Metropolitan Pier and Exposition Authority (Illinois)

$100,740,000* McCormick Place Expansion Project Refunding Bonds, Series 1998A
$100,000,000* McCormick Place Expansion Project Bonds, Series 1998B

Dated: Delivery Date

Due: as shown on inside cover

Subject to compliance by the Authority with certain covenants, in the opinion of Alzheimer & Gray, Chicago, Illinois, and Sanchez & Daniels, Chicago, Illinois, Co-Bond Counsel, under present law interest on the Series 1998 Bonds will not be includible in gross income of the owners thereof for federal income tax purposes and therefore will be exempt from federal income taxation, except to the extent that such interest will be taken into account in computing the corporate alternative minimum tax and the branch profits tax. Interest on the Series 1998 Bonds will not be treated as an item of tax preference in computing the corporate alternative minimum tax for individuals and corporations. See the caption "TAX EXEMPTION" herein for a more detailed discussion of some of the federal tax consequences of owning the Series 1998 Bonds. The interest on the Series 1998 Bonds is not exempt from present Illinois income taxes.

The McCormick Place Expansion Project Refunding Bonds, Series 1998A (the "Series 1998A Bonds") and the McCormick Place Expansion Project Bonds, Series 1998B (the "Series 1998B Bonds") and, together with the Series 1998A Bonds, the "Series 1998 Bonds") are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 1998 Bonds. Purchasers of the Series 1998 Bonds will not receive certificates representing their interests in the Series 1998 Bonds purchased. Ownership by the beneficial owners of the Series 1998 Bonds will be evidenced by book-entry only. Principal and redemption price of and interest on the Series 1998 Bonds will be paid by Seaway National Bank of Chicago, as Paying Agent to DTC, which in turn will remit such principal, interest and redemption price payments to its participants for subsequent disbursement to the beneficial owners of the Series 1998 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 1998 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "THE SERIES 1998 BONDS — DTC Global Book-Entry System."

The Series 1998 Bonds will be issued as Current Interest Bonds as described on the inside cover page. The Series 1998 Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Series 1998 Bonds will be payable semiannually on June 15 and December 15 of each year, commencing December 15, 1998.

The Series 1998 Bonds are subject to mandatory redemption prior to maturity as set forth herein. The Series 1998 Bonds are not subject to optional redemption by the Authority prior to maturity.

The Series 1998 Bonds will be issued pursuant to an Indenture of Trust dated as of December 15, 1992, as amended and supplemented (the "Indenture"), between the Metropolitan Pier and Exposition Authority (Illinois) (the "Authority") and Amalgamated Bank of Chicago, Chicago, Illinois, as trustee (the "Trustee"). The Series 1998 Bonds are secured and payable on a parity basis under the Indenture with the Authority's previously issued and outstanding Series 1996A Bonds, Series 1994 Bonds and Series 1992A Bonds. The Series 1998A Bonds are being issued solely to refund certain outstanding Series 1994 Bonds and Series 1992A Bonds. The Series 1998B Bonds are being issued solely to finance certain improvements as described herein. The Series 1998 Bonds, together with the Series 1996A Bonds, the Series 1994 Bonds and the Series 1992A Bonds that are not refunded, and any parity bonds hereafter issued (the "Additional Bonds"), which, together with the Series 1998 Bonds and the Series 1996A Bonds, the Series 1994 Bonds and the Series 1992A Bonds that are not refunded, are sometimes called the "Bonds") are special, limited obligations of the Authority payable from and secured by a pledge of Revenues (as defined in the Indenture), including amounts received by the Trustee from the McCormick Place Expansion Project Fund (the "Expansion Project Fund"), which is a separate fund in the State Treasury, and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of Illinois, moneys on deposit in the Expansion Project Fund and requested by the Authority are to be used only for the payment of the debt service on and maintenance of reserve funds in respect of the Bonds and may be invested by the Authority pending application to pay such debt service. See "SECURITY AND SOURCES OF PAYMENT." Subject to the foregoing, neither the full faith and credit nor the taxing power of the State of Illinois, the Authority or any other political subdivision thereof, will be pledged to the payment of the principal of, premium, if any, or interest on, the Series 1998 Bonds.

Payment of the principal of and interest on the Series 1998 Bonds when due will be guaranteed by a municipal bond insurance policy issued simultaneously with the delivery of the Series 1998 Bonds by Financial Guaranty Insurance Company.

Financial Guaranty Insurance
Company

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

A detailed schedule of the maturities, principal amounts, interest rates and prices or yields of the Series 1998 Bonds is set forth on the inside cover page.

The Series 1998 Bonds are offered in book-entry only form when, as and if issued and received, subject to the approving legal opinions of Alzheimer & Gray, Chicago, Illinois, and Sanchez & Daniels, Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its General Counsel, Renée C. Benjamin, Esq., Chicago, Illinois and by its special counsel, Mayer, Brown & Platt, Chicago, Illinois, and for the Underwriters by Jenner & Block, Chicago, Illinois, and Rodriguez & Villalobos, Chicago, Illinois. It is expected that the Series 1998 Bonds will be available for delivery through DTC on or about September 2, 1998.

Salomon Smith Barney

Artemis Capital Group, Inc.  George K. Baum & Co.  Bear, Stearns & Co., Inc.  Lehman Brothers

Dated: August 13, 1998

*Aggregate original principal amount.
Detailed schedule of the principal amounts, maturities, interest rates and prices or yields of the Series 1998 Bonds

$200,740,000* CURRENT INTEREST BONDS

SERIES 1998A BONDS AND SERIES 1998B BONDS

$72,340,000* Serial Bonds

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<td>$2,365,000</td>
<td>2005</td>
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<td>4.325%</td>
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<td>3,325,000</td>
<td>2006</td>
<td>5.50</td>
<td>4.45</td>
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<tr>
<td>4,085,000</td>
<td>2007</td>
<td>5.50</td>
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<tr>
<td>685,000</td>
<td>2008</td>
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<td>4.58</td>
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<tr>
<td>7,580,000</td>
<td>2009</td>
<td>5.50</td>
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<td>4,505,000</td>
<td>2010</td>
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<tr>
<td>4,750,000</td>
<td>2011</td>
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<td>8,645,000</td>
<td>2012</td>
<td>5.50</td>
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<td>5,255,000</td>
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<td>5,850,000</td>
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<td>6,170,000</td>
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<td>6,510,000</td>
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<td>6,870,000</td>
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$49,370,000* 5.50% Term Bonds Due December 15, 2023 Yield 5.02%

SERIES 1998B BONDS

$79,030,000* 5.50% Term Bonds Due June 15, 2029; Yield 5.04%

* Aggregate original principal amount.
† Not reoffered.
METROPOLITAN PIER AND EXPOSITION AUTHORITY
MEMBERS OF THE BOARD

Kelly R. Welsh
Chairman

James B. Bolin
Carmen P. Caldero
Guy J. Chipparoni
Patrick F. Daly,
Vice-Chairman
Earnest Gates
Isaac S. Goldman

James C. Kenny
James S. Montana, Jr.
John Phelan
John T. Ruel
William P. Tuggle,
Secretary-Treasurer
Marion Kennedy Volini

CHIEF EXECUTIVE OFFICER

James R. Reilly

CHIEF FINANCIAL OFFICER

Greg Grosvenor

GENERAL COUNSEL

Renée C. Benjamin, Esq.

AUTHORITY SPECIAL COUNSEL

Mayer, Brown & Platt
Chicago, Illinois

CO-BOND COUNSEL

Altheimer & Gray
Chicago, Illinois
Sanchez & Daniels
Chicago, Illinois

CO-FINANCIAL ADVISORS

Public Sector Group, Inc.
Chicago, Illinois

A.C. Advisory, Inc.
Chicago, Illinois
No dealer, broker, salesman or other person has been authorized by the Authority, the Co-Financial Advisors or the Underwriters to give any information or make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations 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 an offer to buy, nor shall there be any sale of the Series 1998 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the information contained herein since the date hereof.

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. When used in this Official Statement, the words “anticipate,” “estimate,” “expect” and similar expressions are intended to identify forward-looking statements. 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. The completion of various Authority construction projects is subject to the usual uncertainties associated with construction, including but not limited to delays in the issuance of necessary approvals or permits, strikes, shortages of materials and adverse weather conditions, and any such developments may adversely affect the Authority’s cost or time estimates. The Authority’s assumptions and expectations concerning the receipt in future years of the taxes that secure the Series 1998 Bonds are subject to various demographic, economic and technological uncertainties that may adversely affect the activities upon which such taxes are levied. Any statement concerning pending or proposed legislation is subject to the uncertainties of the legislative process.


In making an investment decision, investors must rely on their own examination of the Authority and the terms of the offering, including the merits and risks involved. 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.
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OFFICIAL STATEMENT

Metropolitan Pier and Exposition Authority (Illinois)
$100,740,000* McCormick Place Expansion Project Refunding Bonds, Series 1998A
$100,000,000* McCormick Place Expansion Project Bonds, Series 1998B

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and the Appendices hereto, is furnished by the Metropolitan Pier and Exposition Authority (the “Authority”) to provide information regarding the Authority’s $100,740,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 1998A (the “Series 1998A Bonds”) and $100,000,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1998B (the “Series 1998B Bonds” and, together with the Series 1998A Bonds, the “Series 1998 Bonds”).

The Series 1998 Bonds are to be issued pursuant to The Metropolitan Pier and Exposition Authority Act, as amended, 70 ILCS 210/1 et seq. (the “Act”), and pursuant to an ordinance adopted by the Board of the Authority on August 13, 1998 (the “Bond Ordinance”). The Bond Ordinance authorizes the issuance of the Series 1998 Bonds pursuant to an Indenture of Trust dated as of December 15, 1992 (the “Original Indenture”), between the Authority and Amalgamated Bank of Chicago, as trustee (the “Trustee”), as amended and supplemented by a First Supplemental Indenture of Trust dated as of December 15, 1992 (the “First Supplemental Indenture”), a Second Supplemental Indenture of Trust, dated as of May 15, 1994 (the “Second Supplemental Indenture”), a Third Supplemental Indenture of Trust, dated as of April 1, 1995 (the “Third Supplemental Indenture”), a Fourth Supplemental Indenture of Trust, dated as of September 15, 1996 (the “Fourth Supplemental Indenture”), and a Fifth Supplemental Indenture of Trust, dated as of August 15, 1998 (the “Fifth Supplemental Indenture”), each between the Authority and the Trustee (the Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, and as hereafter amended or supplemented as permitted thereby, being referred to, collectively, as the “Indenture”). Seaway National Bank of Chicago will serve as paying agent under the Indenture (the “Paying Agent”).

The Series 1998A Bonds and the Series 1998B Bonds are being offered to investors without regard to series designation; the different series designations reflect the different purposes for which the Series 1998A Bonds and the Series 1998B Bonds are being issued under the Act (as defined below). See the caption “TAX EXEMPTION” for a discussion of any significance of those series designations for federal tax law considerations. Certain capitalized terms used in this Official Statement and the Indenture are defined in APPENDIX B hereto and unless otherwise indicated shall have the respective meanings set forth therein.

* Aggregate original principal amount.
The Authority is a political subdivision, unit of local government, body politic and municipal corporation existing under the laws of the State, established for the purpose of promoting, operating and maintaining fairs, expositions, meetings and convention centers in Cook County, Illinois. The Authority operates and maintains McCormick Place, a trade fair and convention center located at 23rd Street and Lake Shore Drive in the City of Chicago, and Navy Pier, also located in Chicago directly east of Lake Shore Drive at Grand Avenue on Lake Michigan. In addition, the Authority owns an 800-room hotel and parking garage connected to the McCormick Place complex. See “THE AUTHORITY.”

In 1991, the Illinois General Assembly passed legislation (as thereafter amended, the “Authorizing Legislation”) which amended the Act and certain other statutes and authorized the issuance of bonds by the Authority to be secured by amounts appropriated from the McCormick Place Expansion Project Fund. See “SECURITY AND SOURCES OF PAYMENT.” Prior to 1998, the Act limited the aggregate original principal amount of such bonds (excluding the amount of any refunding bonds and notes) to $937,000,000. In 1998, the Illinois General Assembly passed amendments to the Act (the “1998 Amendments”) which increased this limitation to an aggregate original principal amount of $1,037,000,000.

Bonds secured by the McCormick Place Expansion Project Fund may be issued for the purposes of carrying out and performing the duties and exercising the powers of the Authority under the Act, including the financing of the McCormick Place Expansion Project (the “Expansion Project”), to finance other improvements to the grounds, buildings and facilities of the Authority, including Navy Pier, and to pay other costs. See “THE AUTHORITY -- Facilities.”

The Authorizing Legislation authorizes the Authority to impose certain local taxes within Cook County as sources for the payment of such bonds. The Authorizing Legislation also provides for deposits of State Sales Taxes into a separate fund in the State Treasury sufficient to pay debt service on such bonds. See “SECURITY AND SOURCES OF PAYMENT.”


The Authority is issuing the Series 1998A Bonds to refund in advance of their stated maturity $51,904,912.40 aggregate original principal amount of the Outstanding Series 1992A Bonds and $45,291,398.60 aggregate original principal amount of Series 1994 Bonds (the Series 1992A Bonds so
refunded and the Series 1994 Bonds so refunded being referred to herein as the "Refunded Bonds"). See "PLAN OF REFUNDING" and "THE AUTHORITY -- Facilities."

The proceeds of the Series 1998B Bonds, together with other Authority funds, are expected to be expended to fund the costs of land acquisition, design and construction of a new building that will contain six levels of parking, new office facilities for the Authority’s corporate staff, additional meeting rooms with support facilities such as food service and storage space, and above-ground connections to the McCormick Place Hotel and the South Building Grand Concourse. The proceeds of the Series 1998B Bonds are also expected to be expended under an intergovernmental agreement with the City of Chicago to fund the costs of land acquisition, design and construction of a dedicated bus lane, between Randolph Street and McCormick Place, which will be located along the railroad right-of-way west of Lake Shore Drive.

The Series 1998 Bonds and the Outstanding Series 1996A Bonds, the Series 1994 Bonds, the Series 1992A Bonds that are not Refunded Bonds, together with any parity bonds issued hereafter (the “Additional Bonds,” and together with such Series 1998 Bonds and the Outstanding Series 1996A Bonds, Series 1994 Bonds and Series 1992A Bonds that are not Refunded Bonds, sometimes called the “Bonds”) are special, limited obligations of the Authority payable from and secured on a parity basis under the Indenture by a pledge of Revenues, including amounts received by the Trustee from the McCormick Place Expansion Project Fund which is a separate fund in the State Treasury (the “Expansion Project Fund”), and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are to be derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of moneys on deposit in the Expansion Project Fund and requested by the Authority, such moneys are to be used only for the payment of the debt service on and maintenance of reserve funds in respect of the Bonds. Subject to the foregoing, neither the full faith and credit nor the taxing power of the State, the Authority or any other political subdivision thereof are pledged to payment of the principal of, premium, if any, or interest on the Bonds.

The payment of principal of, premium, if any, and interest on the Bonds is not dependent upon revenues derived from operations of McCormick Place or Navy Pier or from the operations of the Authority.

The Authority also has outstanding $326,400,000 principal amount of Dedicated State Tax Revenue Bonds (the “Authority’s Dedicated State Tax Revenue Bonds”) which are payable from moneys from time to time on deposit in the Metropolitan Fair and Exposition Authority Improvement Bond Fund in the State Treasury. The Authority’s Dedicated State Tax Revenue Bonds were issued to finance the McCormick Place facilities existing prior to the Expansion Project. See “THE AUTHORITY -- Facilities.”

The Authority also has outstanding $127,420,000 principal amount of McCormick Place Convention Center Hospitality Facilities Revenue Bonds, Series 1996A (the “Hotel Bonds”) that were issued in March 1996 to provide long-term financing for a hotel and parking garage connected to McCormick Place. See “THE AUTHORITY -- Facilities -- Hotel Project.” The Authority’s Dedicated State Tax Revenue Bonds and Hotel Bonds are payable from sources and secured by revenues separate and apart from the sources and Revenues that secure the Bonds. Also, during the fiscal year 1997, the Authority entered into a loan agreement with The Northern Trust Company to borrow up to $22 million to finance additional parking and retail space on Navy Pier. The loan has a term of up to 15 years and is secured by a pledge of certain Navy Pier revenues. As of June 30, 1998, the Authority had $12 million of the loan amount outstanding. The revenues pledged to secure such loan are separate and apart from the sources and Revenues that secure the Bonds.

This Official Statement contains descriptions of the security for the Bonds, the Authority, and the Expansion Project Fund, together with summaries of the terms of the Series 1998 Bonds and summaries of
certain provisions of the Act, the Authorizing Legislation, certain related laws and the Indenture. All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Bonds are further qualified by reference to the information with respect thereto contained in the Act, the Authorizing Legislation, the Bonds and the Indenture.

SECURITY AND SOURCES OF PAYMENT

The Bonds are special, limited obligations of the Authority payable from and secured by a pledge of Revenues, including amounts received by the Trustee from the Expansion Project Fund (a separate fund in the State Treasury), Bond proceeds and certain Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are to be derived from two sources: (1) Authority Taxes and (2) State Sales Tax Deposits. Payments to the Trustee from the Expansion Project Fund in any Fiscal Year are subject to annual appropriation by the State, and will be made pursuant to the Authority Annual Certificate, as discussed below. Payment of principal, premium, if any, and interest on the Bonds is not dependent upon revenue derived from operations of the Authority. The Bonds are not a debt of the State and the Act should not be construed as a State guarantee of the debts of the Authority.

Sources of Funds to the Expansion Project Fund

The Bonds are secured by the Revenues, including amounts received by the Trustee from the Expansion Project Fund. Under the Act, there are two sources of funds deposited to the Expansion Project Fund: (1) Authority Taxes and (2) State Sales Tax Deposits. For as long as the Bonds are Outstanding, such deposits to the Expansion Project Fund are required to be made monthly in the amounts described below, on the 20th day of each month, until 100% of each required annual amount has been deposited.

The Authorizing Legislation and the Indenture provide that for each Fiscal Year, the Chairman of the Authority is required to certify to the State Comptroller and the State Treasurer the amount required during such Fiscal Year to pay debt service (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on all outstanding bonds and notes, including any refunding bonds and notes, in an amount issued by the Authority pursuant to the Authorizing Legislation. The Authority Annual Certificate shall not certify an amount for any Fiscal Year exceeding the “Total Deposit” specified in the Authorizing Legislation for such Fiscal Year (see “State Sales Tax Deposits” below under this subsection).

(1) Authority Tax Deposits. The Act authorizes the Authority to impose the Authority Taxes to provide funds for payment of debt service on the Bonds and other specified purposes. Proceeds of the Authority Taxes, net of allowable collection expenses, are paid to the State Treasurer, ex officio, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury (the “Authority Tax Fund”). Subject to certain conditions and limitations, including an annual appropriation by the General Assembly of the amount requested in the Authority Annual Certificate from the Expansion Project Fund, certain moneys on deposit in the Authority Tax Fund are required to be transferred to the Expansion Project Fund (the “Authority Tax Deposits”). See “AUTHORITY TAXES -- The Authority Tax Fund.”

Beginning July 20 of each fiscal year, and continuing each month thereafter provided that the amount requested in the Authority Annual Certificate has been appropriated for payment to the Authority, 1/8th of the annual amount requested in the Authority Annual Certificate for debt service is required to be transferred from the Authority Tax Fund and deposited into the Expansion Project Fund until 100% of the annual
amount so requested, plus any cumulative deficiencies in amounts previously deposited into the Expansion Project Fund, have been so deposited.

(2) **State Sales Tax Deposits.** The Authorizing Legislation provides that portions of the aggregate collections of State Sales Taxes in each Fiscal Year (the “State Sales Tax Deposits”) shall be transferred monthly into the Expansion Project Fund. Monthly State Sales Tax Deposits into the Expansion Project Fund are required only to the extent that Authority Tax Deposits have not been sufficient to satisfy the requirements of the Authority Annual Certificate described below. Transfers of the State Sales Tax Deposits into the Expansion Project Fund are subject to prior claims for payment of State Sales Tax revenues into the Build Illinois Fund. See “THE STATE SALES TAX.”

The maximum amounts of State Sales Tax Deposits required to be deposited in the Expansion Project Fund in each Fiscal Year as specified in Section 8.25(f) of the State Finance Act, as amended, 30 ILCS 105/1 et seq. (the “Finance Act”) (the “Total Deposits”) are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$64,000,000</td>
</tr>
<tr>
<td>1998</td>
<td>68,000,000</td>
</tr>
<tr>
<td>1999</td>
<td>71,000,000</td>
</tr>
<tr>
<td>2000</td>
<td>75,000,000</td>
</tr>
<tr>
<td>2001</td>
<td>80,000,000</td>
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<tr>
<td>2002</td>
<td>84,000,000</td>
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<tr>
<td>2003</td>
<td>89,000,000</td>
</tr>
<tr>
<td>2004</td>
<td>93,000,000</td>
</tr>
<tr>
<td>2005</td>
<td>97,000,000</td>
</tr>
<tr>
<td>2006</td>
<td>102,000,000</td>
</tr>
<tr>
<td>2007 and thereafter as long as bonds remain outstanding but not after fiscal year 2029</td>
<td>106,000,000</td>
</tr>
</tbody>
</table>

**Authority Annual Certificate**

The Authorizing Legislation and the Indenture provide that for each Fiscal Year, the Chairman of the Authority is required to certify to the State Comptroller and the State Treasurer the amount necessary and required during such Fiscal Year to pay debt service (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on all outstanding bonds and notes, including any refunding bonds and notes, in an amount issued by the Authority pursuant to the Authorizing Legislation. The certificate of the Chairman of the Authority (the “Authority Annual Certificate”) shall not certify an amount for any Fiscal Year exceeding the “Total Deposit” specified in the Authorizing Legislation for such Fiscal Year (see “Sources of Funds to the Expansion Project Fund -- State Sales Tax Deposits” under this caption).

Pursuant to the Authority Annual Certificate, the State Treasurer is required to make monthly transfers of Authority Taxes from the Authority Tax Fund to the Expansion Project Fund in amounts equal to 1/8th of the annual amount certified until an amount equal to the full annual amount so certified (together with any cumulative deficiencies) has been transferred (see “AUTHORITY TAXES -- The Authority Tax Fund”). Such transfers in any Fiscal Year are conditioned upon the prior appropriation for such Fiscal Year by the State from the Expansion Project Fund of the full amount certified in the Authority Annual Certificate. To the extent the full amount of Authority Taxes required to be so transferred in any month is not so
transferred, the State Treasurer is required to transfer State Sales Tax Deposits to the Expansion Project Fund in an amount equal to any shortfall, provided that the Total Deposit limitation may not be exceeded in any Fiscal Year (see “Sources of Funds to the Expansion Project Fund - State Sales Tax Deposits” under this caption and “THE STATE SALES TAX”). The Authorizing Legislation requires the transfer of State Sales Tax Deposits to the Expansion Project Fund through fiscal year 2029 (so long as any bonds or notes remain outstanding) whether or not the State appropriates amounts from the Expansion Project Fund to the Trustee.

Payments from the Expansion Project Fund; Annual Appropriation

Payment of amounts in the Expansion Project Fund to the Trustee is subject to passage of an annual appropriation by the Illinois General Assembly and its approval by the Governor. The State has appropriated $69,453,677.85 from the Expansion Project Fund to the Authority for Fiscal Year 1999. This appropriation is sufficient to cover, together with other available funds, all payments of principal of and interest on the Bonds outstanding (excluding the Refunded Bonds), including the Series 1998 Bonds, during Fiscal Year 1999. The State is not legally obligated to appropriate any deposits in the Expansion Project Fund to the Authority or the Trustee. The Bonds are not secured by any pledge of or lien on amounts in the Expansion Project Fund.

The Authorizing Legislation provides that moneys in the Expansion Project Fund may be used only for the purpose of paying the debt service requirements, to the extent needed, on bonds payable out of amounts subject to appropriation out of the Expansion Project Fund. On the first day of each month through fiscal year 2029, the Act provides that the State Treasurer shall, subject to appropriation by the Illinois General Assembly, pay all amounts on deposit in the Expansion Project Fund to the Trustee until an amount equal to 100% of the amount certified in the Authority Annual Certificate for the applicable Fiscal Year has been so paid. Provided that all amounts requested in the Authority Annual Certificate have been paid to the Trustee, all amounts remaining in the Expansion Project Fund on the last day of any month shall be transferred to the General Revenue Fund of the State.

The Authority has covenanted in the Indenture not to assign or pledge or grant any lien on or security interest in the Revenues for any purpose other than as provided in the Indenture. Under the Indenture, Revenues are to be used by the Trustee to make all required monthly deposits in the Bond Fund before being available for other expenses and obligations of the Authority, including debt service on Subordinate Securities.

OTHER THAN THE REVENUES AND FUNDS HELD BY THE TRUSTEE, NO PROPERTY OF THE AUTHORITY AND NO MONEYS WHICH IT EXPECTS TO RECEIVE ARE PLEDGED OR ASSIGNED TO THE TRUSTEE AS SECURITY FOR PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. ACCORDINGLY, THE ABILITY OF THE AUTHORITY TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE PRIMARILY DEPENDS ON TIMELY APPROPRIATION OF THE EXPANSION PROJECT FUND MONEYS BY THE ILLINOIS GENERAL ASSEMBLY.

Although payments to the Trustee from the Expansion Project Fund are subject to annual appropriation by the State, no such appropriation is legally required for any payments of “surplus” revenues derived from Authority Taxes to the Authority or the Trustee directly from the Authority Tax Fund. See “AUTHORITY TAXES -- The Authority Tax Fund.”
State Pledge to and Agreement with Bondowners

Under the Authorizing Legislation, the State pledges to and agrees with the holders of the Bonds that the State will not limit or alter the rights and powers vested in the Authority by the Act or the basis on which State funds are to be paid to the Authority as provided in the Act or the use of those funds so as to impair the terms of any contract made by the Authority with those holders or in any way impair the rights and remedies of those holders until the Bonds, together with interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders are fully met and discharged; provided that any increase in the Tax Act Amounts specified in the State Sales Tax Acts required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund pursuant to any law which may be enacted shall not be deemed to impair the rights of such holders or the terms of any such contract so long as the increase does not result in the aggregate debt service payable in the current or any future Fiscal Year of the State on all bonds issued pursuant to the Build Illinois Bond Act and the Act and payable from State Sales Tax revenues exceeding 33-1/3% of such State Sales Tax revenues for the most recently completed Fiscal Year of the State at the time of such increase.

The Act authorizes the Authority to include such pledges and agreements with the State in any contract with the holders of the Bonds and the Authority has included such pledges and agreements in the Indenture.

The State shall not be liable on the Bonds, the Bonds shall not be a debt of the State, and the Act shall not be construed as a guarantee by the State of the debts of the Authority.

Issuance of Additional Bonds

Under the Act, the Authority may not issue more than $1,037,000,000 aggregate original principal amount of Bonds, other than refunding bonds and notes, payable from Expansion Project Fund moneys. Upon the issuance of the Series 1998 Bonds, the aggregate original principal amount of Bonds (other than refunding Bonds) issued for purposes of the Act and payable from Expansion Project Fund moneys will be $1,036,398,956.05. For purposes of the Act, the Series 1998A Bonds are being issued solely to advance refund the Refunded Bonds (and all of the proceeds therefrom shall be strictly limited to such purposes) and the principal amount of the Series 1998A Bonds is not counted against the $1,037,000,000 limitation. See “PLAN OF REFUNDING.” Under the Authorizing Legislation, the current maximum annual debt service on the Bonds and the maximum aggregate amounts of Expansion Project Fund moneys payable to the Authority or the Trustee for debt service on the Bonds in each future Fiscal Year may not exceed the respective amounts set forth as “Total Deposits” under the subcaption “Sources of Funds to the Expansion Project Fund -- State Sales Tax Deposits” above.

The Indenture does not limit the principal amount of Additional Bonds, such as the Series 1998 Bonds, which may be issued on a parity with the Outstanding Bonds if otherwise authorized by law. However, the Indenture requires satisfaction of the following requirements, among others, before the Authority may issue any Additional Bonds:

(1) The Authority and the Trustee execute and deliver a Supplemental Indenture providing for the issuance of the Additional Bonds and the terms and conditions thereof;

(2) The Chairman of the Authority certifies to the Trustee that no Event of Default under the Indenture has occurred and shall continue to exist immediately following the date of issuance of the Additional Bonds;
The Chairman of the Authority certifies that the amount of State Sales Tax Deposits which is authorized by law to be deposited in the Expansion Project Fund in each future Fiscal Year pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements for such Fiscal Year on all Outstanding Bonds (including the Additional Bonds to be issued); and

Bond Counsel or Independent Counsel provides an opinion stating, among other things, that subject to (a) annual appropriation by the Illinois General Assembly, (b) the Authority’s filing of required Authority Annual Certificates, and (c) compliance with the Additional Bonds test described in paragraph (3) above, the State Treasurer will be required to pay from the Expansion Project Fund to the Trustee the amounts required to be included in the Authority Annual Certificates for all Outstanding Bonds, including any Additional Bonds to be issued.

For purposes of complying with the Additional Bonds test described in paragraph (3) above, Adjusted Debt Service Requirements shall not include any amounts otherwise due or to become due on Outstanding Bonds which are to be refunded and no longer Outstanding as a result of the Additional Bonds proposed to be issued.

The Authority may issue Subordinate Securities payable from and secured by a lien, claim and charge which is junior and subordinated to the lien, claim and charge on the Revenues and the remainder of the Trust Estate securing any Outstanding Bonds. The issuance of Subordinate Securities is not limited by the requirements of the Indenture set forth above.

The Authority may also issue refunding Bonds, such as the Series 1998A Bonds, without complying with the requirements set forth above. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Refunding Bonds."

**Debt Service Reserve Fund**

The Indenture establishes a Debt Service Reserve Fund and authorizes the establishment of various accounts therein. There is presently on deposit in the Debt Service Reserve Fund a Debt Service Reserve Fund Policy (1994) (sometimes referred to as the "Reserve Policy (1994)") issued by Financial Guaranty Insurance Company on June 23, 1994 in the principal amount of $46,499,912.50 which secures all Bonds now or hereafter Outstanding under the Indenture. The Indenture requires as a condition to the issuance of any series of Additional Bonds, including the Series 1998 Bonds, that there shall be deposited into the Debt Service Reserve Fund an additional amount equal to the "Reserve Requirement" for such Series of Additional Bonds. See "APPENDIX B -- DEFINITION OF CERTAIN TERMS." The Reserve Requirement for the Series 1998 Bonds (which will also be initially satisfied by a Debt Service Reserve Policy issued by Financial Guaranty Insurance Company) is $6,500,000, which is the amount that, when added to the amount of the Reserve Policy (1994), equals the lesser of:

1. the amount necessary to cause the resulting amount in the Debt Service Reserve Fund to equal 50% of the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all then Outstanding Bonds (including any Bonds then proposed to be issued); or

2. an amount equal to 10% of the lesser of (i) the original principal amount of such Bonds proposed to be issued or (ii) the "issue price" of such Bonds proposed to be issued, determined as required by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") plus the amount on deposit in the Debt Service Reserve Fund as of the date of the calculation; or
(3) the maximum amount permitted under Section 148 of the Code to be derived from the proceeds of the Bonds proposed to be issued and held in the Debt Service Reserve Fund.

The Indenture provides that the calculation of the maximum amount of interest to become due on Variable Rate Bonds and Adjustable Rate Bonds shall be based on the methodology specified in the definition of Adjusted Debt Service Requirements (see “APPENDIX B -- DEFINITIONS OF CERTAIN TERMS”); and provided further that the calculation of the maximum amount of principal and interest to become due on a series of Bonds shall exclude the principal amount of such Bonds to be paid from amounts on deposit in the Debt Service Reserve Fund. Amounts on deposit in the Debt Service Reserve Fund will be applied, to the extent Revenues are not available, to pay principal of and interest on the Bonds. See “APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Debt Service Reserve Fund.”

The Debt Service Reserve Requirement may be satisfied by cash, Permitted Investments or a Debt Service Reserve Fund Credit Facility, or any combination thereof. See “APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Debt Service Reserve Fund.” For a description of the Debt Service Reserve Fund Credit Facility obtained by the Authority to meet the Debt Service Reserve Requirement, see “BOND INSURANCE -- Reserve Policy.”


No Lien on Operating Revenues or Facilities

The payment of principal of and interest on the Bonds is not dependent upon revenues derived from the operations of McCormick Place or Navy Pier or from the operations of the Authority. The Bonds are not secured by any lien or security interest on or in any of the Authority’s physical facilities or operating revenues.
STATUTORY FLOW OF FUNDS

The following chart and footnotes diagram the flow of funds specified in the Authorizing Legislation. For a description of Indenture funds see "APPENDIX C - Summary of Certain Provisions of the Indenture."

*All Funds and Accounts shown are maintained by the State Treasurer in the State Treasury except the Authority Tax Fund, which is maintained by the State Treasurer outside of the State Treasury, and the Authority Surplus Revenues Fund, which is maintained by the Authority.
Footnotes to Flow of Funds

Footnote

1  All Authority Taxes are deposited into the Authority Tax Fund held by the State Treasurer outside of the State Treasury. Includes certain surplus Illinois Sports Facilities Authority funds.

2a  Amounts necessary for the payment of Authority Tax refunds shall be retained in the Authority Tax Fund.

2b  This amount, approximately $29.6 million, represents Authority Taxes deposited in the Authority Tax Fund during Fiscal Year 1993, and is held in the Authority Tax Fund as a reserve to fund required deposits to the Expansion Project Fund prior to application of State Sales Taxes as described in Note 7a below. See “AUTHORITY TAXES -- Collections.”

3a  Monthly deposits to the Expansion Project Fund are required to be made in an amount equal to 1/8 of annual debt service as specified in the Authority Annual Certificate plus any prior months' deficiencies in transfers from the Authority Tax Fund described in this Note 3a. These deposits may not be made unless there is an annual appropriation by the Illinois General Assembly of amounts payable from the Expansion Project Fund (as described in Note 8a below).

3b  On July 20 of each year the State Treasurer shall calculate for the Fiscal Year ended on the preceding June 30 the Surplus Revenues in the Authority Tax Fund (essentially the Surplus Revenues equal the Authority Tax Fund balance as of such preceding June 30, less the amount of approximately $29.6 million described in Note 2b). Such Surplus Revenues have been assigned to the Trustee pursuant to the Indenture and shall be paid to the Trustee.

3c  Surplus Revenues received by the Trustee shall be used for debt service on the Bonds if and to the extent necessary to make up any deficiency between the amounts requested by the Authority in its Authority Annual Certificate for the previous Fiscal Year and the receipts during such Fiscal Year from the Expansion Project Fund (see Note 8a below).

3d  Any Surplus Revenues remaining following any payments or transfers to reserves pursuant to Debt Service Deposit Agreements or to cure any other deficiencies in Funds or Accounts as provided in the Indenture (including amounts due with respect to Subordinate Securities), shall be paid by the Trustee to the Authority for deposit in the Authority’s Surplus Revenues Fund free from any lien or claim under the Indenture. See APPENDIX C, SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

4a  20% of the 6.25% sales taxes imposed statewide is distributed to other State funds and local units of government.

4b  80% of the 6.25% sales taxes imposed statewide constitutes the “State Sales Taxes” and are applied as directed by the State Sales Tax Acts.

5  1.75% of State Sales Tax revenues are deposited into the Build Illinois Fund for credit to the McCormick Place Account, transferred to the McCormick Place Improvement Bond Fund and used to pay debt service on the Authority’s $324,400,000 outstanding Dedicated State Tax Revenue Bonds issued in 1986, 1992 and 1995.
State Sales Taxes are deposited into the Build Illinois Bond Account in an amount sufficient to pay
debt service on all Build Illinois Bonds now or hereafter outstanding.

State Sales Tax revenues are required to be deposited into the Expansion Project Fund each month
in an amount equal to 1/8 of annual debt service on the Bonds as specified in the Authority Annual
Certificate less that month's deposits to the Expansion Project Fund from Authority Taxes (see Note
3a) plus the cumulative amount of any prior months' deficiencies in transfers described in Note 3a.

Remaining State Sales Tax revenues are paid to the State General Revenue Fund for other State
purposes.

Moneys in the Expansion Project Fund, to the extent requested in the Authority Annual Certificate,
may be used only for the purpose of paying debt service on and maintenance of reserve funds in
respect of the Bonds. Payments from the Expansion Project Fund to the Trustee are subject to
annual appropriation by the State.

Provided that all amounts deposited in the Expansion Project Fund and requested by the Authority
Annual Certificate have been paid pursuant thereto, then to the extent State Sales Tax revenues have
previously been deposited in the Expansion Project Fund (see Note 7a) and amounts to cover prior
months’ deficiencies have been transferred from the Authority Tax Fund to the Expansion Project
Fund (see Note 3a), amounts equal to such deposits and deficiency transfers shall be transferred to
the General Revenue Fund of the State.

Debt service shall be payable from the Trustee to the Bondholders.

Debt Service Deposit Agreements

In April 1995, the Authority entered into the Third Supplemental Indenture and pursuant to the Third
Supplemental Indenture, two Debt Service Deposit Agreements. Under those Agreements, the Authority
received a lump sum payment of $25.6 million and the counterparties received the right to investment
earnings on amounts paid by the State Treasurer from the Expansion Project Fund and deposited by the
Trustee in the Revenue Fund and the Principal and Interest Accounts in the Bond Fund applicable to the
Bonds, other than the Series 1998B Bonds. Pursuant to the Third Supplemental Indenture, the Authority
deposited $2 million of the lump sum payment into an Excess Revenue Reserve Subaccount in the Excess
Revenue Account where it is available to pay debt service and deposited the balance of the lump sum
payment into Excess Revenue Project Subaccounts. Amounts deposited to the Excess Revenue Project
Subaccounts have been applied to pay for costs of the Expansion Project and for other purposes permitted
under the Act.

AUTHORITY TAXES

General Description

The taxes levied by the Authority consist of the Restaurant Tax, the Hotel Tax, the Car Rental Taxes
and the Airport Departure Tax. With the exception of the Airport Departure Tax, these taxes are collected,
administered and enforced by the Illinois Department of Revenue (the “Department”) consistent with rules
and procedures previously implemented for other similar taxes. The City of Chicago collects, administers
and enforces the Airport Departure Tax pursuant to an intergovernmental agreement with the Authority.
The Authorizing Legislation provides that a portion of the surplus amounts, if any, derived from a tax presently imposed by the Illinois Sports Facilities Authority in the City of Chicago (the "Sports Authority Hotel Tax") after payment of its debt service, operating and capital expenses, shall also be paid into the Authority Tax Fund described below. The term "Authority Taxes," as used in this Official Statement, shall include the foregoing taxes imposed by the Authority and any such surplus amounts derived from the Sports Authority Hotel Tax and deposited in the Authority Tax Fund.

Restaurant Tax

The Restaurant Tax is imposed at the rate of 1% on the sale of food, alcoholic beverages and soft drinks that are sold for consumption either on the premises where sold or off the premises where the principal source of a retailer's gross receipts is from the sale of food, alcoholic beverages and soft drinks prepared for immediate consumption.

The tax is imposed within three areas specifically delineated in the Authorizing Legislation, which areas generally approximate the central business area of the City of Chicago, Chicago-O'Hare International Airport and Chicago Midway Airport.

The Restaurant Tax is collected, administered and enforced by the Department consistent with the State's "Retailers Occupation Tax Act," including applicable rules and regulations. Retailers receive a 1.75% discount on their tax liability as a reimbursement for expenses in record keeping, preparing and filing returns, remitting taxes and supplying data to the Department. Two percent of the collections is paid into the Tax Compliance and Administration Fund in the State Treasury for payment to the Department to cover costs incurred by the Department. All other amounts collected, less any amount determined by the Department to be necessary for the payment of refunds, are paid to the State Treasurer, ex officio, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See "The Authority Tax Fund" under this caption.

Hotel Tax

The Hotel Tax is imposed at the rate of 2.5% upon the gross rental receipts from the renting, leasing or letting of hotel rooms within the City of Chicago, not including additional charges arising from any other hotel tax imposed by the State or a governmental agency. The tax excludes such receipts received from permanent residents of a hotel.

The Hotel Tax is collected, administered and enforced by the Department consistent with the State's "Hotel Operators' Occupation Tax Act," including applicable rules and regulations. Hotel operators receive a 2.1% discount (or $25 per calendar year, whichever is greater) on their tax liability as a reimbursement for expenses in record keeping, preparing and filing returns, remitting taxes and supplying data to the Department. All other amounts collected, less any amount determined by the Department to be necessary for the payment of refunds, are paid to the State Treasurer, ex officio, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See "The Authority Tax Fund" under this caption.

Car Rental Taxes

The Car Rental Taxes are imposed at the rate of 6% upon (a) the gross receipts of persons engaged in the business of renting automobiles within Cook County and (b) the rental price of automobiles used within Cook County that were rented outside Illinois but which are titled or registered with an agency of the State. The taxes are not levied on the rental of automobiles used for taxicabs or livery service and, in
addition, governmental agencies and certain charitable, religious and educational entities are exempted from the taxes.

The Car Rental Taxes are collected, administered and enforced by the Department consistent with the State’s “Automobile Renting Occupation and Use Tax Act,” including applicable rules and regulations. All amounts collected, less any amount determined by the Department to be necessary for the payment of refunds, are paid to the State Treasurer, ex officio, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See “The Authority Tax Fund” under this caption.

**Airport Departure Tax**

The Airport Departure Tax is imposed by the Authority upon all persons engaged in the business of providing ground service to passengers for hire leaving Chicago-O’Hare International Airport or Chicago Midway Airport (the “Airports”). The tax is not imposed on governmental agencies providing ground transportation from the Airports. The tax is imposed on departures from the Airports with passengers for hire at the rate of (a) $2 per taxi or livery vehicle, (b) $1 per passenger in a bus or van operated by a person who is regulated by the Interstate Commerce Commission or Illinois Commerce Commission and who operates scheduled service from the Airports and charges fares on a per passenger basis, and (c) for any other departure in a bus or van, $9 per bus or van with a capacity of 1-12 passengers; $18 per bus or van with a capacity of 13-24 passengers; and $27 per bus or van with a capacity of over 24 passengers.

Pursuant to an intergovernmental agreement between the Authority and the City of Chicago, the City collects, administers and enforces the Airport Departure Tax. All amounts collected, less collection, administrative and enforcement costs of the City and the Authority in an amount equal to the greater of 7½% of the collections or $835,000, and less any amount determined to be necessary for the payment of refunds, are paid to the State Treasurer, ex officio, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See “The Authority Tax Fund” under this caption. The Airport Departure Tax is currently the subject of litigation. See “LITIGATION.”

**Surplus Sports Authority Funds**

The Authority is authorized to receive certain surplus funds, if any, generated by the Illinois Sports Facilities Authority (the “Sports Authority”) from the Sports Authority Hotel Tax, an occupation tax imposed by the Sports Authority upon all persons engaged in the business of renting, leasing or letting rooms in a hotel in the City of Chicago. The amount of such surplus available to the Authority is derived from amounts paid by the Sports Authority to the State Treasurer, after the obligations of the Sports Authority have been paid. The amount of such surplus is equal to the balance remaining after the lesser of $5,000,000 or one-half of the amount to be paid by the Sports Authority is deposited by the State Treasurer into the State General Revenue Fund. The Authority’s share of such surplus Sports Authority funds is to be deposited by the State Treasurer into the Authority Tax Fund described below.

**The Authority Tax Fund**

The proceeds of the Authority Taxes paid to the State Treasurer, ex officio, as trustee for the Authority, are deposited into a trust fund held outside the State Treasury (the “Authority Tax Fund”). Amounts in the Authority Tax Fund are to be applied or retained as follows:

1. to make refunds of overpayments of Authority Taxes;
(2) an amount equal to deposits of Authority Taxes during the Fiscal Year ended June 30, 1993, approximately $29.6 million, has been retained as a reserve for payments described in clause (3);

(3) on the 20th day of each month during each Fiscal Year, 1/8th of the Adjusted Debt Service Requirements certified in the Authority Annual Certificate as necessary to pay the debt service on the bonds and notes payable from amounts to be appropriated from the Expansion Project Fund for such Fiscal Year is deposited in the Expansion Project Fund until an amount equal to (a) 100% of such certified amount plus (b) any cumulative deficiencies in amounts deposited into the Expansion Project Fund under this clause (3) has been so deposited; provided that such deposits to the Expansion Project Fund in any Fiscal Year shall be made only if the Illinois General Assembly shall have appropriated an amount equal to such certified amount for payment from the Expansion Project Fund to the Authority;

(4) the balance shall be maintained in the Authority Tax Fund; and

(5) any balance remaining in the Authority Tax Fund (other than the amounts described in clauses (1) and (2), above) on each June 30, shall constitute "surplus" revenues for the Fiscal Year ended on such June 30. Any such surplus revenues shall be paid to the Trustee to replenish any deficiencies in the funds or accounts held under the Indenture, including funds or accounts maintained pursuant to Debt Service Deposit Agreements, and any remaining surplus revenues shall be paid to the Authority for deposit in the Surplus Revenues Fund. Any such surplus amounts paid to the Authority under this clause (5) may be used solely for debt service on or redemption of the bonds or notes and for the purpose of repair, replacement and improvement of the grounds, buildings and facilities of the Authority. Under current law, amounts in excess of $50,000,000 received by the Authority under this clause (5) and held on any June 30 shall be used only for debt service on or redemption of bonds or notes.

Collections


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</tbody>
</table>

(1) The validity of the Airport Departure Tax is currently the subject of litigation and approximately 20% of collections after July 1, 1996 are being held in escrow. See "LITIGATION."

(2) Net of distributions made to the Authority on the following July 20 as permitted by the Indenture and the Authorizing Legislation.

Source: The Authority
The Authority anticipates that collections of Authority Taxes will continue to be sufficient to pay debt service on the Bonds when due. However, actual receipts of Authority Taxes may vary from such anticipated collections and the variance may be material. The validity of the Airport Departure Tax under the federal ICC Termination Act is the subject of litigation, the outcome of which may have an adverse impact on the amount of revenues generated by that tax. See “LITIGATION.” Neither the Authority, the Underwriters nor any other participant in this transaction represents or warrants or provides any assurance that such anticipated collections will be realized. See “SECURITY AND SOURCES OF PAYMENT” for a discussion of the source of payment for the Bonds if Authority Taxes are insufficient therefor.

THE STATE SALES TAX

General

The State Sales Tax Deposits consist of a specified portion of the State Sales Tax revenues, and, to the extent appropriated on an annual basis by the Illinois General Assembly, will constitute a source for payment of debt service on the Bonds. As described below, 20% of the sales tax receipts collected by the State under the State Sales Tax Acts is distributed to local governments and certain State funds and the remaining 80% of such receipts is State revenue. The State Sales Tax Acts currently impose sales tax at a unified State and local rate of 6.25%, consisting of a 5% State rate portion (representing 80% of collections) and a 1.25% local rate portion (representing 20% of collections). Except where the context requires otherwise, references in this Official Statement to “State Sales Tax revenues” and the “State’s Sales Tax revenues” include only the State’s 80% portion of total State-collected sales tax receipts. The State’s Sales Tax revenues aggregated $5.596 billion for the Fiscal Year ended June 30, 1998.

Components of State Sales Taxes

The State Sales Tax revenues consist of the receipts of four separate taxes imposed and collected by the State in connection with retail sales of certain tangible personal property and the transfer of tangible personal property incident to a sale of service. The four taxes are:

1. the Retailer’s Occupation Tax imposed on persons engaged in the business of selling tangible personal property at retail within the State (this tax is the primary source of State Sales Tax revenues);

2. the Use Tax imposed on the privilege of using tangible personal property in the State;

3. the Service Occupation Tax imposed on the cost of tangible personal property sold as an incident to service by persons engaged in the business of selling services in the State; and

4. the Service Use Tax imposed on the privilege of using tangible personal property acquired incidental to a purchase of services.

The State Sales Tax is currently imposed on the gross receipts from the retail sale or the cost price of tangible personal property transferred by the retailer or the serviceman and is collected by the seller from the purchaser, except that use taxes imposed on out-of-state purchases may be remitted directly to the State by purchasers. State Sales Tax payments are collected by the Department. Taxpayers with an average monthly State Sales Tax liability in excess of $10,000 are required to file returns and remit payments four times per month.
Priority of Transfers of State Sales Tax Revenues

The priority of transfers of the State Sales Tax revenues is as follows:

(1) 1.75% thereof is required to be transferred to a separate fund in the State Treasury for the payment, subject to annual appropriation, of debt service on the Authority’s outstanding $326,400,000 principal amount of Dedicated State Tax Revenue Bonds;

(2) the remaining State Sales Tax revenues are subject to a first and prior claim and charge in support of the State’s Build Illinois Bonds presently or hereafter outstanding ($2.04 billion presently authorized and $1.589 billion outstanding at June 30, 1998) until each monthly transfer to the Build Illinois Bond Retirement and Interest Fund has been made as required by the Build Illinois Bond Act; and

(3) State Sales Tax revenues are required to be deposited on a monthly basis into the Expansion Project Fund; provided that such State Sales Tax Deposits shall be made only to the extent the Authority Taxes required to be deposited in the Expansion Project Fund from the Authority Tax Fund (see “AUTHORITY TAXES -- The Authority Tax Fund”) are insufficient to satisfy the deposit requirements for the Expansion Project Fund; and, further provided, that the amounts of such State Sales Tax Deposits shall not exceed the specified “Total Deposits,” as described under “SECURITY AND SOURCES OF PAYMENT -- Sources of Funds to the Expansion Project Fund -- State Sales Tax Deposits.”

The amount of State Sales Tax revenues pledged to the priority claim and charge in support of the Build Illinois Bonds may be increased as the result of additional issuances of Build Illinois Bonds or as a result of amendatory legislation increasing the amounts of State Sales Tax revenues so pledged. The Act provides, in effect, that such increases will not result in an impairment of any contract with the owners of the Bonds so long as they do not result in aggregate debt service payable on the Build Illinois Bonds and any bonds issued pursuant to the Act and payable from State Sales Tax revenues in any Fiscal Year exceeding 33-1/3% of the State Sales Tax revenues for the most recently completed Fiscal Year at the time of such increase. See “SECURITY AND SOURCES OF PAYMENT -- State Pledge to and Agreement with Bondowners.” In Fiscal Year 1998, 33-1/3% of the approximately $5.596 billion of State Sales Tax revenues was approximately $1.865 billion.

The first priority deposits of State Sales Tax revenues in support of the Authority’s Dedicated State Tax Revenue Bonds and the State’s Build Illinois Bonds aggregated $243,517,888 during the Fiscal Year ended June 30, 1998.
Historical State Sales Tax Revenues

The following table shows the historical State Sales Tax revenues for each of the Fiscal Years ended June 30, 1986 through 1998, and the estimated State Sales Tax revenues for the Fiscal Year ending June 30, 1999.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Sales Tax Revenues (Dollars in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>$3,334</td>
</tr>
<tr>
<td>1987</td>
<td>3,379</td>
</tr>
<tr>
<td>1988</td>
<td>3,640</td>
</tr>
<tr>
<td>1989</td>
<td>3,884</td>
</tr>
<tr>
<td>1990</td>
<td>4,053</td>
</tr>
<tr>
<td>1991</td>
<td>4,090</td>
</tr>
<tr>
<td>1992</td>
<td>4,222</td>
</tr>
<tr>
<td>1993</td>
<td>4,344</td>
</tr>
<tr>
<td>1994</td>
<td>4,641</td>
</tr>
<tr>
<td>1995</td>
<td>4,936</td>
</tr>
<tr>
<td>1996</td>
<td>5,092</td>
</tr>
<tr>
<td>1997</td>
<td>5,296</td>
</tr>
<tr>
<td>1998</td>
<td>5,596</td>
</tr>
<tr>
<td>1999</td>
<td>5,842 (estimated)</td>
</tr>
</tbody>
</table>


State Sales Tax revenues available for deposit to the Expansion Project Fund are subject to a prior claim for debt service on the State’s Build Illinois Bonds and the Authority’s Dedicated State Tax Revenue Bonds. See “Priority of Transfers of State Sales Tax Revenues,” above. The prior claims on State Sales Tax revenues and the remaining State Sales Tax revenues that would have been available for deposit to the Expansion Project Fund are as follows for the Fiscal Year ended June 30, 1998:
State Sales Tax Revenues
Available For Deposit
To Expansion Project Fund

Fiscal Year 1998

State Sales Tax Revenues
$ 5,596,046,700
First Priority Deposits
-- Dedicated State Tax Revenue Bonds (30,868,088)
-- Build Illinois Bonds\(^{(1)}\) (212,649,800)
State Sales Tax Revenues Available for Deposit to Expansion Project Fund $ 5,352,528,812

Maximum Total Deposit to Expansion Project Fund\(^{(2)}\) $ 106,000,000

Ratio of State Sales Tax Revenues Available to Maximum Total Deposit 50.5 to 1


\(^{(2)}\) Maximum Total Deposits increase from $71 million in Fiscal Year 1998 to $106 million in Fiscal Year 2007 and are fixed for each Fiscal Year thereafter. See “SECURITY AND SOURCES OF PAYMENT -- Sources of Funds to the Expansion Project Fund -- State Sales Tax Deposits.”

YEAR 2000 COMPUTER SYSTEM TRANSITION

The Year 2000 Problem is the result of computer programs being written using two digits rather than four digits to define the applicable year. Computer programs that have a data-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a computer system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in other routine activities.

The Authority has performed an extensive review to identify any of its systems that relies on computer chips and is critical to the Authority’s operations or finances. All systems have been identified and the Authority has adopted a program to have all critical systems year 2000 compliant by June of 1999. The Authority believes this goal is achievable and will be completed by the date indicated.

The Authority relies upon computer systems of other governments and private parties, including, but not limited to, the State of Illinois, the City of Chicago, the Trustee, and others for collection, transfer and payment of Authority Taxes and State Sales Taxes and for payments by the Authority with respect to principal of and interest on its Bonds, including the Series 1998 Bonds. The collection of Authority Taxes and State Sales Taxes is also dependent in part upon computer systems used by restaurant and hotel operators, auto leasing companies, ground transportation operators and other retailers and service providers obligated to pay Authority Taxes and State Sales Taxes. The Authority has been informed by the State of
Illinois, the City of Chicago and the Trustee that each has adopted a program to provide Year 2000 compliance and that money has been set aside for that purpose.

There can be no assurances that the computer systems upon which the Authority directly or indirectly relies for the collection, transfer and payment of Authority Taxes and States Sales Taxes and for payments with respect to its bonds will be timely or correctly modified or converted to address the Year 2000 Problem. If the Year 2000 Problem is not addressed, there could be an interruption in the collection, transfer or payment of Authority Taxes or State Sales Taxes or procedures for paying the Series 1998 Bonds or the operations of the Authority until such Year 2000 Problems are remedied.

**BOND INSURANCE**

The following information pertaining to Financial Guaranty Insurance Company ("Financial Guaranty") has been supplied by Financial Guaranty. The Authority makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the dates indicated. Summaries of or references to the insurance policies issued by Financial Guaranty are made subject to all the detailed provisions thereof to which reference is hereby made. The summaries below do not purport to be complete statements of any or all such provisions.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of March 31, 1998, the total capital and surplus of Financial Guaranty was $1,267,900,134. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

**Bond Insurance Policy**

Concurrently with the issuance of the Series 1998 Bonds, Financial Guaranty will issue its Municipal Bond New Issue Insurance Policy for the Series 1998 Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Series 1998 Bonds that has become due for payment, but shall be unpaid by reason of nonpayment by the Authority. Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Series 1998 Bonds or the Paying Agent of the nonpayment of such amount by the Authority. The Fiscal Agent will disburse such amount due on any Series 1998 Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Series 1998 Bond includes any payment of principal or interest made to an owner of a Series 1998 Bond that has been recovered from such owner pursuant to the United States Bankruptcy Code by a
trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancelable and the premium will be fully paid at the time of delivery of the Series 1998 Bonds. The Policy covers failure to pay principal of the Series 1998 Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Series 1998 Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Series 1998 Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuer is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Series 1998 Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Series 1998 Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Reserve Policies

Financial Guaranty has previously issued its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy (1994)" and defined in APPENDIX B as the "Debt Service Reserve Fund Policy (1994)"). In connection with the issuance of the Series 1998 Bonds, Financial Guaranty will issue a second Municipal Bond Debt Service Reserve Policy (the "Reserve Policy (1998)" and, together with the Reserve Policy (1994), the "Reserve Policies"). The Reserve Policies unconditionally guarantee the payment of that portion of the principal of and interest on the Bonds outstanding under the Indenture which has become due for payment, but shall be unpaid by reason of nonpayment by the Authority; provided that the aggregate amount paid under the Reserve Policies may not exceed the maximum amount set forth in the Reserve Policies, which maximum amount represents the Debt Service Reserve Requirement. Financial Guaranty will make such payments to the Trustee for the Bonds on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail from the Trustee of the nonpayment of such amount by the Authority. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an Owner of such Bond which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final nonappealable order of a court having competent jurisdiction.
Each Reserve Policy is non-cancelable and the premium has been fully paid. Each Reserve Policy covers failure to pay principal of the Bonds outstanding under the Indenture on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which such Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its issuance of a Reserve Policy, Financial Guaranty requires, among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Policy, it be granted the power to exercise any remedies available at law or under the authorizing document other than (A) acceleration of the bonds or (B) remedies which would adversely affect holders in the event that the issuer fails to reimburse Financial Guaranty for any draws on the Reserve Policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty’s consent. The specific rights, if any, granted to Financial Guaranty in connection with its issuance of the Reserve Policies are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Authority is required to provide additional or substitute credit enhancement, and related matters.

See “RATINGS” for the ratings assigned to the Series 1998 Bonds and for a discussion of such ratings and the basis for their assignment to the Series 1998 Bonds.

The Reserve Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

THE SERIES 1998 BONDS

General

The Series 1998 Bonds will be issued as fully registered Current Interest Bonds, without coupons. Initially, the Series 1998 Bonds will be issued in the form of a single Global Certificate for each maturity of each Series. Principal of, premium, if any, and interest on the Series 1998 Bonds will be paid as described under the caption "THE SERIES 1998 BONDS -- DTC Global Book-Entry System." During any period in which the Series 1998 Bonds are not held in the Book-Entry Only System as described below, principal of, premium, if any, and interest on the Series 1998 Bonds will be paid as described under the caption “THE SERIES 1998 BONDS -- DTC Global Book-Entry System--Discontinuance of Book-Entry Only System”; provided that if the date for payment of the principal of, premium, if any, or interest on the Series 1998 Bonds is not a Business Day, then the date for payment of interest, principal or premium, if any, on the Series 1998 Bonds will be the next following Business Day.

The Series 1998 Bonds will be dated the delivery date. The Series 1998 Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Series 1998 Bonds will mature on June 15 and December 15 of the years and in the amounts shown on the front inside cover of this Official Statement. The Series 1998 Bonds will bear interest from the delivery date at the rates set forth on the front inside cover of this Official Statement. The Series 1998 Bonds will be payable as to interest on June 15 and December 15 of each year, with the first Interest Payment Date being December 15, 1998.

Subject to the provisions described below under “THE SERIES 1998 BONDS -- DTC Global Book-Entry System,” principal of the Series 1998 Bonds will be paid at the principal corporate trust office of the Trustee, or at the duly designated office of any duly appointed alternate or successor paying agent, in any
coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

All payments of interest on, and of principal upon the redemption of, the Series 1998 Bonds shall be paid through DTC (as defined below) in accordance with its normal procedures, which, as of the date of this Official Statement, provide for payment by DTC to its Participants and members. Such method of payment may be modified by written agreement between the Trustee and DTC.

**Optional Redemption**

The Series 1998 Bonds are not subject to redemption at the option of the Authority prior to their stated maturity dates.

**Mandatory Redemption of Series 1998 Bonds**

The Series 1998 Bonds maturing on December 15, 2023 and June 15, 2029 are "Term Bonds" (as defined in the Indenture) and are subject to Mandatory Sinking Fund Payments and redemption by lot, in such manner as shall be designated by the Trustee, in principal increments of $5,000, at par and accrued interest but without premium, on the dates and in the amounts as follows:

**Series 1998A and Series 1998B Term Bonds Due 2023**

<table>
<thead>
<tr>
<th>Mandatory Sinking Fund Payment Dates</th>
<th>Mandatory Sinking Fund Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2019</td>
<td>$7,245,000</td>
</tr>
<tr>
<td>December 15, 2019</td>
<td>570,000</td>
</tr>
<tr>
<td>June 15, 2020</td>
<td>7,085,000</td>
</tr>
<tr>
<td>December 15, 2020</td>
<td>3,990,000</td>
</tr>
<tr>
<td>June 15, 2021</td>
<td>4,180,000</td>
</tr>
<tr>
<td>December 15, 2021</td>
<td>4,215,000</td>
</tr>
<tr>
<td>June 15, 2022</td>
<td>4,415,000</td>
</tr>
<tr>
<td>December 15, 2022</td>
<td>4,450,000</td>
</tr>
<tr>
<td>June 15, 2023</td>
<td>8,525,000</td>
</tr>
<tr>
<td>December 15, 2023</td>
<td>4,695,000</td>
</tr>
</tbody>
</table>

**Series 1998B Term Bonds Due 2029**

<table>
<thead>
<tr>
<th>Mandatory Sinking Fund Payment Dates</th>
<th>Mandatory Sinking Fund Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2024</td>
<td>$8,995,000</td>
</tr>
<tr>
<td>December 15, 2024</td>
<td>4,960,000</td>
</tr>
<tr>
<td>June 15, 2025</td>
<td>9,495,000</td>
</tr>
<tr>
<td>December 15, 2025</td>
<td>5,235,000</td>
</tr>
<tr>
<td>June 15, 2026</td>
<td>10,025,000</td>
</tr>
<tr>
<td>December 15, 2026</td>
<td>5,530,000</td>
</tr>
<tr>
<td>June 15, 2027</td>
<td>10,580,000</td>
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<tr>
<td>December 15, 2027</td>
<td>5,835,000</td>
</tr>
<tr>
<td>June 15, 2028</td>
<td>5,995,000</td>
</tr>
<tr>
<td>December 15, 2028</td>
<td>6,160,000</td>
</tr>
<tr>
<td>June 15, 2029</td>
<td>6,220,000</td>
</tr>
</tbody>
</table>
DTC Global Book-Entry System

Information concerning The Depository Trust Company ("DTC") and the DTC Book-Entry Only System has been obtained from DTC for use in this Official Statement, and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation or warranty of, either the Authority or the Underwriters.

General. The Series 1998 Bonds will be issued initially in the form of a single Global Certificate for each of the maturities of the series.

DTC will act as securities depository for the Series 1998 Bonds. On or prior to the date of issuance of the Series 1998 Bonds, DTC and the Trustee will enter into the DTC Depository Letter Agreement with respect to the Series 1998 Bonds, under the terms of which DTC will agree and represent that it will, subject to DTC’s rules and by-laws and to requirements of law, hold the Series 1998 Bonds as securities depository for DTC Participants.

Initially, ownership of the Series 1998 Bonds will be registered in the registration books kept by the Bond Registrar in the name of Cede & Co. ("Cede"), as nominee of DTC. When the Series 1998 Bonds are issued, beneficial ownership interests will be available to purchasers only by or through DTC Participants via a book-entry system (the "DTC Book-Entry Only System") maintained by DTC. The following discussion will not apply to the Series 1998 Bonds if issued in physical form due to the discontinuance of the DTC Book-Entry Only System. See "Discontinuance of Book-Entry Only System" below.

DTC and Its Participants. DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the Illinois Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of participating members (the “DTC Participants”) and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates when ownership of securities is transferred. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear securities transactions through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “Indirect DTC Participants”).

Purchase of Ownership Interests. Ownership interests in the Series 1998 Bonds may be purchased only by or through DTC Participants. DTC Participants and the persons for whom they acquire interests in the Series 1998 Bonds as nominees will not receive certificated Series 1998 Bonds. Instead, each DTC Participant will receive a credit balance in the records of DTC in the amount of such Participant’s interest in the Series 1998 Bonds, which will be evidenced by reports from DTC to the DTC Participants. Each Beneficial Owner (as defined below) for whom a DTC Participant has an interest in the Series 1998 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant. Beneficial Owners may desire to make arrangements with DTC Participants to have all notices of redemption or other communications of the Trustee, Bond Registrar or the Authority to DTC, which may affect Beneficial Owners, forwarded in writing by such Participant and have notification made of all principal and interest payments. THE AUTHORITY, THE TRUSTEE, THE BOND REGISTRAR AND ANY PAYING AGENT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT DTC PARTICIPANT OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 1998 BONDS. For the purposes of this caption of this
Official Statement, the term "Beneficial Owners" shall include the persons for whom the DTC Participants acquire an interest in the Series 1998 Bonds.

**Payments of Principal and Interest.** DTC will receive payment of principal, premium, if any, and interest on the Series 1998 Bonds from the Paying Agent, to be remitted to the DTC Participants for the benefit of the Beneficial Owners. The ownership interest of each Beneficial Owner in the Series 1998 Bonds will be recorded through the computerized DTC Book-Entry Only System operated by DTC and through the records of the DTC Participants.

The Authority, the Trustee and the Paying Agent may treat and consider the person in whose name each Series 1998 Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Series 1998 Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Series 1998 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 1998 Bond, for the purpose of registering transfers with respect to such Series 1998 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 1998 Bonds only to or upon the order of the respective Bondowners, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided in the Indenture, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to payment of principal of, premium, if any, and interest on the Series 1998 Bonds to the extent of the sum or sums so paid. No person other than a Bondowner, as shown in the registration books kept by the Trustee, shall receive a Bond certificate evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to the Indenture.

**Notices.** When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall relate only to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee, Bond Registrar, Paying Agent or the Authority to DTC with a request that DTC forward (or cause to be forwarded) the notice to Beneficial Owners.

The Authority, the Trustee, the Bond Registrar and any Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede, any DTC Participant or any Indirect DTC Participant with respect to any ownership interest in the Series 1998 Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondowner of a Bond as shown in the Bond Register, of any notice with respect to the Series 1998 Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondowner of a Bond as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Series 1998 Bonds.

**Transfers and Exchange of Beneficial Ownership Interests.** It will be the responsibility of the DTC Participants to furnish confirmations of purchases of the Series 1998 Bonds to the Beneficial Owners. Transfers of ownership interests in the Series 1998 Bonds will be accomplished by book entries made by DTC and its Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 1998 Bonds, except as specifically provided in the Indenture. Principal, premium, if any, and interest will be paid by the Paying Agent to DTC, then paid by DTC to the DTC Participants, and thereafter paid by the DTC Participants to the Beneficial Owners when due.

For every transfer and exchange of Series 1998 Bonds, the Authority, the Bond Registrar, DTC and the DTC Participants may charge the Beneficial Owner a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation to it.
Discontinuance of Book-Entry Only System. DTC may resign or determine to discontinue providing its services with respect to the Series 1998 Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no Substitute Depository within two months following such resignation or discontinuation), the Authority is obligated to deliver Bond certificates (the "Replacement Bonds") to Beneficial Owners as described in the Indenture. If the Authority determines that DTC or a DTC successor is incapable of discharging its responsibilities as a securities depository for the Series 1998 Bonds or that it is in the best interests of the Beneficial Owners that they be able to obtain Replacement Bonds, the Authority may cause the Bond Registrar to authenticate and deliver Replacement Bonds to the Beneficial Owners. If DTC no longer serves as securities depository for the Series 1998 Bonds, DTC, the Authority and the Trustee are to cooperate with one another in taking appropriate action to make available separate certificates evidencing the Series 1998 Bonds to Participants having Series 1998 Bonds credited to their DTC accounts or arrange for another securities depository operating a book-entry securities depository to maintain custody of certificates evidencing the Series 1998 Bonds.

During the period in which the Series 1998 Bonds are not in the DTC Book-Entry Only System, the principal at maturity or the redemption price of the Series 1998 Bonds shall be payable at the principal corporate office of the Paying Agent. Interest on the Series 1998 Bonds shall be paid by check or draft of the Paying Agent mailed on the Interest Payment Date to the person who is the Owner on the Record Date. Any Owner of at least $1,000,000 principal amount of the Series 1998 Bonds (or a lesser amount of such Bonds if such Bonds constitute all of the Outstanding Series 1998 Bonds at the time) may file an instrument with the Paying Agent requesting interest and, upon presentation of any Series 1998 Bond to the Paying Agent, principal to be paid by wire transfer to an account maintained by such Owner at a domestic financial institution designated in such instrument.

PLAN OF REFUNDING

In 1993, the Authority issued the Series 1992A Bonds pursuant to the Indenture in an aggregate original principal amount of $868,849,764.60, of which an aggregate original principal amount of $370,426,493 is presently outstanding (not reflecting any accretion on Capital Appreciation Bonds and Deferred Interest Bonds).


In 1996, the Authority issued $506,773,944.70 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 1996A (the "Series 1996A Bonds"), of which $498,993,944.70 aggregate original principal amount are presently outstanding (not reflecting any accretion on Capital Appreciation Bonds).

The Authority is issuing the Series 1998A Bonds to refund in advance of their stated maturity $51,904,912.40 aggregate original principal amount of the Outstanding Series 1992A Bonds (the "Series 1992A Refunded Bonds") and $45,291,398.60 aggregate original principal amount of the Outstanding Series
1994 Bonds (the “Series 1994 Refunded Bonds” and together with the Series 1992A Refunded Bonds, the “Refunded Bonds”).

The Refunded Bonds are described in the following table:

<table>
<thead>
<tr>
<th>Series 1992A Refunded Bonds</th>
<th>Original Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Maturity Date (June 15)</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>1999</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2000</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2001</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2002</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2003</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2005</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2006</td>
</tr>
<tr>
<td>Capital Appreciation Bonds</td>
<td>2009</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Series 1994 Refunded Bonds</th>
<th>Original Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Maturity Date (June 15)</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2004</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2005</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2006</td>
</tr>
<tr>
<td>Deferred Interest Bonds</td>
<td>2007</td>
</tr>
<tr>
<td>Deferred Interest Bonds</td>
<td>2012</td>
</tr>
<tr>
<td>Current Interest Bonds</td>
<td>2027</td>
</tr>
</tbody>
</table>

In order to provide for the advance refunding of the Refunded Bonds, the Authority will use the net proceeds of the Series 1998A Bonds, to purchase United States Treasury Obligations - State and Local Government Series (as defined in the definition of Defeasance Securities in APPENDIX B hereto), the principal of which, together with the interest to be earned thereon, will be sufficient to pay:

(A) with respect to the Series 1992A Refunded Bonds, the principal of and interest on the Series 1992A Refunded Bonds (including the accretion on the Series 1992A Refunded Bonds that are the Capital Appreciation Bonds) through maturity; and

(B) with respect to the Series 1994 Refunded Bonds, (i) the principal of and interest on the Series 1994 Refunded Bonds that are Current Interest Bonds through June 15, 2004 (the “Series 1994 Refunding Date”) and (ii) the redemption price of the Series 1994 Refunded Bonds (other than the Series 1994 Refunded Bonds maturing June 15, 2004) equal to two percent of the outstanding principal amount thereof (including the accretion on the Series 1994 Refunded Bonds that are Deferred Interest Bonds) on the Series 1994 Refunding Date.

Neither the maturing principal of the Defeasance Securities nor the interest thereon will serve as security for or be available for the payment of principal of, premium, if any, or interest on the Series 1998 Bonds. The
The United States Government Obligations will be held in two separate trust funds (the “Escrow Funds”) by LaSalle National Bank as Escrow Agent pursuant to two Escrow Agreements, each dated as of August 15, 1998 (the “Escrow Agreement”), one for the benefit of the holders of the Series 1992A Refunded Bonds and one for the benefit of the holders of the Series 1994 Refunded Bonds. From and after the funding of the Escrow Fund, the principal and redemption price of and interest on the Refunded Bonds shall be payable solely from the Escrow Fund and not from any other funds of the Authority. After the funding of the Escrow Funds, the Refunded Bonds shall be deemed paid and the pledge, assignment and lien of the Indenture shall be discharged and satisfied with respect to the Refunded Bonds.

The accuracy and adequacy of (1) the arithmetical computations of the maturing principal of and interest on the Defeasance Securities to pay, when due, the principal and redemption price of and interest on the Refunded Bonds as described above and (2) the mathematical computations supporting the conclusion that the Series 1998 Bonds are not “arbitrage bonds” under Section 148 of the Code and the regulations promulgated thereunder, will be verified by Deloitte & Touche LLP based upon information supplied by the Authority in connection with such matters.

After the funding of the Escrow Funds, the Bonds Outstanding under the Indenture shall consist of the Series 1998 Bonds, and, the Series 1996A Bonds, the Series 1994 Bonds and the Series 1992A Bonds that have not been refunded. See “DEBT SERVICE SCHEDULE” herein. All of such Bonds will be payable and secured on a parity basis except for the individual maturities of Bonds of such series that are secured by a Credit Facility such as bond insurance. In addition, the Indenture permits the future issuance of Additional Bonds on a parity with the outstanding Series 1998 Bonds, the Series 1996A Bonds, the Series 1994 Bonds and the Series 1992A Bonds upon the satisfaction of certain requirements. See “SECURITY AND SOURCES OF PAYMENT -- Issuance of Additional Bonds” herein.

ESTIMATED APPLICATION OF SERIES 1998 BOND PROCEEDS

The Series 1998A Bonds are being issued solely to refund in advance of their stated maturity certain of the Outstanding Series 1992A Bonds and of the Outstanding Series 1994 Bonds. The proceeds of the Series 1998B Bonds, together with other Authority funds, are expected to be expended to fund certain costs (collectively, “Improvements and Other Permitted Costs”), including land acquisition, design and construction of a new building that will contain six levels of parking, new office facilities for the Authority’s corporate staff, additional meeting rooms with support facilities such as food service and storage space, and above-ground connections to the McCormick Place Hotel and the South Building Grand Concourse. The proceeds of the Series 1998B Bonds are also expected to be expended under an intergovernmental agreement with the City of Chicago to fund the costs of land acquisition, design and construction of a dedicated bus lane, between Randolph Street and McCormick Place, which will be located along the railroad right-of-way west of Lake Shore Drive.

The Series 1998A and the Series 1998B Bonds are being offered without regard to series designation; the different series designations reflect the different purposes for which the Series 1998A and Series 1998B Bonds are being issued under the Act.
The following table summarizes the estimated application of proceeds of the Series 1998 Bonds:

**Estimated Application of Proceeds**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrow Funds (1)</td>
<td>$106,156,777</td>
</tr>
<tr>
<td>Improvements and Other Permitted Costs</td>
<td>$133,630,582</td>
</tr>
<tr>
<td>Underwriters’ Discount</td>
<td>$1,388,925</td>
</tr>
<tr>
<td>Costs of Issuance (2)</td>
<td>$1,618,479</td>
</tr>
<tr>
<td><strong>Total Proceeds</strong></td>
<td><strong>$242,794,763</strong></td>
</tr>
</tbody>
</table>

(1)  See “PLAN OF REFUNDING.”

(2)  Includes Bond Insurance Premium and Reserve Policy Premium.
DEBT SERVICE SCHEDULE

The following table shows for each Bond Year (ending June 15) the annual debt service payments on the Series 1998 Bonds, the Series 1996A Bonds, the Series 1994 Bonds and the Series 1992A Bonds that will remain Outstanding after the funding of the Escrow Funds.

<table>
<thead>
<tr>
<th>Bond Year (June 15)</th>
<th>Debt Service Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$68,341,726</td>
</tr>
<tr>
<td>2000</td>
<td>74,995,448</td>
</tr>
<tr>
<td>2001</td>
<td>79,997,908</td>
</tr>
<tr>
<td>2002</td>
<td>83,995,255</td>
</tr>
<tr>
<td>2003</td>
<td>88,995,373</td>
</tr>
<tr>
<td>2004</td>
<td>92,996,425</td>
</tr>
<tr>
<td>2005</td>
<td>96,997,030</td>
</tr>
<tr>
<td>2006</td>
<td>101,997,833</td>
</tr>
<tr>
<td>2007</td>
<td>105,993,218</td>
</tr>
<tr>
<td>2008</td>
<td>105,998,074</td>
</tr>
<tr>
<td>2009</td>
<td>105,996,468</td>
</tr>
<tr>
<td>2010</td>
<td>105,997,386</td>
</tr>
<tr>
<td>2011</td>
<td>105,994,605</td>
</tr>
<tr>
<td>2012</td>
<td>105,997,793</td>
</tr>
<tr>
<td>2013</td>
<td>105,997,188</td>
</tr>
<tr>
<td>2014</td>
<td>105,998,163</td>
</tr>
<tr>
<td>2015</td>
<td>105,998,188</td>
</tr>
<tr>
<td>2016</td>
<td>105,996,438</td>
</tr>
<tr>
<td>2017</td>
<td>105,997,088</td>
</tr>
<tr>
<td>2018</td>
<td>105,999,038</td>
</tr>
<tr>
<td>2019</td>
<td>105,996,188</td>
</tr>
<tr>
<td>2020</td>
<td>105,992,038</td>
</tr>
<tr>
<td>2021</td>
<td>105,991,963</td>
</tr>
<tr>
<td>2022</td>
<td>105,996,425</td>
</tr>
<tr>
<td>2023</td>
<td>105,995,563</td>
</tr>
<tr>
<td>2024</td>
<td>105,994,775</td>
</tr>
<tr>
<td>2025</td>
<td>105,997,713</td>
</tr>
<tr>
<td>2026</td>
<td>105,991,763</td>
</tr>
<tr>
<td>2027</td>
<td>105,993,919</td>
</tr>
<tr>
<td>2028</td>
<td>105,996,088</td>
</tr>
<tr>
<td>2029</td>
<td>105,886,500</td>
</tr>
</tbody>
</table>
THE AUTHORITY

General

The Authority is a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois constituted pursuant to the Act with its principal office in Chicago, Illinois.

The Authority, created in 1955 and formerly named the Metropolitan Fair and Exposition Authority, is authorized to promote, operate and maintain fairs, expositions, meetings and conventions within Cook County, Illinois; to arrange, finance, operate, maintain and otherwise provide for industrial, commercial, cultural, educational, trade and scientific exhibits and events; and to construct, equip, operate and maintain grounds, buildings and facilities for such purposes. The Authority is also authorized by law to provide for the recreational, cultural, commercial and residential development of Navy Pier in Chicago; and to construct, equip and maintain grounds, buildings and facilities for such purposes.

Organization and Management

The Authority is governed by a board (the “Board”) consisting of the members identified on page (i) of this Official Statement and serving staggered five-year terms. Members of the Board serve until their successors are appointed and qualified. Six members are appointed by the Governor of Illinois with the advice and consent of the State Senate, six members are appointed by the Mayor of the City of Chicago and the Chairman is appointed by the Mayor with the approval of the Governor.

The Chief Executive Officer of the Authority, who is appointed by the Governor with the approval of the Mayor, is responsible for the management of the properties, business and employees of the Authority, subject to the general control of the Board.

The following individuals serve as officers of the Authority:

Kelly R. Welsh was appointed Chairman of the Board of the Authority in 1994. He is Executive Vice President and General Counsel for Ameritech, a company in the business of helping consumers and businesses communicate and manage information, primarily in the Midwest. Prior to joining Ameritech in May, 1993, Mr. Welsh was Corporation Counsel for the City of Chicago, serving as its chief legal counsel. Before beginning his work in 1989 at the City of Chicago, he was a partner with the firm of Mayer, Brown & Platt. Mr. Welsh earned a bachelor’s degree cum laude in government from Harvard College in 1974, a master’s degree from Sussex University in England in 1975 and a law degree magna cum laude from Harvard Law School in 1978.

Patrick F. Daly has served as Vice-Chairman since 1985. Mr. Daly is Chairman of the Daly Group, L.L.C., comprised of Dalan Development Corporation, PFDA, Inc., Armanco, Inc. and DEI, Inc., all Chicago-based companies involved in real estate development, brokerage, construction, management, architecture and engineering. In 1972, Mr. Daly earned a Bachelor of Science Degree with Honors and Distinction in Architecture and a Bachelor of Arts Degree with Honors and Distinction in Architectural History from the University of Illinois at Chicago. Mr. Daly is licensed to practice architecture in twenty-six states.
William P. Tuggle has been the Secretary/Treasurer of the Board since 1993 and he was appointed to the Board in 1989. He is senior partner in the Chicago law firm of Tuggle & Bordelon, P.C. and is currently a member of the Illinois Appellate Defender Commission. Previously, he served on the Health and Hospital Governing Commission of Cook County. Mr. Tuggle attended the University of Illinois and is a graduate of DePaul College of Law.

James R. Reilly was appointed Chief Executive Officer of the Authority in July 1989 and reappointed to that position in 1995. From 1993 to 1995, Mr. Reilly served as Chief of Staff to Governor Jim Edgar, supervising senior staff and cabinet members. From 1983 to 1989, he was in charge of operations for Governor James R. Thompson, first as Chief of Staff and then as Deputy Governor. Prior to his service for Governor Thompson, he served as Illinois State Representative from Jacksonville beginning in 1977. Mr. Reilly earned a bachelor’s degree Phi Beta Kappa from Illinois College in 1967. He received a law degree from the University of Chicago Law School in 1972.

Greg Grosvenor became Chief Financial Officer of the Authority in March 1996. He was controller of Hyatt Corporation from 1990 until joining the Authority. Prior to Hyatt Corporation, Mr. Grosvenor was employed with Covia Partnership (United Airlines computer reservation system), Anixter Bros. Inc. (international distributors of wire and cable and CATV systems) and Coopers & Lybrand. Mr. Grosvenor is a CPA who graduated from Loyola University in 1976.

Renée C. Benjamin became General Counsel to the Authority in 1997. From 1993 to 1997 she served as a staff attorney in the contracts division and then as a supervisory attorney in the aviation division of the City of Chicago Department of Law. Prior to that she served as Senior Counsel for Bechtel Corporation, a multi-national engineering and construction company headquartered in San Francisco, CA. Ms. Benjamin obtained her law degree in 1979 from the University of California at Berkeley, Boalt Hall School of Law.

Facilities

The Authority owns three facilities: (1) McCormick Place, the largest exhibition and meeting center in North America, located at 23rd Street and Martin Luther King Drive in Chicago; (2) a 33-story hotel connected to the McCormick Place complex containing 800 guest rooms, a 600-car parking garage, a health club and a restaurant; and (3) Navy Pier, an historical landmark providing cultural, exhibition, recreation and related uses for the enjoyment of visitors located directly east of Lake Shore Drive at Grand Avenue in Chicago.

McCormick Place and the Expansion Project. McCormick Place is the largest trade show and convention facility in the United States, offering 2.2 million square feet of exhibit space, 114 meeting rooms, the largest ballroom in Chicago, and the newly renovated 4,249-seat Arie Crown Theater. McCormick Place is the industry leader as measured both by the size of trade shows hosted and by the number of persons attending. McCormick Place hosts more than four million visitors annually.

McCormick Place represents a significant government investment that provides important economic benefits to the State of Illinois and the City of Chicago. For example, using recognized econometric models, the Authority has previously estimated that operations at McCormick Place annually produce approximately $824 million in direct spending in the State which, in turn, accounts for approximately 26,000 jobs state-wide and in excess of $170 million in state and local tax revenues.
The original McCormick Place opened its doors in 1960. After enjoying seven years of success, it was destroyed by fire in 1967. A new facility, the East Building, opened in 1971. Although the new building was larger than the original structure, demand soon exceeded capacity and a second structure, the North Building, was opened in 1987, just across Lake Shore Drive. The North Building features over 700,000 square feet of exhibition space, 29 meeting rooms, service areas and various support facilities.

The Authority began the Expansion Project discussed below because the North and East Buildings were operating at near capacity and could not satisfy client demand for additional or reconfigured space. To preserve and enhance McCormick Place’s preeminence in the trade show segment of the meetings market and to attract a larger share of the medium and large convention segment of the meetings market, the Authority proposed and the Authorizing Legislation authorized the issuance of Bonds to finance the Expansion Project. To date, the Authority’s Series 1992A Bonds and a portion of the proceeds of the Series 1994 Bonds have financed the Expansion Project and certain other costs permitted by the Act.

The Expansion Project has consisted of the acquisition and clearance of a site located immediately south and west of the East and North Halls, the design and construction on that site of a new exhibition, convention and meeting facility (the “South Hall”), the remodeling of the East Hall and the North Halls; the construction of a concourse physically connecting all three exhibition facilities; the Hotel Project described below; and funding for design and construction of various off-site infrastructure improvements, including new ramps to the Stevenson Expressway at State Street and the relocation of the northbound lanes of Lake Shore Drive.

The South Hall, which opened in December 1996, within-budget and ahead of schedule, features 840,000 square feet of exhibition space, a 22,000 square foot Vista Room, food service facilities and 45 meeting rooms. In March 1997, the original East Building was re-named The Lakeside Center at McCormick Place. Concurrently, major improvements were made to the exhibit halls and 40 meeting rooms, including the construction of a new 45,000 square foot ballroom and addition of a 50-foot high movable wall that allows the main 300,000 square foot exhibit hall to be divided into two smaller areas. Though The Lakeside Center has the ability to accommodate larger shows, it will primarily serve small to mid-size events.

Hotel Project. In March 1996, the Authority issued the Hotel Bonds to provide long-term financing for the construction and equipping of a hotel and parking garage to be located adjacent to McCormick Place (the “Hotel Project”). The Hotel, which opened for business on June 2, 1998, within budget and ahead of schedule, is a 33-story facility featuring 800 guest rooms, a 600-car parking garage, meeting rooms, a health club, restaurant and other amenities. The Authority has entered into a five-year agreement (through June, 2003) with Hyatt Corporation to operate and manage the Hotel. The Authority may terminate such agreement at the end of the third year. The Hotel Bonds are payable from and secured solely by Hotel Project revenues and certain annual payments by the Authority of up to $700,000 from its unrestricted gross revenues, which are entirely separate and apart from the sources of revenues which secure the Bonds.

Navy Pier and Navy Pier Project. In 1989, the statutory responsibility for operating and maintaining Navy Pier, a 450-foot wide pier structure extending three-fifths of a mile into Lake Michigan, was transferred from the City of Chicago to the Authority. Prior to the transfer of responsibility, for nearly 80 years, Navy Pier has served a wide variety of purposes, including shipping, recreation, education and festivals, but was under-utilized and in need of rehabilitation. In conjunction with the transfer of responsibility, the Authority was authorized to undertake the structural repair, renovation and redevelopment of Navy Pier. The State of Illinois made a $150 million grant to finance a portion of the repair, renovation and redevelopment work. The Authority has completed the conversion of Navy Pier into a public destination with a mix of cultural, exhibition, recreational and related uses for the enjoyment of visitors.
The Pier’s tenant space is fully leased. In excess of 6,000,000 people visited the Pier facilities in 1997. In the fall of 1997, work was completed on the addition of 700 parking spaces. Additional improvements are currently under construction, including the addition of a 500 seat theater that will be leased to a non-profit organization.

LITIGATION

Other than as described below, there is no litigation pending or, to the knowledge of the Authority, threatened against the Authority challenging the existence of the Authority or seeking to restrain or enjoin the issuance, sale and delivery of the Series 1998 Bonds or challenging the legality or validity of or the security for those Bonds.

Tri-State Coach Lines, Inc., et al. vs. Metropolitan Pier & Exposition Authority, Circuit Court of Cook County, 96 L 50112. Plaintiffs filed the purported class action litigation in early 1996 alleging that the ICC Termination Act (P.L. 104-88) effective January 1, 1996, bars the application of the Airport Departure Tax to bus and limousine operators who provide ground transportation for hire to (1) persons who depart Midway or O’Hare Airports for destinations outside Illinois; and (2) persons who arrive at Midway or O’Hare Airports from out-of-state and who depart on pre-arranged ground transportation for locations in Illinois. By agreement of the parties, 20% of the proceeds of the Airport Departure Tax collected after July 1, 1996, and approximately $285,000 collected between January 1 and July 1, 1996, are being held in escrow pending further proceedings. On August 12, 1998, the trial court entered an order finding that the ICC Termination Act barred application of the Airport Departure Tax to bus and limousine operators with respect to transportation provided to persons described in clause (1) above, but not to persons described in clause (2) above, and ordered the Authority to cease collection of that Tax from persons described in clause (1) and submit a proposed plan of refund to the court. The period for filing a notice of appeal has not yet ended. No proceedings have been commenced for refund of any escrowed tax proceeds. Although no assurances can be given with respect to the impact of the trial court’s order on collections of the Airport Departure Tax, the Authority does not believe that payments by operators with respect to persons described in clause (1) represent more than the 20% of the Airport Departure Tax collections currently being deposited in escrow.

In the opinion of Mayer, Brown & Platt, the outcome of the Tri-State Coach Lines litigation will not affect the validity of the Series 1998 Bonds or any sources of security for the Series 1998 Bonds, other than the Airport Departure Tax.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the “Code”), contains a number of requirements and restrictions which apply to the Series 1998 Bonds, including restrictions on the investment of the proceeds of the Series 1998 Bonds, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Series 1998 Bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The Authority has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 1998 Bonds to be excludable from gross income. Failure to comply with certain of such covenants could cause interest on the Series 1998 Bonds to become includible in gross income retroactive to the date of issuance of the Series 1998 Bonds.
Assuming the Authority’s compliance with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, the Series 1998 Bonds are not “private activity bonds” under the Code, and interest on the Series 1998 Bonds will not be includible in the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Series 1998 Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

In rendering their opinion, Co-Bond Counsel will rely upon a certificate of the Authority with respect to certain material facts solely within the Authority’s knowledge relating to the property financed or refinanced with the proceeds of the Series 1998 Bonds and the application of the proceeds of the Series 1998 Bonds.

The difference in series designation between the Series 1998A Bonds and the Series 1998B Bonds reflects the different purposes for which such Bonds are being issued under the Act. Under present federal law, the Authority may be permitted to allocate Series 1998 Bonds used for advanced refunding purposes on a basis other than the series designations used herein.

The Code includes provisions for an alternative minimum tax (“AMT”) for corporations, which is imposed if the amount of such AMT is greater than the corporation’s regular tax for the taxable year. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S corporations, Regulated Investment Companies, Real Estate Investment Trusts or REMICs) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment and the alternative tax net operating loss deduction). “Adjusted current earnings” would include all tax-exempt interest, including interest on the Series 1998 Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax may be levied on the “effectively connected earnings and profits” of certain foreign corporations doing business in the United States, which includes tax-exempt interest such as interest on the Series 1998 Bonds.

If a Series 1998 Bond is purchased at any time for a price that is less than the Series 1998 Bond’s stated redemption price at maturity, the purchaser will be treated as having purchased such 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 such bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the bondholder’s election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of the Series 1998 Bonds. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 1998 Bonds.

Ownership of the Series 1998 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain property and casualty insurance companies, certain life insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase (or carry) tax-exempt obligations. Co-Bond Counsel will express no opinion as to such consequences and prospective purchasers of the Series 1998 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Co-Bond Counsel have based their opinion on the Code, as amended to date, existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change at any time.
There is no assurance that such laws or any interpretations thereof will not be changed in a manner that could adversely affect the tax treatment of the purchase, ownership or disposition of the Series 1998 Bonds.

Interest on the Series 1998 Bonds is not exempt from present State of Illinois income taxes.

Original Issue Discount

The initial public offering prices of the Series 1998 Bonds maturing June 15, 2008 (the "Discount Bonds"), will be less than the stated redemption price at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial offering price of the Discount Bonds (i.e., the first price at which a substantial amount of each maturity is sold to the public, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers (the "Issue Price").) and the stated redemption price at maturity of the Discount Bonds will be treated as "original issue discount." The term "stated redemption price at maturity" is the sum of all principal and interest payable pursuant to the terms of the Discount Bonds (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the Discount Bonds). With respect to a taxpayer who purchases a Discount Bond in the initial offering at the Issue Price and who holds such Discount Bond to its maturity date, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner thereof for federal income tax purposes (subject to the condition that the Authority complies with the above-referenced covenants) and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discount Bond upon or prior to its stated maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily during each accrual period over the term of such Discount Bond on the basis of a constant interest rate compounding on either the first or last day of accrual periods selected by the owner of such Discount Bond with respect to the Discount Bond. In general, original issue discount on a Discount Bond will accrue in increasingly greater amounts in successive accrual periods. Owners of the Discount Bonds should consult with their own tax advisors with regard to the determination of accrual periods, the amount of original issue discount allocable to each such period and the amount of original issue discount treated as accruing daily.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of the original issue discount accruing each period will be added to the owner’s tax basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at or prior to stated maturity). An owner of a Discount Bond who disposes of such Discount Bond prior to its maturity date should consult his own 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 stated maturity.

As described above regarding tax-exempt interest generally, a portion of the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. In the case of a corporation, the original issue discount that accrues in each year will be included in the calculation of the corporation’s alternative minimum tax liability and any environmental tax liability for such year, although the holders of such Discount Bonds will not receive a corresponding cash payment until a later year.

If a Discount Bond is purchased at any time for a price that is less than such Discount Bond’s Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased such Discount Bond with market discount subject to the market discount rules of the Code discussed above (unless the statutory de minimis rule applies). Such treatment would apply to any purchaser who purchases such Discount Bond for a price less than its Revised Issue Price.
Owners of the Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law and possibly under the applicable provisions governing the determination of state and local taxes for other states, accrued original issue discount on the Discount Bonds is subject to taxation in the year of accrual though there may not be a corresponding cash payment until a later year.

**Bond Premium**

An investor may purchase a Series 1998 Bond at a price in excess of its stated redemption price at maturity. Such excess is characterized as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Series 1998 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond for federal income tax purposes. However, as bond premium is amortized, it (i) reduces the investor’s basis in the Series 1998 Bond, and (ii) reduces the amount of tax-exempt interest received by the owner for each accrual period. If the bond premium for any accrual period exceeds the amount of qualified stated interest allocable to that accrual period, the excess is treated as a non-deductible loss. Investors who purchase a Series 1998 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its affect on the Series 1998 Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 1998 Bonds.

**CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Authority of the Series 1998 Bonds are subject to the approving legal opinions of Altheimer & Gray and Sanchez & Daniels, Chicago, Illinois, Co-Bond Counsel. The proposed form of the opinions of Co-Bond Counsel is included herein as APPENDIX D and will be printed on or delivered with the Series 1998 Bonds. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Jenner & Block and Rodriguez & Villalobos, Chicago, Illinois. Certain legal matters will be passed upon for the Authority by Renée C. Benjamin, Esq., its General Counsel, and by Mayer, Brown & Platt, Chicago, Illinois, its special counsel.

**UNDERWRITING**

A group of underwriters (the “Underwriters”), managed by Salomon Smith Barney, have agreed, jointly and severally, to purchase the Series 1998 Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the Authority. Salomon Smith Barney is a service mark of Smith Barney Inc. The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Series 1998 Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all the Series 1998 Bonds if any Series 1998 Bonds are purchased. The Underwriters have agreed to purchase the Series 1998 Bonds for a price of $241,405,838.45 (reflecting an underwriting discount of $1,388,924.80 and a bond premium in excess of a net original issue discount on the Series 1998 Bonds of $42,054,763.25). The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 1998 Bonds to the public.

The prices and other terms respecting the offering and sale of the Series 1998 Bonds may be changed from time to time by the Underwriters after such Bonds are released for sale, and the Series 1998 Bonds may
be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Bonds into investment accounts.

CO-FINANCIAL ADVISORS

Public Sector Group, Inc. and A.C. Advisory, Inc. (collectively, the “Co-Financial Advisors”), have been engaged by the Authority to perform professional services in the capacity of financial advisors. The Co-Financial Advisors have provided advice on the plan of financing and structure of the Series 1998 Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Series 1998 Bonds by the Underwriters. The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable. The Co-Financial Advisors have not independently verified the factual information contained in this Official Statement, but have relied on the information supplied by the Authority and other sources who have certified that it contains no material misstatement or omission of information.

RATINGS

Moody’s Investors Service (“Moody’s”) has assigned the Series 1998 Bonds an underlying rating of “A1”, Standard & Poor’s Ratings Group (“Standard & Poor’s”) has assigned the 1998 Bonds an underlying rating of “AA-”, and Fitch Investors Service, Inc. (“Fitch”) has assigned the Series 1998 Bonds an underlying rating of “A+”. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from Moody’s, Standard & Poor’s and Fitch, as appropriate. The Authority has furnished to the rating agencies certain information and materials relating to the Series 1998 Bonds, including certain information and materials that have not been included in the Official Statement. Generally, rating agencies base their ratings on their own investigations, studies and assumptions. There is no assurance that any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the price at which the Series 1998 Bonds may be resold. The Authority and the Underwriters have undertaken no responsibility either to bring to the attention of the registered owners of the Series 1998 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. The foregoing ratings do not reflect any bond insurance relating to any portion of the Series 1998 Bonds.

The ratings on the Series 1998 Bonds that are insured by Financial Guaranty are based on the insurance policy of issued by Financial Guaranty. Moody’s rates bond issues insured by Financial Guaranty “Aaa”, Standard & Poor’s rates bond issues insured by Financial Guaranty “AAA” and Fitch rates bond issues insured by Fitch “AAA”. Such ratings reflect only the views of Moody’s, Standard & Poor’s and Fitch, respectively, from each of whom an explanation of the significance of its rating may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of the Series 1998 Bonds.
AUTHORITY FINANCIAL STATEMENTS

The combined general purpose financial statements of the Authority included in APPENDIX A to this Official Statement, to the extent and for the periods indicated in their report, have been audited by Deloitte & Touche LLP, independent certified public accountants.

VERIFICATION OF COMPUTATIONS

Deloitte & Touche LLP will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Series 1998 Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in such schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds (see "PLAN OF REFUNDING"), and (2) the computations of yield on both the securities and the Series 1998 Bonds contained in such schedules used by the Bond Counsel in its determination that the interest on the Series 1998 Bonds is excludable from gross income for federal income tax purposes. Deloitte & Touche LLP will express no opinion on the assumptions provided to them, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 1998 Bonds.

SECONDARY MARKET DISCLOSURE

The Authority will enter into a continuing disclosure undertaking (the "Undertaking") for the benefit of the registered owners of the Series 1998 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth herein.

A failure by the Authority to comply with the Undertaking will not constitute a default under the Indenture and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "Consequence of Failure of the Authority to Provide Information," below. 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 1998 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 1998 Bonds and their market price.

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

Annual Financial Information Disclosure

The Authority covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any
public or private repository designated by the State of Illinois as the state depository (the “SID”) and recognized as such by the SEC for purposes of the Rule. The Authority is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking.

“Annual Financial Information” means the following information for the most recently completed Fiscal Year appearing under the captions “AUTHORITY TAXES -- Collections” and “THE STATE SALES TAX -- Historical State Sales Tax Revenues.”

“Audited Financial Statements” means the annual audited combined general purpose financial statements of the Authority prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

Events Notification; Material Events Disclosure

The Authority covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”) and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The “Events” are:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the security;
7. Modifications to rights of security holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities;
11. Rating changes.

Consequences of Failure of the Authority to Provide Information

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

Except as set forth below, the Authority is in compliance with undertakings previously entered into pursuant to the Rule. In the event of a failure of the Authority to comply with any provision of the Undertaking, any Bondowner may seek mandamus or specific performance by court order to cause the Authority to comply with its obligations under the Undertaking. A default under the Undertaking shall not
be deemed a default under the Indenture, and the sole remedy under the Undertaking in the event of any failure of the Authority to comply with the Undertaking shall be an action to compel performance.

The Authority did not file an Annual Report (including its Annual Financial Information and Audited Financial Statements) for the fiscal year ending June 30, 1997, with respect to its 1996A Bonds and Hotel Bonds in a timely manner. The Authority has filed such Annual Report with all current NRMSIRs, and intends to file all future Annual Reports in a timely manner.

Amendments; Waiver

Notwithstanding any other provision of the Undertaking, the Authority, by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

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

(b) The Undertaking, as amended, or the provision, as amended, 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 Bondowners as determined by parties unaffiliated with the Authority (such as Bond Counsel).

Termination of Undertaking

The Undertaking shall be terminated if the Authority shall no longer have any legal liability for any obligation or relating to repayment of the Series 1998 Bonds under the Indenture. The Authority shall give notice to each NRMSIR or MSRB and the SID, if any, in a timely manner if this is applicable.

Additional Information

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

MISCELLANEOUS

The summaries or descriptions contained in this Official Statement, including the Appendices hereto, of provisions in the Authorizing Legislation, the Indenture, the DTC Global Book-Entry System and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such ordinances, laws, documents or provisions.
Accordingly, such summaries, descriptions and references are qualified by reference to the complete documents relating to such matters for further information, copies of which will be furnished by the Authority on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the holders of any of the Series 1998 Bonds.

At the time of delivery of the Series 1998 Bonds, the Authority will furnish a certificate executed by the Chairman and the Chief Financial Officer stating that to the best of their knowledge, after reasonable investigation, the Official Statement, other than the information under the captions “BOND INSURANCE” and “THE SERIES 1998 BONDS -- DTC Global Book-Entry System,” and in APPENDICES B, C, D and E as to which no representation, warranty or agreement is made, did not (as of its date) and does not (at the delivery date of the Series 1998 Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The Authority has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered on behalf of the Metropolitan Pier and Exposition Authority.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

By: /S/ Kelly R. Welsh
    Chairman
APPENDIX A

AUTHORITY FINANCIAL STATEMENTS
Metropolitan Pier and Exposition Authority

Combined General Purpose Financial Statements for the Year Ended June 30, 1997 and Independent Auditors’ Report
# METROPOLITAN PIER AND EXPOSITION AUTHORITY

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<td>5-19</td>
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</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Metropolitan Pier and Exposition Authority
Chicago, Illinois

We have audited the accompanying combined general purpose financial statements of the Metropolitan Pier and Exposition Authority ("Authority") as of June 30, 1997, and for the year then ended. These combined general purpose financial statements are the responsibility of the Authority’s management. Our responsibility is to express an opinion on these combined general purpose financial statements based on our audit.

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

In our opinion, such combined general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Pier and Exposition Authority at June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 7, 1997 on our consideration of the Authority’s internal control structure and a report dated November 7, 1997 on its compliance with laws and regulations.

Deloitte & Touche LLP

November 7, 1997
## METROPOLITAN PIER AND EXPOSITION AUTHORITY

### COMBINED BALANCE SHEET

**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1997 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1996)**

($ in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Governmental Fund Types</th>
<th>Fiduciary Fund Type</th>
<th>Account Groups</th>
<th>Total (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Note 2)</td>
<td>3,377</td>
<td>$ 178</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Investments (Note 3)</td>
<td>25,262</td>
<td>56,474</td>
<td>203,054</td>
<td>10,786</td>
</tr>
<tr>
<td>Deferred compensation plan assets held by trustee (Note 9)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable - less allowance for doubtful accounts of $300 in 1997 and 1996</td>
<td>11,271</td>
<td>147</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants receivable - State of Illinois</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authority taxes receivable (Note 4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest receivable (Note 4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from other funds (Note 5)</td>
<td>2,077</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenditures</td>
<td>661</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fixed assets (Note 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount available in Debt Service Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount to be provided for retirement of long-term debt</td>
<td>1,577,125</td>
<td>1,577,125</td>
<td>1,594,585</td>
<td></td>
</tr>
<tr>
<td>Amount to be provided for pension liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$42,648</td>
<td>$112,526</td>
<td>$203,801</td>
<td>$11,786</td>
</tr>
</tbody>
</table>

### LIABILITIES, EQUITY AND OTHER CREDITS

#### Liabilities

| Accounts payable and accrued expenses | 21,248 | $14,262 | $925 |        | 36,435 | 36,816 |
| Advance deposits | 4,005 |          |        |        | 4,005 | 6,145 |
| Restaffage payable |          |      | 15,433 |        |        | 15,433 | 26,253 |
| Due to other funds (Note 5) | 35 | $59 | 1,908 | 75 |        | 2,077 | 13,265 |
| Workers’ compensation (Note 11) | 3,438 |          |        |        | 3,438 | 2,280 |
| Loans payable (Note 7) |          |      | 5,990 |        | 5,990 |        |        |
| Capitalized purchase obligation (Note 7) | 341 | 341 |        | 412 |        |        |        |
| Hospitality Bonds (Note 7) | 1,163,994 | 1,163,994 | 1,093,273 |          |        |        |        |
| Expansion Project Bonds (Note 7) | 335,795 | 335,795 | 346,750 |          |        |        |        |
| Other long-term debt (Note 7) | 56,052 |          |        |        | 56,052 | 43,153 |
| Deferred Authority tax revenue |        |      | 10,786 |        |        | 10,786 | 8,552 |
| Deferred compensation plan obligations (Note 9) |        |      |        |          |        |        |        |
| Long-term pension liability (Notes 7 and 8) |        |      |        |          |        | 3,391 | 3,391 | 3,044 |
| Total liabilities | 28,726 | 56,111 | 31,603 | 11,786 | 1,636,931 | 1,765,157 | 1,707,363 |

#### Commitments and contingencies (Note 11)

**Equity and other credits**

| Investment in general fixed assets | $1,584,202 |        |        |        |        |        |        |
| Fund balances (deficit): |        |        |        |        |        |        |        |
| Reserved for debt service | 56,415 |        |        |        |        | 56,415 | 58,270 |
| Reserved for workers’ compensation claims | 3,438 |        |        |        |        | 3,438 | 2,280 |
| Reserved for prepaid expenditures | 661 |        |        |        |        | 661 | 1,274 |
| Unreserved - designated for capital projects |        |        | 172,198 |        |        | 172,198 | 337,260 |
| Unreserved - undesignated | 9,823 |        |        |        |        | 9,823 | (2,548) |
| Total equity and other credits | 13,922 | 56,415 | 172,198 |        |        | 1,584,202 | 1,826,737 | 1,850,141 |

**TOTAL LIABILITIES, EQUITY AND OTHER CREDITS**

| $42,648 | $112,526 | $203,801 | $11,786 | $1,584,202 | $1,636,931 | $3,591,894 | $3,557,504 |

See notes to combined general purpose financial statements.
# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

**ALL GOVERNMENTAL FUND TYPES**

**YEAR ENDED JUNE 30, 1997 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1996)**

($ in Thousands)

<table>
<thead>
<tr>
<th>Governmental Fund Types</th>
<th>General</th>
<th>Debt Service</th>
<th>Capital Projects</th>
<th>Total (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>McCormick Place and Navy Pier operations</td>
<td>101,686</td>
<td>$31,159</td>
<td></td>
<td>$101,686</td>
</tr>
<tr>
<td>Grant from State of Illinois</td>
<td>4,800</td>
<td>44,560</td>
<td>13,531</td>
<td>58,091</td>
</tr>
<tr>
<td>Authority taxes</td>
<td>35,959</td>
<td>36,089</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction management fees</td>
<td>510</td>
<td>510</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on investments</td>
<td>20,793</td>
<td>27,948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grant</td>
<td>42</td>
<td>1,502</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>174</td>
<td>1,868</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>107,378</td>
<td>79,477</td>
<td>30,400</td>
<td>217,255</td>
</tr>
</tbody>
</table>

| **EXPENDITURES:**         |         |              |                  |                        |
| Current:                  |         |              |                  |                        |
| McCormick Place and Navy Pier operations | 107,919 |             |                  | 107,919                |
| Debt Service:             |         |              |                  |                        |
| Interest                 | 65,900  |              |                  | 65,900                 |
| Bond and note retirement (Note 7) | 11,085 | 11,085       |                  | 17,715                 |
| Miscellaneous             | 1,139   | 52           |                  |                        |
| Capital Projects          | 188,615 |             |                  |                        |
| **Total expenditures**    | 107,919 | 78,124       | 188,615          | 374,658                |

| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** |         |              |                  |                        |
| (541)               | 1,353   | (158,215)    |                  | (157,403)              |

| **OTHER FINANCING SOURCES (USES):** |         |              |                  |                        |
| Operating transfers - in | 13,476  | 53,205       | 53,099           | 119,780                |
| Operating transfers - out | (19)    | (53,825)     | (65,936)         | (119,780)              |
| Payment for 1996A Bond refunding | (498,949) | (498,949) |                  | (240,551)              |
| Proceeds from bonds and note payable (Note 7) | 496,361 | 5,990        |                  | 502,351                |
| Payment to refunded bond escrow agent (Note 7) |         |              |                  | 187,592                |

| **EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES** |         |              |                  |                        |
| 12,916                 | (1,855) | (165,062)    |                  | (154,001)              |

| **FUND BALANCES - Beginning of year** |         |              |                  |                        |
| 1,006                  | 58,270  | 337,260      |                  | 396,536                |

| **FUND BALANCES - End of year** |         |              |                  |                        |
| $13,922                | $56,415 | $172,198     |                  | $242,535               |

See notes to combined general purpose financial statements.
METROPOLITAN PIER AND EXPOSITION AUTHORITY

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1997
($ in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Annualy Budgeted Debt Service Funds</th>
<th>Capital Projects Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>Variance Favorable (Unfavorable)</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>McCormick Place and Navy Pier operations</td>
<td>$85,090</td>
<td>$101,686</td>
<td>$16,596</td>
</tr>
<tr>
<td>Grant from State of Illinois</td>
<td>4,800</td>
<td>4,800</td>
<td></td>
</tr>
<tr>
<td>Authority taxes</td>
<td>62,028</td>
<td>44,560</td>
<td>$17,468</td>
</tr>
<tr>
<td>Construction management fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on investments</td>
<td>660</td>
<td>892</td>
<td>232</td>
</tr>
<tr>
<td>Federal grant</td>
<td>174</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>174</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>90,550</td>
<td>107,378</td>
<td>16,828</td>
</tr>
</tbody>
</table>

EXPENDITURES:

Current
|                |              |           |                                  |              |           |                                  |              |           |                                  |
| McCormick Place and Navy Pier operations | 92,554       | 107,919   | (15,365)                         |              |           |                                  |              |           |                                  |

Debt Service:
|                |              |           |                                  |              |           |                                  |              |           |                                  |
| Interest       | 72,865       | 65,900    | 6,965                            | 21,240       | 11,083    | 10,155                           |              |           |                                  |

Bond and note retirement:  
|                |              |           |                                  |              |           |                                  |              |           |                                  |

Miscellaneous:  
|                |              |           |                                  |              |           |                                  |              |           |                                  |

Capital Projects:  
|                |              |           |                                  |              |           |                                  |              |           |                                  |

Total expenditures | 92,554       | 107,919   | (15,365)                         | 94,105       | 76,985    | 17,120                           | 252,369      | 188,615   | 63,754                                     |

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

|                |              |           |                                  |              |           |                                  |              |           |                                  |
| (2,004)        | (541)        | 1,463     | (918)                            | (1,266)      | (348)     | (2,232)                          | (158,215)    | 74,197    |                                  |

OTHER FINANCING SOURCES (USES):  

Operating transfers - in
| Operating transfers - in | 13,476 | 13,476 | 53,205 | 53,205 | 53,099 | 53,099 |

Proceeds from 1996A Bond refunding:
| Proceeds from 1996A Bond refunding | 498,361 | 498,361 | (498,949) | (498,949) | 5,909 | 5,909 |

Proceeds from net payable (Note 7):  
| Proceeds from net payable (Note 7) |  |  |  |  |  |  |

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - Budgeted Funds

| ($12,004) | $12,916 | $14,920 | ($918) | ($4,474) | ($3,556) | ($123,412) | ($165,062) | $67,250 |

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - Unbudgeted Funds

| 2,619 |

DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - Unbudgeted Funds

| ($1,355) |

See notes to combined general purpose financial statements.
METROPOLITAN PIER AND EXPOSITION AUTHORITY

NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997
($ in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization of the Authority - The Illinois General Assembly created the Authority in 1955 and renamed it as Metropolitan Pier and Exposition Authority ("Authority") in July 1989 as a municipal corporation pursuant to the Metropolitan Pier and Exposition Authority Act. The purpose of the Authority is to promote, operate and maintain fairs, expositions and conventions in the Chicago metropolitan area and in connection therewith to arrange, finance and maintain industrial, cultural, educational, trade and scientific exhibits and to construct, equip and maintain auditoriums and exposition buildings for such purposes. In addition, the Authority is responsible for overseeing the financing, renovation and operations of Chicago’s Navy Pier and the expansion of existing trade, convention and exposition facilities.

Basis of Presentation - Fund Accounting - The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for within individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types and broad fund categories as follows:

Governmental Fund Types

The General Fund is the operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. These funds are also used to account for the expenditure of income received under Federal and State capital grant programs.

Fiduciary Fund Type

Agency funds account for assets held by the Authority in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. These funds include the Authority’s deferred compensation plan, food service reserve funds, and certain theater and consumer events.
Account Groups

General Fixed Assets Account Group - This group of accounts is established to account for all land and fixed assets of the Authority.

General Long-term Debt Account Group - This group of accounts is established to account for all long-term debt and other long-term obligations of the Authority.

Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they are both measurable and available to finance expenditures of the current period). “Measurable” means when the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues accrued at June 30, 1997 are listed in Note 4 and there were no significant revenues considered as not subject to accrual. Expenditures are recorded when the liability is incurred, except for interest and principal on long-term debt, which are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made in the following year. Agency funds are accounted for using the modified accrual basis of accounting.

Budgetary Information - The Metropolitan Pier and Exposition Authority (“MPEA”) Act requires the Authority to annually develop and adopt a financial plan covering a period of at least three fiscal years. The financial plan must be adopted by the Board of Directors at least 60 days prior to the beginning of each fiscal year. After adoption by the Authority, the financial plan must be filed with the Governor, the Mayor, and the General Assembly of the State of Illinois no later than ten days after its adoption. The Authority is also required to determine, at least 90 days prior to the beginning of each fiscal year, estimates of revenues available to the Authority during the period covered by the financial plan.

The annual budget, as included in the financial plan, is prepared on a basis consistent with generally accepted accounting principles (“GAAP”) for all governmental funds, including Debt Service Funds with the exception of the Debt Service Reserve Fund, the Excess Revenue Reserve Subaccount Fund, the Series 1995 Bond Account Fund and the Series 1996A Bond Account Fund which are not budgeted. Consequently, a budgetary to GAAP basis reconciliation is not required. Project length budgets and annual financial plans are adopted for all Capital Projects Funds. All appropriations lapse at fiscal year-end.

On or before January 15th of each year, all departments submit budget proposals to the Budget Director so that a three-year financial plan may be prepared. Before the proposed budget is presented to the Board of Directors, it is submitted to the Finance Committee for review and approval. A final budget must be prepared and adopted by the full Board of Directors no later than May 1st of each year.

A legal level of budgetary control is not specified in the MPEA Act. However, the Act requires prompt notification to the Governor, Mayor and General Assembly of any material change in the budget. The Authority reports quarterly to the Governor, Mayor and General Assembly concerning compliance with its current fiscal year budget. The budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations are not allowed at or above the department level. Because of the nature of the Authority’s operations, total expenditures may
exceed the total amount budgeted without the approval of the Board of Directors. All expenditures, however, are approved by the Authority's Board of Directors.

The MPEA Act requires the Authority to notify the Governor, the Mayor and the General Assembly of any material change in the revenue or expenditure estimates in the financial plan and budget. The Board of Directors of the Authority is authorized to approve the financial plan and each modified financial plan if, in its judgment, the financial plan is complete and is reasonably capable of being achieved. The financial plan was not modified during the year and, as such, no supplemental appropriations were necessary during the year.

**Reporting Entity** - In evaluating how to define the Authority (primary government) for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by Governmental Accounting Standards Board (“GASB”) No. 14. The basic criteria for classifying an entity as a component unit are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no affiliated organizations considered as potential component units of the Authority's reporting entity.

**Encumbrances** - The Authority does not employ the encumbrance method of accounting to reserve current fund balance for subsequent year expenditures.

**Investments** - Investments consist primarily of government bond funds, and treasury bills and notes. Investments are stated at cost or cost adjusted for amortization of premium or discount, which approximates market. According to the Investment of Public Funds Act (30 ILCS 235/2), the Authority may invest in bonds, notes, certificates of indebtedness, treasury bills, or any other government-backed securities, interest-bearing savings accounts, certificates of deposit or time deposits, short-term corporation obligations, money market mutual funds and repurchase agreements.

**General Fixed Assets** - General fixed assets have been acquired for the general purposes of the Authority. Assets purchased are recorded as expenditures in the appropriate fund. General fixed assets are recorded at cost. Donated assets are recorded at their estimated fair value at the time of acquisition. Depreciation is not provided on general fixed assets.

**Compensated Absences** - Vested or accumulated vacation and compensatory time is recorded as an accrued expense in the General Fund since these liabilities will be liquidated with currently available resources. The Authority's sick leave policy provides for an accumulation of earned sick leave. Sick leave does not vest and the Authority has no obligation for the accumulated sick leave until it is actually taken. Thus, no accrual for sick leave has been made.

**Long-term Debt** - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Funds for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-term Debt Account Group.
Deferred Authority Tax Revenue - Deferred Authority tax revenue consists of Authority taxes collected (restaurant, hotel, car rental and airport departure) by the State of Illinois and held in a State escrow account as a reserve to fund future debt service for the 1992A and 1994 Expansion Project Bonds. These amounts are also reported as Authority taxes receivable.

Fund Equity - Reserves represent those portions of fund equity not available to be appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent management's expected plans for future use of financial resources.

Interfund Transactions - Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

Pension Obligations - Accrued pension liability recorded in the General Long-term Debt Account Group equals the actuarially determined net pension obligation at June 30, 1997.

Management's Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Total "Memorandum Only” Columns - Total columns on the combined statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data. Certain reclassifications have been made to the 1996 “Memorandum Only” totals to conform to the 1997 presentation.

Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority’s financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

2. CASH AND CASH EQUIVALENTS

As of June 30, 1997, the carrying amount of the Authority’s cash deposits was $4,555 and the bank balance was $4,566. The bank balance is covered by federal depository insurance to a maximum of $100 per account. Of the Authority’s bank balance as of June 30, 1997, $3,023 was invested in an overnight government money market fund. Additionally, the Authority purchased a surety bond in the amount of 110% of in-transit transactions which have not been cleared and credited to the Authority’s bank accounts.
3. INVESTMENTS

Investments as of June 30, 1997 are as follows:

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Book Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government securities</td>
<td>2</td>
<td>$ 64,312</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>2</td>
<td>186,343</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>2</td>
<td>20,832</td>
</tr>
<tr>
<td>Government money market funds</td>
<td>N/A</td>
<td>7,957</td>
</tr>
<tr>
<td>Illinois Public Treasurer's Investment Pool</td>
<td>N/A</td>
<td>5,346</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 284,790</strong></td>
</tr>
</tbody>
</table>

Investments of a governmental entity are classified into the following categories of credit risks:

**Risk Category 1** - Insured or registered, or securities held by the Authority or its agent in the Authority's name.

**Risk Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agency, in the Authority's name.

**Risk Category 3** - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

**Risk Category N/A** - Certain investments are not categorized.

4. RECEIVABLES

Receivables (excluding accounts receivable resulting from McCormick Place and Navy Pier operations) accrued by the Authority at June 30, 1997 consisted of the following:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service Fund:</td>
<td></td>
</tr>
<tr>
<td>Authority taxes receivable</td>
<td>$56,052</td>
</tr>
<tr>
<td>Capital Projects Fund:</td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td>395</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 56,447</strong></td>
</tr>
</tbody>
</table>
5. DUE TO/DUE FROM FUNDS WITHIN THE AUTHORITY

Interfund receivables/payables as of June 30, 1997 are comprised of the following:

<table>
<thead>
<tr>
<th>Fund/Project</th>
<th>Due From</th>
<th>Due To</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$2,077</td>
<td>$35</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td></td>
<td>59</td>
</tr>
<tr>
<td>Capital Projects Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>McCormick Place Expansion Fund</td>
<td></td>
<td>1,423</td>
</tr>
<tr>
<td>Navy Pier Management Funds</td>
<td></td>
<td>358</td>
</tr>
<tr>
<td>McCormick Place Construction Fund</td>
<td></td>
<td>127</td>
</tr>
<tr>
<td>Agency Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arie Crown and Skyline Theatres</td>
<td></td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,077</td>
<td>$2,077</td>
</tr>
</tbody>
</table>

6. GENERAL FIXED ASSETS

A summary of changes in the General Fixed Assets Account Group follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance July 1, 1996</th>
<th>Additions</th>
<th>Disposals/ Adjustments</th>
<th>Balance June 30, 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$117,986</td>
<td>$1,955</td>
<td></td>
<td>$119,941</td>
</tr>
<tr>
<td>Exposition facilities</td>
<td>355,017</td>
<td>760,294</td>
<td></td>
<td>1,115,311</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>3,200</td>
<td>1,191</td>
<td></td>
<td>4,391</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>19,071</td>
<td>3,279</td>
<td>$225</td>
<td>22,125</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>958,331</td>
<td>118,407</td>
<td>754,304</td>
<td>322,434</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,453,605</td>
<td>$885,126</td>
<td>$754,529</td>
<td>$1,584,202</td>
</tr>
</tbody>
</table>

The Authority’s East Exposition Building is constructed on land leased from the Chicago Park District. The lease agreement provides for a nominal rental ($1 annually) and specifies that the Chicago Park District has the option of requiring the Authority to return the property to its condition at the inception of the lease or taking possession, control and ownership of the exposition building, facilities and appurtenances thereto. Effective March 29, 1996, the Authority entered into an amended lease agreement to convert the 1956 lease agreement into a month-to-month tenancy ending no later than March 31, 1997. Effective October 1, 1997, the Authority entered into a letter agreement extending the amended lease agreement for 90 days pending execution of a new lease agreement or amendment to the original lease agreement.
7. **LONG-TERM DEBT**

Changes in long-term debt during the year were as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality Bonds:</td>
<td>$127,420</td>
<td></td>
<td></td>
<td>$127,420</td>
</tr>
<tr>
<td>Series 1996A McCormick Place Hospitality Facilities Revenue Bonds, maturing July 1, 2026, some subject to prior redemption, bearing stated interest at 5.75% to 7% (yielding 5% to 6.45%), payable semiannually</td>
<td>$127,420</td>
<td></td>
<td></td>
<td>$127,420</td>
</tr>
<tr>
<td>Expansion Project Bonds:</td>
<td>886,094</td>
<td>$(462,992)</td>
<td>$15,614</td>
<td>438,716</td>
</tr>
<tr>
<td>Series 1992A McCormick Place Expansion Project Bonds, maturing June 15, 2027, some subject to prior redemption, bearing stated interest at 4.35% to 50.0% (yielding 4.35% to 6.75%), payable semiannually; bonds with 50% stated rate were issued at a premium of approximately four times face value</td>
<td>886,094</td>
<td>$(462,992)</td>
<td>$15,614</td>
<td>438,716</td>
</tr>
<tr>
<td>Series 1994A and B McCormick Place Expansion Project Bonds, maturing June 15, 2029, some subject to prior redemption, bearing stated interest at 4.25% to 50.0% (yielding 4.25% to 6.70%), payable semiannually; bonds with 50.0% stated interest rate were issued at a premium of approximately four times face value</td>
<td>207,179</td>
<td>(130)</td>
<td>5,732</td>
<td>212,781</td>
</tr>
<tr>
<td>Series 1996A McCormick Place Expansion Refunding Bonds, maturing June 15, 2027, some subject to prior redemption, bearing stated interest of 4.1% to 6%, payable semiannually</td>
<td></td>
<td></td>
<td></td>
<td>$512,497</td>
</tr>
<tr>
<td>Subtotal Expansion Project Bonds</td>
<td>1,093,273</td>
<td>(463,122)</td>
<td>533,843</td>
<td>1,163,994</td>
</tr>
<tr>
<td>Balance June 30, 1997</td>
<td>Balance July 1, 1996</td>
<td>Maturities/Retirements</td>
<td>Issuance/Accretion</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------</td>
<td>------------------------</td>
<td>--------------------</td>
<td></td>
</tr>
<tr>
<td>$ 92,965</td>
<td>$ 92,965</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22,170</td>
<td>22,660 $ (490)</td>
<td>22,660</td>
<td>$ (490)</td>
<td></td>
</tr>
<tr>
<td>175,355</td>
<td>177,975 (2,620)</td>
<td>177,975</td>
<td>(2,620)</td>
<td></td>
</tr>
<tr>
<td>45,305</td>
<td>53,150 (7,845)</td>
<td>53,150</td>
<td>(7,845)</td>
<td></td>
</tr>
<tr>
<td>335,795</td>
<td>346,750 (10,955)</td>
<td>346,750</td>
<td>(10,955)</td>
<td></td>
</tr>
<tr>
<td>341</td>
<td>412 (71)</td>
<td>412</td>
<td>(71)</td>
<td></td>
</tr>
<tr>
<td>5,990</td>
<td></td>
<td>$ 5,990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,391</td>
<td>3,044</td>
<td></td>
<td>3,044</td>
<td></td>
</tr>
<tr>
<td>$1,636,931</td>
<td>$1,570,899 $(474,148)</td>
<td>540,180</td>
<td>$540,180</td>
<td></td>
</tr>
</tbody>
</table>
**Annual Requirements** - The annual requirements to amortize general long-term debt outstanding as of June 30, 1997, including total interest payments of $2,077,961, are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>$98,602</td>
</tr>
<tr>
<td>1999</td>
<td>104,447</td>
</tr>
<tr>
<td>2000</td>
<td>114,031</td>
</tr>
<tr>
<td>2001</td>
<td>119,042</td>
</tr>
<tr>
<td>2002</td>
<td>125,336</td>
</tr>
<tr>
<td>Thereafter</td>
<td>3,153,434</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,714,892</strong></td>
</tr>
</tbody>
</table>

The combined ending fund balance of the Debt Service Funds of $56,415 is available to service the Authority’s long-term debt as of June 30, 1997. The 1992A, 1994 and 1996A Expansion Project Bonds are serviced with the proceeds of four taxes collectively referred to as Authority taxes. Components of Authority taxes include restaurant tax, car rental tax, hotel tax, and airport departure tax. The Authority is also authorized to receive certain surplus funds, if any, generated by the Illinois Sports Facilities Authority. In addition, the State of Illinois established and holds a reserved escrow account with a June 30, 1997 balance of $29,623 to offset any shortfalls in the receipt of Authority taxes used to make debt service payments on the Series 1992A, 1994 and 1996A Expansion Project Bonds. An allocated portion of the State of Illinois sales tax is also available to service the 1992A, 1994 and 1996A Expansion Project Bonds in the event of shortfalls in Authority taxes. The debt service for 1985, 1986, 1986A, 1992 and 1995 bonds is supported exclusively by dedicated State sales tax receipts.

In accordance with the Third Supplemental Indenture of Trust applicable to the McCormick Place Expansion Project Bonds and the McCormick Place Expansion Project Refunding Bonds, the Authority, during fiscal year 1995, entered into two Debt Service Deposit Agreements. Under these agreements, the Authority received a lump-sum payment of $25,600 in exchange for giving up the right to receive future earnings on investments of debt service balances. The Authority has no liability or continuing exposure for interest rate risk related to future earnings on such balances. Such risk is retained by the counterparty. The Indenture also called for the establishment of an “Excess Revenue Reserve Subaccount” to meet applicable debt service requirements in the event that adequate funds to meet such requirements are not otherwise available. The “Excess Revenue Reserve Subaccount” was established from the proceeds of the Debt Service Deposit Agreements and is recorded in the Authority’s Debt Service Funds. The remaining proceeds are to be used to finance the Authority’s ongoing construction activities.
The Authority has refunded various bond issues by depositing U.S. Government securities in irrevocable trusts to provide for future debt service payments on the refunded bonds. As a result, such bonds are considered to be defeased and the liability for these bonds has been removed from the balance sheet. As of June 30, 1997, the original balances and the related escrow funds for refunded outstanding bonds are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Series</th>
<th>Original Issue</th>
<th>Outstanding</th>
<th>Escrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994 refunding of McCormick Place Expansion Project Bonds</td>
<td>1992A</td>
<td>$ 34,330</td>
<td>$ 30,815</td>
<td>$ 104,103</td>
</tr>
<tr>
<td>1996 refunding of McCormick Place Expansion Project Bonds</td>
<td>1992A</td>
<td>445,998</td>
<td>435,843</td>
<td>479,033</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 480,328</td>
<td>$ 466,658</td>
<td>$ 583,136</td>
</tr>
</tbody>
</table>

During the year, the Authority refunded $462,992 of Series 1992A Expansion Bonds and issued $506,774 of 1996A Expansion Project Refunding Bonds. Maturity dates of both the old and new series range up to 2027. The Authority reduced fiscal year 1997 debt service by $17,284.

Also, during fiscal year 1997, the Authority arranged a $22,000 loan with Northern Trust to finance additional parking and retail space on Navy Pier. The loan has a term of up to 15 years and is secured by a pledge of certain Navy Pier revenues. As of June 30, 1997, the Authority had drawn $5,990 of the loan amount.

The Authority has a loan commitment that allows borrowing for construction funds for the Hotel Project at a rate of LIBOR plus 1.5%. As of June 30, 1997, there were no drawdowns against the loan commitment. In August 1996, the Authority purchased interest rate protection which capped the variable LIBOR rate at 6.5% through August 1998. The interest rate protection will ensure that sufficient funding is available for the project based on the current draw schedule, the cost of the hedge and interest charges based on the maximum rate.

8. PENSION PLAN

Plan Description - The Authority maintains a single-employer, defined benefit pension plan ("Plan") which covers all full-time, nonrepresented employees and certain union-represented employees. The payroll for employees covered by the Plan as of the most recent actuarial valuation date, July 1, 1996, was $11,578; the Authority's total fiscal 1996 payroll was $28,612. Total payroll includes employees covered under a number of separate union plans. At July 1, 1996, Plan membership consists of:

<table>
<thead>
<tr>
<th>Group</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirees and beneficiaries receiving benefits</td>
<td>51</td>
</tr>
<tr>
<td>Vested terminated employees</td>
<td>57</td>
</tr>
<tr>
<td>Active employees:</td>
<td></td>
</tr>
<tr>
<td>Fully vested</td>
<td>167</td>
</tr>
<tr>
<td>Nonvested</td>
<td>111</td>
</tr>
<tr>
<td>Total</td>
<td>386</td>
</tr>
</tbody>
</table>

- 14 -
Employees are eligible for the Plan on the first day of the month after attaining age 21 and completing one year of service, provided they are hired before their sixty-fifth birthday. Employees are 100% vested after five years of service or after attaining age 55.

The Plan was established under the authority of the Board of Directors of the Metropolitan Pier and Exposition Authority. The Authority contributes the amounts necessary to fund the Plan using the projected unit credit cost method.

Employees earn a basic annual pension benefit equal to 1-1/2% of earnings for each year of service after July 1, 1978 plus any pension benefits accrued prior to July 1, 1978. After completing ten years of service, employees are eligible for a minimum pension benefit equal to 3.33% of their final average earnings times years of service up to a maximum of 15 years. Employees eligible for the minimum pension always receive the greater of their basic pension or their minimum pension. Normal retirement under the Plan is age 65, but employees are eligible for an early retirement pension upon attaining age 55. Early retirement pensions are reduced to reflect a longer expected payment period. The Authority issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Metropolitan Pier and Exposition Authority, 2301 S. Prairie, Chicago, IL 60616.

In fiscal year 1997, the Authority elected to adopt GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers,” for the Plan. GASB Statement No. 27 requires the accrued pension liability at the transition (adoption) date be calculated as the cumulative difference, including interest, between the employer’s required contributions in accordance with the Plan’s actuarially required contribution funding requirements and the actual contributions made by the employer for all fiscal years beginning after December 15, 1986 and through the date of transition.

Based on the actuarial valuation performed by the Plan’s actuaries as of January 1, 1996, effects of adoption of GASB Statement No. 27 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued pension liability at June 30, 1996</td>
<td>$ 637</td>
</tr>
<tr>
<td>Net pension obligation (NPO) at July 1, 1996 based on GASB Statement No. 27</td>
<td>3,044</td>
</tr>
<tr>
<td>Net effect of adoption of GASB Statement No. 27</td>
<td>$2,407</td>
</tr>
</tbody>
</table>
**Funding Policy and Annual Pension Cost** - Contribution requirements of the Plan may be amended by the Board of Directors of the Authority. The Authority's annual pension cost for the current year and related information for the Plan is as follows:

Contribution rates:
- Authority
- Plan members
  - Actuarially determined
  - N/A

Annual pension cost (APC)
  - $1,347

Actuarially determined contribution:
- Authority
- Plan members
  - $1,359
  - $0

Actuarial valuation date
  - July 1, 1996

Actuarial cost method
  - Projected Unit Credit

Remaining amortization period
  - 40

Asset valuation method
  - Fair value

Actuarial assumptions:
- Investment rate of return
  - 8.0%
- Projected salary increases
  - 5.0%
- Cost of living increases
  - 3.0%

There were no assumption changes for the Plan from the prior year valuation.

The following represents the significant components of the APC and changes in NPO during the year ended June 30, 1997:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPO - June 30, 1996</td>
<td>$3,044</td>
</tr>
<tr>
<td>Annual required contribution (ARC)</td>
<td>1,359</td>
</tr>
<tr>
<td>Interest to NPO</td>
<td>243</td>
</tr>
<tr>
<td>Adjustment to ARC</td>
<td>(255)</td>
</tr>
<tr>
<td>Annual pension cost</td>
<td>1,347</td>
</tr>
<tr>
<td>NPO before contributions</td>
<td>4,391</td>
</tr>
<tr>
<td>Total contributions</td>
<td>(1,000)</td>
</tr>
<tr>
<td>NPO - June 30, 1997</td>
<td>$3,391</td>
</tr>
</tbody>
</table>
**Funding Progress** - The following summarizes the funding progress for the Plan:

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded Actuarial Accrued Liability (UAAL)</th>
<th>Funded Ratio</th>
<th>Covered Payroll</th>
<th>(UAAL) as a Percentage of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/94</td>
<td>$ 9,016</td>
<td>$ 9,441</td>
<td>$425</td>
<td>95%</td>
<td>$10,228</td>
<td>4.20%</td>
</tr>
<tr>
<td>7/1/95</td>
<td>10,373</td>
<td>11,059</td>
<td>686</td>
<td>94%</td>
<td>11,661</td>
<td>5.90%</td>
</tr>
<tr>
<td>7/1/96</td>
<td>11,922</td>
<td>12,746</td>
<td>824</td>
<td>94%</td>
<td>11,578</td>
<td>7.10%</td>
</tr>
</tbody>
</table>

**Three-Year Trend Information** - The following summarizes fund information for the Plan:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Annual Pension Cost (APC)</th>
<th>Actuarially Determined Contributions</th>
<th>Percentage of Annual Pension Cost Contributed</th>
<th>Net Pension Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/95</td>
<td>$1,108</td>
<td>$1,116</td>
<td>72.20%</td>
<td>$2,495</td>
</tr>
<tr>
<td>6/30/96</td>
<td>1,320</td>
<td>1,330</td>
<td>58.40%</td>
<td>3,044</td>
</tr>
<tr>
<td>6/30/97</td>
<td>1,347</td>
<td>1,359</td>
<td>74.20%</td>
<td>3,391</td>
</tr>
</tbody>
</table>

9. **DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Authority's general creditors. Participants' rights under the plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account for each participant.

Plan activity was as follows:

- Balance - beginning of year: $8,552
- Additions (deductions):
  - Employee contributions: 1,427
  - Plan earnings and other adjustments: 1,262
  - Employee withdrawals: (442)
  - Administrative expenses: (13)

- Balance - end of year: $10,786
It is the opinion of legal counsel that the Authority has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

10. RESTATEMENT

In 1997, the Authority adopted GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers.” GASB Statement No. 27 requires the accrued pension liability at the transition (adoption) date be calculated as the cumulative difference, including interest, between the employer’s required contributions in accordance with the pension plan’s actuarially required contribution funding requirements and the actual contributions made by the employer for all fiscal years beginning after December 15, 1986 and through the date of transition.

The effect of adoption of GASB Statement No. 27 was $2,407 and was reported on the financial statements as an increase in the long-term pension liability as of July 1, 1996. The three-year funding progress and trend information presented in Note 8 further reflects the effects of adoption of GASB Statement No. 27 for the year ended June 30, 1997.

11. COMMITMENTS AND CONTINGENCIES

The Authority has entered into various construction contracts related to the McCormick Place Expansion Project. The total projected cost of this project is $1,043,167. The McCormick Place Expansion of the South Building was completed in December 1996; the anticipated completion of the Lakeside Center is projected to be November 1997. The estimated value of contracts that have been awarded for which the services have not yet been provided is $82,775.

The Authority has certain contingent liabilities resulting from litigation, claims and commitments incident to the ordinary course of business. Also, Federal and State grant programs are subject to audit and the potential disallowance of costs. Management expects that final resolution of any such contingencies will not materially affect the financial position of the Authority.

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to customers, employees, contractors or vendors; and natural disasters. The Authority utilizes a comprehensive insurance program for its property and casualty coverage provided by commercial insurance carriers. The Authority has a self-insured program for workers’ compensation for individual claims up to $325 and is fully insured for claims in excess of $325 up to the State of Illinois statutory limit. All risk-financing activities are accounted for in the General Fund.

Currently, the Authority’s third-party administrator calculates the claims liabilities amount required for outstanding workers’ compensation claims. The liability and expenditures are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.
The total claims liabilities related to individual workers' compensation claims in the amount of $325 or less recorded in the General Fund are as follows:

<table>
<thead>
<tr>
<th>Year-End June 30</th>
<th>July 1 Balance</th>
<th>Current Year Claims and Changes in Estimates</th>
<th>Actual Claim Payments</th>
<th>June 30 Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>$2,546</td>
<td>$1,158</td>
<td>$1,059</td>
<td>$2,645</td>
</tr>
<tr>
<td>1996</td>
<td>2,645</td>
<td>568</td>
<td>933</td>
<td>2,280</td>
</tr>
<tr>
<td>1997</td>
<td>2,280</td>
<td>2,196</td>
<td>1,038</td>
<td>3,438</td>
</tr>
</tbody>
</table>

* * * * *
APPENDIX B

DEFINITIONS OF CERTAIN TERMS
APPENDIX B

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture and Fifth Supplemental Indenture Capitalized terms used in this Official Statement not defined herein have the meanings assigned to them in the Indenture.

"Account" or "Accounts" shall mean any one or more of the accounts created or established within any Fund under the Original Indenture or under any Supplemental Indenture.

"Accreted Value" shall mean 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 initial 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 initial principal amount, beginning on the date of such Capital Appreciation Bond and ending at the maturity date thereof, 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 shall mean 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 (i) the Accreted Value on the preceding Valuation Date and (ii) 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" shall mean Bonds issued pursuant to the Indenture as from time to time supplemented, other than the Series 1992A Bonds, including the Series 1994 Bonds, the Series 1996A Bonds and the Series 1998 Bonds, but in no event shall Additional Bonds include Subordinate Securities.

"Adjustable Rate Bond" shall mean any Bond, the interest rate on which is not established at the time of calculation at a single numerical rate for the remaining term of such Bond, but for which the period between re determinations of the interest rate is more than two (2) years.

"Adjusted Debt Service Requirements" shall mean, for any period, as of any date of calculation, the aggregate Debt Service Requirements on Outstanding Bonds for such period taking into account the following adjustments:

(i) With respect to Bonds that bear interest at a Variable Interest Rate, the aggregate Debt Service Requirements thereon shall be determined as if each such Bond bore interest at the Maximum Interest Rate; provided, however, (A) if the Authority (1) enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay a fixed interest rate on a notional amount, and (2) has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement, the interest rate on such Bonds shall be determined as if such Bonds bore interest at the fixed interest rate payable by the Authority under such Qualified Swap Agreement, and (B) if (1) Bonds of a specific maturity within a series bear interest at a Variable Interest Rate and Bonds which bear a Variable Interest Rate of another series with the same maturity are issued in an equal principal amount to the first such series of Bonds of the same maturity and (2) the Variable Interest Rate of the first series of such Bonds varies inversely to the Variable Interest Rate of the second series of such Bonds of the same maturity so that the combined interest rate for the aggregate principal amount of such Bonds of the same specific maturity for both such series is determined by the Authority to result in a combined fixed interest rate, then so long as the same principal amount of each maturity of such series of Bonds remain Outstanding, the aggregate Debt Service Requirements thereon shall be determined as if all such Variable Interest Rate Bonds of such series and maturity bore interest.
at the combined fixed interest rate so determined by the Authority with respect to such aggregate principal amount of such Bonds.

(ii) With respect to Fixed Interest Rate Bonds, if the Authority (1) enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay a variable interest rate on a notional amount and (2) has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement the interest rate on such Bonds shall be determined as if such Bonds bore interest at the Maximum Interest Rate on the notional amount of such Bonds.

(iii) Except to the extent described in (iv) below, with respect to Bonds secured by a Credit Facility, the aggregate Debt Service Requirements thereon shall be deemed to include all periodic Bond Related Costs and other payments to (including any payment required to reimburse) the related Credit Provider (including any Debt Service Reserve Fund Credit Provider), but shall not include any amounts payable as principal of and interest and premium with respect to any reimbursement obligation to such Credit Provider except and to the extent that such payments on such reimbursement obligation are required to be made to the Credit Provider in excess of any corresponding Debt Service Requirements with respect to such Bonds during such period.

(iv) With respect to Optional Tender Bonds, the aggregate Debt Service Requirements thereon shall not include any amounts payable to a Credit Provider pursuant to any reimbursement obligation arising as the result of the payment of any purchase price with respect to such Bonds on a Purchase Date except to the extent that, and for any period during which, the Authority is obligated to reimburse the Credit Provider for payments made by such Credit Provider directly or indirectly in satisfaction of any obligation to purchase such Bonds on any Purchase Date following the application of any proceeds of any remarketing of such Bonds.

(v) The aggregate Debt Service Requirements for any period on any Bonds shall not include (1) any interest which is payable from Capitalized Interest which is to be transferred to an Interest Account in the Bond Fund from a Capitalized Interest Account or (2) the amount of Debt Service Requirements on Bonds to be paid from amounts in the Debt Service Reserve Fund at the time of such computation for the period in question, but only if any such amount described in (1) or (2) is available and is to be applied under the applicable Supplemental Indenture to make interest payments on such Bonds when due.

(vi) With respect to Crossover Refunding Bonds, the aggregate Debt Service Requirements thereon until the Crossover Refunding Bonds Break Date shall be disregarded.

(vii) If the Authority enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay any amount in excess of the amount to be received by the Authority in connection therewith for the period for which any calculation of Adjusted Debt Service Requirements is to be made under the Indenture, then, to the extent not taken into account in (i) and (ii) above, the net amount of such payments which may be required of the Authority (using Maximum Interest Rate for such purpose if such amount is subject to any variation) shall be included in the Aggregate Debt Service Requirements.

For purposes of this definition of Adjusted Debt Service Requirements, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of any Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculation of accrued and unpaid and accruing interest or principal installments on the date on which or for the period during which such amounts become due and payable unless otherwise specified in the Supplemental Indenture authorizing such Capital Appreciation Bonds or Deferred Interest Bonds.
"AMBAC" shall mean AMBAC Indemnity Corporation, a Wisconsin stock insurance corporation, or any successor thereto, in its capacity as the issuer of the AMBAC Bond Insurance Policy (Series 1992A) and AMBAC Bond Insurance Policy (Series 1996A).

"AMBAC Bond Insurance Policy (Series 1992A)" shall mean the Municipal Bond Insurance Policy dated January 5, 1993 and designated as Policy Number 7819BE, issued by AMBAC insuring the payment when due of the principal of and interest on the Series 1992A Bonds maturing on June 15, 2004 as provided therein.

"AMBAC Bond Insurance Policy (Series 1992A)" shall mean the AMBAC Bond Insurance Policy (Series 1992A) and the AMBAC Bond Insurance Policy (Series 1996A).

"AMBAC Bond Insurance Policy (Series 1996A)" shall mean the Municipal Bond Insurance Policy dated October 8, 1996 and designated as Policy Number 13266BE, issued by AMBAC insuring the payment when due of the principal of and interest on the Series 1996A Bonds consisting of $144,145,000 in aggregate original principal amount of Current Interest Series 1996A Bonds maturing on December 15 in the years 1997 through 2006, both inclusive; $17,580,000 in aggregate original principal amount of Current Interest Series 1996A Bonds maturing on June 15, 2007; $72,030 in aggregate original principal amount of Current Interest Series 1996A Bonds maturing on December 15 in the years 2007 through 2010, both inclusive; and $145,675,000 in aggregate original principal amount of Current Interest Series 1996A Bonds which are Term Bonds maturing on June 15, 2027.

"AMBAC Insured Bonds (Series 1992A)" shall mean the Series 1992A Bonds the payment of principal of and interest on which are insured by the AMBAC Bond Insurance Policy (Series 1992A).

"AMBAC Insured Bonds (Series 1996A)" shall mean the Series 1996A Bonds the payment of principal of and interest on which are insured by the AMBAC Bond Insurance Policy (Series 1992A).

"AMBAC Insured Bonds" shall mean the AMBAC Insured Bonds (Series 1992A) and the AMBAC Insured Bonds (Series 1996A).

"Appreciated Value" shall mean with respect to any Bond that is a Deferred Interest Bond until the Interest Commencement Date thereon, an amount equal to the principal amount of such Deferred Interest Bond (determined on the basis of the initial principal amount per $5,000 at the Interest Commencement Date 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 initial principal amount, beginning on the date of such Deferred Interest Bond and ending on the Interest Commencement Date, at a yield which, if produced until the Interest Commencement Date, will produce $5,000 at the Interest Commencement Date. As of any Valuation Date, the Appreciated Value of any Bond that is a Deferred Interest Bond shall mean the amount set forth for such date in the Supplemental Indenture authorizing such Deferred Interest Bond and as of any date other than a Valuation Date, the sum of (i) the Appreciated Value on the preceding Valuation Date and (ii) 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, and (2) the difference between the Appreciated Values for such Valuation Dates.

"Authority" shall mean Metropolitan Pier and Exposition Authority, a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois, or any successor to its functions.

"Authority Act" shall mean the "Metropolitan Pier and Exposition Authority Act," as now or hereafter amended, 70 ILCS 210/1 et seq. (1996 State Bar Edition).

"Authority Annual Certificate" shall mean the certificate described in Appendix B hereto under the caption "Authority Annual Certificate" required by the Original Indenture and Section 8.25(f) of the Finance Act to be made annually to the State Comptroller, the State Treasurer, the Illinois Department of Revenue and the Trustee, as such certification is amended from time to time as necessary.

"Authority Representative" shall mean the Chairman of the Authority, the Chief Executive Officer of the Authority or such other officer identified by resolution of the Authority Board as being the "Authority Representative" for purposes of the Indenture.
"Authority Taxes" shall mean all of those taxes, charges, fees, impositions, levies or other amounts imposed by the Authority or authorized to be collected under the Authority Tax Ordinances together with any amounts required to be deposited into the Authority Tax Fund by Section 19 of the Illinois Sports Facilities Authority Act as amended, 70 ILCS 3205/19 et. seq. (1996 State Bar Edition).

"Authority Tax Fund" shall mean the statutory trust fund to be held by the Treasurer of the State of Illinois outside the State Treasury pursuant to the Authority Act (particularly Section 13 thereof).

"Authority Tax Ordinances" shall mean that certain Ordinance entitled "Metropolitan Pier And Exposition Authority Hotel Tax Ordinance" (and also known as the "MPEA Hotel Tax Ordinance") adopted by the Authority on July 21, 1992; that certain Ordinance entitled "Metropolitan Pier and Exposition Authority Auto Rental Tax Ordinance" (and also known as the "MPEA Auto Rental Tax Ordinance") adopted by the Authority on July 21, 1992; that certain Ordinance entitled "Metropolitan Pier and Exposition Authority Auto Rental Use Tax Ordinance" (and also known as the "MPEA Auto Rental Use Tax Ordinance") adopted by the Authority on July 21, 1992; that certain Ordinance entitled "Ordinance Imposing Metropolitan Pier and Exposition Authority Retailers' Occupation Tax" adopted by the Authority on July 21, 1992; and that certain Ordinance entitled "Metropolitan Pier and Exposition Authority (or MPEA) Airport Departure Tax Ordinance" adopted by the Authority on October 20, 1992, and as amended by a Substitute Ordinance adopted by the Authority on December 11, 1992 and as further amended by an Ordinance adopted by the Authority on January 19, 1993, each as now or hereafter amended and any other further ordinance adopted by the Board of the Authority under or pursuant to the Authority Act for the express purpose of raising amounts thereunder to be pledged pursuant to the Original Indenture or any Supplemental Indenture.

"Authorizing Legislation" shall mean the Authority Act, Public Act 87-733 and Public Act 90-0612.

"Bond Closing" shall mean the date on which there is delivery by the Authority of, and payment for, a series of Bonds.

"Bond Counsel" shall mean any qualified firm of lawyers selected by the Authority whose expertise in matters relating to the issuance of obligations by states and their political subdivisions, the interest on which is excludable from gross income for purposes of Federal income taxation, is nationally recognized.

"Bond Fund" shall mean the fund by that name established by of the Original Indenture, together with any and all Interest Accounts, Principal Accounts, Capitalized Interest Accounts, Redemption Accounts, Credit Accounts, Expense Accounts, Rebate Accounts, and Purchase Accounts established therein pursuant to any Supplemental Indentures.

"Bond Register" shall mean the register maintained by the Bond Registrar pursuant to the Original Indenture.

"Bond Registrar" shall mean the Trustee or any successor trustee appointed as Bond Registrar pursuant to the Original Indenture.

"Bond Related Costs" shall mean (a) all costs, fees and expenses of the Authority incurred or reasonably related to any Liquidity Facility, Credit Facility, any remarketing or other secondary market transactions and any Qualified Swap Agreement (whether requiring the Authority to pay fixed or variable amounts) that the Authority has determined was entered into for the purposes of providing substitute interest payments for a particular series or maturity of Bonds, (b) initial and acceptance fees of any Fiduciary together with any fees of Bond Counsel, attorneys, feasibility consultants, engineers, financial advisors, remarketing agents, rebate consultants, accountants and other advisors retained by the Authority in connection with a series of Bonds, and (c) any other fees, charges and expenses that may be lawfully incurred by the Authority relating to Bonds, including, without limitation, any obligation of the Authority to a Credit Provider for a series of Bonds to repay or reimburse any amounts paid by such Credit Provider due to payment under such Credit Facility and any interest on such repayment obligation unless any such amount constitutes a Bond Service Charge for such series.

"Bond Service Charges" shall mean, for any applicable time period or date, the scheduled principal of and premium, if any, and interest and the fees, expenses and costs of the Trustee, Bond Registrar and Paying Agent, if any, on any of the Bonds accruing for that period or due and payable on that date. In determining Bond Service Charges accruing for any period or due and payable on any date, Mandatory Sinking Fund Requirements accruing for that period or due on that date shall be included together with any amount required to be paid for the replenishment of any reserve, and any amounts due with respect to Crossover Refunding Bonds prior to the Crossover Refunding Bonds Break Date shall be excluded if and to the extent that such amounts are payable out of Defeasance Securities.
"Bond Year" shall mean for each series of Bonds, the period ending on the first June 15 following the Bond Closing for such series of Bonds and each twelve-month calendar period thereafter ending on June 15; provided that, for the purposes of Section 148 of the Code, the Authority may elect a different "bond year" as permitted thereby.

"Bondowner" or "Owner" shall mean the person in whose name a Bond is registered in the Bond Register.

"Bonds" shall mean the Series 1992A Bonds and any Additional Bonds issued and Outstanding pursuant to the Indenture, but in no event shall Bonds include Subordinate Securities.

"Business Day" shall mean any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in Chicago and any other city where the principal corporate trust office of the Trustee or the principal office of any Credit Provider is located are authorized to be closed by law or executive order of a regulatory or administrative authority having jurisdiction in connection therewith.

"Capital Appreciation Bonds" shall mean 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 Owner 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 shall be deemed to be its Accreted Value as of such date.

"Capitalized Interest" shall mean that portion of the proceeds of any series of Bonds, if any, together with any available earnings thereon that are restricted to be used to pay interest due or to become due on any Bonds.

"Capitalized Interest Account" shall mean a Capitalized Interest Account established within the Bond Fund as may be provided in a Supplemental Indenture.


"Code" or "Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended, and all applicable Treasury Regulations.

"Cost of Issuance Account" shall mean a Cost of Issuance Account, if any, established within the Cost of Issuance Fund as may be provided in a Supplemental Indenture.

"Cost of Issuance Fund" shall mean the fund by that name established by the Original Indenture.

"Credit Account" shall mean any Account by that name in the Bond Fund or Debt Service Reserve Fund, as applicable, established by the Indenture.

"Credit Agreement" shall mean any reimbursement agreement or similar instrument between the Authority (and, if so drafted, the Trustee) and a Credit Provider with respect to a Credit Facility.

"Credit Facility" shall mean a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Credit Provider with respect to all or a specific portion of one or more series of Bonds to satisfy in whole or in part the Authority's obligation to maintain a Reserve Requirement with respect thereto or to secure (a) the payment of debt service (which may include the premium due on payment of a Bond) on Bonds of a specified series, or a specific portion thereof, (b) the payment of the purchase price (which may include accrued interest to the date of purchase) of Bonds of a specified series, or a specific portion thereof, on the applicable purchase dates or tender dates, or (c) both the payment of debt service on a specified series of Bonds, or a specific portion thereof, and the payment of the purchase price of Bonds of a specified series, or a specific portion thereof, but only if the debt obligations of such Credit Provider are rated in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Bonds secured by such Credit Facility.

"Credit Provider" shall mean the bank, insurance company, financial institution or other entity providing a Credit Facility pursuant to a Credit Agreement.
"Crossover Refunding Bonds" shall mean any Additional Bonds the proceeds of which: (i) are deposited in an escrow account with a Fiduciary, (ii) cannot be applied to the purpose for which such Crossover Refunding Bonds are to be issued until the Crossover Refunding Bonds Break Date, (iii) must be certified by the Authority to be sufficient, together with the investment income thereon, after the payment of Bond issuance costs and Bond Related Costs, if any, to pay the Bond Service Charges on such series on and prior to such Crossover Refunding Bonds Break Date and (iv) other than paying or providing for the payment of such Bond issuance costs and Bond Related Costs, if any, cannot be used for any purpose (subject to lien and other requirements of the Indenture) other than the payment of such Bond Service Charges on such Crossover Refunding Bonds on and prior to the Crossover Refunding Bonds Break Date.

"Crossover Refunding Bonds Break Date" shall mean the date specified in the Supplemental Indenture authorizing a series of Crossover Refunding Bonds as the date upon which the proceeds of such Crossover Refunding Bonds can be applied to the purpose for which such Crossover Refunding Bonds are to be issued upon the satisfaction of certain conditions, which conditions shall be set forth in such Supplemental Indenture.

"Current Interest Bonds" shall mean all Bonds which are not (a) Capital Appreciation Bonds or (b) prior to the Interest Commencement Date, Deferred Interest Bonds.

"Debt Service Deposit Agreement" shall mean any agreement pursuant to which amounts on deposit in the Funds or Accounts are invested prior to application to pay principal, interest or other amounts, when due, with respect to the Bonds or other obligations listed under "Flow of Revenues" in Appendix C.

"Debt Service Requirements" shall mean during the applicable period and as of any date of calculation with respect to any series of Outstanding Bonds, the aggregate of the Bond Service Charges on such series. For purposes of this definition, unless provided to the contrary in the applicable Supplemental Indenture authorizing the issuance of Capital Appreciation Bonds and Deferred Interest Bonds, the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculations of accrued and unpaid and accruing interest or principal payments in the year in which such payments are required to be made.

"Debt Service Reserve Account" shall mean any Debt Service Reserve Account established within the Debt Service Reserve Fund as may be provided in a Supplemental Indenture.

"Debt Service Reserve Fund" shall mean the fund by that name established by the Indenture.

"Debt Service Reserve Fund Credit Facility" shall mean a Credit Facility provided to satisfy all or any portion of the Debt Service Reserve Requirement.

"Debt Service Reserve Fund Policies" shall mean the Debt Service Reserve Fund Policy (1994), the Debt Service Reserve Fund Policy (1998) and any replacement, renewal, supplement thereto or additional Debt Service Reserve Fund Credit Facility, from time to time securing Outstanding Bonds under the Indenture.

"Debt Service Reserve Fund Policy (1994)" shall mean the Municipal Bond Debt Service Reserve Fund Policy designated as Policy Number 94010334 (Rollover of Policy No. 93010008) dated June 23, 1994, issued by the Debt Service Reserve Fund Policy Credit Provider in a principal amount of $46,499,912.50 and any Debt Service Reserve Fund Credit Facility issued in replacement thereof.


"Debt Service Reserve Fund Policy Credit Providers" shall mean (a) the Debt Service Reserve Credit Provider (1994), (b) the Debt Service Reserve Credit Provider (1998) and (c) the Credit Provider with respect to any additional or replacement Debt Service Reserve Fund Credit Facility.

"Debt Service Reserve Fund Policy Credit Provider (1994)" shall mean Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto, in its capacity as issuer of the Debt Service Reserve Fund Policy (1994);

"Debt Service Reserve Fund Policy Agreements" shall mean the Debt Service Reserve Fund Policy Agreement (1994), the Debt Service Reserve Fund Agreement (1998) and any renewal, amendment, supplement or additional debt service reserve fund policy agreement or similar agreement relating to a Debt Service Reserve Fund Credit Facility.


"Debt Service Reserve Requirement" shall mean as of any date of calculation, the sum of the Reserve Requirements applicable to each series of Bond then Outstanding.

"Defeasance Securities" shall mean (subject to any more restrictive definition imposed by law or by any special provision contained in a Supplemental Indenture whether or not in connection with a Credit Facility or a Credit Provider):

i) direct and general obligations of, or obligations which as to principal and interest are unconditionally guaranteed as to full and timely payment by, the United States of America, to the payment of which the full faith and credit of the United States of America is irrevocably and unconditionally pledged, including evidences of direct ownership of proportionate interests in future principal or interest payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated. The obligations described in this paragraph are hereinafter called "United States Government Obligations;" and

ii) pre-refunded municipal obligations meeting the following conditions:

(a) the municipal obligations (1) are not subject to redemption prior to maturity or (2) the trustee, paying agent or escrow agent has been given irrevocable instructions concerning their calling and redemption and the issuer of such municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or non-callable United States Government Obligations that may be applied only to interest, principal and premium payments of such municipal obligations;

(c) the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations;

(d) the cash and United States Government Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; and

(e) the United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.
"Deferred Interest Bonds" shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Indenture authorizing such series and the Appreciated Value for such series is compounded on the Valuation Date for such series.

"Delivery Date" shall mean the date of original delivery of a series of Bonds to the Original Purchaser.

"Depository" shall mean a trust company or other fiduciary acting as a depository pursuant to a Depository Letter Agreement with respect to Global Certificates for any series of Bonds or any portion thereof.

"Depository Letter Agreement" shall mean with respect to a series of Bonds issued as Global Certificates, the Depository Letter Agreement by and among the Authority, the Trustee and the Depository identified in the related Supplemental Indenture.

"Discharge Date" shall mean the date on which all Outstanding Bonds are discharged under the Indenture.

"DTC" shall mean The Depository Trust Company, New York, New York, as Depository for the Series 1998 Bonds, and its successors and assigns.

"DTC Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 1998 Bonds as Depository.

"Event of Default" shall mean any of the events set forth as such in Appendix B hereto under the caption "Default and Remedies".

"Escrow Agent" shall mean LaSalle National Bank or any permitted successor, as Escrow Agent, under the Escrow Agreements.

"Escrow Agreement (Series 1992A)" shall mean the Escrow Agreement dated as of August 15, 1998 between the Authority and the Escrow Agent with respect to the Refunded Bonds (Series 1992A), as amended or supplemented as permitted thereby.

"Escrow Agreement (Series 1994)" shall mean the Escrow Agreement dated as of August 15, 1998 between the Authority and the Escrow Agent with respect to the Refunded Bonds (Series 1994), as amended or supplemented as permitted thereby.

"Escrow Agreements" shall mean the Escrow Agreement (Series 1992) and the Escrow Agreement (Series 1994).

"Excess Earnings" shall mean the amount of investment earnings on moneys held in the Funds and Accounts held under the Indenture, or in any other fund or account relating to Tax-Exempt Bonds, required to be transferred to the Rebate Fund as earnings on the "gross proceeds" (as defined by or under the Code) of Tax-Exempt Bonds in excess of the "yield" (calculated as required by or under the Code) on such Tax-Exempt Bonds.

"Excess Revenue Account" shall mean the Account by that name in the Revenue Fund established by the Indenture.

"Excess Revenues" shall mean amounts deposited to the Excess Revenue Account.

"Expansion Project" shall mean the "Expansion Project" as defined now or hereafter in the Authority Act.

"Expense Account" shall mean an Expense Account established within the Bond Fund as may be provided in a Supplemental Indenture.

"Fiduciary" shall mean any bank or other organization acting in a fiduciary capacity with respect to any Bonds, whether as Trustee, Paying Agent, Bond Registrar, tender agent, or escrow agent, or in a similar function: provided that a Depository shall not be considered a Fiduciary.

"Fifth Supplemental Indenture" shall mean the Fifth Supplemental Indenture of Trust dated as of August 15, 1998, between the Authority and the Trustee, as such Fifth Supplemental Indenture may, from time to time, as amended or supplemented.

"Final Payment Date" shall mean the Maturity Date, Discharge Date or Purchase Date on which all Outstanding Bonds of a specific series either mature, are to be redeemed, are defeased and discharged in the manner provided by the Indenture, or
are purchased, in the manner described in Appendix B hereto under the caption "Bond Fund -- (G) "Purchase Account", whichever date is earlier.

"Finance Act" shall mean "An Act in relation to State Finance", as amended 30 ILCS 105/1 et seq. (1996 State Bar
Edition).


"Financial Guaranty Insured Bonds (Series 1992A)" shall mean the Series 1992A Bonds maturing on June 15 in each of the years 2007 through 2021, inclusive, which are guaranteed by the Financial Guaranty Bond Insurance Policy (Series 1992A).


"First Supplemental Indenture" shall mean the First Supplemental Indenture of Trust dated as of December 15, 1992 between the Authority and the Trustee as such First Supplemental Indenture may, from time to time be amended or supplemented.


"Fiscal Agent (Financial Guaranty Bond Insurance Policy (Series 1998))", for the purpose of the Fifth Supplemental Indenture only, shall mean State Street Bank and Trust Company, N.A., or its successor, as Fiscal Agent with respect to the Financial Guaranty Bond Insurance Policy (Series 1998).
"Fiscal Year" shall mean the fiscal year of the State which currently is the twelve month period ending June 30 of each calendar year.

"Fitch" shall mean Fitch Investors Service, Inc., or any successor thereof which qualifies as a "Rating Agency" hereunder.

"Fixed Interest Rate Bond" shall mean (a) a Bond, the interest rate on which is established (with no right to vary) at the time of calculation at a single numerical rate for the remaining term of such Bond, or (b) all of those Bonds of a specific maturity described in clause (B)(1) and (2) of subsection (i) of the definition of Adjusted Debt Service Requirements.

"Fourth Supplemental Indenture" shall mean the Fourth Supplemental Indenture of Trust dated as of September 15, 1996 between the Authority and the Trustee as such Fourth Supplemental Indenture may, from time to time, be amended or supplemented.

"Funds" shall mean the Revenue Fund, Bond Fund, Debt Service Reserve Fund, Cost of Issuance Fund and Project Fund (and all of the Accounts, subaccounts and subfunds created therein), but shall in no event include the Surplus Revenues Fund, McCormick Place Expansion Project Fund, the Authority Tax Fund or any Rebate Account.

"Global Certificate" shall mean Bonds in the form of one certificate per maturity (or any specific portion of a maturity entitled to the benefit of a Credit Facility or with respect to which interest or principal is to be computed or paid differently than with respect to other Bonds of the same maturity), each representing the entire principal amount of a series of Bonds (or such specific portion thereof) due on a particular maturity date, which single certificate per maturity (or such specific portion thereof) may be transferred on the Bond Register as required by the Uniform Commercial Code, but which may not be exchanged for smaller denominations unless the Authority determines to issue Replacement Bonds as provided in the Indenture.

"Improvements" shall mean the McCormick Place Expansion Project together with any expansion, construction, reconstruction, equipping, modification or other betterment to be financed in whole or in part with Bonds or any other costs permitted to be paid by the Authority Act out of Bond proceeds.

"Indenture" shall mean the Original Indenture and, as to each series of Bonds, any Supplemental Indenture pertaining thereto, as the Original Indenture or any Supplemental Indenture may from time to time be amended or supplemented.

"Independent Accountant" shall mean a certified public accountant or firm of certified public accountants selected by the Authority and acceptable to the Trustee, and not a full-time employee or officer of the Authority.

"Independent Counsel" shall mean any attorney designated by the Trustee, duly admitted to practice law before the highest court of any state, who may be counsel to the Authority but who may not be a full-time employee of the Authority.

"Insurance Trustee (AMBAC Bond Insurance Policy (Series 1992A))" for purposes of the First Supplemental Indenture only, shall mean United States Trust Company of New York, or any successor as insurance trustee with respect to the AMBAC Bond Insurance Policy (Series 1992A).

"Insurance Trustee (AMBAC Bond Insurance Policy (Series 1996A))" for purposes of the Fourth Supplemental Indenture only, shall mean United States Trust Company of New York, or any successor as insurance trustee with respect to the AMBAC Bond Insurance Policy.

"Insurance Trustee (MBIA Policy)", for the purpose of the Fourth Supplemental Indenture, shall mean State Street Bank and Trust Company, N.A., or any successor as insurance trustee with respect to the MBIA Policy.

"Insurance Trustee (MBIA Insurance Corporation Bond Insurance Policy)", for the purpose of the Second Supplemental Indenture, shall mean State Street Bank and Trust Company, N.A., or any successor as insurance trustee with respect to the MBIA Insurance Corporation Bond Insurance Policy (Series 1994).

"Interest Account" shall mean the Account by that name in the Bond Fund established by the Original Indenture and for purposes of any series of Bonds, shall mean the Interest Account established within the Bond Fund by the applicable Supplemental Indenture.
"Interest Accounts" shall mean the Series 1992A Interest Account and the Series 1994 Interest Account and any other Interest Account established within the Bond Fund as provided in a Supplemental Indenture.

"Interest Commencement Date" shall mean, with respect to any particular Deferred Interest Bonds, the date specified in the applicable Supplemental Indenture authorizing such Deferred Interest Bonds (which date must be prior to the maturity date for such Deferred Interest Bonds), after which interest accruing on such Deferred Interest Bonds shall be payable with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Interest Payment Date" shall mean June 15 and December 15 of each year.

"Interest Payment Period" with respect to any Bond or series of Bonds, shall mean the period from but not including a regularly scheduled Interest Payment Date to and including the next regularly scheduled Interest Payment Date, provided that any Supplemental Indenture may adjust this definition of the term "Interest Payment Period" with respect to any Bond or series of Bonds authorized to be issued thereunder in order to provide for the proper computation of or the timely transfer of amounts payable with respect to interest borne by such Bond or series of Bonds on any Interest Payment Date.


"Liquidity Facility" shall mean any agreement with a Credit Provider under or pursuant to which it agrees to purchase Optional Tender Bonds provided that the debt obligations of such Credit Provider are rated in one of the two highest Rating Categories by S&P and Moody's if such Rating Agencies are then rating such obligations and by Fitch but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Optional Tender Bonds.

"Mandatory Sinking Fund Payment Dates" for any series of Bonds, shall mean the dates on which any Term Bond is subject to mandatory redemption prior to the stated maturity thereof, as specified in the Supplemental Indenture relating to such Bonds.

"Mandatory Sinking Fund Payments" shall mean the amounts of principal scheduled to be paid on account of Term Bonds on any specific Principal Payment Date or Dates prior to maturity, and shall include the payments which are required to be made to redeem the Bonds of any series in accordance with the Mandatory Sinking Fund Requirements after appropriate credits, if any, have been made.

"Mandatory Sinking Fund Requirements" shall mean the principal amount of Term Bonds which are required to be redeemed by mandatory sinking fund redemption, in the principal amounts, at the prices and on the dates as set forth in the applicable Supplemental Indenture including such amounts with respect to the Series 1998 Bonds set forth in this Official Statement under the heading "DESCRIPTION OF THE SERIES 1998 BONDS - Redemption -- Mandatory Redemption of Series 1998 Bonds".

"Mandatory Tender Date" shall mean a date on which a series of Bonds, or specific Bonds included in such series, are required to be purchased by, or on behalf of, the Authority as provided in the Indenture or in the Supplemental Indenture authorizing such series of Bonds.

"Maturity Date" shall mean a Principal Payment Date, whether occurring by reason of a scheduled maturity of principal, upon redemption or otherwise.

"Maximum Interest Rate" shall mean during any applicable period and as of any date of calculation with respect to any particular Bonds, series of Bonds or other obligations which are Adjustable Rate Bonds or which bear interest at a Variable Interest Rate, a numerical rate of interest, which shall be set forth in the Supplemental Indenture authorizing such Bonds, that shall be the maximum rate of interest such Bonds may bear at any time during such applicable period.

"MBIA Insurance Corporation" shall mean MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York, or any successor thereto, in its capacity as the issuer of the MBIA Insurance Corporation Bond Insurance Policy (Series 1994) and MBIA Insurance Corporation Bond Insurance Policy (Series 1996A).

"MBIA Insurance Corporation Bond Insurance Policy (Series 1994)" shall mean the Municipal Bond Insurance Policy dated June 23, 1994 and designated as Policy Number 16077, issued by MBIA Insurance Corporation insuring the payment when
due of the principal of and interest on all of the Series 1994A Bonds, on all of the Series 1994 Taxable Bonds and on those Series 1994B Bonds maturing on June 15, 1995 through 2028, inclusive, as provided therein.

"MBIA Insurance Corporation Bond Insurance Policy (Series 1996)" shall mean the Municipal Bond Insurance Policy dated October 8, 1998 and designated as Policy Number 22051, issued by MBIA Insurance Corporation insuring the payment when due of the principal of and interest on all of the Series 1996A Bonds that are Capital Appreciation Bonds, inclusive, as provided therein.

"MBIA Insurance Corporation Insured Bonds" shall mean the MBIA Insurance Corporation Insured Bonds (Series 1994) and the MBIA Insurance Corporation Insured Bonds (Series 1996A).

"MBIA Insurance Corporation Insured Bonds (Series 1994)" shall mean the Series 1994 Bonds, the payment of principal of and interest on which are insured by the MBIA Insurance Corporation Bond Insurance Policy (Series 1994).

"MBIA Insurance Corporation Insured Bonds (Series 1996)" shall mean the Series 1996A Bonds, the payment of principal and interest on which are insured by the MBIA Insurance Corporation Bond Insurance Policy (Series 1996A).

"MBIA Insurance Corporation Bond Insurance Policies" shall mean the Municipal Bond Insurance Policy (Series 1994) and the MBIA Insurance Corporation Policy (Series 1996A).

"McCormick Place Expansion Project" shall mean the "Expansion Project" now or hereafter described in the Authority Act.

"McCormick Place Expansion Project Bonds" shall mean any and all Bonds issued and Outstanding under the Indenture.

"McCormick Place Expansion Project Fund" shall mean the McCormick Place Expansion Project Fund created in the State Treasury by the Finance Act.

"Moody’s" shall mean Moody’s Investors Services or any successor thereof which qualifies as a "Rating Agency".


"National System" shall mean the computerized national securities clearance and settlement system to register transfer of ownership interests in debt securities by making book entries on the books of a Depository, and through which payments are distributed to Participants as shown on the books of the Depository as the owners of such interests.

"Navy Pier" shall have the meaning now or hereafter given to such term in the Authority Act.

"Navy Pier Project" shall mean the Improvements at Navy Pier to be financed with the proceeds of the Bonds.

"Non-Global Bonds" shall mean Replacement Bonds, and any series of Additional Bonds which are not issued in the form of Global Certificates.

"Optional Tender Bonds" shall mean any Bonds which by their terms may be tendered by and at the option of, or are required to be tendered by, the Owner thereof for payment or purchase by the Authority or another party prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Owner thereof, provided, however, none of the Series 1992A Bonds, none of the Series 1994 Bonds, none of the Series 1996A Bonds and none of the Series 1998 Bonds are "Optional Tender Bonds" under the Indenture and the Authority may determine in any Supplemental Indenture that other Bonds are not "Optional Tender Bonds".

"Original Indenture" means the Indenture of Trust by and between the Authority and the Trustee dated as of December 15, 1992.
"Original Principal Amount" when used with respect to a Capital Appreciation Bond, shall mean an amount equal to the aggregate original principal amount of such Bond, and not its Accreted Value unless otherwise provided in the related Supplemental Indenture and when used with respect to a Deferred Interest Bond, shall mean an amount equal to the aggregate original principal amount of such Bond, and not its Appreciated Value unless otherwise provided in the related Supplemental Indenture.

"Original Purchaser" shall mean the investment banker(s), broker-dealer(s), financial institution(s) or other person(s) which purchase a specific series of Bonds from the Authority upon the initial offering and sale of such series of Bonds; an investment banker or broker-dealer acting in the capacity of a placement agent shall not be deemed an "Original Purchaser".

"Outstanding Bonds", "Bonds Outstanding", "Bonds then Outstanding" and the term "Outstanding" when otherwise used with reference to Bonds shall mean as of the date of determination, all Bonds theretofore issued and delivered under the Indenture as from time to time supplemented except:

(A) Bonds theretofore cancelled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent canceled or for cancellation;

(B) Bonds for which payment or redemption moneys or securities (as described in Appendix B under the caption "Discharge of Lien") shall have been theretofore deposited with the Trustee or Paying Agent in trust for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to the Indenture or irrevocable action shall have been taken to call such Bonds for redemption at a stated redemption date;

(C) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the Indenture; and

(D) Optional Tender Bonds deemed tendered in accordance with the provisions of the Supplemental Indenture authorizing such Bonds on the applicable tender, adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payments as provided therein.

In determining requisite percentages of the Owners of aggregate principal amount of Bonds Outstanding for the purposes of direction, consent, approval or waiver under the terms and provisions of the Original Indenture and any Supplemental Indenture: (i) the aggregate "principal amount" of any Bonds that are Capital Appreciation Bonds shall be determined by their Accreted Value as of the date of such determination, and (ii) the aggregate "principal amount" of any Bonds that are Deferred Interest Bonds shall be determined by their Appreciated Value as of the date of such determination and provided, however, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the Authority shall be disregarded and deemed not to be Outstanding Bonds, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded.

"Owner" or "Bondowner" shall mean the person in whose name a Bond is registered in the Bond Register.

"Participants" shall mean the financial institutions or securities dealers for whom a Depository effects book-entry transfers and pledges of securities deposited with such Depository.

"Payee Agent" shall mean Seaway National Bank of Chicago or any other entity designated by the Original Indenture or pursuant to a Supplemental Indenture as the agent of the Authority and the Trustee to receive and disburse the principal of and premium, if any, and interest on the Bonds.

"Payment Date" shall mean a Maturity Date, an Interest Payment Date, a Purchase Date or the Discharge Date, as the case may be.

"Permitted Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's funds (and subject to any special provision contained in a Supplemental Indenture whether or not in connection with a Credit Facility or a Credit Provider):

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; any bonds or other obligations which as to principal and interest constitute
direct obligations of, or are unconditionally guaranteed as to full and timely payment of principal and interest by, the United States of America, including obligations of any of the Federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America;

(b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by the following United States government sponsored agencies: Federal Home Loan Mortgage Corporation, Farm Credit System, Federal Home Loan Banks, Federal National Mortgage Association, Student Loan Marketing Association, Financing Corporation, Resolution Trust Corporation, Resolution Funding Corporation or any other government-sponsored agencies which are not backed by the full faith and credit of the U.S. government which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(c) 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 or other obligations for redemption on the date or dates specified in such instruction, (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 (c), 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 (c) 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 (c), as appropriate;

(d) project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(e) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase such obligations are rated in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such obligations;

(f) obligations of any state of the United States of America or any political subdivision of any state of the United States of America or any agency or instrumentality of any such state or political subdivision which shall be rated at the time of their purchase in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such obligations;

(g) 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 shall be held in custody by a bank or trust company or a national banking association having capital stock, surplus and undivided earnings aggregating at least $50,000,000, and provided further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed as to payment pursuant to a credit support arrangement provided by one or more financial institutions or insurance companies or associations the uninsured, unsecured and unguaranteed obligations of which shall be rated in the highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such certificates or obligations 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 shall result in such municipal bonds being so rated at the time of purchase;

(h) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clauses (a) through (g), provided that such obligations shall be held in custody by a bank or trust company or a national banking association having capital stock, surplus and undivided earnings aggregating at least $50,000,000;

(i) certificates of deposit, whether negotiable or non-negotiable, and banker’s acceptances of any bank or trust company in the United States which are rated at the time of purchase in one of the two highest Rating Categories by S&P and Moody's, and Fitch, if Fitch is a Rating Agency then rating such instruments;
(j) any repurchase agreements collateralized by securities described in clauses (a) through (f) above with any registered broker/dealer subject to Securities Investors' Protection Corporation jurisdiction, any primary broker/dealer or any commercial bank, if such broker/dealer or bank (or the parent or holding company of which) has an uninsured, unsecured and unguaranteed obligation rated (an “unsecured rating”) of "Prime-1" and "A" or better by Moody's and "A-1" or "A-3" or better by S&P and of "A-1" or "A-3" or better by Fitch if Fitch is a Rating Agency then rating such obligation, and provided (1) a specific written agreement governs the transaction; (2) the securities are held by a depository acting solely as agent for the Authority, and such depository is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than $25 million, and the Authority or Trustee shall have received written confirmation from such third party that it holds such securities; (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R 306.1 et seq. or 31 C.F.R 350.0 et seq. in such securities is created for the benefit of the Authority; (4) the repurchase agreement provides that the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; (5) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to an interest payment date; and (6) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100%.

(k) shares of an Investment Company, organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in clauses (a) through (j);

(l) investment agreements which either (1) represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest whole Rating Categories by S&P and Moody’s, and by Fitch, if Fitch is a Rating Agency then rating such institution or agreement, or (2) represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case such obligation being collateralized by securities described in clauses (a), (b) or (c) above in this definition of Permitted Investments and provided that such securities at all times have a market value (exclusive of accrued interest) at least equal to such investment agreement so secured; and

(m) any other investment permitted by State law that is rated at the time of purchase in one of the two highest Rating Categories by S&P and Moody’s, and by Fitch, if Fitch is a Rating Agency then rating such investment.

"Pledge Agreement" shall mean a Pledge Agreement entered into with respect to a specific series of Bonds or specific Bonds within a series of Variable Rate Bonds, Adjustable Rate Bonds and related to the Credit Facility for such series of Bonds or a portion thereof.

"Policy Costs" shall mean "Policy Costs" as such term is defined in the Debt Service Reserve Fund Policy Agreement, which generally includes the obligation of the Authority to reimburse Financial Guaranty for the principal amount drawn on such Debt Service Reserve Fund Policy plus interest thereon and costs incurred by Financial Guaranty in connection therewith.

"Principal Account" shall mean a Principal Account established within the Bond Fund as may be provided in a Supplemental Indenture.

"Principal Accounts" shall mean the Series 1992A Principal Account, the Series 1994 Principal Account, the Series 1996A Principal Account, the Series 1998 Principal Account and any other Principal Accounts established within the Bond Fund as provided in a Supplemental Indenture.

"Principal Payment Date" shall mean any date on which an installment of principal is scheduled to become due on Bonds, whether by scheduled maturity or Mandatory Sinking Fund Requirements or otherwise, which dates, unless otherwise provided by a Supplemental Indenture, shall be June 15 of each year (for series of Bonds on which principal will be paid annually) or June 15 and December 15 of each year (for series of Bonds on which principal will be paid semi-annually), commencing on such of those dates as may be provided in the applicable Supplemental Indenture.

"Project" shall mean the McCormick Place Expansion Project and the Improvements and other costs to be financed in connection with a series of Bonds.

"Project Fund" shall mean the Fund by that name established by the Original Indenture.
"Projects" shall mean the McCormick Place Expansion Project, the Navy Pier Project and any other costs paid for out of proceeds of Bonds as permitted by the Authority Act.

"Proportionate Basis" shall mean, when used with respect to the redemption of Bonds of a specific series, that the aggregate principal amount of such Bonds of each maturity of such series to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of that series to be redeemed bears to the principal amount of all Bonds of that series then Outstanding; provided that if the amount available for redemption of Bonds of any maturity is insufficient to redeem a multiple of $5,000 principal amount of such maturity, such amount shall be applied to the redemption of the highest possible integral multiple of $5,000 principal amount of such maturity. For purposes of the foregoing, Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Fund Requirements set forth in the applicable Supplemental Indenture. Any Bonds purchased with moneys which would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Payment Date shall be taken into account in determining "Proportionate Basis" with respect to such redemption. When used with respect to the purchase of Bonds, "Proportionate Basis" shall have the same meaning as set forth above, substituting "purchase" for "redemption," and "purchased" for "redeemed".

"Purchase Date" shall mean the date on which any Outstanding Bonds are purchased pursuant to the Original Indenture and any applicable Supplemental Indenture.

"Purchaser" shall mean the person or entity specified in a Supplemental Indenture as the original purchaser or purchasers of a series of Bonds.

"Qualified Swap Agreement" shall mean an agreement between the Authority and a Swap Provider (i) which agreement is either approved by, or following review of such agreement the rating upon all affected Bonds is confirmed by, S&P and Moody's and Fitch and (ii) under which the Authority agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the Authority for a specific period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where the Swap Provider, or the person who guarantees the obligation of the Swap Provider to make its payments to the Authority, has unsecured obligations rated, as of the date the swap agreement is entered into, in one of the two highest applicable Rating Categories by S&P and Moody's and by Fitch, if Fitch is a Rating Agency then rating such Swap Provider or other person who guarantees such obligation, but only if any such Rating Agency is then rating (1) bonds secured by such agreements of the Swap Provider or (2) the series of Bonds to which such agreement may be related.

"Rating Agency" or "Rating Agencies", as applicable, shall mean with respect to any specific series of Bonds, S&P, Moody's and Fitch, or any other recognized national credit rating agency, to the extent that any of them then has in effect a rating for such specific series of Bonds.

"Rating Category" shall mean one of the generic rating categories of the applicable Rating Agency, without regard to any refinements or gradation of such generic rating category by numerical or other modifier.

"Rebate Account" shall mean any Account by that name established in the Bond Fund pursuant to a Supplemental Indenture.

"Rebate Amount" shall mean the amount required to be paid to the United States Treasury pursuant to Section 148 of the Code as rebate of investment earnings (and, if applicable, actual or imputed earnings thereon) to the extent such investment earnings are in excess of the yield on a series of Tax-Exempt Bonds and are subject to rebate.

"Rebate Expert" shall mean such firm of accountants, lawyers or other persons experienced in matters relating to compliance with the rebate requirements under Section 148(f) of the Code, selected by the Authority and acceptable to the Trustee or, upon failure of the Authority to designate a Rebate Expert, the person designated by the Trustee pursuant to the Indenture.

"Record Date" shall mean with respect to any Interest Payment Date on a series of Bonds, (i) the first (1st) day of the month (whether or not a Business Day) in which such Interest Payment Date occurs or (ii) if the Authority shall be in default in payment of interest due on such Payment Date, a special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the Authority; notice of such special Record Date shall be mailed not less than ten (10) days preceding such special Record Date, to the Owner at the close of business on the fifth (5th) Business Day preceding the date of mailing; provided that the Record Date under clause (i) for Variable Rate Bonds or Adjustable Rate Bonds may be as specified
in the related Supplemental Indenture; and provided, further that the Authority may provide in the applicable Supplemental Indenture for different regular or special Record Dates for any series of Bonds.

"Redemption Account" shall mean any Account by that name in the Bond Fund established by the Original Indenture or any Supplemental Indenture.

"Refunded Bonds (Series 1992A)" shall mean the Series 1992A Bonds no longer deemed to be Outstanding Bonds under the Indenture as a result of the deposit of certain of the proceeds of the Series 1998 Refunding Bonds with the Escrow Agent as provided in the Escrow Agreement (Series 1992A).

"Refunded Bonds (Series 1994)" shall mean the Series 1994 Bonds no longer deemed to be Outstanding Bonds under the Indenture as a result of the deposit of certain of the proceeds of the Series 1998 Refunding Bonds with the Escrow Agent as provided in the Escrow Agreement (Series 1994).

"Refunded Bonds" shall mean the Refunded Bonds (Series 1992A) and the Refunded Bonds (Series 1994).

"Refunding Account (1992A)" shall mean the Refunding Account (1992A) established within the Project Fund as provided in the Fifth Supplemental Indenture.

"Refunding Account (1994)" shall mean the Refunding Account (1994) established within the Project Fund as provided in the Fifth Supplemental Indenture.

"Related Agreements" or "Related Documents" shall mean any Credit Facility, Credit Agreement or Pledge Agreement related to a series of Bonds or a specific portion thereof, including security agreements or instruments made for the benefit and with the consent of the Trustee or a Credit Provider as creditor to secure payment of any series of Bonds or a specific portion thereof, or any amount due to a Credit Provider; but excluding the Original Indenture and all Supplemental Indentures; provided, that the term "Related Agreements" or "Related Documents", when used in relation to a specific series of Bonds or a specific portion thereof, shall include only such Related Documents as have been entered into for such series of Bonds or a specific portion thereof, and shall not include documents, agreements or other items entered into only for the purposes of a different series of Bonds or a specific portion thereof.

"Remarketing Agent" shall mean the broker-dealer appointed as Remarketing Agent for a specific series of Bonds pursuant to the Original Indenture and the applicable Supplemental Indenture.

"Remarketing Agreement" shall mean the Remarketing Agreement for a series of Bonds, or a specific portion thereof, including any amendments and supplements thereto, between the Remarketing Agent and the Authority.

"Replacement Bonds" shall mean Bonds which replace Global Certificates as provided in the Original Indenture.

"Representative" shall mean, the Chairman, the Chief Executive Officer or the Secretary of the Authority or an officer of a Credit Provider, or any other person at any time designated to act on behalf of the Authority or Credit Provider, as the case may be, as evidenced by a written certificate furnished to the other party and the Trustee containing the specimen signature of such person and signed for the Authority by its Chairman or Secretary or for a Credit Provider by an officer thereof.

"Reserve Requirement" for any series of Bonds shall be established in the Supplemental Indenture providing for the issuance of such Bonds and shall be the amount which, when added to the amount then on deposit in the Debt Service Reserve Fund upon the issuance of such series of Bonds, shall be equal to the lesser of:

(1) the amount necessary to cause the resulting amount in the Debt Service Reserve Fund to equal fifty percent (50%) of the maximum amount of principal and interest to become due during the current or any succeeding Bond Year on all then Outstanding Bonds (including any Bonds then proposed to be issued); or

(2) an amount equal to ten percent (10%) of the lesser of (i) the original principal amount of such Bonds proposed to be issued or (ii) the "issue price" of such Bonds proposed to be issued, determined as required by Section 148 of the Code; or
(3) the maximum amount permitted under Section 148 of the Code to be derived from the proceeds of the Bonds proposed to be issued and held in the Debt Service Reserve Fund;

provided that the calculation of the maximum amount of interest to become due on Variable Rate Bonds and Adjustable Rate Bonds shall be based on the methodology specified in the definition of Adjusted Debt Service Requirements; and provided further that the calculation of the maximum amount of principal and interest to become due on a series of Bonds shall exclude the principal amount of such Bonds to be paid from amounts on deposit in the Debt Service Reserve Fund. The Debt Service Reserve Requirement may be satisfied by cash, Permitted Investments or a Debt Service Reserve Fund Credit Facility, or any combination thereof.

"Responsible Agent" shall mean any person duly authorized and designated by the Trustee to act on its behalf in carrying out the applicable duties and powers of the Trustee as set forth in the Indenture as from time to time supplemented; any action required by the Trustee under the Indenture may be taken by a Responsible Agent.

"Restricted Obligations" shall mean obligations which are issued by the United States Treasury and any other Permitted Investments, investment in which will not cause the Bonds to be federally guaranteed obligations, within the meaning of Section 149(d) of the Code.

"Revenue" or "Revenues" shall mean all amounts received from time to time by the Authority or the Trustee which are (a) amounts received by the Authority or the Trustee from the McCormick Place Expansion Project Fund; (b) any Surplus Revenues received by the Trustee for deposit into the Revenue Fund as described in Appendix B in subsection (A) under the caption "Flow of Revenues"; (c) proceeds of a Credit Facility, if any, received by the Trustee to pay the principal of, premium, if any, purchase price and interest on any series of Bonds or a specific portion thereof; (d) amounts, if any, which represent net operating revenues of the Authority which are available to pay Debt Service Requirements on the Outstanding Bonds, but only if and when any such amounts shall have been deposited with the Trustee for the credit of the Revenue Fund pursuant to a resolution of the Authority Board; (e) other amounts (including, without limitation, earnings on the Funds and Accounts and any net amounts received by the Authority from a Swap Provider) required by the Indenture or Related Agreements to be deposited in any Fund or Account established hereunder (other than any Rebate Amount and other than any amounts in the Surplus Revenues Fund or any Rebate Account); and (f) other amounts, funds, accounts, revenues, receivables, or other security irrevocably pledged or assigned pursuant to a Supplemental Indenture provided however, notwithstanding any other provision of the Original Indenture or any Supplemental Indenture to the contrary, the Authority may provide in any Supplemental Indenture authorizing any series of Bonds that the payments to be made under and the amounts to be received with respect to any Qualified Swap Agreement, Credit Facility, Liquidity Facility or Related Agreements shall constitute Revenues which are only available to secure the specific Bonds or specific series of Bonds authorized by such Supplemental Indenture.

"Revenue Fund" shall mean the fund by that name created by the Original Indenture.

"S&P" shall mean Standard & Poor’s Rating Group or any successor thereof which qualifies as a "Rating Agency".

"SLGS" shall mean United States Treasury obligations - State and Local Government Series, as provided for in the United States Treasury Regulation 31 CFR 344.

"Second Supplemental Indenture" shall mean the Second Supplemental Indenture of Trust dated as of May 15, 1994 between the Authority and the Trustee as such Second Supplemental Indenture may, from time to time, be amended or supplemented.

"Series 1992A Bonds" shall mean those Bonds which were issued and are Outstanding under the First Supplemental Indenture.

"Series 1992A Capitalized Interest Account" shall mean the Series 1992A Capitalized Interest Account established within the Bond Fund as provided in the First Supplemental Indenture.

"Series 1992A Cost of Issuance Account" shall mean the Series 1992A Cost of Issuance Account established within the Cost of Issuance Fund as provided in the First Supplemental Indenture.
"Series 1992A Credit Facilities" shall mean the Financial Guaranty Bond Insurance Policy (Series 1992A), the AMBAC Bond Insurance Policy and the Debt Service Reserve Fund Policies, or such other Credit Facilities as relate to Series 1992A Bonds which are, as of the date of reference thereto, Outstanding.

"Series 1992A Credit Facility" shall mean any one of the Series 1992A Credit Facilities.

"Series 1992A Credit Providers" shall mean Financial Guaranty, AMBAC and the Debt Service Reserve Fund Policy Credit Providers, or such Series 1992A Credit Providers which have issued Series 1992A Credit Facilities which relate to Series 1992A Bonds which are, as of the date of reference thereto, Outstanding.

"Series 1992A Debt Service Reserve Account" shall mean the Series 1992A Debt Service Reserve Account established within the Debt Service Reserve Fund as provided in the First Supplemental Indenture.

"Series 1992A Principal Account" shall mean the Series 1992A Principal Account established within the Bond Fund as provided in the First Supplemental Indenture.

"Series 1992A Project Account" shall mean the Series 1992A Project Account established within the Project Fund as provided in the First Supplemental Indenture.

"Series 1992A Rebate Account" shall mean the Series 1992A Rebate Account established within the Bond Fund as provided in the First Supplemental Indenture.


"Series 1994A Bonds" shall mean the $129,458,792.80 aggregate original principal amount McCormick Place Expansion Project Refunding Bonds, Series 1994A, authorized to be issued under the Second Supplemental Indenture.


"Series 1994 Bonds" shall mean the $67,549,191.45 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1994B, authorized to be issued under the Second Supplemental Indenture.

"Series 1994 Capitalized Interest Account" shall mean the Series 1994 Capitalized Interest Account established within the Bond Fund as provided in the Second Supplemental Indenture.

"Series 1994 Cost of Issuance Account" shall mean the Series 1994 Cost of Issuance Account established within the Cost of Issuance Fund as provided in the Second Supplemental Indenture.

"Series 1994 Credit Facilities" shall mean the Financial Guaranty Bond Insurance Policy (Series 1994), the MBIA Insurance Corporation Bond Insurance Policy (Series 1994) and the Debt Service Reserve Fund Policies, or such other Credit Facilities as relate to Series 1994 Bonds which are, as of the date of reference thereto, Outstanding under the Second Supplemental Indenture.

"Series 1994 Credit Facility" shall mean any one of the Series 1994 Credit Facilities.

"Series 1994 Credit Providers" shall mean the MBIA Insurance Corporation, Financial Guaranty, and the Debt Service Reserve Fund Policy Credit Providers, or such Series 1994 Credit Providers which have issued Series 1994 Credit Facilities which relate to Series 1994 Bonds which are, as of the date of reference thereto, Outstanding under the Second Supplemental Indenture.


"Series 1994 Expense Account" shall mean the Series 1994 Expense Account established within the Bond Fund as provided in the Second Supplemental Indenture.

"Series 1994 Interest Account" shall mean the Series 1994 Interest Account established within the Bond Fund as provided in the Second Supplemental Indenture.

"Series 1994 Principal Account" shall mean the Series 1994 Principal Account established within the Bond Fund as provided in the Second Supplemental Indenture.

"Series 1994 Project Account" shall mean the Series 1994 Project Account established within the Project Fund as provided in the Second Supplemental Indenture.

"Series 1994 Rebate Account" shall mean the Series 1994 Rebate Account established within the Bond Fund as provided in the Second Supplemental Indenture.

"Series 1994 Redemption Account" shall mean the Series 1994 Redemption Account established within the Bond Fund as provided in the Second Supplemental Indenture.


"Series 1994 Taxable Bonds" shall mean the McCormick Place Expansion Project Refunding Bonds, Series 1994 (Taxable), authorized to be issued under the Second Supplemental Indenture.

"Series 1996A Bonds" shall mean the $498,993,944.70 aggregate original principal amount McCormick Place Expansion Project Refunding Bonds, Series 1996A, authorized to be issued under the Fourth Supplemental Indenture.

"Series 1996A Cost of Issuance Account" shall mean the Series 1996A Cost of Issuance Account established within the Cost of Issuance Fund as provided in the Fourth Supplemental Indenture.

"Series 1996 Credit Facilities" shall mean the AMBAC Insurance Policy, the MBIA Policy and the Debt Service Reserve Fund Policies, or such other Credit Facilities as related to Series 1996A Bonds which are, as of the date of reference thereto, Outstanding under the Fourth Supplemental Indenture.

"Series 1996A Credit Facility" shall mean any one of the Series 1996A Credit Facilities.

"Series 1996A Credit Providers" shall mean AMBAC Indemnity, MBIA and the Debt Service Reserve Fund Policy Credit Providers, or such Series 1996 Credit Providers which have issued Series 1996 Credit Facilities which relate to Series 1996A Bonds which are, as of the date of reference thereto, Outstanding under the Fourth Supplemental Indenture.

"Series 1996A Debt Service Reserve Account" shall mean the 1996A Debt Service Account established within the Debt Service Reserve Fund as provided in the Fourth Supplemental Indenture.

"Series 1996A Depository Letter" shall mean the letter of representation from the Authority and the Trustee to DTC in the form attached as Appendix A to the Fourth Supplemental Indenture relating to payment for the Series 1996A Bonds issued under the Fourth Supplemental Indenture.

"Series 1996A Expense Account" shall mean the Series 1996A Expense Account established within the Bond Fund as provided in the Fourth Supplemental Indenture.

"Series 1996A Interest Account" shall mean the Series 1996A Interest Account established within the Bond Fund as provided in the Fourth Supplemental Indenture.

"Series 1996A Principal Account" shall mean the Series 1996A Principal Account established within the Bond Fund as provided in the Fourth Supplemental Indenture.

"Series 1996A Rebate Account" shall mean the Series 1996A Rebate Account established within the Bond Fund as provided in the Fourth Supplemental Indenture.
"Series 1996A Redemption Account" shall mean the Series 1996A Redemption Account established within the Bond Fund as provided in the Fourth Supplemental Indenture.

"Series 1996A Refunding Account (Series 1992A)" shall mean the Series 1996A Refunding Account (Series 1992A) established within the Project Fund as provided in the Fourth Supplemental Indenture.


"Series 1998A Bonds" shall mean the $100,740,000 aggregate original principal amount McCormick Place Expansion Project Refunding Bonds, Series 1998A, authorized to be issued under the Fifth Supplemental Indenture.

"Series 1998B Bonds" shall mean the $100,000,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1998B, authorized to be issued under the Fifth Supplemental Indenture.

"Series 1998 Cost of Issuance Account" shall mean the Series 1998 Cost of Issuance Account established within the Cost of Issuance Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Credit Facilities" shall mean the Financial Guaranty Bond Insurance Policy (Series 1998) and the Debt Service Reserve Fund Policies, or such other Credit Facilities as relate to Series 1998 Bonds which are, as of the date of reference thereeto, Outstanding under the Fifth Supplemental Indenture.

"Series 1998 Credit Facility" shall mean any one of the Series 1998 Credit Facilities.

"Series 1998 Credit Providers" shall mean the Financial Guaranty and the Debt Service Reserve Fund Policy Credit Providers, or such Series 1998 Credit Providers which have issued Series 1998 Credit Facilities which relate to Series 1998 Bonds which are, as of the date of reference thereeto, Outstanding under the Fifth Supplemental Indenture.

"Series 1998 Debt Service Reserve Account" shall mean the Series 1998 Debt Service Reserve Account established within the Debt Service Reserve Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Depository Letter" shall mean the blanket representation letter from the Authority and the Trustee to DTC in the form attached as Appendix A to the Fourth Supplemental Indenture relating to payment for the Series 1996 Bonds, the Series 1998 Bonds and any Additional Bonds issued under the Indenture.

"Series 1998 Expense Account" shall mean the Series 1998 Expense Account established within the Bond Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Interest Account" shall mean the Series 1998 Interest Account established within the Bond Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Principal Account" shall mean the Series 1998 Principal Account established within the Bond Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Project Account" shall mean the Series 1998 Project Account established within the Project Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Project Bonds" shall mean the Series 1998B Bonds authorized to be issued under the Fifth Supplemental Indenture.

"Series 1998 Rebate Account" shall mean the Series 1998 Rebate Account established within the Bond Fund as provided in the Fifth Supplemental Indenture.

"Series 1998 Redemption Account" shall mean the Series 1998 Redemption Account established within the Bond Fund as provided in the Fifth Supplemental Indenture.
"Series 1998 Refunding Bonds" shall mean the Series 1998A Bonds authorized to be issued under the Fifth Supplemental Indenture.

"State" shall mean the State of Illinois.


"Statutory Reserve" shall be the amount, if any, currently on deposit as a reserve under item "second" in Section 13(g) of the Authority Act.

"Subordinate Securities" shall mean obligations of the Authority issued subject to the conditions described in Appendix B under the caption "Conditions to the Issuance of Subordinate Securities".

"Subordinate Securities Fund" shall mean the fund by that name created by the Original Indenture.

"Substitute Depository" shall mean a trust company or other fiduciary which replaces a Depository.

"Supplemental Indenture" shall mean any supplemental indenture supplementing or amending the terms of the Original Indenture and entered into by the Authority and the Trustee pursuant to the provisions of the Original Indenture related to the issuance of Additional Bonds, refunding Bonds and Subordinate Securities and as described in Appendix B under the captions "Supplemental Indentures Not Requiring Consent of Bondowners" and "Supplemental Indentures Requiring Consent of Owners".

"Surplus Revenues" shall mean the "surplus revenues" described in Section 13(g) of the Authority Act and, whether or not included within such Section 13(g), any investment earnings received by the Authority or the Trustee with respect to amounts on deposit in the Authority Tax Fund.

"Surplus Revenues Capital Repair and Rehabilitation Account" shall mean the Account by that name described in Appendix B under the caption "Surplus Revenues Fund".

"Surplus Revenues Debt Service Account" shall mean the Account by that name described in Appendix C under the caption "Surplus Revenues Fund".

"Surplus Revenues Fund" shall mean the fund described in Appendix C under the caption "Surplus Revenues Fund", to be held by the Authority and to not be encumbered by the lien of the Indenture.

"Surplus Revenues Fund Capital Repair and Rehabilitation Requirement" shall mean the amount of Surplus Revenues specified by the Authority from time to time in a certificate signed by an Authorized Officer and filed with the Trustee which amount shall initially be $50,000,000 and thereafter shall be such amount of Surplus Revenues which the Authority reasonably expects to apply to repair, replacement and improvement of the grounds, buildings and facilities of the Authority or other costs permitted by the Authority Act (including Section 13(g) thereof) and which does not exceed the greater of (a) $50,000,000 or (b) the amount specified or permitted from time to time in Section 13(g) of the Authority Act.

"Surplus Revenues Fund Debt Service Requirement" shall mean the amount of Surplus Revenues which exceeds the Surplus Revenues Fund Capital Repair and Rehabilitation Requirement as of June 30 of any year so long as any of the Bonds remain Outstanding.

"Swap Provider" shall mean the counterparty with whom the Authority enters into a Qualified Swap Agreement.

"Taxable Bonds" shall mean any Bonds which are not Tax-Exempt Bonds on the date of original issue thereof.

"Tax Covenants" shall mean the covenants of the Authority expressed or incorporated by reference into the Original Indenture, or in the corresponding section of a Supplemental Indenture providing for assurance of the preservation of the tax-exempt character of the interest on a series of Tax-Exempt Bonds.
"Tax-Exempt Bonds" shall mean Bonds issued pursuant to the Indenture for which the Authority receives, on the date of the Bond Closing therefor, an opinion of Bond Counsel to the effect that interest on such Bonds is not includable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code.

"Term Bonds" shall mean Bonds which are subject to scheduled Mandatory Sinking Fund Requirements prior to maturity.

"Total Deposits" shall mean, for any Fiscal Year, the maximum amount of State Sales Tax Deposits for such Fiscal Year that may be deposited into the McCormick Place Expansion Project Fund under Section 8.25f of the Finance Act.

"Treasury" shall mean the United States Department of the Treasury, and any successor to its functions.

"Treasury Regulations" shall mean all proposed, temporary or final Income Tax Regulations issued or amended with respect to the Code by the Treasury or Internal Revenue Service.

"Trustee" shall mean Amalgamated Bank of Chicago, located in Chicago, Illinois, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of the Original Indenture.

"Trust Estate" shall mean the Revenues, the tangible and intangible properties, rights and other assets described in the Granting Clauses of the Original Indenture as from time to time supplemented, and (with respect to a specific series of Bonds or specific Bonds within a series) such funds, rights, properties and assets pledged to secure a series of Bonds or specific Bonds within a series pursuant to a Supplemental Indenture.

"Trust Moneys" shall have the meaning assigned thereto in Appendix C in subsection (C) under the caption "Pledge of Revenues; Creation of Funds and Accounts; 'Trust Moneys' Defined".

"Unpaid Bonds" shall mean all Outstanding Bonds and any other Bonds which have neither matured nor been redeemed or purchased and canceled under the Original Indenture.

"Valuation Date" shall mean (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 Deferred Interest Bonds, the date or dates prior to the Interest Commencement Date set forth in the Supplemental Indenture authorizing such Bonds on which specific Appreciated Values are assigned to such Bonds.

"Variable Interest Rate" shall mean a variable interest rate or rates to be borne by a series of Bonds or other obligations any one or more maturities within a series of Bonds, a specific portion thereof. The method of computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Bonds or Related Agreements approved thereby.

"Variable Rate Bond" shall mean any Bond which bears a Variable Interest Rate which rate is not established at the time of calculation at a single numerical rate for the remaining term of such Bond and for which the period from the most recent determination of the rate to the next such date for redetermination of the rate is two (2) years or less.

"Verification Agent" shall mean Deloitte & Touche LLP.

"Verification Report" shall mean the Verification Report with respect to the Refunded Bonds, prepared by the Verification Agent, addressed to the Authority, the Escrow Agent, Trustee and Bond Counsel.
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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE
# APPENDIX C

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### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. For definitions of capitalized terms used in this summary see Appendix B. This summary does not purport to be comprehensive or definitive. All references herein to the Original Indenture or any Supplemental Indenture are qualified in their entirety by all terms and provisions of the Original Indenture and the applicable Supplemental Indenture to which reference is hereby made. Copies of the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture and Fifth Supplemental Indenture and the Escrow Agreements are available at the offices of the Authority, 2301 South Prairie Shore Drive, Chicago, Illinois. All references to the Bonds (and each series of Bonds) are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture and Fifth Supplemental Indenture and the Escrow Agreements. Certain provisions of the Indenture have been summarized elsewhere in this Official Statement, including under the caption entitled "THE SERIES 1998 BONDS".

Payment of Principal, Premium and Interest.

Solely from the monies derived from the Revenues and amounts otherwise available from the Trust Estate, the Authority will duly and punctually pay the principal of, premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the Indenture.

Credit Facilities.

The Authority may obtain a Credit Facility for the benefit of the Owners of all or any portion of any series of Bonds issued. The terms and conditions for each such Credit Facility shall be set forth in the applicable Supplemental Indenture and in the related Credit Agreement. Each Credit Facility shall be held by the Trustee for the sole and exclusive benefit of the Owners of the series of Bonds (or specific Bonds within such series) secured by such Credit Facility, and such Credit Facility shall not be an asset available for the benefit of the Owners of any other Bonds. At the time of issuance of the Series 1992A Bonds, the Authority caused to be issued (1) the AMBAC Bond Insurance Policy insuring the payment when due of the principal of and interest on the AMBAC Insured Bonds and (2) the Financial Guaranty Bond Insurance Policy (Series 1992A) that guarantees payment of principal of and interest on the Financial Guaranty Insured Bonds (Series 1992A). At the time of issuance of the Series 1994 Bonds, the Authority will cause to be issued (1) the MBIA Insurance Corporation Bond Insurance Policy (Series 1994) insuring the payment when due of the principal of and interest on the MBIA Insurance Corporation Insured Bonds (Series 1994) and (2) the Financial Guaranty Bond Insurance Policy (Series 1994) that guarantees payment of principal of and interest on the Financial Guaranty Insured Bonds (Series 1994). At the time of issuance of the Series 1996 Bonds, the Authority caused to be issued (1) the AMBAC Bond Insurance Policy (Series 1996A) insuring the payment when due of the principal of and interest on the AMBAC Insured Bonds (Series 1996A) and (2) the MBIA Bond Insurance Policy (Series 1996A) that guarantees payment of principal of and interest on the MBIA Insured Bonds (Series 1996A). At the time of issuance of the Series 1998 Bonds, the Authority will cause to be issued (1) the Financial Guaranty Bond Insurance Policy (Series 1998) insuring the payment when due of the principal of and interest on the Financial Guaranty Insured Bonds (Series 1998). In addition, the Authority has cause to be issued the Debt Service Reserve Fund Policies to satisfy the Reserve Requirement for the Series 1992A Bonds, and the Series 1994 Bonds, the Series 1996A Bonds and the Series 1998 Bonds.

Authority Annual Certificate.

The Authority agrees to prepare and file the Authority Annual Certificate for each Fiscal Year in which there are Outstanding Bonds and to cooperate with the Trustee and take such other further action and execute and file such further requests, vouchers, instruments and certificates as the Trustee, the State Treasurer, the State Comptroller or the Department of Revenue may request or deem necessary or appropriate to permit or cause amounts which have been appropriated from the McCormick Place Expansion Project Fund to be paid on a timely basis directly to the Trustee pursuant to the Authorizing Legislation and the Indenture. Such Authority Annual Certificate (and any and all amendments thereto and modifications thereof) shall be filed with the Treasurer and Comptroller of the State, the Illinois Department of Revenue and the Trustee. The Authority Annual Certificate shall be prepared and filed with respect to each Fiscal Year not earlier than the June 2 nor later than the June 15 preceding the commencement of such Fiscal Year. Each such Authority Annual Certificate shall certify the amount necessary and required, during the Fiscal Year with respect to which the Authority Annual Certificate is made to pay the Debt Service Requirements (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on all Outstanding Bonds.

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For such purpose, the Authority shall determine such debt service requirements to be equal to the amount determined in subsection (D) below. To determine such amount, the Authority shall calculate:

(A) The amount necessary to pay (1) Adjusted Debt Service Requirements (which, for the purpose of this subsection shall be deemed to include any accumulated deficiencies in the Debt Service Reserve Fund), (2) any fees and expenses of a Fiduciary (to the extent not included in Adjusted Debt Service Requirements) and (3) any Bond Related Costs described in clause (a) of the definition thereof, which will come due and payable with respect to any Outstanding Bonds during the Fiscal Year for which the Authority Annual Certificate is required to be prepared and filed;

(B) The amount on deposit in the Bond Fund and Revenue Fund, as of the date of the Authority Annual Certificate, after subtracting therefrom any unpaid Bond Service Charges and Bond Related Costs required to be paid before the Fiscal Year for which the Authority Annual Certificate is prepared and filed;

(C) The portion, if any, of the amount certified under subsection (B) above which represents net operating revenues of the Authority which are available to pay Debt Service Requirements on the Outstanding Bonds, which amount shall have been deposited with the Trustee for credit to the Revenue Fund or Bond Fund prior to or concurrently with the filing of the Authority Annual Certificate; and

(D) The amount necessary to be paid by the State Treasurer from the McCormick Place Expansion Project Fund to the Trustee to pay the Adjusted Debt Service Requirements on the Outstanding Bonds (which, for the purpose of this subsection shall be deemed to include any accumulated deficiencies in the Debt Service Reserve Fund), plus the other amounts described in subsections (A)(2) and (3) above, during the Fiscal Year for which the Authority Annual Certificate is prepared and filed (which amount shall in no event be less than the amount computed by deducting the amounts certified pursuant to subsections (B) and (C) above from the amount certified pursuant to subsection (A) above) plus any amounts required to pay principal, interest or other amounts due with respect to Subordinate Securities.

In addition to the certification described above, the Authority Annual Certificate shall also request payments to the Trustee of all cumulative deficiencies (if any) in amounts previously certified for payment but not received for previous months and years and any other amounts permitted by the Authorizing Legislation. Any Authority Annual Certificate shall be amended from time to time as necessary to request all amounts the Authority is entitled to request under the Authorizing Legislation to pay Adjusted Debt Service Requirements, the other amounts described in subsection (A) above and any amounts required to replenish all required reserves under the Indenture relating to Outstanding Bonds (including Bonds issued subsequent to delivery of the Authority Annual Certificate for any Fiscal Year) as and when due.

Notwithstanding the foregoing, the amount certified for each Fiscal Year by the Authority pursuant to subsection (D) above shall not exceed an amount which, when added to the monies on deposit in the Revenue Fund, the Bond Fund and the Debt Service Reserve Fund, and available for payment of Debt Service Requirements on Outstanding Bonds, would be sufficient to pay all Adjusted Debt Service Requirements and the other amounts described in subsection (A) which are due and to become due on all Outstanding Bonds and Subordinate Securities to and including the last Principal Payment Date for all Outstanding Bonds.

Irrevocable Direction to State Treasurer and Comptroller to Pay Amounts From McCormick Place Expansion Project Fund and Certain Amounts From the Authority Tax Fund to the Trustee.

So long as any Bonds are Outstanding under the Indenture, the Authority has irrevocably and unconditionally requested and directed the State Treasurer and the State Comptroller to pay directly to the Trustee (by warrant or, upon written direction of the Authority, by wire transfer) the following: (1) any and all amounts payable to the Authority from time to time from the McCormick Place Expansion Project Fund pursuant to any Authority Annual Certificate and (2) any and all amounts which constitute Surplus Revenues payable to the Authority from time to time from the Authority Tax Fund.

Budget Requests.

The Indenture requires that on or before each February 1, the Authority shall request that State officials include in the State’s Executive Budget for the next succeeding Fiscal Year an amount equal to the Total Deposit for such Fiscal Year as set forth in Section 8.25b of the Finance Act for such Fiscal Year. In the event that such amount is not appropriated by the General Assembly for any Fiscal Year, the Authority shall promptly request and take all steps to seek inclusion of such appropriation in a supplemental appropriation for such Fiscal Year.
Pledge of Revenues; Creation of Funds and Accounts: "Trust Moneys" Defined.

(A) Pledge of Revenues. The proceeds of each series of Bonds and all Revenues and other sums pledged and assigned by the Indenture to the Trustee for the benefit of the Bondowners are to be deposited in the Funds and Accounts described in subsection (B) under this caption, and, upon deposit with the Trustee in said Funds and Accounts, such amounts shall not be subject to any lien or attachment by any creditor of the Authority or any Credit Provider or other person other than the lien of the Indenture. The Revenues and other sums so pledged and assigned shall include all of the following:

1. Amounts received by the Authority or the Trustee from the McCormick Place Expansion Project Fund and any Surplus Revenues received by the Authority or the Trustee from the Authority Tax Fund and required to be deposited in the Revenue Fund as described by subsection (A) under the caption "Flow of Revenues" in this Appendix C;

2. Bond proceeds;

3. Proceeds of a Credit Facility, if any, drawn to pay the principal of, premium, if any, and interest on any series of Bonds or a specific portion thereof;

4. All amounts, if any, which represent net operating revenues of the Authority which are available to pay Debt Service Requirements on the Outstanding Bonds, but only if and when any such amount shall have been deposited with the Trustee for the credit of the Revenue Fund pursuant to a resolution of the Authority's governing board;

5. All other amounts (including, without limitation, earnings on the Funds and Accounts and any net amounts received by the Authority from a Swap Provider) required by the Indenture or Related Agreements to be deposited in any Fund or Account (other than any Rebate Amount and other than any amounts in the Surplus Revenues Fund or any Rebate Account); and

6. Any other amounts, funds, accounts, revenues, receivables, or other security pledged or assigned pursuant to a Supplemental Indenture.

(B) Creation of Funds and Accounts. The following Funds and Accounts are established with the Trustee, to be held and administered as trust funds under and pursuant to the terms of the Indenture:

1. The Revenue Fund and an Excess Revenue Account therein;

2. The Cost of Issuance Fund, and such accounts therein as the Authority shall determine in any Supplemental Indenture;

3. The Bond Fund, with such separate Accounts, subaccounts or subfunds therein as shall be provided in the Original Indenture or in any Supplemental Indenture including, as applicable, any of the following Accounts therein:

   (a) An Interest Account;

   (b) A Principal Account;

   (c) A Capitalized Interest Account;

   (d) A Redemption Account;

   (e) A Credit Account with respect to each Credit Facility which is not a Debt Service Reserve Fund Credit Facility;

   (f) An Expense Account;

   (g) A Purchase Account;

   (h) A Rebate Account; and

   (i) Any other Account established by the applicable Supplemental Indenture.

4. The Project Fund, with such separate Accounts therein as the Authority shall determine in any Supplemental Indenture;
(5) The Debt Service Reserve Fund, with such separate Debt Service Reserve Accounts and Credit Accounts therein as the Authority shall determine in any Supplemental Indenture;

(6) The Subordinate Securities Fund, with such separate Accounts therein for each series of Subordinated Securities as provided in the Supplemental Indenture creating such series, including, as applicable, the following Accounts therein:

(a) An Interest Account;
(b) A Principal Account;
(c) A Capitalized Interest Account;
(d) A Redemption Account;
(e) An Expense Account;
(f) A Credit Account;
(g) A Purchase Account;
(h) A Rebate Account; and
(i) Any other Account established by the applicable Supplemental Indenture.

(C) "Trust Moneys" Defined. All moneys received by the Trustee as provided in the Indenture to be held and applied under Article Five of the Original Indenture (other than amounts in or required to be transferred to the Surplus Revenues Fund or any Rebate Account), or required to be paid to the Trustee and whose disposition is not elsewhere specifically provided for in the Indenture, including, but not limited to the investment income of all moneys held by the Trustee under the Indenture (all such moneys being sometimes called "Trust Moneys" under the Indenture) shall be held by the Trustee as a part of the Trust Estate, and, upon the exercise by the Trustee of any remedy specified under the caption "Default and Remedies" in this Appendix C, such Trust Moneys shall be applied in accordance with the provisions of the Indenture summarized in this Appendix C under the caption "Priority of Payment and Application of Moneys" except to the extent that the Trustee is holding Trust Moneys and/or Government Obligations for the payment of any specified series of Bonds or a specific portion thereof which are no longer deemed to be Outstanding under the Indenture, which moneys and/or Government Obligations shall be applied only as provided in the Indenture. Prior to such application as described under the caption "Priority of Payment and Application of Moneys" in this Appendix C, all or any part of the Trust Moneys shall be held, invested, withdrawn, paid or applied by the Trustee, from time to time, as provided in the Indenture.

(D) Provision for Credit Facilities. A Supplemental Indenture may provide with respect to any Bonds which are, at the relevant time, secured by a Credit Facility that monies for the payment of principal or redemption price of, premium, if any, and interest on such Bonds shall be drawn from the Credit Facility and in connection therewith the Supplemental Indenture which creates such Bonds may provide for application of Trust Moneys in the related Accounts in the Bond Fund to reimburse the Credit Provider for such drawing if required or permitted by a Rating Agency in connection with the award of a credit rating to such Bonds.

(E) Provision for Qualified Swap Agreements. Notwithstanding any other provision of the Indenture, a Supplemental Indenture may, with respect to any Qualified Swap Agreement which was executed and delivered in connection with any one or more series of Bonds and to which reference was made in the Supplemental Indenture creating such series of Bonds, provide for application of Trust Moneys in the related Accounts in the Bond Fund to make any required net payments due under such Qualified Swap Agreement on a parity with interest payments on Bonds if required or permitted by a Rating Agency in connection with the award of a credit rating to such Bonds.

(F) Subaccounts. The Authority or Trustee may establish one or more subaccounts within any of the foregoing Funds or Accounts in order to provide for the proper administration of and accounting for the moneys and securities held therein, and the Trustee shall establish such subaccounts to the extent required by a Supplemental Indenture.

Flow of Revenues.

(A) By the Indenture the Authority has irrevocably assigned to and directed the State Treasurer to make payment of all Surplus Revenues to the Trustee to be applied as therein provided. The Trustee shall deposit Surplus Revenues upon receipt into the Revenue Fund if and to the extent necessary (1) to make up any deficiency resulting from a failure to receive the amounts certified or requested by the Authority in the Authority Annual Certificates for any prior Fiscal Year or (2) to remedy any deficiency in the Bond Fund for any reason (including for the purpose of funding any Rebate Amount), and upon such deposit, the
amounts so deposited shall constitute Revenues under the Indenture. Except as provided in the previous sentence, Surplus Revenues shall be paid over to the Authority and deposited into the Surplus Revenues Fund.

(B) Except as provided in this subsection (B), all Revenues shall upon receipt be deposited in the Revenue Fund and shall thereupon become Trust Moneys subject to the lien of the Indenture. Proceeds of a Credit Facility shall be deposited and applied as provided in the related Supplemental Indenture, Credit Facility, Credit Agreement and Related Agreements. In addition, if and to the extent specifically provided in any Supplemental Indenture, Revenues which are derived from a source other than Authority Taxes or the McCormick Place Expansion Project Fund and which secure only a specific series of Bonds or specific Bonds within a series of Bonds, may be required by the Supplemental Indenture to be deposited, transferred, segregated or applied in a manner so as to assure deposit in the Accounts related to and for the benefit of such series of Bonds or Bonds within such series and upon such deposit, transfer, segregation or application such Revenues shall thereupon become Trust Moneys subject to the lien of the Indenture for such specific series of Bonds or specific Bonds within such series of Bonds.

(C) Except as provided in subsection (D) below, the Revenues deposited in the Revenue Fund shall be remitted or transferred monthly to the other Funds and Accounts within ten (10) Business Days of the receipt of Revenues so long as any Bonds remain Outstanding in the following amounts in the following order of priority:

1. to each Interest Account, (i) for any Bonds which are Fixed Interest Rate Bonds an amount equal to one hundred fifty percent (150%) of that portion of the Adjusted Debt Service Requirements which constitutes all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends with such current Bond Year) for such Fixed Interest Rate Bonds divided by the number of months occurring within such Bond Year with respect to such Fixed Interest Rate Bonds until such Interest Account has on deposit with respect to such Bonds payable from such Interest Account an amount equal to 100% of the aggregate interest accruing or to accrue with respect to such Fixed Interest Rate Bonds for all such Interest Payment Periods which commence during such current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) and (ii) for any Bonds which are not Fixed Interest Rate Bonds, an amount equal to one hundred fifty percent (150%) of the amount of that portion of the Adjusted Debt Service Requirements which constitutes interest accruing or to accrue with respect to all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) for such Bonds divided by the number of Interest Payment Dates within such Bond Year until such Interest Account has on deposit with respect to such Bonds an amount equal to 100% of the aggregate interest accruing or to accrue with respect to such Bonds payable from such Interest Account for all such Interest Payment Periods which commence during such current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) (such transfers to be subject to the credits provided for below in clause (b) of this paragraph (1)); subject in each case to any credit with respect to any amounts on deposit in any applicable Capitalized Interest Account or the Project Fund and any earnings thereon to the extent required to be used and available for payment of interest on specific Bonds as contemplated in any applicable Supplemental Indenture and, in connection with this paragraph (1), (a) any net payment which the Authority is required to make with respect to any Qualified Swap Agreement shall be treated in the same manner and shall have the same claim upon Revenues as interest on the series of Bonds to which such Qualified Swap Agreement shall relate and (b) as of each Interest Payment Date for Bonds which are described in paragraph (1)(ii) above, to the extent that the actual interest payable with respect to such Bonds in any Interest Payment Period is less than the amount deposited into the Interest Account, then the excess amount so deposited shall be applied as a credit to reduce the amount otherwise required to be deposited in the next succeeding month or months pursuant to paragraph (1)(ii); and then

2. to each Principal Account, an amount equal to one hundred fifty percent (150%) of the principal due on the next succeeding December 15 and June 15 on the series of Bonds payable from such Principal Account divided by twelve until each such Principal Account has on deposit an amount equal to 100% of the aggregate principal of such Bonds payable therefrom on such December 15 and June 15; and, following the transfer of amounts for interest and principal under this subsection (C)(1) and (2) but prior to any further transfer required hereunder, Revenues shall be transferred to each Rebate Account in the amount required to comply with the Authority's Tax Covenants (see the caption "Tax-Exempt Status of the Bonds"), then

3. to each Credit Account in the Bond Fund, an amount sufficient to pay any principal or interest owing to a Credit Provider under the applicable Supplemental Indenture and Credit Agreement

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by reason of any drawing of amounts under the related Credit Facility for the payment of principal of or interest or premium on any Bonds, provided that the amount transferred pursuant to this section (C)(3) shall in no event be greater than the sum of (a) amounts received under the related Credit Facility for payment of amounts to or for the benefit of Owners of Bonds secured by such Credit Facility and (b) interest thereon at the lesser of (i) the rate specified in the Credit Agreement or (ii) the applicable rate of interest on the Bond or Bonds paid out of the proceeds of such Credit Facility;

provided, that the amounts of the transfers described above in paragraphs (1), (2) and (3) shall be reduced to the extent of moneys previously transferred or required to be transferred to said Accounts under the Indenture or of a Supplemental Indenture; and then

(4) to each Redemption Account, the amount of available Revenues required to redeem Bonds subject to redemption pursuant to the related Supplemental Indenture; and then

(5) to each Expense Account, the amount then due and owing to the Trustee, any Paying Agent, Bond Registrar or other Fiduciary as Bond Service Charges which have not otherwise been provided for in (1), (2), (3) or (4) above; and then

(6) to the Debt Service Reserve Fund and to each Debt Service Reserve Account therein (if any), the amount of any transfer required by subsection (A)(1)(i) or subsection (A)(2) set forth under the caption "Debt Service Reserve Fund" to restore any deficiency in the Debt Service Reserve Fund or to pay any amounts then owing to a Credit Provider pursuant to a Credit Agreement relating to a Debt Service Reserve Fund Credit Facility; and then

(7) to each Expense Account any amounts which are Bond Related Costs then due and owing relating to the administration (including remarketing) of the Bonds of the related series provided, however, no Authority Taxes or State Sales Tax Deposits shall be used to pay any Bond Related Costs other than those described in clause (a) of the definition of Bond Related Costs and such other fees and expenses of Fiduciaries as the Authority has agreed to pay or cause to be paid; and then

(8) except as may be provided in one of more Supplemental Indentures to the contrary, to each Credit Account in the Bond Fund, the total amount then owing to the Credit Provider(s) under the applicable Credit Agreement(s) and not otherwise paid or provided for pursuant to (3) above; and then

(9) to the extent not prohibited by law or the Indenture (including any Supplemental Indenture) to any Project Account to the extent necessary to reimburse such Project Account for amounts applied pursuant to clause 3 under the caption "Deficiencies in the Principal Accounts or Interest Accounts" below; and then

(10) except as may be provided in one or more Supplemental Indentures to the contrary, to the Subordinate Securities Fund or other debt service fund established with respect to any Subordinate Securities, but only in amounts and at the times required to pay principal, interest and other amounts thereon as and when due, all as more further provided in any Supplemental Indenture authorizing the series of Subordinate Securities as permitted by the Indenture; and then

(11) except as may be provided in one or more Supplemental Indentures to the contrary, to the Excess Revenue Account for application pursuant to subsection (F) below.

In addition, if on the fourth Business Day prior to any Interest Payment date, the available Revenues have not been sufficient to make all of the required transfers set forth in (1) through (8) above so that each Account required to receive a transfer pursuant to (1) through (8) above will have sufficient moneys on deposit therein no later than such Interest Payment Date, then the Trustee shall transfer any amounts necessary to cure any such deficiencies from the Excess Revenue Account (first from the Excess Revenue Project Subaccounts and then from the Excess Revenue Reserve Subaccount) to the Accounts listed in (1) through (8), above, in the order of priority so listed.

(D) The Authority Act provides that the Revenues to be derived from the McCormick Place Expansion Project Fund shall be paid upon the Authority's direction (as provided in the Original Indenture) to the Trustee on the first day of each month.
after July 1 of each Fiscal Year, subject to the annual appropriation of such amounts as are requested in the Authority Annual Certificate. Assuming timely appropriation and receipt of such Revenues on a monthly basis the Trustee shall apply such Revenues in the manner provided above in subsection (C). If, for any reason, such Revenues from the McCormick Place Expansion Project Fund shall not be timely received beginning on the first day of the first month after July 1 in any Fiscal Year, then the Trustee shall apportion such Revenues as and when received in such manner as it deems fair and equitable so as to accomplish the funding of the Accounts described in the order of priority as provided in subsection (C) above in the same manner and proportion as would have occurred had the Revenues from the McCormick Place Expansion Project Fund been received monthly at the times and in the amounts as described in the first sentence of this subsection (D).

(E) Solely for the purpose of administering matters arising under this caption entitled "Flow of Revenues", any interest which is payable on Capital Appreciation Bonds or, prior to the Interest Commencement Date, on Deferred Interest Bonds, shall be deemed to be "due" in the Bond Year in which payment is scheduled to be made thereon and, for such purposes, such amounts shall be deemed to be "principal" under subsection (C)(2) above rather than "interest" as described in subsection (C)(1) above.

(F) All amounts transferred to or otherwise deposited in the Excess Revenue Account shall be first credited to the Excess Revenue Reserve Subaccount so that the balance in such Subaccount is not less than the Excess Revenue Reserve Fund Requirement ($2,000,000) and, thereafter, credited to the Excess Revenue Project Subaccounts. Subject to (G) below, amounts deposited into the Excess Revenue Account shall be applied as follows:

(1) To the extent that, following the periodic allocation of Revenues as provided in subsection (C)(1) through (10) above, there is a deficiency in any of the Funds or Accounts listed therein, then amounts on deposit in the Excess Revenue Account (first from the Excess Revenue Project Subaccounts and then from the Excess Revenue Reserve Subaccount) shall be applied to cure such deficiencies in such amounts and at such times as necessary to fund any transfer or application of amounts when due pursuant to subsection (C), and if such amounts are insufficient for such purposes, then they shall be applied in the order of priority set forth in subsection (C)(1) through (10) above:

(2) At any time, so long as no deficiency exists in any Account within the Bond Fund, Debt Service Reserve Fund or the Excess Revenue Reserve Subaccount, amounts on deposit in the Excess Revenue Project Subaccounts may be applied as follows:

(a) to pay for costs of the McCormick Place Expansion Project and such other purposes as may be permitted under the Authority Act;

(b) at any time, to pay any amount required to be paid by any investment agreement provider for compensation as the result of a partial or full termination of an investment agreement, Debt Service Deposit Agreement or similar instrument or arrangement with respect to any Bonds;

(c) at any time, to irrevocably and unconditionally fund in whole or in part any deposit to an escrow account or fund established to defease any series of Bonds or Bonds within a series of Bonds issued under the Indenture;

(d) at any time, to the extent that Surplus Revenues have been deposited to the Revenue Fund and if thereafter all deficiencies in all Funds and Accounts have been restored, then the Trustee shall be authorized at the written request of the Authority to transfer to the Authority for deposit to the Surplus Revenues Fund any amounts in the Excess Revenue Account which do not exceed the amount of Surplus Revenues previously deposited to the Revenue Fund; and

(e) at the written election of the Authority, at any time, to the Revenue Fund for application as current Revenues pursuant to subsection (A) above.

(G) The Authority may provide for a different allocation or priority of application of Excess Revenues in a Supplemental Indenture if it is being understood that no Excess Revenues shall be applied for any other such purpose in the event that there exists a deficiency in any Account within the Bond Fund or Debt Service Reserve Fund.

The operation of the Excess Revenue Project Subaccounts is governed by the provisions of Section 5.5(H) of the Indenture.
Bond Fund

(A) There shall be deposited into the Bond Fund all amounts required to be remitted, transferred or otherwise deposited therein as provided under the caption "Flow of Revenues" in this Appendix C together with such additional amounts to be deposited into various specified Accounts within the Bond Fund as described under this caption.

(B) Interest Accounts. (1) Interest Accounts are created by the First Supplemental Indenture with respect to the Series 1992A Bonds, by the Second Supplemental Indenture with respect to the Series 1994 Bonds, by the Fourth Supplemental Indenture with respect to the Series 1996A Bonds and by the Fifth Supplemental Indenture with respect to the Series 1998 Bonds. There shall be deposited in each Interest Account in the Bond Fund, upon issuance of each series of Bonds, the amount of any accrued interest received from the Original Purchaser thereof and all other amounts required by subsection (C)(1) below.

Prior to the application of any amounts from the Revenue Fund to pay interest on the Bonds pursuant to the Original Indenture, the First Supplemental Indenture requires the Trustee to first apply accrued interest received upon the issuance of the Series 1992A Bonds and, thereafter, amounts transferred from the Series 1992A Capitalized Interest Account described under the caption "Capitalized Interest Accounts" below as credits and the Second Supplemental Indenture requires the Trustee to first apply amounts, if any, transferred from the Series 1994 Capitalized Interest Account described under the caption "Capitalized Interest Accounts" below as a credit. Prior to the application of any amounts from the Revenue Fund to pay interest on the Series 1996A Bonds pursuant to the Original Indenture, the Fourth Supplemental Indenture requires the Trustee to first apply accrued interest deposited in the Interest Account upon the issuance of the Series 1996A Bonds. Thereafter, the amount required to pay interest on the Series 1996A Bonds will be transferred from the Revenue Fund. No Capitalized Interest Account is created by the Fourth Supplemental Indenture or the Fifth Supplemental Indenture. If on any Interest Payment Date there are not sufficient amounts on deposit in the Interest Account to pay the total amount of interest coming due on the Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Interest Account from other Funds and Accounts, an amount equal to the deficiency, in the same order as set forth in subsections (i) through (vi) under the caption "Deficiencies in Interest Account or Principal Account" below in this Appendix C. Interest income derived from the investment of amounts on deposit in the Interest Account shall remain in the Interest Account and shall be credited against the amount next due to be transferred to the Interest Account from the Revenue Fund as described in subsection (C)(1) below.

Notwithstanding the foregoing, any Rebate Amount on deposit in the Interest Account shall be transferred to the Rebate Account at the direction of the Authority.

(2) On each Interest Payment Date the Trustee shall withdraw from the Interest Account an amount sufficient to pay the interest coming due on the Bonds on such Interest Payment Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of, interest on the Bonds on such Interest Payment Date; provided however, that if and to the extent payment of interest on the Bonds, or any series thereof or specific portion thereof, shall be made from money drawn under a Credit Facility (other than a Debt Service Reserve Fund Credit Facility), the Trustee shall transfer to the subaccount in the Credit Account relating to such a series of Bonds or specific portion thereof and remit to the Credit Provider from said account in the Credit Account, on the Interest Payment Date, all moneys replaced by Credit Facility proceeds or the Trustee shall otherwise apply such moneys as provided in the related Supplemental Indenture, Credit Agreement or Related Agreement. (In such circumstances, rather than establish a Credit Account, the First Supplemental Indenture provides that AMBAC and Financial Guaranty are each subrogated to the rights of Owners of the AMBAC Insured Bonds (Series 1992A) and Financial Guaranty Insured Bonds (Series 1992A), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds; rather than establish a Credit Account, the Second Supplemental Indenture provides that MBIA Corporation and Financial Guaranty are each subrogated to the rights of Owners of the Municipal Bond Investors Assurance Corporation Insured Bonds (Series 1994) and Financial Guaranty Insured Bonds (Series 1994), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds; rather than establish a Credit Account, the Fourth Supplemental Indenture provides that AMBAC Indemnity and MBIA are each subrogated to the rights of the Owners of the AMBAC Insured Bonds and MBIA Insured Bonds, respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds; and rather than establish a Credit Account, the Fifth Supplemental Indenture provides that Financial Guaranty is subrogated to the rights of the Owners of the Financial Guaranty Insured Bonds (Series 1998), and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds.)

(C) Principal Accounts. (1) A Series 1992A Principal Account is created by the First Supplemental Indenture, a Series 1994 Principal Account is created by the Second Supplemental Indenture, a Series 1996A Principal Account is created by the Fourth Supplemental Indenture and a Series 1998 Principal Account is created by the Fifth Supplemental Indenture. There shall be transferred to the Principal Accounts, monthly, an amount required to be transferred from the Revenue Fund pursuant to subsection (C)(2) below. If on any Principal Payment Date there are not sufficient amounts on deposit in the Principal Accounts
to pay the total amount of principal coming due on the Bonds on such Principal Payment Date, the Trustee shall forthwith transfer to the Principal Accounts from other Funds and Accounts, an equal amount to the deficiency, in the same order as is set forth in subsections (i) through (vi) under the caption "Deficiencies in the Interest Accounts or the Principal Accounts" below in this Appendix C. All interest income derived from the investment of amounts on deposit in the Principal Accounts shall remain in the Principal Accounts and be credited against the amount next due to be transferred to the Principal Accounts from the Revenue Fund as described in subsection (C)(2) below. Notwithstanding the foregoing, any Rebate Amount on deposit in the Principal Accounts shall be transferred to the Rebate Fund at the direction of the Authority.

(2) Amounts on deposit from time to time in the Principal Account shall be used on any Interest Payment Date to provide sums equal to any deficiency in any Interest Account as described under subsection (B)(1) above and under the caption "Deficiencies in the Interest Accounts or Principal Accounts".

(3) On or before each Principal Payment Date, the Trustee shall withdraw from the Principal Accounts an amount sufficient to pay the scheduled principal coming due on the Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Principal Payment Date, whether by reason of Stated Maturity or by reason of Mandatory Sinking Fund Requirements applicable to any Term Bonds; provided, however, that if and to the extent of principal payment coming due on the Bonds, or any series thereof or specific portion thereof, shall be made from monies drawn under a Credit Facility (other than a Debt Service Reserve Fund Credit Facility), the Trustee shall transfer to the subaccount within the Credit Account related to such series of Bonds or specific portion thereof and remit to the Credit Provider from said subaccount within the Credit Account, on the Principal Payment Date on which payment is made, all monies then on deposit in the Series 1992A Principal Account replaced by Credit Facility proceeds or the Trustee shall otherwise apply such moneys as provided in the related Supplemental Indenture, Credit Agreement or Related Agreement. (In such circumstances, rather than establish a Credit Account, the First Supplemental Indenture provides that AMBAC and Financial Guaranty are each subrogated to the rights of Owners of the AMBAC Insured Bonds and Financial Guaranty Insured Bonds (Series 1992A), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds. Rather than establish a Credit Account, the Second Supplemental Indenture provides that MBIA Insurance Corporation and Financial Guaranty are each subrogated to the rights of Owners of the MBIA Insurance Corporation Insured Bonds (Series 1994) and Financial Guaranty Insured Bonds (Series 1994), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds. Rather than establish a Credit Account, the Fourth Supplemental Indenture provides that AMBAC Indemnity and MBIA are each subrogated to the rights of Owners of the AMBAC Insured Bonds and MBIA Insured Bonds, respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds. Rather than establish a Credit Account, the Fifth Supplemental Indenture provides that Financial Guaranty is subrogated to the rights of Owners of the Financial Guaranty Insured Bonds (Series 1998) and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds.)

(D) Redemption Accounts.


(1) Any Surplus Revenues received by the Trustee as described below in subsection (G) under the caption "Surplus Revenues Fund" in this Appendix C, any excess Bond proceeds and other amounts to be used to prepay Bonds pursuant to the provisions of the Original Indenture described below in subsection (D) under the caption "Project Fund" in this Appendix C and any applicable Supplemental Indenture and such other sums designated for the prepayment of Bonds by the Authority shall be deposited in the Redemption Account and applied as provided by the Supplemental Indenture or, if no provision is made by the applicable Supplemental Indenture, such amounts at the direction of the Authority shall be applied to purchase Bonds to be surrendered to the Trustee as a credit against Debt Service Requirements when due or to pay the principal of and premium, if any, of the Bonds then subject to and called for redemption. If on any Interest Payment Date there are not sufficient amounts on deposit in the Interest Accounts to pay the total amount of interest coming due on the Bonds on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Principal Accounts to pay the total amount of principal coming due on the Bonds on such Principal Payment Date the Trustee shall transfer from any sums on deposit in the Redemption Accounts to the Interest Accounts or Principal Accounts, as the case may be, an amount sufficient to make up any such deficiency as described below under the caption "Deficiencies in the Interest Accounts or the Principal Accounts". At the time of such transfer the Trustee shall notify the Authority of such transfer.
(2) If the series of Bonds to be redeemed (or any specific Bonds within such series) is secured by a Credit Facility, and the related Credit Facility or Credit Agreement provides that payment of principal of such series of Bonds (or specific Bonds within such series) will be made from such Credit Facility, the Trustee shall transfer to the subaccount within the Credit Account related to such series of Bonds and remit to the Credit Provider from such subaccount within the Credit Account, on the redemption date, all monies then on deposit in the Redemption Accounts replaced by Credit Facility proceeds.

(3) Any funds transferred to a Redemption Account from a Project Account as excess proceeds shall be applied only to redeem Bonds of the series from which such Project Account proceeds were derived. Other funds transferred to a Redemption Account shall be applied to redeem Bonds then subject to redemption as provided in the applicable Supplemental Indenture or, if the Supplemental Indenture does not specifically so provide, as the Authority shall direct in writing.

(4) All income derived from the investment of amounts on deposit in the Redemption Accounts shall be transferred to the applicable Interest Accounts and applied as a credit against the amounts next due to be transferred to the Interest Accounts from the Revenue Fund as provided in subsection (C)(1) above. Notwithstanding the foregoing, any Rebate Amount on deposit in the Redemption Account shall be transferred to the Rebate Fund.

(5) Notwithstanding any other provisions of the Indenture, moneys on deposit in a Redemption Account may be withdrawn therefrom only to the extent that such moneys have not theretofore been committed to the purchase or redemption of Bonds for which proper notice has been given.

(E) Expense Accounts.

(1) The Trustee of shall create a separate Expense Account for each series of Bonds, with such subaccounts therein as the Authority shall from time to time provide, unless the Authority provides in a Supplemental Indenture or otherwise directs in writing that one such Account shall relate to Bonds of more than one series. A Series 1992A Expense Account has been created under the First Supplemental Indenture, a Series 1994 Expense Account is created under the Second Supplemental Indenture, a Series 1996 Expense Account has been created by the Fourth Supplemental Indenture and a Series 1998 Expense Account has been created under the Fifth Supplemental Indenture.

(2) The Trustee shall transfer from the Revenue Fund to the applicable Expense Account the amounts directed by subsection (C)(5) and (7) under the caption "Flow of Revenues" for the payment of amounts therein specified. The Trustee may rely in good faith upon written directions of the Authority as to the amount to be transferred to an Expense Account, or disbursed therefrom to any payee, to the extent the Trustee has not previously been provided with the information necessary to make such a determination.

(3) All income derived from the investment of amounts on deposit in an Expense Account shall be retained therein and applied as a credit against the amounts next due to be transferred to such Expense Account from the Revenue Fund as provided in subsection (C)(5) and (7) under the caption "Flow of Revenues": provided that all Rebate Amounts on deposit in any Expense Account shall be transferred to the related Rebate Account upon the direction of the Authority.

(F) Capitalized Interest Accounts. The Series 1992A Capitalized Interest Account was created by the First Supplemental Indenture and the Series 1994 Capitalized Interest Account is created under the Second Supplemental Indenture to which certain proceeds of the sale of Bonds shall be deposited. As provided in the First Supplemental Indenture and the Second Supplemental Indenture, on each date Revenues are transferred pursuant to subsection (C)(1) under the caption "Flow of Revenues", the Trustee shall transfer from the applicable Capitalized Interest Account to the related Interest Accounts, the amount of interest required to be transferred pursuant to such subsection (C)(1) under the caption "Flow of Revenues". Each transfer shall be made on or immediately prior to the day on which the Trustee transfers or otherwise remits Revenues as provided in such subsection (C) above and shall be credited against the transfer then due from the Revenue Fund. Investment income on amounts held in the Capitalized Interest Accounts (net of investment losses and amounts required to be transferred to the Rebate Fund) shall be credited to the Capitalized Interest Accounts. No Capitalized Interest Account is created by the Fourth Supplemental Indenture or the Fifth Supplemental Indenture.

(G) Purchase Account.

(1) The Trustee shall deposit funds in the Purchase Account as follows and as provided in any Supplemental Indenture:
(a) the proceeds of remarketing of Bonds, except to the extent such proceeds are required by the terms of a Supplemental Indenture and related Remarketing Agreement to be paid to Bondowners selling such Bonds or to a Credit Provider which has provided the funds required to purchase Bonds;

(b) funds provided by a Credit Provider to purchase Bonds;

(c) other funds provided to the Trustee by the Authority or any other person accompanied by a written direction to deposit such funds in the Purchase Account; and

(d) any other funds required to be so deposited by a Supplemental Indenture.

(2) Funds from time to time held in the Purchase Account shall be disbursed therefrom as provided in the related Supplemental Indenture, or as directed in writing by the Authority, which direction may not be inconsistent with the other provisions of the Indenture or the applicable related Supplemental Indenture.

(3) Unless otherwise provided in the applicable Supplemental Indenture, all income derived from the investment of amounts on deposit in the Purchase Account shall be transferred upon receipt to the Revenue Fund; provided that all Rebate Amounts on deposit in the Purchase Account shall be transferred to the related Rebate Account upon direction of the Authority.

(H) Credit Account.

(1) To the extent so provided in the applicable Supplemental Indenture the Trustee shall create a separate Credit Account within the Bond Fund for each series of Bonds (or specific Bonds within a series) secured by a Credit Facility which is not a Debt Service Reserve Fund Credit Facility. In addition, for any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Provider is entitled to subrogation rights as to amounts paid to Bond Owners secured thereby, the Supplemental Indenture relating thereto may provide for payment directly to such Credit Provider of available amounts in the Principal and Interest Accounts by reason of such subrogation rather than establishing a Credit Account and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Provider.

(2) All amounts drawn under a Credit Facility for which a Credit Account is established under this subsection (H) to pay the principal or redemption price of, purchase price of, premium, if any, and interest on, any series of Bonds or a specific portion thereof, shall be deposited in the related Principal Account, Interest Account, Purchase Account or other Account created under the related Supplemental Indenture and the Trustee shall apply such amounts to the purpose for which they were drawn, as further provided in the related Supplemental Indenture, Credit Agreement and Related Agreements. Promptly following such deposit and application, the Trustee shall transfer from the appropriate Fund or Account to the applicable Credit Account all Revenues or other amounts replaced by Credit Facility proceeds or such Revenues, or other amounts which become available by reason of the application of such Credit Facility proceeds as provided in the Supplemental Indenture, all of which amounts shall not exceed the amounts drawn on the Credit Facility and deposited pursuant to the first sentence of this subsection (H)(2) plus interest thereon at a rate which is the lesser of (a) the interest rate specified in the Credit Agreement or (b) the interest rate or rates on the Bonds paid with the proceeds of the Credit Facility. The Trustee shall remit such amounts from the applicable Credit Account to the applicable Credit Provider as shall be provided in the related Supplemental Indenture or Credit Agreement.

(3) The proceeds of any Credit Facility (other than a Debt Service Reserve Fund Credit Facility) issued in connection with and for the benefit of any series of Bonds (or specific Bonds within a series) shall be deposited as provided in this subsection (H) and the Supplemental Indenture for the related series of Bonds (or specific Bonds within a series) and shall be transferred and/or applied solely for the benefit of the Bondowners of the series of Bonds (or specific Bonds within a series) to which the Credit Facility relates; and accordingly, the Owners of the Bonds of any other series shall not be entitled to the benefit of, or receive, the proceeds of a Credit Facility which does not secure the Bonds held by such Owners.

(4) The provisions of this section (H) are subject in all respects to the terms and conditions of each Credit Facility, Credit Agreement, Related Agreements and the related Supplemental Indenture.

Pro Rata Payments.

In the event the amount then on deposit in the Interest Accounts or the Principal Accounts on a Payment Date is not sufficient to pay to the Owners of the Bonds the full amount of interest on and principal of all Outstanding Bonds then due and such
Deficiency cannot be cured as provided under the caption "Deficiencies in the Interest Accounts or the Principal Accounts", the Trustee shall nonetheless pay out all moneys on deposit in the Interest Accounts and Principal Accounts to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Supplemental Indenture may pledge or otherwise provide procedures by which specific Revenues thereunder are for the specific benefit of a series of Bonds or specific Bonds within a series).

**Debt Service Reserve Fund.**

(A) An initial deposit to the credit of the Debt Service Reserve Fund is to be made by the Trustee from the proceeds of each series of Bonds in an amount equal to the Reserve Requirement (if any) for that series in the Supplemental Indenture or, in lieu thereof, the Authority may cause a Debt Service Reserve Fund Credit Facility to be delivered to the Trustee for such purpose. The Debt Service Reserve Fund Policies have been delivered to satisfy this requirement with respect to all Bonds which will be Outstanding immediately following the delivery of the Series 1998 Bonds. Thereafter the Debt Service Reserve Fund shall be maintained at the Debt Service Reserve Fund Requirement by transfers to the Debt Service Reserve Fund from the Revenue Fund as provided in subsection (C)(6) under the caption "Flow of Revenues"; provided, however, (1) in the event the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement because of a transfer therefrom required pursuant to subsection (A) below under the caption "Deficiencies in the Interest Accounts or Principal Accounts", then the Authority shall be required to restore the deficiency caused thereby (i) to the extent there are any amounts on deposit in the Surplus Revenues Debt Service Account by the transfer to the Trustee for deposit into the Debt Service Reserve Fund of the full amount on deposit in the Surplus Revenues Debt Service Account or such lesser amount as will cure such deficiency in the Debt Service Reserve Fund and (ii) to the extent any deficiency remains following application as provided in this subsection (A)(1)(i), by transfers of Revenues pursuant to subsection (C)(6) under the caption "Flow of Revenues" until such deficiency is remedied and all amounts owed under or in connection with a Debt Service Reserve Fund Credit Facility, any related Credit Agreement and any Related Agreements have been paid in full and (2) in the event the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement because of any valuation of the investment securities as determined by application of the provisions described under subsection (G) below, the Authority shall be required to restore the deficiency caused thereby by transfers of Revenues pursuant to subsection (C)(6) under the caption "Flow of Revenues" in twenty-four substantially equal monthly deposits commencing on the first month following a determination that such deficiency exists.

(B) If on any Interest Payment Date there are not sufficient amounts on deposit in the Interest Accounts to pay the total amount of interest coming due on any Bonds entitled to the benefit and security of the Debt Service Reserve Fund on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Principal Accounts to pay the total amount of principal coming due on any Bonds entitled to the benefit and security of the Debt Service Reserve Fund on such Principal Payment Date, and after making the transfers required to be made from other Funds or Accounts described below under the caption "Deficiencies in the Interest Accounts or Principal Accounts" prior to a transfer from the Debt Service Reserve Fund, the Trustee shall transfer sums on deposit in the Debt Service Reserve Fund to the Interest Accounts or Principal Accounts, as the case may be, in an amount sufficient to make up any such deficiency for any Bonds entitled to the benefit and security of the Debt Service Reserve Fund. In all such events, the Trustee shall not draw on any Debt Service Reserve Fund Credit Facility until all cash and any investment securities have been liquidated and applied as aforesaid unless all Credit Providers which have provided Debt Service Reserve Fund Credit Facilities have consented in writing to a different order of liquidation of investments.

(C) Except as provided in (D) below, following any transfer required by subsection (B) above the Trustee shall withdraw from the Debt Service Reserve Fund, and remit to each Credit Provider, (other than a Credit Provider which has provided a Debt Service Reserve Fund Credit Facility) any amounts required by the Debt Service Reserve Fund Policy Agreements and any other applicable Credit Agreement to be paid to the Credit Provider under such Credit Agreement; provided that such remittance shall not exceed the amount then due to the applicable Credit Provider and permitted to be so paid pursuant to subsection (C)(3) under the caption "Flow of Revenues" and subsection (H) under the caption "Bond Fund"; and provided further, that if the amount then on deposit in the Debt Service Reserve Fund is not sufficient to pay when due all amounts then due to all Credit Providers, the Trustee shall pay to each Credit Provider entitled to such payments from the amount available (pro rata according to the amount due to each Credit Provider) of the debt then due until all funds in the Debt Service Reserve Fund are exhausted.

(D) **Debt Service Reserve Fund Credit Facility.**

(1) The Trustee shall deposit in the Debt Service Reserve Fund all amounts drawn under or in connection with a Debt Service Reserve Fund Credit Facility required to pay the principal or redemption price of and interest on, any series of Bonds or a specific portion thereof and shall apply such amounts to the purpose for which they were drawn.
as provided below under the caption "Deficiencies in the Interest Accounts or the Principal Accounts" and as may be further provided in the related Supplemental Indenture.

(2) To the extent so provided in the applicable Supplemental Indenture, the Trustee shall create a separate Debt Service Reserve Fund Credit Account for each Debt Service Reserve Fund Credit Facility.

(3) If and to the extent that the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement and Revenues are transferred to the Debt Service Reserve Fund pursuant to subsection (C)(6) under the caption "Flow of Revenues", such Revenues shall be applied first to satisfy any obligation of the Authority with respect to the Debt Service Reserve Fund Policy Agreements and any other applicable Credit Agreement or Related Agreements which relates to a Debt Service Reserve Fund Credit Facility, including interest or expenses relating to any repayment obligation of the Authority which may arise by reason of a drawing on such Debt Service Reserve Fund Credit Facility.

(4) The foregoing provisions are subject in all respects to the terms and conditions of each Debt Service Reserve Fund Credit Facility, Related Agreements and the related Supplemental Indenture.

(E) No later than thirteen (13) months preceding the final maturity date of each series of Bonds, the Authority shall elect in writing whether to apply amounts in the Debt Service Reserve Fund to the payment of the amount due on such final maturity date. The amount so applied shall not exceed the lesser of (1) the Debt Service Reserve Requirement attributable to that series of Bonds, or (2) the amount actually on deposit in the Debt Service Reserve Fund and attributable to that series of Bonds. If the Authority elects to so apply amounts in the Debt Service Reserve Fund, the amount to be so applied shall be transferred, in one-twelfth (1/12) installments, to the related Interest Accounts and Principal Accounts and each amount transferred shall be credited against the monthly amounts transferrable from the Revenue Fund to the related Interest Accounts and Principal Accounts on account of the series of Bonds for which the election is made.

(F) All income derived from the investment of amounts on deposit in the Debt Service Reserve Fund shall be retained therein at all times when the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, and at all other times shall be transferred to the Revenue Fund and applied as otherwise described above under "Flow of Funds"; provided that in all events, all Rebate Amounts allocable to amounts on deposit in the Debt Service Reserve Fund shall be transferred to the related Rebate Account.

(G) In computing the amount in the Debt Service Reserve Fund for purposes of determining whether the applicable Debt Service Reserve Requirement has been satisfied, obligations purchased as an investment of moneys therein shall be valued at market on a monthly basis. If, on any July 1 of any Bond Year the amount on deposit in the Debt Service Reserve Fund shall exceed 105% of the Debt Service Reserve Requirement, then at the written direction of the Authority evidenced by a certificate of the Authority Representative, the Trustee shall transfer funds from the Debt Service Reserve Fund to the Revenue Fund in an amount which does not cause the value of the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement.

Surplus Revenues Fund.

(A) The Surplus Revenues Fund, and the Surplus Revenues Capital Repair and Rehabilitation Account and the Surplus Revenues Debt Service Account, shall be established by the Authority as separate, segregated Accounts with a financial institution selected by the Authority, which financial institution shall not be deemed a "Fiduciary" under or subject to the terms of the Indenture.

(B) Neither the Surplus Revenues Fund nor either Account therein shall be subject to the lien of the Indenture nor shall the Surplus Revenues Fund nor either Account therein be part of the Trust Estate established by the Indenture.

(C) All Surplus Revenues shall be paid to the Trustee and, once any required deposit to the Revenue Fund is made as described in subsection (A) under the caption "Flow of Revenues", the remaining Surplus Revenues shall be paid forthwith to the Authority for deposit to the Surplus Revenues Fund.

(D) Following the satisfaction of the requirements as described in subsection (A) under the caption "Flow of Revenues", there shall be deposited in the Surplus Revenues Fund, all Surplus Revenues transferred by the Treasurer of the State to the Authority pursuant to item "fifth" in Section 13(g) of the Authority Act and such other amounts as described in subsection (F)(1) under the caption "Flow of Revenues". Except as described in subsection (A) under the caption "Flow of Revenues", and
under this caption, the Trustee shall have no obligation under this paragraph to collect, receive, disburse or account for such Surplus Revenues, and neither the Trustee, nor any Bondowner or Credit Provider, shall have any interest in or lien on such Surplus Revenues or the proceeds thereof except only as may be agreed to in writing by the Authority (and the Authority shall be under no obligation to enter into any such agreement).

(E) The Authority shall deposit all Surplus Revenues in the Surplus Revenues Capital Repair and Rehabilitation Account from time to time so long as the amount therein is not in excess of the Surplus Revenues Capital Repair and Rehabilitation Requirement and thereafter, to the Surplus Revenue Debt Service Account. The Authority may apply the moneys on deposit in the Surplus Revenues Capital Repair and Rehabilitation Account at the times and in the amounts it determines appropriate, but only for such purposes as the Authority Act shall, from time to time permit.

(F) If on any date there are not sufficient amounts on deposit in the Bond Fund to pay any scheduled principal or interest on the Bonds, the Authority may transfer from the Surplus Revenue Debt Service Account or the Surplus Revenues Capital Repair and Rehabilitation Account to the Revenue Fund the amount sufficient to cure any deficiency as provided in subsection (B) under the caption "Deficiencies in the Interest Accounts or Principal Account". If on any date the amount on deposit in the Excess Revenue Reserve Subaccount is less than its required amount, the Authority shall transfer from the Surplus Revenues Debt Service Account or the Surplus Revenues Capital Repair and Rehabilitation Account to the Excess Revenue Reserve Subaccount the amount of the deficiency.

(G) At any time the Authority may pay over or otherwise transfer to the Trustee amounts on deposit in the Surplus Revenues Fund for deposit into the Redemption Account or any other Fund or Account hereunder for any purpose permitted under this Indenture including the payment of principal and interest on any Bonds.

(H) Earnings on amounts held in the Surplus Revenues Fund shall be retained therein or disbursed as determined by the Authority, provided that amounts held in the Surplus Revenues Fund shall be transferred to the Surplus Revenue Debt Service Account if and to the extent that the amounts on deposit in the Surplus Revenues Capital Repair and Rehabilitation Account exceed the Surplus Revenues Capital Repair and Rehabilitation Requirement.

Deficiencies in the Interest Accounts or Principal Accounts.

(A) In the event that on a Payment Date, the amounts then on deposit in the Interest Accounts or the Principal Accounts are not sufficient to pay to the Owners of the Bonds the full amount of interest on and principal of all Outstanding Bonds then due, the Trustee shall promptly notify the Authority of such fact and thereafter withdraw from other Funds and Accounts, in the following order, and transfer to the Interest Accounts or Principal Accounts, as appropriate, an amount equal to the deficiency:

1. (a) the Revenue Fund other than amounts held in the Excess Revenue Account, then (b) the Excess Revenue Project Subaccounts, and then (c) the Excess Revenue Reserve Subaccount;
2. any Redemption Account (other than amounts held therein to pay and redeem Bonds for which notice of redemption has theretofore been given, and amounts held therein to defease Outstanding Bonds summarized below under the caption "Discharge of Lien");
3. the Project Fund (to the extent such application is permitted by the Supplemental Indenture governing same);
4. the Debt Service Reserve Fund;
5. any Principal Account (for deficiencies in any Interest Account); and
6. any Interest Account (for deficiencies in any Principal Account);

provided, however, that if such Payment Date is a December 15 the Trustee shall, after notifying the Authority of such deficiency, (i) first transfer from the Interest Account to the Principal Account or from the Principal Account to the Interest Account an amount equal to such deficiency; provided that (a) any such transfer shall be made only from and to the extent of amounts on deposit in such transferring account in excess of the amount of interest or principal (as the case may be) required to be paid to Owners of the Bonds from such transferring Account on such December 15, (b) the amount then on deposit in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Requirement, (c) any such transfer shall be made from any accounts or subaccounts separately
administered (by series of Bonds or otherwise) within such transferring Account in such amounts or proportions as the Authority shall direct in writing or, in the absence of such direction, as the Trustee shall determine, and (d) any such transfer shall constitute a temporary advance from such transferring Account to such transferee Account and all Revenues thereafter required to be deposited into the transferee Account pursuant to subsection (c)(1) or (2) under the caption "Flow of Revenues," as appropriate, shall instead be deposited in the transferring account until such advance has been reimbursed in full, and (ii) second, to the extent any such transfer is insufficient to fully cure such deficiency, the Trustee shall thereafter withdraw an amount equal to any remaining deficiency from other Funds, Accounts and Subaccounts in accordance with this subsection (A) without regard to this proviso.

For purposes of the provisions under this caption the terms "Interest Account" and "Principal Account" shall mean the Accounts so named and established in the Bond Fund by section 5.1(B)(3)(a) and (b) of the Original Indenture (as described under Section (B)(3)(a) and (b) under the caption "Pledge of Revenues; Creation of Funds and Accounts; 'Trust Moneys' Defined") and shall include, in each case, all accounts or subaccounts created and separately administered therein (by series of Bonds or otherwise) pursuant to Supplemental Indentures. In determining whether on any Payment Date the amount then on deposit in the Interest Account or the Principal Account is sufficient to pay to the Owners of the Bonds the full amount of the interest on and principal of all Outstanding Bonds then due, the amount on deposit in each such Account shall include the aggregate amount on deposit in such Account and in all such separately administered accounts and subaccounts within such Account and the Trustee shall apply such aggregate amount to the payment of interest or principal then due from the Interest Account of the Principal Account (as the case may be) without regard to any administrative account or subaccount designations within such Accounts.

The First Supplemental Indenture, the Second Supplemental Indenture and the Fifth Supplemental Indenture each permits the application of amounts in the Project Fund as described in (3) above. Deficiencies in the Interest Accounts shall be fully cured prior to curing any deficiency in the Principal Accounts.

(B) In lieu of or in addition to the withdrawals and transfers described in subsection (A) above, the Authority shall have the option to withdraw from the Surplus Revenues Fund (as described in subsection (F) under the caption "Surplus Revenues Fund") amounts necessary to pay such deficiency.

Cost of Issuance Fund.

(A) The Trustee may establish within the Cost of Issuance Fund a separate, segregated Account for the benefit of one or more series of Bonds as provided in the Supplemental Indenture creating such series of Bonds. There shall be deposited in the Cost of Issuance Fund, from the proceeds of each series of Bonds, the amount specified pursuant to the Supplemental Indenture creating such Account. The First Supplemental Indenture creates a Series 1992A Cost of Issuance Account, the Second Supplemental Indenture creates a Series 1994 Cost of Issuance Account, the Fourth Supplemental Indenture creates a Series 1996A Cost of Issuance Account and the Fifth Supplemental Indenture creates a Series 1998 Cost of Issuance Account. An initial amount described in the Official Statement under the caption "ESTIMATED APPLICATION OF SERIES 1998 BOND PROCEEDS" is required to be deposited therein. Further deposits to the Cost of Issuance Fund may be made from time to time as the Authority shall determine from any lawful source including from any Account in the Project Fund as described in subsection (B) under the caption "Project Fund".

(B) Amounts from time to time on deposit in the Cost of Issuance Fund shall be disbursed to or upon the order of the Authority to pay the costs of issuance of a series of Bonds. The term "costs of issuance" shall include those amounts described in or permitted by a related Supplemental Indenture.

Project Fund.

(A) Proceeds of one or more series of Bonds issued for a specific purpose or project shall be deposited in a separate, segregated Account within the Project Fund and shall be disbursed by the Trustee for the payment of the costs specified or authorized in the related Supplemental Indenture and permitted by the Authority Act. The Fifth Supplemental Indenture requires the amount of proceeds from the Series 1998 Bonds described in the Official Statement under the caption "ESTIMATED APPLICATION OF SERIES 1998 BOND PROCEEDS" to be deposited to the Project Fund at the time the Series 1998B Bonds are issued and delivered. The Fifth Supplemental Indenture also creates the Refunding Account (Series 1992A) and the Refunding Account (Series 1994) within the Project Fund for the sole purpose of receiving the net proceeds of the Series 1998 Refunding Bonds and applying such proceeds solely to defease the Refunded Bonds (Series 1992A) and the Refunded Bonds (Series 1994).

(B) Upon a written request of an Authority Representative, the Trustee shall transfer monies from the Project Fund to the Authority or its construction escrow agent for the purpose of providing funds for the payment of the costs authorized in the
Supplemental Indenture authorizing the issuance of a series of Bonds. In addition, so long as such transfer or use is not prohibited by any applicable Supplemental Indenture, the Trustee shall transfer monies from the Project Fund to the Cost of Issuance Fund pursuant to any written request of an Authority Representative. The First Supplemental Indenture, Second Supplemental Indenture, Fourth Supplemental Indenture and Fifth Supplemental Indenture do not contain such a prohibition. All such transfers shall be paid from requisitions submitted to the Authority by the Trustee from time to time as shall be provided by any such Supplemental Indenture. The First Supplemental Indenture, Second Supplemental Indenture and Fifth Supplemental Indenture each provides that such requisition must include a certification by the Authority that the amount requested thereby (1) will be applied to pay or reimburse the Authority for payment of costs of the Improvements financed by the Series 1992A Bonds, the Series 1994B Bonds or the Series 1998B Bonds, as applicable, and (2) that the application of the proceeds of the Series 1992A Bonds, the Series 1994B Bonds or the Series 1998B Bonds, as applicable, to the purpose specified in the requisition will not violate any covenant or agreement with respect to Tax-Exempt Bonds contained in the applicable sections of the Original Indenture and the related Supplemental Indenture. The First Supplemental Indenture, the Second Supplemental Indenture and Fifth Supplemental Indenture each further provides that expenditures for certain purposes may only be made in compliance with certificates and agreements which contain certain tax covenants relating to the Series 1992A Bonds, Series 1994B Bonds or Series 1998B Bonds, as applicable. Disbursements of such Project Fund monies by the Authority or the Authority's construction escrow agent (if any) for costs of construction shall be governed by rules and procedures of the Authority which shall be adopted to assure (1) that all monies derived from the Project Fund shall be used solely for the purposes of the Improvements and other costs financed, specified or authorized by the related Supplemental Indenture, and in compliance with the Authority Act and (2) that payments made from time to time will be for work, materials and services actually provided at or before the time of disbursement. Disbursements from the Series 1992A Project Account, the Series 1994 Project Account and Series 1998B Project Account are required to be made to pay debt service on the Bonds in the circumstances described above under the caption "Deficiencies in the Interest Accounts or Principal Accounts" and such disbursements are required to be made prior to any claim being made on the Series 1992A Credit Facilities, the Series 1994 Credit Facilities or the Series 1998 Credit Facilities.

(C) The completion of any Project financed by one or more series of Bonds, shall be evidenced by a certificate of completion issued by the Authority and delivered to the Trustee, supported by certificates from the construction manager or the project architect/engineer stating the amount, if any, required for the payment of any remaining costs financed by such series of Bonds. Thereafter, the balance in the Project Fund, in excess of the amount, if any, stated in such certificate shall be applied by the Trustee as provided in subsection (D) below and the applicable Supplemental Indenture. Thereafter, if the Authority shall deliver a certificate to the Trustee, stating that part or all of the amount retained in the Project Fund pursuant to this paragraph is no longer required for the payment of any remaining costs financed by such series of Bonds, the Trustee shall also apply any such excess amount as provided in subsection (D) below and the applicable Supplemental Indenture.

(D) The proceeds of any series of Bonds (and any earnings thereon) in the Project Fund in excess of the amount required to pay all costs financed thereby shall be transferred to the applicable Redemption Account and shall thereafter be promptly applied as described under the caption "Payment of Bonds" in this Appendix C to cause Bonds to be redeemed as provided in the Indenture and any applicable provision of the related Supplemental Indenture; provided that the excess proceeds of Taxable Bonds, or of Tax-Exempt Bonds (if the Authority has received an opinion of Bond Counsel to the effect that such transfer will not impair the tax-exempt status of such Tax-Exempt Bonds), may be transferred to such other Fund or Account as the Authority may direct to the extent not prohibited by a Supplemental Indenture. The First Supplemental Indenture, the Second Supplemental Indenture and Fifth Supplemental Indenture each provides that the Authority may select any Series 1992A Bonds, Series 1994 Bonds or Series 1998 Bonds, to cause to be redeemed paid by the application of excess amounts in the Project Fund following completion of construction. Any amounts on deposit in the Project Fund in excess of the amount required to pay all costs financed by the related series of Bonds shall to the extent such amounts are attributable to a source other than the proceeds of Bonds or earnings thereon, be transferred or applied as directed by the Authority. Prior to any transfer from the Project Fund of the proceeds of any series of Tax-Exempt Bonds (or earnings thereon) contemplated by this subsection, the Trustee shall cause the Authority to cause a Rebate Expert to calculate the Rebate Amount, if any, attributable to the investment of funds in the appropriate Account in the Project Fund, and shall transfer the Rebate Amount so calculated to the Rebate Fund prior to transferring any remaining monies as provided for in the Indenture.

(E) If permitted or required by the applicable Supplemental Indenture, amounts on deposit from time to time in the Project Fund shall be applied on any Payment Date to provide sums equal to any deficiency in the Interest Accounts or Principal Accounts as provided for in the Indenture.

(F) Notwithstanding anything in the Indenture to the contrary, Rebate Amounts attributable to Tax-Exempt Bonds and on deposit in the Project Fund shall be transferred to the Rebate Fund.
Deposit of Funds with Paying Agent.

(A) The Trustee shall transfer and remit sums from the Bond Fund to the Paying Agent in advance of each Payment Date, from the balance then on hand in the Bond Fund, sufficient to pay all principal, interest and redemption premiums then due on Bonds. The Paying Agent shall hold in trust for the Owners of such Bonds all sums so transferred to it until paid to such Owners or otherwise disposed of as provided in the Indenture. If the Paying Agent is other than the Trustee, the Trustee shall designate each such transfer by the series designation of the series of Bonds to which it relates, and the monies so received by the Paying Agent shall be held in trust only for the Owners of the Bonds of the designated series.

(B) Interest on each Bond including accrued interest to the date of deposit and interest, to the extent permitted by law, on overdue installments of interest at the rate borne by such Bond, (1) shall cease on its maturity date, or on any prior redemption date, provided that funds sufficient for the payment thereof with accrued interest and any redemption premium have been deposited with the Paying Agent on or before the maturity date or redemption date, as the case may be, and in the case of redemption, that the requirements of the applicable Supplemental Indenture have been complied with, or (2) shall cease on any date after maturity or a redemption date on which such deposit has been made, and the Owner shall have no further rights with respect to the Bonds or under the Indenture except to receive the payment so deposited.

(C) If any Bond is not presented for payment when due and funds sufficient to pay such Bond shall have been paid to the Trustee (or other Paying Agent, if any): (1) all liability of the Authority for payment of such Bond shall forthwith cease, (2) such Bond shall forthwith cease to be entitled to any lien, benefit or security under the Indenture and the Owner of such Bond shall forthwith have no rights in respect thereof except to receive payment thereof, and (3) the Trustee (or other Paying Agent, if any) shall hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond. Any moneys still held by the Trustee (or other Paying Agent, if any) after four years and eleven months from the date on which the Bond with respect to which such amount was paid to the Trustee (or other Paying Agent, if any), shall, if and to the extent permitted by law, be paid by the Trustee (or other Paying Agent, if any) to the Authority and the Trustee shall thereupon be discharged from the trust and all liability of the Paying Agent or the Trustee with respect to such trust money; and the Bondowners shall thereafter be entitled to look only to the Authority for payment, and the Authority shall not be liable for any interest thereon.

Additional Bonds.

(A) All of the Bonds issued under a Supplemental Indenture shall collectively be a charge and lien upon the Revenues and the Trust Estate as provided in the Indenture and such charge and lien shall be prior to any other charge and lien upon the Revenues and Trust Estate. Except as permitted by the Indenture, no additional obligations payable from and secured by a lien on the Revenues and the remainder of the Trust Estate (except as to any Credit Facility which secures only a specific series of Bonds or specific Bonds of a series) shall be hereafter issued unless the lien on the Trust Estate and Revenues securing such additional obligations is expressly made a junior and subordinate lien upon the Revenues and the Trust Estate as described under the caption "Conditions to the Issuance of Subordinate Securities" in this Appendix C.

(B) So long as no Event of Default has occurred and is continuing, the Authority, from time to time after the execution and delivery, may enter into a Supplemental Indenture providing for the issuance of Additional Bonds for any purpose for which bonds or other obligations may be now or hereafter issued under the Authority Act.

(C) Any such Additional Bonds may bear interest at any rate lawful at the time of the issuance thereof and may mature over any period of time not exceeding the maximum maturity permitted by law, and may provide for such other payment terms and conditions as the Authority shall determine in a Supplemental Indenture.

(D) The Authority shall make such covenants, representations and agreements in the Supplemental Indenture related to each series of Additional Bonds which are Tax-Exempt Bonds as may be necessary or desirable in the opinion of Bond Counsel to assure the tax exempt status thereof.

Conditions to the Issuance of Additional Bonds.

(A)(1) Additional Bonds payable from and secured by a lien on the Revenues and the remainder of the Trust Estate (except as to any Credit Facility which secures only a specific series of Bonds or specific Bonds of a series) on a parity basis with the then Outstanding Bonds may be hereafter issued if and only if the Trustee shall receive:
(a) a certificate of the Chairman of the Authority that no Event of Default under the Indenture has occurred and shall continue to exist immediately following the date of issuance of the Additional Bonds to be issued; and

(b) a certificate of the Chairman of the Authority that the amount of State Sales Tax Deposits which is authorized by law to be deposited in the McCormick Place Expansion Project Fund in each future Fiscal Year pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements for such Fiscal Year on all Outstanding Bonds, including for such purposes, the Additional Bonds to be issued; and

(c) an opinion of Bond Counsel or Independent Counsel stating, among other things, that subject to (1) a sufficient annual appropriation by the Illinois General Assembly and (2) the filing of the required Authority Annual Certificates, and based upon the certificate described in subsection (b) above the State Treasurer will be required to pay from the McCormick Place Expansion Project Fund to the Trustee the amounts required to be included in the Authority Annual Certificates for all Outstanding Bonds including the Additional Bonds proposed to be issued.

(2) For purposes of the certification described in subsection (A)(1)(b) above, there shall be excluded from the Adjusted Debt Service Requirements any amounts otherwise due or to become due on Outstanding Bonds which have been refunded and are no longer Outstanding Bonds as a result of the issuance of such Additional Bonds.

(B) Any Supplemental Indenture which authorizes Additional Bonds shall establish the amounts which shall be the Reserve Requirement to be funded in connection with such series of Additional Bonds and may amend the Indenture in order to provide for the funding, application and replenishment of any Account within the Debt Service Reserve Fund or any Account thereof in connection therewith.

(C) If the Additional Bonds are subject to mandatory purchase or are to be purchased upon optional tender by the Owners thereof, any Revenues required to be segregated or set aside by the Authority to fulfill its purchase obligation shall be deemed additional Adjusted Debt Service Requirements with respect to the related series of Bonds in the amounts and at the times such amounts are required to be so set aside.

(D) The conversion of Variable Rate Bonds or Adjustable Rate Bonds to Fixed Interest Rate Bonds shall not be treated as the issuance of Additional Bonds subject to the other requirements described under this caption unless the interest rate to be borne by such Bonds from and after the date of conversion will exceed the maximum rate taken into account for the purposes of computing Adjusted Debt Service Requirements under subsection (A)(1)(b) above.

Refunding Bonds.

(A) Notwithstanding the provisions described under the captions "Additional Bonds" and "Conditions to Issuance of Additional Bonds" above:

(1) Additional Bonds may be issued if and to the extent needed to refund maturing Bonds payable from the Revenues and the remainder of the Trust Estate in case the moneys in the Bond Fund are or will be insufficient to pay the same at maturity, which refunding Additional Bonds may be on a parity with other Bonds as to interest payments, but shall mature subsequent to all the Bonds which are payable from the Trust Estate and which are Outstanding upon issuance of the refunding Additional Bonds.

(2) Additional Bonds may be issued payable from the Revenues and the remainder of the Trust Estate to refund or advance refund all or any portion of the Bonds (or any series thereof or specific Bonds within a series) then Outstanding if the Authority files with the Trustee a certificate of the Chairman of the Authority to the effect that in each future Fiscal Year the amount that the Chairman of the Authority may certify as necessary and required to be deposited in the McCormick Place Expansion Project Fund pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements on all Outstanding Bonds, including for such purposes, any refunding Additional Bonds to be issued.

(B) Tax-Exempt Bonds shall not be advance refunded except as permitted by the Code.

Conditions to the Issuance of Subordinate Securities.
(A) The Authority may issue, and pay principal, interest and other amounts due with respect to, Subordinate Securities payable out of the Revenues and other amounts which constitute the Trust Estate only as provided under this caption.

(B) Subordinate Securities payable from and secured by a lien, claim and charge which is junior and subordinate to the lien, claim and charge on the Revenues and the remainder of the Trust Estate securing any Outstanding Bonds (1) shall not be subject to acceleration of maturity except pursuant to a mandatory sinking fund and (2) shall not contain provisions which permit the declaration of an Event of Default hereunder upon any failure to pay principal or interest on Subordinate Securities as and when due.

(C) Any series of Subordinate Securities shall provide that no Revenues shall be transferred or otherwise remitted from the Revenue Fund to the Subordinate Securities Fund for the payment of any amount of principal, interest or other amounts thereon if, as of the date such transfer or remittance is to be made, there are insufficient Revenues to make the deposits required by subsections (C)(1), (2), (3), (4), (5) and (6) under the caption "Flow of Revenues" in this Appendix C or to make any required transfers described under the caption "Deficiencies in the Interest Accounts or Principal Accounts".

Tax-Exempt Status of the Bonds.

The Authority covenants in the Indenture to maintain the tax exempt status of the Bonds, and further covenants that, except as provided in the Supplemental Indenture, the "proceeds" of the Bonds (as such term is defined in Section 148 of the Code) will not be used in a manner that would cause such Bonds to be "arbitrage bonds" (as such term is defined in Section 148 of the Code) and that it will file with the United States Internal Revenue Service any and all reports necessary to comply with the Code.

In the event that a profit is earned from the investment of bond proceeds at a yield above the bond calculated pursuant to the Code, the Authority covenants that such amounts earned in excess of the yield will be rebated to the United States Treasury. Notwithstanding the foregoing, if the Authority delivers to the Trustee an opinion of Bond Counsel that failure to make any rebate payments to the United States with respect to a series of Tax-Exempt Bonds will not adversely affect the tax-exempt status of the series of Tax-Exempt Bonds, then no rebate shall be required under the Indenture.

Investment of Funds.

Moneys held for the credit of the Funds established by the Indenture shall be held by the Trustee as required by law and shall at the written request or verbal request confirmed in writing, of the Authority Representative, or in the absence of such direction at the initiative of the Trustee, to the extent practicable and permitted by the Authority Act, be invested as received and reinvested by the Trustee in such securities as are authorized by law and which are Permitted Investments. The type, amount and maturity of such investments shall be as specified by the Authority Representative, subject to the approval of the Trustee; provided that (i) sums in the Bond Fund may in any event only be invested in securities which mature or are subject to redemption or repurchase at the option of the Trustee on or prior to the date or dates on which the Trustee anticipates that cash funds will be required, (ii) sums in the Debt Service Reserve Fund may never be invested in Permitted Investments at a price less than the par value thereof unless an opinion of Bond Counsel is first filed with the Trustee that such investment will not impair the tax exempt status of the Outstanding Tax-Exempt Bonds and (iii) any sums in the Debt Service Reserve Fund allocable to Tax-Exempt Bonds, together with the amounts, if any, in the Statutory Reserve which, pursuant to a written opinion of Bond Counsel such amounts are allocable to the Bonds, in excess of a "reasonably required reserve" for arbitrage purposes may only be invested in Restricted Obligations.

In computing the amount in any Fund, investments and accrued but unpaid interest thereon shall be deemed a part thereof, and such investments, other than in the Debt Service Reserve Fund, shall be valued at par value, or at the redemption price thereof, if then redeemable at the option of the holder; provided that in any event for purposes of determining whether any balance in a Fund may only be invested at a restricted yield to comply with Section 148(f) of the Code and related Treasury Regulations, any investments in the Fund shall be valued at their par value or the price (less accrued interest) at which they were purchased, whichever is the greater.

Discharge of Lien.

Whenever the conditions specified in either clause (1) or clause (2) of the following subsection (A) and the conditions specified in the following subsections (B), (C), (D) and (E), to the extent applicable, shall exist, namely:

(A) either
all Bonds have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however,

(a) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by a trust company or bank in the State having the power of a trust company and possessing capital and surplus of not less than $100,000,000 as required by Section 10.1(f) of the Authority Act (which trust company or bank may be the Paying Agent or Trustee if the same otherwise is qualified to so act under Section 10.1(f) of the Authority Act) and thereafter repaid to the Authority or discharged from such trust as provided under the caption "Deposit of Funds with Paying Agent", and

(b) Bonds alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in the Indenture, and (i) which, prior to the satisfaction and discharge of the Indenture, have not been presented to the Paying Agent or the Trustee with a claim of ownership and enforceability by the Owner thereof, or (ii) whose enforceability by the Owner thereof has been determined adversely to the Owner by a court of competent jurisdiction or other competent tribunal; or

(2) the Authority has deposited or caused to be deposited as trust funds:

(i) with the Paying Agent as provided under the caption "Deposit of Funds with Paying Agent" cash which shall be sufficient, or

(ii) with the Trustee cash and/or Defeasance Securities, which do not permit the redemption thereof at the option of the issue thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Bonds which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be, and which are to be discharged under the provisions of the Indenture, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Authority; and

(B) the Authority has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums payable under the Indenture and under any Credit Facility, Credit Agreement and other Related Documents by the Trustee or the Authority until the Bonds secured by such Credit Facility are so paid; and

(C) the Authority has delivered to the Trustee a report of an Independent Accountant stating that the cash and payments to be made on the Defeasance Securities referred to in clause (2) of subsection (A) above will be sufficient to pay when due the principal of, premium, if any, and interest on the Bonds to be defeased; and

(D) if discharge is to be effected under clause (2) of subsection (A), an opinion of Bond Counsel is delivered to the Trustee stating in effect that such discharge will not impair the tax exempt status of the then Outstanding Tax-Exempt Bonds; and

(E) if full discharge and satisfaction of the Indenture is to be effected under clause (2) of subsection (A) above, an opinion of Independent Counsel to the effect that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with;

then, the rights of Owners of such Bonds shall be limited to the cash or cash and securities deposited as provided in clause (1) or (2) of subsection (A) above, and the rights and interest granted by the Indenture and any related Supplemental Indenture, to or for the benefit of the Trustee or Bondowners shall cease, terminate and become null and void, and the Authority and the Trustee shall, at the expense of the Authority, execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all rights under the Indenture and any Supplemental Indenture (except the moneys or securities or both deposited as required above) shall thereupon be discharged and satisfied.
Payment of Bonds.

Any series of Bonds or a portion of any series of Bonds shall be deemed paid, if the conditions set forth in clause (1) or (2) of subsection (A) under the caption "Discharge of Lien" above and, if clause (2) is applicable and securities are deposited in trust, subsections (B), (C) and (D) of such caption, have been satisfied with respect thereto even though other Bonds may remain outstanding and, if notice shall have been given as provided in the Indenture, such portion of Bonds or such series of Bonds shall cease to be entitled to any lien, benefit or security under the Indenture. However, the liability of the Authority in respect of such portion of the Bonds or such series of Bonds, as the case may be, shall continue, but the holders thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Defeasance Securities deposited with the Trustee as aforesaid.

Default and Remedies.

(A) Events of Default. Subject to the provisions described under the caption "Waiver of an Event of Default", any of the following events is defined as and declared to be and to constitute an Event of Default (whatever the reason for such an Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

1. If default shall be made in the due and punctual payment of any interest on any Outstanding Bond secured by the Indenture; or

2. If default shall be made in the due and punctual payment of the principal of or any redemption premium on any Outstanding Bond secured by the Indenture, whether at the stated maturity thereof or at the date fixed for redemption thereof; or

3. If default shall be made in the due and punctual payment of any other moneys required to be paid to the Trustee under the provisions of the Original Indenture or any Supplemental Indenture, Credit Agreement or Related Document and such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default, shall have been given by the Trustee to the Authority, or to the Authority and the Trustee by the Owners of not less than a majority in aggregate principal amount of then Outstanding Bonds; or

4. If default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture, any Supplemental Indenture, the Bonds, Credit Agreement or Related Document, and such default shall have continued for a period of thirty (30) days after written notice thereof given in the manner provided in clause (3) above.

(B) Remedies. (1) Upon the occurrence of an Event of Default, the Trustee may proceed to pursue any available remedy by suit at law or in equity to enforce all rights of the Bondholders, including without limitation the right to the payment of the principal or premium, if any, and interest on the then Outstanding Bonds out of any available Revenues or any remainder of the Trust Estate and, without limiting the foregoing, the Trustee shall, subject to the provisions described under the caption "Direction of Proceedings by Bondholders", proceed to protect and enforce its rights and the rights of Bondholders under the Authority Act, the Finance Act, the Indenture, any Credit Facility and any Related Document 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 for the specific performance of any covenant or agreement contained in the Indenture 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 Independent Counsel) shall deem most expedient in the interests of the Bondholders; provided, however, that the Trustee shall have the right to decline to comply with any request of Bondholders if the Trustee shall be advised by Independent Counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Bondholders not parties to such request and provided, further, that notwithstanding any other provision of the Indenture or under any Supplemental Indenture and under no circumstances (including in an Event of Default, upon an act of bankruptcy, upon a determination of insolvency, in connection with a receivership proceeding or otherwise) shall the Trustee, any Bondholder or any other person have the right or power to accelerate the maturity of any Bonds.

2. Upon the occurrence of an Event of Default under any Related Document, the Trustee may also enforce any and all rights or obligations of the Authority thereunder.
No remedy conferred upon or reserved to the Trustee in the Indenture (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy (i) given to the Trustee or to the Owners or (ii) now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default, whether by the Trustee or by the Owners, shall extend to or shall affect any subsequent Event of Default or impair any rights or remedies consequent thereon.

Under certain circumstances, a Credit Provider, including the Series 1992A Credit Providers, the Series 1994 Credit Providers, the Series 1996A Credit Providers and the Series 1998 Credit Providers, may have rights to direct the Trustee to take, or to consent to, certain actions upon a default under the Indenture or a Supplemental Indenture. See “Certain Provisions Relating to Credit Facilities and Credit Providers” below.

Direction of Proceedings By Bondowners.

The Owners of a majority in aggregate principal amount of the then Outstanding Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Original Indenture, the Supplemental Indentures and the Related Documents or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Priority of Payment and Application of Moneys.

All Bonds issued and secured under the Indenture shall be equally and ratably secured by and payable from the Bond Fund, without priority of one Bond over any other, except as otherwise expressly provided (a) in the Original Indenture with respect to Bonds of a specific series (or specific Bonds within a series) secured by a Credit Facility or (b) in a Supplemental Indenture or (c) with respect to moneys or assets whether or not held in the Bond Fund pledged to secure one or more series of Bonds (or specific Bonds within a series) and not other Bonds. Upon the occurrence of an Event of Default, all moneys collected pursuant to action taken pursuant to the Trustee’s or Bondowners’ remedies under the Indenture after payment of the costs, and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, and after any other prior application of such moneys has been made as is required by law shall be deposited in such Fund or Funds described under the captions “Pledge of Revenues; Creation of Funds and Accounts; “Trust Moneys’ Defined” as the Trustee deems appropriate; and all moneys in the Bond Fund (and, at the discretion of the Trustee except when otherwise required by the Indenture, any other Fund), excluding however (A) any moneys held in trust for the payment of any Bonds or interest thereon which have matured or otherwise become payable prior to such Event of Default, and (B) any moneys (such as Credit Facility proceeds) pledged exclusively to secure one or more specific series of Bonds (or specific Bonds within a series) shall be applied as provided as follows:

Unless the principal of all Bonds shall have become due and payable, all such moneys in the respective Funds securing such obligations shall be applied consistent with the respective priorities of liens and the respective purposes for such Funds each as follows:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND: To the payment of the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds which shall have become due (other than Bonds which have matured or have otherwise become payable prior to such Event of Default and moneys for the payment of which are held in trust pursuant to the provisions of the Indenture) in the order of their due dates and, if the amount available shall not be sufficient to pay in full the unpaid principal and redemption premium, if any, on Bonds due on any particular due date, then to the payment ratably, according to the amount of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or privilege; and
THIRD: To the payment of interest and premium, if any, on and the principal of the Bonds and to the redemption of such Bonds, as thereafter may from time to time become due, all in accordance with the provisions of Article Five of the Original Indenture; and

FOURTH: To reimburse the Trustee for costs and expenses under the first unnumbered paragraph under this caption.

Whenever moneys are to be paid by the Trustee as stated above, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard to the source of such moneys, the priority of liens securing the Bonds, the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall (i) fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue and (ii) on or before such date set aside the moneys necessary to effect such application. The Trustee shall give to the Bondholders mailed notice of the deposit with it of any such moneys and of the fixing of any such date. Neither the Trustee nor any Paying Agent shall be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies of Owners.

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Original Indenture, a Supplemental Indenture, a Credit Facility, Credit Agreement or any Related Documents or for the execution of any trust or for the appointment of a receiver, unless: (i) a default thereunder shall have become an Event of Default and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (ii) such Owners shall have offered to indemnify the Trustee as provided in the Indenture; and (iii) the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time the remedies granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are declared in every such case at the option of the Trustee under the Indenture to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Original Indenture, a Supplemental Indenture, a Credit Facility, Credit Agreement or a Related Document, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture, by its, his, her or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds then Outstanding; provided, however, that nothing shall be construed to preclude any Bondholder from enforcing, or impair the right of any Bondholder to enforce, the payment by the Trustee of principal of, and interest and premium, if any, on any Bond of such Bondholder at or after its date of maturity, if and to the extent that such payment is required to be made to such Bondholder by the Trustee from available funds in accordance with the terms of the Indenture.

Waiver of an Event of Default.

The Indenture gives the Trustee the right at its discretion to waive any Event of Default and its consequences and requires the Trustee to do so upon written request of the Owners of (1) a majority in aggregate principal amount of all the Bonds then Outstanding with respect to which default in the payment of principal, premium, and interest, or any of them, exists, or (2) a majority in aggregate principal amount of all the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (A) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds on the redemption date or at the date of maturity specified therein or (B) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver all arrearages of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all arrearages of payments of principal and premium, if any, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all expenses of the Trustee and Paying Agents in connection with such Event of Default, shall have been paid or provided for. No such waiver or rescission shall extend to any subsequent or other Events of Default, or impair any right consequent thereon.

Notice Required For Certain Events of Default; Time to Cure Permitted.
Anything in the Indenture to the contrary notwithstanding, no default under clause (3) or (4) listed under the heading herein “Defaults and Remedies - Events of Default” shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee to the Authority, and the Authority shall have had the time permitted by the applicable subsection after receipt of such notice to correct said default or cause said default to be corrected and the Authority shall not have corrected said default or caused said default to be corrected within said time; provided, however, if said default occurs under such clause (4) and is such that it can be corrected but not within the stated time, it shall not constitute an Event of Default if corrective action is instituted by the Authority within said time and diligently pursued until the default is corrected. With regard to any alleged default concerning which notice is given to the Authority under such provisions, the Authority hereby names and appoints the Trustee as its attorney-in-fact and agent with full authority to perform any covenant or obligation of the Authority alleged in said notice to constitute a default, in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution; provided that the Trustee shall give the Authority notice of its intention so to perform on behalf of the Authority, and provided further that the Authority may at any time, by a writing addressed to the Trustee, cancel, withdraw, limit or modify the appointment hereby made. With respect to any series of Bonds or a specific portion thereof secured by a Credit Facility, the provisions of this paragraph shall apply to the related Credit Provider as though the Credit Provider were named therein.

Notice to Owners of Default:

The Trustee shall give to the Bondowners and to the Original Purchaser of each series of Bonds written notice of all Events of Default known to the Trustee, within ninety (90) days after the occurrence of an Event of Default; provided that, except in the case of an Event of Default in the payment of the principal or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the executive committee or a trust committee of directors or chief executive officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Owners.

Trustee’s Fees, Charges and Expenses.

For acting under the Indenture, the Trustee shall be entitled to payment and/or reimbursement for reasonable fees for services rendered and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of interest on or principal or premium, if any, of any Bond and upon the money received by it under the Indenture, for said fees, advances, counsel fees, costs and expenses incurred by it.

Resignation or Removal of the Trustee.

The Trustee shall not resign from the trusts created by the Indenture unless and until a successor trustee has been appointed, which successor has agreed in writing to perform the duties of the Trustee and Bond Registrar. Subject to the preceding sentence, the Trustee and any successor trustee may at any time resign from the trusts by giving thirty (30) days written notice to the Authority and by first class mail to each Owner of Bonds as shown on the Bond Register. Such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor trustee by the Owners or by the Authority. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, and to the Authority, and signed by the Owners of a majority in aggregate principal amount of then Outstanding Bonds.

Appointment of Successor Trustee, Successor Paying Agent and Co-Trustee.

In case the Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the terms of the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Authority or, if the Authority fails to appoint a successor, by the Owners of a majority in aggregate principal amount of the then Outstanding Bonds, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorney-in-fact, duly authorized. In case of such vacancy the Authority by resolution of its governing body may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Owners. Any such temporary trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such Owners. Every such Trustee appointed shall be a trust company or bank having trust powers and having a reported capital and surplus not less than $25,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the
retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

The provisions of the Indenture with respect to removal, resignation and appointment of a successor trustee shall be equally applicable to resignation, removal and appointment of a successor to the Paying Agent. The Trustee shall be eligible for appointment as successor to the Paying Agent.

**Supplemental Indentures Not Requiring Consent of Bondowners.**

The Authority and the Trustee may supplement the Indenture without notice to or consent of any Bondholder so as to thereby:

1. provide for the issuance of Bonds or Additional Bonds or Subordinate Securities,
2. make such changes as may be necessary to obtain the award of an investment grade rating for all or any series of Bonds by a Rating Agency,
3. cure any ambiguity or formal defect or omission in the Original Indenture or in any Supplemental Indenture,
4. grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee,
5. more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate,
6. subject to the lien and pledge of the Indenture additional revenues, properties or collateral,
7. evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee and/or Paying Agent,
8. modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to prevent any interest on Tax-Exempt Bonds from becoming taxable under the Code or as permitted by the Indenture,
9. effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding however the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939,
10. make any other change which is required by any provision of the Indenture or which is deemed by the Trustee necessary to reconcile the Indenture with the Related Documents, or any amendments thereto, or
11. make any other change which in the judgment of the Authority and Trustee is necessary or desirable and will not materially prejudice any non-consenting Owner of a Bond.

Under certain circumstances, a Credit Provider, including the Series 1992A Credit Providers, the Series 1994 Credit Providers, the Series 1996A Credit Providers and the Series 1998 Credit Providers may have rights to consent or withhold consents in connection with certain actions under the Original Indenture or the Supplemental Indenture and such rights may be supplemental to or in lieu of rights of Bondowners generally or owners of Bonds secured by the related Credit Facility. See "Certain Provisions Relating to Credit Facilities and Credit Providers" below.

**Supplemental Indentures Requiring Consent of Owners.**

The Trustee, upon receipt of an instrument evidencing the consent to the below-mentioned Supplemental Indenture by the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds, shall join with the Authority in the execution of such other supplemental indenture or indentures as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Original Indenture or in any Supplemental Indenture; provided, however, that nothing shall permit or be construed as permitting (1) an extension of the maturity of the principal or of the interest on any Bond, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as may be
otherwise expressly provided in the Indenture, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (5) modifying any of the provisions of this paragraph without the consent of the Owners of one hundred percent (100%) of the principal amount of all Bonds adversely affected thereby ("100% Bondowners’ Consent").

If at any time the Authority shall request the Trustee to enter into any such supplemental indenture which does not require 100% Bondowners’ Consent, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed to the Bondowners. If the Owners of a majority in aggregate principal amount of the then Outstanding Bonds at the time of the execution of any such supplemental indenture shall have consented to and approved the execution, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action. Anything in the Indenture to the contrary notwithstanding, a supplemental indenture which adversely affects the rights of the Authority shall not become effective unless and until the Authority shall have consented (either in writing or by inaction) to the execution and delivery of such supplemental indenture.

Under certain circumstances, a Credit Provider, including the Series 1992A Credit Providers and the Series 1994 Credit Providers, may have rights to consent or withhold consents in connection with certain actions under the Original Indenture or the Supplemental Indenture and such rights may be supplemental to or in lieu of rights of Bondowners generally or owners of Bonds secured by the related Credit Facility. See "Certain Provisions Relating to Credit Facilities and Credit Providers" below.

Amendments to Related Documents Not Requiring Bondowner Consent.

The Authority and/or the Trustee may, without the consent of or notice to the Bondowners, consent to any amendment, change or modification of the Credit Facility, Credit Agreement or any of the Related Documents:

1. which may be required or permitted without Bondowner consent by the provisions of the Indenture;
2. for the purpose of curing any ambiguity or formal defect or omission;
3. to reconcile any Credit Facility, Credit Agreement or a Related Document with any amendment or supplement to the Indenture including any Supplemental Indenture; or
4. to effect any other change in a Credit Facility, Credit Agreement or a Related Document which, in the judgment of the Authority and Trustee, will not materially prejudice any non-consenting Owner of a Bond.

Amendments to Related Documents Requiring Bondowner Consent.

Except for (1) amendments, changes or modifications not requiring Bondowner consent, and (2) amendments, changes or modifications permitted by any Credit Facility, Credit Agreement or Related Document, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of any Related Document, without the giving of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided that in no event shall such amendment, change or modification relieve the Authority of the obligation under the Credit Facility, Credit Agreement or any Related Document to make when and as due any payments required for the payment of principal, interest and any premium due or to become due on the Bonds unless the consent of the Owners of all Bonds adversely affected thereby is first secured. If the Owners of a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such amendment shall consent to the execution thereof, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Nothing in this paragraph shall permit or be construed as permitting a reduction or change in the stated maturities of the Bonds.
Limitation of Liability of Authority and its Officers, Employees and Agents.

To the extent permitted by law, no provision, covenant or agreement contained in the Original Indenture or any Supplemental Indenture or the Bonds, or any obligation imposed upon the Authority, or the breach thereof, shall constitute or give rise to or impose upon any of the Authority’s officers, employees or agents a pecuniary liability or a charge upon the Authority’s general credit or taxing powers (other than the Authority Taxes to the extent pledged in the Indenture). In making the agreements, provisions and covenants set forth in the Indenture, the Authority has not obligated itself except with respect to the Revenues and the Trustee Estate and the application thereof as provided in the Indenture.

CERTAIN PROVISIONS RELATING TO
CREDIT FACILITIES AND CREDIT PROVIDERS

Special Provisions Relating To Financial Guaranty and Financial Guaranty Insured Bonds

The First Supplemental Indenture contains special provisions relating to Financial Guaranty and the Financial Guaranty Insured Bonds (Series 1992A), the Second Supplemental Indenture contains similar special provisions relating to Financial Guaranty and the Financial Guaranty Insured Bonds (Series 1994) and the Fifth Supplemental Indenture contains similar provisions relating to Financial Guaranty and the Financial Guaranty Insured Bonds (Series 1998). Notwithstanding anything in the First Supplemental Indenture, the Second Supplemental Indenture, the Fifth Supplemental Indenture and the Financial Guaranty Bond Insurance Policies to the contrary, the special provisions in the First Supplemental Indenture shall only be applicable during the period any Financial Guaranty Insured Bonds (Series 1992A) are Outstanding and Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1992A); the special provisions in the Second Supplemental Indenture shall only be applicable during the period any Financial Guaranty Insured Bonds (Series 1994) are Outstanding and Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1994) and the special provisions in the Fifth Supplemental Indenture shall only be applicable during the period any Financial Guaranty Insured Bonds (Series 1998) are Outstanding and Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1998). In the event that the Financial Guaranty Insured Bonds (Series 1992A) are paid in full, or during any period that there exists a default under the Financial Guaranty Bond Insurance Policy (Series 1992A), such special provisions shall cease to be effective, Financial Guaranty shall have no rights under the First Supplemental Indenture and the Authority shall no longer be subject to such provisions. In the event that the Financial Guaranty Insured Bonds (Series 1994) are paid in full, or during any period that there exists a default under the Financial Guaranty Bond Insurance Policy (Series 1994), such special provisions shall cease to be effective, Financial Guaranty shall have no rights under the Second Supplemental Indenture and the Authority shall no longer be subject to such provisions. In the event that the Financial Guaranty Insured Bonds (Series 1998) are paid in full, or during any period that there exists a default under the Financial Guaranty Bond Insurance Policy (Series 1998), such special provisions shall cease to be effective, Financial Guaranty shall have no rights under the Fifth Supplemental Indenture and the Authority shall no longer be subject to such provisions.

However, so long as such special provisions are effective, in the event of any conflict between such special provisions and the provisions of the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision in the First Supplemental Indenture may be modified, amended or waived with the prior written consent of Financial Guaranty so long as Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1992A) and the Trustee, but without the consent of the Owners of any of the Bonds; each such special provision in the Second Supplemental Indenture may be modified, amended or waived with the prior written consent of Financial Guaranty so long as Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1994) and the Trustee, but without the consent of the Owners of any of the Bonds; and each such special provision in the Fifth Supplemental Indenture may be modified, amended or waived with the prior written consent of Financial Guaranty so long as Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1998) and the Trustee, but without the consent of the Owners of any of the Bonds.

Consent of Financial Guaranty Required.

(A) Any provision of the Indenture expressly recognizing or granting rights in or to Financial Guaranty may not be amended in any manner which affects the rights of Financial Guaranty under either the First Supplemental Indenture, Second Supplemental Indenture or Fifth Supplemental Indenture without the prior written consent of Financial Guaranty. Unless otherwise provided, Financial Guaranty’s consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in the preceding sentence which requires Bondowner consent.
(B) Anything in the Original Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as therein defined, Financial Guaranty shall be entitled to control and direct the enforcement of all rights and remedies granted to Owners of the Financial Guaranty Insured Bonds (Series 1992A), the Financial Guaranty Insured Bonds (Series 1994) and the Financial Guaranty Insured Bonds (Series 1998) under the Indenture.

Notices to Financial Guaranty.

While any of the Financial Guaranty Bond Insurance Policies is in effect, the Authority shall furnish to Financial Guaranty a copy of any financial statement of the Authority and a copy of any audit and annual report of the Authority, a copy of any notice to be given to the Owners of the Financial Guaranty Insured Bonds (Series 1992A), the Financial Guaranty Insured Bonds (Series 1994) or the Financial Guaranty Insured Bonds (Series 1998), including, without limitation, notice of any redemption of or defeasance of Financial Guaranty Insured Bonds, the Authority’s annual audited financial statements, a statement of the amount on deposit in the Bond Fund and Debt Service Reserve Fund as of the last valuation, and, if not presented in the audited financial statements, a statement of the balance in the Authority Tax Fund as of the preceding June 30 and the amount of Surplus Revenues payable as of the succeeding July 20, any official statement or other disclosure document, if any, prepared in connection with the issuance of Additional Bonds or Subordinate Securities, notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Debt Service Reserve Fund, notice of the redemption, other than pursuant to Mandatory Sinking Fund Requirements of any of the Financial Guaranty Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof, and such additional information as Financial Guaranty may reasonably request from time to time.

The Trustee shall notify Financial Guaranty of any failure of the Authority to provide any Authority Annual Certificate. The Authority will permit Financial Guaranty to discuss the affairs, finances and accounts of the Authority or any information Financial Guaranty may reasonably request regarding the security for the Bonds with appropriate officers of the Authority. The Trustee will permit Financial Guaranty to have access to and to make copies of all books and records relating to the Bonds at any reasonable time. Financial Guaranty shall have the right to receive an official record of the collections of Authority Taxes.

Notwithstanding any other provision of the Indenture, the Trustee shall immediately notify Financial Guaranty if at any time there are insufficient moneys to make any payments of principal and/or interest as and when due and immediately upon the occurrence of any Event of Default.

Valuation of Investments.

All investments in the Debt Service Reserve Fund shall be valued by the Trustee as frequently as deemed necessary by Financial Guaranty, but not less often than annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in the Debt Service Reserve Fund resulting from a decline in market value shall be restored no later than the succeeding valuation date. Investments purchased with funds on deposit in the Debt Service Reserve Fund shall have a term to maturity not greater than five years.

Events of Default: Supplemental Indentures.

The Trustee shall give Financial Guaranty immediate notice of any payment default and notice of any other Event of Default known to the Trustee within 30 days of the Trustee’s knowledge thereof.

For all purposes of the provisions of the Original Indenture governing Events of Default, except the giving of notice of default to Owners of Financial Guaranty Insured Bonds, Financial Guaranty shall be deemed to be the sole Owner of the Financial Guaranty Insured Bonds for so long as it has not failed to comply with its payment obligations under the Financial Guaranty Bond Insurance Policies.

For all purposes of Article Twelve of the Original Indenture governing Supplemental Indentures, the prior written consent of Financial Guaranty shall also be required in each instance where the consent of the Owners of Financial Guaranty Insured Bonds is required.

Trustee Provisions.

The Trustee shall furnish Financial Guaranty with written notice of any resignation or removal of the Trustee and the Authority shall furnish Financial Guaranty with written notice of the appointment of any successor thereto.
The Trustee shall not take the Financial Guaranty Bond Insurance Policies into account in determining whether the rights of Owners of the Financial Guaranty Insured Bonds are adversely affected by actions taken pursuant to the terms and provisions of the Indenture.

Financial Guaranty shall be included as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Financial Guaranty Insured Bonds or the security therefor. The Trustee shall be required to accept notice of default from Financial Guaranty.

Any Rating Agency rating the Financial Guaranty Insured Bonds must receive notice of each Supplemental Indenture and a copy thereof at least 15 days in advance of its execution or adoption.

**Payment Procedure Pursuant to Financial Guaranty Bond Insurance Policy.**

The First Supplemental Indenture, the Second Supplemental Indenture and Fifth Supplemental Indenture each contains detailed provisions relating to notices to be given to Financial Guaranty in the event a payment may be required under the Financial Guaranty Bond Insurance Policy (Series 1992A), Financial Guaranty Bond Insurance Policy (Series 1994) and Financial Guaranty Bond Insurance Policy (Series 1998), as applicable, requiring the provision of the Bond Register to Financial Guaranty under such circumstances, the making available to Financial Guaranty of a list of Owners of the Financial Guaranty Insured Bonds, setting forth the procedures for such Owners to obtain payment from Financial Guaranty or the applicable Fiscal Agent (Financial Guaranty Bond Insurance Policy) and providing for the subrogation of Financial Guaranty to the rights of Bondowners upon payment under the Financial Guaranty Bond Insurance Policies.

In the event that the Trustee has notice that any payment of principal of or interest on a Financial Guaranty Insured Bond has been recovered from an Owner of a Financial Guaranty Insured Bond pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to Financial Guaranty, notify all Owners of Financial Guaranty Insured Bonds that in the event that any such Owner’s payment is so recovered, such Owner of a Financial Guaranty Insured Bond will be entitled to payment from Financial Guaranty to the extent of such recovery, and the Trustee shall furnish to Financial Guaranty its records evidencing the payment of principal of and interest on the Financial Guaranty Insured Bonds which have been made by the Trustee and subsequently recovered from Owners of Financial Guaranty Insured Bonds, and the dates on which such payments were made.

Financial Guaranty shall, to the extent it makes payment of principal of or interest on the Financial Guaranty Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Bond Insurance Policies and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the rights of Financial Guaranty as subrogee on the Bond Register upon receipt from Financial Guaranty of proof of the payment of interest thereon to the Owners of Financial Guaranty Insured Bonds and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the rights of Financial Guaranty as subrogee on the Bond Register for the Financial Guaranty Insured Bonds upon receipt of proof of the payment of principal thereof to the Owners of Financial Guaranty Insured Bonds. Notwithstanding anything in the Indenture or the Financial Guaranty Insured Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to Financial Guaranty to the extent that Financial Guaranty is a subrogee with respect thereto.

Payments with respect to claims for interest on and principal of Financial Guaranty Insured Bonds disbursed by the Trustee from proceeds of the Financial Guaranty Bond Insurance Policies shall not be considered to discharge the obligation of the Authority with respect to such Financial Guaranty Insured Bonds, and Financial Guaranty shall become the Owner of such unpaid Financial Guaranty Insured Bonds and claims for the interest in accordance with the special provisions of the First, Second or Fifth Supplemental Indenture, as applicable, relating to Financial Guaranty.

The Authority and the Trustee agree in the First Supplemental Indenture, the Second Supplemental Indenture and the Fifth Supplemental Indenture for the benefit of Financial Guaranty that: (i) to the extent Financial Guaranty makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Financial Guaranty Insured Bonds, Financial Guaranty will be subrogated to the rights of such Owner of Financial Guaranty Insured Bonds to receive the amount of such principal and interest from the Authority, with interest thereon as provided and solely from the sources stated in the Indenture and the Financial Guaranty Insured Bonds, and (ii) they will accordingly pay to Financial Guaranty the amount of such principal and interest, with any interest thereon as provided in the Indenture or the Financial Guaranty Insured Bonds, but only from the sources and in the manner provided in the Indenture for the payment of principal of and interest on the Financial Guaranty Insured Bonds.
Bonds to an Owner of Financial Guaranty Insured Bonds, and will otherwise treat Financial Guaranty as the owner of such rights to the amount of such principal and interest.

Special Provisions For the Benefit of Financial Guaranty.

(A) No Variable Rate Bonds may be issued by the Authority if secured on a parity basis by the Revenues unless (i) the requirements of the Original Indenture are satisfied with respect to the issuance of Additional Bonds, (ii) written notification of the terms and amount of such Variable Rate Bonds is provided by the Authority to each Rating Agency rating the Series 1992A Bonds, the Series 1994 Bonds or the Series 1998 Bonds, (iii) the Authority requests, in writing, a credit review and approval thereof by Financial Guaranty, and (iv) Financial Guaranty gives its written consent to the issuance of such Variable Rate Bonds, subject to any conditions which Financial Guaranty may then require.

(B) In addition to the terms and conditions of the Original Indenture governing the issuance of Additional Bonds payable from and secured by a lien on the Revenues and the remainder of the Trust Estate (except as to any Credit Facility which secures only a specific series of Bonds or specific Bonds of a series) on a parity basis with the then Outstanding Bonds, if such Additional Bonds are to be issued for a purpose other than refunding all of the Outstanding Series 1992A Bonds, Series 1994 Bonds and Series 1998 Bonds, then notwithstanding satisfaction of the other applicable terms and conditions of the Original Indenture, no such Additional Bonds may be issued unless the Trustee and Financial Guaranty receive a certificate of the Chairman of the Authority to the effect that the amount of State Sales Tax Deposits which are authorized by law to be deposited in the McCormick Place Expansion Project Fund in each future Fiscal Year pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements for such Fiscal Year on all Outstanding Bonds, including for such purposes, the Additional Bonds to be issued and Bonds which will remain Outstanding immediately following the date of delivery of such Additional Bonds.

(C) The Authority shall not enter into a Qualified Swap Agreement without the prior written consent of Financial Guaranty.

(D) The definition of the term "Adjusted Debt Service Requirements" shall be deemed to exclude the provisions contained therein in clauses (A) and (B) of paragraph (i) and all of paragraph (ii) unless Financial Guaranty agrees in writing to the application of such clauses or paragraphs.

(E) Notice of the redemption of any Financial Guaranty Insured Bonds, other than pursuant to Mandatory Sinking Fund Requirements and excepting any notice that refers to any Financial Guaranty Insured Bonds that are the subject of an advance refunding, shall be circulated only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Financial Guaranty Insured Bonds to be redeemed.

(F) Notwithstanding any provision governing Events of Default to the contrary in the Original Indenture, in determining whether a payment default has occurred or whether a payment on the Financial Guaranty Insured Bonds has been made under the Indenture, no effect shall be given to payments made under the Financial Guaranty Bond Insurance Policies.

Requirements For Debt Service Reserve Fund Credit Facilities in the Future.

The Authority has agreed with Financial Guaranty that any Debt Service Reserve Fund Credit Facility other than the Debt Service Reserve Fund Policies shall conform to the following requirements:

(1) The Credit Provider of such Debt Service Reserve Fund Policy Credit Facility shall be a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on bonds such as the Bonds if the claims paying ability of such Credit Provider shall be rated "AAA" or "Aaa" by S&P or Moody’s, respectively or, if such Debt Service Reserve Fund Credit Facility is issued to the Trustee by an entity other than a municipal bond insurer, the form and substance of such instrument and the issuer thereof shall be approved by Financial Guaranty.

(2) If any such Debt Service Reserve Fund Credit Facility is a letter of credit, such letter of credit shall be payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of such letter of credit shall be required to notify the Authority and the Trustee, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. If such notice indicates that the expiration date shall not be extended, the Authority shall deposit in the Debt Service Reserve Fund an amount
sufficient to cause the cash or permitted investments on deposit in the Debt Service Reserve Fund together with any other Debt Service Reserve Fund Credit Facility, to equal the Reserve Requirement on all outstanding Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the expiring Debt Service Reserve Fund Credit Facility is replaced by a Debt Service Reserve Fund Credit Facility which qualifies under the First Supplemental Indenture. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The related Supplemental Indenture shall direct the Trustee to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement Debt Service Reserve Fund Credit Facility is in place or the Debt Service Reserve Fund is fully funded in its required amount.

(3) The use of any Debt Service Reserve Fund Credit Facility pursuant to the special provisions in the First Supplemental Indenture, Second Supplemental Indenture and Fifth Supplemental Indenture shall be subject to receipt of an opinion of counsel acceptable to Financial Guaranty and in form and substance satisfactory to Financial Guaranty as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors’ rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to Financial Guaranty. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to Financial Guaranty and in form and substance satisfactory to Financial Guaranty to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the bonds (or any other account party under the letter of credit).

(4) The obligation to reimburse the Credit Provider of any Debt Service Reserve Fund Credit Facility for any fees, expenses, claims or draws upon the Debt Service Reserve Fund Credit Facility shall be subordinate to the payment of principal of and interest on Bonds as provided in the "Flow of Funds" provisions of the Original Indenture. The right of the Credit Provider of any Debt Service Reserve Fund Credit Facility to payment or reimbursement of its fees and expenses and all other amounts shall be on a parity with the rights of the Debt Service Reserve Fund Policy Credit Providers. The Debt Service Reserve Fund Credit Facility shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the Credit Provider of the Debt Service Reserve Fund Credit Facility to reimbursement will be further subordinated to cash replenishment of the Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the Debt Service Reserve Fund Credit Facility and the amount then available for further draws or claims.

(5) If (a) a Credit Provider which issues a Debt Service Reserve Fund Credit Facility becomes insolvent or (b) a Credit Provider which issues a Debt Service Reserve Fund Credit Facility defaults in its payment obligations thereunder or (c) the claims-paying ability of the Credit Provider of a Debt Service Reserve Fund Credit Facility which is an insurance policy or surety bond falls below "AAA" by S&P or "Aaa" by Moody’s or (d) the rating of a Credit Provider which issues a Debt Service Reserve Fund Credit Facility which is a letter of credit falls below "AA" by S&P, then the obligation to reimburse such Credit Provider, whether pursuant to a Credit Agreement, a Related Document or by virtue of the "Flow of Funds" provisions of the Original Indenture, shall be fully subordinated to the application of other available Revenues to fund any other amount described in Clauses (1) through (6), inclusive, of the "Flow of Funds" provisions of the Original Indenture.

(6) If (a) the revolving reinstatement feature described in (4) above is suspended or terminated or (b) the rating of the claims paying ability of the Credit Provider of the Debt Service Reserve Fund Credit Facility falls below a S&P "AAA" or a Moody’s "Aaa" or (c) the rating of the Credit Provider of a Debt Service Reserve Fund Credit Facility which is a letter of credit falls below a S&P "AA", the Authority shall either (i) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or Permitted Investments on deposit in the Debt Service Reserve Fund to equal the Reserve Requirement on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such Debt Service Reserve Fund Credit Facility within six months of such occurrence.

(7) In the event (a) the rating of the claims-paying ability of the Credit Provider of a Debt Service Reserve Fund Credit Facility which is an insurance company falls below "A" by S&P or Moody’s or (b) the rating of the issuer of the letter of credit falls below "A" by S&P or (c) the Credit Provider of a Debt Service Reserve Fund Credit Facility defaults in its payment obligations or (d) such Credit Provider becomes insolvent, the Authority shall either (i) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund to equal to Reserve Requirement on all Outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such Debt Service Reserve Fund Credit Facility with a surety bond, insurance policy or letter of credit meeting the requirements in (1) or (2) above within six months of such occurrence.
(8) Where applicable, the amount available for draws or claims under the Debt Service Reserve Fund Credit Facility may be reduced by the amount of cash or Permitted Investments deposited in the Debt Service Reserve Fund pursuant to clause (i) of the preceding subparagraph (6) or (7).

(9) If the Authority chooses the above described alternatives to a cash-funded Debt Service Reserve Fund, any amounts owed by the Authority to the Credit Provider of such Debt Service Reserve Fund Credit Facility as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of Adjusted Debt Service Requirements required to be made pursuant to the Indenture for all purposes.

(10) Each Supplemental Indenture shall require the Trustee to ascertain the necessity for a claim or draw upon any related Debt Service Reserve Fund Credit Facility and to provide notice to the Credit Provider of each Debt Service Reserve Fund Credit Facility in accordance with its terms not later than three Business Days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Debt Service Reserve Fund Credit Facility) prior to each Interest Payment Date.

(11) Cash on deposit in the Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Debt Service Reserve Fund Credit Facility. If and to the extent that more than one Debt Service Reserve Fund Credit Facility is deposited in the Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Special Provisions Relating to AMBAC and AMBAC Insured Bonds

The First Supplemental Indenture and Fourth Supplemental Indenture each contains special provisions relating to AMBAC and AMBAC Insured Bonds. Notwithstanding anything in the First Supplemental Indenture and the Fourth Supplemental Indenture or in the AMBAC Bond Insurance Policies to the contrary, these special provisions shall only be applicable during the period any AMBAC Insured Bonds are Outstanding and AMBAC is not in default under the applicable AMBAC Bond Insurance Policy. In the event that the AMBAC Insured Bonds are paid in full, or during any period that there exists a default under the applicable AMBAC Bond Insurance Policy, these special provisions shall cease to be effective, AMBAC shall have no rights under the First Supplemental Indenture or Fourth Supplemental Indenture, as applicable, and the Authority shall no longer be subject to such special provisions. However, so long as such special provisions are effective, in the event of any conflict between such special provisions and the provisions of the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision may be modified, amended or waived with the prior written consent of AMBAC so long as AMBAC is not in default under the AMBAC Bond Insurance Policies and the Trustee, but without the consent of the Owners of any of the Bonds.

Consent of AMBAC Required in Certain Circumstances.

(A) Any provision of the Indenture expressly recognizing or granting rights in or to AMBAC may not be amended in any manner which affects the rights of AMBAC under the First Supplemental Indenture or the Fourth Supplemental Indenture without the prior written consent of AMBAC. Unless otherwise provided, AMBAC's consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in the preceding sentence which requires Bondowner consent.

(B) Anything in the Original Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as therein defined, AMBAC shall be entitled to control and direct the enforcement of all rights and remedies granted to Owners of the AMBAC Insured Bonds under the Indenture.

(C) Notwithstanding any provision to the contrary in the Original Indenture, the Authority shall not issue Additional Bonds which are Variable Rate Bonds, Adjustable Rate Bonds or Bonds subject to mandatory purchase by the Authority secured by the Indenture without the prior written consent of AMBAC.

(D) The Authority shall not enter into a Qualified Swap Agreement without the prior written consent of AMBAC.
Notices to AMBAC.

While the AMBAC Bond Insurance Policies are in effect, the Authority shall furnish to AMBAC a copy of any financial statement of the Authority and a copy of any audit and annual report of the Authority, a copy of any notice to be given to the Owners of the AMBAC Insured Bonds, including, without limitation, notice of any redemption of or defeasance of AMBAC Insured Bonds, and such additional information as AMBAC may reasonably request.

The Trustee shall notify AMBAC of any failure of the Authority to provide any Authority Annual Certificate. The Authority will permit AMBAC to discuss the affairs, finances and accounts of the Authority or any information AMBAC may reasonably request regarding the security for the Bonds with appropriate officers of the Authority. The Trustee will permit AMBAC to have access to and to make copies of all books and records relating to the Bonds at any reasonable time. AMBAC shall have the right to receive an official record of the collections of Authority Taxes.

Notwithstanding any other provision of the Indenture, the Trustee shall immediately notify AMBAC if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default.

Bonds Outstanding.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the AMBAC Insured Bonds shall be paid by AMBAC pursuant to the AMBAC Bond Insurance Policies, then the AMBAC Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of AMBAC, and AMBAC shall be subrogated to the rights of such Owners.

Payment Procedure Pursuant to AMBAC Bond Insurance Policy.

The First Supplemental Indenture and the Fourth Supplemental Indenture each contains detailed provisions relating to notices to be given to AMBAC in the event a payment may be required under the applicable AMBAC Insurance Bond Policies, requiring the provision of the Bond Register to AMBAC under such circumstances, the making available to AMBAC of a list of Owners of the AMBAC Insured Bonds, setting forth the procedures for such Owners to obtain payment from AMBAC or the Fiscal Agent (AMBAC Bond Insurance Policy) and provides for the subrogation of AMBAC to the rights of Bondowners upon payment under the AMBAC Bond Insurance Policy.

In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal of or interest on an AMBAC Insured Bond which has become due for payment and which is made to an Owner 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 by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time AMBAC is notified, notify all Owners of AMBAC Insured Bonds that in the event that any Owner’s payment is so recovered, such Owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to AMBAC its records evidencing the payments of principal and interest on the AMBAC Insured Bonds which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

In addition to those rights granted AMBAC under the Indenture, AMBAC shall, to the extent it makes payment of principal of or interest on AMBAC Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the applicable AMBAC Bond Insurance Policies, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note AMBAC’s rights as subrogee on the Bond Register, upon receipt from AMBAC of proof of the payment of interest thereon to the Owners of the AMBAC Insured Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note AMBAC’s rights as subrogee on the Bond Register of the Authority, upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Payments with respect to claims for interest on and principal of AMBAC Insured Bonds disbursed by the Trustee from proceeds of the applicable AMBAC Bond Insurance Policy shall not be considered to discharge the obligation of the Authority with respect to such AMBAC Insured Bonds, and AMBAC shall become the owner of such unpaid AMBAC Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.
Miscellaneous Provisions.

To the extent that the Indenture confers upon or gives or grants to AMBAC any right, remedy or claim under or by reason of the Indenture, AMBAC is explicitly recognized as being a third-party beneficiary under the First Supplemental Indenture or the Fourth Supplemental Indenture and the Original Indenture and may enforce any such right, remedy or claim conferred, given or granted the Original Indenture or under the First Supplemental Indenture or the Fourth Supplemental Indenture.

Nothing in the First Supplemental Indenture or the Fourth Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, AMBAC, the Paying Agent, and the Owners of the AMBAC Insured Bonds, any right, remedy or claim under or by reason of such special provisions or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in such special provisions by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, AMBAC, the Paying Agent, and the Owners of the AMBAC Insured Bonds.

Special Provisions Relating to MBIA Insurance Corporation and MBIA Insurance Corporation Insured Bonds (Series 1994)

The Second Supplemental Indenture and Fourth Supplemental Indenture contain special provisions relating to MBIA Insurance Corporation and MBIA Insurance Corporation Insured Bonds. Notwithstanding anything in the Second Supplemental Indenture, the Fourth Supplemental Indenture or in the applicable MBIA Insurance Corporation Bond Insurance Policies to the contrary, these special provisions shall only be applicable during the period any applicable MBIA Insurance Corporation Insured Bonds are Outstanding and MBIA Insurance Corporation is not in default under the applicable MBIA Insurance Corporation Bond Insurance Policy. In the event that the applicable MBIA Insurance Corporation Insured Bonds are paid in full, or during any period that there exists a default under the applicable MBIA Insurance Corporation Bond Insurance Policy these special provisions shall cease to be effective, MBIA Insurance Corporation shall have no rights under the Second Supplemental Indenture or Fourth Supplemental Indenture (as applicable) and the Authority shall no longer be subject to such special provisions. However, so long as such special provisions are effective, in the event of any conflict between such special provisions and the provisions of the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision may be modified, amended or waived with the prior written consent of MBIA Insurance Corporation so long as MBIA Insurance Corporation is not in default under the applicable MBIA Insurance Corporation Bond Insurance Policy and the Trustee, but without the consent of the Owners of any of the Bonds.

Consent of MBIA Insurance Corporation Required in Certain Circumstances.

(A) Any provision of the Indenture expressly recognizing or granting rights in or to MBIA Insurance Corporation may not be amended in any manner which affects the rights of MBIA Insurance Corporation under the Second Supplemental Indenture or Fourth Supplemental Indenture without the prior written consent of MBIA Insurance Corporation. Unless otherwise provided, MBIA Insurance Corporation's consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in the preceding sentence which requires Bondowner consent.

(B) Anything in the Original Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as therein defined, MBIA Insurance Corporation shall be entitled to control and direct the enforcement of all rights and remedies granted to Owners of the MBIA Insurance Corporation Insured Bonds under the Indenture.

(C) Notwithstanding any provision to the contrary in the Original Indenture, the Authority shall not issue Additional Bonds which are Variable Rate Bonds, Adjustable Rate Bonds or Bonds subject to mandatory purchase by the Authority secured by the Indenture without the prior written consent of MBIA Insurance Corporation.

Notices to MBIA Insurance Corporation.

While either MBIA Insurance Corporation Bond Insurance Policy is in effect, the Authority shall furnish to MBIA Insurance Corporation a copy of any notice to be given to the Owners of the MBIA Insurance Corporation Insured Bonds, including, without limitation, notice of any redemption of or defeasance of MBIA Insurance Corporation Insured Bonds, and such additional information as MBIA Insurance Corporation may reasonably request. Notwithstanding any other provision of the Indenture, the Trustee shall immediately notify MBIA Insurance Corporation if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default.
Bonds Outstanding.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the MBIA Insurance Corporation Insured Bonds shall be paid by MBIA Insurance Corporation pursuant to an MBIA Insurance Corporation Bond Insurance Policy, then the applicable series of MBIA Insurance Corporation Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of MBIA Insurance Corporation, and MBIA Insurance Corporation shall be subrogated to the rights of such Owners.

Payment Procedure Pursuant to MBIA Insurance Corporation Bond Insurance Policy.

The Second Supplemental Indenture and Fourth Supplemental Indenture each contains detailed provisions relating to notices to be given to MBIA Insurance Corporation in the event a payment may be required under the MBIA Insurance Corporation Bond Insurance Policies, requiring the provision of the Bond Register to MBIA Insurance Corporation under such circumstances, the making available to MBIA Insurance Corporation of a list of Owners of the MBIA Insurance Corporation Insured Bonds, setting forth the procedures for such Owners to obtain payment from MBIA Insurance Corporation or the Fiscal Agent (MBIA Insurance Corporation Bond Insurance Policy) and providing for the subrogation of MBIA Insurance Corporation to the rights of Bondholders upon payment under the MBIA Insurance Corporation Bond Insurance Policies.

In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal of or interest on a MBIA Insurance Corporation Insured Bond which has become due for payment and which is made to an Owner 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 or any other applicable bankruptcy law by a trustee in bankruptcy in accordance with the final judgment of a court having competent jurisdiction, the Trustee shall, at the time MBIA Insurance Corporation is notified, notify all Owners of MBIA Insurance Corporation Insured Bonds that in the event that any payment to an Owner is so recovered, such Owner will be entitled to payment from MBIA Insurance Corporation to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to MBIA Insurance Corporation its records evidencing the payments of principal and interest on the MBIA Insurance Corporation Insured Bonds which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

In addition to those rights granted MBIA Insurance Corporation under the Indenture, MBIA Insurance Corporation shall, to the extent it makes payment of principal of or interest on MBIA Insurance Corporation Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the MBIA Insurance Corporation Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note MBIA Insurance Corporation's rights as subrogee on the Bond Register, upon receipt from MBIA Insurance Corporation of proof of the payment of interest thereon to the Owners of the MBIA Insurance Corporation Insured Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note MBIA Insurance Corporation's rights as subrogee on the Bond Register of the Authority, upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Payments with respect to claims for interest on and principal of MBIA Insurance Corporation Insured Bonds disbursed by the Trustee from proceeds of the MBIA Insurance Corporation Bond Insurance Policies shall not be considered to discharge the obligation of the Authority with respect to such MBIA Insurance Corporation Insured Bonds, and MBIA Insurance Corporation shall become the owner of such unpaid MBIA Insurance Corporation Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

Miscellaneous Provisions.

To the extent that the Indenture confers upon or gives or grants to MBIA Insurance Corporation any right, remedy or claim under or by reason of the Indenture, MBIA Insurance Corporation is explicitly recognized as being a third-party beneficiary under the Second Supplemental Indenture and the Original Indenture and may enforce any such right, remedy or claim conferred, given or granted the Original Indenture or under the Second Supplemental Indenture.

Nothing in the Second Supplemental Indenture or Fourth Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, MBIA Insurance Corporation, the Paying Agent, and the Owners of the MBIA Insurance Corporation Insured Bonds, any right, remedy or claim
under or by reason of such special provisions or any covenant, condition or stipulation thereof, and all covenants, stipulations, promises and agreements in such special provisions by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, MBIA Insurance Corporation, the Paying Agent, and the Owners of the MBIA Insurance Corporation Insured Bonds.

**Special Provisions Relating to the Debt Service Reserve Fund Policy Credit Provider**

The First Supplemental Indenture, the Second Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture each contains special provisions for the benefit of Financial Guaranty Insurance Company in its capacity as Debt Service Reserve Fund Policy Credit Provider under the applicable Debt Service Reserve Fund Policy. Such special provisions shall only be applicable so long as no default has occurred and is continuing under the applicable Debt Service Reserve Fund Policy. In the event that the Bonds are paid in full and all Policy Costs have been paid to the Debt Service Reserve Fund Policy Credit Providers, or during any period that there exists a default under the Debt Service Reserve Fund Policies, such special provisions shall cease to be effective, the Debt Service Reserve Fund Policy Credit Providers shall have no rights under the First Supplemental Indenture, Second Supplemental Indenture, Fourth Supplemental Indenture or the Fifth Supplemental Indenture, and the Authority shall no longer be subject to such provisions. However, so long as such special provisions are in effect, in the event of any conflict between such special provisions and the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision may be modified, amended or waived with the prior written consent of the Debt Service Reserve Fund Policy Credit Providers so long as the Debt Service Reserve Fund Policy Credit Providers are not in default under the Debt Service Reserve Fund Policies and the Trustee, but without the consent of the Owners of any of the Bonds.

**Consents.**

(A) Any provision of the Indenture expressly recognizing or granting rights in or to the Debt Service Reserve Fund Policy Credit Providers may not be amended in any manner which affects the rights of the Debt Service Reserve Fund Policy Credit Provider under the First Supplemental Indenture, the Second Supplemental Indenture, the Fourth Supplemental Indenture or the Fifth Supplemental Indenture without the prior written consent of the Debt Service Reserve Fund Policy Credit Provider.

(B) Unless otherwise provided in this Section, the Debt Service Reserve Fund Policy Credit Provider's consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in (A) above which requires Bondowner consent.

**Notices to the Debt Service Reserve Fund Policy Credit Providers.**

So long as the Debt Service Reserve Fund Policies are in effect the Debt Service Reserve Fund Policy Credit Providers are entitled to the same notices and information as described above under the caption "Notices to Financial Guaranty" relating to Financial Guaranty in its capacity as the Credit Provider of the Financial Guaranty Bond Insurance Policies.

**Valuation of Investments.**

So long as the Debt Service Reserve Fund Policies are in effect the same provisions governing the valuation of investments in the Debt Service Reserve Fund as are described above under the caption "Valuation of Investments" relating to Financial Guaranty in its capacity as the Credit Provider of the Financial Guaranty Bond Insurance Policies shall be in effect with respect to the Debt Service Reserve Fund Policy Credit Providers.

**Events of Default; Supplemental Indentures.**

So long as the Debt Service Reserve Fund Policies are in effect the same provisions relating to rights of Financial Guaranty upon Events of Default as are described above under the caption "Events of Default; Supplemental Indentures" relating to Financial Guaranty in its capacity as the Credit Provider of the Financial Guaranty Bond Insurance Policies shall be in effect with respect to the Debt Service Reserve Fund Policy Credit Providers.

**Trustee Provisions.**
So long as the Debt Service Reserve Fund Policies are in effect the same provisions relating to rights of Financial Guaranty relating to the Trustee as are described above under the caption "Trustee Provisions" relating to Financial Guaranty in its capacity as the Credit Provider of the Financial Guaranty Bond Insurance Policies shall be in effect with respect to the Debt Service Reserve Fund Policy Credit Providers.

**Payment Procedure Pursuant to Debt Service Reserve Fund Policies.**

(A) In the event that, on the third Business Day, and again on the Business Day, prior to any Interest Payment Date on any of the Bonds, there is not on deposit with the Trustee sufficient moneys in the Principal Accounts or Interest Accounts to pay all principal of and interest on the Bonds due on the third following or following, as the case may be, Business Day, the Trustee shall immediately notify the Debt Service Reserve Fund Policy Credit Providers or their designees on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency. In making a determination as to the sufficiency of amounts available to make such payments, the Trustee shall not take into account amounts available under Credit Facilities which constitute municipal bond insurance, it being understood that drawings under such circumstances will be made first on any Debt Service Reserve Fund Policy Agreement(s) pro rata in accordance with the amounts available thereunder prior to any other type of Credit Facility.

(B) If the deficiency is made up in whole or in part prior to or on the Interest Payment Date, the Trustee shall so notify the Debt Service Reserve Fund Policy Credit Providers or their designees.

(C) In addition to the foregoing, the Trustee shall make such demands on the Debt Service Reserve Fund Policy Credit Providers as shall be required under the Debt Service Reserve Fund Policies in accordance with their terms so that moneys will be available as and when required pursuant to the Original Indenture.

**Special Provisions For the Benefit of the Debt Service Reserve Fund Policy Credit Providers.**

So long as the Debt Service Reserve Fund Policies are in effect the same special provisions established for the benefit of Financial Guaranty as are described above under the caption "Special Provisions For the Benefit of Financial Guaranty" and the provisions relating to additional Debt Service Reserve Fund Credit Facilities as described under the caption "Requirements for Debt Service Reserve Fund Credit Facilities in the Future", each relating to Financial Guaranty in its capacity as the Credit Provider of the Financial Guaranty Bond Insurance Policies, shall apply to the Debt Service Reserve Fund Policy Credit Providers. In addition, the following special provisions shall apply:

Cash on deposit in the Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Debt Service Reserve Fund Credit Facility. If and to the extent that more than one Debt Service Reserve Fund Credit Facility is deposited in the Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Notwithstanding any other special provision of the First, Second or Fifth Supplemental Indentures, no Additional Bonds shall be issued without the written consent of the Debt Service Reserve Fund Policy Credit Providers if any Policy Costs are past due and owing under the Debt Service Reserve Fund Policy Agreements.
APPENDIX D

FORM OF CO-BOND COUNSEL OPINION
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We have examined a record of proceedings relating to the issuance by the Metropolitan Pier and Exposition Authority, a political subdivision, unit of local government, body politic and municipal corporation (the "Authority"), existing under the laws of the State of Illinois (the "State") of $100,740,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 1998A (the "Series 1998A Bonds") and $100,000,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1998B (the "Series 1998B Bonds") and, together with the Series 1998A Bonds, the Series 1998B Bonds, (the "Series 1998 Bonds"). The issuance of the Series 1998 Bonds is authorized by the "Metropolitan Pier and Exposition Authority Act," 70 ILCS 210/1 et seq. (1996 State Bar Edition) (the "Authority Act") and the provisions of PA 87-733, entitled "AN ACT relating to McCormick Place facilities, amending named Acts," enacted effective July 1, 1992 as amended through the date hereof (including the amendments contained in Public Act 90-0612) (the "Authorizing Legislation").

On January 5, 1993, the Authority previously issued $868,849,764.60 aggregate original principal amount of the Authority's McCormick Place Expansion Project Bonds, Series 1992A (the "Series 1992A Bonds") pursuant to an Indenture of Trust dated as of December 15, 1992 (the "Original Indenture"), as supplemented and amended by a First Supplemental Indenture of Trust dated as of December 15, 1992 (the "First Supplemental Indenture") both of which are between the Authority and Amalgamated Bank of Chicago, as trustee (together with any successor trustee, the "Trustee"). On June 23, 1994 pursuant to the Original Indenture as theretofore supplemented and amended and a Second Supplemental Indenture of Trust dated as of May 15, 1994 between the Authority and the Trustee, the Authority issued its (a) McCormick Place Expansion Project Refunding Bonds, Series 1994A, in the aggregate original principal amount of $129,458,792.80 (the "Series 1994A Bonds") to refund in advance of their stated maturity certain of the Outstanding Series 1992A Bonds; (b) McCormick Place Expansion Project Bonds, Series 1994B, in the aggregate original principal amount of $67,549,191.45 (the "Series 1994B Bonds") to provide funds for the costs related to the Authority's McCormick Place Expansion Project, the Navy Pier Project and such other purposes as may be permitted under the Authority Act; and (c) McCormick Place Expansion Project Refunding Bonds, Series 1994 (Taxable), in the aggregate original principal amount of $2,315,000 (the "Series 1994 Taxable Bonds") to refund in advance of their stated maturity certain of the Outstanding Series 1992A Bonds. On October 8, 1996, pursuant to the Original Indenture as theretofore supplemented and amended and a Fourth Supplemental Indenture of Trust dated as of September 15, 1996 between the Authority and the Trustee, the Authority issued its McCormick Place Expansion Project Refunding Bonds, Series 1996A, in the aggregate original principal amount of $506,773,944.70 (the "Series 1996A Bonds") to refund in advance of their stated maturity certain of the Outstanding Series 1992A Bonds. The Original Indenture has also been supplemented and amended by a Third Supplemental Indenture of Trust dated as of April 1, 1995 by and between the Authority and the Trustee. On this date the Authority is issuing the Series 1998 Bonds pursuant to the Original Indenture as heretofore amended and supplemented and a Fifth Supplemental Indenture of Trust dated as of August 15, 1998 between the Authority and the Trustee (the "Fifth Supplemental Indenture"). The Original Indenture, as amended and supplemented, is herein referred to as the "Indenture."
The Series 1998 Bonds are being issued pursuant to an ordinance adopted by the Board of the Authority on August 13, 1998 (the "Series 1998 Bond Ordinance") and the Indenture. Terms not defined herein shall have the meaning assigned thereto in the Indenture.

The record of proceedings we have examined included an executed original of the Original Indenture and each Supplemental Indenture described above and a certified copy of the Series 1998 Bond Ordinance. We have also examined the opinions dated the date of this opinion of Mayer, Brown & Platt, Special Counsel to the Authority, and Renée C. Benjamin, Esquire, General Counsel to the Authority, and such other documents, instruments, proceedings of the Authority and matters of law as we have deemed necessary to render the opinions herein contained.

The Indenture provides that it may be supplemented by the Authority from time to time for the purpose of authorizing the issuance of additional bonds (the "Additional Bonds") and subordinate securities ("Subordinate Securities") for the purposes and upon the terms and conditions prescribed in the Indenture. The Series 1998 Bonds are being issued as Additional Bonds under the Indenture and as such, shall share equally and ratably with all presently Outstanding Series 1992A Bonds, Series 1994 Bonds and Series 1996A Bonds and all Additional Bonds hereafter issued and Outstanding (collectively, the "Bonds"). The Bonds, including the Series 1998 Bonds, shall be entitled to the benefit and security of the Indenture, including the pledge of Revenues under the Indenture subject only to such exceptions as are permitted by the Indenture. The Indenture provides that Subordinate Securities will be secured by a lien which is subordinate to the lien securing all Bonds issued under the Indenture, but are otherwise payable out of the Revenues.

The Bonds are special, limited obligations of the Authority. The Revenues pledged to secure the Bonds include certain amounts derived from miscellaneous retail sales and other excise taxes authorized to be imposed or received by the Authority (as defined in the Indenture, the "Authority Taxes") and certain retail sales and other excise taxes imposed and collected by the State (the "State Sales Taxes") and deposited by the State in a special fund established by the Authorizing Legislation within the State treasury designated as the "McCormick Place Expansion Project Fund." However, the McCormick Place Expansion Project Fund is not pledged to secure repayment of the Bonds; but amounts actually received by the Trustee from the McCormick Place Expansion Project Fund for deposit in the Revenue Fund under the Indenture do constitute "Revenues" pledged to secure the Bonds.

The Authorizing Legislation provides that the Authority shall file with the State Comptroller and the State Treasurer an annual certificate (defined in the Indenture as the "Authority Annual Certificate") indicating the amount necessary and required to pay debt service requirements (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on outstanding bonds and notes payable from the McCormick Plan Expansion Project Fund. Upon, but in all events subject to, the annual appropriation by the Illinois General Assembly for payment to the Authority of the amount requested in the Authority Annual Certificate, the Authority Act requires the periodic transfer of certain amounts on deposit in the Authority Tax Fund to the McCormick Place Expansion Project Fund. The Authorizing Legislation further provides that beginning on July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the Authority Annual Certificate for that fiscal year, less the amount transferred from the Authority Tax Fund to the McCormick Place Expansion Project Fund in the respective month (as described in the immediately preceding sentence), plus certain cumulative deficiencies in the deposits required for previous months and years, be deposited out of State Sales Taxes (subject to certain prior claims thereon) into the McCormick Place Expansion Project Fund until the full
amount requested in the Authority Annual Certificate (but not in excess of certain annual limitations on such deposits specified in the Authorizing Legislation) has been deposited. No moneys may be paid out of the McCormick Place Expansion Project Fund to the Authority or the Trustee unless and until appropriated on an annual basis by the Illinois General Assembly.

The Series 1998A Bonds (sometimes referred to herein as, the "Series 1998 Refunding Bonds") are authorized by the Authority for the purpose of refunding certain of the Series 1992A Bonds (the "Refunded Series 1992A Bonds") and Series 1994 Bonds (the "Refunded Series 1994 Bonds"). The Series 1998B Bonds are authorized by the Authority for the purpose of financing or reimbursing a portion of the costs of certain improvements to its facilities known as "McCormick Place" in the City of Chicago, Cook County, Illinois and to fund certain other costs permitted under the Authority Act.

All of the Series 1998 Bonds are referred to in the Indenture as "Current Interest Bonds." The Series 1998 Bonds are dated the date of original delivery and bear interest from their dated date payable on December 15, 1998, and semiannually thereafter on each June 15 and December 15 until paid. The Series 1998 Bonds are issuable as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof.

The Series 1998A Bonds mature on June 15 and December 15 in each of the years, in the principal amounts, and bear interest at the rates of interest per annum as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal Amount</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2005</td>
<td>$2,585,000</td>
<td>5½ %</td>
</tr>
<tr>
<td>June 15, 2006</td>
<td>3,325,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2007</td>
<td>4,085,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2008</td>
<td>685,000</td>
<td>4½</td>
</tr>
<tr>
<td>June 15, 2010</td>
<td>4,505,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2011</td>
<td>4,750,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2012</td>
<td>8,645,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2013</td>
<td>5,255,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2014</td>
<td>5,545,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2015</td>
<td>5,850,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2016</td>
<td>6,170,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2017</td>
<td>6,510,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2018</td>
<td>6,870,000</td>
<td>5½</td>
</tr>
<tr>
<td>December 15, 2023</td>
<td>35,980,000</td>
<td>5½</td>
</tr>
</tbody>
</table>

The Series 1998A Bonds maturing on December 15, 2023 are Term Bonds (the "Series 1998A Term Bonds") which are subject to Mandatory Sinking Fund Payments on the dates and in the amounts as follows:
### Series 1998A Term Bonds Maturing December 15, 2023

<table>
<thead>
<tr>
<th>Date</th>
<th>Mandatory Sinking Fund Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2019</td>
<td>$7,170,000</td>
</tr>
<tr>
<td>December 15, 2019</td>
<td>6,425,000</td>
</tr>
<tr>
<td>June 15, 2020</td>
<td>2,090,000</td>
</tr>
<tr>
<td>December 15, 2020</td>
<td>3,255,000</td>
</tr>
<tr>
<td>June 15, 2021</td>
<td>3,405,000</td>
</tr>
<tr>
<td>December 15, 2021</td>
<td>3,435,000</td>
</tr>
<tr>
<td>June 15, 2022</td>
<td>6,580,000</td>
</tr>
<tr>
<td>December 15, 2023</td>
<td>3,620,000</td>
</tr>
</tbody>
</table>

The Series 1998B Bonds mature on the dates, in the principal amounts, and bear interest at the rates of interest per annum as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal Amount</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2009</td>
<td>$7,580,000</td>
<td>50%</td>
</tr>
<tr>
<td>December 15, 2023</td>
<td>13,390,000</td>
<td>5½</td>
</tr>
<tr>
<td>June 15, 2029</td>
<td>79,030,000</td>
<td>5½</td>
</tr>
</tbody>
</table>

The Series 1998B Bonds maturing on December 15, 2023 and June 15, 2029 are Term Bonds (the “Series 1998B Term Bonds”) which are subject to Mandatory Sinking Fund Payments on the dates and in the amounts as follows:

#### Series 1998B Term Bonds Maturing December 15, 2023

<table>
<thead>
<tr>
<th>Date</th>
<th>Mandatory Sinking Fund Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2019</td>
<td>$75,000</td>
</tr>
<tr>
<td>December 15, 2019</td>
<td>570,000</td>
</tr>
<tr>
<td>June 15, 2020</td>
<td>660,000</td>
</tr>
<tr>
<td>December 15, 2020</td>
<td>3,990,000</td>
</tr>
<tr>
<td>June 15, 2021</td>
<td>2,090,000</td>
</tr>
<tr>
<td>December 15, 2021</td>
<td>960,000</td>
</tr>
<tr>
<td>June 15, 2022</td>
<td>1,010,000</td>
</tr>
<tr>
<td>December 15, 2022</td>
<td>1,015,000</td>
</tr>
<tr>
<td>June 15, 2023</td>
<td>1,945,000</td>
</tr>
<tr>
<td>December 15, 2023</td>
<td>1,075,000</td>
</tr>
</tbody>
</table>

#### Series 1998B Term Bonds Maturing June 15, 2029

<table>
<thead>
<tr>
<th>Date</th>
<th>Mandatory Sinking Fund Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 15, 2024</td>
<td>$8,995,000</td>
</tr>
<tr>
<td>December 15, 2024</td>
<td>4,960,000</td>
</tr>
<tr>
<td>June 15, 2025</td>
<td>9,495,000</td>
</tr>
<tr>
<td>December 15, 2025</td>
<td>5,235,000</td>
</tr>
<tr>
<td>June 15, 2026</td>
<td>10,025,000</td>
</tr>
<tr>
<td>December 15, 2026</td>
<td>5,530,000</td>
</tr>
<tr>
<td>June 15, 2027</td>
<td>10,580,000</td>
</tr>
<tr>
<td>December 15, 2027</td>
<td>5,835,000</td>
</tr>
<tr>
<td>June 15, 2028</td>
<td>5,995,000</td>
</tr>
<tr>
<td>December 15, 2028</td>
<td>6,160,000</td>
</tr>
<tr>
<td>June 15, 2029</td>
<td>6,220,000</td>
</tr>
</tbody>
</table>
The Series 1998 Bonds are not subject to redemption at the option of the Authority prior to maturity.

Based on the foregoing and in reliance upon such examination, we are of the opinion that:

1. The Authority is a political subdivision, unit of local government, body politic and municipal corporation duly existing under the laws of the State and is authorized under the Constitution and laws of the State to perform all of its obligations under the Indenture.

2. The Authority is authorized to enter into the Indenture, which is in full force and effect and is valid and binding upon and enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge and assignment of and lien on and security interest in the Revenues, attaching upon receipt thereof by the Trustee, for the benefit and security of the Bonds.

3. Subject to the annual appropriation by the General Assembly of the State and the annual filing by the Authority of the Authority Annual Certificate with the Treasurer of the State and the Comptroller of the State pursuant to the Indenture and Section 8.25f of the Finance Act, the Treasurer of the State is required to pay to the Trustee from the McCormick Place Expansion Project Fund in each fiscal year to and including fiscal year 2029 while the Bonds are scheduled to be outstanding the amounts certified by the Authority in such Authority Annual Certification for the purpose of paying principal of, premium, if any, and interest on the Bonds when due, but not in excess of the limitation on the annual amount set forth in such Section 8.25f of the Finance Act.

4. The Series 1998 Bonds, which have been duly and validly authorized and issued in accordance with the laws of the State and the Indenture, are entitled to the benefits of the Indenture, are enforceable in accordance with their terms, constitute valid and binding special obligations of the Authority payable from the Revenues pledged therefor under the Indenture and are entitled to the benefits of the Indenture.

5. Subject to compliance by the Authority with certain covenants, under present law interest on the Series 1998 Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Series 1998 Bonds will be taken into account, however, in computing an adjustment and in determining the alternative minimum tax for certain corporations.

6. Interest on the Series 1998 Bonds is not exempt from present Illinois income taxes.

In rendering the foregoing, we advise that the enforceability (but not the validity or binding effect) of the Series 1998 Bonds and the Indenture may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect.

Very truly yours,
APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY
AND DEBT SERVICE RESERVE FUND POLICIES
Financial Guaranty Insurance Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

Issuer: [Issuer Name]
Policy Number: [Policy Number]
Control Number: 0010001

Bonds:
Principal:
[Principal Amount]

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder’s right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder’s rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder’s rights thereunder, including the Bondholder’s right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term “Bondholder” means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. “Due for Payment” means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date.

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Form 9000 (10/93)
Municipal Bond
New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest due for payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday, or day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in accordance to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.
Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:  Control Number: 0010001

It is further understood that the term “Nonpayment” in relation to a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREBIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE. THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:  Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.
Municipal Bond Debt Service Reserve Fund Policy

Issuer: 

Bonds: , together with any parity obligations issued under the authorizing document, as amended and supplemented, and secured by the same debt service reserve fund

Paying Agent: 

Policy Number: 

Control Number: 0010001

Premium: 

Maximum Amount: 

Termination Date: 

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay the paying agent named above or its successor, as paying agent for the Bonds (the "Paying Agent"), for the benefit of Bondholders, that portion (not to exceed the Maximum Amount set forth above) of the amount required to pay principal and interest (but not any prepayment premium) on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer. No payment shall be due hereunder for any event of Nonpayment that occurs after the Termination Date set forth above.

Financial Guaranty will make such payment to the Paying Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. Upon such disbursement, Financial Guaranty shall become entitled to reimbursement therefor (together with interest thereon) as provided in the Debt Service Reserve Fund Policy Agreement between the Issuer and Financial Guaranty dated as of the Effective Date of this Policy. The Maximum Amount shall be automatically reinstated when and to the extent that the Issuer repays amounts disbursed hereunder, but shall not be reinstated to the extent of amounts received by Financial Guaranty constituting interest on amounts disbursed to the Paying Agent pursuant to this Policy. Financial Guaranty shall provide Notice to the Paying Agent of any reinstatement of any portion of the Maximum Amount within one Business Day of such reinstatement.

This Policy is non-cancellable for any reason, including the failure of the Issuer to reimburse Financial Guaranty for any payment made hereunder.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided
Municipal Bond Debt Service Reserve Fund Policy

sufficient funds to the Paying Agent for payment in full of all principal and interest Due for Payment on such Bond and includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from the Paying Agent for the Bonds to Financial Guaranty or from Financial Guaranty to the Paying Agent, as the case may be. “Business Day” means any day other than a Saturday, Sunday or a day on which the Paying Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

[Signature]
President

Effective Date: ___________________________ Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

[Signature]
Authorized Officer