

Ratings: S&P: AAA
Fitch: AAA
See "Ratings" herein

New Issue

Subject to compliance by the Illinois Sports Facilities Authority (the "Authority") and certain other parties with certain covenants, in the opinion of Altheimer & Gray and Charity & Associates, P. C., Co-Bond Counsel, under present law, interest on the Series 2001 Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2001 Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2001 Bonds will be taken into account in computing the corporate alternative minimum tax. Also, in the opinion of Co-Bond Counsel, under the laws of the State of Illinois, as presently enacted and construed, interest on the Series 2001 Bonds is exempt from taxation under the Illinois Income Tax Act or from taxation by any political subdivisions, municipal corporations or public agencies of any kind of the State of Illinois; however, Co-Bond Counsel express no opinion as to the applicability of any estate, transfer and inheritance taxes. See discussion under the caption "TAX MATTERS."

\$ 398,998,040.45
ILLINOIS SPORTS FACILITIES AUTHORITY
SPORTS FACILITIES BONDS
(STATE TAX SUPPORTED)
SERIES 2001

Dated: Date of Issuance

Due: June 15, as shown on the inside cover

The Series 2001 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2001 Bonds. Purchases of Series 2001 Bonds will be made in a book-entry form through DTC participants only in authorized denominations described herein and no physical delivery of Series 2001 Bonds will be made to the purchasers thereof, except as otherwise provided herein. Payments of the principal of and interest on the Series 2001 Bonds will be made to the purchasers thereof by DTC through its participants. The Series 2001 Bonds are issued under an Indenture of Trust, dated as of June 1, 1999 (the "Original Indenture"), between the Authority and American National Bank and Trust Company of Chicago (the "Original Trustee"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of September 1, 2001 (the "First Supplemental Indenture") and, together with the Original Indenture, the "Indenture"), between the Authority and LaSalle Bank National Association, as Trustee and as successor to the Original Trustee (the "Trustee"). The Series 2001 Bonds are being issued by the Authority to provide financial assistance to the Chicago Park District (the "Park District") to finance a portion of the costs of the adaptive reuse and reconstruction of Soldier Field, an outdoor stadium facility, and improvements to the 97 acre lakefront site on which it is located in the City of Chicago, Illinois, and other permitted costs as described herein.

Chicago, Illinois Lakefront and Stadium Improvement Project

The Series 2001 Bonds consist of Current Interest Bonds (the "Current Interest Bonds"), Capital Appreciation Bonds (the "Capital Appreciation Bonds") and Conversion Bonds (the "Conversion Bonds"). The Current Interest Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Current Interest Bonds will be payable on each June 15 and December 15, commencing December 15, 2001. The Capital Appreciation Bonds will be issued in denominations representing \$5,000 Accreted Value at maturity, or any integral multiple thereof. The Conversion Bonds will be issued in denominations representing \$5,000 at the Conversion Date, or any integral multiple thereof, and bear interest from their date, accreted and compounded semiannually on June 15 and December 15 of each year, commencing December 15, 2001 until June 15, 2010 (the "Conversion Date"), at the approximate yields set forth on the inside cover. On and after the Conversion Date, the Conversion Bonds will bear interest on the amount due at maturity (representing the original principal amount plus interest accreted and compounded as of the Conversion Date) payable on June 15 and December 15 of each year, commencing on the interest payment date immediately following the Conversion Date at the rates set forth on the inside cover. Principal of each Series 2001 Bond is payable at maturity or, in certain cases, upon earlier redemption upon surrender thereof at the principal corporate trust office of the Trustee.

The Series 2001 Bonds, together with the Series 1999 Bonds described herein and any additional bonds issued under the Indenture, are secured by a pledge and assignment of, lien on, and security interest in certain payments received by the Trustee from a fund in the Illinois State Treasury and certain other amounts described herein. Payments made from the aforesaid fund are subject to annual appropriation by the State of Illinois, which is not legally obligated to make those appropriations. The Series 2001 Bonds are not obligations of or secured by the faith and credit of the State of Illinois, the Park District or the City of Chicago.

The payment of the principal of and interest on the Series 2001 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2001 Bonds.

Ambac

The Current Interest Bonds and the Conversion Bonds, after the Conversion Date, are subject to optional and mandatory redemption prior to maturity as described herein. The Capital Appreciation Bonds are not subject to optional or mandatory redemption prior to maturity.

The Series 2001 Bonds are offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinion, substantially in the form set forth in Appendix C of Altheimer & Gray, Chicago, Illinois and Charity & Associates, P. C., Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Mayer, Brown & Platt, Chicago, Illinois; for the Underwriters by Burke Burns & Pinelli, Ltd., Chicago, Illinois, and Gardner Carton & Douglas, Chicago, Illinois, Co-Underwriters' counsel; for the Park District by Burke, Warren, MacKay & Serritella, P. C., Chicago, Illinois; and for the Chicago Bears Football Club, Inc., by Schiff Hardin & Waite, Chicago, Illinois. It is expected that the Series 2001 Bonds in definitive form will be available for delivery through DTC on or about October 12, 2001.

GEORGE K. BAUM & COMPANY

BEAR, STEARNS & CO. INC.

LOOP CAPITAL MARKETS, LLC

MORGAN STANLEY
MORGAN STANLEY & CO. INCORPORATED

Merrill Lynch & Co.

Siebert Brandford Shank and Co., L.L.C.

Salomon Smith Barney

Dated: October 4, 2001

**MATURITIES, ACCRETED VALUES AT MATURITY OR CONVERSION DATE,
AMOUNTS, INTEREST RATES AND PRICES OR YIELDS**

**\$398,998,040.45
ILLINOIS SPORTS FACILITIES AUTHORITY
SPORTS FACILITIES BONDS
(STATE TAX SUPPORTED)
SERIES 2001**

\$187,835,000 Current Interest Bonds

\$187,835,000 5.0% Term Bond, due June 15, 2032, Price 97.241%
The Current Interest Bonds are subject to mandatory sinking fund redemption commencing June 15, 2030

\$69,995,648.05 Capital Appreciation Bonds

Maturity (June 15)	Original Principal Amount	Total Accreted Value at Maturity	Original Principal Amount Per \$5,000 Accreted Value at Maturity	Approximate Yield to Maturity⁽¹⁾	Initial Offering Price to Public per \$5,000 Accreted Value at Maturity	Approximate Initial Offering Yield
2008	\$ 136,387.80	\$ 180,000.00	\$3,788.55	4.20 %	\$3,788.55	4.20 %
2009	1,096,032.75	1,525,000.00	3,593.55	4.35	3,593.55	4.35
2010	2,010,315.90	2,945,000.00	3,413.10	4.45	3,413.10	4.45
2011	1,167,979.40	1,805,000.00	3,235.40	4.55	3,235.40	4.55
2012	2,044,714.60	3,340,000.00	3,060.95	4.65	3,060.95	4.65
2013	2,862,354.60	4,980,000.00	2,873.85	4.80	2,873.85	4.80
2014	3,624,700.80	6,720,000.00	2,696.95	4.93	2,696.95	4.93
2015	4,344,475.80	8,570,000.00	2,534.70	5.03	2,534.70	5.03
2016	5,016,736.00	10,550,000.00	2,377.60	5.13	2,377.60	5.13
2017	5,627,075.20	12,640,000.00	2,225.90	5.23	2,225.90	5.23
2018	3,628,577.40	14,870,000.00	1,220.10	8.64	2,079.85	5.33
2019	3,637,122.80	17,240,000.00	1,054.85	9.00	1,949.60	5.40
2020	3,817,434.40	19,760,000.00	965.95	9.00	1,831.70	5.45
2021	3,968,975.85	22,435,000.00	884.55	9.00	1,725.90	5.48
2022	4,095,360.00	25,280,000.00	810.00	9.00	1,628.50	5.50
2023	4,199,046.75	28,305,000.00	741.75	9.00	1,539.25	5.51
2024	4,280,633.50	31,510,000.00	679.25	9.00	1,454.60	5.52
2025	4,355,244.00	35,010,000.00	622.00	9.00	1,377.50	5.52
2026	10,082,480.50	38,645,000.00	1,304.50	5.52	1,304.50	5.52

⁽¹⁾ The approximate yields to maturity shown above are the interest rates which, when applied to the original principal amounts of Capital Appreciation Bonds compounded semiannually, would result in the maturity amounts of the Capital Appreciation Bonds.

\$ 141,167,392.40 Conversion Bonds

Maturity (June 15)	Original Principal Amount	Original Principal Amount Per \$5,000 Accreted Value at Conversion Date	Total Accreted Value at Conversion Date	Approximate Yield to Conversion Date	Interest Rate From and After Conversion Date
2011	\$ 873,453.05	\$ 3,398.65	\$ 1,285,000.00	4.50 %	4.50 %
2012	903,146.60	3,369.95	1,340,000.00	4.60	4.60
2013	934,999.40	3,327.40	1,405,000.00	4.75	4.75
2014	969,994.20	3,299.30	1,470,000.00	4.85	4.85
2015	1,003,356.20	3,257.65	1,540,000.00	5.00	5.00
2016	1,046,601.00	3,230.25	1,620,000.00	5.10	5.10
2017	1,089,020.00	3,203.00	1,700,000.00	5.20	5.20
2018	1,141,841.00	3,189.50	1,790,000.00	5.25	5.25
2019	1,192,319.05	3,162.65	1,885,000.00	5.35	5.35
2020	1,250,291.95	3,149.35	1,985,000.00	5.40	5.40
2021	1,310,868.90	3,136.05	2,090,000.00	5.45	5.45
2022	1,377,176.85	3,122.85	2,205,000.00	5.50	5.50
2023	1,452,125.25	3,122.85	2,325,000.00	5.50	5.50
2030 ⁽¹⁾	126,622,198.95	3,122.85	202,735,000.00	5.50	5.50

⁽¹⁾ Term bond subject to mandatory sinking fund redemption commencing June 15, 2024.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain information contained in this Official Statement has been obtained by the Illinois Sports Facilities Authority (the "Authority") from Ambac Assurance Corporation (the "2001 Insurer"), the Chicago Park District (the "Park District"), the Chicago Bears Football Club, Inc. (the "Club") and DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Authority. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the Authority, the 2001 Insurer, the Park District, the Club, DTC or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2001 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 Authority's beliefs as well as assumptions made by and information currently available to the Authority. Such 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.

These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2001 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2001 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2001 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER SUCH TIME AS THE SERIES 2001 BONDS ARE RELEASED FOR SALE, AND THE SERIES 2001 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SERIES 2001 BONDS INTO INVESTMENT ACCOUNTS.

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\$398,998,040.45
ILLINOIS SPORTS FACILITIES AUTHORITY
SPORTS FACILITIES BONDS
(STATE TAX SUPPORTED)
SERIES 2001

INTRODUCTION

This Official Statement is furnished by the Illinois Sports Facilities Authority (the "*Authority*") to provide information regarding \$398,998,040.45 aggregate original principal amount of its Sports Facilities Bonds (State Tax Supported) Series 2001 (the "*Series 2001 Bonds*"). The Series 2001 Bonds are being issued by the Authority to provide financial assistance to the Chicago Park District (the "*Park District*") to finance a portion of the costs of the adaptive reuse and reconstruction of Soldier Field, an outdoor stadium facility ("*Soldier Field*"), and improvements to the 97 acre lakefront site on which it is located in the City of Chicago, Illinois (the "*City*") and such related or other costs permitted by the Act, as defined below (defined in the Indenture as the "*Series 2001 Improvements*" and referred to herein as the "*Improvements*").

The Authority is a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois (the "*State*"). The Authority was created in 1987 pursuant to the Illinois Sports Facilities Act (the "*Act*"), for the purpose of providing sports stadiums for professional sports teams and other facilities and empowered under subsequent amendments to the Act to provide financial assistance to governmental owners of stadiums, arenas or other facilities for the holding of athletic and other events, including football, and related improvements ("*Sports Facilities*") located within the boundaries of the City, to assist such governmental owners with the design, renovation, construction and related activities for the creation of Sports Facilities, and to issue bonds to finance such activities. The Act, as amended, and the other legislation described herein relating to the security for the Series 2001 Bonds and the revenues of the Authority (as hereinafter described), including the Finance Act, the Revenue Sharing Act and the State Hotel Tax Act, are collectively referred to as the "*Authorizing Legislation*."

The Authority, the Park District and the Chicago Bears Football Club, Inc., a Delaware corporation (the "*Club*") formed for the purpose of owning and operating a professional football franchise as a member of the National Football League (the "*NFL*"), have entered into a Development Assistance Agreement, as amended (the "*Development Assistance Agreement*"). The Development Assistance Agreement provides terms and conditions with respect to the design, construction, financing, operation, use and maintenance of the Improvements. Pursuant to the Development Assistance Agreement, the Authority will contribute the net proceeds of the Series 2001 Bonds to the Park District for use, together with contributions by the Club and the Park District, to fund the costs incurred by the Authority, the Park District and the Club in connection with the development of the Improvements (the "*Development Costs*"). See "THE IMPROVEMENTS - The Development Assistance Agreement and Related Agreements."

Authorization and Security

The Series 2001 Bonds are being issued pursuant to an authorizing resolution (the "*Bond Resolution*") adopted by the Authority on August 14, 2001 and pursuant to an Indenture of Trust, dated as of June 1, 1999 (the "*Original Indenture*"), between the Authority and American National Bank and Trust Company of Chicago (the "*Original Trustee*"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of September 1, 2001 (the "*First Supplemental Indenture*" and, together with the Original Indenture, as hereafter amended or supplemented, the "*Indenture*"), between the Authority and LaSalle Bank National Association, as Trustee and as successor to the Original Trustee (the "*Trustee*"). The Authority entered into the Original Indenture in connection with the issuance of \$103,755,000 aggregate principal amount of its Sports Facilities Refunding Bonds (State Tax Supported) Series 1999 (the "*Series 1999 Bonds*").

The Series 1999 Bonds were issued by the Authority to refund the Authority's Sports Facilities Bonds (State Tax Supported) Series 1989 which were issued to finance the construction of the new Comiskey Park, an outdoor stadium facility ("*Comiskey Park*"), which is used by the Chicago White Sox, Ltd., an Illinois limited partnership and owner of Chicago's American League baseball team (the "*White Sox*"). See "AUTHORITY FINANCES - Authority Expenses."

The Series 2001 Bonds will be issued on a parity with the Series 1999 Bonds pursuant to the terms of the Indenture. The Series 1999 Bonds and the Series 2001 Bonds, together with any bonds which may be issued on a parity with them under the Indenture ("*Additional Bonds*" and, collectively with the Series 1999 Bonds and the Series 2001 Bonds, the "*Bonds*"), are secured by a pledge and assignment of, lien on, and security interest in (i) all amounts received from time to time by the Authority or the Trustee from certain payments (defined in the Indenture as "*Sports Facilities Fund Revenues*" and referred to herein as the "*State Tax Payments*") to be made by the State from the Illinois Sports Facilities Fund, a fund in the treasury of the State, (ii) Authority Tax Revenues and amounts in the Authority Tax Revenues Account (as each term is herein defined) subject to a prior lien (the "*Prior Lien*") granted by the Authority to the White Sox (which pledge shall terminate on the Release Date, as defined herein), and (iii) any other amounts held under the Indenture (collectively, the "*Pledged Funds*"). See Appendix A - "Definitions and Summary of Certain Provisions of the Indenture - Assignment and Security."

The State Tax Payments are subject to annual appropriation by the State, which is not legally obligated to make such appropriations. The Bonds are also payable from any other amounts which the Authority may have available to the extent provided for in the Indenture, however, the Bonds are not secured by any interest in any property of the Authority or in any revenues which it expects to receive, other than the security interests in the Pledged Funds. See "SECURITY FOR THE BONDS" and "AUTHORITY FINANCES - Authority Revenues - Authority Hotel Tax and Other Revenues," and "- Authority Revenues - Security Interest in Authority Tax Revenues." The Bonds are not obligations of the City, the Park District or the State and are not secured by the faith and credit of the City, the Park District or the State.

Concurrently with the issuance and delivery of the Series 2001 Bonds, Ambac Assurance Corporation (the “2001 Insurer”) will issue a financial guaranty insurance policy (the “Series 2001 Insurance Policy”) insuring payment of the principal of and interest on the Series 2001 Bonds in accordance with its terms. See “BOND INSURANCE.” A specimen form of the Series 2001 Insurance Policy appears as Appendix D to this Official Statement. MBIA Insurance Corporation (the “1999 Insurer”) issued an insurance policy insuring the Series 1999 Bonds (the “Series 1999 Insurance Policy”). The 2001 Insurer and the 1999 Insurer are collectively referred to herein as the “Insurers.” The Indenture provides that so long as either Insurer is solvent and has not failed to perform any of its respective obligations under its respective policy, such Insurer shall be deemed for substantially all purposes to be the Holder of the Bonds insured by such Insurer, including for the purpose of approving supplemental indentures, amending the Indenture or granting consents thereunder. See Appendix A – “Definitions and Summary of Certain Provisions of the Indenture – 1999 Insurer Deemed Holder of Series 1999 Bonds; 2001 Insurer Deemed Holder of Series 2001 Bonds; Limitation on Rights of 1999 Insurer, 2001 Insurer and Debt Service Reserve Fund Facility Providers” and “- Other Consent Provisions.”

The Series 2001 Bonds are further secured by a Debt Service Reserve Fund (the “Debt Service Reserve Fund”) created under the Original Indenture which also secures the Series 1999 Bonds. Upon issuance of the Series 2001 Bonds, the Debt Service Reserve Fund will be funded by a single debt service reserve fund surety bond (the “Surety Bond”). The Surety Bond will be provided by Ambac Assurance Corporation (the “Surety Provider”). See “SECURITY FOR THE BONDS - Debt Service Reserve Fund” and Appendix A - “Definitions and Summary of Certain Provisions of the Indenture - Deposits and Applications of Funds and Accounts - Debt Service Reserve Fund.”

This Official Statement describes the terms of the Series 2001 Bonds, describes the security for the Bonds under the Authorizing Legislation and the Indenture, describes the 2001 Insurer and the Series 2001 Insurance Policy and briefly describes certain provisions of the Development Assistance Agreement and related agreements. Appendix A contains a summary of various provisions of the Indenture. Appendix B contains the audited financial statements of the Authority for its fiscal year ending June 30, 2000. All discussions in this Official Statement of laws, agreements and documents are qualified by reference to their complete texts, copies of which are available from the Authority upon request. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in Appendix A- “Definitions and Summary of Certain Provisions of the Indenture.”

THE IMPROVEMENTS

The Improvements - Description

The Improvements will be located on a 97 acre site on the shores of Lake Michigan in Chicago, Illinois. The site is located between the “Museum Campus” (location of the Field Museum of Natural History, the Shedd Aquarium and the Adler Planetarium) and McCormick Place, the City’s convention center complex.

The proposed Improvements consist of five major components: (i) the adaptive reconstruction and reuse of Soldier Field, (ii) the construction of a 2,500 space below-ground parking garage, (iii) the construction of a two-story above-ground parking structure, (iv) the reclamation of 17 acres of new parkland and (v) related infrastructure improvements.

The adaptive reuse of Soldier Field contemplates preserving the historic exterior and colonnades of Soldier Field and replacing the major portion of the existing interior of Soldier Field with an approximately 61,000 seat facility. This component of the Improvements will include new skyboxes, seating, administrative offices, lounge areas, concession facilities, locker rooms and videoboards.

Immediately to the north of Soldier Field, a new 2,500 space below-ground parking garage will be constructed. This parking garage will be topped with a landscaped park including ornamental trees, a large open inclined lawn and a Veteran’s memorial.

To the south of Soldier Field, a new two-story, approximately 1,600 space parking structure will replace an existing surface parking lot. This parking structure will be landscaped with trees and the entire structure will have landscaped berms around the exterior to blend into the surrounding landscape. In addition, an existing open-air parking lot to the south of the new parking structure will be resurfaced and landscaped.

The Improvements will reclaim 17 acres of paved lakefront as parkland. The new parkland will provide green space for multiple uses, such as a children’s garden, sledding hills and an area for outdoor exhibits.

Related infrastructure improvements will be made to the areas impacted by the Improvements. These infrastructure improvements are designed to enhance pedestrian and vehicle traffic flow as well as provide for greater safety for patrons of Soldier Field and the surrounding area.

The total costs of the Improvements is expected to be approximately \$574,000,000. See “-Funding the Improvements” below. *Neither the Improvements nor any revenues derived therefrom are pledged as security for the Series 2001 Bonds.* See Appendix A - “Definitions and Summary of Certain Provisions of the Indenture” for the definition of Improvements as used in the Indenture (the Improvements are defined in Appendix A and in the Indenture as “*Series 2001 Improvements*”).

The Development Assistance Agreement and Related Agreements

The Development Assistance Agreement generally designates the responsibilities of the Authority, the Park District and the Club with respect to the design, construction, operation, maintenance and use of the Improvements and provides for the contribution of funds by the parties to fund the Development Costs. In the Development Assistance Agreement the parties agree to enter into separate detailed agreements that contain specific terms and conditions for the design and construction, operation, use and maintenance, and financing of the Improvements (the "*Related Agreements*").

Design and Construction of the Improvements. In accordance with the terms of the Development Assistance Agreement, the Authority has entered into a Development Agreement, as amended (the "*Development Agreement*") with Chicago Bears Stadium, LLC, a Delaware limited liability company (the "*Developer*") whose sole member is the Club. The Development Agreement provides that the Developer will design and construct the Improvements pursuant to plans and specifications approved by the Park District and will be paid the costs of design and construction of the Improvements subject, with certain limited exceptions, to a guaranteed maximum price (the "*GMP*").

The Developer has entered into a Design Agreement with LW&Z Joint Venture, a joint venture, to provide architectural and engineering services for the Improvements. The Developer has also entered into an agreement with Turner Construction Company/Barton Malow Company/Kenny Construction Company, a joint venture (the "*Construction Manager*"), for construction of the Improvements in accordance with the approved design development documents at a guaranteed maximum cost.

Upon execution of the Development Agreement, the Authority assigned the Development Agreement to the Park District (the "*Assignment*") and the Authority has been released by the Developer from all obligations under the Development Agreement. The Club has guaranteed to the Authority and the Park District the performance of the Developer under the Development Agreement.

Operation, Use and Maintenance of the Improvements. The Park District has entered into a Permit and Operating Agreement, as amended (the "*Permit Agreement*") with the Club and the Developer. The Permit Agreement requires the Club to play its home games at Soldier Field for a period of 30 years, requires the Park District to maintain and repair the Improvements, requires the Club to pay rent during the term of the Permit Agreement and allocates revenues from the Club and other users of Soldier Field. *Neither the revenues from Soldier Field nor the payments made by the Club to the Park District are pledged as security for the Series 2001 Bonds.*

The Authority and the Park District have entered into an Operation Assistance Agreement, as amended (the "*Operation Assistance Agreement*") under which the Authority will provide the Park District with an annual subsidy with respect to certain of the Park District's direct and indirect costs of operation and maintenance of the Improvements as required by the Permit Agreement and

will fund a capital improvement fund to assist the Park District with capital improvements to the Improvements during the term of the Series 2001 Bonds. See "AUTHORITY FINANCES - Authority Expenses - Operation Assistance Agreement."

Funding the Improvements. Pursuant to the Development Assistance Agreement, the parties thereto will make contributions to fund the Development Costs and certain other costs of the Authority and the Park District. These contributions will be as follows: (i) the Authority will provide financial assistance to the Park District for payment of a portion of the Development Costs from the proceeds of the Series 2001 Bonds in an amount not less than \$399 million, plus investment earnings thereon; (ii) the Park District will contribute the net proceeds from the sale of permanent seat licenses in Soldier Field ("*PSLs*") and additional amounts required to pay certain Park District directed change orders; and (iii) the Club will contribute an amount equal to \$200 million, less an amount equal to the net proceeds from the sale of PSLs, plus the amount required to pay all Development Costs in excess of the GMP (the "*Club Contribution*"). To fund the Club Contribution, the Club will provide cash or one or more irrevocable direct pay letters of credit (the "*Club LOC*") in an amount not less than \$100 million and an undertaking by the NFL to pay up to \$100 million in Development Costs (the "*NFL Undertaking*").

In accordance with the Development Assistance Agreement, the Authority, the Park District and the Club have entered into a Construction Disbursement Agreement (the "*Construction Disbursement Agreement*") with LaSalle Bank National Association, as agent (the "*Escrow Agent*"), which will govern the disbursement of the contributions of the Authority, the Park District and the Club (and the interest earnings thereon) for payment of the Development Costs. An escrow fund (the "*Construction Fund*") will be created pursuant to the Construction Disbursement Agreement. The Escrow Agent will serve as custodian of the Construction Fund and will manage and administer payments from the Construction Fund. The Escrow Agent is required to hold the net revenues from the sale of the PSLs, the Club Contribution and any other amounts contributed by the Park District, draw on the Club LOC and the NFL Undertaking, and process requisitions by the Park District of the proceeds of the Series 2001 Bonds from amounts held by the Trustee in the Project Fund under the Indenture.

All Development Costs will be paid by the Escrow Agent from the Construction Fund pursuant to requisitions submitted by the Park District. The following information under the caption "SOURCES AND USES OF BOND PROCEEDS" describes how the proceeds of the Series 2001 Bonds will be applied pursuant to the Indenture. Bond proceeds deposited in the Project Fund under the Indenture, together with investment earnings thereon, will be available for requisition by the Park District for deposit in the Construction Fund and payment of Development Costs.

SOURCES AND USES OF BOND PROCEEDS

The estimated source and application of funds with respect to the Series 2001 Bonds is as follows:

Sources

Original principal amount of Series 2001 Bonds	\$398,998,040.45
Net Original Issue Premium	<u>26,485,458.50</u>
Total	\$425,483,498.95

Uses

Project Fund	\$399,000,000.00
Capitalized Interest Fund	11,343,000.00
Costs of Issuance ¹	<u>15,140,498.95</u>
Total	\$425,483,498.95

¹ Includes Underwriters' discount and premiums for the Series 2001 Insurance Policy and the Surety Bond.

SECURITY FOR THE BONDS

General

The Bonds are payable from and secured by a pledge and assignment of, lien on, and security interest in the Pledged Funds, which consist of the State Tax Payments, the Authority Tax Revenues (until the Release Date, and subject to the Prior Lien) and various funds held by the Trustee (see "Flow of Funds" below), including a Debt Service Reserve Fund, which shall initially be funded by the Surety Bond. While the Bonds are also payable from any other amounts which the Authority may have available to the extent provided for in the Indenture, the Bonds are not secured by any interest in any property of the Authority or in any revenues which it expects to receive, other than the Pledged Funds. The Bonds do not constitute indebtedness of the City, the State, the Park District or of any political subdivision of the State other than the Authority. The Bonds are not general obligations of the State, the Park District or the City, are not secured by a pledge of the full faith and credit of the State, the Park District or the City and the Holders of Bonds may not require the levy or imposition by the State, the Park District or the City of any taxes or, except as provided in the Authority Act and the Indenture, the application of other State revenues or funds to the payment thereof.

“Release Date” means the later of:

(a) the date on which the Trustee first receives State Tax Payments from the Illinois Sports Facilities Fund following the date that the Trustee has received the certificate described in the Indenture to the effect that the Additional Project financed with the proceeds of the Series 2001 Bonds has been completed; and

(b) the date which is the earlier of (1) the date on which the 2001 Insurer acknowledges receipt of evidence satisfactory to it, in its reasonable discretion, that any litigation challenging the pledge or application of State Tax Payments to secure Bonds under the Indenture has been satisfactorily resolved, or (2) the date on which the Trustee and the 2001 Insurer receive an opinion of Bond Counsel or counsel to the Authority, in either case, which counsel shall be reasonably acceptable to the 2001 Insurer, to the effect that any then pending litigation which challenges the pledge and application of the State Tax Payments to secure Bonds under the Indenture is without merit, subject only to such qualifications or conditions as are customarily included in such a legal opinion.

State Tax Payments

The Bonds are secured by a pledge and assignment of, first lien on, and security interest in all amounts received from time to time by the Trustee from the Illinois Sports Facilities Fund, a fund in the Treasury of the State (previously defined herein as *“State Tax Payments”*). The Authorizing Legislation provides for periodic deposits in the Illinois Sports Facilities Fund from certain State tax collections. See *“- State Tax Deposits”* and *“- Annual Appropriation”* below.

Under the Authorizing Legislation, amounts on deposit in the Illinois Sports Facilities Fund are allocated to and are to be paid (subject to annual appropriation by the State, as described below under *“- Annual Appropriation”*) to or for the benefit of the Authority, up to the amounts set forth in an annual certificate to be filed by the Chairman of the Authority (the *“Chairman’s Certificate”*). Under the Authorizing Legislation, the maximum amount that the Chairman may certify in a fiscal year of the State (July 1 to June 30) (a *“Fiscal Year”*) is an amount equal to the sum of the applicable Advance Amount (as hereinafter defined) for that Fiscal Year and \$10,000,000 (the *“Maximum Certification Amount”*). See *“- The Chairman’s Certificate”* below.

“Advance Amount” means, for the Fiscal Year beginning on July 1, 2001 (the *“2002 Fiscal Year”*), \$22,179,000, and for subsequent Fiscal Years through the Fiscal Year beginning on July 1, 2031 (the *“2032 Fiscal Year”*), 105.615% of the Advance Amount for the immediately preceding Fiscal Year, rounded up to the nearest \$1,000. Table 1 shows the Advance Amount for each of the Fiscal Years 2002 through 2032.

TABLE 1

ADVANCE AMOUNTS FOR FISCAL YEARS 2002-2032

<u>FISCAL YEAR</u> <u>ENDING JUNE 30</u>	<u>ADVANCE</u> <u>AMOUNT</u>	<u>FISCAL YEAR</u> <u>ENDING JUNE 30</u>	<u>ADVANCE</u> <u>AMOUNT</u>
2002	\$22,179,000	2018	\$53,169,000
2003	23,425,000	2019	56,155,000
2004	24,741,000	2020	59,309,000
2005	26,131,000	2021	62,640,000
2006	27,599,000	2022	66,158,000
2007	29,149,000	2023	69,873,000
2008	30,786,000	2024	73,797,000
2009	32,515,000	2025	77,941,000
2010	34,341,000	2026	82,318,000
2011	36,270,000	2027	86,941,000
2012	38,307,000	2028	91,823,000
2013	40,458,000	2029	96,979,000
2014	42,730,000	2030	102,425,000
2015	45,130,000	2031	108,177,000
2016	47,665,000	2032	114,252,000
2017	50,342,000		

The Authority has irrevocably assigned its right to receive all State Tax Payments to the Trustee under the Indenture. Following provision for payment of principal and interest on the Bonds, as and when due, and provision for payment of certain other amounts, the Indenture provides that the Trustee shall pay the remaining Revenues, including State Tax Payments that have been received, to the Authority. See "SECURITY FOR THE BONDS - Flow of Funds - Revenue Fund." Subject to annual appropriation by the State, the Authorizing Legislation requires the State Comptroller to order paid, and requires the State Treasurer to pay, all amounts in the Illinois Sports Facilities Fund directly to the Trustee, to the extent requested by the Chairman's Certificate.

State Tax Deposits

Sources of Deposit. The Maximum Certification Amount is required by the Authorizing Legislation to be deposited in the Illinois Sports Facilities Fund in each Fiscal Year through the Fiscal Year ending June 30, 2032 from collections of (i) a portion of the net proceeds of the State Hotel Tax (as defined below), in an amount equal to the applicable Advance Amount (the "*State Advance Monies*") plus \$5,000,000 (the "*State Subsidy Monies*") and (ii) that portion of the Local Government Distributive Fund in the State Treasury (State revenue sharing for the State income tax) which is allocated to the City, in an amount equal to \$5,000,000 (the "*City Subsidy Monies*"). The State Subsidy Monies and the City Subsidy Monies are referred to collectively herein as the "*Subsidy Amounts*." The State Advance Monies are to be repaid to the State out of collections of the

Authority Hotel Tax or, in the event of a deficiency in such repayment, from amounts otherwise payable to the City from the Local Government Distributive Fund (see “- Proceeds from the Local Government Distributive Fund” below).

Proceeds of the State Hotel Tax. The State, pursuant to the State Hotel Tax Act, imposes a Statewide tax on persons engaged in renting, leasing or letting hotel rooms (the “*State Hotel Tax*”). This tax consists of a tax at a 5% rate, and an additional tax at a 1% rate, in each case based on 94% of the gross rental receipts for renting, leasing or letting hotel rooms, except receipts from permanent residents of the hotel and receipts from the hotel tax imposed by the Metropolitan Pier and Exposition Authority. The State Hotel Tax is separate from and in addition to the Authority Hotel Tax described under the heading “AUTHORITY FINANCES - Authority Hotel Tax and Other Revenues.”

Under the Authorizing Legislation, in each Fiscal Year, from 60% of the net proceeds of the State Hotel Tax at the 5% rate (the “*Available State Hotel Tax Deposit Amount*”), the sum of the State Advance Monies and the State Subsidy Monies is to be deposited in the Illinois Sports Facilities Fund in monthly amounts equal to 1/8 of such sum, plus any cumulative deficiency from prior months, until the full deposit has been made.

Of the deposits in the Illinois Sports Facilities Fund from proceeds of the State Hotel Tax, the State Advance Monies are treated as an advance to the Authority and, to the extent paid to the Authority or the Trustee, must be repaid from collections of the Authority Hotel Tax or, in the event of a deficiency in such repayment, from amounts in the Local Government Distributive Fund that would otherwise be allocated to the City after payment of the City Subsidy Monies. See “- Proceeds from the Local Government Distributive Fund” below and “AUTHORITY FINANCES.”

Table 2 shows the amount of the net receipts of the State Hotel Tax at the 5% rate for Fiscal Years 1991 through 2001. The Table also shows, for each of said Fiscal Years, the amount of those receipts which would have or would constitute the Available State Hotel Tax Deposit Amount.

TABLE 2

RECEIPTS FROM 5% STATE HOTEL TAX AND
AMOUNTS AVAILABLE FOR DEPOSIT TO ILLINOIS SPORTS FACILITIES FUND
(IN \$ MILLIONS)

<u>FISCAL YEARS ENDED</u> <u>JUNE 30</u>	<u>5% STATE</u> <u>HOTEL TAX</u>	<u>AVAILABLE STATE</u> <u>HOTEL TAX</u> <u>DEPOSIT AMOUNT</u> ⁽¹⁾	<u>%</u> <u>GROWTH</u>
1991	\$69.1	\$41.5	7.8%
1992	68.0	40.8	(1.6)
1993	77.2	46.3	13.4
1994	80.3	48.2	4.2
1995	84.9	51.0	5.7
1996	93.6	56.2	10.2
1997	104.5	62.7	11.6
1998	116.2	69.7	11.2
1999	129.5	77.7	11.6
2000	131.9	79.2	1.8
2001	140.9	84.5	6.7

⁽¹⁾ The Available State Hotel Tax Deposit Amount for each Fiscal Year is equal to the amount of State Hotel Tax receipts available to transfer to the Illinois Sports Facilities Fund which is equal to 60% of the receipts from the State Hotel Tax at the 5% rate.

Source: 1991 - 2001, Records of the State Comptroller.

Proceeds from the Local Government Distributive Fund. The State imposes a State income tax at the rate of 3% of net income for individuals, estates and trusts, and 4.8% of net income for corporations. Under the Revenue Sharing Act, one-tenth (1/10) of the net revenue each month from the State income tax is deposited in the Local Government Distributive Fund in the State Treasury. The Local Government Distributive Fund is allocated monthly to the various counties and municipalities of the State, including the City. The allocation is made on the basis of the respective populations of those local governments as shown by the most recent federal census (excluding from the population of counties persons residing in municipalities).

Under the Authorizing Legislation, in each Fiscal Year there is to be deposited in the Illinois Sports Facilities Fund the City Subsidy Monies. The deposits are to be made monthly in amounts equal to 1/8 of \$5 million (\$625,000 per month), plus any cumulative deficiency in deposits from prior months, until the full \$5 million for the Fiscal Year has been so deposited. These monthly deposits to the Illinois Sports Facilities Fund are to be made prior to any other use of the City's portion of the Local Government Distributive Fund. In addition, the Authorizing Legislation provides that if in any Fiscal Year the full amount of the then applicable State Advance Monies are not repaid into the

General Revenue Fund of the State from the Authority Hotel Tax, the deficiency must be paid from the amount in the Local Government Distributive Fund that would otherwise be allocated to the City under the State Revenue Sharing Act.

Table 3 shows the amount of the Local Government Distributive Fund allocated to the City in Fiscal Years 1991 through 2001. The Table also shows the coverage which those amounts provide for the annual deposit of the City Subsidy Monies to the Illinois Sports Facilities Fund.

TABLE 3

**CITY'S ALLOCATION OF
ILLINOIS LOCAL GOVERNMENT DISTRIBUTIVE FUND
(IN \$ MILLIONS)**

FISCAL YEARS ENDED JUNE 30

<u>Fiscal Year</u>	<u>Amount⁽¹⁾</u>	<u>Coverage⁽²⁾</u>
1991	\$108.0	21.6 x
1992	104.7	20.9
1993	111.3	22.3
1994	116.4	23.3
1995	136.4	27.3
1996	159.3	31.9
1997	170.6	34.1
1998	188.4	37.7
1999	197.8	39.6
2000	210.6	42.1
2001	214.5	42.9

⁽¹⁾ Through June 30, 1994, 1/12 of the net revenue from the State income tax was transferred to the Local Government Distributive Fund. This fraction was increased to 1/11 beginning July 1, 1994 and to 1/10 beginning July 1, 1995.

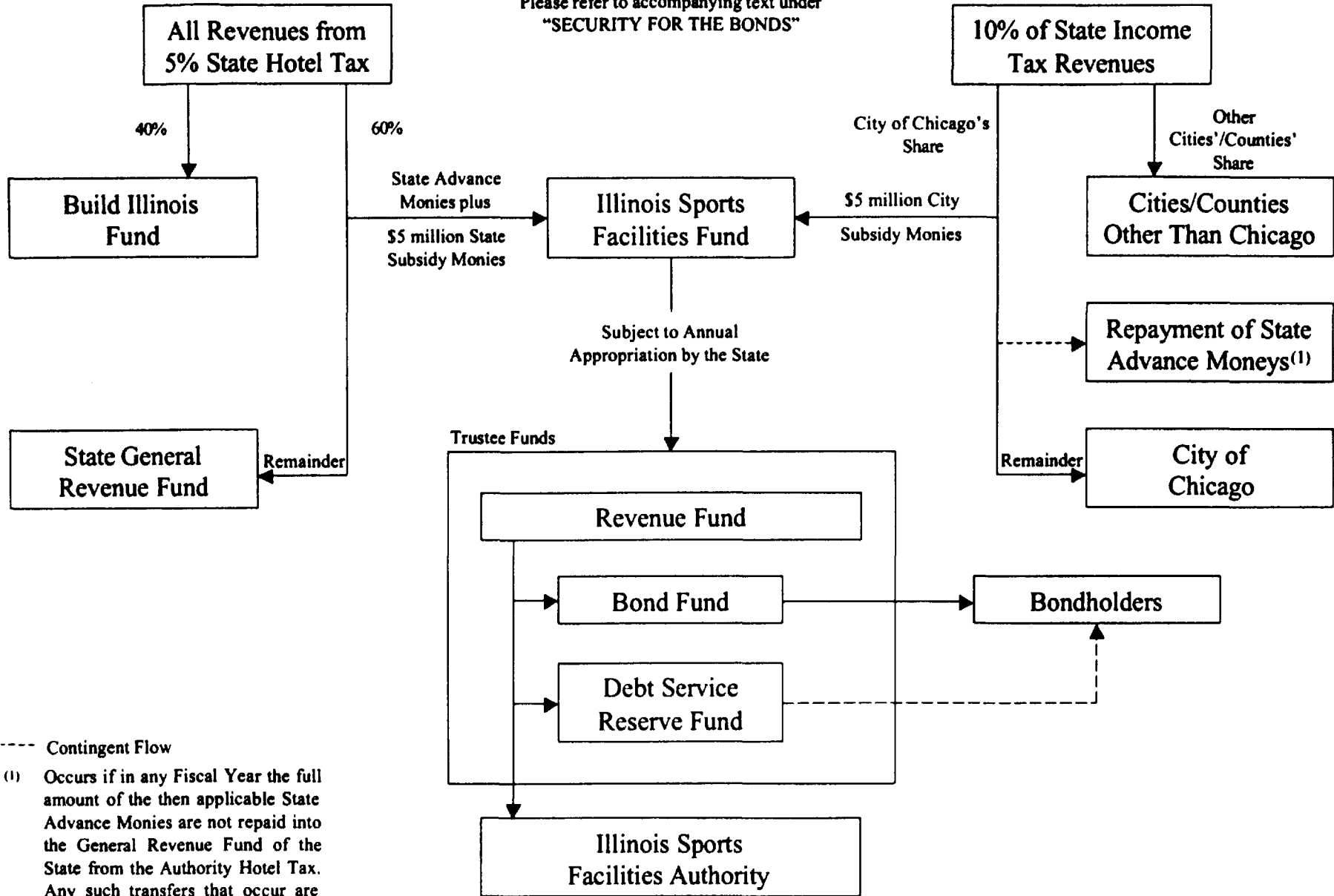
⁽²⁾ Coverage is based upon \$5,000,000 annual transfer to Illinois Sports Facilities Fund from the City's allocation of the Illinois Local Government Distributive Fund.

Source: 1991 - 2001, Records of the State Comptroller.

Flow of State Tax Payments. The chart on the following page summarizes the flow of State Tax Payments as discussed above under "- State Tax Payments" and "- State Tax Deposits."

Flow of State Tax Payments

Please refer to accompanying text under
"SECURITY FOR THE BONDS"



----- Contingent Flow

(1) Occurs if in any Fiscal Year the full amount of the then applicable State Advance Monies are not repaid into the General Revenue Fund of the State from the Authority Hotel Tax. Any such transfers that occur are deposited in the State General Revenue Fund.

Debt Service Coverage

The Debt Service schedule for the Series 1999 Bonds and the Series 2001 Bonds is set forth in Table 4.

TABLE 4

TABLE OF DEBT SERVICE REQUIREMENTS
FOR THE SERIES 1999 BONDS AND THE SERIES 2001 BONDS

<u>Year Ending June 15</u>	<u>Series 1999 Bonds Aggregate Principal and Interest</u>	<u>Series 2001 Bonds Aggregate Principal and Interest</u>	<u>Total Aggregate Debt Service</u>
2002	\$12,353,050	\$6,339,431	\$18,692,481
2003	12,352,450	9,391,750	21,744,200
2004	12,353,850	9,391,750	21,745,600
2005	12,353,600	9,391,750	21,745,350
2006	12,351,350	9,391,750	21,743,100
2007	12,351,100	9,391,750	21,742,850
2008	12,356,600	9,571,750	21,928,350
2009	12,351,350	10,916,750	23,268,100
2010	12,354,600	12,336,750	24,691,350
2011		24,802,760	24,802,760
2012		26,334,935	26,334,935
2013		27,978,295	27,978,295
2014		29,716,558	29,716,558
2015		31,565,263	31,565,263
2016		33,548,263	33,548,263
2017		35,635,643	35,635,643
2018		37,867,243	37,867,243
2019		40,238,268	40,238,268
2020		42,757,420	42,757,420
2021		45,430,230	45,430,230
2022		48,276,325	48,276,325
2023		51,300,050	51,300,050
2024		54,507,175	54,507,175
2025		57,917,150	57,917,150
2026		61,529,650	61,529,650
2027		65,480,825	65,480,825
2028		69,556,300	69,556,300
2029		73,880,425	73,880,425
2030		78,489,650	78,489,650
2031		83,337,500	83,337,500
2032		88,509,750	88,509,750
TOTAL	\$111,177,950	\$1,194,783,106	\$1,305,961,056

As shown in Table 2 above, the Available State Hotel Tax Deposit Amount for Fiscal Year 2001 was \$84.5 million¹. Table 5 shows for each of the Fiscal Years 2002 through 2032 the amount of the State Hotel Tax available for transfer to the Illinois Sports Facilities Fund as \$84.5 million, an amount reflecting neither growth nor decrease from the amount available in 2001. Table 5 also sets forth the pro forma debt service coverage which the amount of the State Hotel Tax available for transfer to the Illinois Sports Facilities Fund would provide in each of those Fiscal Years², assuming that \$5 million of the Debt Service is paid by City Subsidy Monies and that no Additional Bonds are issued. See “-Additional Bonds” below.

As shown in Table 2, there has been an average annual compounded increase of 7.5% in the Available State Hotel Tax Deposit Amount from Fiscal Year 1991 through Fiscal Year 2001. However, there were variations in the amount of growth from year to year and a decline in one period.

The Authority makes no representation, by the inclusion of Table 5, that the amount of State Hotel Tax available for transfer to the Illinois Sports Facilities Fund will be \$84.5 million in each of the Fiscal Years shown. The actual Available State Hotel Tax Deposit Amount will be impacted by a number of economic and other factors and no assurance can be given that the Available State Hotel Tax Deposit Amount will not decrease in one or more Fiscal Years from the Fiscal Year 2001 level, or from the level of any prior Fiscal Year. Collections of State Hotel Taxes in the first two months of Fiscal Year 2002 are below collections for the comparable period in Fiscal Year 2001. No assurance can be given that the Available State Hotel Tax Deposit Amount will be sufficient to provide 100% coverage of the Debt Service on the Bonds in all of the Fiscal Years in which the Series 2001 Bonds are outstanding. See “INVESTMENT CONSIDERATIONS - Sufficiency of State Hotel Tax; Non-Appropriation of State Tax Payments and “- Events of September 11, 2001”.

¹ Source: Records of State Comptroller.

² Assuming that the Series 1999 Bonds and the Series 2001 Bonds remain Outstanding until their respective maturities.

TABLE 5STATE HOTEL TAX COVERAGE ASSUMING NO DECREASE OR GROWTH IN
AVAILABLE STATE HOTEL TAX DEPOSIT AMOUNT

<u>Fiscal Year Ending June 30</u>	<u>Available State Hotel Tax Deposit Amount ⁽¹⁾</u>	<u>Principal and Interest on the Series 1999 and Series 2001 Bonds ⁽²⁾</u>	<u>Less: Debt Service Covered by City Subsidy Monies</u>	<u>Adjusted Total Debt Service</u>	<u>Coverage</u>
2002	\$84,500,000	\$13,088,925	\$5,000,000	\$ 8,088,925	10.45 x
2003	84,500,000	15,998,425	5,000,000	10,998,425	7.68
2004	84,500,000	21,345,600	5,000,000	16,345,600	5.17
2005	84,500,000	21,745,350	5,000,000	16,745,350	5.05
2006	84,500,000	21,743,100	5,000,000	16,743,100	5.05
2007	84,500,000	21,742,850	5,000,000	16,742,850	5.05
2008	84,500,000	21,928,350	5,000,000	16,928,350	4.99
2009	84,500,000	23,268,100	5,000,000	18,268,100	4.63
2010	84,500,000	24,691,350	5,000,000	19,691,350	4.29
2011	84,500,000	24,802,760	5,000,000	19,802,760	4.27
2012	84,500,000	26,334,935	5,000,000	21,334,935	3.96
2013	84,500,000	27,978,295	5,000,000	22,978,295	3.68
2014	84,500,000	29,716,558	5,000,000	24,716,558	3.42
2015	84,500,000	31,565,263	5,000,000	26,565,263	3.18
2016	84,500,000	33,548,263	5,000,000	28,548,263	2.96
2017	84,500,000	35,635,643	5,000,000	30,635,643	2.76
2018	84,500,000	37,867,243	5,000,000	32,867,243	2.57
2019	84,500,000	40,238,268	5,000,000	35,238,268	2.40
2020	84,500,000	42,757,420	5,000,000	37,757,420	2.24
2021	84,500,000	45,430,230	5,000,000	40,430,230	2.09
2022	84,500,000	48,276,325	5,000,000	43,276,325	1.95
2023	84,500,000	51,300,050	5,000,000	46,300,050	1.83
2024	84,500,000	54,507,175	5,000,000	49,507,175	1.71
2025	84,500,000	57,917,150	5,000,000	52,917,150	1.60
2026	84,500,000	61,529,650	5,000,000	56,529,650	1.49
2027	84,500,000	65,480,825	5,000,000	60,480,825	1.40
2028	84,500,000	69,556,300	5,000,000	64,556,300	1.31
2029	84,500,000	73,880,425	5,000,000	68,880,425	1.23
2030	84,500,000	78,489,650	5,000,000	73,489,650	1.15
2031	84,500,000	83,337,500	5,000,000	78,337,500	1.08
2032	84,500,000	88,509,750	5,000,000	83,509,750	1.01

(1) Amount of State Hotel Tax available for transfer to the Illinois Sports Facilities Fund assuming no increase or decrease in \$84.5 million base amount from actual Fiscal Year 2001. See Table 2.

(2) Amounts of principal and interest shown for Fiscal Years 2002, 2003 and 2004 are net of capitalized interest available pursuant to the provisions of the Indenture.

Chairman's Certificate

Under the Authorizing Legislation, prior to each Fiscal Year, the Chairman of the Authority is to certify to the State Treasurer and Comptroller the lesser of (x) the Maximum Certification Amount and (y) the amount anticipated to be required by the Authority for the ensuing Fiscal Year for paying (i) Debt Service and other costs relating to the Bonds (including Credit Enhancement Costs and Debt Service Reserve Fund deposits) and (ii) obligations due under the Management Agreement between the Authority and the White Sox (the "*Management Agreement*," see "AUTHORITY FINANCES"), the Operation Assistance Agreement and any management agreement with respect to facilities owned by the Authority or Assistance Agreement with respect to any facility for which financial assistance is provided under the Authorizing Legislation and (iii) other capital and operating expenses of the Authority, including any deposit required to reserve funds created for repair and replacement of capital assets and to meet the obligations of the Authority under the Management Agreement, Operation Assistance Agreement or other such management agreement or Assistance Agreement as described above. The amount so certified is to be determined without regard to any revenues or receipts of the Authority and is to include amounts remaining unpaid from previous years. The Authority has covenanted in the Indenture that each year it will cause the Chairman's Certificate to be filed timely with the appropriate State officers. A Chairman's Certificate requesting an amount of \$32,179,000 has been filed by the Authority with respect to the 2002 Fiscal Year. After issuance of the Series 2001 Bonds, the Authority expects to file an amended Chairman's Certificate for Fiscal Year 2002, as authorized under the Act, to account for actual debt service on the Series 2001 Bonds.

Annual Appropriation

The Bonds are not secured by any pledge of or lien on amounts on deposit in the Illinois Sports Facilities Fund; but are secured by a pledge of, first lien on, and security interest in, State Tax Payments *received* from time to time by the Trustee *from* the Illinois Sports Facilities Fund. State Tax Payments are subject to an annual appropriation by the State. Any such appropriation must be in a bill passed by the Illinois General Assembly and signed into law by the Governor of the State in the manner provided by Illinois law. The State has appropriated annually the sum of \$18 million from the Illinois Sports Facilities Fund to the Authority for each Fiscal Year requested by the Chairman's Certificate from 1989 through the Fiscal Year ended June 30, 2001. The State has appropriated \$32,179,000 for the 2002 Fiscal Year. Appropriations for future Fiscal years will be considered by the State at the request of the Authority on an annual basis. *The State is not legally obligated to appropriate any future Fiscal Year's deposits in the Illinois Sports Facilities Fund to the Authority or the Trustee.*

Under the Authorizing Legislation, at the end of each Fiscal Year, after amounts in the Illinois Sports Facilities Fund have been paid to the Authority to the extent requested in the Chairman's Certificate, all amounts remaining in the Illinois Sports Facilities Fund are to be transferred to other funds in the State Treasury.

In the opinions of Altheimer & Gray and Charity & Associates, P.C., Co-Bond Counsel, the form of which is attached as Appendix C:

- (i) it is lawful for the Illinois General Assembly to appropriate amounts on deposit in the Illinois Sports Facilities Fund for payment to the Authority for paying principal of, including sinking fund installments, and interest on the Bonds and for making Debt Service Reserve Fund deposits or any payments to the Surety Provider required under the Indenture; and
- (ii) the State Comptroller is required under “An Act in relation to State finance” to order paid, and the State Treasurer is required to pay to the Trustee as designee of the Authority, all amounts so appropriated, up to the Maximum Certification Amount, provided that those amounts which the Illinois General Assembly does not so appropriate may not be paid to the Trustee by the State Treasurer.

The Authority has covenanted in the Indenture not to assign or pledge or grant any lien on or security interest in the State Tax Payments for any purpose unless it is junior to the assignment, pledge and grant of a lien and security interest to the Trustee for the owners of the Bonds.

Under the Indenture, State Tax Payments are to be used by the Trustee to make all required monthly deposits in the Bond Fund and the Debt Service Reserve Fund (including reimbursements for payments under the Surety Bond or other Debt Service Reserve Fund Facilities (as hereinafter defined)) before being available for other expenses and obligations of the Authority, including its operating expenses and its obligations under the Management Agreement and the Operation Assistance Agreement. See “- Flow of Funds” below.

OTHER THAN THE PLEDGED FUNDS, NO PROPERTY OF THE AUTHORITY AND NO REVENUES WHICH IT EXPECTS TO RECEIVE ARE PLEDGED OR ASSIGNED TO THE TRUSTEE AS SECURITY FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS.

Pledge of Authority Tax Revenues (To Be Terminated as of the Release Date)

Pursuant to the Indenture, the Authority has also pledged as security for the Bonds all of its right, title and interest in and to the Authority Tax Revenues and its right to receive the Authority Tax Revenues, and all monies and securities in the Authority Tax Account of the Revenue Fund created under the Indenture; provided, that such security interest and lien shall be subject to the security interest in and lien upon Authority Tax Revenues granted by the Authority to the White Sox pursuant to the Management Agreement (as previously defined, the “*Prior Lien*”); and further provided, that such pledge shall terminate on the Release Date (as defined above under “SECURITY FOR THE BONDS - General”). For a discussion of Authority Tax Revenues and the Prior Lien, see “AUTHORITY FINANCES – Authority Revenues” herein. In the Fiscal Year of the Authority ended June 30, 2000, the Authority collected \$17,045,396 in Authority Hotel Taxes, net of the repayment

of the State Advance Monies and the State administrative fee, of which \$10,621,523 would have constituted Authority Tax Revenues available to satisfy the pledge described in this subheading.

State Pledge to and Agreements With Bond Owners

Section 13(J) of the Act provides:

The State of Illinois pledges to and agrees with the holders of the bonds and notes of the Authority issued pursuant to this Act that the State will not limit or alter the rights and powers vested in the Authority by this Act so as to impair the terms of any contract made by the Authority with such holders or in any way impair the rights and remedies of such holders until such bonds and notes, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged. In addition, the State pledges to and agrees with the holders of the bonds and notes of the Authority issued pursuant to this Act that the State will not limit or alter the basis on which State funds are to be allocated, deposited and paid to the Authority as provided in this Act, or the use of such funds, so as to impair the terms of any such contract. The Authority is authorized to include these pledges and agreements of the State in any contract with the holders of bonds or notes issued pursuant to this Section.

The Authority has included these pledges and agreements of the State in the Indenture for the benefit of the owners of the Bonds.

In the opinion of Mayer, Brown & Platt, counsel to the Authority, it would not be lawful for the State to limit or alter the basis on which deposits are to be made into the Illinois Sports Facilities Fund, so as to impair the terms of the contract between the Authority and the Bond Owners as provided in the Indenture. Under the Authorizing Legislation, it would not be lawful for the State to appropriate money deposited in the Illinois Sports Facilities Fund and properly requested by a Chairman's Certificate for a purpose other than payment to or on behalf of the Authority, if the effect of that appropriation would be to impair the terms of the Bonds issued under the Indenture. The State is not, however, required to appropriate any amounts deposited in the Illinois Sports Facilities Fund to or for the benefit of the Authority.

Flow of Funds

The Indenture establishes a Revenue Fund, a Bond Fund, a Debt Service Reserve Fund and a Project Fund (among other funds), all held by the Trustee in trust for the Bond Owners. See Appendix A – "Definitions and Summary of Certain Provisions of the Indenture – Establishment of Funds and Accounts" and "– Deposits and Application of Funds and Accounts." The Bond Fund is to be used to pay principal of, premium, if any, and interest on the Bonds. The Series 1999/2001 Debt Service Reserve Account of the Debt Service Reserve Fund is to be used to pay principal of, premium, if any, and interest on the Series 1999 and Series 2001 Bonds to the extent amounts in the

Bond Fund are not adequate for that purpose. The Project Fund consists of the Series 2001 Project Account and the Series 2001 Project Earnings Account and such other accounts as shall be established in connection with the issuance of Additional Bonds issued to finance Additional Projects in the future. The Indenture provides for an assignment, pledge, lien and security interest on these funds, including interest earnings on investments in these funds, other than interest payments required to be deposited in a fund held by the Trustee solely for the purpose of making certain arbitrage rebates to the federal government (the "*Rebate Fund*"), to the Trustee.

Pursuant to the Development Assistance Agreement and related agreements, the Authority has agreed to deposit the net proceeds of the Series 2001 Bonds to the Series 2001 Project Account of the Project Fund (after deposits to the Cost of Issuance Account, Capitalized Interest Account and payment of certain amounts to Ambac Assurance Corporation) and to make such funds available to the Park District for the Improvements. In addition, the Authority has agreed that earnings upon the investment of the Series 2001 Project Account shall be deposited into the Series 2001 Project Earnings Account and such funds shall also be made available to the Park District for costs associated with the Improvements.

Revenue Fund. All State Tax Payments, as well as certain other payments from the Authority to the Trustee from other sources specified in the Indenture, are to be deposited as received into the Revenue Fund. The Indenture provides that, in applying amounts on deposit in the Revenue Fund, the Trustee shall select the Revenues to be transferred from the various accounts of the Revenue Fund in the following order: first, from the Investment Earnings Account; second, from the Sports Facilities Fund Account; third, from the Authority Tax Revenues Account and fourth, from the Other Revenues Account.

Any amounts remaining in the Revenue Fund in any month after all required deposits for the month have been made in the Bond Fund and the Debt Service Reserve Fund (other than Investment Earnings) are to be used to pay Trustee's fees and Credit Enhancement Costs, if any, to make required deposits in the Rebate Fund, to pay certain interest costs, if any, owed to the Insurers or any other provider of Credit Enhancement, and then to be paid to the Authority for its corporate purposes. See Appendix A – "Definitions and Summary of Certain Provisions of the Indenture – Deposits and Applications of Funds and Accounts - Revenue Fund."

Bond Fund. As amounts are deposited in the Revenue Fund in each month, they are to be transferred to the Bond Fund until all required deposits to the Bond Fund through that month, including any deficiencies from prior months, have been made. Deposits are required to be made to the Bond Fund in each month in amounts equal to 1/8 of all interest and principal (including sinking fund installments) coming due in that Fiscal Year, until the full amount of interest and principal (including sinking fund installments) due and payable in the Fiscal Year has been deposited in the Bond Fund.

Debt Service Reserve Fund. The Indenture provides for the Debt Service Reserve Requirement, when used with respect to any Bonds entitled to the security of the Debt Service

Reserve fund or a specific Debt Service Reserve Account therein, to be the lesser of (a) 50% of the Maximum Annual Debt Service on such Bonds secured thereby or (b) 10% of the aggregate initial principal amount of all such Series of Outstanding Bonds secured thereby (excluding Bonds issued to refund Bonds, but including any Series of Bonds which have been refunded by Outstanding Bonds) as determined on the date of their initial issuance and delivery.

The Debt Service Reserve Requirement may be met either by money and investments or by one or more Debt Service Reserve Fund Facilities (a "*Debt Service Reserve Fund Facility*"). A Debt Service Reserve Fund Facility may be a debt service reserve fund insurance policy, surety bond or other credit facility issued by a municipal bond insurance company or other financial institution, whose long-term bonds, insured or otherwise secured, receive the highest credit rating given by both of those rating agencies. Alternatively, such a Debt Service Reserve Fund Facility may be a letter of credit from a bank with long-term credit ratings given by Moody's Investors Service ("*Moody's*") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("*S&P*"), within the two highest rating categories of each of those rating agencies. A Debt Service Reserve Fund Facility must be in a stated amount which, when added to the other Debt Service Reserve Facilities and the amounts on deposit in the Debt Service Reserve Fund equals the Debt Service Reserve Requirement. In addition, a Debt Service Reserve Fund Facility must either remain in effect as long as the Debt Service Reserve Requirement which is met by such Debt Service Reserve Fund Facility continues or must provide for an unconditional draw or demand for payment by the Trustee for deposit in the Debt Service Reserve Fund at its expiration (unless renewed or replaced by a new Debt Service Reserve Fund Facility).

Upon the issuance of the Series 2001 Bonds, the Debt Service Reserve Requirement for the Series 1999/2001 Debt Service Reserve Account is being met by the issuance by the Surety Provider of the Surety Bond in an aggregate stated amount of \$44,254,875, which has been determined to be equal to the Debt Service Reserve Requirement. The Surety Bond is not revocable while any Series 1999 or Series 2001 Bonds are Outstanding. The Surety Bond constitutes the obligation of the Surety Provider to provide funds, upon the demand of the Trustee, up to the stated amount of the Surety Bond to pay interest on or principal of (at maturity or pursuant to mandatory sinking fund installments) the Series 1999 Bonds and Series 2001 Bonds. Payments on the Surety Bond will reduce the stated amount, but the stated amount is automatically reinstated when the payments are reimbursed. Unless the 1999 Insurer and the 2001 Insurer give their consent, the Surety Bond may not be replaced by any other Debt Service Reserve Fund Facility while the Series 1999 Bonds and Series 2001 Bonds are Outstanding.

The Trustee is to draw or make a demand for payment on the Surety Bond for the Bonds secured thereby or other Debt Service Reserve Facilities whenever amounts in the Bond Fund are not adequate to pay principal of (at maturity or pursuant to mandatory sinking fund requirements) and interest on the Bonds secured thereby when due. Any cash amounts in the Debt Service Reserve Fund must be used for that purpose prior to there being a draw or demand for payment on a Debt Service Reserve Facility.

All amounts in the Revenue Fund in each month after the required Bond Fund deposits have been made are required to be next deposited in the Debt Service Reserve Fund up to the amount needed so that the amount on deposit in the Debt Service Reserve Fund equals the Debt Service Reserve Requirement. Amounts so deposited must be used to reimburse the Surety Provider for payments on the Surety Bond so that the stated amount of the Surety Bond may be reinstated before being used to provide cash to meet the Debt Service Reserve Requirement. For a further discussion of the Surety Provider and its operations, see “BOND INSURANCE - Ambac Assurance Corporation,” “- Available Information” and “- Incorporation of Certain Documents by Reference.”

Project Fund. The Indenture provides for the deposit of the net proceeds of the Series 2001 Bonds into the Series 2001 Project Account of the Project Fund (after deposits to the Series 2001 Cost of Issuance Account, Series 2001 Capitalized Interest Account and payment of certain amounts to Ambac Assurance Corporation) for the purpose of paying the Development Costs. Such proceeds will be applied by the Trustee to the payment of Development Costs, in the manner provided in the Indenture and the Additional Bonds Tax Agreement related to the Series 2001 Bonds. Pending disbursement by the Trustee from time to time as provided in the Indenture, amounts on deposit in the Series 2001 Project Account will be invested in Investment Securities and earnings thereon will be deposited upon receipt into the Series 2001 Project Earnings Account of the Project Fund. Requisition of amounts on deposit in the Project Fund for the payment of Development Costs as permitted by the Indenture will be made by an authorized officer of the Park District in accordance with the provisions of the Indenture and Construction Disbursement Agreement.

Other Sources of Payment of Bonds

In the Indenture, the Authority covenants that if the State Tax Payments and other amounts deposited in the Bond Fund and Debt Service Reserve Fund are insufficient to make required deposits to the Bond Funds, it will pay to the Trustee from any of its available funds amounts sufficient to make those required deposits. Among the Authority’s sources of revenue in addition to the State Tax Payments, are collections of the Authority Hotel Tax and payments to the Authority from the White Sox under the Management Agreement. Under the Management Agreement, the White Sox have a prior lien on collections of the Authority Hotel Tax paid to the Authority. The Authority has pledged Authority Tax Revenues and amounts in the Authority Tax Account to secure the Bonds (such pledge to terminate on Release Date), but such pledge is subject to the lien on the Authority Tax Revenues to satisfy the Authority’s obligations under the Management Agreement. Subject to certain limitations, the Authority is free to pledge or grant a lien or security interest in Authority Tax Revenues for obligations of the Authority other than the Bonds. See Appendix A - “Definitions and Summary of Certain Provisions of the Indenture - Particular Covenants and Representations of the Authority - Creation of Liens.” The Bonds are not, however, secured by any assignment or pledge of, or by any lien on or security interest in, the Improvements, Comiskey Park or payments under the Management Agreement.

There can be no assurance that any sources of revenue other than appropriated State Tax Payments will be available to make required deposits in the Bond Fund or Debt Service Reserve Fund.

Additional Bonds

Under the Authorizing Legislation, the Authority may not have more than (i) \$150 million of bonds or notes outstanding in connection with facilities owned by the Authority and (ii) \$399,000,000 of bonds or notes outstanding in connection with facilities owned by a governmental owner other than the Authority. Under the Authorizing Legislation, the Authority may not construct or enter into a contract to construct more than one new stadium facility to be owned by the Authority or enter into Assistance Agreements with respect to more than one facility to be owned by a governmental owner other than the Authority, unless authorized by law. The statutory limitation does not, however, limit the Authority's powers to acquire, operate or make capital improvements to existing sports facilities.

The Indenture does not limit the principal amount of Additional Bonds which may be issued on a parity with the Series 1999 Bonds and the Series 2001 Bonds if otherwise authorized by law, but sets forth the following requirements, among others, in order for the Authority to be able to issue any such Additional Bonds. For a more detailed description of those requirements, see Appendix A – “Definitions and Summary of Certain Provisions of the Indenture – Authorization of Additional Bonds.” The following requirements may be waived by Bond Owners or by the Insurers on behalf of Bond Owners. See Appendix A- “Definitions and Summary of Certain Provisions of the Indenture - Authorization of Additional Bonds.”

Calculated Debt Service on the Bonds, including the Bonds to be Outstanding after issuance of the Additional Bonds, in any Fiscal Year shall not exceed the Maximum Appropriation for that Fiscal Year. The Maximum Appropriation for a Fiscal Year is the amount required for that Fiscal Year to be deposited in the Illinois Sports Facilities Fund and, subject to appropriation by the State, available for transfer to the Authority during that Fiscal Year. Amounts required to be so deposited from sources other than the net proceeds of 60% of the State Hotel Tax at a 5% rate and the City's allocation of the Local Government Distributive Fund may be taken into account in determining the Maximum Appropriation only to the extent the coverage requirement set forth in the following paragraph is met with respect to deposits from that Additional Revenue Source.

Additional Bonds may not be issued unless the following coverage tests are satisfied on the date of issuance of such Additional Bonds: (i) the Projected Available Deposit Amount for the Fiscal Year in which such Additional Bonds are proposed to be issued and for each Fiscal Year thereafter for which Debt Service will be due with respect to Outstanding Bonds (including such Additional Bonds) is not less than 135% of the sum of the State Advance Monies and the State Subsidy Monies to be deposited into the Illinois Sports Facilities Fund for each such Fiscal Year; and (ii) for the most recently completed Fiscal Year the amount of funds allocable to the City from the Local Government Distributive Fund is not less than 135% of the City Subsidy Monies to be deposited in the Illinois Sports Facilities Fund for each Fiscal Year described in clause (i). In addition, for any Additional

Revenue Source which becomes available for deposit in the Illinois Sports Facilities Fund for transfer to the Authority, amounts so to be deposited in the Illinois Sports Facilities Fund may be taken into account in determining the Maximum Appropriation only to the extent that the total annual amount of that Additional Revenue Source which may legally be used to make those deposits is not less than 135% of the amount which is so taken into account for the current Fiscal Year and for each succeeding Fiscal Year. For a more complete description of these provisions, including more detailed information concerning any Additional Revenue Source, see Appendix A – “Definitions and Summary of Certain Provisions of the Indenture – Authorization of Additional Bonds.”

“Projected Available Deposit Amount” means the respective amounts determined on the date of delivery of a Certificate of an Authorized Officer pursuant to the Indenture in connection with the issuance of Additional Bonds as follows: (i) for the Fiscal Year in which the Authority delivers such Certificate, 102.5% of the net proceeds of State Hotel Tax from which deposits to the Illinois Sports Facilities Fund may be made for the immediately preceding Fiscal Year and (ii) for each Fiscal Year thereafter in which any Bonds are Outstanding (including such Additional Bonds to be issued on the date of delivery of such Certificate), 102.5% of the amount determined for the immediately preceding Fiscal Year.

Upon the issuance of the Additional Bonds, the Indenture requires that there will be deposited with the Trustee money or one or more Debt Service Reserve Fund Facilities, or a combination of them, sufficient to increase the value of the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

The Indenture also requires that, upon the issuance of the Additional Bonds, counsel for the Authority will give its opinion that State Tax Payments are lawfully to be used to make all required deposits in the Bond Fund and Debt Service Reserve Fund, including deposits required with respect to the Additional Bonds, before being available for other expenses and obligations of the Authority, including its operating expenses and its obligations under the Management Agreement.

The purposes for which the Additional Bonds may be issued include (i) raising funds to pay Project Costs with respect to any Additional Project (as such terms are defined in the Indenture), (ii) raising funds to pay costs of issuance or required deposits to the Debt Service Reserve Fund; or (iii) raising funds to refund or advance refund any Series of Bonds or portions thereof or to refund any other obligations of the Authority incurred for the purpose of paying any of the costs described above to the extent authorized by the Authority Act.

BOND INSURANCE

The following information has been furnished by Ambac Assurance Corporation for use in this Official Statement. No representation is made by the Authority, the Park District, the Club or the Underwriters as to the accuracy, completeness or adequacy of that information or as to the absence of material adverse changes in that information or in the condition of the 2001 Insurer

subsequent to the date hereof. Reference is made to Appendix D for a specimen of the Series 2001 Insurance Policy.

Payment Pursuant to Series 2001 Insurance Policy

Ambac Assurance Corporation (“*Ambac Assurance*”) has made a commitment to issue the Series 2001 Insurance Policy relating to the Series 2001 Bonds effective as of the date of issuance of the Series 2001 Bonds. Under the terms of the Series 2001 Insurance Policy, Ambac Assurance will pay to The Bank 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 2001 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Series 2001 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 2001 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Series 2001 Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2001 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2001 Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2001 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2001 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 2001 Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Authority 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 Series 2001 Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Series 2001 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.

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 Series 2001 Insurance Policy, payment of principal requires surrender of Series 2001 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2001 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Series 2001 Insurance Policy. Payment of interest pursuant to the Series 2001 Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2001 Bonds, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2001 Bonds and will be fully subrogated to the surrendering Holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance Corporation 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 \$4,830,000,000 (unaudited) and statutory capital of approximately \$2,870,000,000 (unaudited) as of June 30, 2001. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. S&P, Moody's and Fitch, Inc. ("*Fitch*") 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 Series 2001 Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Authority of the Series 2001 Bonds.

Ambac Assurance makes no representation regarding the Series 2001 Bonds or the advisability of investing in the Series 2001 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 the heading "BOND INSURANCE."

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 office at 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.

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.

Incorporation of Certain Documents by Reference

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 24, 2001 and filed on January 24, 2001;
- 2) The Company's Current Report on Form 8-K dated March 19, 2001 and filed on March 19, 2001;
- 3) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filed on March 28, 2001;
- 4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2001 and filed on May 15, 2001;
- 5) The Company's Current Report on Form 8-K dated July 18, 2001 and filed on July 23, 2001; and
- 6) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2001 and filed on August 10, 2001.

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."

THE SERIES 2001 BONDS

General

The Series 2001 Bonds are being issued as Current Interest Bonds (the "*Current Interest Bonds*"), Capital Appreciation Bonds (the "*Capital Appreciation Bonds*") and Conversion Bonds (the "*Conversion Bonds*").

The Current Interest Bonds will be dated as of the date of their initial issuance and will mature on the dates and in the amounts set forth on the inside front cover page hereof. The Current Interest Bonds will be issued only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Current Interest Bonds will be payable on the basis of a 360-day year of twelve 30-day months. The Current Interest Bonds will bear interest from the date of their initial issuance, payable on June 15 and December 15 of each year (each an "*Interest Payment Date*"), commencing December 15, 2001, at the rates set forth on the inside front cover page hereof. Each Current Interest Bond will bear interest from the later of its date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount of such Current Interest Bond is paid or duly provided for. Interest on each Current Interest Bond will be payable on each Interest Payment Date to the person in whose name the Current Interest Bond is registered as of the first day of the month in which each Interest Payment Date occurs.

The Capital Appreciation Bonds will be dated as of the date of their initial issuance and will mature on June 15 of the years and in the amounts shown on the inside front cover page hereof. The Capital Appreciation Bonds will constitute a portion of the Series 2001 Bonds and will be issued in fully registered form in denominations representing \$5,000 Accreted Value at maturity, or any integral multiple thereof. Interest on the Capital Appreciation Bonds will be payable only at maturity.

The Conversion Bonds will be dated as of the date of their initial issuance and are being issued in fully registered form in denominations representing \$5,000 at the Conversion Date or any integral multiple thereof. The Conversion Bonds bear interest from their date at the approximate yields to Conversion Date set forth on the inside front cover hereof, accreted and compounded semiannually on June 15 and December 15 of each year, commencing December 15, 2001, until June 15, 2010 (the "*Conversion Date*"). On and after the Conversion Date, the Conversion Bonds will bear interest on the amount due at maturity (representing principal plus interest accreted and compounded as of the Conversion Date) payable on June 15 and December 15 of each year commencing on the Interest Payment Date following the Conversion Date at the interest rates set forth on the inside front cover hereof. The Conversion Bonds mature on June 15 in the years and in the amounts set forth on the inside front cover of this Official Statement.

The Indenture defines the term "*Accreted Value*" as follows:

- (i) with respect to any Bond that is a Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of

the original principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the applicable Supplemental Indenture) of earnings which would be produced on the investment of such original principal amount, beginning on the dated date of such Capital Appreciation Bond and ending at the maturity date of such Capital Appreciation Bond, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of any Valuation Date, the Accreted Value of any Capital Appreciation Bond means the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond and as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates, and (ii) with respect to any Bond that is a Conversion Bond, an amount equal to the principal amount of such Conversion Bond (determined on the basis of the original principal amount per \$5,000 at the Conversion Date) plus the amount assuming compounding (as set forth in the applicable Supplemental Indenture) of earnings which would be produced on the investment of such original principal amount, beginning on the dated date of such Conversion Bond and ending at the Conversion Date of such Conversion Bond, at a yield which, if produced until such Conversion Date, will produce \$5,000 at the Conversion Date. As of any Valuation Date, the Accreted Value of any Conversion Bond means the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond and as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates.

The Accreted Values Tables attached as Appendices G and H hereto set forth the schedule of Accreted Values based on the original principal amount of each Capital Appreciation Bond and Conversion Bond at the yields to maturity or Conversion Date, as applicable, indicated on the inside cover page hereof.

The Series 2001 Bonds will be initially registered through a book-entry system operated by The Depository Trust Company, New York, New York (“DTC”). Details of payments of the Series 2001 Bonds when in the book-entry form and the book-entry system are described in Appendix F - “Global Book-Entry System.” Except as described in Appendix F, beneficial owners of the Series 2001 Bonds will not receive or have the right to receive physical delivery of Series 2001 Bonds, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must

rely upon (i) the procedures of DTC and, if such beneficial owner is not a Participant (as defined in Appendix F), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal and interest or redemption price of the Series 2001 Bonds and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner's Participant, to evidence its beneficial ownership of the Series 2001 Bonds. So long as DTC or its nominee is the registered owner of the Series 2001 Bonds, references herein to Bondholders shall mean DTC or its nominee and shall not mean the beneficial owners of such Series 2001 Bonds. The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer beneficial interests in a Series 2001 Bond.

Principal and Interest Payments

The Trustee will serve as bond registrar and paying agent for the Series 2001 Bonds (in such capacity, the "*Bond Registrar*"). Principal, Accreted Value and premium, if any, on the Series 2001 Bonds will be payable in lawful money of the United States of America at the designated corporate trust office of the Bond Registrar. Such payments shall be made to the registered owner of the Series 2001 Bond so surrendered, as shown on the registration books maintained by the Bond Registrar (a "*Bondholder*," "*Bond Owner*" or "*Holder*").

Each Series 2001 Bond shall be payable as to interest as follows:

(i) The interest due on any Current Interest Bond and on each Conversion Bond (subsequent to the Conversion Date) on any interest payment date will be paid to the Bondholder at the close of business on the first day of the month in which such interest payment date occurs (the "*Record Date*"). No interest will be payable with respect to Capital Appreciation Bonds prior to maturity.

(ii) All payments of interest on the Current Interest Bonds and on each Conversion Bond (subsequent to the Conversion Date) shall be paid to the Bondholders as of the Record Date by the Bond Registrar on the interest payment date (A) at the option of any such Bondholder in the principal amount of at least \$1,000,000 aggregate original principal amount of Series 2001 Bonds, by wire transfer of immediately available funds, to such bank in the continental United States as such Bondholder requests in writing to the Bond Registrar, or (B) by check or draft of the Bond Registrar.

Redemption

The Capital Appreciation Bonds are not subject to optional or mandatory redemption prior to maturity.

Optional Redemption.

Current Interest Bonds. The Current Interest Bonds are subject to redemption at the option of the Authority prior to maturity, out of amounts deposited in the Redemption Account of the Bond Fund, in whole or in part, and if in part, from such maturities or portions thereof designated by the Authority as may be determined by the Authority, and by lot within any maturity, in Authorized Denominations, on any date on or after June 15, 2012 at the redemption prices (expressed as percentages of aggregate principal amount) set forth below, plus accrued interest thereon to the date fixed for redemption if any:

Date of Redemption	Redemption Price
On or after June 15, 2012, but prior to June 15, 2013	101 %
On or after June 15, 2013	100

Conversion Bonds. The Conversion Bonds due on and after June 15, 2016 are subject to redemption following the Conversion Date and prior to maturity at the option of the Authority, out of amounts deposited in the Redemption Account, in whole or in part at any time, and if in part, from such maturities or portions thereof as may be determined by the Authority, and within any maturity by lot, in Authorized Denominations, on any date on or after June 15, 2015 at the redemption prices (expressed as percentages of aggregate principal amount) set forth below, plus accrued interest thereon to the date fixed for redemption:

Date of Redemption	Redemption Price
On or after June 15, 2015, but prior to June 15, 2016	101 %
On or after June 15, 2016	100

Extraordinary Redemption. The Series 2001 Bonds are subject to Extraordinary Redemption prior to maturity out of amounts deposited in the Extraordinary Redemption Fund from monies remaining in the Costs of Issuance Fund or the Project Fund at the time a Certificate of Completion is delivered to the Trustee by the Park District at a redemption price equal to 100 percent of the principal amount or Accreted Value thereof, plus accrued interest on Current Interest Bonds and Conversion Bonds (subsequent to the conversion date) to the date fixed for redemption, at the earliest date on which it is possible to redeem such Bonds at par under the provisions of the Indenture. See Appendix A - "Definitions and Summary of Certain Provisions of the Indenture - Extraordinary Redemption Fund."

Mandatory Redemption.

Current Interest Bonds. The Current Interest Bonds are Term Bonds subject to mandatory redemption prior to maturity by lot in Authorized Denominations at a redemption price equal to 100 percent of the principal amount thereof on Sinking Fund Payment Dates in the years and in the

Sinking Fund Installment amounts set forth below, plus accrued interest to the date fixed for redemption:

Current Interest Term Bond Due June 15, 2032

<u>Sinking Fund Payment Dates</u>	<u>Sinking Fund Installments</u>
June 15, 2030	\$28,185,000
June 15, 2031	75,355,000
June 15, 2032	84,295,000 (Maturity)

Conversion Bonds. The Conversion Bonds due June 15, 2030 are Term Bonds subject to mandatory redemption prior to maturity by lot in Authorized Denominations at a redemption price equal to 100 percent of the Accreted Value thereof on Sinking Fund Payment Dates in the years and in the Sinking Fund Installment amounts set forth below, plus accrued interest to the date fixed for redemption:

Conversion Term Bond Due June 15, 2030

<u>Sinking Fund Payment Dates</u>	<u>Sinking Fund Installments</u>
June 15, 2024	\$ 2,455,000
June 15, 2025	2,500,000
June 15, 2026	2,615,000
June 15, 2027	45,355,000
June 15, 2028	51,925,000
June 15, 2029	59,105,000
June 15, 2030	38,780,000 (Maturity)

The principal amounts of the Current Interest Bonds or Conversion Bonds to be so redeemed in each year may be reduced through the earlier optional redemption thereof, if the Authority elects to apply any partial optional redemptions of such Current Interest Bonds or Conversion Bonds against future Sinking Fund Installments in such order as the Authority may determine by delivering written notice to the Bond Registrar on or prior to the 60th day preceding any Sinking Fund Payment Date. In addition, on or prior to the 60th day preceding any Sinking Fund Payment Date, the Bond Registrar, if directed by the Authority, will purchase Current Interest Bonds or Conversion Bonds required to be retired on such Sinking Fund Payment Date. Any such Current Interest Bonds or Conversion Bonds so purchased will be canceled and the principal amount thereof credited against the payment required on such next Sinking Fund Payment Date. Any credit given to Sinking Fund Installments will not affect any other Sinking Fund Installments, which will remain payable as otherwise provided herein, unless and until another credit is given in accordance with the provisions described herein.

Notice of Redemption.

Unless waived by any owner of Current Interest Bonds or Conversion Bonds (collectively, the “*Redeemable Bonds*”) to be redeemed, notice of redemption of the Redeemable Bonds will be given by the Bond Registrar on behalf of the Authority and in accordance with the provisions of the Indenture by first class mail, postage prepaid, not less than 25 days prior to the redemption date to each registered owner of Redeemable Bonds to be redeemed at the address shown on the registration books of the Authority. Failure to give such notice of redemption as to any Redeemable Bond, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Redeemable Bond. Any notice mailed as described in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee.

If notice of redemption has been given as described above, Redeemable Bonds called for redemption will become due and payable on the redemption date at the applicable redemption price. When funds sufficient for redemption are deposited with the Bond Registrar, interest on Redeemable Bonds to be redeemed will cease to accrue on the date fixed for redemption.

Selection of Redeemable Bonds for Redemption.

In connection with each redemption of Redeemable Bonds in respect of which fewer than all of the Redeemable Bonds of any maturity are to be redeemed, the Bond Registrar will select the particular Redeemable Bonds to be called for redemption not more than 60 days prior to the redemption date in such manner as the Bond Registrar deems fair and equitable. So long as DTC or its nominee is the registered owner of the Redeemable Bonds, if fewer than all of the Redeemable Bonds of any maturity are called for redemption, the particular Redeemable Bonds or portions of Redeemable Bonds of such maturity will be selected by lot by DTC in such manner as DTC may determine. See Appendix F - “Global Book-Entry System.”

Acceleration

Upon the occurrence of an Event of Default under the Indenture, the Trustee may, and in some instances must, declare the principal amount of the Outstanding Bonds, and the interest accrued thereon, due and payable immediately; provided that (a) no such declaration may be made so long as the Series 1999 Insurance Policy is in effect and the 1999 Insurer is not in default thereunder, and (b) no such declaration may be made so long as the Series 2001 Insurance Policy is in effect and the 2001 Insurer is not in default thereunder. See Appendix A - “Definitions and Summary of Certain Provisions of the Indenture - Events of Default and Remedies of Trustee and Bondholders.”

THE AUTHORITY

Powers and Duties

The Authority is a political subdivision, unit of local government, body politic and municipal corporation of the State, created under the Act. The Authority's territory is coterminous with the City. The Authority is authorized to develop, establish, construct, renovate, operate and maintain sports facilities, which may be used by professional sports teams or for musical, dramatic and other artistic and social events, and to provide financial assistance to governmental owners of sports facilities or their tenants to do the same. The Authority may not construct more than one new facility to be owned by the Authority. The Authority may not enter into Assistance Agreements with respect to more than one facility to be owned by governmental owners. Under the Development Assistance Agreement, the Authority has provided financial assistance to the Park District to develop and operate the Improvements.

Under the Authorizing Legislation, the Authority has the power to have outstanding at any time up to \$150 million of bonds and notes issued in connection with Sports Facilities owned by the Authority and \$399 million of bonds or notes issued in connection with Sports Facilities owned by any other governmental entity, excluding those Bonds which have been refunded or defeased by the Authority. Upon the issuance of the Series 2001 Bonds, the Series 1999 Bonds and the Series 2001 Bonds will be the only series of bonds or notes of the Authority to be outstanding.

The offices of the Authority are located at Comiskey Park, 333 West 35th Street, Chicago, Illinois 60616. The telephone number of the Authority is (312) 793-1991.

Members

The Authority consists of seven Members: a Chairman appointed by the Governor of the State subject to the approval of the Mayor of the City (the "*Mayor*"), three Members appointed by the Governor and three Members appointed by the Mayor. All appointments of the Governor are subject to the advice and consent of the State Senate (except in the case of temporary appointments). The Members hold office for the terms listed below, and until their successors are appointed and qualified. All subsequent Members, including the Chairman, shall hold office for a term of three years.

Set forth below is background information about the Chairman, Members and Management of the Authority. Currently, there is one vacancy. Under the Act, members whose terms have expired serve until reappointed or until the appointment of a replacement member.

Alexander R. Lerner, Chairman and Member. (Term expires June 30, 2003) Alexander R. Lerner, Chairman and Member of the Authority, serves as the Chief Executive Officer of the Illinois State Medical Society as well as the Chief Executive Officer of the Illinois Medical Inter-Exchange, a physician-owned medical malpractice insurer. Mr. Lerner is a member of the American Association

of Medical Society Executives and the American Society of Association Executives. He is a graduate of Northern Illinois University, with a Bachelor of Science degree in education.

Joel G. Herter, Treasurer, Assistant Secretary and Member. (Term expires June 30, 2003)

Joel G. Herter, Treasurer, Assistant Secretary and Member of the Authority, is a senior consultant and former Managing Partner of Wolf & Company LLP, certified public accountants, where he has been employed since 1978. He is a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. Mr. Herter currently serves as Chairman of the Board of Trustees of Elmhurst College and Chairman of the DuPage Water Commission.

Sean L. Heffernan, Member. (Term expires July 1, 2004) Sean L. Heffernan is a partner in the law firm of Holland and Knight, LLP. Prior to joining Holland and Knight, Mr. Heffernan served as the Deputy Director of the City of Chicago's Office of Intergovernmental Affairs from 1994 to August, 2001 and as an Assistant to the Mayor of the City of Chicago from 1990 to 1994. From 1984 to 1990, Mr. Heffernan was a Staff Attorney in the Office of the Cook County Assessor. Mr. Heffernan is a graduate of the University of Notre Dame and the Loyola University of Chicago School of Law.

Barbara A. Lumpkin, Member. (Term expires July 1, 2003) Barbara A. Lumpkin serves as Senior Vice President, Corporate & Institutional Services at Northern Trust Bank. Prior to joining Northern Trust in December, 2000, Ms. Lumpkin served as Special Assistant to Chicago Mayor Richard M. Daley. Ms. Lumpkin has also served as City Treasurer, Budget Director and Comptroller for the City of Chicago. Prior to serving in City government, Ms. Lumpkin was associated with both Amalgamated Bank of Chicago (1994-1995) as Senior Vice President/Corporate Trust Manager and with Continental Bank (1972-1994) serving in several areas including Corporate Trust.

John T. McCarthy, Member. (Serving under a term that expired June 30, 2001) John T. McCarthy serves as Chairman of the law firm Bell, Boyd & Lloyd, LLC. He is a member of the U.S. Japan Business Council and a Trustee of St. Joseph's College. Mr. McCarthy received a Bachelor of Science degree from St. Joseph's College and his Juris Doctor, *cum laude*, from Northwestern University School of Law.

Juan A. Ochoa, Member. (Term expires July 1, 2002) Juan A. Ochoa serves as President and Chief Executive Officer of The Mexican American Chamber of Commerce of Illinois, Inc. Prior to joining the Chamber, Mr. Ochoa was a Project Coordinator for the Hispanic American Construction Industry Association after having served as the Naturalization Coordinator at the United Neighborhood Organization in Chicago. Mr. Ochoa is currently a member of the City of Chicago Economic Opportunities Board and is a founding board member of the Children's Advocacy Center.

Management

Pursuant to the Act, the Authority has appointed Jerry D. Blakemore as Executive Director and Chief Executive Officer of the Authority. Prior to his current position, Mr. Blakemore served as

Managing Partner of Sales Goodloe Golden & Blakemore, a law firm where he headed the Regulatory and Governmental Affairs Practice Group. Mr. Blakemore's other private sector experience includes serving as Regulatory Counsel to the Illinova Corporation (Illinois Power Corporation), a public utility engaged in the provision of energy and related services.

Mr. Blakemore served as Deputy Governor and Legal Counsel to former Illinois Governor James R. Thompson; Assistant Secretary for Public and Intergovernmental Affairs, U.S. Department of Labor in the Reagan and Bush administrations; and a Commissioner of the Illinois Commerce Commission, the agency responsible for the regulation of energy, telecommunications, and investor-owned water companies.

Mr. Blakemore holds a bachelors degree from Princeton University in Political Science and a Juris Doctorate from the John Marshall Law School. He is licensed to practice before the Illinois State Supreme Court and the U.S. District Court for the Northern District of Illinois, Eastern Division. He is immediate past Chairman and current member of the Illinois Board of Higher Education and holds honorary degrees from Moraine Valley Community College in Palos Hills, Illinois and Prairie State College in Chicago Heights, Illinois.

Mary L. Peters serves as Controller for the Authority where she is responsible for all facets of the Authority's finances including: asset management, risk management, financial projections, budget development and implementation. Ms. Peters is a certified public accountant and has served as the Controller for the Authority for the past two years. Prior to joining the Authority, Ms. Peters served in various financial capacities in the manufacturing industry including: Assistant Controller for an automotive manufacturing entity and supervision of cost accounting for a manufacturer of wood windows. Ms. Peters holds a bachelors degree, *cum laude*, from Wartburg College in Iowa.

AUTHORITY FINANCES

Authority Revenues

General. Under the Indenture, State Tax Payments are to be used to make all required monthly deposits in the Bond Fund and the Debt Service Reserve Fund before being available for other expenses and obligations of the Authority, including its operating expenses, its obligations under the Management Agreement and its obligations under the Operation Assistance Agreement. Revenues available for Authority operating expenses and its obligations under the Management Agreement and the Operation Assistance Agreement thus include the amount of State Tax Payments after making Bond Fund and Debt Service Reserve Fund deposits for the Bonds. Revenues available to the Authority also include collections of the Authority Hotel Tax to be paid to the Authority, net of the applicable Advance Amount per year required by the Authorizing Legislation to be used to reimburse the State for State Tax Payments as described below. The Authority's other revenues also include payments from the White Sox under the Management Agreement, investment income and miscellaneous revenues.

Authority Hotel Tax and Other Revenues. Under the Authorizing Legislation, the Authority has imposed a tax on the occupation of renting, leasing or letting hotel rooms in the City (the "*Authority Hotel Tax*") which is a principal source of funds available to the Authority to repay the Advance Amount and is available to meet its obligations to the White Sox under the Management Agreement and to the Park District under the Operation Assistance Agreement. The Authority is not empowered to levy any taxes other than the Authority Hotel Tax. The tax is set at the present maximum statutorily authorized rate of 2% of the gross rental receipts for such hotel rentals, other than receipts collected from permanent residents. The Authority Hotel Tax is collected by the Illinois Department of Revenue and deposited with the State Treasurer in a special trust fund, which is not part of the State Treasury.

Under the Authorizing Legislation, the net proceeds of the Authority Hotel Tax in a Fiscal Year are to be used, first, to pay directly to the Authority any amount by which the amount appropriated by the State to the Authority from the Illinois Sports Facilities Fund for that Fiscal Year is less than the amount set forth in the Chairman's Certificate given under the Authorizing Legislation for that Fiscal Year. Next, the net proceeds of the Authority Hotel Tax are to be used to pay to the State Treasury the amount by which the amount set forth in the Chairman's Certificate or, if less, the amount of the appropriation, exceeds \$10 million for the Fiscal Year. This payment to the State Treasury is to serve as a repayment of the State Advance Monies from the net proceeds of the State Hotel Tax to the Illinois Sports Facilities Fund. See "SECURITY FOR THE BONDS – State Tax Deposits – Proceeds of the State Hotel Tax." Net proceeds of the Authority Hotel Tax in excess of these payments are to be paid to the Authority to be used by it for its corporate purposes (the "*Authority Tax Revenues*").

Security Interest in Authority Tax Revenues. A principal source of funds available to the Authority to meet its obligations to the White Sox under the Management Agreement is the Authority Hotel Tax. See "- Authority Hotel Tax and Other Revenues" above and "SECURITY FOR THE BONDS - Other Sources of Payments of Bonds." Authority Tax Revenues which are paid to the Authority are subject to an assignment, pledge, lien and security interest to secure the Authority's obligations under the Management Agreement to the White Sox and, subject to such lien, the Authority has pledged its right to receive the Authority Tax Revenues and all amounts in the Authority Tax Revenues Account (such pledge to be terminated on the Release Date) to secure the Bonds. Following the Release Date, the Bonds will not be secured by a pledge of the Authority Tax Revenues; however, under the Indenture, the Authority covenants that if State Tax Payments and other amounts in the Bond Fund and Debt Service Reserve Fund are insufficient to make the required deposits to the Bond Fund, the Authority will pay to the Trustee from all of its available funds (including available Authority Tax Revenues) amounts sufficient to make those required deposits. The Indenture does not restrict the Authority from pledging or granting a lien or security interest in Authority Tax Revenues for obligations of the Authority other than the Bonds. Under the Management Agreement, if the State appropriates amounts as required by the Chairman's Certificate, the Authority meets its obligations to the White Sox under the Management Agreement, and the

Authority meets its obligations with respect to the Bonds, the proceeds of the Authority Hotel Tax may be used for any lawful purpose.

Authority Expenses

In addition to its obligations to pay Debt Service on the Series 1999 Bonds and the Series 2001 Bonds, the Authority has certain ongoing obligations to the White Sox under the Management Agreement, to the Park District under the Operation Assistance Agreement and to both parties under the Three Party Agreement entered into among the Authority, the White Sox and the Park District which agreement prioritizes the obligations of the Authority to the other parties under the Management Agreement and the Operation Assistance Agreement.

The Management Agreement. The Authority and the White Sox have entered into the Management Agreement allocating the responsibilities and rights of the Authority and the White Sox relating to Comiskey Park and providing for payments by the parties with respect to its use and operation.

The White Sox are obligated to play all their home games at Comiskey Park through at least the 2010 baseball season. The Management Agreement terminates November 30, 2010, a date after the final maturity of the Series 1999 Bonds. The White Sox have the right to extend the term of the Management Agreement for four successive five-year periods to be exercised by July 1 of the year in which the then-current term expires.

Under the Management Agreement, the White Sox are responsible for routine maintenance and upkeep and the Authority is responsible for capital repairs to Comiskey Park. The Authority is required to deposit \$3 million annually in a capital repairs account (not held by the Trustee) to accumulate funds for the payment of the cost of those capital repairs. The Authority's obligation to make capital repairs is not limited, however, to the amount in that account.

To subsidize the White Sox in part for costs incurred in connection with their responsibility to provide routine maintenance, the Authority has agreed to provide the White Sox \$2 million per year through the 2000 baseball season and, after the 2000 baseball season, \$2 million multiplied by a fraction, the numerator of which is the CPI for the month of May during the season and the denominator of which is the CPI for May, 1991. In Fiscal Year 2002, that amount will be \$2,622,457.

Under the Management Agreement, the Authority's revenues after payment of (a) principal of, premium, if any, and interest on the Series 1999 Bonds and the Series 2001 Bonds, Credit Enhancement Costs and all other deposits or payments required by the Indenture, (b) all of the Authority's obligations to the White Sox under the Management Agreement, and (c) all other ordinary and necessary expenses of the Authority, other than repayments to the State pursuant to the Act and payments made to the Park District pursuant to the Operation Assistance Agreement, must be deposited in a reserve fund (the "*Management Agreement Reserve Fund*") up to an amount equal

to the Authority's good faith estimate of the expenses referred to in clauses (b) and (c) above, net of certain ticket fees payable by the White Sox, for the following fiscal year. The Management Agreement Reserve Fund, which is currently fully funded in the amount of \$14,076,127 (as of June 30, 2001), is to be available to pay amounts due under the Management Agreement and other ordinary expenses of the Authority if available revenues are otherwise insufficient. The Management Agreement Reserve Fund is not considered to be available for payment of Debt Service on the Bonds.

Under the Management Agreement, all revenues from the conduct of the White Sox' business, including ticket sales, advertising, television and radio payments, concessions and parking are the property of the White Sox. The Management Agreement provides for the White Sox to pay ticket fees to the Authority based on a number of factors, including average ticket price and level of attendance at games. Such revenues, if any, are not pledged as security for the Bonds.

Operation Assistance Agreement. The Operation Assistance Agreement between the Authority and the Park District provides for an annual subsidy to be paid by the Authority to the Park District to subsidize certain of the Park District's direct and indirect operation and maintenance expenses of the Improvements until such time as the Series 2001 Bonds are no longer outstanding. The annual subsidy will begin in the year in which the Improvements are "substantially completed" (as determined under the Development Agreement, and currently expected to be the year 2003) in an amount equal to \$3,500,000 and annually thereafter in an amount equal to 103% of the annual amount for the prior year.

In addition, the Authority has agreed to establish a Capital Improvement Fund and make payments from the fund to subsidize the Park District's capital repairs or enhancements of the Improvements. Deposits are to be made into the Capital Improvement Fund by the Authority following the substantial completion of the Improvements at the annual rate of \$1,500,000 in each year until 2010, then increasing to \$2,500,000 in 2011, and thereafter at 103% of the previous year's annual amount until the Series 2001 Bonds are no longer outstanding. With certain exceptions, any surplus amounts remaining in the Construction Fund following final completion of the Improvements are also to be deposited in the Capital Improvement Fund to finance capital repairs or enhancements of the Improvements.

Under the Operation Assistance Agreement, the Authority is also obligated to establish a Reserve Fund for the Improvements. Subject to certain exceptions, the Authority is required to make deposits so that the aggregate amount on deposit in the Reserve Fund is not less than the greater of \$5,000,000 or the sum of the annual subsidy paid to the Park District during the next fiscal year of the Authority plus the annual deposit to the Capital Improvement Fund required to be made on or before July 1 during the next fiscal year of the Authority. Amounts need not be deposited into the Reserve Fund unless surplus moneys are available as determined prior to any repayment of the Subsidy Amounts described below. The Authority may withdraw moneys from the Reserve Fund to pay an annual subsidy amount or to make a deposit to the Capital Improvement Fund. The Reserve Fund is not available for payment of Debt Service on the Bonds.

Annual Rebate of Unused Authority Hotel Tax

The Authorizing Legislation provides that on June 15 of each year, all amounts the Authority has received from the net proceeds of the Authority Hotel Tax (see “Authority Hotel Tax and Other Revenues” above and “SECURITY FOR THE BONDS - Other Sources of Payment of Bonds”) and which remain available after payment of Debt Service on bonds or notes of the Authority and attendant expenses, deposits for debt service reserves, obligations under any management agreements or Assistance Agreements and payment of its other capital and operating expenses, including funding of any reserve funds, shall be repaid to the State Treasury (the “Rebate”).

Rebate amounts paid by the Authority to the State Treasurer are treated as repayment of the Subsidy Amounts. The Authorizing Legislation requires the State Treasurer to deposit the lesser of the amount received and \$5,000,000 into the State General Revenue Fund. At the beginning of each fiscal year the State Treasurer must certify to the State Comptroller the cumulative amount for all prior fiscal years of any deficiencies in repayments to the City of Chicago of amounts in the Local Government Distributive Fund that would otherwise have been allocated to the City of Chicago under the State Revenue Sharing Act but instead were paid into the General Revenue Fund under Section 6 of the State Hotel Tax Act and that have not been reimbursed, and the Comptroller shall, during the fiscal year at the beginning of which the certification was made, cause warrants to be drawn from the amount received for the repayment of that cumulative amount to the City of Chicago until that cumulative amount has been fully reimbursed. Thereafter, the State Treasurer must deposit the balance of any rebate amount received into an account held by the State Treasurer for the benefit of the Metropolitan Pier and Exposition Authority.

The Authority has made a Rebate to the State Treasury in each fiscal year since 1992, the first fiscal year for which such Rebate was required.

The table on the following page summarizes the Authority’s revenues and expenses for the period from Fiscal Year 1997 through Fiscal Year 2001. *The Authority’s financial statements have been prepared in accordance with the accounting principles permitted by the Original Indenture and are not intended to be a presentation in conformity with generally accepted accounting principles.* Copies of the audited financial statements of the Authority for Fiscal Year 2000 are included in Appendix B.

Financial History for the Fiscal Years 1997-2001⁽¹⁾

venues & Expenditures	2001	2000	1999	1998	1997
venues					
State Appropriations ⁽²⁾					
State Hotel Tax Advance Amount	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
State Subsidy	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
City Subsidy	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Authority Hotel Tax (Net of Advance) ⁽³⁾	18,789,258	18,088,954	18,648,382 ⁽⁴⁾	13,483,107	10,311,827
Investment Income	3,135,818	2,299,439	2,089,026	1,865,431	1,286,232
White Sox Revenue Sharing	456,011	-	-	466,552	301,420
Other	<u>157,528</u>	<u>66,790</u>	<u>51,258</u>	<u>4,131,524</u>	<u>1,089,996</u>
Total Revenues	<u>40,538,615</u>	<u>38,455,183</u>	<u>38,788,666</u>	<u>37,946,614</u>	<u>30,989,475</u>
xpenditures					
General Expenditures					
Interest Expense	4,513,187	4,810,309	8,695,415 ⁽⁶⁾	9,056,413	9,439,526
Bond Principal Payments	7,825,000	7,640,000	5,985,000 ⁽⁶⁾	5,575,000	5,195,000
State Tax Administration Fee ⁽⁵⁾	1,071,570	1,043,558	1,065,934	859,325	732,833
Legal Expenses	775,945	221,658	157,243	135,894	873,074
Other Administrative	<u>3,497,968</u>	<u>1,326,520</u>	<u>1,263,322</u>	<u>706,850</u>	<u>680,701</u>
Total General Expenditures	<u>17,683,670</u>	<u>15,042,045</u>	<u>17,166,914</u>	<u>16,333,482</u>	<u>16,921,134</u>
ther Expenditures					
State Rebate	7,502,712	6,623,885	6,219,648	6,181,700	4,033,901
Scoreboard Payments	-	-	-	-	1,818,343
Capital Improvements	7,454,778	758,979	-	-	-
Park Maintenance	1,855,045	3,664,894	2,497,175	3,028,121	936,011
White Sox Maintenance Subsidy	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Federal Arbitrage Expense	-	-	28,526	45,412	42,644
Construction	-	-	-	-	-
Bond Refunding	-	-	4,427,324	-	-
Proceeds from new bond issue	-	-	(105,392,020)	-	-
Transfer to Escrow Agent	-	-	<u>108,197,997 ⁽⁶⁾</u>	-	-
Total Other Expenditures	<u>17,812,535</u>	<u>13,047,758</u>	<u>17,978,650</u>	<u>11,255,233</u>	<u>8,830,899</u>
Total General & Other Expenditures	<u>35,496,205</u>	<u>28,089,803</u>	<u>35,145,564</u>	<u>27,588,715</u>	<u>25,752,033</u>
Excess of Revenues Over Expenditures	5,042,410	10,365,380	3,643,102	10,357,899	5,237,442

- (1) Derived from Authority's audited financial statements for the Fiscal Years 1997-2000 and the preliminary unaudited statements for Fiscal Year 2001.
- (2) Commencing in Fiscal Year 2002, the State Hotel Tax Advance Amount has been increased by the Authorizing Legislation. See "SECURITY FOR THE BONDS - State Tax Payments."
- (3) Reflects revenues from the Authority Hotel Tax in excess of the \$8 million received from the State. The total revenues from the Authority Hotel Tax can be obtained by adding this line item and the State Hotel Tax Advance Amount.
- (4) Revenues from the Authority Hotel Tax, in the Fiscal Year ended June 30, 1999, included a positive prior period adjustment in the amount of \$2.7 million.
- (5) Reflects the 4% charge the State assessed for collecting/distributing the Authority Hotel Tax.
- (6) The Fiscal Year 1999 audited financial statements show a transfer to escrow agent of \$118,513,523 in connection with the issuance of the Series 1999 Bonds. For the purposes of this table, the June 15, 1999 payments of interest in the amount of \$4,330,526 and principal in the amount of \$5,985,000 have been subtracted from said transfer and shown instead in the respective general expenditure section for comparison to the other years displayed.

INVESTMENT CONSIDERATIONS

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Authority to pay principal of and interest on the Series 2001 Bonds and other Outstanding Bonds, and which could also affect the marketability of, or the market price for, the Series 2001 Bonds to an extent that cannot be determined.

The purchase of the Series 2001 Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in the Official Statement. **Each prospective purchaser of any Series 2001 Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing investments such as the Series 2001 Bonds.**

Bond Insurance. Payment of the principal of and interest on the Series 2001 Bonds when due will be insured by the Series 2001 Insurance Policy in accordance with its terms. The ratings on the Series 2001 Bonds are based on the creditworthiness of the 2001 Insurer on the date the Series 2001 Bonds are issued. Payment under the Series 2001 Insurance Policy may depend on the financial condition of the 2001 Insurer. See "BOND INSURANCE." There can be no assurance that the 2001 Insurer will maintain its financial condition or that an adverse change in such condition will not adversely affect its ability to make payments under the Series 2001 Insurance Policy. A change in the financial condition of the 2001 Insurer could also result in a change in the ratings on the Series 2001 Bonds.

Rights of Insurers. So long as there is no default by the 2001 Insurer or 1999 Insurer, the Indenture provides that each such Insurer shall be deemed for substantially all purposes to be the Holder of the Bonds insured by such Insurer, including for the purpose of approving supplemental indentures, amending the Indenture or granting consents thereunder. The Insurers, in such circumstance, may take or omit to take any such action in their respective discretion and in accordance with their respective interests, and the Insurers are not required to act in the interests of the Owners.

Changes in Market Value. The Series 2001 Insurance Policy will not guarantee investors protection against changes in market value of the Series 2001 Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings, changes in the credit worthiness (actual or perceived) of the 2001 Insurer, or other causes.

Acceleration. Upon the occurrence of an Event of Default under the Indenture, the Trustee may, and in some instances must, declare the principal amount of the Outstanding Bonds, and the interest accrued thereon, due and payable immediately; provided that (a) no such declaration may be made so long as the Series 1999 Insurance Policy is in effect and the 1999 Insurer is not in default

thereunder, and (b) no such declaration may be made so long as the Series 2001 Insurance Policy is in effect and the 2001 Insurer is not in default thereunder. See Appendix A - "Definitions and Summary of Certain Provisions of the Indenture - Events of Default and Remedies of Trustee and Bondholders."

Uncertainty as to Available Remedies. The remedies available to Holders of the Bonds upon an Event of Default under the Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including Title 11 of the United States Code relating to bankruptcy, the remedies specified by the Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the Series 2001 Bonds as to the enforceability of the various legal instruments, will be qualified by reference to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Sufficiency of State Hotel Tax; Non-Appropriation of State Tax Payments. As noted herein, the Authority's ability to make payments when due of principal of and interest on the Bonds is dependent upon its receipt of State Tax Payments in amounts sufficient for such purposes. State Tax Payments are dependent upon the sufficiency of the State Hotel Tax (see "SECURITY FOR THE BONDS - Projected Debt Service Coverage") and the City's share of the Local Government Distributive Fund and are subject to an annual appropriation by the State. The State is not legally obligated to make such appropriations. See "SECURITY FOR THE BONDS - State Tax Payments" and "- Annual Appropriation." Recent reports in the business press indicate that hotel occupancy rates in the past several months are generally lower than those in comparable periods a year ago. If such trends continue, collections of the State Hotel Tax for Fiscal Year 2002 may be lower than collections for Fiscal Year 2001. No assurances can be given as to whether future collections of the State Hotel Tax will be in amounts sufficient to provide for State Tax Payments sufficient in any one year to enable the Authority to make payment when due of the principal of and interest on the Bonds or as to the State's willingness to appropriate from year to year revenues to fund the State Tax Payments in amounts sufficient for the Authority to make payments when due of principal of and interest on the Bonds.

Events of September 11, 2001. Press reports following the terrorist attacks in the United States on September 11, 2001, indicate that the travel industry, including the hotel business, has been seriously disrupted. It is not possible to estimate the extent or duration of any such disruption or its short or long-term impact on collections of the State Hotel Taxes or Authority Hotel Taxes.

Completion Risk. Failure to complete the Improvements within the budget and schedules set forth in the Development Assistance Agreement and the Related Agreements may be the result of any number of circumstances, including judicial proceedings (see "LITIGATION"). Although the Development Assistance Agreement and the Related Agreements require that the Developer and the Club keep the Construction Fund held by the Escrow Agent pursuant to the terms of the Construction Disbursement Agreement "in balance," the Indenture contains no similar provision that would require

the Park District or the Authority, as a condition to the expenditure of proceeds of the Series 2001 Bonds, to demonstrate that there are adequate funds on deposit in the Project Fund or any other account or to deposit such amount in order to pay the costs of completion of the Improvements or that limits or restricts, in any manner, material changes to the Improvements. As a result of any failure to complete the Improvements in accordance with development schedules, the State may not be willing to appropriate funds in any one year sufficient for the payment of principal of and interest on the Bonds.

Internal Revenue Service Audits. Pursuant to its ongoing program of auditing tax-exempt bonds, the Internal Revenue Service (the "IRS") is currently examining certain tax-exempt bond transactions the proceeds of which were used to finance stadiums. Should the IRS determine in any of those earlier transactions under audit that interest on the bonds issued with respect thereto is includable in gross income for federal income tax purposes, such determination could affect the exclusion of interest on the Series 2001 Bonds from gross income for federal income tax purposes depending on the basis of any such determinations and all the facts and circumstances. The pendency of such IRS audits may also have an adverse effect on the market for or market price of the Series 2001 Bonds. With respect to the tax exemption on the Series 2001 Bonds, Co-Bond Counsel will deliver the opinions described under the caption "TAX MATTERS" upon issuance of the Series 2001 Bonds.

LITIGATION

Authority

As of the date of this Official Statement, except as disclosed below, there is no litigation pending, or, to the knowledge of the Authority, threatened against the Authority, with respect to the issuance, sale or delivery of the Series 2001 Bonds, the validity or enforceability thereof, or the construction or operation of the Improvements.

On August 13, 2001, Friends of the Parks, an Illinois non-profit corporation, and certain named individuals (collectively, the "*Friends I Plaintiffs*") filed a multi-count complaint for declaratory relief against the Park District, the Authority, the Club and the City (collectively, the "*Friends I Defendants*") entitled *Friends of the Parks, Erma Tranter, Thomas Sanberg et al v. The Chicago Park District, et al*, 01 CH 13104 (the "*Friends I Litigation*"). In the Friends I Litigation, the Friends I Plaintiffs request a judicial declaration that (a) amendments to the Authorizing Legislation, and the Development Assistance Agreement, the Development Agreement, the Operation Assistance Agreement, and the Permit and Operating Agreement are invalid; (b) construction and development of the Improvements unlawfully uses public funds for other than a public purpose in violation of the Illinois Constitution; (c) construction and development of the Improvements violates the "public trust" doctrine; (d) the Park District has invalidly delegated its powers to the Club and to the Park District's General Superintendent; (e) the provisions of the Authorizing Legislation that authorize the Park District to engage in other than competitive bidding to develop and construct the

Improvements constitute special legislation in violation of the Illinois Constitution; (f) the use of the Authority Hotel Tax to fund the Improvements violates the due process clauses of the United States and Illinois Constitutions; (g) the provisions of the Authorizing Legislation that exempt the Club from property taxes violate the Illinois Constitution; and (h) amendments to the Authorizing Legislation violate the three readings and single subject provisions of the Illinois Constitution. On August 29, 2001, the Friends I Plaintiffs filed a First Amended Complaint that, after restating the counts from the original complaint, added counts requesting a judicial declaration that (a) the Park District breached a fiduciary duty to City taxpayers by the manner in which it approved documents governing the construction and development of the Improvements, (b) the Authority breached a fiduciary duty to City and State taxpayers by the manner in which it approved documents governing the issuance of the Series 2001 Bonds and the construction and development of the Improvements, and (c) that there can be no reimbursement of payments made for work related to the Improvements performed prior to certain stated dates.

The Authority, the Park District, the Club and the City have been informed by counsel that they have substantial factual and legal defenses to the Friends I Litigation, and each intends to vigorously contest the complaint in the Friends I Litigation. Notwithstanding the Friends I Litigation, the Authority, the Park District and the Club intend to proceed with the financing, design and construction of the Improvements. While, due to the uncertainties associated with litigation, none of the Authority, the Park District, the Club or any counsel can predict the outcome of the Friends I Litigation, Co-Bond Counsel will deliver unqualified approving opinions in the form included as Appendix C to this Official Statement and counsel to the Authority will opine that the Authority has the power and authority to issue the Series 2001 Bonds. See "LEGAL MATTERS" for a more detailed description of the opinions of counsel to the Authority, as well as descriptions of the opinions of counsel to the Club and Park District, that will be delivered with respect to the matters herein described. Additionally, the Authority, the Park District and the Club will each deliver certificates upon issuance of the Series 2001 Bonds to the effect that the documents to which each is a party have been duly authorized, executed and delivered and are the valid and binding obligations of that party, enforceable in accordance with their terms.

Other Litigation

In April, 2001, Friends of the Park, a non-profit Illinois corporation, and certain named officers and members of Friends of the Park (collectively, the "*Friends II Plaintiffs*"), filed a complaint in the Circuit Court of Cook County, Illinois, against the Chicago Plan Commission of the City of Chicago (the "*Commission*"), the individual members of the Commission, the City of Chicago, the Park District and the Club (collectively, the "*Friends II Defendants*") entitled *Friends of the Park, Erma Tranter, Thomas Sanberg and Michael Moran v. The Chicago Plan Commission of the City of Chicago, et al*, 01 CH 6260 (the "*Friends II Litigation*"). The Authority is not named as a defendant. The complaint in the Friends II Litigation asserts that the Commission failed to conduct an adequate and meaningful hearing prior to issuing its written order dated March 15, 2001 approving the proposed Improvements (the "*Order*"). The Friends II Plaintiffs ask that the Court review the administrative record related to the Order.

On April 30, 2001, the Friends II Defendants filed a motion to dismiss the complaint on the grounds that (i) the Friends II Plaintiffs did not have standing to bring the action and (ii) the decision of the Commission was merely advisory in that the Commission was without jurisdiction or authority to deny the Park District's use of its property.

On June 11, 2001, the Court ruled that the Friends II Plaintiffs had standing to seek review of the administrative record related to the Order. Although the Court did not grant the Friends II Defendant's motion to dismiss, it did state in its written opinion that any decision by the Commission with respect to the Improvements is "at best merely advisory and non-binding upon the Park District," and that the Park District has complete and exclusive controlling jurisdiction over the use of its parkland.

The Commission has filed the record of proceedings that occurred before it with the Court. The Friends II Defendants have filed a second motion to dismiss the complaint asserting that the record and proceedings of the Commission were adequate to support the Order. At a hearing held on September 4, 2001, the Court, on procedural grounds, granted Friends II Plaintiff's motion to strike Friends II Defendants' motion to dismiss.

If the complaint is successful, the Commission may be ordered to hold a new hearing on the Improvements. Such an order could delay work on the Improvements or result in recommended changes to the Improvements. A material delay in the work or acceptance of the recommended changes by the Park District and the Club may result in increased costs and potential delays in the completion of the Improvements.

The Friends II Defendants have informed the Authority that they have substantial factual and legal defenses to the Friends II Litigation, and each intends to vigorously contest the complaint in the Friends II Litigation. Notwithstanding the Friends II Litigation, the Park District and the Club intend to proceed with the financing, design and construction of the Improvements. Because of the uncertainties associated with any litigation, however, no assurances can be given with respect to the outcome of the Friends II Litigation, any effect the outcome of the Friends II Litigation may have with respect to the construction or development of the Improvements or when the Friends II Litigation will be resolved.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2001 Bonds are subject to the approving opinions of Altheimer & Gray, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel. The proposed form of such opinions is included in this Official Statement as Appendix C. Certain legal matters will be passed upon for the Authority by its counsel, Mayer, Brown & Platt, Chicago, Illinois, for the Club by its counsel, SchiffHardin & Waite, Chicago, Illinois, for the Park District by its counsel Burke, Warren, MacKay & Serritella, P.C., Chicago,

Illinois, and for the Underwriters by Burke Burns & Pinelli, Ltd., Chicago, Illinois and Gardner Carton & Douglas, Chicago, Illinois, Co-Underwriters' Counsel.

Counsel to the Authority will render its opinion that, assuming the power and authority of the Park District to execute, deliver and perform its obligations under the Development Assistance Agreement, the Construction Disbursement Agreement and the Permit and Operating Agreement, the Authority has the power and authority to issue the Series 2001 Bonds, to contribute the Series 2001 Bond proceeds as financial assistance to the Park District with respect to the Improvements, and to execute, deliver and perform its obligations under the Development Assistance Agreement, the Assignment and the Construction Disbursement Agreement and that the Development Assistance Agreement, the Assignment and the Construction Disbursement Agreement are valid and binding obligations of the Authority enforceable in accordance with their terms. Counsel to the Park District will issue its opinion that the Park District has the power and authority to execute, deliver and perform its obligations under each of the documents to which it is a party, including, without limitation, the Development Assistance Agreement, the Development Agreement (as assigned to the Park District pursuant to the Assignment), the Assignment, the Construction Disbursement Agreement, the Permit and Operating Agreement and the Operation Assistance Agreement, and such agreements are valid and binding obligations of the Park District enforceable in accordance with their terms. Counsel to the Club, acting also in its capacity as counsel to the Developer, will issue its opinion that the Club and the Developer each have the power and authority to execute, deliver and perform their obligations under each of the documents, including as applicable, without limitation, the Development Assistance Agreement, the Development Agreement, the Assignment, the Construction Disbursement Agreement and the Permit and Operating Agreement, to which each is a party and such agreements are valid and binding obligations of the Club and the Developer, as applicable, and enforceable in accordance with their terms.

The various legal opinions to be delivered concurrently with the delivery of the Series 2001 Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed in those opinions. By rendering a legal opinion, the attorney or firm giving the opinion does not undertake to be an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of the parties to the transaction. Rendering an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Series 2001 Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement. The Underwriters have agreed, jointly and severally, to purchase the Series 2001 Bonds pursuant to a Contract of Purchase between the Authority and the Underwriters, dated October 4, 2001, at a price of \$421,726,698.20 (representing the original principal amount of the Series 2001 Bonds plus a net original issue premium of \$26,485,458.50, less an underwriting discount of \$3,756,800.75). Pursuant to the Contract of Purchase, the Underwriters will apply a portion of such purchase price to pay bond insurance and surety premiums with respect to the Series 2001

Bonds. The Contract of Purchase between the Underwriters and the Authority provides that the obligation to purchase the Series 2001 Bonds is subject to certain terms and conditions set forth in the Contract of Purchase, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Series 2001 Bonds offered to the public to certain dealers (including dealers depositing the Series 2001 Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower than the public offering prices stated on the inside cover page of this Official Statement.

FINANCIAL ADVISORS

The Authority has engaged Kirkpatrick Pettis, Chicago, Illinois, and A. C. Advisory, Inc., Chicago, Illinois, as financial advisors (the "*Financial Advisors*") in connection with the authorization, issuance and sale of the Series 2001 Bonds. Under the terms of their engagements, the Financial Advisors are not obligated to undertake, and have not made, an independent verification of, and do not assume responsibility for the accuracy, completeness or fairness of, the information contained in this Official Statement.

RATINGS

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("*S&P*"), has assigned the Series 2001 Bonds ratings of "AAA" and Fitch, Inc. ("*Fitch*") has assigned the Series 2001 Bonds ratings of "AAA," in each case with the understanding that upon delivery of the Series 2001 Bonds, a policy insuring the payment when due of the principal of and interest on the Series 2001 Bonds will be issued by the 2001 Insurer. S & P and Fitch have assigned an underlying rating of "A" and "A+," respectively, to the Series 2001 Bonds. The ratings reflect only the views of the respective rating agency. An explanation of the significance of the ratings may be obtained from the rating agencies. The Authority has furnished to each rating agency certain information and materials with respect to the Series 2001 Bonds. There is no assurance that the ratings which have been assigned to the Series 2001 Bonds will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if, in the judgement of the rating agencies, circumstances warrant. A revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2001 Bonds.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "*Code*"), contains a number of requirements and restrictions that apply to the Series 2001 Bonds from and after the date of issuance

of the Series 2001 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Series 2001 Bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The Authority, the Park District and parties to other agreements described elsewhere in this Official Statement have covenanted to comply with all requirements of the Code that must be satisfied in order for interest on the Series 2001 Bonds to be excludable from gross income. Failure to comply with certain of such requirements could cause interest on the Series 2001 Bonds to become includable in gross income retroactive to the date of issuance of the Series 2001 Bonds.

Subject to the condition that the Authority, the Park District and the other parties described above comply with the above-referenced covenants, under present law, in the opinions of Co-Bond Counsel, the Series 2001 Bonds are not “private activity bonds” under the Code, and interest on the Series 2001 Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2001 Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2001 Bonds will be included in “adjusted current earnings” of certain corporations for purposes of computing the alternative minimum tax for such corporations.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the Authority and certain other parties with respect to certain material facts solely within their knowledge relating to the facilities to be financed or refinanced with the Series 2001 Bonds, the application of the proceeds of the Series 2001 Bonds and certain other matters pertinent to the tax exemption of the Series 2001 Bonds.

Ownership of the Series 2001 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation: (i) corporations subject to the branch profits tax; (ii) financial institutions; (iii) certain insurance companies; (iv) certain Subchapter S corporations; (v) individual recipients of Social Security or Railroad Retirement benefits; and (vi) taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2001 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

If a Series 2001 Bond is purchased at any time for a price that is less than the stated redemption price at maturity of such Series 2001 Bond, the purchaser may be treated as having purchased a Series 2001 Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2001 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2001 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2001 Bonds.

In the opinion of Co-Bond Counsel, under the laws of the State of Illinois, as presently enacted and construed, interest on the Series 2001 Bonds is exempt from taxation under the Illinois Income Tax Act or from taxation by any political subdivisions, municipal corporations or public agencies of any kind of the State of Illinois; however, Co-Bond Counsel express no opinion as to the applicability of any estate, transfer and inheritance taxes.

Co-Bond Counsel have not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2001 Bonds may affect the tax status of interest on the Series 2001 Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2001 Bonds from gross income for federal income tax purposes.

Original Issue Discount

The initial public offering prices of all of the Capital Appreciation Bonds, all of the Conversion Bonds and the Current Interest Bonds (collectively, the "*Discount Bonds*") are less than the respective principal amounts payable at maturity thereof. The difference between the principal amount payable at maturity of the Discount Bonds and the initial public offering price of such Discount Bonds, assuming a substantial amount of each maturity is sold at such price (the "*Offering Price*"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discount Bond in the initial public offering at the Offering Price and who holds such Discount Bond to maturity, subject to the condition that the Authority and the other parties described above comply with the covenants discussed under "TAX MATTERS - General" above, (i) the full amount of original issue discount will constitute interest which is not includable in the gross income of the owner of such Discount Bond for federal income tax purposes, (ii) such owner will not realize taxable capital gain upon payment of such Discount Bond upon maturity, (iii) such original issue discount will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but will be included in "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax for such corporations, and (iv) the accrual of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of a constant yield compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 15 and December 15 (with straight line interpolation between compounding dates). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). An owner of a Discount Bond who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original

issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

If a Discount Bond is purchased at any time for a price that is less than such Discount Bond's Offering Price plus accrued original issue discount (the "*Revised Offering Price*"), the purchaser may be treated as having purchased such Discount Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Such treatment would apply to any purchaser who purchases such Discount Bond for a price that is less than its Revised Offering Price.

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

Holders of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Discount Bonds.

Bond Premium

An amount equal to the excess of the purchase price of a Series 2001 Bond over the principal amount payable at maturity of such Series 2001 Bond constitutes amortizable bond premium that may not be deducted for federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such Series 2001 Bond, the basis of each Series 2001 Bond is decreased by the amount of the bond premium that has been amortized. Bond premium is amortized by offsetting the interest on the Series 2001 Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the Series 2001 Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Series 2001 Bond). If the bond premium allocable to an accrual period exceeds the interest on the Series 2001 Bond allocable to the accrual period, the excess is a nondeductible loss for federal income tax purposes that reduces the owner's basis in such Series 2001 Bond.

The Offering Price of certain maturities of the Capital Appreciation Bonds may be greater than their respective original principal amounts. However, such Capital Appreciation Bonds will be treated as having been issued at an original issue discount as described above based on the respective Offering Price for each maturity of such Capital Appreciation Bonds, and will not be treated as having been issued at a premium.

Purchasers of any Series 2001 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the federal, state and local tax consequences of owning such Series 2001 Bonds.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Series 2001 Bonds to provide certain information annually and 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 Commission under the Exchange Act. See Appendix E - "Form of Continuing Disclosure Undertaking" for a description of the information to be provided annually, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies.

The Authority is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the Authority to comply with the Undertaking will not constitute a default under the Indenture and Beneficial Owners of the Series 2001 Bonds are limited to the remedies described in the Undertaking. See Appendix E - "Form of Continuing Disclosure Undertaking - Consequences of Failure of the Authority to Provide Information." A failure by the Authority 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 2001 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2001 Bonds and their market price.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions of the Series 2001 Bonds, the Authorizing Legislation, the Series 2001 Insurance Policy, the Indenture and the various agreements to which the Authority, the Park District and the Club are parties are only summaries and do not constitute complete statements of those provisions. Reference should be made to the text of those documents, copies of which are available from the Authority upon request.

Financial and other information concerning the State is contained in the State's Official Statement prepared in connection with the sale of its General Obligation Bonds, Illinois FIRST Series of August 2001. Copies of that Official Statement are available on the State's Bureau of the Budget page of the State's website (www.state.il.us/budget) and from the State (Bureau of the Budget, 108 State Capitol, Springfield, Illinois 62706; telephone: (217) 782-3500) upon request. The Authority takes no responsibility for the accuracy, completeness or fairness of the information contained in the State's Official Statement.

Any statements made in this Official Statement involving matters of opinion, expectation or estimate are made in good faith. No assurance can be given, however, that the facts will occur as so opined, expected or estimated.

[SIGNATURE PAGE FOLLOWS]

AUTHORIZATION

The Authority has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Chairman on behalf of the Authority.

ILLINOIS SPORTS FACILITIES AUTHORITY

By: */s/ Alexander R. Lerner*
Chairman

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APPENDIX A

**DEFINITIONS AND SUMMARY OF
CERTAIN PROVISIONS OF THE INDENTURE**

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DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following contains certain definitions from and a composite summary of certain provisions of the Original Indenture and the First Supplemental Indenture (collectively, the "Indenture"), to which reference is made for a complete statement of the provisions and contents of each of such documents. These definitions and summary do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the Indenture. The Indenture sets forth the terms of the Bonds, the nature and extent of the security, various rights of the Bondholders, rights, duties and immunities of the Trustee and rights and obligations of the Authority. Certain words and terms used in this summary are defined in the Indenture and will have the same meanings herein as therein, except as otherwise defined in this Official Statement.

CERTAIN DEFINITIONS

The following terms, for all purposes of the Indenture, and of any indenture amendatory thereof or supplemental thereto, and of any certificate, opinion or other document therein mentioned, will have the following meanings.

"1999 Insurer" means MBIA Insurance Corporation, organized under the laws of New York, or any successor thereto, in its capacity as the issuer of the Bond Insurance Policy (Series 1999).

"2001 Insurer" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, or any successor thereto, in its capacity as the issuer of the Bond Insurance Policy (Series 2001).

"Accreted Value" means (i) with respect to any Bond that is a Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of the original principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the applicable Supplemental Indenture) of earnings which would be produced on the investment of such original principal amount, beginning on the dated date of such Capital Appreciation Bond and ending at the maturity date of such Capital Appreciation Bond, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of any Valuation Date, the Accreted Value of any Capital Appreciation Bond means the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond and as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates, and (ii) with respect to any Bond that is a Conversion Bond, an amount equal to the principal amount of such Conversion Bond

(determined on the basis of the original principal amount per \$5,000 at the applicable Conversion Date) plus the amount assuming compounding (as set forth in the applicable Supplemental Indenture) of earnings which would be produced on the investment of such original principal amount, beginning on the dated date of such Conversion Bond and ending at the Conversion Date of such Conversion Bond, at a yield which, if produced until such Conversion Date, will produce \$5,000 at the Conversion Date. As of any Valuation Date, the Accreted Value of any Conversion Bond means the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond and as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates.

“Additional Bonds” means any Bonds issued pursuant to a Supplemental Indenture.

“Additional Bonds Tax Agreement” means an agreement and/or certificate between the Authority and the Trustee relating to an Additional Project and/or the use and investment of the proceeds of Additional Bonds.

“Additional Project” means (a) any facilities or improvements which the Authority acquires, constructs, improves, expands, modifies, reconstructs, repairs or finances pursuant to the Authority Act or (b) any Assistance Project undertaken by the Authority pursuant to the Authority Act.

“Additional Project Certificate” means a Certificate of an Authorized Officer describing an Additional Project and the use of Additional Bond proceeds, delivered in connection with the issuance of Additional Bonds.

“Additional Revenue Source” means amounts to be deposited in the Illinois Sports Facilities Fund and, subject to appropriation, to be available for transfer to the Authority during a Fiscal Year, which are derived from collections of a State of Illinois tax which has been in force during all of the most recently completed Fiscal Year (but may be derived, in whole or in part, from an increase in the rate of such a tax, if the increased rate is effective prior to the date of a certification with respect to such tax pursuant to the Indenture), other than (a) net proceeds from the tax imposed by Section 3(a) of the State Hotel Tax Act at the rate in effect at the time of the issuance of the Series 1999 Bonds, after making the deposit required under Section 5 of the State Hotel Tax Act to the Build Illinois Fund in the State Treasury of the State of Illinois and (b) funds allocable to the City of Chicago, Illinois from the Local Government Distributive Fund established in the State Treasury of the State of Illinois.

“Annual Certification” or **“Chairman’s Certificate”** means the certification required by the Indenture and Section 8.25-4 of the Finance Act to be made annually to the Treasurer of the State of Illinois and the Comptroller of the State of Illinois.

“Assistance Agreement” means one or more legally binding contracts specifically identified in a Supplemental Indenture, with respect to a facility for which the Authority is to provide financial assistance as provided in the Authority Act, to which the Authority and an Assisted Governmental Owner or its tenant, or both, and any other appropriate persons are parties, which may be in the form of an intergovernmental agreement.

“Assistance Project” means the use by the Authority of its powers to provide financial assistance as provided by the Authority Act, including, without limitation, the power to borrow money, to issue bonds and notes, to impose an occupation tax and to receive and expend the proceeds of such tax, to assist a governmental owner or its tenant, or both, with one or more of the following: designing, developing, establishing, constructing, erecting, acquiring, repairing, reconstructing, renovating, remodeling, adding to, extending, improving, equipping, operating, and maintaining a facility owned or to be owned by the governmental owner.

“Assisted Governmental Owner” means any governmental owner of a facility which receives financial assistance from the Authority or enters into an Assistance Agreement as provided in the Authority Act.

“Authority” means the Illinois Sports Facilities Authority, a political subdivision, a unit of local government, body politic and municipal corporation of the State of Illinois, its successors and assigns.

“Authority Act” means the Illinois Sports Facilities Authority Act, 70 ILCS 3205/1 *et seq.*, as now or hereafter amended.

“Authority Tax” means the tax imposed by the Authority pursuant to Section 19 of the Authority Act and Ordinance No. 1 adopted by the Authority on January 27, 1988 or any successor tax, including any increase in the rate of such tax.

“Authority Tax Revenues” means all proceeds of the Authority Tax payable to or on behalf of the Authority pursuant to Section 19 of the Authority Act.

“Authority Tax Revenues Account” means the account of that name in the Revenue Fund established in the Indenture into which Authority Tax Revenues are deposited.

“Authorized Denomination” means, with respect to (i) any Current Interest Bond, \$5,000 or any integral multiple thereof, (ii) any Capital Appreciation Bond, a denomination that will result in the Accreted Value thereof at maturity equal to \$5,000 or any integral multiple thereof, and (iii) any Conversion Bond, a denomination that will result in the Accreted Value thereof at the applicable Conversion Date equal to \$5,000 or any integral multiple thereof.

“Authorized Officer” means any person designated by the Authority as a signatory for the Authority when required under the terms of the Indenture or any Supplemental Indenture.

“Bond” or “Bonds” means the Series 1999 Bonds, the Series 2001 Bonds and any Additional Bonds.

“Bond Counsel” means such attorney or firm of attorneys of nationally recognized standing and satisfactory to the Trustee, selected by the Authority, with respect to the issuance of Bonds under the Indenture.

“Bondholder” or “Bond Owner” means the registered owner of any Bond, as shown on the books or records maintained by the Trustee for the registration and transfer of the Bonds.

“Bond Insurance Policy (Series 1999)” means the insurance policy, dated the date of issuance and delivery of the Series 1999 Bonds, issued by the 1999 Insurer, insuring payments of principal of and interest on the Series 1999 Bonds.

“Bond Insurance Policy (Series 2001)” means the financial guaranty insurance policy issued by the 2001 Insurer insuring the payment when due of the principal of and interest on all of the Series 2001 Bonds.

“Bond Purchase Agreement” means the Contract of Purchase dated October 4, 2001 between the Authority and George K. Baum & Company on behalf of itself and the other underwriters therein specified.

“Calculated Debt Service” for any period means, as of any date of calculation and with respect to any series of Bonds, the sum of Debt Service for such period determined by the Authority based on the following adjustments:

(1) Interest on Variable Interest Rate Bonds will be based on the Estimated Average Interest Rate applicable thereto.

(2) Interest on any Bond or other obligation in respect of which the Authority has entered into a Qualified Swap will be based on:

(a) the fixed rate or rates of the Qualified Swap if the Authority has entered into what is generally referred to as a “floating-to-fixed” Qualified Swap (where the Authority pays a fixed rate and receives a floating rate); or

(b) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any such Bonds or other obligations if the Authority has entered into a Qualified Swap that is generally referred to as an “interest rate cap” (where the Authority receives a payment if a variable rate exceeds a certain amount); or

(c) the higher of (i) the fixed rate or rates on any such Bonds or (ii) the Estimated Average Interest Rate of the Qualified Swap if the Authority has entered into either what is generally referred to as a “fixed-to-floating” Qualified Swap (where the Authority pays a variable rate and receives a fixed rate) or a “floating-to-floating” Qualified Swap (where the Authority pays a variable rate and receives a different variable rate).

(3) If the Authority has irrevocably deposited Qualified Investment Securities or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Qualified Investment Securities and money will be deducted from Debt Service.

(4) With respect to reimbursement obligations, accelerated payments of principal will only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

(5) If the Authority has, at any time, irrevocably called for redemption one or more Bonds, including Bonds pursuant to a covenant to apply any portion of the Trust Estate to redeem Bonds (which particular Bonds need not be specifically identified in advance, except as to interest rate and maturity) and the Authority has irrevocably deposited for such purpose funds in the amounts required by the Indenture, the Authority will take into account such redemption for purposes of determining Calculated Debt Service.

“Capital Appreciation Bonds” means any Bonds as to which interest is payable only at the maturity or prior redemption thereof. For the purposes of (i) receiving payment of the redemption price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, and (ii) computing the principal amount of Capital Appreciation Bonds held by the Holder thereof in giving any notice, consent, request, or demand pursuant to the applicable Supplemental Indenture for any purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date will be deemed to be its Accreted Value as of such date.

“Capitalized Interest Account” means the Series 2001 Capitalized Interest Account established within the Bond Fund as provided in the Indenture.

“Certificate of an Authorized Officer” means a written certificate signed in the name of the Authority by an Authorized Officer. Any such certificate may be based, insofar as it relates to legal or accounting matters, upon an accompanying certificate or opinion of or representation by counsel or any independent certified public accountant or firm of such accountants of national reputation selected by the Authority and acceptable to the Trustee, unless the executing Authorized Officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such accompanying certificate or opinion made or given by such counsel or accountant may be based, insofar as it relates to factual matters (with respect to which information

is in the possession of the Authority) upon a certificate or opinion of or representation by and Authorized Officer, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Officer or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different officers, counsel or accountants may certify to different matters, respectively.

"Certificate of Completion" means a written certificate of an authorized officer of the Assisted Governmental Owner evidencing completion, termination or abandonment of any Assistance Project.

"Chicago Park District" means the Chicago Park District, a body politic and corporate, unit of local government and park district, organized and existing under the laws of the State of Illinois.

"City Subsidy Monies" means the amounts deposited from time to time in the Illinois Sports Facilities Fund for crediting to the Subsidy Account therein pursuant to Section 13.1 of the Revenue Sharing Act.

"Club" means the Chicago Bears Football Club, Inc., a Delaware corporation and its successors and assigns.

"Code" means the Internal Revenue Code of 1986, as from time to time supplemented and amended. References to the Code and Sections of the Code will include relevant final, temporary or proposed regulations as in effect from time to time.

"Completion Date" means the date upon which acquisition and construction of any Additional Project was substantially completed (without regard to whether the Certificate of Completion is delivered).

"Conversion Bonds" means any Bonds as to which accruing interest is not paid prior to the Conversion Date specified in the Supplemental Indenture authorizing such Bonds and the Accreted Value for such Bonds is compounded on the Valuation Date for such Bonds. For the purposes of (i) receiving payment of the redemption price, if any, of a Conversion Bond that is redeemed prior to maturity, and (ii) computing the principal amount of Conversion Bonds held by the Holder thereof in giving any notice, consent, request, or demand pursuant to the applicable Supplemental Indenture for any purpose whatsoever, the principal amount of a Conversion Bond as of a specific date will be deemed to be its Accreted Value as of such date.

"Conversion Date" means, with respect to any particular Conversion Bond, the date specified in the applicable Supplemental Indenture authorizing such Conversion Bond (which date must be prior to the maturity date for such Conversion Bond), after which interest accruing on such

Conversion Bond will be payable, with the first such payment date being the applicable interest payment date on the Bonds immediately succeeding such Conversion Date.

“Cost of Issuance Account” means the Series 2001 Cost of Issuance Account established within the Costs of Issuance Fund as provided in the Indenture.

“Costs of Issuance” means any item of expense payable or reimbursable, directly or indirectly, by the Authority and related to the authorization, offering, sale, issuance and delivery of the Bonds, including but not limited to travel and other expenses of any officer or employee of the Authority in connection with the authorization, offering, sale, issuance and delivery of the Bonds, printing costs, costs of preparation and reproduction of documents, filing and recording fees, Credit Enhancement Costs, termination payments to a Qualified Swap Provider in connection with termination of a Qualified Swap relating to the refunding of any Bonds, fees, expenses and charges of rating agencies and the Trustee, and any fiduciary, fees and charges of consultants and professionals, fees and charges for preparation, execution, transportation and safekeeping of the Bonds and blue sky or other state securities law charges and costs.

“Credit Enhancement” means the Bond Insurance Policy (Series 1999), the Bond Insurance Policy (Series 2001), any bond insurance policy, letter of credit or other financial guaranty instrument which secures payment of principal and interest with respect to a Series of Outstanding Bonds or any Debt Service Reserve Fund Facility.

“Credit Enhancement Costs” means application and fees and premiums on municipal bond insurance and credit facility charges and costs, including any such fees, premiums, charges and costs with respect to the Bond Insurance Policy (Series 1999), the Bond Insurance Policy (Series 2001) and any Debt Service Reserve Fund Facility.

“Credit Provider” means the 1999 Insurer, the 2001 Insurer and the obligor with respect to any other Credit Enhancement securing Outstanding Bonds.

“Current Interest Bonds” means all Bonds which are not (a) Capital Appreciation Bonds or (b) prior to the Conversion Date therefor, Conversion Bonds.

“Debt Service” when used with respect to one or more Series of Bonds, means, as of any date of calculation and with respect to any period, the sum of the principal of, including the required Sinking Fund Installments, and interest on the Bonds due and payable during such period, accumulated deficiencies in and current deposits required to the Debt Service Reserve Fund during such period, and fees, expenses and charges with respect to arrangements to provide additional security or liquidity for the Bonds and of the Trustee due and payable during such period, but will exclude any such amounts to the extent they will be paid from Bond proceeds; computed on the assumption that no portion of the Bonds will cease to be outstanding during such period except by reason of the application of such scheduled payments. The Accreted Value of any Capital

Appreciation Bond or Conversion Bond will be included in the year in which principal is required to be paid.

“Debt Service Reserve Account” means the Series 1999/2001 Debt Service Reserve Account established within the Debt Service Reserve Fund as provided in the Indenture.

“Debt Service Reserve Fund Facility” or **“Facility”** means a surety bond, insurance policy, letter of credit or other credit facility issued to guarantee or assure timely payment of principal of, premium, if any, and interest on, Outstanding Bonds, subject only to notification that there are insufficient funds for such payment. The Debt Service Reserve Fund Facility (a) will be in a stated amount which, when added to the funds, if any, deposited in the Debt Service Reserve Fund and the stated amounts of all other Debt Service Reserve Facilities, will equal the Debt Service Reserve Requirement and (b) will either remain in effect as long as the Debt Service Reserve Requirement which is met by such Debt Service Reserve Fund Facility continues or will provide for a draw by the Trustee or payment thereunder for deposit in the Debt Service Reserve Fund at or prior to the expiration of the Debt Service Reserve Fund Facility (unless renewed or replaced by a new Debt Service Reserve Fund Facility) in an amount equal to the stated amount. This definition will also include any related covenants or agreements contained in an agreement with the Debt Service Reserve Fund Facility Provider.

“Debt Service Reserve Fund Facility (Series 1999/2001)” means the Debt Service Reserve Fund Facility dated the Delivery Date, issued by the Debt Service Reserve Fund Facility Provider (Series 1999/2001) in the principal amount of \$44,254,875, and any Debt Service Reserve Fund Facility issued in replacement thereof and securing Outstanding Bonds under the Indenture.

“Debt Service Reserve Fund Facility Agreement (Series 1999/2001)” means the Guaranty Agreement dated as of September 1, 2001 between the Debt Service Reserve Fund Facility Provider (Series 1999/2001) and the Authority, as now or hereafter amended or supplemented.

“Debt Service Reserve Fund Facility Provider” means an insurance company, bank, savings and loan association, savings bank, thrift institution, trust company, surety company or other institution, any of which issue a Debt Service Reserve Fund Facility and which is, at the time of such issuance, (a) in the case of such entity issuing a surety bond or insurance policy, an entity whose municipal bond, surety bonds or insurance policies securing the payment, when due, of the principal of or interest on long term municipal bond issues result in such issues being rated in the highest rating category given by both Rating Agencies, (b) in the case of such entity issuing a letter of credit, an entity whose long term debt is rated in one of the two highest rating categories given by both Rating Agencies.

“Debt Service Reserve Fund Facility Provider (Series 1999/2001)” means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, or any successor thereto, in its capacity as issuer of the Debt Service Reserve Fund Facility (Series 1999/2001).

“Debt Service Reserve Fund Facility Providers” means (a) the Debt Service Reserve Fund Facility Provider (Series 1999/2001) and (b) the Debt Service Reserve Fund Facility Provider with respect to any additional or replacement Debt Service Reserve Fund Facility.

“Debt Service Reserve Requirement”, when used with respect to any Bonds entitled to the security of the Debt Service Reserve Fund or a specific Debt Service Reserve Account therein, means an amount of money, or one or more Debt Service Reserve Fund Facilities in such stated amounts, or both, in the aggregate equal to the lesser of (a) 50% of Maximum Annual Debt Service on such Bonds secured thereby or (b) 10% of the aggregate principal amount of all such series of the Outstanding Bonds secured thereby (excluding Bonds issued to refund Bonds but including any Series of Bonds which have been refunded by Outstanding Bonds) as determined on the date of their initial issuance and delivery.

“Delivery Date” as used with respect to the Series 2001 Bonds means October 12, 2001, the date of original delivery of the Series 2001 Bonds authorized to be issued under the Indenture to the Original Purchaser.

“Development Assistance Agreement” means the Development Assistance Agreement dated as of August 1, 2001 among the Authority, the Chicago Park District and the Club, as now or hereafter amended or supplemented.

“Disbursement Agreement” means the Construction Disbursement Agreement dated as of August 1, 2001, among the Chicago Park District, the Authority, the Club and the Disbursing Agent, as now or hereafter amended or supplemented.

“Disbursing Agent” means LaSalle Bank National Association, a national banking association or its successor, as Agent under the Disbursement Agreement.

“DTC” means The Depository Trust Company, New York, New York, as Depository for the Series 2001 Bonds, and its successors and assigns.

“DTC Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds, as Depository, Series 2001 Bonds issued under the First Supplemental Indenture.

“Estimated Average Interest Rate” means, as to any Variable Interest Rate Bond or as to any Qualified Swap, and as of any date of calculation, (a) most recently announced Revenue Bond Index published by the *Bond Buyer* plus 0.25%, or (b) if no longer published, the average interest rate or rates anticipated to be borne by such Bonds or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

“**Finance Act**” means “An Act in relation to State finance,” 30 ILCS 105/1 *et seq.*, as amended.

“**First Supplemental Indenture**” means the First Supplemental Indenture of Trust dated as of September 1, 2001, between the Authority and the Trustee, as such First Supplemental Indenture may, from time to time, as amended or supplemented.

“**Fiscal Year**” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter designed as the official fiscal year period of the State of Illinois and the Authority.

“**Fitch**” means Fitch, Inc. and its successors or assigns.

“**Holder**” means Bondholder.

“**Illinois Sports Facilities Fund**” means the Illinois Sports Facilities Fund established pursuant to Section 5.207 of the Finance Act and applied in accordance with Section 8.25-4 of the Finance Act.

“**Indenture**” means the Original Indenture, as supplemented by the First Supplemental Indenture, each as may from time to time be amended or supplemented.

“**Interest Payment Dates**” for all of the Series 2001 Bonds means June 15 and December 15 of each year, commencing December 15, 2001 with respect to Series 2001 Bonds which are Current Interest Bonds and otherwise as set forth with more specificity in the First Supplemental Indenture with respect to Series 2001 Bonds which are Capital Appreciation Bonds and Conversion Bonds.

“**Investment Earnings**” means all interest received on and profits derived from investments made with any money in the funds and accounts specified in the Indenture, but not including the Rebate Fund.

“**Investment Securities**” means any of the following securities in which any of the monies pledged under the Indenture and funds established by the Indenture may be invested, to the extent permitted by law, including without limitation the Illinois Public Funds Investment Act, as amended, subject to the provisions of the Indenture; provided, however, so long as the Bond Insurance Policy (Series 1999) or the Bond Insurance Policy (Series 2001) is in effect with respect to Outstanding Bonds, Investment Securities will include only the securities described in the Indenture which are also described below and such other securities described below which are approved in writing by the related Credit Provider:

- (a) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in

clause (c) below to the extent unconditionally guaranteed by the United States of America.

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate;

(c) bond, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association, the Federal Financing Bank, the Federal Home Loan Mortgage Association, the Federal Housing Administration, the Farmers Home Administration and the Government National Mortgage Association, or, with the consent of the 2001 Insurer, any other agency controlled by or supervised by and acting as an instrumentality of the United States government;

(d) obligations of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which will be rated at the time of the investment in either of the three highest Rating Categories by Moody's, S&P and Fitch;

(e) with the consent of the 2001 Insurer, certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that such obligations will be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Indenture, and provided further that the payments of all principal of and interest on such certificates or such obligations will be fully insured or unconditionally guaranteed

by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which at the date of investment will have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in the highest Rating Category by Moody's, S&P and Fitch or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy will result in such municipal bonds being rated in the highest Rating Category by Moody's, S&P and Fitch;

(f) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (a) or (b), provided that such obligations will be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Indenture;

(g) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of the 50 largest banks in the United States or commercial paper issued by the parent holding company of any such bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue ranked in either of the two highest Rating Categories by Moody's, S&P and Fitch without regard to any refinement or gradation of such rating (including the Trustee and its parent holding company, if any, if it otherwise qualified);

(h) with the consent of the 2001 Insurer, any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clause (a), (c) or (g) above which securities will at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of any state of the United States of America or any national banking association, as custodian;

(i) with the consent of the 2001 Insurer, any other investment agreement, guaranteed investment contract or similar debt obligation which in Counsel for the Authority's opinion is permitted by law and the issuer or guarantor of such obligation is assigned, or such agreement, contract or obligation is assigned, the highest short-term debt rating by a Rating Agency or which is assigned a long-term rating by a Rating Agency which is no lower than the long-term rating assigned by a Rating Agency to the Outstanding Bonds (without taking into account any higher rating assigned to the Bonds by virtue of any credit enhancement);

(j) commercial paper rated, at the time of purchase, "Prime-1" by Moody's or "A-1" or better by S&P; and

(k) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAA-m, or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

"Local Government Distributive Fund" means the Local Government Distributive Fund established in the State Treasury of the State of Illinois pursuant to Section 1 of the Revenue Sharing Act.

"Management Agreement" means the Management Agreement dated as of June 29, 1988, as amended from time to time, between the Authority and the Team related to construction and use of the Project.

"Maximum Annual Debt Service" means, as of any date of calculation, the Calculated Debt Service on all Outstanding Bonds computed for the current or any succeeding Fiscal Year in which such Debt Service will be largest.

"Maximum Appropriation" means, with respect to any Fiscal Year, as of any date of calculation and under law existing on such date, the amount required for such Fiscal Year to be deposited in the Illinois Sports Facilities Fund and, subject to appropriation, to be available for transfer to the Authority during such Fiscal Year; provided, that amounts from an Additional Revenue Source may be taken into account only to the extent that the total annual amount of such Additional Revenue Source which may legally be used to make deposits into the Illinois Sports Facilities Fund is equal to or greater than 135% of the amount which is so taken into account.

"Maximum Interest Rate" means, with respect to any particular Variable Interest Rate Bonds, a numerical rate of interest, which will be set forth in the Supplemental Indenture authorizing such Bonds, that will be the maximum rate of interest such Bonds may at any time bear or such higher rate which the Authority may be obligated to pay to a Qualified Swap Provider as set forth in any related Qualified Fixed Receiver Swap; provided, however that should the Authority obtain insurance or other coverage which provides that any increase in the variable interest rate on any Variable Interest Rate Bonds above a threshold rate will be reimbursed or paid by the insurer or provider of such other coverage, such threshold rate will be deemed to be the Maximum Interest Rate; provided further that the insurer or provider of such other coverage providing such insurance policy or other coverage will meet the requirements for a Qualified Swap Provider.

"Moody's" means Moody's Investors Service and its successors and assigns.

"Original Indenture" means the Indenture of Trust by and between the Authority and the Trustee dated as of June 1, 1999.

"Original Purchaser" means the underwriters listed in the Bond Purchase Agreement.

“Other Revenues” means (a) all monies and funds received by the Trustee from the Authority pursuant to the Indenture and (b) all funds held by the Trustee under the Indenture and required under the Indenture to be transferred to the Revenue Fund, in each case other than Sports Facilities Fund Revenues and Investment Earnings.

“Outstanding” means, when used with reference to Bonds as of any particular date, all Bonds theretofore or thereupon authenticated and delivered under the Indenture except: (a) any Bond canceled by the Trustee on or prior to such date; (b) any Bond paid or deemed to have been paid as provided in the Indenture; and (c) any Bond in lieu of or in substitution for which other Bonds will have been authenticated and delivered pursuant to the Indenture.

“Pledged Funds” means the monies, securities and properties of the Authority pledged to the Trustee for the benefit of the Bondholders and the Debt Service Reserve Fund Facility Providers pursuant to and to the extent provided in the Indenture.

“Project Account” means the Series 2001 Project Account established within the Project Fund as provided in the Indenture.

“Project Costs” means and will include costs and expenses of the Authority in connection with or incidental to the completion of any Additional Project.

“Project Earnings Account” means the Series 2001 Project Earnings Account established within the Project Fund as provided in the Indenture.

“Projected Available Deposit Amount” means the respective amounts determined on the date of delivery of a Certificate of an Authorized Officer pursuant to the Indenture as follows: (A) for the Fiscal Year in which the Authority delivers such Certificate, 102½% of the net proceeds of the tax imposed by the State Hotel Tax Act from which deposits to the Illinois Sports Facilities Fund may be made for the immediately preceding Fiscal Year and (B) for each Fiscal Year thereafter in which any Bonds are Outstanding (including any Additional Bonds to be issued on the date of delivery of such Certificate), 102½% of the amount determined for the immediately preceding Fiscal Year.

“Qualified Fixed Payor Swap” means to the extent from time to time permitted pursuant to law, with respect to Bonds, any financial arrangement (i) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides either (A) that the Authority will pay, but only upon receipt by the Authority of any payment then due to the Authority from such entity, to such entity an amount based on the interest on an amount equal either to the principal amount of such Bonds of such Series or a notional principal amount relating to all or a portion of the principal amount of such Series at a fixed rate (which need not be the same as the actual rate of interest borne by such Bonds) of interest set forth in such arrangement and that such entity will pay to the Authority an amount based on the interest accruing at a variable rate on such actual or notional principal amount or (B) that one will pay to the other any

net amount due under such arrangement or such other similar arrangement; and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Fixed Payor Swap with respect to such Bonds.

“Qualified Fixed Receiver Swap” means, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) that is entered into by the Authority (I) in connection with Bonds bearing a fixed rate of interest in the expectation of lowering the Authority’s costs of incurring or carrying such indebtedness or (II) otherwise managing the Authority’s exposure to interest rate risk, (iii) which provides either (A) that the Authority will pay, but only upon receipt by the Authority of any payment then due to the Authority from such entity, to such entity an amount based on the interest on an amount equal either to the principal amount of such Bonds of such Series or a notional principal amount relating to all or a portion of the principal amount of such Series at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity will pay to the Authority an amount based on the interest accruing at a fixed rate (which need not be the same as the actual rate of interest borne by such Bonds) on such actual or notional principal amount or (B) that one will pay to the other any net amount due under such arrangement or such other similar arrangement, and (iv) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Fixed Receiver Swap with respect to such Bonds.

“Qualified Investment Securities” means Investment Securities described in clause (a), (b) or (c) of the definition of Investment Securities in this Appendix A (not callable by the issuer thereof prior to maturity), other than bonds, debentures or notes or other evidences of indebtedness issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Association or the Government National Mortgage Association.

“Qualified Swap” means to the extent from time to time permitted pursuant to law, with respect to any Bonds or other obligations of the Authority, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Authority for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Bonds or Bonds which bear a Variable Interest Rate on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such obligations; provided, however, no such arrangement will be entered into by the Authority if its obligations with respect thereto are secured on a parity with any Outstanding Bonds insured by the Bond Insurance Policy (Series 1999) or the

Bond Insurance Policy (Series 2001) unless the 1999 Insurer and the 2001 Insurer consent to such arrangement in writing.

“Qualified Swap Provider” means, with respect to a Series of Bonds, an entity whose senior long term obligations, other senior, unsecured long term obligations or claims paying ability or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated either (i) at least as high as A3 by Moody’s, A- by S&P, and A- by Fitch, or the equivalent thereof by any successor thereto if such rating agency then maintains a rating on the Bonds at the request of the Authority, or (ii) any such lower Rating Categories (including the absence of a rating for any entity) which each such rating agency then maintaining a rating on the Bonds Outstanding at the request of the Authority indicates in writing to the Authority and the Trustee that such action will not, by itself, result in a reduction or withdrawal of its rating on the Bonds Outstanding subject to such Qualified Fixed Payor Swap or Qualified Fixed Receiver Swap that is in effect prior to entering into such Qualified Fixed Payor Swap or Qualified Fixed Receiver Swap, as appropriate; provided, however, that for purposes of clause (ii), if within 15 days (30 days if the rating agency does not then maintain a rating for such entity) of receipt by a rating agency of notice from the Authority that it intends to enter into such a Qualified Fixed Payor Swap or Qualified Fixed Receiver Swap, the Authority has not been notified by such rating agency of such a possible reduction or withdrawal of the rating on such Outstanding Bonds, the Authority may conclusively assume that such entity meets the requirements of clause (ii), and such entity will constitute a Qualified Swap Provider.

“Rating Agency” means S&P or Moody’s. If either corporation no longer acts as a securities rating agency, the Authority may designate any nationally recognized securities rating agency as a replacement.

“Rating Category” or **“Rating Categories”** means one of the generic rating categories of Moody’s, S&P or Fitch without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Rebate Account” means the Rebate Account established within the Bond Fund as provided in the Indenture.

“Redemption Price” means, with respect to (1) a Current Interest Bond, the principal amount of such Bond plus the applicable premium, if any, payable upon redemption of such Bond under the provisions of the Indenture or any Supplemental Indenture; and (2) with respect to any Capital Appreciation Bond or Conversion Bond, the Accreted Value thereof as of the date of redemption (disregarding, for such purpose, any interest accruing with respect to a Conversion Bond from and after the applicable Conversion Date), plus the applicable premium, if any, payable upon redemption of such Bond under the provisions of the Indenture or any Supplemental Indenture.

“Release Date” means the later of:

(a) the date on which the Trustee first receives Sports Facilities Fund Revenues from the Illinois Sports Facilities Fund following the date that the Trustee has received the certificate described in the Indenture to the effect that the Additional Project financed with the proceeds of the Series 2001 Bonds has been completed; and

(b) the date which is the earlier of (1) the date on which the 2001 Insurer acknowledges receipt of evidence satisfactory to it, in its reasonable discretion, that any litigation challenging the pledge or application of Sports Facilities Fund Revenues to secure Bonds under the Indenture has been satisfactorily resolved, or (2) the date on which the Trustee and the 2001 Insurer receive an opinion of Bond Counsel or counsel to the Authority, in either case, which counsel will be reasonably acceptable to the 2001 Insurer, to the effect that any then pending litigation which challenges the pledge and application of the Sports Facilities Fund Revenues to secure Bonds under the Indenture is without merit, subject only to such qualifications or conditions as are customarily included in such a legal opinion.

“Revenue” or **“Revenues”** means (a) the Sports Facilities Fund Revenues; (b) Investment Earnings; (c) Authority Tax Revenues and (d) Other Revenues.

“Revenue Sharing Act” means “An Act in relation to State revenue sharing with local governmental entities,” 300 ILCS 115/1 *et seq.*, as amended.

“S&P” means Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc., and its successors or assigns.

“Serial Bonds” means Bonds not entitled to the benefit of any Sinking Fund Installment.

“Series” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction and any Bonds issued upon transfer thereof or in exchange therefor.

“Series 1999 Bonds” means the \$103,775,000 aggregate original principal amount of Illinois Sports Facilities Authority Sports Facilities Refunding Bonds (State Tax Supported), Series 1999, issued under the Original Indenture.

“Series 2001 Bonds” means the \$398,998,040.45 aggregate original principal amount of Illinois Sports Facilities Authority Sports Facilities Bonds (State Tax Supported), Series 2001, authorized to be issued under the First Supplemental Indenture.

“Series 2001 Improvements”, means the costs of designing, developing, establishing, constructing, erecting, acquiring, readapting, repairing, reconstructing, renovating, remodeling, adding to, extending, improving, equipping, operating and maintaining certain lakefront facilities located in the City of Chicago, as more particularly described in the First Supplemental Indenture,

and such other purposes or costs as may be permitted under the Authority Act, including any cost or undertaking which constitutes an “Additional Project” as defined in the Indenture.

“**Sinking Fund Payment Dates**” means the dates specified in the First Supplemental Indenture for the Series 2001 Bonds.

“**Sinking Fund Installment**” means an amount, if any, so designated which is required to be paid pursuant to the Indenture with respect to Additional Bonds.

“**Sports Facilities Fund Revenues**” means all amounts received from time to time by the Authority or the Trustee from the Illinois Sports Facilities Fund.

“**State Advance Monies**” means the amounts deposited from time to time in the Illinois Sports Facilities Fund for crediting to the Advance Account therein pursuant to Section 6 of the State Hotel Tax Act.

“**State General Revenue Fund**” means the General Revenue Fund in the State Treasury of the State of Illinois.

“**State Hotel Tax Act**” means “The Hotel Operators’ Occupation Tax Act,” 35 ILCS 145/1 *et seq.*, as amended.

“**State Subsidy Monies**” means the amounts deposited from time to time in the Illinois Sports Facilities Fund for crediting to the Subsidy Account therein pursuant to Section 6 of the State Hotel Tax Act.

“**Supplemental Indenture**” means any indenture supplemental to or amendatory of the Indenture, entered into in accordance with provisions of the Indenture pursuant to a resolution of the Authority authorizing the same.

“**Tax Agreement**” means the Tax Exemption Agreement and Certificate between the Authority and the Trustee relating to the Series 1999 Bonds.

“**Tax-Exempt Bonds**” means the Series 1999 Bonds and any Additional Bonds, the interest on which at the time of issuance thereof was not, in the opinion of Bond Counsel, includable in the gross income of the owners thereof for federal income tax purposes.

“**Team**” means Chicago White Sox, Ltd., an Illinois limited partnership or its successors or to the extent permitted under the Management Agreement, assigns.

“**Term Bonds**” means Bonds entitled to the benefit of applicable Sinking Fund Installments.

“Trustee” means LaSalle Bank National Association, a national banking association, or its successor acting as Trustee, Paying Agent and Bank Registrar under the Indenture.

“Valuation Date” means (i) with respect to any Bonds that are Capital Appreciation Bonds, the date or dates set forth in the Supplemental Indenture authorizing such Bonds on which specific Accreted Values are assigned to such Bonds and (ii) with respect to any Bonds that are Conversion Bonds, the date or dates prior to the Conversion Date set forth in the Supplemental Indenture authorizing such Bonds on which specific Accreted Values are assigned to such Bonds.

“Variable Interest Rate” means a variable interest rate to be borne by any Bond within a Series of Bonds. The method of computing such variable interest rate will be specified in the Supplemental Indenture authorizing such Series of Bonds. Such Supplemental Indenture will also specify either (i) the particular period or periods of time for which each value of such variable interest rate will remain in effect or (ii) the time or times upon which any change in such variable interest rate will become effective.

“Variable Interest Rate Bonds” means Bonds which bear a Variable Interest Rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate; provided, however, that Bonds bearing a Variable Interest Rate will not be deemed Variable Interest Rate Bonds if the Authority has entered into a Qualified Fixed Payor Swap with respect to such Bonds, but only for so long as such Qualified Fixed Payor Swap meets all requirements of a “Qualified Fixed Payor Swap” as defined in the Indenture; provided further that (1) Bonds bearing a fixed rate of interest will be deemed Variable Interest Rate Bonds to the extent that the Authority has entered into a Qualified Fixed Receiver Swap and (2) the derivative rate of such arrangement will be deemed to be the Variable Interest Rate of such Bonds; provided further that for purposes of establishing the amount of any Debt Service Reserve Fund Requirement therefor, (1) Bonds bearing a fixed rate of interest will be deemed Variable Interest Rate Bonds only if the Authority has entered into a Qualified Fixed Receiver Swap at the time of initial issuance of the related Bonds and (2) otherwise such Bonds will be treated as fixed rate Bonds without any effect being given to any Qualified Fixed Receiver Swap.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Indenture contains various covenants, terms and conditions, certain of which are summarized below. Certain other provisions of the Indenture are described earlier herein; See “SECURITY FOR THE BONDS” and “THE SERIES 2001 BONDS.” Reference is hereby made to the Indenture for a full and complete statement of its respective provisions. Because some provisions of the Original Indenture may be changed by a Supplemental Indenture, reference is made to each and all such documents for a comprehensive understanding of the Indenture.

Assignment and Security

Pursuant to the Indenture, the Authority has pledged and assigned and granted a lien on and security interest in the following to the Trustee under the Indenture for the benefit of the Bondholders:

- (a) All its right, title and interest in and to the Revenues, and its right to receive Revenues;
- (b) All of its right, title and interest in and to the Authority Tax Revenues and its right to receive the Authority Tax Revenues, and all monies and securities in the Authority Tax Account of the Revenue Fund created under the Indenture; provided, that such security interest and lien will be subject to the security interest in and lien upon the Local Tax (as defined in the Management Agreement) granted by the Authority to the Team pursuant to the Management Agreement; and further provided, that the pledge, assignment, grant and lien provided in this clause (b) will terminate on the Release Date;
- (c) All monies and securities, including interest and other investment earnings thereon, required to be deposited in the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, the Extraordinary Redemption Fund, the Cost of Issuance Fund and the Project Fund created under the Indenture;
- (d) Any and all other monies, securities and property furnished from time to time to the Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Trustee under the terms of the Indenture; expressly excepting and excluding from the lien and operation of the Indenture, monies, securities and properties held by the Trustee in the Rebate Fund created under the Indenture.

Establishment of Funds and Accounts

The following funds and accounts have been created by the Authority and are held and administered by the Trustee: the Costs of Issuance Fund; the Project Fund; the Revenue Fund, comprised of a Sports Facilities Fund Account, an Investment Earnings Account, an Authority Tax Revenues Account and an Other Revenues Account; the Bond Fund, comprised of an Interest Account, a Principal Account and a Redemption Account; the Debt Service Reserve Fund; the Extraordinary Redemption Fund and the Rebate Fund.

The First Supplemental Indenture creates and establishes with the Trustee the following separate accounts: (a) within the Rebate Fund, a Series 2001 Rebate Account; (b) within the Project Fund, a Series 2001 Project Account and a Series 2001 Project Earnings Account; (c) within the Bond Fund, a Series 2001 Capitalized Interest Account; (d) within the Costs of Issuance Fund, a Series 2001 Cost of Issuance Account; and (e) within the Debt Service Reserve Fund, a Series 1999/2001 Debt Service Reserve Account.

Deposits and Applications of Funds and Accounts

Costs of Issuance Fund. The Trustee will maintain separate accounts within the Costs of Issuance Fund related to each Series of Bonds issued under the Indenture and will apply monies on deposit therein to the payment of Costs of Issuance. Any monies remaining in an account one year after their deposit will be transferred to the related project account in the Project Fund, unless such project account has been closed, in which event such monies will be transferred to the Extraordinary Redemption Fund to be held for the benefit of the Holders of the related Series of Bonds; provided that, prior to transferring such monies to the Extraordinary Redemption Fund, such monies will first be transferred to the Debt Service Reserve Fund (a) to the extent necessary to reimburse in full (or if insufficient, on a pro rata basis) the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities or increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Requirement, as described in the Indenture or (b) at the direction of the Authority, but in either event only if and to the extent that the Trustee receives an opinion of Bond Counsel to the effect that such application does not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

Project Fund. The Indenture creates the Project Fund to be held and administered by the Trustee. Proceeds of Additional Bonds issued for the purpose of paying Project Costs will be segregated to a separate account for such Additional Project within the Project Fund. Monies within any account will be invested in Investment Securities in accordance with the applicable provisions of the Indenture.

All proceeds directed by the Trustee to be deposited in the Project Fund, together with any other amounts deposited into the Project Fund, including but not limited to interest and gains on Investment Securities, will be applied by the Trustee to the payment of Project Costs in the manner provided in the Indenture. No monies in the Project Fund will be used to pay or reimburse Costs of Issuance. Monies remaining in an account of the Project Fund at the time a Certificate of Completion is delivered to the Trustee and not required for payment of any unpaid Project Costs may be transferred to the Debt Service Reserve Fund or the Other Revenues Account of the Revenue Fund (subject to certain limitations provided in the Indenture) or to the Extraordinary Redemption Fund.

Project Fund—Assistance Projects. If an Additional Project is an Assistance Project (such as the Improvements), the Trustee will deposit Bond proceeds for each series of Additional Bonds issued for the purpose of paying costs associated with such Assistance Project in one or more separate accounts within the Project Fund as provided in the Supplemental Indenture relating to such Assisted Project. Monies within any separate account within the Project Fund will be invested in Investment Securities in accordance with the Original Indenture.

Amounts on deposit in any account within the Project Fund in connection with an Assistance Project will be invested, applied, disbursed and transferred as provided in the Supplemental Indenture relating to the Assistance Project.

Revenue Fund. As Sports Facilities Fund Revenues, Other Revenues and Investment Earnings required by the Indenture to be deposited in the Revenue Fund are received by the Trustee, the Trustee will deposit them into the Sports Facilities Fund Revenues Account, the Other Revenues Account, the Investment Earnings Account and the Authority Tax Revenues Account, respectively. The Trustee will transfer the Revenues as received into the following funds or for the following purposes, and if such Revenues are insufficient, the Authority covenants and agrees to pay to the Trustee from all its available funds sufficient amounts for deposit into the following funds or for the following purposes, in order that prior to the end of each month such transfers have been made in the following amounts, in the following order of priority, the requirements of each such fund or purpose (including the making up of any deficiencies in any such fund or purpose resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any fund or for any purpose subsequent in priority:

(a) First, to the Bond Fund - Interest Account, an amount equal to one-eighth of all interest becoming due and payable during the then current Fiscal Year, on all Bonds then Outstanding, after first taking into account amounts already on deposit in and available for transfer to such Interest Account from any capitalized interest account established pursuant to any Supplemental Indenture, until the balance in such Interest Account is equal to such aggregate amount of interest due and payable during the then current Fiscal Year;

(b) Second, to the Bond Fund – Principal Account, an amount equal to one-eighth of the amount required, if any, to pay the principal of all Serial Bonds maturing during the then current Fiscal Year, until the balance in such account is equal to such aggregate amount of principal due and payable during the then current Fiscal Year;

(c) Third, to the Bond Fund – Redemption Account, an amount equal to one-eighth of the amount required to redeem, under the Indenture, Term Bonds of the applicable maturity and Series in an aggregate principal amount which satisfies any applicable Sinking Fund Installments during the then current Fiscal Year, until the balance in such account is equal to such aggregate amount of principal satisfying Sinking Fund Installments due and payable during the then current Fiscal Year;

(d) Fourth, to the Debt Service Reserve Fund, an amount, if any, necessary (i) first, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities, which amounts when repaid will result in reinstatement of such Debt Service Reserve Fund Facilities to their respective stated amounts, on a pro rata basis, if any, (ii) second, to increase the balance of such Fund to the Debt Service Reserve Requirement, and (iii) third, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities at or immediately prior to the expiration of such Debt Service Reserve Fund Facilities (other than expiration at final redemption or maturity of all Bonds secured thereby), on a pro rata basis, if any;

(e) Fifth, to the payment of fees, expenses and charges of the Trustee and Credit Enhancement Costs coming due and payable during such month;

(f) Sixth, to the payment on a pro rata basis of any interest due and payable to each Debt Service Reserve Fund Facility Provider pursuant to any Debt Service Reserve Fund Facility Agreement; and

(g) Seventh, to the Authority, all remaining amounts in the Revenue Fund; provided that no Investment Earnings will be paid to the Authority.

The Trustee will select the Revenues to be transferred as provided above from various accounts of the Revenue Fund in the following order: first, from the Investment Earnings Account; second, from the Sports Facilities Fund Account; third, from the Authority Tax Revenues Account and fourth, from the Other Revenues Account.

Anything in the Indenture to the contrary notwithstanding, in the event that in any month the amount of Sports Facilities Fund Revenues transferred to the Authority or to the Trustee exceeds one-eighth of the aggregate amount of Sports Facilities Fund Revenues anticipated to be transferred during the then current Fiscal Year, the transfers to the Bond Fund required in subparagraphs (a), (b) and (c) above will be adjusted pro rata for such month by replacing the fraction "one-eighth" with a fraction, the numerator of which is the amount of Sports Facilities Fund Revenues transferred to the Authority or to the Trustee during such month and the denominator of which is the aggregate amount of Sports Facilities Fund Revenues anticipated to be transferred during the then current Fiscal Year.

Bond Fund. Monies deposited in the accounts of the Bond Fund will be applied by the Trustee to pay to the Bondholders, in the manner provided for in the Original Indenture with respect to the Series 1999 Bonds, and in the manner described under "THE SERIES 2001 BONDS," with respect to any Series 2001 Bonds, the following amounts:

(a) out of the Bond Fund - Interest Account, on each interest payment date, an amount equal to the interest then due and payable; on any date that Bonds are purchased or redeemed prior to maturity pursuant to the Indenture, an amount equal to any accrued interest on such Bonds; and

(b) out of the Bond Fund - Principal Account, on each principal payment date for Serial Bonds and on any date that any other Bonds are redeemed pursuant to the optional redemption provisions of the Indenture, an amount equal to the principal then due and payable on such Serial Bonds and principal and premium, if any, then due on other Bonds so redeemed; and

(c) out of the Bond Fund - Redemption Account, on each Sinking Fund Payment Date pursuant to the Indenture and at maturity of the Term Bonds, an amount equal to the principal then due and payable on such Term Bonds.

At any time all monies on deposit in the Bond Fund exceed the amounts remaining to be paid to the Bondholders during the then current Fiscal Year, such excess will be transferred by the Trustee to the Revenue Fund.

If there are insufficient funds in the Interest Account on any interest payment date to pay interest then due and payable on Outstanding Bonds, then to the extent of such deficit, any monies or Investment Securities in either the Principal Account or the Redemption Account of the Bond Fund will be immediately liquidated and the proceeds transferred to the Interest Account.

Investment Earnings on the Bond Fund will be retained in the Bond Fund and applied as described above; provided, that prior to the Completion Date such Investment Earnings and any Investment Earnings on the Debt Service Reserve Fund transferred to the Bond Fund may only be used for the purpose described in (a) above and any accumulated Investment Earnings on the Bond Fund and Debt Service Reserve Fund remaining in the Bond Fund on the Completion Date will be transferred to the Extraordinary Redemption Fund unless the Trustee receives an opinion of Bond Counsel to the effect that retaining such monies in the Bond Fund will not result in interest on the Tax-Exempt Bonds becoming includible in the gross income of the Holders thereof for federal income tax purposes.

Debt Service Reserve Fund. If any Debt Service Reserve Fund Facility secures only specific Bonds or one or more specific series of Bonds, then there will be created within the Debt Service Reserve Fund a separate Debt Service Reserve Account for such series and such Debt Service Reserve Fund Facility and all amounts drawn on such Debt Service Reserve Fund Facility will be deposited in such separate Debt Service Reserve Account within the Debt Service Reserve Fund. In addition, there will be created a General Account within the Debt Service Reserve Fund for the deposit of monies or Investment Securities that are available to pay all Outstanding Bonds notwithstanding series designation or other characteristics. Whenever there are insufficient monies otherwise available under the Indenture to provide for the payment of principal and interest with respect to Outstanding Bonds and it is necessary to transfer monies from the Debt Service Reserve Fund, the Trustee will first transfer monies from the General Account of the Debt Service Reserve Fund and, if thereafter necessary, draw on any Debt Service Reserve Fund Facilities which secure all Bonds on a parity basis and transfer amounts thereafter received to the Bond Fund as provided below to pay principal and interest with respect to all Bonds, pro rata. Thereafter, the Trustee will draw on Debt Service Reserve Fund Facilities and make the transfers described below for each series of Bonds and with respect to each Debt Service Reserve Account securing specific Bonds having due regard for, and abiding with, any restrictions on the use of monies derived from any Debt Service Reserve Fund Facility or Debt Service Reserve Account which secures only specific Bonds or a specific series of Bonds.

Monies on deposit in the Debt Service Reserve Fund and each Debt Service Reserve Account therein, to the extent available as above described, will be disbursed only at the following times, in the following amounts and for the following purposes:

(a) To the Bond Fund-Interest Account, on any interest payment date, the amount necessary to provide an amount in that account equal to the interest due and payable on that date.

(b) To the Bond Fund-Principal Account, on any principal payment date, the amount necessary to provide an amount in that account equal to the principal on Serial Bonds due and payable on that date.

(c) To the Bond Fund-Redemption Account, on any Sinking Fund Payment Date, the amount necessary to provide an amount in that account sufficient to satisfy the applicable Sinking Fund Installment.

(d) To Debt Service Reserve Fund Facility Providers for reimbursement as described in this Appendix A in clauses (d)(i) and (d)(iii) under the heading "Deposits and Applications of Funds and Accounts – Revenue Fund".

(e) To any escrow fund created in connection with the issuance of Additional Bonds which are refunding bonds and which is held by the trustee of the Bonds being refunded, all monies in excess of the Debt Service Reserve Requirement on the date of delivery of such Additional Bonds to the extent required in the related escrow agreement or as otherwise provided in the Supplemental Indenture relating to such Additional Bonds.

(f) To the Revenue Fund, on the first business day immediately prior to June 1 of each year, all monies on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement subject to the limitation described in the second following paragraph. For purposes of this Section, all Investment Securities in the Debt Service Reserve Fund will be valued as provided in the Tax Agreement (with respect to the Series 1999 Bonds) or Additional Bonds Tax Agreement (with respect to the Series 2001 Bonds).

Investment Earnings on the Debt Service Reserve Fund will be retained in the Debt Service Reserve Fund (and in the applicable account therein) to the extent necessary to maintain the balance in the Debt Service Reserve Fund at the Debt Service Reserve Requirement. Excess Investment Earnings on the Debt Service Reserve Fund will be transferred to the Bond Fund and applied as provided in the First Supplemental Indenture.

The procurement and deposit of one or more Debt Service Reserve Fund Facilities will be treated as a proper deposit in lieu of cash to the credit of the Debt Service Reserve Fund to the stated amount of such facility then in force and available to draw upon. Anything in the Indenture to the contrary notwithstanding, in the event such procurement and deposit results in monies on deposit in the Debt Service Reserve Fund being in excess of the Debt Service Reserve Requirement, then such excess monies will be transferred to the Extraordinary Redemption Fund unless the Trustee receives an opinion of Bond Counsel to the effect that application of such monies to reimbursement obligations owed to the Debt Service Reserve Fund Facility Providers or transfer of such monies to

the Revenue Fund or Project Fund and the intended use of such monies will not result in interest on the Tax-Exempt Bonds becoming includable in the gross income of the Holders thereof for federal income tax purposes, in which event such monies will first be applied to reimbursement obligations, if any, owed to the Debt Service Reserve Fund Facility Providers, pro rata, and then will be transferred to the Revenue Fund or Project Fund, as directed by the Authority.

Under no circumstances will the Trustee draw or make a demand for payment with respect to a Debt Service Reserve Fund Facility in order to obtain funds (i) sufficient to pay the redemption price of Bonds called for redemption at the option of the Authority pursuant to the Indenture or (ii) to fund any escrow fund described in the Indenture unless, in each case, the applicable Debt Service Reserve Fund Facility Provider consents to such action in writing.

In the event the Debt Service Reserve Requirement is at any time satisfied in whole or in part by the deposit of one or more Debt Service Reserve Fund Facilities, not less than five days prior to any date interest or principal is due on the Bonds or any Sinking Fund Payment Date, the Trustee will determine whether it will be necessary to demand payment under or draw upon such Debt Service Reserve Fund Facilities in order to make any transfers required by subparagraphs (a), (b) or (c) above. The foregoing requirement will be in addition to, and not in lieu of, any requirement with respect to a specific Debt Service Reserve Fund Facility either by the terms thereof or pursuant to the terms of any applicable Supplemental Indenture. If any such demand for payment or draw is necessary, the Trustee will timely deliver a demand for payment under, or otherwise draw upon, all Debt Service Reserve Fund Facilities (and if more than one Debt Service Reserve Fund Facility is available to the Trustee, the Trustee will draw on each Debt Service Reserve Fund Facility in an amount necessary to cure any deficiency in the Bond Fund with respect to the specific series of Bonds secured by such Debt Service Reserve Fund Facility or if more than one Debt Service Reserve Fund Facility secures the same Bonds, then the Trustee will draw in the order of priority specified in the Debt Service Reserve Fund Facilities and the related Supplemental Indentures and if no order is so specified, the Trustee will draw in the order directed by the Authorized Officer unless no such order is timely received, in which case in any order selected by the Trustee) at such times and to the extent necessary to permit monies on deposit in the Debt Service Reserve Fund (and each account therein) to be provided by such demand for payment or draw to be available for the purposes and on the dates as provided in subparagraphs (a), (b) and (c) above (a "Deficiency Drawing"). Prior to the expiration (other than expiration at final redemption or maturity of all Bonds secured thereby) of any Debt Service Reserve Fund Facility which is not renewed or replaced, the Trustee will deliver a demand for payment, or otherwise draw upon, such Debt Service Reserve Fund Facility in an amount equal to the lesser of (i) the amount necessary to cause the balance in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement or (ii) the stated amount (an "Expiration Drawing").

The Debt Service Reserve Fund Facility (Series 1999/2001). As long as the Debt Service Reserve Fund Facility (Series 1999/2001) is in full force and effect, the Authority, Trustee and Paying Agent, if appropriate, agree to comply with the following provisions:

(A) In the event and to the extent that monies on deposit in the Bond Fund, plus all amounts on deposit in and credited to the Debt Service Reserve Fund, in excess of the amount of any Debt Service Reserve Fund Facility, are insufficient to pay the amount of principal and interest coming due with respect to the Bonds, then upon the later of: (i) one (1) day after receipt by the General Counsel of the Debt Service Reserve Fund Facility Provider (Series 1999/2001) of a demand for payment in the form attached to the Debt Service Reserve Fund Facility (Series 1999/2001) as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due under the Indenture with respect to the Series 1999 Bonds or the Series 2001 Bonds has not been made to the Trustee; or (ii) the payment date of the Series 1999 Bonds or the Series 2001 Bonds as specified in the Demand for Payment presented by the Trustee to the General Counsel of the Debt Service Reserve Fund Facility Provider (Series 1999/2001), the Debt Service Reserve Fund Facility Provider (Series 1999/2001) will make a deposit of funds in an account with the Trustee or its successor, in New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Indenture (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Debt Service Reserve Fund Facility (Series 1999/2001); provided, however, that in the event that the amount on deposit in, or credited to, the Debt Service Reserve Fund, in addition to the amount available under the Debt Service Reserve Fund Facility (Series 1999/2001) includes amounts available to pay Series 1999 Bonds and the Series 2001 Bonds under a letter of credit, insurance policy, Debt Service Reserve Fund Facility (Series 1999/2001) or other such funding instrument (the "Additional Funding Instrument"), draws on the Debt Service Reserve Fund Facility (Series 1999/2001) and the Additional Funding Instrument will be made on a pro rata basis to fund the insufficiency.

(B) The Trustee, or Paying Agent, if appropriate, will, after submitting to the Debt Service Reserve Fund Facility Provider (Series 1999/2001) the Demand for Payment as provided in (A) above, make available to the Debt Service Reserve Fund Facility Provider (Series 1999/2001) all records relating to the Funds and Accounts maintained under the Indenture.

(C) The Trustee, or Paying Agent, if appropriate, will upon receipt of monies received from the draw on the Debt Service Reserve Fund Facility (Series 1999/2001), as specified in the Demand for Payment, credit the Debt Service Reserve Account to the extent of monies received pursuant to such Demand.

(D) The Debt Service Reserve Account will be replenished as provided in the Original Indenture.

Extraordinary Redemption Fund. Monies deposited in the Extraordinary Redemption Fund pursuant to the Indenture or otherwise, and all Investment Earnings thereon, will be applied to the redemption of Bonds on the earliest date on which it is possible to redeem such Bonds without the payment of a premium or, at the option of the Authority, at an earlier redemption date or dates permitted under the Indenture; provided, that at any time prior to giving notice of redemption, the Trustee will at the direction of the Authority apply such amounts to the purchase of specifically identified unmatured Bonds at public or private sale, as and when and at such prices (including

brokerage and other charges, but excluding accrued interest, which is payable from the Bond Fund-Interest Account) as will be directed by the Authority, except that the purchase price (including brokerage and other charges, but excluding accrued interest) may not exceed the redemption price that would be payable for such Bonds upon redemption of such Bonds and further provided that, no monies on deposit in the Extraordinary Redemption Fund with respect to Tax-Exempt Bonds may be used for any of the purposes described above unless an opinion of Bond Counsel is furnished to the effect that such use does not adversely affect the exclusion from gross income of the Holders thereof for federal income tax purposes of the interest on any of the Tax-Exempt Bonds. Monies deposited in the Extraordinary Redemption Fund pursuant to the Indenture will be applied only to redeem or purchase Bonds of the Series related to the account in the Costs of Issuance Fund or the project account of the Project Fund from which such monies were transferred, and until used for such purpose will be held in a separate trust account of the Extraordinary Redemption Fund for the benefit of those particular Bondholders. Notwithstanding the foregoing, such monies may be used for any purpose other than as specified above, with a favorable opinion of Bond Counsel.

Rebate Fund. The Trustee will maintain the Rebate Fund in order to comply with rebate requirements contained in the Code. The Rebate Fund will not be considered part of the “trust estate” created by the Indenture, and the Trustee will be permitted to transfer monies on deposit in any of the funds created by the Indenture to the Rebate Fund to the extent necessary to comply with such requirements.

Deposit of Series 2001 Bond Proceeds.

(A) The proceeds of initial sale of the Series 2001 Bonds, taking into account net original issue premium and the Underwriters’ discount (\$421,726,698.20), will be deposited or otherwise applied as follows:

- (1) \$4,233,734.65 will be deposited upon receipt in the Cost of Issuance Account;
- (2) \$11,343,000 will be deposited upon receipt in the Capitalized Interest Account;
- (3) \$399,000,000 will be deposited upon receipt in the Project Account in the Project Fund; and
- (4) \$7,149,963.56 will be applied to pay the costs described in (B) below.

(B) In addition, on the Delivery Date, (1) the Original Purchaser will pay on the Authority’s behalf \$5,376,523.98 to the 2001 Insurer as the premium allocable for the Series 2001 Bonds to be insured by the Bond Insurance Policy (Series 2001), (2) the Original Purchaser will pay on the Authority’s behalf \$1,106,371.88 to the Debt Service Reserve Fund Facility Provider (Series 1999/2001) as the premium for the Debt Service Reserve Fund Facility (Series 1999/2001) and (3) the Original Purchaser of the Series 2001 Bonds will pay on the Authority’s behalf \$667,067.70 to

Ambac Assurance Corporation representing the costs associated with the issuance of a reinsurance policy with respect to the Series 1999 Bonds.

(C) The Debt Service Reserve Fund Facility (Series 1999/2001) will be delivered to the Trustee and any proceeds from the Debt Service Reserve Fund Facility (Series 1999/2001) will be deposited in the Debt Service Reserve Account created by the First Supplemental Indenture and transferred to the Bond Fund in the amounts required by the Indenture.

Use of Proceeds of the Series 2001 Bonds.

(A) The Series 2001 Bonds are being issued for the purpose of providing financial assistance to the Chicago Park District in connection with the Series 2001 Improvements. The Series 2001 Improvements constitute an "Additional Project" under the Indenture and an "Assistance Project" under the First Supplemental Indenture. The specific costs of the Series 2001 Improvements which are to be paid with the proceeds of the Series 2001 Bonds will be determined pursuant to the Additional Bonds Tax Agreement and Additional Project Certificate for the Series 2001 Bonds.

(B) The amounts deposited in the Project Account and Project Earnings Account (including Investment Earnings) will be disbursed by the Trustee from time to time to the Disbursing Agent as provided in the Disbursement Agreement and Development Assistance Agreement for payment of costs of the Series 2001 Improvements upon written order signed by an authorized officer of the Chicago Park District certifying certain matters set forth in the Indenture and that paying such costs is permitted by the Additional Bonds Tax Agreement and the Additional Project Certificate for the Series 2001 Bonds. Amounts on deposit in the Project Account and Project Earnings Account will be invested in Investment Securities as provided in the Indenture. Investment earnings from the Project Account and Project Earnings Account will be retained in each such account and applied as provided in the First Supplemental Indenture.

(C) Monies remaining in the Project Account and Project Earnings Account (including Investment Earnings) at the time the Certificate of Completion is delivered to the Trustee, will be used as soon thereafter as practicable, at the direction of authorized officer of the Chicago Park District in the manner provided in the First Supplemental Indenture for the payment of any cost not then due and payable or for retainage in the Project Account or Project Earnings Account for payment of any such cost then being litigated as specified in the above-mentioned certificate.

Any monies (including Investment Earnings) remaining in the Project Account and Project Earnings Account on the date of the Certificate of Completion, and not set aside for use as specified in the preceding paragraph will be used as soon as practicable after the Completion Date for either of the following purposes:

(1) for transfer to (a) the Debt Service Reserve Fund to the extent necessary to reimburse any Debt Service Reserve Fund Facility Providers or increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Requirement, or (b) the Debt Service

Reserve Fund or the Other Revenues Account of the Revenue Fund, at the direction of the Authorized Officer; provided, that with respect to the transfer of any monies in a Project Account relating to an Additional Project financed with Tax-Exempt Bond proceeds, such transfer will be made only if, and to the extent that, the Trustee has been furnished with an opinion of Bond Counsel to the effect that such transfer does not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Tax-Exempt Bonds.

(2) for such other use by the Trustee as directed by the Authority, provided that the Trustee is furnished with an opinion of Counsel to the Authority or Bond Counsel to the effect that such use is lawful under the Authority Act and, with respect to such transfer of monies in the Project Account or Project Earnings Account relating to an Assistance Project financed with Tax-Exempt Bonds, an opinion of Bond Counsel to the effect that such use will not impair the exclusion of interest on such Tax-Exempt Bonds from the gross income of the Holders thereof for federal income tax purposes.

Any monies remaining in the Project Account and Project Earnings Account (including Investment Earnings) on the date of the Certificate of Completion and not set aside for use as specified elsewhere in this Section will on such date be deposited by the Trustee in the Extraordinary Redemption Fund and applied as described above under "Extraordinary Redemption Fund."

Additional Provisions Regarding Revenue Fund and Bond Fund—Capitalized Interest. Prior to the application of any amounts from the Revenue Fund to pay interest on the Series 2001 Bonds as provided in the Indenture, for each Interest Payment Date occurring through the Fiscal Year ending June 30, 2004 (except for the December 15, 2003 Interest Payment Date), the Trustee will first transfer the amounts designated in the First Supplemental Indenture from the Capitalized Interest Account to the Bond Fund-Interest Account to pay interest on the Bonds. Thereafter, there will be transferred to the Bond Fund-Interest Account any remaining amount required to be transferred from the Revenue Fund pursuant to the Indenture.

Investment of Funds. Any and all monies in any of the funds created under the Indenture will be kept invested by the Trustee in accordance with the Tax Agreement or any Additional Bonds Tax Agreement and the investment directions of the Authority in Investment Securities maturing in such amounts and at such times as is consistent with the ability to provide monies when needed to pay Project Costs, interest on, and principal at maturity and the Redemption Price of, the Outstanding Bonds, and any other disbursement required or permitted under the Indenture.

Additional Projects

Completion of Additional Project Which is an Assistance Project. In the event that the monies in the Project Fund and any other fund or account established for payment of Project Costs for an Assistance Project are not sufficient to pay the costs thereof in full, the Authority will not be

obligated to pay any such Project Costs. The Authority covenants and agrees that immediately upon receipt of a Certificate of Completion it will cause such Certificate to be delivered to the Trustee.

Certificate of Completion With Respect to Assistance Projects. The completion, termination or abandonment of any Assistance Project will be evidenced to the Trustee by a certificate signed by an authorized officer of the Assisted Governmental Owner or any other third party being provided assistance in connection therewith stating the date of completion, termination or abandonment and the total cost of such Assistance Project paid or to be paid for with the proceeds of the Bonds, and stating with respect to an Assistance Project financed with proceeds of Tax-Exempt Bonds, (a) that 100% of the disbursements from the related Project Account of the Project Fund, after taking into account amounts theretofore disbursed from the related Project Account of the Project Fund and amounts, if any, to be disbursed from the related Project Account of the Project Fund after the date of such certificate, have been used respectively, in compliance with the representations, warranties and covenants in the Indenture and in the Additional Bonds Tax Agreement and (b) such additional certifications as may be necessary to ensure compliance with such representations, warranties and covenants, which additional certifications will be set forth in the Supplemental Indenture relating to such Tax-Exempt Bonds. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Events of Default and Remedies of Trustee and Bondholders

Each of the following events constitutes an “Event of Default” under the Indenture:

- (a) Failure to make due and punctual payment of the principal or redemption price of any Bond when and as the same becomes due and payable, whether at maturity or by call for redemption, or otherwise;
- (b) Failure to make due and punctual payment of any installment of interest on any Bond, when and as such installment becomes due and payable;
- (c) Failure to make the due and punctual payment of any Sinking Fund Installment when and as the same becomes due and payable;
- (d) Failure in the observance or performance of any other covenant, contract or other provision contained in the Bonds or the Indenture, if such failure continues for a period of 30 days after written notice specifying such failure and requiring the same to be remedied will have been given to the Authority by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds;
- (e) Certain incidents of bankruptcy; and

(f) The occurrence of an Event of Default under any Debt Service Reserve Fund Facility Agreement.

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may declare, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds will declare, the principal of all the Outstanding Bonds, and the interest accrued thereon, to be due and payable immediately; and upon any such declaration the same will be immediately due and payable; provided, that (a) no such declaration may be made so long as the Bond Insurance Policy (Series 1999) is in effect and the 1999 Insurer is not in default thereunder, and (b) no such declaration may be made so long as the Bond Insurance Policy (Series 2001) is in effect and the 2001 Insurer is not in default thereunder. The right or obligation of the Trustee to make such declaration, however, will be subject to the condition that if, at any time after such declaration but before a judgment has been entered or before the Bonds have matured by their terms, whichever has occurred first, all overdue installments of interest and the reasonable and proper fees, charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Indenture (except the principal of, and interest accrued since the next preceding interest payment date on, the Bonds due and payable solely by virtue of such declaration) will either be paid by or for the account of the Authority or provision satisfactory to the Trustee will have been made for such payments, and all Events of Default (other than the payment of principal and interest due and payable solely by reason of such declaration) will be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will be made therefor, then and in every such case, any such declaration will be deemed to be rescinded and any such Event of Default and its consequences will be deemed to be annulled, but no such rescission and annulment will extend to or affect any subsequent Event of Default or impair or exhaust any resulting right or power.

Upon the happening and continuance of any Event of Default then and in every such case the Trustee with the consent of the 1999 Insurer (so long as any Series 1999 Bonds remain Outstanding) and the 2001 Insurer (so long as any Series 2001 Bonds remain Outstanding), in each case other than with respect to actions pursuant provisions of the Indenture relating to enforcement of the Bond Insurance Policy (Series 1999) and Bond Insurance Policy (Series 2001), which consent will not be unreasonably withheld, may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds will proceed, subject to the provisions of the Indenture relating to the Trustee's right to indemnity, to protect and enforce its rights and the rights of the Bondholders under the Authority Act and under the Indenture and under any Debt Service Reserve Fund Facilities by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either in mandamus or for the specific performance of any covenant or agreement contained therein or in aid of execution of any power granted in the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights. Upon the occurrence of an Event of Default under clause (f) above, the Trustee agrees to, at the direction of the applicable Debt Service Reserve Fund Facility Provider, enforce by mandamus, suit or other proceeding at law or in equity the covenants and agreements of the Authority in the related Debt Service Reserve Fund Facility Agreement.

The Holders of a majority in principal amount of the Outstanding Bonds will have the right, with the consent of the 1999 Insurer (so long as the 1999 Insurer is not in default under the Bond Insurance Policy (Series 1999)) and the 2001 Insurer (so long as the 2001 Insurer is not in default under the Bond Insurance Policy (Series 2001)) and other than with respect to actions pursuant to provisions of the Indenture relating to enforcement of the Bond Insurance Policy (Series 1999) or the Bond Insurance Policy (Series 2001), which consent will not be unreasonably withheld, and subject to the provisions of law and the Indenture, including the Trustee's right to indemnity, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture.

No Holder of any of the Outstanding Bonds will have any right to institute any proceeding in equity or at law to enforce the Indenture or any right thereunder or any right under the Authority Act or the laws of the State of Illinois, unless such Holder previously has given to the Trustee written notice of the Event of Default or breach of trust or duty on account of which such proceeding is to be taken, and unless the Holders of not less than 25% in principal amount of the Outstanding Bonds have offered the indemnity required by the Indenture and requested the Trustee to exercise such powers or right of action and the Trustee will have refused or neglected to comply with such request within a reasonable time.

Nothing in the Indenture or in the Bonds contained will affect or impair the obligation of the Authority to pay, from available funds of the Authority, at the respective dates of maturity and places therein expressed the principal or redemption price, if any, and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is absolute and unconditional, of any Holder to enforce such payment on his Bond.

The Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Outstanding Bonds will, waive any Event of Default which in its opinion will have been cured before the completion of the enforcement of any remedy under the Indenture.

Particular Covenants and Representations of the Authority

Payment of Bonds; Authority Payment Obligations. The Authority covenants and agrees that it will duly and punctually pay or cause to be paid, from available funds of the Authority, (a) the principal or redemption price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds and (b) all other amounts the Authority has covenanted to pay or cause to be paid under the Indenture.

Extension of Payment of Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of interest. In case the maturity of any of the Bonds or the time for payment of interest by the purchase or funding of such Bonds or interest or by any other arrangement or in case the maturity of any of the Bonds or the time for payment of interest will be extended, such Bonds or interest will not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to any payment out of Pledged

Funds (except monies held in trust for the payment of particular Bonds or interest pursuant to the indenture) held by the Trustee, except subject to prior payment of the principal of all Outstanding Bonds the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as will not be represented by such interest. Nothing described herein will be deemed to limit the right of the Authority to issue refunding bonds and such issuance will not be deemed to constitute an extension of maturity of Bonds.

Power to Issue Series 2001 Bonds and to Pledge and Assign Pledged Funds. The Authority is duly authorized under all applicable laws, including but not limited to the Authority Act and, more specifically, Section 13 of the Authority Act, to create and issue the Series 2001 Bonds and to execute and deliver the Indenture and to pledge and assign and grant liens and security interests in the Pledged Funds in the manner and to the extent provided in the Indenture. The Pledged Funds are, and at the time the Series 2001 Bonds are issued will be, free and clear of any pledge, lien, security interest, charge or encumbrance thereon or with respect thereto, other than the pledge, assignment, lien and security interest created by the Indenture; provided, that the security interest and lien with respect to the Authority Tax Revenues will be subject to the security interest in and lien upon the Local Tax (as defined in the Management Agreement) granted by the Authority to the Team pursuant to the Management Agreement. All necessary corporate action on the part of the Authority to pledge and assign and grant liens and security interests in the Pledged Funds under the Indenture has been duly and validly taken. The Series 2001 Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms. The Authority will at all times, to the extent permitted by law, defend, preserve and protect the pledges, assignment, lien and security interest in and on the Pledged Funds pledged and granted under the Indenture and all the rights of the Holders under the Indenture against all claims and demands of all persons whomsoever.

Creation of Liens. Unless the pledge, assignment, lien and security interest created in the Indenture will be discharged and satisfied as provided in the Indenture, the Authority will not issue any bonds, notes, debentures, or other evidences of indebtedness of any kind, other than Additional Bonds, payable out of or secured by a pledge or assignment of or lien or security interest in the Pledged Funds, or create or cause to be created any other pledge or assignment of or lien, charge or encumbrance on, any of the Pledged Funds, unless subordinated to the pledge, assignment, lien and security interest created under the Indenture.

Tax Exemption; Arbitrage. The Authority certifies, covenants and agrees with the Holders of the Tax-Exempt Bonds that it will comply with all provisions of the Code which, in each case, if not complied with by the Authority, would cause the interest on the Tax-Exempt Bonds to become includible in the gross income for federal income tax purposes of the Holders thereof. Without limiting the generality of the foregoing, the Authority certifies, covenants and agrees that no monies or property under its control, whether or not such monies or property were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, will be used in a manner which will cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of the Code and any lawful

regulations promulgated or proposed thereunder, as the same presently exist or may from time to time be promulgated, proposed, amended, supplemented or revised.

Maintenance of Bond Insurance Policy (Series 2001) and Debt Service Reserve Fund Facilities. The Authority covenants to enforce or cause to be enforced the provisions of the Bond Insurance Policy (Series 2001) and any Debt Service Reserve Fund Facilities and will duly perform its covenants and agreements under the agreements pertaining to such instruments. The Authority will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with such instruments which would in any manner materially impair or materially adversely affect the rights of the Authority or the Trustee thereunder or the rights of the Bondholders.

Notwithstanding anything to the contrary in the Indenture, the Authority agrees that it will not replace or terminate the Debt Service Reserve Fund Facility (Series 1999/2001) without the consent of the 1999 Insurer while any Series 1999 Bonds are Outstanding and without the consent of the 2001 Insurer while any Series 2001 Bonds are Outstanding.

Annual Certification. The Authority covenants and agrees to make an Annual Certification for each Fiscal Year in which Bonds are Outstanding, and to file the same with the Treasurer and Comptroller of the State of Illinois, and to file a copy thereof with the Governor of the State of Illinois, the Mayor of the City of Chicago, Illinois and the Trustee. Each such Annual Certification will certify, without taking into account any revenues or receipts of the Authority, the lesser of:

- (a) The Maximum Appropriation for such Fiscal Year; or
- (b) The sum of:
 - (i) the amount necessary to pay Debt Service on the Outstanding Bonds which will or are anticipated to come due and payable during the Fiscal Year for which the Annual Certification is made;
 - (ii) the amount anticipated to be required by the Authority during the Fiscal Year to pay principal of and interest on, and other payments relating to, any other obligations of the Authority issued or to be issued under the bond and note provisions of the Authority Act, including any deposits required to reserve funds created under any indenture or resolution authorizing issuance of such obligations and payments to providers of credit enhancement;
 - (iii) the amount anticipated to be required by the Authority during the Fiscal Year to pay obligations under the provisions of the Management Agreement or any other management agreement with respect to a facility or facilities owned by the Authority, and to pay other capital and operating expenses of the Authority during the Fiscal Year, including any deposits required to reserve

funds created for repair and replacement of capital assets and to meet the obligations of the Authority under the Management Agreement or any other management agreement; and

- (iv) any amounts under (i), (ii) and (iii) above remaining unpaid from any previous Fiscal Year.

The Authority covenants that the Annual Certifications will be made and filed as provided above, with respect to each Fiscal Year thereafter, not earlier than 120 days nor later than 30 days before the beginning of such Fiscal Year.

If the Trustee has not received a copy of the Annual Certification by May 15 of any calendar year, it will as soon thereafter as possible notify the Authority that such Annual Certification is required to be made on or before May 31 of such calendar year. The Trustee's failure to so notify will not excuse the Authority from its obligation to file Annual Certifications.

Defeasance

The Indenture provides that if the Authority will pay or cause to be paid, or there will otherwise be paid, to the Holders of all Outstanding Bonds the principal or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge and assignment of any Pledged Funds under the Indenture and all covenants, agreements and other obligations of the Authority to the Bondholders, will thereupon cease, terminate and become void and be discharged and satisfied.

Any Outstanding Bonds will prior to the maturity or Redemption Date be deemed to have been paid within the meaning of the Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority will have given to the Trustee irrevocable instructions accepted in writing by the Trustee to give notice as provided in the Indenture for redemption of such Bonds on said date, (ii) there will have been deposited with the Trustee either monies in an amount which will be sufficient, or Qualified Investment Securities the principal of and the interest on which when due will provide monies which will be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to Redemption within the next succeeding 60 days, the Authority will have given the Trustee in form satisfactory to it irrevocable instructions to mail notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the applicable Indenture provisions and stating such maturity or Redemption Date upon which monies are to be available for the payment of the principal or redemption price, if applicable, and interest on said Bonds.

Notwithstanding the foregoing, none of the Outstanding Bonds will be deemed paid as aforesaid, nor will such Bonds cease to be entitled to the lien, benefit and security of the Indenture,

if under any circumstances the interest on the Tax-Exempt Bonds is thereby made subject to federal income taxation.

Authorization of Additional Bonds

The Indenture authorizes the issuance, from time to time, of Additional Bonds payable from Revenues and other security under the Indenture and ranking on parity with Outstanding Bonds for the purpose of (a) raising funds to pay Project Costs with respect to any Additional Project, (b) raising funds to pay Costs of Issuance or required deposits to the Debt Service Reserve Fund, or (c) raising funds to refund or advance fund any Series of Bonds or portions thereof or to refund any other obligations of the Authority incurred for the purpose of paying any of the costs described in the foregoing clause (a) to the extent authorized by the Authority Act. Additional Bonds will be issued only after their authorization in accordance with the Indenture by a Supplemental Indenture which will specify and determine: (a) the form and principal amount of such Additional Bonds, (b) the maturity dates and amounts of the maturities of such Additional Bonds, the redemption privileges (if any) of the Authority with respect to such Additional Bonds, and the amount and date of each Sinking Fund Installment (if any) for the retirement of any such Additional Bonds, (c) the date of such Additional Bonds, (d) the rate or rates of interest to be borne by such Additional Bonds and the interest payment dates therefor, or, with respect to zero coupon or capital appreciation bonds, the yield related to such Additional Bonds, (e) the amount of the Debt Service Reserve Requirement after giving effect to the issuance of such Additional Bonds, and other reserves (if any), (f) the denominations of, and the manner of dating (except as otherwise provided herein), numbering and lettering the Additional Bonds, provided that such Additional Bonds will be in denominations of \$5,000 or any integral multiple thereof, (g) if the purpose specified and determined as aforesaid in such Supplemental Indenture is to raise funds to pay Project Costs with respect to any Additional Project, such Supplemental Indenture will describe the particular Additional Project involved in brief and general terms sufficient for reasonable identification and state the cost or estimated cost thereof, and (h) such other matters and things as may be required by the Act or the Original Indenture for authorization of such Additional Bonds. Additional Bonds may not be issued unless theretofore or simultaneously therewith, there will have been delivered to the Trustee:

(a)(1) A Certificate of an Authorized Officer setting forth, as of the time immediately after the delivery of such Additional Bonds and the payment, deposit or application of their proceeds (if any) in accordance with the Indenture, (i) the Debt Service Reserve Requirement, (ii) the Calculated Debt Service on all Outstanding Bonds (including the Additional Bonds) for the then current Fiscal Year and each future Fiscal Year except Fiscal Years for which no Debt Service payments with respect to Outstanding Bonds (including the Additional Bonds) are required, (iii) the Maximum Appropriation for the then current Fiscal Year and each future Fiscal Year except Fiscal Years for which no such Debt Service payments with respect to Outstanding Bonds (including the Additional Bonds) are required, (iv) that the Maximum Appropriation for the then current Fiscal Year and each succeeding Fiscal Year is not less than the Calculated Debt Service on the Outstanding Bonds (including the Additional Bonds)

for that particular Fiscal Year, (v) the (A) net proceeds of the tax imposed by the State Hotel Tax Act from which deposits to the Illinois Sports Facilities Fund may be made, for the Fiscal Year immediately preceding the then current Fiscal Year, and (B) the Projected Available Deposit Amount for each Fiscal Year thereafter for which Debt Service will be due with respect to Outstanding Bonds (including the Additional Bonds), (vi) that the Projected Available Deposit Amount for the Fiscal Year in which the Additional Bonds are proposed to be issued and for each Fiscal Year thereafter for which Debt Service will be due with respect to Outstanding Bonds (including the Additional Bonds to be issued) is not less than 135% of the sum of the State Advance Monies and the State Subsidy Monies to be deposited in the Illinois Sports Facilities Fund for each such Fiscal Year, (vii) that the amount of funds allocable to the City of Chicago, Illinois, from the Local Government Distributive Fund for the Fiscal Year immediately preceding the then current Fiscal Year, is not less than 135% of the City Subsidy Monies to be deposited in the Illinois Sports Facilities Fund for the then current and each succeeding Fiscal Year described in clause (ii) above, and, (viii) that the total annual amount of any Additional Revenue Source which may legally be used to make deposits to the Illinois Sports Facilities Fund is not less than 135% of the amount of such Additional Revenue Source to be deposited to the Illinois Sports Facilities Fund and to be taken into account in determining the Maximum Appropriation certified pursuant to (iii) above for the then current Fiscal Year and each succeeding Fiscal Year described in clause (ii) above; and (2) in the event amounts from an Additional Revenue Source are included in determining Maximum Appropriation, a certificate of the Director of the Illinois Bureau of the Budget setting forth, as of the date of the delivery of such Additional Bonds and the payment, deposit or application of their proceeds (if any) in accordance with the Indenture, the total annual amount of such Additional Revenue Source which may be legally used to make deposits into the Illinois Sports Facilities Fund, based upon the level of collections and allocations of the applicable state tax during the Fiscal Year immediately preceding the then current Fiscal Year (or, for a tax at an increased rate, based upon the increased tax rate and the collection experience during the Fiscal Year immediately preceding the then current Fiscal Year).

(b) A Bond Counsel's opinion stating that (i) such Additional Bonds are authorized by a Supplemental Indenture and are to be issued for a purpose referred to in the Original Indenture, (ii) said Supplemental Indenture was duly adopted by the Authority in conformity with the provisions and limitations set forth in the Original Indenture, (iii) subject to annual appropriation by the General Assembly of the State of Illinois and based upon the certificate provided for in paragraph (a) above, the Treasurer of the State of Illinois is required to pay from the Illinois Sports Facilities Fund the amount necessary to pay Debt Service on the Outstanding Bonds during each Fiscal Year in which any Bonds remain Outstanding, provided that the Authority files Annual Certifications for each Fiscal Year with the Treasurer and the Comptroller of the State of Illinois and copies thereof with the Governor of the State of Illinois and the Mayor of the City of Chicago, Illinois.

(c) Monies for deposit in the Debt Service Reserve Fund or one or more Debt Services Reserve Fund Facilities, in amounts, if any, necessary to increase the amount in the

Debt Service Reserve Fund, or the stated amounts of one or more Debt Service Reserve Fund Facilities, or a combination thereof, to the Debt Service Reserve Requirement as of the time immediately after such delivery; provided, that so long as any Series 1999 Bonds are Outstanding, in the event that such increase is to be satisfied by the deposit of a Debt Service Reserve Fund Facility, the Debt Service Reserve Fund Facility Provider thereof will be (i) in the case of such entity issuing a surety bond or insurance policy, an entity whose municipal bond, surety bonds or insurance policies securing the payment, when due, of the principal of or interest on long term municipal bond issues result in such issues being rated in the highest rating category given by one of the Rating Agencies or (ii) in the case of such entity issuing a letter of credit, an entity whose long term debt is rated in the highest rating category given by one of the Rating Agencies.

(d) A ruling of the Internal Revenue Service or an opinion of Bond Counsel to the effect that the issuance and sale of the Additional Bonds and the application of the proceeds thereof as provided in the related Supplemental Indenture will not result in interest on the Tax-Exempt Bonds becoming includable in the gross income of Holders thereof for federal income tax purposes.

(e) An opinion of Counsel for the Authority stating that the Sports Facilities Fund Revenues are lawfully to be used to make all required deposits in the Bond Fund and Debt Service Reserve Fund, including deposits required with respect to the Additional Bonds, before being available for other expenses and obligations of the Authority, including its operating expenses and its obligations under the Management Agreement.

(f) A Certificate of an Authorized Officer stating:

(i) The amount (if any) of the proceeds of sale of such Additional Bonds to be held by the Trustee in the Costs of Issuance Fund;

(ii) The amount of capitalized interest (if any) to be held by the Trustee in the Bond Fund-Interest Account;

(iii) The additional amount (if any) to be held by the Trustee in the Debt Service Reserve Fund;

(iv) The additional amount (if any) to be transferred to and held by the escrow agent (if any) identified in such certification to be applied to the refunding or advance refunding of bonds or notes of the Authority; and

(v) The additional amount (if any) to be held by the Trustee in an account with the Project Fund.

Upon satisfaction of the requirements set forth above with respect to the issuance of Additional Bonds, the Authority may issue Additional Bonds which are refunding Bonds without the consent of the 1999 Insurer and the 2001 Insurer so long as the effect of such refunding Bonds is to reduce the aggregate Debt Service payable with respect to all Bonds and no refunding Bond will have a maturity date later than June 15, 2032. Except as provided in the immediately preceding sentence, no Additional Bonds may be issued without the consent of the 1999 Insurer and the 2001 Insurer unless, in addition to satisfaction of the requirements of the Indenture, the net proceeds of the tax imposed by the State Hotel Tax Act from which deposits to the Illinois Sports Facilities Fund may be made, for the Fiscal Year immediately prior to the Fiscal Year in which the Additional Bonds are to be issued, is greater than an amount equal to (1) Maximum Annual Debt Service with respect to all Bonds which will be Outstanding immediately following the issuance of the Additional Bonds and the application of the proceeds thereof, *less* (2) the annual City Subsidy Monies.

Supplemental Indenture

The Authority and the Trustee may from time to time, but in the case of (d), (e) and (i) below, only with the consent of the 1999 Insurer and the 2001 Insurer which consent will not be unreasonably withheld, enter into a Supplemental Indenture for any of the following purposes: (a) to provide additional restrictions on the issuance of Additional Bonds or other indebtedness; (b) to add additional covenants, agreements, limitations and restrictions to be observed by the Authority and to surrender any right or power of the Authority; (c) to cure any ambiguity, omission, defect or inconsistency; (d) to make necessary or desirable clarifications which will not adversely affect the interest of the Holders; (e) to make modifications or to relieve the Authority from any of its obligations, conditions or restrictions, which will adversely affect the rights of the Holders or the Trustee; (f) to authorize Additional Bonds as provided in the Indenture; (g) to make any modifications which will be effective only after all Outstanding Bonds cease to be Outstanding; (h) to comply with federal securities laws; and (i) to make any change necessary to provide a Debt Service Reserve Fund Facility and which change will not adversely affect the interest of the Bondholders.

In all other cases, the execution of a Supplemental Indenture will require the consent of the 1999 Insurer and the 2001 Insurer, which consent will not be unreasonably withheld, and the written consent of the Holders of a majority in principal amount of the Outstanding Bonds (or in certain circumstances of affected Bonds) at the time such consent is given; provided, that no Supplemental Indenture will 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 Holder of such Bond, or will reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such Supplemental Indenture or, without its written assent thereto, will change or modify any of the rights or obligations of the Trustee.

1999 Insurer Deemed Holder of Series 1999 Bonds; 2001 Insurer Deemed Holder of Series 2001 Bonds; Limitation on Rights of 1999 Insurer, 2001 Insurer and Debt Service Reserve Fund Facility Providers.

Subject to the provisions of the Indenture described in the paragraph below, the 1999 Insurer is deemed to be the Holder of all Series 1999 Bonds for the following purposes and during the following times: (a) at all times for the purpose of the execution and delivery of a supplemental indenture or agreement relating to any amendment or modification of the Indenture, other than an amendment or modification described in the proviso of the last paragraph under the heading "Supplemental Indenture" in this Appendix A; (b) at all times with respect to the initiation by the Series 1999 Bondholders of any action to be taken by the Trustee at the request of such Series 1999 Bondholders, which under the Indenture requires the written approval or consent of or permits initiation by the Holders of a specified principal amount of Bonds then outstanding; and (c) following the occurrence of an Event of Default relating to the Series 1999 Bonds for all other purposes.

Subject to the provisions of the Indenture in the paragraph below, the 2001 Insurer is deemed to be the Holder of all Series 2001 Bonds for the following purposes and during the following times: (a) at all times for the purpose of the execution and delivery of a supplemental indenture or agreement relating to any amendment or modification of the Indenture, other than an amendment or modification specified in the Indenture, (b) at all times with respect to the initiation by the Series 2001 Bondholders of any action to be taken by the Trustee at the request of such Series 2001 Bondholders, which under the Indenture requires the written approval or consent of or permits initiation by the Holders of a specified principal amount of Bonds then outstanding; and (c) following the occurrence of an Event of Default relating to the Series 2001 Bonds for all other purposes.

The other provisions of the Indenture notwithstanding, (a) neither the 1999 Insurer nor the 2001 Insurer will have any rights under the Indenture, other than rights as the subrogee of any Bondholder which it may have under the Bond Insurance Policy (Series 1999) or the Bond Insurance Policy (Series 2001), as the case may be, if the 1999 Insurer or the 2001 Insurer, as the case may be, has failed to perform any of its obligations under the Bond Insurance Policy (Series 1999) or the Bond Insurance Policy (Series 2001), as the case may be, or has been declared insolvent or bankrupt by a court of competent jurisdiction, an order or decree will have been entered appointing a receiver, receivers, custodian or custodians for any of its assets or revenues, or any proceeding will be instituted with the consent or acquiescence of the 1999 Insurer or the 2001 Insurer, as the case may be, for the purpose of effecting a composition between the 1999 Insurer or the 2001 Insurer, as the case may be, and its creditors or for the purpose of adjusting the claims of such creditors, the 1999 Insurer or the 2001 Insurer, as the case may be, makes any assignment for the benefit of its creditors or the 1999 Insurer or the 2001 Insurer, as the case may be, is generally not paying its debts as such debts become due or the 1999 Insurer or the 2001 Insurer, as the case may be, files a petition in bankruptcy or under Title 11 of the United States Code, as amended, or if the Bond Insurance Policy (Series 1999) or the Bond Insurance Policy (Series 2001), as the case may be, is no longer in effect; and (b) a Debt Service Reserve Fund Facility Provider will have no rights under the Indenture, other than rights as the subrogee of any Bondholder which it may have in connection with its Debt Service Reserve Fund Facility, if the Debt Service Reserve Fund Facility Provider has failed to perform any of its obligations under its Debt Service Reserve Fund Facility or has been declared insolvent or bankrupt by a court of competent jurisdiction, an order or decree will have been entered appointing a receiver, receivers, custodian or custodians for any of its assets or revenues, or any proceeding will

be instituted with the consent or acquiescence of the Debt Service Reserve Fund Facility Provider for the purpose of effecting a composition between the Debt Service Reserve Fund Facility Provider and its creditors or for the purpose of adjusting the claims of such creditors, the Debt Service Reserve Fund Facility Provider makes any assignment for the benefit of its creditors or the Debt Service Reserve Fund Facility Provider is generally not paying its debts as such debts become due or the Debt Service Reserve Fund Facility Provider files a petition in bankruptcy or under Title 11 of the United States Code, as amended, or if the Debt Service Reserve Fund Facility is no longer in effect.

Other Consent Provisions

Upon the occurrence and continuance of an Event of Default as defined in the Indenture, the 2001 Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to Holders of the Series 2001 Bonds for the benefit of such Holders under the Indenture, including, without limitation: (1) any right to accelerate the principal of Bonds, and (2) any right to annul any declaration of acceleration, and the 2001 Insurer will also be entitled to approve all waivers of Events of Default.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

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ARTHURANDERSEN

Illinois Sports Facilities Authority

Financial Statements

As of June 30, 2000

Together With Auditors' Report

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Members of the Illinois Sports Facilities Authority:

We have audited the accompanying combined financial statements of the **ILLINOIS SPORTS FACILITIES AUTHORITY** (the "Authority") as of June 30, 2000, and for the year then ended. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on the combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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.

The accompanying combined financial statements have been prepared in accordance with the accounting principles, as more fully described in Note 1, required by the Indenture of Trust securing the bonds issued to construct the New Comiskey Park and related facilities, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States.

In our opinion, because of the effects of following the accounting principles required by the Indenture of Trust, the financial statements referred to above do not present fairly the financial position of the Authority as of June 30, 2000, or the results of its operations and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2000, and the results of its operations and changes in its fund balances for the year then ended, in accordance with the accounting principles required by the Indenture of Trust as described in Note 1.

ARTHUR ANDERSEN LLP

Chicago, Illinois
September 15, 2000

ILLINOIS SPORTS FACILITIES AUTHORITY

COMBINED BALANCE SHEET

As of June 30, 2000

ASSETS	General Fund	Rebate Fund	Maintenance and Repairs Fund	Chicago White Sox Reserve Fund	Revenue Funds	Debt Service Funds	Construction Fund	Total (Memorandum Only)
CURRENT ASSETS:								
Cash and investments	\$19,402,676	\$ -	\$18,921,043	\$ -	\$ -	\$ -	\$ -	\$ 38,323,719
Hotel tax revenues receivable	-	-	-	-	8,095,390	-	-	8,095,390
Interest and other receivables	256,166	-	319,645	-	-	-	-	575,811
Prepaid expenses	61,159	-	-	-	-	-	-	61,159
Due from other funds- General Fund	-	-	-	16,961,693	-	-	-	16,961,693
Total current assets	19,720,001	-	19,240,688	16,961,693	8,095,390	-	-	64,017,772
LONG-TERM ASSETS:								
Stadium	-	-	-	-	-	-	153,260,885	153,260,885
Stadium improvements	-	-	-	-	-	-	1,304,842	1,304,842
Scoreboard	-	-	-	-	-	-	6,737,000	6,737,000
Replacement housing	-	-	-	-	-	-	4,763,939	4,763,939
Construction in Progress	-	-	-	-	-	-	394,193	394,193
Land	-	-	-	-	-	-	24,430,497	24,430,497
Capitalized interest	-	-	-	-	-	-	8,933,867	8,933,867
Total long-term assets	-	-	-	-	-	-	199,825,223	199,825,223
Total assets	\$19,720,001	\$ -	\$19,240,688	\$16,961,693	\$8,095,390	\$ -	\$199,825,223	\$263,842,995

ILLINOIS SPORTS FACILITIES AUTHORITY

COMBINED BALANCE SHEET

As of June 30, 2000

LIABILITIES AND EQUITY	General Fund	Rebate Fund	Maintenance and Repairs Fund	Chicago White Sox Reserve Fund	Revenue Funds	Debt Service Funds	Construction Fund	Total (Memorandum Only)
CURRENT LIABILITIES:								
Accounts payable	\$ 61,056	\$ -	\$ 1,356,053	\$ -	\$ 579,193	\$ -	\$ -	\$ 1,996,302
Interest payable	-	-	-	-	-	186,002	-	186,002
State administration fee payable	-	-	-	-	323,816	-	-	323,816
Federal arbitrage taxes payable	-	-	-	-	-	-	-	-
Other current liabilities	60,000	-	-	-	-	-	-	60,000
Due to other funds-								
Chicago White Sox Reserve Fund	16,961,693	-	-	-	-	-	-	16,961,693
Total current liabilities	<u>17,082,749</u>	<u>-</u>	<u>1,356,053</u>	<u>-</u>	<u>903,009</u>	<u>186,002</u>	<u>-</u>	<u>19,527,813</u>
LONG-TERM LIABILITIES:								
Long-term bonds payable	-	-	-	-	-	-	96,115,000	96,115,000
Total long-term liabilities	-	-	-	-	-	-	96,115,000	96,115,000
Total liabilities	<u>17,082,749</u>	<u>-</u>	<u>1,356,053</u>	<u>-</u>	<u>903,009</u>	<u>186,002</u>	<u>96,115,000</u>	<u>115,642,813</u>
EQUITY:								
Fund balance (deficit)	2,637,252	-	17,884,635	16,961,693	7,192,381	(186,002)	43,088,223	87,578,182
Principal amount of bonds retired from revenue	-	-	-	-	-	-	53,885,000	53,885,000
Principal amount of scoreboard note retired from revenue	-	-	-	-	-	-	6,737,000	6,737,000
Total equity	<u>2,637,252</u>	<u>-</u>	<u>17,884,635</u>	<u>16,961,693</u>	<u>7,192,381</u>	<u>(186,002)</u>	<u>103,710,223</u>	<u>148,200,182</u>
Total liabilities and equity	<u>\$19,720,001</u>	<u>\$ -</u>	<u>\$19,240,688</u>	<u>\$16,961,693</u>	<u>\$8,095,390</u>	<u>\$ -</u>	<u>\$199,825,223</u>	<u>\$263,842,995</u>

The accompanying notes to financial statements are an integral part of this statement.

ILLINOIS SPORTS FACILITIES AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2000

	General Fund	Rebate Fund	Maintenance and Repairs Fund	Chicago White Sox Reserve Fund	Revenue Funds	Debt Service Funds	Construction Fund	Total (Memorandum Only)
REVENUES:								
State subsidy	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
City subsidy	-	-	-	-	5,000,000	-	-	5,000,000
Interest income	928,597	178	1,024,160	-	28,323	362,278	-	2,343,536
Hotel tax revenues	-	-	-	-	26,088,954	-	-	26,088,954
Unrealized gains (losses)	-	-	(44,097)	-	-	-	-	(44,097)
Special events revenue	64,784	-	-	-	-	-	-	64,784
Other income	6	-	2,000	-	-	-	-	2,006
Total revenues	993,387	178	982,063	-	36,117,277	362,278	-	38,455,183
EXPENDITURES:								
General expenditures-								
Salaries and benefits	346,004	-	-	-	-	-	-	346,004
Office expense	90,111	-	-	-	-	-	-	90,111
Insurance expense	208,755	-	-	-	-	-	-	208,755
Interest expense	-	-	-	-	-	4,810,309	-	4,810,309
Bond principle payments	-	-	-	-	-	7,640,000	-	7,640,000
Professional services	383,854	-	378,097	-	-	-	-	761,951
State administration fee	-	-	-	-	1,043,558	-	-	1,043,558
Trustee fees	-	-	-	-	10,000	-	-	10,000
Amusement Tax Payments	-	-	-	-	68,779	-	-	68,779
Other	62,578	-	-	-	-	-	-	62,578
Total general expenditures	1,091,302	-	378,097	-	1,122,337	12,450,309	-	15,042,045
Other expenditures-								
Capital Improvements	-	-	758,979	-	-	-	-	758,979
State payment	6,623,885	-	-	-	-	-	-	6,623,885
Park maintenance	-	-	3,664,894	-	-	-	-	3,664,894
Chicago White Sox maintenance subsidy	-	-	2,000,000	-	-	-	-	2,000,000
Total other expenditures	6,623,885	-	6,423,873	-	-	-	-	13,047,758
Total general and other expenditures	7,715,187	-	6,801,970	-	1,122,337	12,450,309	-	28,089,803
Excess (deficiency) of revenues over expenditures	(6,721,800)	178	(5,819,907)	-	34,994,940	(12,088,031)	-	10,365,380

ILLINOIS SPORTS FACILITIES AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2000

	General Fund	Rebate Fund	Maintenance And Repairs Fund	Chicago White Sox Reserve Fund	Revenue Funds	Debt Service Funds	Construction Fund	Total (Memorandum Only)
OTHER FINANCING SOURCES (USES):								
Stadium Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 758,979	\$ 758,979
Transfers in from-								
General Fund	-	37,644	6,500,000	8,613,562	-	70,722	-	15,221,928
Rebate Fund	5,018	-	-	-	-	-	-	5,018
Revenue Funds	21,745,160	-	-	-	-	12,406,571	-	34,151,731
Debt Service Funds	2,543	-	-	-	429,592	-	-	432,135
Transfers out to-								
General Fund	-	(5,016)	-	-	(21,745,160)	(2,543)	-	(21,752,719)
Rebate Fund	(37,644)	-	-	-	-	-	-	(37,644)
Maintenance and Repairs Fund	(6,500,000)	-	-	-	-	-	-	(6,500,000)
Chicago White Sox Reserve Fund	(8,613,562)	-	-	-	-	-	-	(8,613,562)
Revenue Funds	-	-	-	-	-	(429,592)	-	(429,592)
Debt Service Funds	(70,722)	-	-	-	(12,406,571)	-	-	(12,477,293)
Total other financing sources (uses)	<u>6,530,791</u>	<u>32,628</u>	<u>6,500,000</u>	<u>8,613,562</u>	<u>(33,722,139)</u>	<u>12,045,158</u>	<u>758,979</u>	<u>\$ 758,979</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(181,009)	32,806	680,093	8,613,562	1,272,801	(42,873)	758,979	11,124,359
FUND BALANCE (DEFICIT), June 30, 1999	<u>2,828,261</u>	<u>(32,806)</u>	<u>17,204,542</u>	<u>8,348,131</u>	<u>5,919,580</u>	<u>(143,129)</u>	<u>42,329,244</u>	<u>76,453,823</u>
FUND BALANCE (DEFICIT), June 30, 2000	<u>\$ 2,637,252</u>	<u>\$ -</u>	<u>\$17,884,635</u>	<u>\$ 16,961,693</u>	<u>\$ 7,192,381</u>	<u>\$ (186,002)</u>	<u>\$43,088,223</u>	<u>\$ 87,578,182</u>

The accompanying notes to financial statements are an integral part of this statement.

ILLINOIS SPORTS FACILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Illinois Sports Facilities Authority (the "Authority") is a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois (the "State"). The Authority was established by legislation originally adopted by the Illinois General Assembly in 1987 for the purpose of providing sports stadiums for professional sports teams. On July 7, 1988, the Governor of Illinois signed into law amendatory legislation which increased the amount of bonds which the Authority could issue, provided additional security for those bonds, modified provisions of the law governing agreements between the Authority and professional sports teams and otherwise facilitated financing of the Project (as defined below) by the Authority. Prior to the adoption of the 1988 amendatory legislation, the Authority and the Chicago White Sox, Ltd. (the "Team"), an Illinois limited partnership, entered into an agreement (the "Management Agreement") by which the Authority agreed to acquire and construct a new baseball stadium and related facilities (the "Project") for the Team. The Management Agreement was approved by both the Commissioner of Major League Baseball and the President of the American League of Professional Baseball Clubs and was signed by the Governor of the State. The 1987 legislation, together with the 1988 amendatory legislation, is referred to as the "Authorizing Legislation."

On March 29, 1989, the Authority issued the Series 1989 Bonds for \$150,000,000 to enable the construction of the New Comiskey Park, which was placed in service in April, 1991. On June 1, 1999, the Authority issued \$103,755,000 of Series 1999 Refunding Bonds and used the proceeds for the advance refunding of the Series 1989 at a call premium of 102% for amounts maturing after June 15, 1999. The Bonds outstanding at June 30, 2000, are secured by an assignment of a first lien on amounts which are to be paid to American National Bank and Trust Company of Chicago (the "Trustee") from the Illinois Sports Facilities Fund, a fund in the Treasury of the State. The Authority has the power under the Authorizing Legislation to have total outstanding bonds and notes not to exceed \$150,000,000.

b. Establishment of Funds

The financial activities of the Authority are recorded in the following funds pursuant to the requirements of the Indenture of Trust Securing Sports Facilities Bonds, Series 1999 (the "Bond Indenture") along with one fund being a continuance of the Series 1989 Bonds and two funds being required by the Management Agreement as noted below:

General Fund—This fund accounts for the overall operations of the Authority, as well as construction-related expenses not paid for by the Construction Fund. Overhead items such as salaries and office expense are paid from this fund. Excess revenues in the Revenue Funds are transferred to this fund.

Revenue Funds

Sports Facilities Fund—Revenues received from the Illinois Sports Facilities Fund of the State Treasury, such as subsidies received from the City of Chicago (the "City") and the State, are deposited in this fund.

Investment Earnings Fund—Investment earnings in funds other than the Construction Fund, Debt Service Reserve Fund, Bond Interest Fund, Bond Principal Fund, Bond Redemption Fund, Extraordinary Redemption Fund and Rebate Fund are transferred to this fund. The amounts held in this fund are to be applied to debt service payments in the event such additional funding is needed. If such additional funding is not required, the balance is to be transferred to the Sports Facilities Fund. As a result, where sufficient funding has been appropriated for the fiscal year, the Authority is not required to maintain this fund.

Other Revenues Fund—Hotel tax revenues and advances from the State along with excess monies in any of the Debt Service Funds at year-end are deposited in this fund. Chicago White Sox Revenue Sharing proceeds will also be recorded in this fund.

Debt Service Funds

Bond Interest Fund—Interest payments on the Bonds are paid from this fund. Revenues for payment of interest are generally transferred from the Revenue Funds.

Bond Principal Fund—Principal payments on the Bonds are paid from this fund. Revenues for principal payments are generally transferred from the Revenue Funds.

Bond Redemption Fund—Payments for redemption of term bonds are made from this fund. Revenues for payments are generally transferred from the Revenue Funds.

Debt Service Reserve Fund—The reserve requirement for debt service is maintained in this fund. Transfers may be made to other funds for interest, principal and redemption payments. Revenues in this fund are obtained through

transfers from the Revenue Funds. The reserve is currently being met by a surety bond issued by Municipal Bond Investors Assurance Corporation ("MBIA").

Extraordinary Redemption Fund—Payments for early redemption of bonds are made from this fund. Revenues in this fund are obtained through transfers from the Debt Service Funds.

Bond Refunding Fund—Payments for the refunding of outstanding bonds are made from this fund. Revenues for payments are obtained from proceeds of new bond issuances and through transfers from the General Fund.

Capital Projects Funds

Construction Fund—As created by the Series 1989 Indenture, this fund reflects the majority of the costs associated with the stadium construction. The majority of the Series 1989 Bond issue proceeds were deposited in this fund. During fiscal year 1992, the Construction Fund exhausted the balance of the original bond proceeds and the General Fund was responsible for all remaining construction expenditures.

Project Fund—Established as a means to accept bond proceeds for each series of possible future bonds issued for the purpose of paying project costs in a separate account within this fund.

Other Funds

Rebate Fund—This fund will be used to reserve funds for any federal income tax liability incurred on excess investment interest income.

Maintenance and Repairs Fund—This fund was created by the Management Agreement and is used to finance the Authority's share of capital improvements to the Stadium, as well as ongoing stadium maintenance and repair obligations of the Authority after completion of the New Comiskey Park. Required annual reserves for maintenance and repairs costs will be transferred into this fund from the General Fund.

Chicago White Sox Reserve Fund—This fund was created by the Management Agreement and is used to retain the reserve required by the Management Agreement between the Authority and the Team. Revenues will be transferred to this fund from the General Fund after all obligations under the Bond Indenture, all obligations under the Management Agreement and all ordinary and necessary Authority expense obligations are met.

The funds shown in these financial statements are those for which activity has been recorded for the period in accordance with the Bond Indenture.

c. Establishment of Accounting Principles

As provided by the Authorizing Legislation, the Authority has issued Bonds to construct the New Comiskey Park. To set forth obligations and agreements of the Authority with regard to these Bonds, the Authority adopted the Bond Indenture.

Under the Bond Indenture and the Authorizing Legislation, various accounting principles are to be followed by the Authority which differ in certain respects from accounting principles generally accepted in the United States. As explained below, some entries made to record long-term assets and long-term liabilities are different than those required under accounting principles generally accepted in the United States. Therefore, the accompanying financial statements, which are prepared in accordance with the aforementioned accounting principles, are not intended to, and do not, present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Following are the significant accounting policies required by the Bond Indenture:

Accrual Basis of Accounting—The accompanying financial statements were prepared using the accrual basis of accounting. The preparation of financial statements 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.

Long-Term Assets and Liabilities—The Authority does not utilize long-term account groups. Every transaction involving an expenditure for a long-term asset is recorded as an expenditure on the combined statement of revenues, expenditures and changes in fund balance. To record the asset on the combined balance sheet, a second entry is made. This second entry records an asset for the amount of the expenditure, with the offsetting entry going to an “other financing sources” account on the combined statement of revenues, expenditures and changes in fund balance. Certain expenditures in the Maintenance and Repairs Fund for capital improvements are recorded as long-term assets. Some transactions involving long-term liabilities are recorded as a revenue on the combined statement of revenues, expenditures and changes in fund balance. To record the liability on the combined balance sheet, a second entry records the liability for the amount of the revenue, with the offsetting entry going to an “other financing uses” account in the combined statement of revenues, expenditures and changes in fund balance.

The types of costs that have been recorded as long-term assets as described above include construction costs, stadium improvements, land purchases, capitalized interest expense and Bond issuance costs, as defined by the Authority’s accounting manual.

Interest—Interest on the Bonds is to be provided from revenues and paid semiannually on June 15th and December 15th from the Bond Interest Fund. In addition, an accrual is made for the amount of interest owed to bondholders but not paid at fiscal year-end.

Investment Income—Income from investments and profits and losses realized from such investments are credited or charged to the investing fund on a monthly basis.

Revenues—The Authority’s major revenue sources are described below:

(1) State and City Subsidy Payments

Under the Authorizing Legislation, the Authority is to receive, subject to sufficient appropriation by the General Assembly of the State of Illinois, \$10 million per fiscal year over the life of the Bonds. Of this \$10 million, \$5 million is a subsidy to be provided from a portion of the net proceeds of the State Hotel Operators’ Occupation Tax (the “State Hotel Tax”) and \$5 million is a subsidy to be provided from that portion of the Local Government Distributive Fund in the State Treasury which was allocated to the City of Chicago.

(a) Proceeds of the State Hotel Tax—The State imposes a statewide tax on persons engaged in the business of renting, leasing or letting hotel rooms. In each fiscal year, \$5 million is to be remitted to the Authority from the net proceeds of the State Hotel Tax. The deposits are to be made to the Authority from the State Treasury in eight equal monthly installments for the first eight months of the fiscal year. This tax is separate from and in addition to the Authority Hotel Tax described below.

(b) The Local Government Distributive Fund—In each fiscal year, \$5 million is to be remitted to the Authority from the portion of the Local Government Distributive Fund allocated to the City. The deposits are to be made to the Authority from the State Treasury in eight equal monthly installments for the first eight months of the fiscal year.

(2) Authority Hotel Tax Collections

Under the Authorizing Legislation, the Authority is empowered to impose, and the Authority has imposed, a tax on the occupation of renting, leasing or letting hotel rooms in the City (the “Authority Hotel Tax”). The tax is presently set at 2% of the gross rental receipts for such hotel rentals, other than receipts collected from permanent residents. This is the maximum percentage allowed by statute. The Authority Hotel Tax is collected by the Illinois State Department of Revenue, which withholds 4% of the amount collected as an administrative fee for collecting and remitting these tax revenues to the Authority.

Every month, for the first eight months of the fiscal year, the State advances to the Authority \$1 million of the Authority Hotel Tax revenues. Every month, for the first eight months of the fiscal year, the State withholds collections of the tax. The withholding amount is equal to the balance of the advance or the total amount of collections for the month, if those collections are less than the balance of the advance. During the last four months of the fiscal year, once the advance balance has been completely repaid to the State, the State remits all tax collections to the Authority at month end. There is generally a

three-month lag between the time a hotel collects the tax, remits the tax to the State and the State remits the collections to the Authority. This lag results in the year-end hotel tax revenues receivable.

The Authorizing Legislation provides that on June 15th of each year all amounts which the Authority has received from net proceeds of the Authority Hotel Tax and which remain available after payment of debt service on bonds or notes of the Authority, deposits for debt service reserves, obligations under management agreements with users of the Authority's facilities and payment of its other capital and operating expenses are to be repaid to the State Treasury. For fiscal year 2000, the Authority's payment was \$6,623,885.

(3) Revenue Sharing with the Chicago White Sox

Under the Management Agreement, upon completion of the new stadium, the Authority is entitled to certain revenues generated by the Team and special events held in the new stadium. The significant Team-generated revenues to which the Authority is entitled are as follows:

- (a) **Ticket fees**—A percentage of ticket revenues after attendance reaches a certain level, as defined by the Management Agreement. Ticket fees are projected to be \$613,737 for the 2000 season, with \$295,503 of this amount estimated as earned during fiscal year 2000.
- (b) **Media fees**—A percentage of local broadcast income and a percentage of income from sign advertisements after these income amounts reach a certain level, as defined by the Management Agreement. The Management Agreement has been amended to discontinue the media fees beginning with the 2000 season.

Application of Revenues—Monthly revenues should be disbursed in the following order from the various Revenue Funds:

- (1) From the Sports Facilities Fund.
- (2) From the Other Revenues Fund.
- (3) From the Investment Earnings Fund.

These disbursements should be used to pay the following expenditures in the following order on a monthly basis:

- (1) One-eighth of the annual interest requirements on outstanding bonds for the first eight months of the fiscal year into the Bond Fund—Interest Account.
- (2) The same as 1. above for the annual principal requirements on serial bonds into the Bond Fund—Principal Account.
- (3) The same as 2. above for the annual principal requirements on term bonds into the Bond Fund—Redemption Account.

- (4) An amount, if any, needed to increase the reserve in the Debt Service Reserve Fund for: (i) first, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities pursuant to a Deficiency Drawing, on a pro rata basis, if any, (ii) second, to increase the balance of such Fund to the Debt Service Reserve Requirement which is equal to the lesser of (a) 50% of Maximum Annual Debt Service or (b) 10% of the aggregate principal amount of all series of the outstanding bonds, and (iii) third, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities pursuant to an Expiration Drawing, on a pro rata basis, if any. Currently, however, the required reserve is being met by a surety bond issued by MBIA.
- (5) Trustee fees and credit enhancement costs.
- (6) Interest due and payable to the initial Debt Service Reserve Fund Facility Provider pursuant to the Financial Guaranty Agreement.
- (7) All remaining amounts go to the Authority provided that no investment earnings flow to the Authority from the various funds. Any amounts that flow to the Authority and will not be used to finance Stadium construction, operating expenditures of the Authority or those expenditures described above will be considered "excess funds." These excess funds will be transferred to the Chicago White Sox Reserve Fund up to an amount equal to the difference between (i) the Authority's projected expenditures for the following fiscal year related to ordinary and necessary expenses (excluding debt service) and monetary obligations to the Team under the Management Agreement and (ii) the Authority's projected revenue from the Team with respect to the Season then in progress or originally scheduled to be in progress. Any excess funds still available will be paid to the State as described in Note 1.c.(2) above. For fiscal year 2000, \$8,613,562 was transferred to the Chicago White Sox Reserve Fund.

Investments—The Authority follows the provisions of Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", issued by the Governmental Accounting Standards Board. In accordance with the statement, investments which are held to their original maturity of one year or less, are recorded at amortized cost, which approximates fair value due to the short-term nature of the investments. Investments that mature greater than one year from the date of purchase are recorded at fair value. If an investment security is to be sold prior to maturity and amortized cost exceeds the expected proceeds from such sale, a loss provision for such excess is recorded in the period in which the decision to sell is made.

The investment of funds is also restricted by the Authorizing Legislation to permitted investments of public agencies as defined by Illinois Compiled Statutes. These permitted investments include direct obligations of the U.S. Treasury, Agencies and Instrumentalities; commercial paper of U.S. corporations with assets exceeding \$500,000,000 if such commercial paper is rated within the three highest rating

classifications; interest-bearing savings accounts; certificates of deposit; time deposits; money market accounts; and certain repurchase agreements.

Operations—Operating costs and expenses are charged to expense as incurred. In addition, accruals have been made for goods and services received but not paid.

Fund Transfers—The Authority records transfers between funds for various purposes, including earnings transfers, fund subsidies and payment of debt service of the Authority.

d. Total Columns on Combined Statements

Total columns on the combined financial statements captioned "Memorandum Only" are presented only to facilitate financial analysis and do not represent financial position, results of operations or changes in fund balances in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation.

2. CASH AND INVESTMENTS

a. Cash

During fiscal 2000, the Authority maintained two checking accounts for which amounts in excess of \$65,000 for the General Fund and Maintenance and Repair Fund are swept into a Money Market Mutual Fund that invests in securities issued or guaranteed by the U.S. Government (see item b. below). The checking accounts are covered by federal depository insurance up to \$100,000.

The deposits owned by the Authority are categorized in the table below to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 represents uncollateralized deposits which include any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Authority's name. No deposits other than those below were held at June 30, 2000:

	Category			Total Balance Per Depository	Carrying Amount
	1	2	3		
General Fund account	\$ 65,956	\$223,638	\$ -	\$289,594	\$264,913
Maintenance and Repairs Fund account	65,000	452,993	-	517,993	<u>517,993</u>
					<u>\$782,906</u>

b. Investments

Illinois law authorizes the Authority to invest in direct obligations of the U.S. Treasury, Agencies and Instrumentalities; commercial paper of U.S. corporations with assets exceeding \$500,000,000 if such commercial paper is rated within the three highest rating classifications; interest-bearing savings accounts; certificates of deposit; time deposits; money market accounts; and certain repurchase agreements.

The investments owned by the Authority are categorized below to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the Authority's name. No investment vehicles other than those shown below were maintained at June 30, 2000:

	Category			Carrying Amount
	1	2	3	
Maintained by the Trustee-				
General Fund				
Money market funds	\$ 26,909	\$ -	\$ -	\$ 26,909
Hartford Funding Agreement	-	500,000	-	500,000
Commercial Paper (average weighted interest rate of 4.89%)	-	1,477,027	-	1,477,027
Federal Home Loan Banks (average weighted interest rate of 5.82%)	-	1,055,724	-	1,055,724
Federal National Mortgage Association (average weighted interest rate of 5.82%)	-	4,187,078	-	4,187,078
Subtotal	<u>26,909</u>	<u>7,219,829</u>	<u>-</u>	<u>7,246,738</u>
Maintenance and Repair Fund				
Money market funds	44,891	-	-	44,891
Fixed income investment fund	-	4,452,082	-	4,452,082
Subtotal	<u>44,891</u>	<u>4,452,082</u>	<u>-</u>	<u>4,496,973</u>
Total Maintained by the Trustee	<u>71,800</u>	<u>11,671,911</u>	<u>-</u>	<u>11,743,711</u>
Short-term Investments-				
General Fund				
Federal Home Loan Banks (average weighted interest rate of 6.37%)	-	9,936,758	-	9,936,758
Federal National Mortgage Association (average weighted interest rate of 6.51%)	-	1,462,341	-	1,462,341
Federal Home Loan Mortgage Corporation (average weighted interest rate of 6.35%)	-	491,927	-	491,927
Subtotal	<u>-</u>	<u>11,891,026</u>	<u>-</u>	<u>11,891,026</u>
Maintenance and Repair Fund				
Federal Home Loan Banks (average weighted interest rate of 6.18%)	-	7,478,125	-	7,478,125
Federal National Mortgage Association (average weighted interest rate of 5.96%)	-	6,427,951	-	6,427,951
Subtotal	<u>-</u>	<u>13,906,076</u>	<u>-</u>	<u>13,906,076</u>
Total Short-term Investments	<u>-</u>	<u>25,797,102</u>	<u>-</u>	<u>25,797,102</u>
Total	<u>\$ 71,800</u>	<u>\$37,469,013</u>	<u>\$ -</u>	<u>\$37,540,813</u>

3. BONDS PAYABLE

Total Series 1999 Refunding Bonds outstanding at June 30, 2000, are as follows:

	<u>Effective Interest Rate</u>	<u>Amount</u>
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 1999- Series Bonds, due June 15, 2001 to 2010	<u>3.85% to 4.81%</u>	<u>\$96,115,000</u>

The Series 1999 Refunding Bonds are not subject to redemption prior to maturity.

Bonds maturing in the five years subsequent to June 30, 2000, are as follows:

Year ending June 30-	
2001	\$ 7,825,000
2002	8,140,000
2003	8,465,000
2004	8,805,000
2005	9,245,000
Thereafter	<u>\$53,635,000</u>

The Authority has obtained a surety bond from MBIA to cover the debt service reserve requirement. The surety bond expires on the earlier of June 15, 2010, or the date on which the issuer has made all payments required on the obligations.

4. TRUSTEE

The Authority and the Trustee entered into a Bond Indenture for the Series 1989 Bonds as of March 1, 1989. In conjunction with the refunding of the Series 1989 Bonds, the Authority and the Trustee entered into a new Bond Indenture to apply to the Series 1999 Refunding Bonds. Under the Bond Indenture, the Trustee has the responsibility to receive and disburse money in accordance with the Bond Indenture and the Authorizing Legislation.

5. CONTINGENCIES AND COMMITMENTS

a. Maintenance Requirements

Under the Management Agreement, the Authority is to pay the Team \$2 million annually for operational maintenance and reserve \$1 million annually for capital improvements in the Maintenance and Repairs fund. In fiscal year 2000, the Authority transferred the required amount plus an additional \$3,500,000 to the Maintenance and Repairs Fund to finance various maintenance and repair projects throughout the Stadium.

b. Arbitrage Rebate Requirement

The Bond Indenture requires the Authority to establish and administer a Rebate Fund. The Rebate Fund need not be maintained, however, if the Authority's bond counsel

renders an opinion that failure to maintain the Rebate Fund will not cause the Series 1999 Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code or otherwise adversely affect the exclusion from gross income of interest on the Series 1999 Bonds for federal income tax purposes. The Authority is required to remit to the U.S. Government an arbitrage rebate payment for the amount of excess earnings on invested Series 1999 Bond proceeds. Excess earnings arise when the yield on invested Series 1999 Bond proceeds exceeds the yield on the Series 1999 Bonds. At June 30, 2000, the amount of the arbitrage rebate obligation related to the Series 1999 Bonds is \$24,265. However, it is legal counsel's belief that no rebate will be due as the funds established are bonafide debt service funds. Accordingly, no rebate accrual has been recorded in fiscal year 2000.

c. Fund Deficits

As of June 30, 2000, the Other Revenues Fund and Bond Interest Fund have deficit fund balances. The deficit fund balances in both the Other Revenues Fund and the Bond Interest Fund are due to the accrual of expenses within each respective fund. The actual outflow of funds for these accruals will occur in fiscal 2001, at which time both funds are expected to generate sufficient resources from revenues and/or transfers to pay for the related obligations.

6. RETIREMENT PLAN

The Authority provides a defined contribution simplified employee pension plan for the benefit of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the Authority who have attained the age of 21 and have worked at least one year at the Authority are eligible to participate in and are fully vested in the plan. All plan assets and investments are administered by a trustee, which maintains an individual account for each participant. Further, each participant maintains ownership and control over all assets in his or her account. The Authority contributes 7.5% of its employees' salaries and employees, at their option, may contribute up to 15% (within a maximum dollar limit) of their salaries to the plan. The plan may be amended or terminated by the Authority at any time and for any reason in the future, but no such action can deprive employees of their vested interests.

7. SUBSEQUENT EVENTS

Subsequent to June 30, 2000, the Authority approved the 2001 Season Renovation Plan which includes: renovation of the bullpen, alterations to the foul lines and outfield seating area, relocation of TV truck dock, expansion of team offices into the former truck dock, parking, lighting and fence improvement of parking lot "L". The Authority has agreed to advance \$8 million for the renovations. In return, the Team has agreed to forgo the second installment of the Season 2000 maintenance subsidy (\$1 million) and remit a guaranteed rental payment of \$1,240,000 for each of the 2001 through 2007 seasons.

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APPENDIX C

FORM OF OPINIONS OF CO-BOND COUNSEL

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FORM OF OPINION OF CO-BOND COUNSEL

October 12, 2001

Illinois Sports Facilities Authority
333 West 35th Street
Chicago, Illinois 60616

Re: \$398,998,040.45 Illinois Sports Facilities Authority Sports Facilities Bonds
(State Tax Supported) Series 2001

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings of record of the Illinois Sports Facilities Authority (the "Authority") preliminary to and in connection with the issuance by the Authority of \$398,998,040.45 aggregate original principal amount of its Sports Facilities Bonds (State Tax Supported) Series 2001 (the "Series 2001 Bonds"). The Series 2001 Bonds are being issued pursuant to the provisions of the Illinois Sports Facilities Authority Act, 70 ILCS 3205/1 *et seq.*, as amended (the "Act") and a resolution adopted by the Authority on August 14, 2001, and under an Indenture of Trust dated as of June 1, 1999 (the "Original Indenture"), as amended and supplemented by a First Supplemental Indenture of Trust dated as of September 1, 2001 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture") by and between the Authority and LaSalle Bank National Association, as successor trustee (the "Trustee"), for the purpose of providing funds to provide financial assistance to the Chicago Park District in order to pay a portion of the costs of designing, developing, establishing, constructing, erecting, acquiring, readapting, repairing, reconstructing, renovating, remodeling, adding to, extending, improving, equipping, operating and maintaining certain lakefront facilities located in the City of Chicago and such other purposes as may be permitted under the Authority Act (as further defined herein, the "2001 Improvements"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

The Series 2001 Bonds which are Current Interest Bonds mature on June 15 of each of the years, in the respective principal amount and bear interest at the respective rate per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2032	\$187,835,000	5%

The Series 2001 Bonds which are Conversion Bonds mature on June 15 of each of the years and in the respective total Accreted Value at the Conversion Date (as defined below) and are issuable in the respective original principal amount per \$5,000 Accreted Value at the Conversion Date as set forth below. The Series 2001 Bonds which are Conversion Bonds bear interest to be compounded semiannually at the respective approximate yield set forth below to June 15, 2010 (the "Conversion Date"). On and after the Conversion Date, the total Accreted Value of the Conversion Bonds at the Conversion Date of each maturity shall bear interest at the respective rate per annum as follows:

<u>Year</u>	<u>Original Principal Amount</u>	<u>Original Principal Amount Per \$5,000 Accreted Value at Conversion Date</u>	<u>Total Accreted Value at Conversion Date</u>	<u>Approximate Yield to Conversion Date</u>	<u>Interest Rate From and After Conversion Date</u>
2011	\$ 873,453.05	\$3,398.65	\$1,285,000	4.50%	4.50%
2012	903,146.60	3,369.95	1,340,000	4.60	4.60
2013	934,999.40	3,327.40	1,405,000	4.75	4.75
2014	969,994.20	3,299.30	1,470,000	4.85	4.85
2015	1,003,356.20	3,257.65	1,540,000	5.00	5.00
2016	1,046,601.00	3,230.25	1,620,000	5.10	5.10
2017	1,089,020.00	3,203.00	1,700,000	5.20	5.20
2018	1,141,841.00	3,189.50	1,790,000	5.25	5.25
2019	1,192,319.05	3,162.65	1,885,000	5.35	5.35
2020	1,250,291.95	3,149.35	1,985,000	5.40	5.40
2021	1,310,868.90	3,136.05	2,090,000	5.45	5.45
2022	1,377,176.85	3,122.85	2,205,000	5.50	5.50
2023	1,452,125.25	3,122.85	2,325,000	5.50	5.50
2030	126,622,198.952	3,122.85	202,735,000	5.50	5.50

The Series 2001 Bonds which are Capital Appreciation Bonds mature on June 15 of each of the years and in the respective total Accreted Value at maturity and are issuable in the respective original principal amount per \$5,000 Accreted Value at maturity as set forth below. The Series 2001 Bonds which are Capital Appreciation Bonds bear interest to be compounded semiannually at the respective interest rate necessary to produce the respective approximate yield to maturity as follows:

<u>Year</u>	<u>Original Principal Amount</u>	<u>Original Principal Amount Per \$5,000 Accreted Value at Maturity</u>	<u>Total Accreted Value at Maturity</u>	<u>Approximate Yield to Maturity</u>
2008	\$ 136,387.80	\$3,788.55	\$ 180,000.00	4.20%
2009	1,096,032.75	3,593.55	1,525,000.00	4.35
2010	2,010,315.90	3,413.10	2,945,000.00	4.45
2011	1,167,979.40	3,235.40	1,805,000.00	4.55
2012	2,044,714.60	3,060.95	3,340,000.00	4.65
2013	2,862,354.60	2,873.85	4,980,000.00	4.80
2014	3,624,700.80	2,696.95	6,720,000.00	4.93
2015	4,344,475.80	2,534.70	8,570,000.00	5.03
2016	5,016,736.00	2,377.60	10,550,000.00	5.13
2017	5,627,075.20	2,225.90	12,640,000.00	5.23
2018	3,628,577.40	1,220.10	14,870,000.00	8.64
2019	3,637,122.80	1,054.85	17,240,000.00	9.00
2020	3,817,434.40	965.95	19,760,000.00	9.00
2021	3,968,975.85	884.55	22,435,000.00	9.00
2022	4,095,360.00	810.00	25,280,000.00	9.00
2023	4,199,046.75	741.75	28,305,000.00	9.00
2024	4,280,633.50	679.25	31,510,000.00	9.00
2025	4,355,244.00	622.00	35,010,000.00	9.00
2026	10,082,480.50	1,304.50	38,645,000.00	5.52

From such examination of the proceedings of the Authority referred to above, we are of the opinion that such proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

We have also examined executed counterparts of the Original Indenture and the First Supplemental Indenture and in our opinion such instruments have been duly authorized, executed and delivered by the Authority, and assuming the due authorization, execution and

delivery of such instruments by, and the binding effect of such instrument on, the Trustee, the Indenture constitutes a valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by the availability of equitable remedies.

Subject to the annual filing of the certifications of the Chairman of the Authority pursuant to Section 8.25-4 of "An Act in relation to State finance," approved June 10, 1919, as amended (the "Finance Act"), in our opinion it is lawful for the General Assembly of the State of Illinois (the "General Assembly") to appropriate amounts deposited in the Illinois Sports Facilities Fund pursuant to Section 13.1 of "An Act in relation to State revenue sharing with local governmental entities," approved July 31, 1969, as amended and Section 6 of "The Hotel Operator's Occupation Tax Act," approved July 6, 1961, as amended, for payment to the Authority pursuant to Section 8.25-4 of the Finance Act for the Authority to pay principal of, including Sinking Fund Installments, and interest on the Series 2001 Bonds and to make Debt Service Reserve deposits or any payments to the Debt Service Reserve Fund Facility Provider required under the Indenture. It is further our opinion that the State Comptroller of the State of Illinois is required under the Finance Act to order paid, and the State Treasurer of the State of Illinois (the "State Treasurer") is required to pay to the Trustee as designee of the Authority all amounts so appropriated, up to the amount permitted pursuant to Section 8.25-4 of the Finance Act, provided that those amounts which the General Assembly does not so appropriate may not be paid to the Trustee by the State Treasurer.

We further certify that we have examined a specimen Series 2001 Bond and find the same in due form of law, and in our opinion the Series 2001 Bonds, to the amount named, are valid and legally binding upon the Authority according to the import thereof and as provided in the Indenture, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by the availability of equitable remedies, and are payable by the Authority from the Revenues and are entitled to the benefits of the Indenture.

It is our opinion that, subject to the condition that the Authority, the Chicago Park District, the Chicago Bears Football Club, Inc., and other parties to the Arbitrage and Tax Regulatory Agreement dated the date hereof and the various Project Certificates dated the date hereof and delivered in connection with the Series 2001 Bonds comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under present law, the Series 2001 Bonds are not "private activity bonds" under the Code, and interest on the Series 2001 Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2001 Bonds will not be included

Illinois Sports Facilities Authority

October 12, 2001

Page 5

as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2001 Bonds will be included in "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax for such corporations. Failure to comply with certain of these covenants could cause interest on the Series 2001 Bonds to be included in gross income retroactive to the date of issuance of the Series 2001 Bonds. Ownership of the Series 2001 Bonds may result in other federal tax consequences to certain taxpayers. We express no opinion regarding any such collateral consequences arising with respect to the Series 2001 Bonds. In rendering our opinion on tax exemption, we have relied upon certifications of the Authority, the Chicago Park District, the Chicago Bears Football Club, Inc., and certain other parties with respect to certain matters solely within their knowledge relating to the facilities to be financed with the Series 2001 Bonds, the application of the proceeds of the Series 2001 Bonds and certain other matters pertinent to the tax-exempt status of the Series 2001 Bonds.

It is further our opinion that under the laws of the State of Illinois, as presently enacted and construed, interest on the Series 2001 Bonds is exempt from taxation under the Illinois Income Tax Act or from taxation by any political subdivisions, municipal corporations or public agencies of any kind of the State of Illinois; however, we express no opinion as to the applicability of any estate, transfer and inheritance taxes.

Very truly yours,

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APPENDIX D

FORM OF BOND INSURANCE/CREDIT ENHANCEMENT

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.


In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and therefore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.


This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President





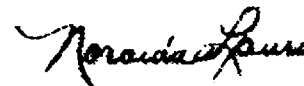
Secretary

Effective Date:

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Representative



Authorized Officer of Insurance Trustee

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12**

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Illinois Sports Facilities Authority, a political subdivision, unit of local government, body politic and municipal corporation existing under the laws of the State of Illinois (the “Authority”) in connection with the issuance of \$398,998,040.45 principal amount of the Authority’s Sports Facilities Bonds (State Tax Supported) Series 2001 (the “Series 2001 Bonds”). The Series 2001 Bonds are being issued pursuant to a resolution adopted by the Board of the Authority on August 14, 2001 (the “Bond Resolution”), and an Indenture of Trust dated as of June 1, 1999 (the “Original Indenture”) between the Authority and American National Bank and Trust Company of Chicago as trustee (the “Original Trustee”) as amended and supplemented by the First Supplemental Indenture dated as of September 1, 2001 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”) between the Authority and LaSalle Bank National Association, as successor to the Original Trustee (the “Trustee”). All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

In consideration of the issuance of the Series 2001 Bonds by the Authority and the purchase of the Series 2001 Bonds by the beneficial owners thereof, the Authority covenants and agrees as follows:

1. **PURPOSE OF THE UNDERTAKING.** This Undertaking is executed and delivered by the Authority as of the date set forth below, for the benefit of the beneficial owners of the Series 2001 Bonds and in order to assist the Participating Underwriters (as defined below) in complying with the requirements of the Rule (as defined below). The Authority represents that it will be the only obligated person with respect to the Series 2001 Bonds at the time the Series 2001 Bonds are delivered to the Participating Underwriters and that except as described in the Final Official Statement referred to in Section 3 hereof, no other person is expected to become so committed at any time after the issuance of the Series 2001 Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“Annual Financial Information” means the financial information and operating data described in Exhibit I.

“Annual Financial Information Disclosure” means the dissemination of the Authority’s Annual Financial Information and its Audited Financial Statements as set forth in Section 4.

“Audited Financial Statements” means the audited financial statements of the Authority as audited by independent and certified public accountants and as described in Exhibit I.

“Event” means the occurrence of any of the events set forth in Exhibit II.

“Material Event” means the occurrence of an Event that is material, as materiality is interpreted under the 1934 Act.

“Material Events Disclosure” means dissemination of a notice of a Material Event as set forth in Section 5.

“MSRB” means the Municipal Securities Rulemaking Board.

“1934 Act” means the Securities Exchange Act of 1934, as amended.

“NRMSIRs” means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the SEC for purposes of the Rule. As of the date of this Undertaking, the NRMSIRs approved by the SEC are set forth in Exhibit III.

“Participating Underwriters” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Series 2001 Bonds.

“Rule” means Rule 15c-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

“SID” means any public or private repository designated by the State as the state repository and recognized as such by the SEC for purposes of the Rule. As of the date of this Undertaking, there is no SID.

“State” means the State of Illinois.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The Final Official Statement relating to the Series 2001 Bonds is dated October 4, 2001 (the “Final Official Statement”). The CUSIP Numbers of the Series 2001 Bonds are set forth in Exhibit IV.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Undertaking, the Authority hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to each NRMSIR and to the SID, if any. The Authority is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Authority shall disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made (or any notice or supplement provided to each NRMSIR and SID, if any) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. **EVENTS NOTIFICATION; MATERIAL EVENTS DISCLOSURE.** The Authority hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2001 Bonds or defeasance of any Series 2001 Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the registered owners pursuant to the Indenture

6. **DUTY TO UPDATE NRMSIRs/SID.** The Authority shall determine, in the manner it deems appropriate, the names and addresses of the then-existing NRMSIRs and SID each time it is required to file information with such entities.

7. **CONSEQUENCES OF FAILURE OF THE AUTHORITY TO PROVIDE INFORMATION.** The Authority shall give notice in a timely manner to each NRMSIR or the MSRB and to the SID, if any, of any failure to provide Annual Financial Information and Audited Financial Statements when the same are due hereunder.

If the Authority fails to comply with any provision of this Undertaking, the beneficial owner of any Series 2001 Bond may seek mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed a default under the Series 2001 Bonds or the Indenture, and the sole remedy under this Undertaking in the event of any failure of the Authority to comply with this Undertaking shall be an action to compel performance.

8. **AMENDMENTS; WAIVER.** Notwithstanding any other provision of this Undertaking, the Authority, by resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; or

(b) this 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; or

(c) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2001 Bonds, as determined by parties unaffiliated with the Authority (such as bond counsel), at the time of the amendment; or

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

9. **TERMINATION OF UNDERTAKING.** The Undertaking of the Authority shall be automatically terminated hereunder if the Authority shall no longer have any legal liability for any obligation on or relating to payment of the Series 2001 Bonds under the Indenture. If this Section is applicable, the Authority shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

10. **DISSEMINATION AGENT.** The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such agent with or without appointing a successor dissemination agent.

11. **ADDITIONAL INFORMATION.** Nothing in this Undertaking shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or Material Event Disclosure, in addition to that which is required by this Undertaking. If the Authority chooses to include any other information in any Annual Financial Information Disclosure or Material Event Disclosure in addition to that which is specifically required by this Undertaking, the Authority shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Material Event Disclosure.

12. **BENEFICIARIES.** This Undertaking has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Authority and the beneficial owners of the Series 2001 Bonds, and shall create no rights in any other person or entity.

13. **ASSIGNMENT.** The Authority shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Authority under this Undertaking or to execute an Undertaking under the Rule.

14. **GOVERNING LAW.** This Undertaking shall be governed by the internal laws of the State.

Dated: October 12, 2001

ILLINOIS SPORTS FACILITIES AUTHORITY

By: _____
Its: Chairman

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

Annual Financial Information means financial and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to each NRMSIR and to the SID, if any, or filed with the SEC. If the information included by reference is contained in a final official statement, the final official statement shall have been submitted by the Authority to the MSRB. The Authority shall clearly identify each such item of information included by reference.

1. Annual Financial Information:

(a) Annual Financial Information means:

The information appearing in Tables I, II and III under the caption "SECURITY FOR THE BONDS" and in the financial history table under the caption "REVENUES AND EXPENSES OF THE AUTHORITY" in the Final Official Statement.

(b) Annual Financial Information will be provided to each NRMSIR and to the SID, if any, not more than 180 days after the end of each Fiscal Year.

(c) Audited Financial Statements as described in Part 2 are expected to be filed at the same time as the Annual Financial Information described in this Part 1. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be filed when available.

2. Audited Financial Statements:

(a) Audited Financial Statements means:

Annual audited combined general purpose financial statements of the Authority prepared in accordance with the requirements of the Indenture.

(b) Audited Financial Statements shall be provided to each NRMSIR and to the SID, if any, within 30 days after such Audited Financial Statements are available to the Authority.

EXHIBIT II

EVENTS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

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 security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

Note: Some of the foregoing events may not be applicable to the Series 2001 Bonds.

EXHIBIT III

NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION DEPOSITORIES

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-Mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market
Information)
Fax: (212) 771-7391 (Primary Market Information)
E-Mail: NRMSIR@FTID.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-Mail: nrmsir@dpcdata.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
E-Mail: nrmsir_repository@sandp.com

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Undertaking.

EXHIBIT IV

Illinois Sports Facilities Authority Sports Facilities Bonds (State Tax Supported) Series 2001

Series 2001 Bonds
(Maturing June 15)

CUSIP

CURRENT INTEREST BONDS

2032 452143 BY 5

CAPITAL APPRECIATION BONDS

2008 452143 BZ 2
2009 452143 CA 6
2010 452143 CB 4
2011 452143 CC 2
2012 452143 CD 0
2013 452143 CE 8
2014 452143 CF 5
2015 452143 CG 3
2016 452143 CH 1
2017 452143 CJ 7
2018 452143 CK 4
2019 452143 CL 2
2020 452143 CM 0

CONVERSION BONDS

2011 452143 BF 6
2012 452143 BG 4
2013 452143 BH 2
2014 452143 BJ 8
2015 452143 BK 5
2016 452143 BL 3
2017 452143 BM 1
2018 452143 BN 9
2019 452143 BP 4
2020 452143 BQ 2
2021 452143 BR 0
2022 452143 BS 8
2023 452143 BT 6
2024 452143 BU 3
2025 452143 BV 1
2026 452143 BW 9
2030 452143 BX 7

APPENDIX F
GLOBAL BOOK-ENTRY SYSTEM

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GLOBAL BOOK-ENTRY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system is based solely on information provided by DTC. Accordingly, no representation is made by the Authority, the Trustee or the Underwriters as to the completeness or accuracy of such information, or as to the absence of changes in such information subsequent to the date hereof.

Book-Entry Only System

DTC will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will initially be issued exclusively in “book-entry” form. Ownership of one fully registered Series 2001 Bond for each maturity of the Series 2001 Bonds, each in the initial aggregate principal amount of such maturity, will be initially registered in the name of “Cede & Co.,” as nominee of DTC. Individual purchases will be made in denominations of \$5,000 principal amount or integral multiples thereof. See “THE SERIES 2001 BONDS - General” above.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). The rules applicable to DTC and Direct Participants are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants are collectively referred to herein as “Participants.”

Purchases of Series 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2001 Bond (“*Beneficial Owner*”) is in turn to be recorded on the Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2001 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interests in Series 2001 Bonds, except in the event that use of the book-entry system for the Series 2001 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2001 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

When notices (redemption notices) are given to the Bondholders, they will be sent by the Trustee to DTC only (except as otherwise specifically provided in the Indenture). DTC is responsible for notifying Participants and Direct Participants or Indirect Participants are responsible for notifying the Beneficial Owners. If less than all of the Series 2001 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither the Trustee nor the Authority is responsible for sending notices to Beneficial Owners. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2001 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2001 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Participants.

For every transfer and exchange of the Series 2001 Bonds, the Trustee may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2001 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2001 Bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Underwriters believe to be reliable, but the Authority and the Underwriters take no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2001 BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2001 BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

So long as Cede & Co. is the registered owner of the Series 2001 Bonds, as nominee of DTC, reference herein to the Bond Owners of the Series 2001 Bonds will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the Series 2001 Bonds

Discontinuance of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued, the Trustee shall keep the registration books for the Series 2001 Bonds at its Designated Corporate Trust Office. Thereafter, payment, redemption, exchanges and transfers of the Series 2001 Bonds shall be effected as described herein, exclusive of book-entry procedures.

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APPENDIX G

**TABLE OF ACCRETED VALUES
FOR CAPITAL APPRECIATION BONDS**

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APPENDIX G

**TABLE OF ACCRETED VALUES
FOR CAPITAL APPRECIATION BONDS**

With respect to the Capital Appreciation Bonds due June 15, in each of the years indicated below, the Accreted Values per \$5,000 of maturity are shown for the dates indicated.

Maturity	6/15/08	6/15/09	6/15/10	6/15/11	6/15/12	6/15/13	6/15/14	6/15/15	6/15/16	6/15/17
10/12/01	3,788.55	3,593.55	3,413.10	3,235.40	3,060.95	2,873.85	2,696.95	2,534.70	2,377.60	2,225.90
12/15/01	3,816.24	3,620.76	3,439.53	3,260.99	3,085.70	2,897.82	2,720.08	2,556.88	2,398.80	2,246.12
06/15/02	3,896.38	3,699.52	3,516.06	3,335.18	3,157.44	2,967.36	2,787.13	2,621.18	2,460.33	2,304.86
12/15/02	3,978.20	3,779.98	3,594.29	3,411.05	3,230.85	3,038.58	2,855.83	2,687.10	2,523.43	2,365.13
06/15/03	4,061.74	3,862.20	3,674.26	3,488.66	3,305.97	3,111.51	2,926.23	2,754.69	2,588.16	2,426.98
12/15/03	4,147.04	3,946.20	3,756.02	3,568.02	3,382.83	3,186.18	2,998.36	2,823.97	2,654.55	2,490.45
06/15/04	4,234.13	4,032.03	3,839.59	3,649.20	3,461.48	3,262.65	3,072.27	2,894.99	2,722.64	2,555.57
12/15/04	4,323.05	4,119.72	3,925.02	3,732.22	3,541.96	3,340.96	3,148.00	2,967.80	2,792.47	2,622.40
06/15/05	4,413.83	4,209.33	4,012.35	3,817.12	3,624.31	3,421.14	3,225.60	3,042.44	2,864.10	2,690.97
12/15/05	4,506.52	4,300.88	4,101.62	3,903.96	3,708.58	3,503.25	3,305.11	3,118.95	2,937.56	2,761.34
06/15/06	4,601.16	4,394.43	4,192.89	3,992.78	3,794.80	3,587.32	3,386.58	3,197.40	3,012.91	2,833.55
12/15/06	4,697.78	4,490.00	4,286.18	4,083.61	3,883.03	3,673.42	3,470.06	3,277.81	3,090.19	2,907.65
06/15/07	4,796.43	4,587.66	4,381.55	4,176.52	3,973.31	3,761.58	3,555.60	3,360.25	3,169.46	2,983.69
12/15/07	4,897.16	4,687.44	4,479.03	4,271.53	4,065.69	3,851.86	3,643.24	3,444.76	3,250.75	3,061.71
06/15/08	5,000.00	4,789.40	4,578.69	4,368.71	4,160.22	3,944.30	3,733.05	3,531.39	3,334.13	3,141.77
12/15/08		4,893.56	4,680.57	4,468.10	4,256.94	4,038.97	3,825.07	3,620.21	3,419.65	3,223.93
06/15/09		5,000.00	4,784.71	4,569.75	4,355.92	4,135.90	3,919.35	3,711.26	3,507.37	3,308.24
12/15/09			4,891.17	4,673.71	4,457.19	4,235.16	4,015.97	3,804.59	3,597.33	3,394.75
06/15/10			5,000.00	4,780.03	4,560.82	4,336.81	4,114.96	3,900.28	3,689.60	3,483.52
12/15/10				4,888.78	4,666.86	4,440.89	4,216.39	3,998.37	3,784.24	3,574.61
06/15/11				5,000.00	4,775.36	4,547.47	4,320.33	4,098.93	3,881.31	3,668.09
12/15/11					4,886.39	4,656.61	4,426.82	4,202.02	3,980.86	3,764.01
06/15/12					5,000.00	4,768.37	4,535.95	4,307.70	4,082.97	3,862.44
12/15/12						4,882.81	4,647.76	4,416.04	4,187.70	3,963.44
06/15/13						5,000.00	4,762.32	4,527.10	4,295.12	4,067.08
12/15/13							4,879.72	4,640.96	4,405.29	4,173.44
06/15/14							5,000.00	4,757.68	4,518.28	4,282.57
12/15/14								4,877.34	4,634.18	4,394.56
06/15/15								5,000.00	4,753.04	4,509.48
12/15/15									4,874.96	4,627.40
06/15/16									5,000.00	4,748.41
12/15/16										4,872.58
06/15/17										5,000.00

Maturity	6/15/18	6/15/19	6/15/20	6/15/21	6/15/22	6/15/23	6/15/24	6/15/25	6/15/26
10/12/01	1,220.10	1,054.85	965.95	884.55	810.00	741.75	679.25	622.00	1,304.50
12/15/01	1,238.34	1,071.27	981.00	898.33	822.63	753.30	689.82	631.69	1,317.01
06/15/02	1,291.84	1,119.48	1,025.14	938.75	859.64	787.20	720.86	660.12	1,353.36
12/15/02	1,347.64	1,169.86	1,071.27	981.00	898.33	822.63	753.30	689.82	1,390.71
06/15/03	1,405.86	1,222.50	1,119.48	1,025.14	938.75	859.64	787.20	720.86	1,429.10
12/15/03	1,466.60	1,277.51	1,169.86	1,071.27	981.00	898.33	822.63	753.30	1,468.54
06/15/04	1,529.95	1,335.00	1,222.50	1,119.48	1,025.14	938.75	859.64	787.20	1,509.07
12/15/04	1,596.05	1,395.08	1,277.51	1,169.86	1,071.27	981.00	898.33	822.63	1,550.72
06/15/05	1,665.00	1,457.85	1,335.00	1,222.50	1,119.48	1,025.14	938.75	859.64	1,593.52
12/15/05	1,736.92	1,523.46	1,395.08	1,277.51	1,169.86	1,071.27	981.00	898.33	1,637.50
06/15/06	1,811.96	1,592.01	1,457.85	1,335.00	1,222.50	1,119.48	1,025.14	938.75	1,682.70
12/15/06	1,890.23	1,663.65	1,523.46	1,395.08	1,277.51	1,169.86	1,071.27	981.00	1,729.14
06/15/07	1,971.89	1,738.52	1,592.01	1,457.85	1,335.00	1,222.50	1,119.48	1,025.14	1,776.86
12/15/07	2,057.08	1,816.75	1,663.65	1,523.46	1,395.08	1,277.51	1,169.86	1,071.27	1,825.91
06/15/08	2,145.94	1,898.50	1,738.52	1,592.01	1,457.85	1,335.00	1,222.50	1,119.48	1,876.30
12/15/08	2,238.65	1,983.94	1,816.75	1,663.65	1,523.46	1,395.08	1,277.51	1,169.86	1,928.09
06/15/09	2,335.36	2,073.21	1,898.50	1,738.52	1,592.01	1,457.85	1,335.00	1,222.50	1,981.30
12/15/09	2,436.25	2,166.51	1,983.94	1,816.75	1,663.65	1,523.46	1,395.08	1,277.51	2,035.99
06/15/10	2,541.49	2,264.00	2,073.21	1,898.50	1,738.52	1,592.01	1,457.85	1,335.00	2,092.18
12/15/10	2,651.28	2,365.88	2,166.51	1,983.94	1,816.75	1,663.65	1,523.46	1,395.08	2,149.92
06/15/11	2,765.82	2,472.35	2,264.00	2,073.21	1,898.50	1,738.52	1,592.01	1,457.85	2,209.26
12/15/11	2,885.30	2,583.60	2,365.88	2,166.51	1,983.94	1,816.75	1,663.65	1,523.46	2,270.24
06/15/12	3,009.95	2,699.86	2,472.35	2,264.00	2,073.21	1,898.50	1,738.52	1,592.01	2,332.90
12/15/12	3,139.98	2,821.36	2,583.60	2,365.88	2,166.51	1,983.94	1,816.75	1,663.65	2,397.28
06/15/13	3,275.63	2,948.32	2,699.86	2,472.35	2,264.00	2,073.21	1,898.50	1,738.52	2,463.45
12/15/13	3,417.13	3,080.99	2,821.36	2,583.60	2,365.88	2,166.51	1,983.94	1,816.75	2,531.44
06/15/14	3,564.75	3,219.64	2,948.32	2,699.86	2,472.35	2,264.00	2,073.21	1,898.50	2,601.31
12/15/14	3,718.75	3,364.52	3,080.99	2,821.36	2,583.60	2,365.88	2,166.51	1,983.94	2,673.10
06/15/15	3,879.40	3,515.93	3,219.64	2,948.32	2,699.86	2,472.35	2,264.00	2,073.21	2,746.88
12/15/15	4,046.99	3,674.14	3,364.52	3,080.99	2,821.36	2,583.60	2,365.88	2,166.51	2,822.70
06/15/16	4,221.82	3,839.48	3,515.93	3,219.64	2,948.32	2,699.86	2,472.35	2,264.00	2,900.60
12/15/16	4,404.20	4,012.26	3,674.14	3,364.52	3,080.99	2,821.36	2,583.60	2,365.88	2,980.66
06/15/17	4,594.46	4,192.81	3,839.48	3,515.93	3,219.64	2,948.32	2,699.86	2,472.35	3,062.92
12/15/17	4,792.94	4,381.48	4,012.26	3,674.14	3,364.52	3,080.99	2,821.36	2,583.60	3,147.46
06/15/18	5,000.00	4,578.65	4,192.81	3,839.48	3,515.93	3,219.64	2,948.32	2,699.86	3,234.33
12/15/18		4,784.69	4,381.48	4,012.26	3,674.14	3,364.52	3,080.99	2,821.36	3,323.60
06/15/19		5,000.00	4,578.65	4,192.81	3,839.48	3,515.93	3,219.64	2,948.32	3,415.33
12/15/19			4,784.69	4,381.48	4,012.26	3,674.14	3,364.52	3,080.99	3,509.59
06/15/20			5,000.00	4,578.65	4,192.81	3,839.48	3,515.93	3,219.64	3,606.46
12/15/20				4,784.69	4,381.48	4,012.26	3,674.14	3,364.52	3,706.00
06/15/21				5,000.00	4,578.65	4,192.81	3,839.48	3,515.93	3,808.28
12/15/21					4,784.69	4,381.48	4,012.26	3,674.14	3,913.39
06/15/22					5,000.00	4,578.65	4,192.81	3,839.48	4,021.40
12/15/22						4,784.69	4,381.48	4,012.26	4,132.39
06/15/23						5,000.00	4,578.65	4,192.81	4,246.44
12/15/23							4,784.69	4,381.48	4,363.65
06/15/24							5,000.00	4,578.65	4,484.08
12/15/24								4,784.69	4,607.84
06/15/25								5,000.00	4,735.02
12/15/25									4,865.71
06/15/26									5,000.00

APPENDIX H

**TABLE OF ACCRETED VALUES
FOR CONVERSION BONDS**

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APPENDIX H

TABLE OF ACCRETED VALUES FOR CONVERSION BONDS

With respect to the Conversion Bonds due June 15, in each of the years indicated below, the Accreted Values per \$5,000 of maturity are shown for the dates indicated.

Maturity	06/15/11	6/15/12	6/15/13	6/15/14	06/15/15	6/15/16	6/15/17
10/12/01	3,398.65	3,369.95	3,327.40	3,299.30	3,257.65	3,230.25	3,203.00
12/15/01	3,425.26	3,396.91	3,354.85	3,327.12	3,285.98	3,258.84	3,231.95
06/15/02	3,502.33	3,475.04	3,434.53	3,407.80	3,368.12	3,341.95	3,315.98
12/15/02	3,581.13	3,554.97	3,516.10	3,490.44	3,452.33	3,427.17	3,402.20
06/15/03	3,661.71	3,636.73	3,599.61	3,575.09	3,538.64	3,514.56	3,490.66
12/15/03	3,744.10	3,720.38	3,685.10	3,661.78	3,627.10	3,604.18	3,581.41
06/15/04	3,828.34	3,805.94	3,772.62	3,750.58	3,717.78	3,696.09	3,674.53
12/15/04	3,914.47	3,893.48	3,862.22	3,841.53	3,810.72	3,790.34	3,770.07
06/15/05	4,002.55	3,983.03	3,953.95	3,934.69	3,905.99	3,886.99	3,868.09
12/15/05	4,092.61	4,074.64	4,047.85	4,030.10	4,003.64	3,986.11	3,968.66
06/15/06	4,184.69	4,168.36	4,143.99	4,127.83	4,103.73	4,087.75	4,071.84
12/15/06	4,278.85	4,264.23	4,242.41	4,227.93	4,206.33	4,191.99	4,177.71
06/15/07	4,375.12	4,362.31	4,343.17	4,330.46	4,311.48	4,298.89	4,286.33
12/15/07	4,473.56	4,462.64	4,446.32	4,435.48	4,419.27	4,408.51	4,397.78
06/15/08	4,574.22	4,565.28	4,551.92	4,543.04	4,529.75	4,520.93	4,512.12
12/15/08	4,677.14	4,670.28	4,660.03	4,653.20	4,643.00	4,636.21	4,629.43
06/15/09	4,782.37	4,777.70	4,770.70	4,766.04	4,759.07	4,754.43	4,749.80
12/15/09	4,889.98	4,887.59	4,884.00	4,881.62	4,878.05	4,875.67	4,873.29
06/15/10	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00

Maturity	6/15/18	06/15/19	6/15/20	6/15/21	6/16/22	06/15/23	6/15/30
10/12/01	3,189.50	3,162.65	3,149.35	3,136.05	3,122.85	3,122.85	3,122.85
12/15/01	3,218.59	3,192.05	3,178.87	3,165.74	3,152.67	3,152.67	3,152.67
06/15/02	3,303.08	3,277.44	3,264.70	3,252.01	3,239.37	3,239.37	3,239.37
12/15/02	3,389.79	3,365.11	3,352.84	3,340.63	3,328.45	3,328.45	3,328.45
06/15/03	3,478.77	3,455.13	3,443.37	3,431.66	3,419.99	3,419.99	3,419.99
12/15/03	3,570.09	3,547.55	3,536.34	3,525.17	3,514.04	3,514.04	3,514.04
06/15/04	3,663.80	3,642.45	3,631.82	3,621.23	3,610.67	3,610.67	3,610.67
12/15/04	3,759.98	3,739.88	3,729.88	3,719.91	3,709.97	3,709.97	3,709.97
06/15/05	3,858.68	3,839.93	3,830.59	3,821.28	3,811.99	3,811.99	3,811.99
12/15/05	3,959.97	3,942.64	3,934.02	3,925.41	3,916.82	3,916.82	3,916.82
06/15/06	4,063.92	4,048.11	4,040.23	4,032.37	4,024.53	4,024.53	4,024.53
12/15/06	4,170.59	4,156.40	4,149.32	4,142.26	4,135.21	4,135.21	4,135.21
06/15/07	4,280.07	4,267.58	4,261.35	4,255.13	4,248.92	4,248.92	4,248.92
12/15/07	4,392.42	4,381.74	4,376.41	4,371.09	4,365.77	4,365.77	4,365.77
06/15/08	4,507.72	4,498.95	4,494.57	4,490.20	4,485.83	4,485.83	4,485.83
12/15/08	4,626.05	4,619.30	4,615.92	4,612.55	4,609.19	4,609.19	4,609.19
06/15/09	4,747.49	4,742.86	4,740.55	4,738.25	4,735.94	4,735.94	4,735.94
12/15/09	4,872.11	4,869.73	4,868.55	4,867.36	4,866.18	4,866.18	4,866.18
06/15/10	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00







DO NOT STAPLE THIS FORM

05-130558

MSRB

FORM G-36(OS) - FOR OFFICIAL STATEMENTS

SECTION I - MATERIALS SUBMITTED

A. THIS FORM IS SUBMITTED IN CONNECTION WITH (check one):

1. A FINAL OFFICIAL STATEMENT RELATING TO A PRIMARY OFFERING OF MUNICIPAL SECURITIES (enclose two (2) copies)

(a) DATE RECEIVED FROM ISSUER: 10/11/01 (b) DATE SENT TO MSRB: 10/11/01

2. AN AMENDED OFFICIAL STATEMENT WITHIN THE MEANING OF RULE G-36(d) (enclose two (2) copies)

(a) DATE RECEIVED FROM ISSUER: (b) DATE SENT TO MSRB:

B. IF MATERIALS SUBMITTED WITH THIS FORM CONSIST OF MORE THAN ONE DOCUMENT (e.g., preliminary official statement and wrap, even if physically attached), PLEASE CHECK HERE:

C. IF THIS FORM AMENDS PREVIOUSLY SUBMITTED FORM WITHOUT CHANGING MATERIALS SUBMITTED, PLEASE CHECK HERE (include copy of original Form G-36(OS)):

SECTION II - IDENTIFICATION OF ISSUE(S)

Each issue must be listed separately. If more space is needed to list additional issues, please include on separate sheet and check here:

A. NAME OF ISSUER: Illinois Sports Facilities Authority STATE: IL

DESCRIPTION OF ISSUE: Sports Facilities Bonds, Series 2001 Chicago, Illinois Lakefront and Stadium Improvement Project (State Tax Supported) DATED: 10/12/01

B. NAME OF ISSUER: STATE: DESCRIPTION OF ISSUE: DATED: DATE:

C. NAME OF ISSUER: STATE: DESCRIPTION OF ISSUE: DATED: DATE:

SECTION III - TRANSACTION INFORMATION

A. LATEST FINAL MATURITY DATE OF ALL SECURITIES IN OFFERING: 6/15/2032

B. DATE OF FINAL AGREEMENT TO PURCHASE, OFFER OR SELL SECURITIES (Date of Sale): 10/14/2001

C. ACTUAL OR EXPECTED DATE OF DELIVERY OF SECURITIES TO UNDERWRITER(S) (Bond Closing): 10/12/2001

D. IF THESE SECURITIES ADVANCE REFUND ALL OR A PORTION OF ANOTHER ISSUE, PLEASE CHECK HERE:

A separate Form G-36(ARD) and copies of the advance refunding documents must be submitted for each issue advance refunded.

SECTION IV - UNDERWRITING ASSESSMENT INFORMATION

This information will be used by the MSRB to compute any rule A-13 underwriting assessment that may be due on this offering. The managing underwriter will be sent an invoice if a rule A-13 assessment is due on the offering.

A. MANAGING UNDERWRITER: George K. Baum & Company SEC REG. NUMBER: 8-47195

B. TOTAL PAR VALUE OF ALL SECURITIES IN OFFERING: \$ 398,998,040.45

C. PAR AMOUNT OF SECURITIES UNDERWRITTEN (if different from amount shown in item B above): \$

D. CHECK ALL THAT APPLY:

1. At the option of the holder thereof, all securities in this offering may be tendered to the issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity, earlier redemption, or purchase by the issuer or its designated agent.

2. At the option of the holder thereof, all securities in this offering may be tendered to the issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every two years until maturity, earlier redemption, or purchase by the issuer or its designated agent.

3. This offering is exempt from SEC Rule 15c2-12 under section (d)(1)(i) of that rule. Section (d)(1)(i) of SEC Rule 15c2-12 states that an offering is exempt from the requirements of the rule if the securities offered have authorized denominations of \$100,000 or more and are sold to no more than 35 persons each of whom the participating underwriter believes: (1) has the knowledge and expertise necessary to evaluate the merits and risks of the investment; and (2) is not purchasing for more than one account, or with a view toward distributing the securities.

SECTION V - CUSIP INFORMATION

MSRB rule G-34 requires that CUSIP numbers be assigned to each new issue of municipal securities unless the issue is ineligible for CUSIP number assignment under the eligibility criteria of the CUSIP Service Bureau.

A. CUSIP-9 NUMBERS OF ISSUE(S)

Maturity Date	CUSIP Number	Maturity Date	CUSIP Number	Maturity Date	CUSIP Number
6/15/82	452143B45	6/15/84	452143CR9	6/15/88	452143BN9
08	BZ2	25	CS7	19	BP4
09	CAL	26	CTS		
10	CIS4	6/15/11	452143BF6	20	BQ2
11	CC3	12	BG4	21	BR0
12	CD0	13	BH2	22	BS8
13	CEP	14	BJ8	23	BT6
14	CF5	15	BK5	30	BX7
15	CG3	16	BL3		
16	CH1	17	BM1		
17	CI7				
18	CK4				
19	CL2				
20	CM0				
21	CN7				
22	CP3				
23	CA1				

B. IF ANY OF THE ABOVE SECURITIES HAS A "CUSIP-6" BUT NO "CUSIP-9", CHECK HERE AND LIST THEM BELOW:

(Please see instructions in Form G-36 Manual)

LIST ALL CUSIP-6 NUMBERS ASSIGNED: _____

State the reason why such securities have not been assigned a "CUSIP-9": _____

C. IF ANY OF THESE SECURITIES IS INELIGIBLE FOR CUSIP NUMBER ASSIGNMENT, PLEASE CHECK HERE:

State the reason why such securities are ineligible for CUSIP number assignment: _____

SECTION VI - MANAGING UNDERWRITER'S CERTIFICATION AND SIGNATURE

THE UNDERSIGNED CERTIFIES THAT THE MATERIALS ACCOMPANYING THIS FORM ARE AS DESCRIBED IN SECTION I ABOVE AND THAT ALL OTHER INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGES THAT SAID MATERIALS WILL BE PUBLICLY DISSEMINATED.

