the period 1999 through 2007. Table 6 sets forth the estimates of future EAV for Existing Improvements; Table 7 sets forth the estimates of future EAV for Existing Improvements plus Constructed Improvements; and Table 8 sets forth the estimates of future EAV for

**Table 5: Summary of Redevelopment Project Assumptions
Central Loop TIF Redevelopment Project Area**

Project Name	Project Address	Description	1995 EAV (\$millions)	1998 EAV (\$millions)	Estimated EAV Fully Assessed (1998 dollars) (Millions)	Construction Completion Date
Constructed Projects						
Manhattan Building *	431 S. Dearborn	Condominium conversion, 105 residential units	2.55	3.20	3.80	1999
Bismarck/Cadillac Theatre	134 N. LaSalle St.	Theatre/Hotel rehabilitation: 2346 seats, 20,000 s.f. of retail; 483 hotel rooms	6.50	18.55	25.45	1999
Hotel Burnham	1 W. Washington	Conversion to full-service hotel: 3000 s.f. of retail, 122 hotel rooms	0.80	2.10	4.70	1999
One Congress Center	401 S. State St.	Rehabilitation for Robert Morris College: 200,000 s.f. of 520,542 s.f. total building office space.	19.65	19.40	13.20	1998
Symphony Center	220 S. Michigan Ave.	Orchestra Hall renovation: 17,000 s.f. of office, 2,300 s.f. of retail	4.30	0.50	1.00	1998
Hotel Monaco	225 N. Wabash	Hotel rehabilitation: 192 hotel rooms	2.15	1.90	7.85	1998
427 S. LaSalle	427 S. LaSalle	Rehabilitation of office building: 162,000 s.f. of office	1.90	2.05	5.70	1999
Oriental Theater/Oliver Bldg	20-24 W. Randolph	Theatre rehabilitation: 2,180 seats, 7,500 s.f. of retail	6.85	7.35	9.75	1998
Singer on State *	120 S. State St.	Conversion to commercial and residential condominiums: 9 condominium units, 1,600 s.f. of retail	0.35	1.20	1.20	1999
Projects Currently Under Construction						
Sears Store	1 N. Dearborn St.	Conversion to retail department store and rehabilitation of office space: 243,000 s.f. of retail; 630,000 s.f. of office	23.55	22.05	33.30	2001
Lytton Building	14 E. Jackson Blvd.	Conversion of retail department store to office: "InfoTech Hub", 25,000 s.f. of retail; 255,000 s.f. of office	5.10	3.50	10.05	2000
American Youth Hostel **	24 E. Congress Pkwy.	Youth Hostel/Columbia Student Housing: 38 hotel rooms; 91 rental residential; 6,000 s.f. of retail, 2,000 s.f. of office	1.55	1.20	2.05	2000
Goodman Theatre Center	150 N. Dearborn St.	Theatre rehabilitation: 1,200 seats; 16,592 s.f. of retail; 45,408 s.f. of office	3.65	0.95	1.95	2000
London Guarantee	360 N. Michigan Ave.	Office building rehabilitation: 245,825 s.f. of office; 12,450 s.f. of retail	5.25	5.45	8.35	2001
Art Institute Housing	156-170 N. State	Rehabilitation for student housing/new retail: 340 housing units; 40,000 s.f. of retail	3.20	1.35	3.15	2001
Fisher Building	343 S. Dearborn St.	Residential conversion: 184 rental units; 6,275 s.f. of retail; 8,200 s.f. of office	4.25	3.00	4.95	2000
Michigan Ave. Suites	320 N. Michigan Ave.	Residential conversion: 117 rental units; 7,000 s.f. of retail; 22 parking spaces	3.40	2.60	4.90	2000
Mentor Building *	37 S. State St.	Residential conversion: 45 "for sale" units; 5,450 s.f. of retail; 9,000 s.f. of office	0.35	0.35	2.00	2001
Wacker Tower	68 E. Wacker Place	Office rehabilitation: 66,000 s.f. of office	1.80	1.75	3.30	2000
McCormick Building *	330 S. Michigan Ave.	Residential conversion: 78 "for sale" units	13.00	12.10	13.50	2000

* For these projects, it is assumed that 100% of residential condominium owners will obtain a homeowner's exemption (\$4500 reduction in EAV) and 10% will obtain a senior citizen's exemption (\$2500 reduction in EAV)

** Assumes the American Youth Hostel will not be granted tax-exempt status through the remaining life of the Central Loop Redevelopment Project Area.

THE ASSUMPTIONS AND DEFINITIONS CONTAINED IN THIS REPORT ARE AN INTEGRAL PART OF THIS TABLE.

16: CALCULATION OF ESTIMATED ANNUAL EAV: 1999-2007
 USING 1998 BASE EAV ONLY (LAND AND EXISTING IMPROVEMENTS)
 CAL LOOP PROJECT AREA
 COOK COUNTY, ILLINOIS

		1998 EAV	[1]* 1999	[2] 2000	2001	2002	[2] 2003	2004	2005	[2] 2006	2007
Tax Code 76004											
Value of Existing Properties	[3]	14,402,036	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
Value Enhancements		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Value Removals		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		14,402,036	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
Tax Code 76011											
Value of Existing Properties	[3]	377,070,466	370,801,814	382,037,480	382,037,480	382,037,480	393,613,598	393,613,598	393,613,598	405,540,483	405,540,483
Value Enhancements		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Value Removals		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		377,070,466	370,801,814	382,037,480	382,037,480	382,037,480	393,613,598	393,613,598	393,613,598	405,540,483	405,540,483
Tax Code 76012											
Value of Existing Properties	[3]	102,281,384	100,580,995	103,628,700	99,788,193	99,788,193	102,811,875	102,811,875	102,811,875	105,927,178	105,927,178
Value Additions		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Value Removals	[4]	-0-	-0-	(3,840,507)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		102,281,384	100,580,995	99,788,193	99,788,193	99,788,193	102,811,875	102,811,875	102,811,875	105,927,178	105,927,178
Tax Code 76025											
Value of Existing Properties	[3]	5,160,226	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
Value Enhancements		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Value Removals		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		5,160,226	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
Tax Code 76026											
Value of Existing Properties	[3]	2,138,609	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
Value Enhancements		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Value Removals		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		2,138,609	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
Total EAV: Original Project Area		501,052,721	492,722,912	503,812,402	503,812,402	503,812,402	519,078,422	519,078,422	519,078,422	534,807,017	534,807,017

reflects an increase of 0% over the 1998 Assessed Valuation, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.
 The estimated 1999 EAV for existing properties is less than the 1998 EAV because the 1998 EAV is based on actual State Equalization Factor of 2.1799 for 1998 while the 1999 EAV is based on the 5-year average (1994-1998) State Equalization Factor of 2.1437 for Cook County.
 reflects an increase of 1% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.
 1998 EAV incorporates administrative adjustments to various parcels (completed by the County in July 2000) affecting levy year 1999.
 reflects removals of 1998 EAV due to not for profit owner/occupants of 6 E. Lake (17-10-302-008) and 177 N. State, Page Brothers Building (17-10-305-001).
 1999, reflects removal of 1998 EAV of 70 E. Randolph (17-10-306-010) and in 2000, 1998 EAV of 72 E. Randolph (17-10-306-011) since both are expected to become tax-exempt due to owner/occupant Chicago Department of Cultural Affairs.
 1999, reflects partial tax exemption of One Congress Center (17-15-108-001) due to occupancy by Robert Morris College; in 2000, reflects removal of 1998 EAV of 36 S. State (17-16-206-012-8002) due to tax-exempt owner/occupant Art Institute.

TABLE 6: CALCULATION OF ESTIMATED ANNUAL EAV: 1999-2007 (continued)
 EXISTING 1998 BASE EAV ONLY (LAND AND EXISTING IMPROVEMENTS)
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

	1998 EAV	[1]* 1999	[2] 2000	2001	2002	[2] 2003	2004	2005	[2] 2006	2007
Tax Code 76028 [3]										
Value of Existing Properties	3,664,344	3,603,426	3,712,613	3,712,613	3,712,613	3,825,109	3,825,109	3,825,109	3,941,014	3,941,014
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	3,664,344	3,603,426	3,712,613	3,712,613	3,712,613	3,825,109	3,825,109	3,825,109	3,941,014	3,941,014
Tax Code 76029 [3]										
Value of Existing Properties	709,372,562	697,579,516	717,908,904	716,882,568	716,882,568	738,604,827	738,604,827	738,604,827	760,985,292	760,985,292
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	[5] -0-	(784,206)	(1,026,336)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	709,372,562	696,795,310	716,882,568	716,882,568	716,882,568	738,604,827	738,604,827	738,604,827	760,985,292	760,985,292
Tax Code 76030 [3]										
Value of Existing Properties	173,123,897	170,245,779	168,985,930	165,838,154	165,838,154	170,863,216	170,863,216	170,863,216	176,040,542	176,040,542
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	[6] -0-	(6,229,700)	(3,147,776)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	173,123,897	164,016,079	165,838,154	165,838,154	165,838,154	170,863,216	170,863,216	170,863,216	176,040,542	176,040,542
Total EAV: Added Project Area	886,160,803	864,414,814	886,433,335	886,433,335	886,433,335	913,293,152	913,293,152	913,293,152	940,966,848	940,966,848
Total EAV: Central Loop Project Area	1,387,213,524	1,357,137,726	1,390,245,737	1,390,245,737	1,390,245,737	1,432,371,573	1,432,371,573	1,432,371,573	1,475,773,864	1,475,773,864

[1] Reflects an increase of 0% over the 1998 Assessed Valuation, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.

* The estimated 1999 EAV for existing properties is less than the 1998 EAV because the 1998 EAV is based on actual State Equalization Factor of 2.1799 for 1998 while the 1999 EAV is based on the 5-year average (1994-1998) State Equalization Factor of 2.1437 for Cook County.

[2] Reflects an increase of 1% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.

[3] 1998 EAV incorporates administrative adjustments to various parcels (completed by the County in July 2000) affecting levy year 1999.

[4] Reflects removals of 1998 EAV due to not-for-profit owner/occupants of 6 E. Lake (17-10-302-008) and 177 N. State, Page Brothers Building (17-10-305-001).

[5] In 1999, reflects removal of 1998 EAV of 70 E. Randolph (17-10-306-010) and in 2000, 1998 EAV of 72 E. Randolph (17-10-306-011) since both are expected to become tax-exempt due to owner/occupant Chicago Department of Cultural Affairs

[6] In 1999, reflects partial tax exemption of One Congress Center (17-15-108-001) due to occupancy by Robert Morris College; in 2000, reflects removal of 1998 EAV of 36 S. State (17-16-206-012-8002) due to tax-exempt owner/occupant Art Institute

TABLE 7 - CALCULATION OF ESTIMATED ANNUAL EAV: 1999-2007
 EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) PLUS CONSTRUCTED IMPROVEMENTS
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

	1998 EAV	[1]* 1999	[2] 2000	2001	2002	[2] 2003	2004	2005	[2] 2006	2007
Tax Code 76004										
Value of Existing Properties	[3] 14,402,036	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	14,402,036	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
Tax Code 76011										
Value of Existing Properties	[3] 377,070,466	370,801,814	382,323,801	383,643,401	384,523,101	396,174,535	396,174,535	396,174,535	408,179,020	408,179,020
+ Value Enhancements	[4] -0-	277,900	1,319,600	879,700	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	377,070,466	371,079,714	383,643,401	384,523,101	384,523,101	396,174,535	396,174,535	396,174,535	408,179,020	408,179,020
Tax Code 76012										
Value of Existing Properties	[3] 102,281,384	100,580,995	104,308,081	102,497,974	102,497,974	105,603,765	105,603,765	105,603,765	108,803,664	108,803,664
+ Value Enhancements	[5] -0-	659,400	2,030,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	[6] -0-	-0-	(3,840,507)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	102,281,384	101,240,395	102,497,974	102,497,974	102,497,974	105,603,765	105,603,765	105,603,765	108,803,664	108,803,664
Tax Code 76025										
Value of Existing Properties	[3] 5,160,226	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	5,160,226	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
Tax Code 76026										
Value of Existing Properties	[3] 2,138,609	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	2,138,609	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
Total EAV - Original Project Area	501,052,721	493,660,212	508,128,103	509,007,803	509,007,803	524,431,249	524,431,249	524,431,249	540,322,040	540,322,040

Notes

- [1] Reflects an increase of 0% over the 1998 Assessed Valuation, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.
 - * The estimated 1999 EAV for existing properties is less than the 1998 EAV because the 1998 EAV is based on actual State Equalization Factor of 2.1799 for 1998 while the 1999 EAV is based on the 5-year average (1994-1998) State Equalization Factor of 2.1437 for Cook County.
- [2] Reflects an increase of 1% per year, realized during intermal reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.
- [3] 1998 EAV incorporates administrative adjustments to various parcels (completed by the County in July 2000) affecting levy year 1999.
- [4] Reflects increased assessed valuations of the tax parcels associated with the Oriental Theatre development project due to achievement of full assessment.
- [5] Reflects increased assessed valuations of the tax parcels associated with the Hotel Burnham (Reliance Building) development project due to achievement of full assessment.
- [6] Reflects removals of 1998 EAV due to not-for-profit owner occupants of 6 E. Lake (17-10-302-008) and 177 N. State, Page Brothers Building (17-10-305-001).
- [7] Reflects increased assessed valuations of tax parcels associated with the Manhattan Building development project due to achievement of full assessment.
- [8] Reflects increased assessed valuations of tax parcels associated with the following constructed projects due to achievement of full assessments: 427 S. LaSalle, Singer Building, Symphony Center, Hotel Monaco, and Hotel Allegro Cadillac Theatre.
 - In 1999, reflects slight decline in EAV (-38,000) of Singer Building due to additional homestead exemptions and re-estatement of pre-development EAV on residential units in accordance with the Tax Freeze Program (for landmark buildings).
- [9] In 1999, reflects removal of 1998 EAV of 701 E. Randolph (17-10-306-010) and in 2000, 1998 EAV of 72 E. Randolph (17-10-306-011) since both are expected to become tax exempt due to owner occupancy (City of Chicago Department of Cultural Affairs).
- [10] In 1999, reflects partial tax exemption of One Congress Center (17-15-108-001) due to occupancy by Robert Morris College; in 2000, reflects removal of 1998 EAV of 36 S. State (17-16-206-012-8002) due to tax exempt owner-occupant AIA Institute.

TABLE 7 - CALCULATION OF ESTIMATED ANNUAL EAV, 1999-2007 (continued)
 EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) PLUS CONSTRUCTED IMPROVEMENTS
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

	1998 EAV	[1]* 1999	[2] 2000	2001	2002	[2] 2003	2004	2005	[2] 2006	2007	
Tax Code 76028											
Value of Existing Properties	[3]	3,664,344	3,603,426	3,815,746	3,815,746	3,815,746	3,931,367	3,931,367	3,931,367	4,050,492	4,050,492
+ Value Enhancements	[7]	-0-	100,100	-0-	-0-	-0-	-0-	-0-	-0-	0	-0-
- Value Removals		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0	0
= Total EAV		3,664,344	3,703,526	3,815,746	3,815,746	3,815,746	3,931,367	3,931,367	3,931,367	4,050,492	4,050,492
Tax Code 76029											
Value of Existing Properties	[3]	709,372,562	697,579,516	726,786,699	734,368,163	734,368,163	756,620,253	756,620,253	756,620,253	779,546,603	779,546,603
+ Value Enhancements	[8]	-0-	8,616,700	8,607,800	-0-	-0-	-0-	-0-	-0-	0	36,404
- Value Removals	[9]	-0-	(784,206)	(1,026,336)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV		709,372,562	705,412,010	734,368,163	734,368,163	734,368,163	756,620,253	756,620,253	756,620,253	779,546,603	779,583,003
Tax Code 76030											
Value of Existing Properties	[3]	173,123,897	170,245,779	168,985,930	165,838,154	165,838,154	170,863,216	170,863,216	170,863,216	176,040,542	176,040,542
+ Value Enhancements		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	[10]	-0-	(6,229,700)	(3,147,776)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV		173,123,897	164,016,079	165,838,154	165,838,154	165,838,154	170,863,216	170,863,216	170,863,216	176,040,542	176,040,542
Total EAV: Added Project Area		886,160,803	873,131,614	904,022,063	904,022,063	904,022,063	931,414,836	931,414,836	931,414,836	959,637,637	959,674,037
Total EAV: Central Loop Project Area		1,387,213,524	1,366,791,826	1,412,150,166	1,413,029,866	1,413,029,866	1,455,846,084	1,455,846,084	1,455,846,084	1,499,959,676	1,499,996,076

Notes

- [1] Reflects an increase of 0% over the 1998 Assessed Valuation, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County
- * The estimated 1999 EAV for existing properties is less than the 1998 EAV because the 1998 EAV is based on actual State Equalization Factor of 2.1799 for 1998 while the 1999 EAV is based on the 5-year average (1994-1998) State Equalization Factor of 2.1437 for Cook County
- [2] Reflects an increase of 1% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County
- [3] 1998 EAV incorporates administrative adjustments to various parcels (completed by the County in July 2000) affecting levy year 1999
- [4] Reflects increased assessed valuations of the tax parcels associated with the Oriental Theatre development project due to achievement of full assessment
- [5] Reflects increased assessed valuations of the tax parcels associated with the Hotel Burnham (Reliance Building) development project due to achievement of full assessment
- [6] Reflects removals of 1998 EAV due to not-for-profit owner-occupants of 6 E. Lake (17-10-302-008) and 177 N. State, Page Brothers Building (17-10-305-001)
- [7] Reflects increased assessed valuations of tax parcels associated with the Manhattan Building development project due to achievement of full assessment
- [8] Reflects increased assessed valuations of tax parcels associated with the following constructed projects due to achievement of full assessments: 427 S. LaSalle, Singer Building, Symphony Center, Hotel Monaco, and Hotel Allegro Cadillac Theatre
 In 1999, reflects slight decline in EAV (-38,000) of Singer Building due to additional homestead exemptions and re-estatement of pre-development EAV on residential units, in accordance with the Tax Freeze Program (for landmark buildings)
- [9] In 1999, reflects removal of 1998 EAV of 70 E. Randolph (17-10-306-010) and in 2000, 1998 EAV of 72 E. Randolph (17-10-306-011) since both are expected to become tax-exempt due to owner/occupant City of Chicago Department of Cultural Affairs
- [10] In 1999, reflects partial tax exemption of One Congress Center (17-15-108-001) due to occupancy by Robert Morris College, in 2000, reflects removal of 1998 EAV of 36 S. State (17-16-206-012-8002) due to tax-exempt owner/occupant Art Institute

TABLE 8: CALCULATION OF ESTIMATED ANNUAL EAV: 1999-2007
EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) plus CONSTRUCTED IMPROVEMENTS plus IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

	1998 EAV	[1]* 1999	[2] 2000	2001	2002	[2] 2003	2004	2005	[2] 2006	2007
Tax Code 76004										
Value of Existing Properties	[3] 14,402,036	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	14,402,036	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
Tax Code 76011										
Value of Existing Properties	[3] 377,070,466	370,801,814	382,323,801	383,170,501	384,552,001	396,721,316	397,238,316	397,238,316	409,275,034	409,275,034
+ Value Enhancements	[4] -0-	277,900	1,319,600	1,381,500	501,800	517,000	-0-	-0-	-0-	-0-
- Value Removals	[5] -0-	-0-	(472,900)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	377,070,466	371,079,714	383,170,501	384,552,001	385,053,801	397,238,316	397,238,316	397,238,316	409,275,034	409,275,034
Tax Code 76012										
Value of Existing Properties	[3] 102,281,384	100,580,995	104,173,935	102,363,828	103,359,228	107,003,897	107,516,697	107,516,697	110,774,561	110,774,561
+ Value Enhancements	[6] -0-	659,400	2,030,400	995,400	497,700	512,800	-0-	-0-	-0-	-0-
- Value Removals	[7] -0-	(130,200)	(3,840,507)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	102,281,384	101,110,195	102,363,828	103,359,228	103,856,928	107,516,697	107,516,697	107,516,697	110,774,561	110,774,561
Tax Code 76025										
Value of Existing Properties	[3] 5,160,226	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	5,160,226	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
Tax Code 76026										
Value of Existing Properties	[3] 2,138,609	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
+ Value Enhancements	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Total EAV	2,138,609	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
Total EAV: Original Project Area	501,052,721	493,530,012	507,521,058	509,897,958	510,897,458	527,407,962	527,407,962	527,407,962	543,388,950	543,388,950

Notes

- [1] Reflects an increase of 0% over the 1998 Assessed Valuation and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.
 - The estimated 1999 EAV for existing properties is less than the 1998 EAV because the 1998 EAV is based on actual State Equalization Factor of 2.1799 for 1998 while the 1999 EAV is based on the 5-year average (1994-1998) State Equalization Factor of 2.1437 for Cook County.
- [2] Reflects an increase of 1% per year realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County.
- [3] 1998 EAV incorporates administrative adjustments (completed by the County in July 2000) affecting levy year 1999.
- [4] Reflects increased assessed valuations of the tax parcels associated with the Oriental Theater and the Goodman Theater Center development projects due to achievement of full assessment.
- [5] Reflects removal of pre-development assessed valuations of the tax parcels associated with the Goodman Theater Center development project.
- [6] Reflects increased assessed valuations of the tax parcels associated with the Hotel Burnham (Reliance Building) and the Art Institute Housing development projects due to achievement of full assessments.
- [7] In 1999, removal of pre-development assessed valuations of Art Institute Housing development project; in 2000, removals of 1998 EAV due to not-for-profit owner/occupants of 6 E. Lake (17-10 302-008) and 177 N. State, Page Brothers Building (17-10 305-001).
- [8] Reflects increased assessed valuations of tax parcels associated with the Manhattan Building development project due to achievement of full assessment.
- [9] Reflects increased assessed valuations of tax parcels associated with the following constructed development projects due to achievement of full assessments: 427 S. LaSalle, Singer Building, Symphony Center, Hotel Monaco, and Hotel Allegro Cadillac Theatre, AND achievement of full assessment of the following development projects currently under construction: American Youth Hostel, London Guarantee, Fisher Building, Sears Store, 68 E. Wacker Place, 320 N. Michigan, and the McCormick Building.
- [10] In 1999, reflects slight decline in EAV (-38,000) of Singer Building due to additional homestead exemptions and re-estatement of pre-development EAV on residential units, in accordance with the Tax Freeze Program (for landmark buildings).
- [11] In 1999, reflects removal of 1998 EAV of 70 E. Randolph (17-10 306-010) and in 2000, 1998 EAV of 72 E. Randolph (17-10 306-011) since both are expected to become tax exempt due to owner/operator City of Chicago Department of Cultural Affairs.
- [12] In 1999 and 2000, reflects removal of pre-development assessed valuation of tax parcels associated with the following development projects: Sears Store, American Youth Hostel, London Guarantee, Fisher Building, Michigan Avenue Suites, 68 E. Wacker Place, and the McCormick Building.
- [13] Reflects increased assessed valuations of tax parcels associated with the Mentor Building, the Lytton Building, and the Sears Store development projects due to achievement of full assessments.
- [14] In 1999, reflects partial tax exemption of One Congress Center (17-15 108-001) due to occupancy by Robert Morris College; in 2000, reflects removal of 1998 EAV of 36 S. State (17-16 206-012-800-2) due to tax exempt owner/occupant: Art Institute.
- [15] Reflects removal of pre-development assessed valuation of tax parcels associated with the Mentor Building, the Lytton Building, and the Sears Store development projects.

TABLE 8. CALCULATION OF ESTIMATED ANNUAL EAV: 1999-2007 (continued)
 EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) plus CONSTRUCTED IMPROVEMENTS plus IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

	1998 EAV	[1]* 1999	[2] 2000	2001	2002	[2] 2003	2004	2005	[2] 2006	2007	
Tax Code 76028											
Value of Existing Properties	[3]	3,664,344	3,603,426	3,815,746	3,815,746	3,815,746	3,931,367	3,931,367	3,931,367	4,050,492	4,050,492
+ Value Enhancements	[8]	-0-	100,100	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
- Value Removals		-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		3,664,344	3,703,526	3,815,746	3,815,746	3,815,746	3,931,367	3,931,367	3,931,367	4,050,492	4,050,492
Tax Code 76029											
Value of Existing Properties	[3]	709,372,562	697,579,516	725,343,247	728,185,911	738,731,811	772,579,974	778,195,274	781,303,174	804,977,442	804,977,442
+ Value Enhancements	[9]	-0-	8,616,700	8,607,800	10,545,900	11,126,700	5,615,300	3,107,900	-0-	-0-	36,400
- Value Removals	[10]	-0-	(2,185,206)	(5,765,136)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		709,372,562	704,011,010	728,185,911	738,731,811	749,858,511	778,195,274	781,303,174	781,303,174	804,977,442	805,013,842
Tax Code 76030											
Value of Existing Properties	[3]	173,123,897	170,245,779	167,030,419	158,284,343	165,847,943	179,611,593	182,130,993	183,704,893	189,271,335	189,271,335
+ Value Enhancements	[11]	-0-	-0-	-0-	7,563,600	8,481,300	2,519,400	1,573,900	-0-	-0-	-0-
- Value Removals	[12]	-0-	(8,127,700)	(8,746,076)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total EAV		173,123,897	162,118,079	158,284,343	165,847,943	174,329,243	182,130,993	183,704,893	183,704,893	189,271,335	189,271,335
Total EAV: Added Project Area		886,160,803	869,832,614	890,286,000	908,395,500	928,003,500	964,257,634	968,939,434	968,939,434	998,299,268	998,335,668
Total EAV: Central Loop Project Area		1,387,213,524	1,363,362,626	1,397,807,058	1,418,293,458	1,438,900,958	1,491,665,596	1,496,347,396	1,496,347,396	1,541,688,218	1,541,724,618

Notes

- [1] Reflects an increase of 0% over the 1998 Assessed Valuation, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County
 * The estimated 1999 EAV for existing properties is less than the 1998 EAV because the 1998 EAV is based on actual State Equalization Factor of 2.1799 for 1998 while the 1999 EAV is based on the 5-year average (1994-1998) State Equalization Factor of 2.1437 for Cook County
- [2] Reflects an increase of 1% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County
- [3] 1998 EAV incorporates administrative adjustments (completed by the County in July 2000) affecting levy year 1999
- [4] Reflects increased assessed valuations of the tax parcels associated with the Oriental Theater and the Goodman Theater Center development projects due to achievement of for Cook County
- [5] Reflects removal of pre-development assessed valuations of the tax parcels associated with the Goodman Theater Center development project.
- [6] Reflects increased assessed valuations of the tax parcels associated with the Hotel Burnham (Reliance Building) and the Art Institute Housing development projects due to achievement of full assessments
- [7] In 1999, removal of pre-development assessed valuations of Art Institute Housing development project. In 2000, removals of 1998 EAV due to not-for-profit owner/occupants of 6 E. Lake (17-10-302-008) and 177 N. State, Page Brothers Building (17-10-305-001)
- [8] Reflects increased assessed valuations of tax parcels associated with the Manhattan Building development project due to achievement of full assessment
- [9] Reflects increased assessed valuations of tax parcels associated with the following constructed development projects due to achievement of full assessments: 427 S. LaSalle, Singer Building, Symphony Center, Hotel Monaco, and Hotel Allegro/Cadillac Theatre. AND achievement of full assessment of the following development projects currently under construction: American Youth Hostel, London Guarantee, Fisher Building, Sears Store, 68 E. Wacker Place, 320 N. Michigan, and the McCormick Building. In 1999, reflects slight decline in EAV (-38,000) of Singer Building due to additional homestead exemptions and re-estatement of pre-development EAV on residential units, in accordance with the Tax Freeze Program (for landmark buildings)
- [10] In 1999, reflects removal of 1998 EAV of 70 E. Randolph (17-10-306-010) and in 2000, 1998 EAV of 72 E. Randolph (17-10-306-011) since both are expected to become tax-exempt due to owner/operator City of Chicago Department of Cultural Affairs. In 1999 and 2000, reflects removal of pre-development assessed valuation of tax parcels associated with the following development projects: Sears Store, American Youth Hostel, London Guarantee, Fisher Building, Michigan Avenue Suites, 68 E. Wacker Place, and the McCormick Building
- [11] Reflects increased assessed valuations of tax parcels associated with the Mentor Building, the Lytton Building, and the Sears Store development projects due to achievement of full assessments
- [12] In 1999, reflects partial tax exemption of One Congress Center (17-15-108-001) due to occupancy by Robert Morris College. In 2000, reflects removal of 1998 EAV of 36 S. State (17-16-206-012-8002) due to tax-exempt owner/occupant Art Institute. In 1999 and 2000, reflects removal of pre-development assessed valuation of tax parcels associated with the Mentor Building, the Lytton Building, and the Sears Store development projects

Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction. The four principal components of the calculation of the estimated EAV for the property within the Central Loop Project Area are: (1) value of existing properties, (2) value enhancements, (3) value removals, and (4) inflation.

The calculation of EAV presents the estimates of EAV for (1) land and improvements within the Central Loop Project Area; (2) value enhancements as a result of redevelopment activities or the conversion of tax exempt parcels to taxable uses; and (3) value removals as a result of the changing of taxable land and buildings to tax exempt uses or demolition. The 1998 EAV serves as the basis for the estimates of EAV contained in this Report for the years 1999 through 2007, including those shown in Tables 6, 7 and 8. The calculation of EAV for years 1999 through 2007 also uses the 5-year average State Equalization Factor assumption described in Section IV.A-3, the reassessment assumptions included in Section IV.A-4, and other assumptions included in this Report, including, in particular, the assumption that the EAV of the Central Loop Project Area will be determined through separate Tax Codes for the duration of the Central Loop Project Area and that any decline in the EAV in an individual Tax Code within the Central Loop Project Area below its Certified Initial EAV will not affect the County Clerk's calculation of EAV for any of the other Tax Codes within the Central Loop Project Area. In addition, the estimates of future EAV assume that the properties that filed for exemptions in levy year 1998, which totaled \$83,154, will continue to do so throughout the remaining life of the Central Loop Project Area. Also, for Constructed Improvements and Improvements Currently Under Construction it is assumed that all "for sale" residential properties will file for a homeowner exemption (\$4,500 EAV reduction per unit) and ten percent of all "for sale" residential properties will also file for a senior citizen exemption (\$2,500 EAV reduction per unit).

■ Value of Existing Improvements

The 1998 EAV of existing properties (land and Existing Improvements) within the Central Loop Project Area, incorporating Tax Code reassignments completed by the County in 2000, is \$1,387,213,524 and consists primarily of commercial land and improvements. The 1998 EAV of the Tax Codes within the Central Loop Project Area is \$14,402,036 in Tax Code 76004; \$377,070,466 in Tax Code 76011; \$102,281,384 in Tax Code 76012; \$5,160,226 in Tax Code 76025; \$2,138,609 in Tax Code 76026; \$3,664,344 in Tax Code 76028; \$709,372,562 in Tax Code 76029; and \$173,123,897 in Tax Code 76030.

■ Value Enhancements

Value enhancements include potential increases in assessable value resulting from rehabilitation of existing buildings or new development and are reflected within the estimates included in this Report for Constructed Improvements and Improvements Currently Under Construction. The estimates of future EAV also incorporate assumptions as to the phasing and timing of percentage of assessment achieved in each year as a result of construction and occupancy. These assumptions are based on information obtained from developers for each project as well as observance of past practices of the Cook County Assessor's Office for each type of land use and type of construction (new versus rehabilitation) and the construction phase of projects at the time of this Report. Other than

the Existing Improvements, Constructed Improvements, and Improvements Currently Under Construction, the estimates of Incremental Property Taxes contained in this Report do not consider the impact of any potential or proposed project that may occur within the Central Loop Project Area.

■ Value Removals

Value removals from EAV are expected to occur as a result of (i) the reclassification of existing taxable commercial land and improvements to non-taxable (exempt) status; and (ii) the demolition in total or in part of existing taxable improvements. Specifically, Tables 6, 7, and 8 reflect the potential value removals in levy year 1999 or 2000 for the following properties which are known or are likely to become tax-exempt in future levy years due to acquisition by not-for-profit owner/occupants (including the City).

Tax Code 76012

- Tax parcel 17-10-302-008 which is to be the new location of the Joffrey Ballet of Chicago at 6 E. Lake. The 1998 EAV of the tax parcel is \$2,374,308 and the estimates assume the parcel will become exempt in levy year 2000. Tax parcel 17-10-305-001, the Page Brothers Building at 177 N. State, is expected to become tax exempt in levy year 2000 as a result of ownership by the City of Chicago and occupancy by the Chicago Center for Commerce. The 1998 EAV of the parcel is \$1,466,199. Both parcels are included among the Existing Improvements.

Tax Code 76029

- Tax parcels 17-10-306-010, and 17-10-306-011 which are to be a new location of the City of Chicago Department of Cultural Affairs located at 66-72 E. Randolph (in combination with the 1998 tax exempt parcel 17-10-306-009). The total 1998 EAV of the tax parcels is \$1,810,542 and the estimates assume that parcel 17-10-306-010 is tax exempt in levy year 1999 and after and 17-10-306-011 is tax exempt in levy year 2000 and after. Both parcels are included among the Existing Improvements.

Tax Code 76030

- The tax parcel 17-16-206-012-8002 which contains the ground lease assessment at 36 S. State. The 1998 EAV of the ground lease is \$3,147,776. The property is expected to become tax exempt due to ownership and occupancy by the Art Institute in levy year 2000. The tax parcel 17-15-108-001 is assumed to file for a partial tax exemption affecting levy year 1999 as a result of a not-for-profit occupant (Robert Morris College) in a portion of One Congress Center. The full 1998 EAV of the parcel was \$19,419,785, the estimated value of the removal of EAV in levy year 1999 is \$6,229,700.

Table 8 also shows removals of all or part of the AV of tax parcels associated with the redevelopment projects evaluated as Improvements Currently Under Construction. The estimates of Incremental Property Taxes contained in this Report assume that (i) all buildings and properties which were tax exempt in levy year 1998, unless otherwise indicated for Improvements Currently Under Construction (Table 8), will remain tax

exempt throughout the remaining life of the Central Loop Project Area and (ii) the buildings and properties listed above as "Value Removals" will become exempt in levy year 1999 or 2000 as indicated and will remain tax exempt for the remaining life of the Central Loop Project Area.

In the event that buildings or sites which are not listed above as "Value Removals" are acquired by the City or other parties and rendered tax exempt, future EAV and Incremental Property Taxes would be lower than the levels estimated in this Report.

IV.A-6. Certified Initial Equalized Assessed Valuation

The Certified Initial EAV of the Central Loop Project Area is shown below.

Tax Code	Certified Initial EAV
76004 ⁽¹⁾	\$ -0-
76011 ⁽¹⁾	\$31,107,080
76012 ⁽¹⁾	\$10,851,848
76025 ⁽¹⁾	\$8,245,606
76026 ⁽¹⁾	\$4,332,385
76028 ⁽²⁾	\$2,897,709
76029 ⁽²⁾⁽³⁾	\$709,205,112
<u>76030⁽²⁾⁽³⁾</u>	<u>\$180,206,594</u>
Total	\$946,846,334

⁽¹⁾The base year of the Original Project Area is 1982 as established by the adoption of the Original Redevelopment Plan on June 20, 1984. The Certified Initial EAV for the five Tax Codes primarily within the Original Project Area totals \$54,536,919. The Certified Initial EAV of Tax Codes 76004, 76011, 76012, 76025 and 76026 serves as the Certified Initial EAV from which incremental EAV and Incremental Property Taxes are calculated for each such Tax Code.

⁽²⁾ The base year of the Added Project Area is 1995 as established by the adoption of the Central Loop Redevelopment Plan on February 7, 1997. The Certified Initial EAV for the three Tax Codes within the Added Project Area totals \$892,309,415. The Certified Initial EAV of Tax Codes 76028, 76029 and 76030 serves as the Certified Initial EAV from which incremental EAV and incremental property taxes are calculated for each such Tax Code within the Added Project Area.

⁽³⁾Incorporates Tax Code reassignments completed by the County Clerk in July, 2000.

From levy year 1986 through levy year 1990, the Original Project Area contained two Tax Codes. From levy year 1991 through levy year 1995, the Original Project Area contained three Tax Codes. In levy years 1996 through levy year 1998, the Original Project Area contained five Tax Codes. Shown below are the Certified Initial EAV figures used by the County Clerk for the Tax Codes contained primarily within the Original Project Area between levy years 1986 and 1998.

Tax Code	Certified Initial EAV in Each Period		
	1986-1990	1991-1995	1996-1998
76004	\$39,353,688	\$ -0-	\$ -0-
76005	\$15,184,233	n.a.	n.a.
76011		\$39,352,686	\$31,107,080
76012		\$15,184,233	\$10,851,848
76025			\$8,245,606
76026			\$4,332,385
Total	\$54,537,921	\$54,536,919	\$54,536,919

The following section explains why the Tax Codes within the Original Project Area were revised in levy years 1991 and 1996.

IV.A-7 Tax Rate

The aggregate tax rate for all taxing districts is extended against all taxable parcels to derive property taxes. The aggregate tax rate for a property is determined by summing the tax rates of all taxing districts having jurisdiction over that property.

Summarized in Table 9, *Tax Districts and Historic Tax Rates*, are historic tax rates for each of the taxing districts within the Central Loop Project Area's original and current Tax Codes. Additionally, Table 9 summarizes the aggregate tax rates for each Tax Code from 1986 through 1998.

As summarized in the previous section and illustrated in Table 9, the original Tax Codes for the Original Project Area were 76004 and 76005 between levy years 1986 and 1990. Over that period, Tax Code 76005 consisted of the portion of the Original Project Area located within the State Street SSA and Tax Code 76004 consisted of the remainder of the Original Project Area. In levy year 1991, the Circulator SSA was added as a taxing district with jurisdiction over all but 6 tax parcels within the Original Project Area. Therefore, in levy year 1991, all parcels previously in Tax Code 76004 and now within the Circulator SSA were assigned a new Tax Code (Tax Code 76011) while the remaining six parcels not subject to the new Circulator SSA remained within Tax Code 76004. Also in levy year 1991, all parcels previously within Tax Code 76005 were assigned a new tax code (Tax Code 76012) to include the new Circulator SSA as a taxing district.

Effective in levy year 1996, the County Clerk granted additional Tax Codes for a portion of Block 37 within the Original Project Area. Tax Code 76025 includes fourteen tax parcels which were formerly located within Tax Code 76011. Tax Code 76026 includes six tax parcels which were formerly located within Tax Code 76012.

**TABLE 9
TAX DISTRICTS AND HISTORIC TAX RATES
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS**

Taxing District	Tax Rate (Percent)												
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
0001-0 County of Cook	0.858	0.913	1.128	1.048	1.068	1.040	1.176	0.971	0.993	0.994	0.989	0.919	0.911
0002-0 Forest Preserve District of Cook County	0.106	0.102	0.101	0.099	0.080	0.064	0.063	0.072	0.073	0.072	0.074	0.074	0.072
0110-0 Metro Water Reclamation Dist of Gr Chgo	0.635	0.517	0.536	0.522	0.525	0.482	0.470	0.471	0.495	0.495	0.492	0.451	0.444
0253-0 Chicago Community College District 508	0.527	0.471	0.481	0.478	0.420	0.398	0.390	0.381	0.372	0.376	0.377	0.356	0.354
0375-5 City of Chicago Library Fund	0.212	0.185	0.204	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.195	0.192	0.186
0699-0 Chicago Urban Transportation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0737-2 City of Chicago Special SSA 12 (Circulator SSA)	n.a.	n.a.	n.a.	n.a.	n.a.	0.163	0.158	0.155	0.158	0.000	0.000	0.000	0.000
0739-3 City of Chicago Special SSA 1 (State Street SSA)	0.426	0.131	0.366	0.372	0.347	0.294	0.277	0.265	0.325	0.250	0.444	0.405	0.390
1001-0 City of Chicago	2.856	2.531	2.667	2.848	2.570	2.183	2.210	2.288	2.158	2.131	1.987	1.832	1.812
1002-0 Board of Education	3.776	3.783	3.773	4.088	4.246	4.222	4.267	4.324	4.167	4.251	4.327	4.084	4.172
1003-0 Chicago Park District	0.983	0.854	0.771	0.861	0.816	0.718	0.735	0.778	0.741	0.730	0.721	0.665	0.653
1004-0 Chicago School Finance Authority	0.399	0.304	0.266	0.253	0.239	0.204	0.190	0.150	0.265	0.296	0.291	0.270	0.268
Sum of Taxing Districts	10.778	9.791	10.293	10.569	10.311	9.768	9.936	9.855	9.747	9.595	9.897	9.248	9.262
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Tax Code Totals: Original Project Area													
76004 General City Rate/No. Loop TIF	10.352	9.660	9.927	10.197	9.964	9.311	9.501	9.435	9.264	9.345	9.453	8.843	8.872
76005 General City Rate/No. Loop TIF + SSA 1	10.778	9.791	10.293	10.569	10.311	n.a.							
76011 General City Rate/No. Loop TIF + SSA 12	n.a.	n.a.	n.a.	n.a.	n.a.	9.474	9.659	9.590	9.422	9.345	9.453	8.843	8.872
76012 General City Rate/No. Loop TIF + SSA 1 + SSA 12	n.a.	n.a.	n.a.	n.a.	n.a.	9.768	9.936	9.855	9.747	9.595	9.897	9.248	9.262
76025 General City Rate/No. Loop TIF + SSA 12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.453	8.843	8.872
76026 General City Rate/No. Loop TIF + SSA 1 + SSA 12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.897	9.248	9.262
Tax Code Totals: Added Project Area													
76028 General City Rate/Ctl. Loop TIF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.843	8.872
76029 General City Rate/Ctl. Loop TIF + SSA 12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.843	8.872
76030 General City Rate/Ctl. Loop TIF + SSA 1 + SSA 12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.248	9.262

In 1997, Tax Codes 76028, 76029, and 76030 were created to encompass the Added Project Area. Tax Code 76028 includes parcels subject to the City's general tax rate; Tax Code 76029 includes parcels subject to the City's general tax rate and situated within the Circulator SSA; and Tax Code 76030 includes parcels subject to the City's general tax rate and situated within the Circulator SSA and the State Street SSA.

The estimates of Incremental Property Taxes contained in this Report assume that (i) all existing Tax Codes will continue to be administered consistent with existing practices, (ii) no new Tax Codes will be established within the Central Loop Project Area, (iii) the State Street SSA will continue to exist and levy taxes and (iv) while the County Clerk will maintain the existing Tax Codes which include the Circulator SSA, the Circulator SSA will not levy taxes subsequent to levy year 1994.

Tax Limitation Act

On July 18, 1991, the Illinois General Assembly enacted Public Act 87-17, the "Tax Limitation Act." In the County, Public Act 87-17 requires, for the 1992 extension and subsequent extensions, the County Clerk to use the prior year EAV to determine the rate at which taxes are to be extended in the current year.

Effective February 12, 1995, the Illinois General Assembly enacted Public Act 89-1 to amend the Tax Limitation Act to apply to County taxing districts for the 1994 extension and subsequent extensions. In addition to continuing the requirement that prior year EAV be used to determine the rate at which taxes are to be extended in the current year, Public Act 89-1 requires that the growth in the 1994 extension be limited to 5 percent and that the growth in extensions subsequent to 1994 be limited to the lesser of 5 percent or the percent change in the Consumer Price Index (CPI) for that year.

All taxing districts within the County, except home-rule municipalities, are subject to the Tax Limitation Act. In addition, any previously existing tax limits continue to apply to all applicable funds of taxing districts. Certain debt obligations are excluded from the Tax Limitation Act if separately levied, including general obligation bonds approved by referendum, general obligation bonds issued prior to March 1, 1995 and certain other fund extensions. Tax extensions for special service areas are specifically excluded from the Tax Limitation Act.

According to the State Department of Revenue publication entitled "*The Property Tax Extension Limitation Laws as Amended and Enacted by PA 89-1 and Their Application to Cook County Taxing Districts*," the County Clerk determines the final tax rate for extension under the Tax Limitation Act through the following steps.

1. Compute preliminary tax rates for each taxing district by fund. *First*, establish the maximum allowable levy for funds with rate limits. This is done by multiplying the prior year EAV by the fund's rate limit. *Second*, calculate the preliminary tax rates for funds with rate limits. This is done by dividing the lesser of the maximum allowable levy or the actual levy by the current year EAV.
2. Sum the preliminary rates for those funds subject to the Tax Limitation Act.

3. Compute the numerator of the "limiting rate" by multiplying the prior year extensions for funds subject to the Tax Limitation Act by 1.05 (for the 1994 levy) or by 1 plus the lesser of 5 percent or the percent change in the CPI for the year (for levies subsequent to 1994).
4. Compute the denominator of the "limiting rate" by subtracting from the current year EAV the product of the AV of new property times the State Equalization Factor.
5. Compute the "limiting rate" by dividing the result of Step 3 by the result of Step 4.
6. Compare the sum of the preliminary rates from Step 2 to the "limiting rate" from Step 5.
 - If the sum of the preliminary rates from Step 2 is less than or equal to the "limiting rate," the district is not affected by the Tax Limitation Act and taxes are extended as usual.
 - If the sum of the preliminary rates from Step 2 is greater than the "limiting rate," the district is affected by the Tax Limitation Act.
7. If the district is affected by the Tax Limitation Act, reduce the preliminary rates which are subject to the Tax Limitation Act from Step 1 by multiplying each preliminary rate by a factor equal to the "limiting rate" divided by the sum of the preliminary rates from Step 2. (A taxing district may direct a different formula for the reductions, provided the "limiting rate" and the maximum rates computed using prior year EAV are not exceeded.)
8. Extend taxes using the rates computed in Step 7.

City and County Ordinances

Prior to the adoption of Public Act 89-1, the City and County each adopted tax limitation ordinances. The City adopted the Chicago Property Tax Limitation Ordinance in 1993, affecting extensions beginning with 1994 extensions, and the County adopted the Cook County Property Tax Relief Ordinance in 1994, affecting extensions beginning with 1995 extensions. Both ordinances (the "Local Ordinances") are designed to limit the annual growth of their respective extensions to the lesser of five percent or the percent change in the CPI. However, both ordinances may be amended, repealed or superseded pursuant to the home rule powers of the City and County, respectively, to override the limits and extend levies greater than five percent or the CPI.

Estimated Future Tax Rates

The estimated future tax rates illustrated in Table 10 were derived by applying assumptions regarding future tax extensions, EAV and new EAV of each taxing district to 1998 extension and EAV data under the assumption that both the Tax Limitation Act and the Local Ordinances will remain in effect for all taxing districts (except special service areas). The analysis first involves estimating the future annual "limiting rate" for each of the taxing districts with jurisdiction over the Central Loop Project Area. The limiting rate is calculated separately for each taxing district and is based on the separate calculation of a numerator and a denominator.

For each taxing district, the numerator of the estimated future limiting rates is calculated by applying assumptions regarding future extensions to actual 1998 extension information. The estimates assume that the 1999 and subsequent extensions of each taxing district will increase over the prior year's extension by an amount equal to the change in the CPI factor for that year. Actual CPI factors released by the County Clerk are used to estimate the change in the 1999 and 2000 extensions and the 5-year average (1996-2000) CPI factor is used to estimate the change in extensions subsequent to 2000.

For each taxing district, the denominator of the estimated future limiting rates is calculated by applying assumptions regarding future total EAV and new EAV to actual 1998 EAV information. The total EAV of each taxing district is estimated to increase by the change in EAV from the prior year observed in 1992 through 1998 for each of three periods—reassessment years, the years after a reassessment year, and the years before a reassessment year. For example, since 1999 is the year before a reassessment year, the estimated change in the 1999 EAV from the 1998 level is the average change in EAV observed in 1993 and 1996. Subsequent years' EAV is estimated in the same manner. The amount of new EAV for each taxing district is estimated by multiplying the total EAV calculated in each year by the 5-year average (1994-1998) ratio of new EAV to total EAV.

The estimated "limiting rate" for each taxing district is calculated by dividing the numerator by the denominator. The total tax rate for each taxing district equals the sum of the limiting rate and the rate necessary to support the portion of its extension that is not subject to the Tax Limitation Act. The estimated rate for the non-capped portion of the extension is calculated by dividing the total estimated EAV (as calculated for the denominator) by the amount of the extension that is not subject to the Tax Limitation Act (assumed to remain at the 1998 level for each taxing district). The resulting tax rates for each taxing district are then aggregated and added to any special service area tax rates to determine the total tax rate for each Tax Code.

Tax Rate Analysis

Table 10 illustrates the estimated future tax rates.

TABLE 10: ESTIMATED FUTURE TAX RATES: 1999 - 2007

Assessment Year	Tax Codes 76004 and 76028	Tax Codes 76011, 76029 and 76025 ^[1]	Tax Codes 76012, 76026, & 76030 ^[2]
	1999	8.851%	8.851%
2000*	8.616%	8.616%	8.979%
2001	8.672%	8.672%	9.035%
2002	8.716%	8.716%	9.078%
2003*	8.459%	8.459%	8.821%
2004	8.516%	8.516%	8.879%
2005	8.560%	8.560%	8.922%
2006*	8.308%	8.308%	8.671%
2007	8.366%	8.366%	8.728%

**City Reassessment Year*

^[1] Includes the City's general tax rate (as in Tax Code 76004) plus the Circulator SSA's estimated future tax rate of 0.000 percent.

^[2] Includes the City's general tax rate (as in Tax Code 76004) plus the five-year average tax rate of 0.363 percent for the State Street SSA and the Circulator SSA's estimated future tax rate of 0.000 percent.

IV.A-8 Tax Collection Rate

The tax collection rate attempts to account for taxes which are uncollected or are the result of errors in assessments. Historic tax collection rates for the five Tax Codes within the Central Loop Project Area that have generated Incremental Property Taxes for levy years 1994 through 1998 are shown in Table 11.

TABLE 11: CENTRAL LOOP PROJECT AREA PROPERTY TAX COLLECTION RATES:
1994 -1998

Levy Year	Tax Code 76004	Tax Code 76011	Tax Code 76012	Tax Code 76028	Tax Code 76029	All Tax Codes
1994	87.7%	99.3%	96.4%	n.a.	n.a.	98.6%
1995	88.5%	98.6%	97.9%	n.a.	n.a.	98.1%
1996	88.5%	99.7%	94.7%	n.a.	n.a.	98.7%
1997	89.2%	99.1%	99.3%	100.0%	n.a.	98.8%
1998	89.2%	99.1%	98.6%	98.8%	97.0%	98.6%
Overall:						
1994-98	88.6%^[1]	99.1%	97.9%	99.4%	97.0%	98.6%

^[1] The total value of taxes extended for Tax Code 76004 has ranged from approximately \$1.1 to 1.2 million from 1994 to 1998. The approximately \$140,000 in uncollected taxes in each of these years is associated with a tax parcel currently owned by the City of Chicago.

Source: County Clerk, "Tax Increment Agency Distribution Percent" and County Treasurer, "Agency Collection Distribution Report as of 3/31/00."

The estimates of Incremental Property Taxes assume the five-year average (levy years 1994 through 1998) collection rate for the three Tax Codes that existed within the Original Project Area between levy years 1994 and 1998. Property tax collection rates of 88.6%, 99.1% and 97.9% are used for Tax Codes 76004, 76011 and 76012, respectively. As Tax Code 76025 consists of tax parcels formerly situated in Tax Code 76011, the five-year average collection rate of 99.1% for Tax Code 76011 is also used for Tax Code 76025. As Tax Code 76026 consists of tax parcels formerly situated in Tax Code 76012, the five-year average collection rate of 97.9% for Tax Code 76012 is used for Tax Code 76026. Given the limited collection rate history of the three Tax Codes of the Added Project Area, the five-year average (levy years 1994 through 1998) collection rate for all Tax Codes of the Central Loop Project Area, 98.6%, is used in the estimates of Incremental Property Taxes for Tax Codes 76028, 76029, and 76030.

IV.A-9 Calculation of Incremental Property Taxes

The series of Tables (12, 13, and 14), *Calculation of Estimated Incremental Property Taxes: 1999-2007* illustrates the calculation of Incremental Property Taxes estimated to be generated within the Central Loop Project Area for the collection period 2000 through 2008. The estimates of Incremental Property Taxes contained in Table 12 reflect the estimated future tax rates illustrated in Table 10 for levy years 1999 through 2007 as applied to the estimated future EAV contained in Table 6 for Existing Improvements. The estimates of Incremental Property Taxes contained in Table 13 reflect the estimated future tax rates illustrated in Table 10 for levy years 1999 through 2007 as applied to the estimated future EAV contained in Table 7 for Existing Improvements and Constructed Improvements. The estimates of Incremental Property Taxes contained in Table 14 reflect

TABLE 12: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007
EXISTING 1998 BASE EAV ONLY (LAND AND EXISTING IMPROVEMENTS)
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

Assessment Year:	Estimated Incremental Property Taxes									
	1999	2000*	2001	2002	2003*	2004	2005	2006*	2007	2008
Collection Year:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tax Code 76004										
Estimated Total EAV	[1]	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
- Certified Initial EAV	[2]	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Incremental EAV		14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		1,253,561	1,257,181	1,265,455	1,271,758	1,271,642	1,280,256	1,286,826	1,286,847	1,295,784
x Estimated Collection Rate	[4]	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%
= Incremental Property Taxes	[5]	\$1,111,000	\$1,114,000	\$1,121,000	\$1,127,000	\$1,127,000	\$1,134,000	\$1,140,000	\$1,140,000	\$1,148,000
Tax Code 76011										
Estimated Total EAV	[1]	370,801,814	382,037,480	382,037,480	382,037,480	393,613,598	393,613,598	393,613,598	405,540,483	405,540,483
- Certified Initial EAV	[2]	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080
= Incremental EAV		339,694,734	350,930,400	350,930,400	350,930,400	362,506,518	362,506,518	362,506,518	374,433,403	374,433,403
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		30,067,060	30,235,110	30,434,088	30,585,690	30,662,614	30,870,330	31,028,745	31,107,553	31,323,601
x Estimated Collection Rate	[4]	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
= Incremental Property Taxes	[5]	\$29,796,000	\$29,963,000	\$30,160,000	\$30,310,000	\$30,387,000	\$30,592,000	\$30,749,000	\$30,828,000	\$31,042,000
Tax Code 76012										
Estimated Total EAV	[1]	100,580,995	99,788,193	99,788,193	99,788,193	102,811,875	102,811,875	102,811,875	105,927,178	105,927,178
- Certified Initial EAV	[2]	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848
= Incremental EAV		89,729,147	88,936,345	88,936,345	88,936,345	91,960,027	91,960,027	91,960,027	95,075,330	95,075,330
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		8,267,644	7,985,150	8,035,577	8,073,997	8,112,070	8,164,763	8,204,949	8,243,697	8,298,555
x Estimated Collection Rate	[4]	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%
= Incremental Property Taxes	[5]	\$8,094,000	\$7,817,000	\$7,867,000	\$7,904,000	\$7,942,000	\$7,993,000	\$8,033,000	\$8,071,000	\$8,124,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 6)
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000)
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012).
Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA)

* Reassessment Year

TABLE 12: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007 (continued)
EXISTING 1998 BASE EAV ONLY (LAND AND EXISTING IMPROVEMENTS)
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

	Assessment Year:	Estimated Incremental Property Taxes									
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
		Collection Year:	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Code 76025											
Estimated Total EAV	[1]	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839	
- Certified Initial EAV	[2]	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	
= Incremental EAV		-	-	-	-	-	-	-	-	-	
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%	
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-	
x Estimated Collection Rate	[4]	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Tax Code 76026											
Estimated Total EAV	[1]	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081	
- Certified Initial EAV	[2]	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	
= Incremental EAV		-	-	-	-	-	-	-	-	-	
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%	
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-	
x Estimated Collection Rate	[4]	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total: Original Project Area		\$39,001,000	\$38,894,000	\$39,148,000	\$39,341,000	\$39,456,000	\$39,719,000	\$39,922,000	\$40,039,000	\$40,314,000	

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 6)
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012). Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA).

* Reassessment Year

TABLE 12: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007 (continued)
EXISTING 1998 BASE EAV ONLY (LAND AND EXISTING IMPROVEMENTS)
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

		Estimated Incremental Property Taxes								
Assessment Year:		1999	2000	2001	2002	2003	2004	2005	2006	2007
Collection Year:		2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Code 76028										
Estimated Total EAV	[1]	3,603,426	3,712,613	3,712,613	3,712,613	3,825,109	3,825,109	3,825,109	3,941,014	3,941,014
- Certified Initial EAV	[2]	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709
= Incremental EAV		705,717	814,904	814,904	814,904	927,400	927,400	927,400	1,043,305	1,043,305
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		62,464	70,210	70,672	71,024	78,444	78,976	79,381	86,677	87,279
x Estimated Collection Rate	[4]	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	[5]	\$62,000	\$69,000	\$70,000	\$70,000	\$77,000	\$78,000	\$78,000	\$85,000	\$86,000
Tax Code 76029										
Estimated Total EAV	[1]	696,795,310	716,882,568	716,882,568	716,882,568	738,604,827	738,604,827	738,604,827	760,985,292	760,985,292
- Certified Initial EAV	[2]	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112
= Incremental EAV		-	7,677,456	7,677,456	7,677,456	29,399,715	29,399,715	29,399,715	51,780,180	51,780,180
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		-	661,467	665,820	669,136	2,486,775	2,503,621	2,516,469	4,301,846	4,331,723
x Estimated Collection Rate	[4]	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	[5]	\$0	\$652,000	\$656,000	\$660,000	\$2,452,000	\$2,469,000	\$2,481,000	\$4,242,000	\$4,271,000
Tax Code 76030										
Estimated Total EAV	[1]	164,016,079	165,838,154	165,838,154	165,838,154	170,863,216	170,863,216	170,863,216	176,040,542	176,040,542
- Certified Initial EAV	[2]	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594
= Incremental EAV		-	-	-	-	-	-	-	-	-
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-
x Estimated Collection Rate	[4]	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total: Added Project Area		\$62,000	\$721,000	\$726,000	\$730,000	\$2,529,000	\$2,547,000	\$2,559,000	\$4,327,000	\$4,357,000
Total: Central Loop Project Area		\$39,063,000	\$39,615,000	\$39,874,000	\$40,071,000	\$41,985,000	\$42,266,000	\$42,481,000	\$44,366,000	\$44,671,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 6)
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012).
Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA).

TABLE 13: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007
 EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) PLUS CONSTRUCTED IMPROVEMENTS
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

	Assessment Year:	Estimated Incremental Property Taxes								
		1999	2000*	2001	2002	2003*	2004	2005	2006*	2007
	Collection Year:	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Code 76004										
Estimated Total EAV	[1]	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
- Certified Initial EAV	[2]	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Incremental EAV		14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		1,253,561	1,257,181	1,265,455	1,271,758	1,271,642	1,280,256	1,286,826	1,286,847	1,295,784
x Estimated Collection Rate	[4]	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%
= Incremental Property Taxes	[5]	\$1,111,000	\$1,114,000	\$1,121,000	\$1,127,000	\$1,127,000	\$1,134,000	\$1,140,000	\$1,140,000	\$1,148,000
Tax Code 76011										
Estimated Total EAV	[1]	371,079,714	383,643,401	384,523,101	384,523,101	396,174,535	396,174,535	396,174,535	408,179,020	408,179,020
- Certified Initial EAV	[2]	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080
= Incremental EAV		339,972,634	352,536,321	353,416,021	353,416,021	365,067,455	365,067,455	365,067,455	377,071,940	377,071,940
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		30,091,658	30,373,472	30,649,651	30,802,327	30,879,231	31,088,414	31,247,949	31,326,760	31,544,330
x Estimated Collection Rate	[4]	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
= Incremental Property Taxes	[5]	\$29,821,000	\$30,100,000	\$30,374,000	\$30,525,000	\$30,601,000	\$30,809,000	\$30,967,000	\$31,045,000	\$31,260,000
Tax Code 76012										
Estimated Total EAV	[1]	101,240,395	102,497,974	102,497,974	102,497,974	105,603,765	105,603,765	105,603,765	108,803,664	108,803,664
- Certified Initial EAV	[2]	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848
= Incremental EAV		90,388,547	91,646,126	91,646,126	91,646,126	94,751,917	94,751,917	94,751,917	97,951,816	97,951,816
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		8,328,401	8,228,447	8,280,411	8,320,002	8,358,351	8,412,644	8,454,050	8,493,108	8,549,626
x Estimated Collection Rate	[4]	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%
= Incremental Property Taxes	[5]	\$8,154,000	\$8,056,000	\$8,107,000	\$8,145,000	\$8,183,000	\$8,230,000	\$8,277,000	\$8,315,000	\$8,370,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 7)
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012).
Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA)

* Reassessment Year

TABLE 13: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007 (continued)
 EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) PLUS CONSTRUCTED IMPROVEMENTS
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

	Assessment Year:	Estimated Incremental Property Taxes								
		1999	2000	2001	2002	2003	2004	2005	2006	2007
	Collection Year:	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Code 76025										
Estimated Total EAV	[1]	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
- Certified Initial EAV	[2]	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606
= Incremental EAV		-	-	-	-	-	-	-	-	-
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-
x Estimated Collection Rate	[4]	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Code 76026										
Estimated Total EAV	[1]	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
- Certified Initial EAV	[2]	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385
= Incremental EAV		-	-	-	-	-	-	-	-	-
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-
x Estimated Collection Rate	[4]	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total: Original Project Area		\$39,086,000	\$39,270,000	\$39,602,000	\$39,797,000	\$39,911,000	\$40,179,000	\$40,384,000	\$40,500,000	\$40,778,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 7)
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012).
Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA).

* Reassessment Year

TABLE 13: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007 (continued)
EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) PLUS CONSTRUCTED IMPROVEMENTS
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

Assessment Year: Collection Year:	Estimated Incremental Property Taxes									
	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006	2006 2007	2007 2008	
Tax Code 76028										
Estimated Total EAV	[1]	3,703,526	3,815,746	3,815,746	3,815,746	3,931,367	3,931,367	3,931,367	4,050,492	4,050,492
- Certified Initial EAV	[2]	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709
= Incremental EAV		805,817	918,037	918,037	918,037	1,033,658	1,033,658	1,033,658	1,152,783	1,152,783
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		71,324	79,095	79,616	80,012	87,432	88,024	88,476	95,772	96,437
x Estimated Collection Rate	[4]	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	[5]	\$70,000	\$78,000	\$79,000	\$79,000	\$86,000	\$87,000	\$87,000	\$94,000	\$95,000
Tax Code 76029										
Estimated Total EAV	[1]	705,412,010	734,368,163	734,368,163	734,368,163	756,620,253	756,620,253	756,620,253	779,546,603	779,583,003
- Certified Initial EAV	[2]	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112
= Incremental EAV		-	25,163,051	25,163,051	25,163,051	47,415,141	47,415,141	47,415,141	70,341,491	70,377,891
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		-	2,167,973	2,182,240	2,193,111	4,010,610	4,037,779	4,058,499	5,843,901	5,887,533
x Estimated Collection Rate	[4]	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	[5]	\$0	\$2,138,000	\$2,152,000	\$2,162,000	\$3,954,000	\$3,981,000	\$4,002,000	\$5,762,000	\$5,805,000
Tax Code 76030										
Estimated Total EAV	[1]	164,016,079	165,838,154	165,838,154	165,838,154	170,863,216	170,863,216	170,863,216	176,040,542	176,040,542
- Certified Initial EAV	[2]	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594
= Incremental EAV		-	-	-	-	-	-	-	-	-
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-
x Estimated Collection Rate	[4]	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total: Added Project Area		\$70,000	\$2,216,000	\$2,231,000	\$2,241,000	\$4,040,000	\$4,068,000	\$4,089,000	\$5,856,000	\$5,900,000
Total: Central Loop Project Area		\$39,156,000	\$41,486,000	\$41,833,000	\$42,038,000	\$43,951,000	\$44,247,000	\$44,473,000	\$46,356,000	\$46,678,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 7)
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012). Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA).

* Reassessment Year

TABLE 14: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007
EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) plus CONSTRUCTED IMPROVEMENTS plus IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

	Assessment Year:	Estimated Incremental Property Taxes								
		1999	2000	2001	2002	2003	2004	2005	2006	2007
	Collection Year:	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Code 76004										
Estimated Total EAV	[1]	14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
- Certified Initial EAV	[2]	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
= Incremental EAV		14,162,608	14,591,749	14,591,749	14,591,749	15,033,893	15,033,893	15,033,893	15,489,435	15,489,435
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		1,253,561	1,257,181	1,265,455	1,271,758	1,271,642	1,280,256	1,286,826	1,286,847	1,295,784
x Estimated Collection Rate	[4]	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%	88.6%
= Incremental Property Taxes	[5]	\$1,111,000	\$1,114,000	\$1,121,000	\$1,127,000	\$1,127,000	\$1,134,000	\$1,140,000	\$1,140,000	\$1,148,000
Tax Code 76011										
Estimated Total EAV	[1]	371,079,714	383,170,501	384,552,001	385,053,801	397,238,316	397,238,316	397,238,316	409,275,034	409,275,034
- Certified Initial EAV	[2]	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080	31,107,080
= Incremental EAV		339,972,634	352,063,421	353,444,921	353,946,721	366,131,236	366,131,236	366,131,236	378,167,954	378,167,954
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		30,091,658	30,332,728	30,652,157	30,848,580	30,969,211	31,179,004	31,339,003	31,417,815	31,636,018
x Estimated Collection Rate	[4]	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
= Incremental Property Taxes	[5]	\$29,821,000	\$30,060,000	\$30,376,000	\$30,571,000	\$30,690,000	\$30,898,000	\$31,057,000	\$31,135,000	\$31,351,000
Tax Code 76012										
Estimated Total EAV	[1]	101,110,195	102,363,828	103,359,228	103,856,928	107,516,697	107,516,697	107,516,697	110,774,561	110,774,561
- Certified Initial EAV	[2]	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848	10,851,848
= Incremental EAV		90,258,347	91,511,980	92,507,380	93,005,080	96,664,849	96,664,849	96,664,849	99,922,713	99,922,713
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		8,316,404	8,216,403	8,358,227	8,443,373	8,527,096	8,582,485	8,624,728	8,663,999	8,721,654
x Estimated Collection Rate	[4]	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%
= Incremental Property Taxes	[5]	\$8,142,000	\$8,044,000	\$8,183,000	\$8,266,000	\$8,348,000	\$8,402,000	\$8,444,000	\$8,482,000	\$8,538,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 8).
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012). Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA).

* Reassessment Year

TABLE 14: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007 (continued)
 EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) plus CONSTRUCTED IMPROVEMENTS plus IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION
 CENTRAL LOOP PROJECT AREA
 CHICAGO, ILLINOIS

Assessment Year: Collection Year:	Estimated Incremental Property Taxes									
		*	*	*	*	*	*	*	*	*
	1999 2000	2000 2001	2001 2002	2002 2003	2003 2004	2004 2005	2005 2006	2006 2007	2007 2008	
Tax Code 76025										
Estimated Total EAV	[1]	5,074,439	5,228,200	5,228,200	5,228,200	5,386,619	5,386,619	5,386,619	5,549,839	5,549,839
- Certified Initial EAV	[2]	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606	8,245,606
= Incremental EAV		-	-	-	-	-	-	-	-	-
x Tax Rate	[3]	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-
x Estimated Collection Rate	[4]	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Code 76026										
Estimated Total EAV	[1]	2,103,055	2,166,780	2,166,780	2,166,780	2,232,436	2,232,436	2,232,436	2,300,081	2,300,081
- Certified Initial EAV	[2]	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385	4,332,385
= Incremental EAV		-	-	-	-	-	-	-	-	-
x Tax Rate	[6]	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		-	-	-	-	-	-	-	-	-
x Estimated Collection Rate	[4]	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%
= Incremental Property Taxes	[5]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total: Original Project Area		\$39,074,000	\$39,218,000	\$39,680,000	\$39,964,000	\$40,165,000	\$40,434,000	\$40,641,000	\$40,757,000	\$41,037,000

Notes

- [1] Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 8).
- [2] Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- [3] Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- [4] Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012). Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- [5] Incremental Property Taxes are rounded to the nearest \$1,000.
- [6] Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA).

* Reassessment Year

TABLE 14: CALCULATION OF ESTIMATED INCREMENTAL PROPERTY TAXES: 1999-2007 (continued)
EXISTING 1998 BASE EAV (LAND AND EXISTING IMPROVEMENTS) plus CONSTRUCTED IMPROVEMENTS plus IMPROVEMENTS CURRENTLY UNDER CONSTRUCTION
CENTRAL LOOP PROJECT AREA
CHICAGO, ILLINOIS

	Assessment Year:	Estimated Incremental Property Taxes								
		1999	2000	2001	2002	2003	2004	2005	2006	2007
	Collection Year:	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Code 76028										
Estimated Total EAV	{1}	3,703,526	3,815,746	3,815,746	3,815,746	3,931,367	3,931,367	3,931,367	4,050,492	4,050,492
- Certified Initial EAV	{2}	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709	2,897,709
= Incremental EAV		805,817	918,037	918,037	918,037	1,033,658	1,033,658	1,033,658	1,152,783	1,152,783
x Tax Rate	{3}	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		71,324	79,095	79,616	80,012	87,432	88,024	88,476	95,772	96,437
x Estimated Collection Rate	{4}	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	{5}	\$70,000	\$78,000	\$79,000	\$79,000	\$86,000	\$87,000	\$87,000	\$94,000	\$95,000
Tax Code 76029										
Estimated Total EAV	{1}	704,011,010	728,185,911	738,731,811	749,858,511	778,195,274	781,303,174	781,303,174	804,977,442	805,013,842
- Certified Initial EAV	{2}	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112	709,205,112
= Incremental EAV		-	18,980,799	29,526,699	40,653,399	68,990,162	72,098,062	72,098,062	95,772,330	95,808,730
x Tax Rate	{3}	8.851%	8.616%	8.672%	8.716%	8.459%	8.516%	8.560%	8.308%	8.366%
= Gross Incremental Property Taxes		-	1,635,329	2,560,673	3,543,188	5,835,533	6,139,727	6,171,234	7,956,669	8,014,975
x Estimated Collection Rate	{4}	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	{5}	\$0	\$1,612,000	\$2,525,000	\$3,494,000	\$5,754,000	\$6,054,000	\$6,085,000	\$7,845,000	\$7,903,000
Tax Code 76030										
Estimated Total EAV	{1}	162,118,079	158,284,343	165,847,943	174,329,243	182,130,993	183,704,893	183,704,893	189,271,335	189,271,335
- Certified Initial EAV	{2}	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594	180,206,594
= Incremental EAV		-	-	-	-	1,924,399	3,498,299	3,498,299	9,064,741	9,064,741
x Tax Rate	{6}	9.214%	8.979%	9.035%	9.078%	8.821%	8.879%	8.922%	8.671%	8.728%
= Gross Incremental Property Taxes		-	-	-	-	169,757	310,600	312,129	785,976	791,207
x Estimated Collection Rate	{4}	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
= Incremental Property Taxes	{5}	\$0	\$0	\$0	\$0	\$167,000	\$306,000	\$308,000	\$775,000	\$780,000
Total: Added Project Area		\$70,000	\$1,690,000	\$2,604,000	\$3,573,000	\$6,007,000	\$6,447,000	\$6,480,000	\$8,714,000	\$8,778,000
Total: Central Loop Project Area		\$39,144,000	\$40,908,000	\$42,284,000	\$43,537,000	\$46,172,000	\$46,881,000	\$47,121,000	\$49,471,000	\$49,815,000

Notes

- {1} Reflects an increase of 1.0% per year, realized during triennial reassessment years, and uses the 5-year average State Equalization Factor of 2.1437 for Cook County (see Table 8)
- {2} Reflects adjustments to the Certified Initial EAV (completed by the County in July 2000).
- {3} Tax Rate for Tax Codes 76004, 76011, 76025, 76028, and 76029.
- {4} Tax Collection Rate is the five-year average for individual Tax Codes for 76004, 76011, 76012, 76025 (same as 76011) and 76026 (same as 76012). Tax Collection rate for 76028, 76029 and 76030 is the five-year average for all Tax Codes.
- {5} Incremental Property Taxes are rounded to the nearest \$1,000.
- {6} Tax Rate for Tax Codes 76012, 76026, and 76030 incorporates the 5-year average rate of 0.363% for Special Service Area No. 1 (State Street SSA)

the estimated future tax rates illustrated in Table 10 for levy years 1999 through 2007 as applied to the estimated future EAV contained in Table 8 for Existing Improvements plus Constructed Improvements plus Improvements Currently Under Construction.

In Section V, *Incremental Property Taxes: Historic and Future*, estimated Incremental Property Taxes are summarized for the remaining life of the Central Loop Project Area utilizing the estimated future tax rates contained in Table 10.

IV.A-10 Timing of Incremental Property Tax Collection

Generally, Incremental Property Taxes are received and deposited into the Fund by October of the year following the year of levy, *i.e.*, real estate tax increments, resulting from 1998 tax levies against EAV, are collected and deposited into the Fund by October of 1999 and are available for debt service by November of 1999. The summary of Incremental Property Tax revenues at the end of this Report (Table 16) estimates collections for each annual period ending December 31 for the Central Loop Project Area.

In 1999, the Act was amended to (i) change the dates set forth in Section 11-74.4-3(n)(3) of the Act by which a redevelopment project must be completed and obligations issued to finance redevelopment project costs must be retired to be not later than December 31 of the year in which the payment to a municipal treasurer is to be made with respect to *ad valorem* taxes levied in the twenty-third calendar year after the year in which the ordinance approving a redevelopment project area is adopted and (ii) provide that a municipality may amend an existing redevelopment plan to conform such redevelopment plan to Section 11-74.4-3(n)(3) of the Act as amended by the Amendatory Act, by an ordinance adopted without further hearing or notice and without complying with the procedures provided in the Act pertaining to an amendment to or the initial approval of a redevelopment plan and project and designation of a redevelopment project area.

In March 2000, the City amended the Central Loop Redevelopment Plan in conformance with Section 11-74.4-3(n)(3) of the Act to provide that all obligations issued by the City pursuant to the Central Loop Redevelopment Plan shall be retired no later than December 31 of the year in which the payment to the municipal treasurer is to be paid with respect to *ad valorem* taxes levied in the twenty-third calendar year after the year in which the ordinance approving the Original Project Area and the Original Redevelopment Plan was adopted, such ultimate retirement date occurring on December 31, 2008. Since the Original Project Area was adopted in 1984, Incremental Property Taxes are assumed to be generated through levy year 2007 with the final collection by the County and distribution to the City occurring in 2008.

IV.A-11 Assessment and Project Duration

It is assumed that the Central Loop Project Area will continue to be assessed at the levels set forth in this Report, and that the development projects and the Central Loop Redevelopment Plan will remain in place for the length of time required to retire the Bonds.

According to the Act, all obligations issued by the City shall be retired within twenty (20) years of their date of issuance, and no later than December 31 of the year in which the payment to the municipal treasurer is to be paid with respect to *ad valorem* taxes levied in the twenty-third calendar year after the year in which the ordinance approving the Original Project Area and the Original Redevelopment Plan was adopted, such ultimate retirement date occurring on December 31, 2008.

City of Chicago
Tax Increment Allocation Bonds
(Central Loop Redevelopment Project), Series 2000
Series 2000A Bonds (Capital Appreciation Bonds)

TABLE OF ACCRETED AMOUNTS

DATE	12/1/05 @ 5.0301103%	12/1/06 @ 5.0801031%	12/1/07 @ 5.1301521%	12/1/08 @ 5.1800937%
11/08/2000	3,887.90	3,688.55	3,496.00	3,310.30
12/01/2000	3,900.26	3,700.39	3,507.33	3,321.13
6/01/2001	3,998.35	3,794.38	3,597.30	3,407.15
12/01/2001	4,098.91	3,890.76	3,689.57	3,495.40
6/01/2002	4,202.00	3,989.59	3,784.21	3,585.93
12/01/2002	4,307.69	4,090.93	3,881.28	3,678.81
6/01/2003	4,416.03	4,194.84	3,980.84	3,774.09
12/01/2003	4,527.09	4,301.39	4,082.95	3,871.84
6/01/2004	4,640.95	4,410.65	4,187.68	3,972.13
12/01/2004	4,757.67	4,522.68	4,295.10	4,075.01
6/01/2005	4,877.33	4,637.56	4,405.27	4,180.55
12/01/2005	5,000.00	4,755.35	4,518.27	4,288.83
6/01/2006	-	4,876.14	4,634.16	4,399.91
12/01/2006	-	5,000.00	4,753.03	4,513.87
6/01/2007	-	-	4,874.95	4,630.78
12/01/2007	-	-	5,000.00	4,750.72
6/01/2008	-	-	-	4,873.77
12/01/2008	-	-	-	5,000.00

**Central Loop Redevelopment Project Area
2000 Annual Report**

(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

This information is contained in the official statements, limited offering memoranda, promissory notes or debt service schedules of such obligations. See attached.

**Central Loop Redevelopment Project Area
2000 Annual Report**

(10) CERTIFIED AUDIT REPORT - 65 ILCS 5/11-74.4-5(d)(9)

Please see attached.

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**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

To the Honorable Richard M. Daley, Mayor, and
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined balance sheet of the City of Chicago, Illinois' Central Loop Redevelopment Project (Project) as of December 31, 2000, and the related combined statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 25, 2001.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions of Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such subsection.

This report is intended solely for the information and use of the management of the City of Chicago, the Project and the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 25, 2001

**Deloitte
Touche
Tohmatsu**

Central Loop Redevelopment Project Area 2000 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Project Area is generally bounded by Wacker Drive on the north, Michigan Avenue on the east, Congress Parkway on the south, and Dearborn, LaSalle, and North Franklin Streets on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

