
1999 Annual Report

Portage Park Tax Increment Financing Redevelopment Project Area



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

JUNE 30, 2000

To: Edge Systems, L.L.C

From: Steve Patterson

Date: April 10, 2004

Re: File Name for the attached 1999 TIF Annual Report document

The appropriate file name for the attached document is:

Portage Park 1999 Annual Report.pdf

June 30, 2000

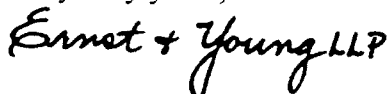
Mr. Christopher R. Hill
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Commissioner Hill:

Enclosed is the annual report for the Portage Park Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the 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 the 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

Portage Park Tax Increment Financing Redevelopment Project Area 1999 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)
<http://www.ci.chi.il.us>

June 30, 2000

Mr. Daniel W. Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Comptroller Hynes:

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

Very Truly Yours,

Christopher R. Hill
Commissioner
Department of Planning and Development

NEIGHBORHOODS



**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

The Project Area was designated on September 9, 1998. The Project Area may be terminated no later than September 9, 2021.

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1999

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK REDEVELOPMENT PROJECT

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BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined balance sheet of the Portage Park Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1999, and the related combined statement of revenues, expenditures and changes in fund balance - governmental funds for the year then ended. These combined financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Portage Park Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1999, and the results of its governmental funds operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule of expenditures by statutory code on page 8, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the combined financial statements of Portage Park Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit 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.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 1, 2000

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK REDEVELOPMENT PROJECT

COMBINED BALANCE SHEET
DECEMBER 31, 1999

<u>A S S E T S</u>	<u>Governmental Funds</u>	<u>General Long-term Debt Account Group</u>	<u>Total</u>
Cash and investments	\$1,389,369	\$ -	\$1,389,369
Property taxes receivable	55,000	-	55,000
Accrued interest receivable	15,022	-	15,022
Amount available for debt service	-	123,907	123,907
Amount to be provided for retirement of general long-term debt	<u>-</u>	<u>1,291,093</u>	<u>1,291,093</u>
Total assets	<u>\$1,459,391</u>	<u>\$1,415,000</u>	<u>\$2,874,391</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Deferred revenue	\$ 51,070	\$ -	\$ 51,070
Due to other City funds	745	-	745
Notes payable (Note 2)	<u>-</u>	<u>1,415,000</u>	<u>1,415,000</u>
Total liabilities	<u>51,815</u>	<u>1,415,000</u>	<u>1,466,815</u>
Fund balance			
Reserved for debt service	123,907	-	123,907
Designated for future redevelopment project costs	<u>1,283,669</u>	<u>-</u>	<u>1,283,669</u>
Total fund balance	<u>1,407,576</u>	<u>-</u>	<u>1,407,576</u>
Total liabilities and fund balance	<u>\$1,459,391</u>	<u>\$1,415,000</u>	<u>\$2,874,391</u>

The accompanying notes are an integral part of the combined financial statements.

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK REDEVELOPMENT PROJECT

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 1999

Revenues	
Property tax	\$ 29,416
Interest	<u>15,022</u>
Total revenues	<u>44,438</u>
Expenditures	
Capital projects	745
Debt service	
Interest	<u>51,117</u>
Total expenditures	<u>51,862</u>
Revenues under expenditures	(7,424)
Other financing sources	
Proceeds of debt	<u>1,415,000</u>
Revenues and other financing sources over expenditures	1,407,576
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u>\$1,407,576</u>

The accompanying notes are an integral part of the combined financial statements.

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK REDEVELOPMENT PROJECT
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Portage Park Tax Increment Redevelopment Project Area (Project) was established in September 1998. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

Principal and interest on the notes will be paid from incremental property taxes generated by the redevelopment district.

Basis of Accounting

The Project is accounted for within the capital project, debt service and special revenue funds of the City. The Notes Payable are recorded in the City's General Long-term Debt Account Group. The report is presented herein on a combined basis.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus with only current assets and 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.

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.

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.

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

Cash and Investments

The note proceeds and incremental taxes associated with the Portage Park Tax Increment Financing District are deposited with the City Treasurer or in a separate trust account. Eligible project expenditures are approved by the Department of Planning and Development in accordance with the project budget and paid from the trust account. Eligible project expenditures may be paid from note proceeds or incremental taxes in excess of next year's annual debt service, after fully funding of all other funds and accounts.

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Property Taxes

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

CITY OF CHICAGO, ILLINOIS
PORTAGE PARK REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 2 - Notes Payable

In July 1999, the City issued \$1,415,000 of Portage Park Tax Increment Allocation Notes payable serially through January 1, 2011, beginning January 1, 2002. The notes have an interest rate of 8.5 percent. Net proceeds of \$1,415,000 were used to finance certain project costs in the Portage Park Redevelopment Project Area (\$1,240,000) and to fund debt service accounts (\$175,000).

The aggregate maturities of the notes (principal portion only) are as follows:

2000	\$	-
2001		-
2002		95,000
2003		105,000
2004		110,000
Thereafter		<u>1,105,000</u>
		<u>\$1,415,000</u>

The principal listed above for each year include amounts payable January 1 of the following year.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

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, marketing	\$ 745
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 interest on any 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	<u>51,117</u>
	<u>\$51,862</u>

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller
State of Illinois
201 Capitol
Springfield, Illinois 62706

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

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
425 East McFetridge Drive, 2d Fl. East
Chicago, Illinois 60605

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

Andy Justo, Accounting Manager
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

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 Portage Park Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

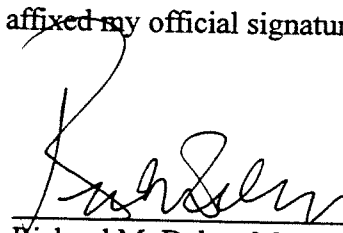
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 1999, 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, 2000.



Richard M. Daley, Mayor
City of Chicago, Illinois

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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



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>

June 30, 2000

Daniel W. Hynes
Comptroller
State of Illinois
201 Capitol
Springfield, Illinois 62706

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

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Cook County Department of Planning &
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69 West Washington Street, Room 2900
Chicago, Illinois 60602

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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
425 East McFetridge Drive, 2d Fl. East
Chicago, Illinois 60605

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

Andy Justo, Accounting Manager
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

Re: Portage Park
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.

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

NEIGHBORHOODS



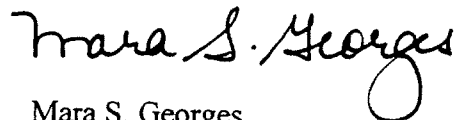
affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment 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:

Portage Park Tax Increment Financing Redevelopment Project Area 1999 Annual Report

(5) ANALYSIS OF TIF FUND - 65 ILCS 5/11-74.4-5(d)(5)

COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 1999

	1999
Revenues	
Property tax	\$ 29,416
Sales tax	-
Interest	15,022
Total revenues	44,438
Expenditures	
Costs of studies, admin., and professional services.	745
Marketing costs.	-
Property assembly, demolition, site preparation and environmental site improvement costs.	-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings.	-
Costs of construction of public works and improvements.	-
Cost of job training and retraining.	-
Financing costs.	51,117
Approved capital costs of overlapping taxing districts.	-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects.	-
Relocation costs.	-
Payments in lieu of taxes.	-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies.	-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects.	-
Costs of construction of new housing units for low income and very low income households.	-
Cost of day care services and operational costs of day care centers.	-
Total expenditures	51,862
Revenues under expenditures	(7,424)
Other financing sources (uses)	
Proceeds of debt	1,415,000
Transfers in	-
Transfers out	-
Revenues and other financing sources (uses) over expenditures	1,407,576
Fund balance, beginning of year	-
Fund balance, end of year	\$ 1,407,576
Fund balance	
Reserved for debt service	\$ 123,907
Reserved for encumbrances	-
Designated for future redevelopment project costs	1,283,669
Total fund balance	\$ 1,407,576

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

During 1999, the City did not purchase any property in the Project Area.

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

- (a)** Projects implemented in the preceding fiscal year. Table 7(a)
- (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 a TIF area. Table 7(c)
- (d)** Additional information on the use of all TIF Funds received in a TIF area and steps taken by the City to achieve objectives of the plan.
- (e)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving payments financed by TIF revenues produced by the TIF area. Table 7(e)
- (f)** Joint Review Board Reports submitted to the City.
- (g)** Project-by-project review of public and private investment undertaken to date after the new TIF Act and expected to be undertaken in the following year, and ratio of private investment to public investment to the date of the report and as estimated to the completion of the redevelopment project. Table 7(g)

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

During 1999, no projects were implemented.

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

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

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

During 1999, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

The district has received cumulatively \$ 25,486 of property tax and sales tax (if applicable) increment. These amounts have been used to pay for project costs within the district and debt service (if applicable). The district's fund balance shown in Table 5 represents financial resources on a modified accrual basis of accounting that has not been expended.

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

During 1999, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

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

During 1999, no reports were submitted to the City by the Joint Review Board.

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

During 1999, no public investment was undertaken in the Project Area. As of December 31, 1999, no public investment was estimated to be undertaken for 2000.

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

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

This information is contained in the official statements, limited offering memorandum, promissory note or debt service schedules. (Please see attached.)

COPY

STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO

TAX INCREMENT ALLOCATION REVENUE NOTE
(PORTAGE PARK REDEVELOPMENT PROJECT)
TAXABLE SERIES 1999

SOLE NOTE:
REGISTERED
NO. ONE

PRINCIPAL AMOUNT:

\$1,415,000

INTEREST RATE

MATURITY DATE

DATED DATE

8.5%

January 1, 2011

July 28, 1999

Registered Owner: Parkway Bank and Trust Company

[1] The City of Chicago (the "City") acknowledges itself to owe, and for value received promises to pay from the source and as hereinafter provided to the Registered Owner identified above, or registered assigns as provided below, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Note or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above, per the payment schedule attached hereto as Schedule 1, until the Principal Amount is paid, except as the provisions set forth in this Note with respect to prepayment prior to maturity are and become applicable to this Note. No interest shall accrue on this Note after its maturity unless this Note shall have been presented for payment at maturity and shall not have been paid. The principal of and interest on this Note are payable in any coin or currency that at the time of payment is legal tender for the payment of public and private debts. Both principal of this Note and the interest payable on this Note are payable at the office of the City Comptroller, 121 North LaSalle Street, Room 501, Chicago, Illinois 60602, as Note registrar and paying agent (the "Registrar"). Payment of principal of and interest on this Note shall be made on each applicable payment date to the Registered Owner of the Note on the registration books of the City maintained by the Registrar at the close of business on the 15th day of the month next preceding the applicable payment date and shall be paid by check or draft of the Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar.

[2] This Note is issued pursuant to Division 74.4 of Article 11 of the Illinois Municipal Code (the "Act"), and all laws amendatory of the Act and supplemental to the Act, and the principal of and interest on the Note are payable from Pledged Revenues (as defined in the Note Ordinance), including the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the Portage Park Redevelopment Project Area established by the City in accordance with the provisions of the Act (the "Project Area") by any and all taxing districts or municipal corporations having the power to tax real property in the 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 Project Area over and above the initial equalized assessed value of each such piece of property as of September 9, 1998, as determined by the County Clerk of The County of Cook, Illinois, in

accordance with the provisions of the Act (the "Incremental Taxes"). The Note is being issued for the purpose of providing funds to pay a portion of the Project Costs which have been approved for the Project Area, all as more fully described in an ordinance authorizing the issuance of the Note (the "Note Ordinance") adopted by the City Council of the City on the 21st day of July, 1999, to all the provisions of which the Registered Owner by the acceptance of this Note assents. The Note, together with the interest on the Note, are limited obligations of the City, payable solely from Pledged Revenues, including the Incremental Taxes and the amounts on deposit in and pledged to the various funds and accounts as provided in the Note Ordinance. For the prompt payment of this Note, both principal and interest, as stated above, at maturity, the Pledged Revenues are hereby irrevocable pledged. THE NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, EXCEPT AS HEREIN PROVIDED. NO REGISTERED OWNER OF THIS NOTE SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THIS NOTE.

[3] Under the Act and the Note Ordinance, the Incremental Taxes shall be deposited in the Portage Park Redevelopment Project Area Special Tax Allocation Fund of the City (the "Tax Allocation Fund"). Moneys on deposit in the Note Fund created within the Tax Allocation Fund shall be used and are pledged for paying the principal of and interest on the Note and then in making any further required payments to the funds and accounts as provided by the terms of the Note Ordinance.

[4] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Note did exist, have happened, been done and performed in regular and due form and time as required by law, and the City by this Note covenants and agrees that it has made provision for the segregation of those Incremental Taxes to be deposited in the Note Fund, and that it will properly account for those taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Note Ordinance.

[5] This Note is issued initially in fully registered form and is transferable by the Registered Owner thereof in person or by his attorney duly authorized in writing at the office of the Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Note Ordinance, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange for the old Note or Notes.

[6] The City and the Registrar may deem and treat the Registered Owner of this Note as the absolute owner of this Note for the purpose of receiving payment of or on account of principal of this Note, premium, if any, and interest due on this Note and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary.

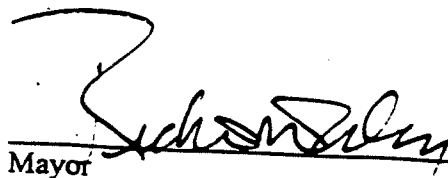
[7] This Note may be prepaid prior to maturity at the option of the City, in whole or in part on any date from any available funds of the City without penalty or premium. Any prepayments on the debt service of the Note shall be made in inverse order of maturity.

[8] The rights and obligations of the City and of the Registered Owners of the Note may be modified or amended at any time with the consent of the City and of the Registered Owners of not less than a majority in outstanding principal amount of the Note, provided that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the principal of and interest on the Note, at the time and place and at the rate and in the currency provided in the Note Ordinance without the express consent of the Registered Owner of such Note or permit the creation of a preference or priority of any Note or Notes over any other Note or Notes.

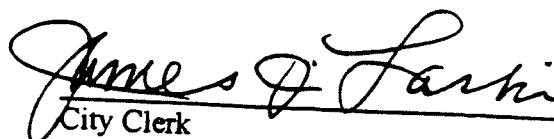
COPY

[9] IN WITNESS WHEREOF, the City of Chicago, by its City Council, has caused this Note to be signed by the manual or duly authorized facsimile signature of the Mayor and City Clerk, all as appearing on this Note and as the Dated Date identified above.

[SEAL]



Mayor



City Clerk

COPY

(ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Name and Address of Assignee)

the within Note and does hereby irrevocably constitute and appoint _____
_____ or its successor as attorney to transfer the said Note on the books kept
for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

**Portage Park TIF
Annual Payments**

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
1/01/2000	.	.	\$1,116.88	\$1,116.88	.	(\$1,116.88)	.
1/01/2001	.	.	120,275.00	120,275.00	.	(120,275.00)	.
1/01/2002	95,000.00	8.500%	120,275.00	215,275.00	.	.	215,275.00
1/01/2003	105,000.00	8.500%	112,200.00	217,200.00	.	.	217,200.00
1/01/2004	110,000.00	8.500%	103,275.00	213,275.00	.	.	213,275.00
1/01/2005	120,000.00	8.900%	93,925.00	213,925.00	.	.	213,925.00
1/01/2006	130,000.00	8.500%	83,725.00	213,725.00	(4,500.00)	.	209,225.00
1/01/2007	145,000.00	8.500%	72,675.00	217,675.00	(9,000.00)	.	208,675.00
1/01/2008	155,000.00	8.500%	60,350.00	215,350.00	(13,063.50)	.	202,286.50
1/01/2009	170,000.00	8.500%	47,175.00	217,175.00	(13,063.50)	.	204,111.50
1/01/2010	185,000.00	8.900%	32,725.00	217,725.00	(13,063.50)	.	204,661.50
1/01/2011	200,000.00	8.500%	17,800.00	217,800.00	(238,782.50)	.	(13,782.50)
Total	1,415,000.00	.	914,716.88	2,529,716.88	(243,479.00)	(171,391.82)	1,574,846.00

DATE AND TERM STRUCTURE

Dated..... 7/28/1999
 Delivery Date..... 7/28/1999
 First Coupon Date..... 1/01/2000

YIELD STATISTICS

Bond Year Dollars..... \$10,761.38
 Average Life..... 7.605 Years
 Average Coupon..... 8.5000000%

Net Interest Cost (NIC)..... 8.5000000%
 Bond Yield for Arbitrage Purposes..... 8.3415904%
 True Interest Cost (TIC)..... 8.3415904%
 All Inclusive Cost (AIC)..... 8.3415904%

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 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 memorandum, promissory note or debt service schedules. (Please see attached.)

**Portage Park Tax Increment Financing Redevelopment Project Area
1999 Annual Report**

(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

Please see attached.

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
FRANK S. GADZALA, C.P.A.
PAUL A. MERKEL, C.P.A.
THOMAS A. TYLER, C.P.A.
JOHN W. SANEW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.

Bansley and Kiener, L.L.P.

Certified Public Accountants

Established 1922

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with generally accepted auditing standards, the combined balance sheet of Portage Park Redevelopment Project of the City of Chicago, Illinois as of December 31, 1999, 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 May 1, 2000.

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 in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Portage Park Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 1, 2000

