

NEW ISSUE - Book Entry Only RATINGS: See "RATINGS" herein.

In the opinions of Gardner, Carton & Douglas and William P. Tuggle, P.C., Co-Bond Counsel, subject to compliance with certain covenants made by the County to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds will be taken into account in computing the corporate alternative minimum tax. Interest on the Bonds is not exempt from income taxes imposed by the State of Illinois. See the caption "TAX EXEMPTION" herein regarding a description of other tax considerations.

(County Seal)

\$410,140,000

THE COUNTY OF COOK, ILLINOIS

\$80,485,000

\$329,655,000

General Obligation Refunding Bonds,

**General Obligation Capital Improvement Bonds,
Series 1999A**

Series 1999B

Dated: April 1, 1999 Due: November 15, as shown on the inside cover page

The General Obligation Capital Improvement Bonds, Series 1999A (the "Capital Improvement Bonds") and the General Obligation Refunding Bonds, Series 1999B (the "Refunding Bonds") (collectively, the "Bonds") are direct and general obligations of The County of Cook, Illinois (the "County"). The full faith and credit of the County is pledged to the punctual payment of principal of and interest on the Bonds. Direct annual taxes have been levied on all taxable real property in the County in amounts sufficient to pay principal of and interest on the Bonds as those amounts come due, except for a portion of the interest due to and including May 15, 2002, to be paid from capitalized interest and tax receipts to be collected with respect to the Prior Bonds (as hereinafter defined). These taxes are to be extended for collection without limitation as to rate or amount. Collections of the taxes are to be deposited directly by the County Collector with Seaway National Bank of Chicago, Chicago, Illinois, as Trustee, for the purpose of paying principal of and interest on the Bonds.

Payment of the principal of and interest on the Bonds when due will be guaranteed by a Municipal Bond New Issue Insurance Policy issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company.

(Bond **Financial Guaranty Insurance Company**
Insurer's
Logo)

The Bonds are being issued to pay for certain capital improvements, refund certain of the County's general obligation bonds (the "Prior Bonds"), to capitalize a portion of the interest to become due on the Bonds and to pay costs associated with the issuance of the Bonds.

The Bonds will be issuable in denominations that are multiples of \$5,000 and will bear interest payable on May 15 and November 15 of each year, commencing November 15, 1999. The Bonds are being offered for sale in book-entry only form and will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and purchases will be made through DTC participants.

The Bonds are subject to optional redemption and sinking fund redemption prior to maturity as described herein.

Maturities, Amounts, Interest Rates and Yields are set forth on the inside of this cover page.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to delivery of the approving legal opinions of Gardner, Carton & Douglas, Chicago, Illinois, and William P. Tuggle, P.C., Chicago, Illinois, Co-Bond Counsel, substantially as set forth in Appendix C. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Schiff Hardin & Waite, Chicago, Illinois, and Sanchez & Daniels, Chicago, Illinois. Delivery of the Bonds is expected to be made to DTC in New York, New York on or about April 28, 1999.

Goldman, Sachs & Co.

Siebert Brandford Shank & Co., LLC

M. R. Beal & Company

First Albany Corporation

Jackson Securities Incorporated

Mesirow Financial, Inc.

John Nuveen & Co. Incorporated

Pryor, McClendon, Counts & Co., Inc.

**William E. Simon & Sons Municipal Securities,
Inc.**

Southwestern Capital Markets, Inc.

April 15, 1999

General Obligation Capital Improvement Bonds, Series 1999A

MATURITY SCHEDULE

\$132,380,000 Serial Bonds

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>
	<u>Amount</u>	<u>Rate</u>	
2010	\$11,090,000	5.000%	4.550%
2011	11,645,000	5.125%	4.650%*
2012	6,585,000	5.125%	4.750%*
2013	12,580,000	5.125%	4.800%*
2014	13,225,000	5.250%	4.830%*
2015	13,920,000	5.250%	4.890%*
2016	14,650,000	5.250%	4.940%*
2017	15,420,000	5.250%	4.990%*
2018	16,225,000	5.000%	5.050%
2019	17,040,000	5.000%	5.100%

\$77,110,000 5.000% Term Bonds Due November 15, 2023; Yield 5.170%

\$120,165,000 5.000% Term Bonds Due November 15, 2028; Yield 5.210%

(accrued interest to be added)

General Obligation Refunding Bonds, Series 1999B

MATURITY SCHEDULE

\$80,485,000 Serial Bonds

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>
	<u>Amount</u>	<u>Rate</u>	
2000	\$ 350,000	4.000%	3.200%
2001	360,000	4.000%	3.550%
2002	375,000	4.000%	3.700%
2003	390,000	4.000%	3.850%
2004	5,250,000	4.500%	3.950%
2005	5,505,000	4.500%	4.070%
2006	5,770,000	4.125%	4.170%
2007	13,330,000	4.250%	4.270%
2008	9,830,000	5.000%	4.350%
2009	7,070,000	5.000%	4.430%
2010	2,675,000	5.000%	4.550%
2011	3,060,000	5.125%	4.650%*
2012	26,520,000	5.125%	4.750%*

(accrued interest to be added)

*Priced to the Par Call Date on November 15, 2010.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. Any such other information or representations must not be relied upon as statements of the County, the Underwriters, the Trustee, the Insurer or the Co-Financial Advisors. 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 Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. The information set forth in this Official Statement is not guaranteed as to accuracy or completeness. Unless otherwise indicated, the County is the source of the tables and statistical and financial information contained in this Official Statement. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of Bonds made under it shall, under any circumstances, create any implication that there has been no change in the financial condition or the operations of the County since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, resolutions, reports or other documents are referred to in this Official Statement, reference should be made to those items for more complete information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the County's beliefs as well as assumptions made by and information currently available to the County. 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 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY 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 MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF BEGUN, MAY BE ENDED OR INTERRUPTED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT YIELDS HIGHER THAN THE PUBLIC OFFERING YIELDS STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE COUNTY OF COOK, ILLINOIS

MEMBERS OF THE COOK COUNTY BOARD OF COMMISSIONERS

Jerry Butler	Ted Lechowicz	Herbert T. Schumann, Jr.
Allan C. Carr	Roberto Maldonado	Peter N. Silvestri
Earlean Collins	William R. Moran	Deborah Sims
John P. Daley	Joseph Mario Moreno	Bobbie L. Steele
Gregg Goslin	Michael Quigley	John H. Stroger, Jr.
Carl R. Hansen		Calvin R. Sutker

PRESIDENT, COOK COUNTY BOARD OF COMMISSIONERS

Hon. John H. Stroger, Jr.

CHAIRMAN, COMMITTEE ON FINANCE, COOK COUNTY BOARD OF COMMISSIONERS

Hon. John P. Daley

COUNTY TREASURER

EX-OFFICIO COUNTY COLLECTOR

Hon. Maria Pappas

CHIEF FINANCIAL OFFICER

Thomas J. Glaser

DEPUTY CHIEF FINANCIAL OFFICER

Carlton R. McGee

COUNTY COMPTROLLER

John F. Chambers

CO-FINANCIAL ADVISORS

A.C. Advisory, Inc.

Davis Financial, Inc.

CO-BOND COUNSEL

Gardner, Carton & Douglas

William P. Tuggle, P.C.

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OFFICIAL STATEMENT

\$410,140,000

THE COUNTY OF COOK, ILLINOIS

\$329,655,000

General Obligation Capital Improvement Bonds,

Series 1999A

\$80,485,000

General Obligation Refunding Bonds,

Series 1999B

INTRODUCTION

This Official Statement is furnished by The County of Cook, Illinois (the "County"), to provide information about its \$329,655,000 aggregate principal amount of General Obligation Capital Improvement Bonds, Series 1999A (the "Capital Improvement Bonds") and its \$80,485,000 aggregate principal amount of General Obligation Refunding Bonds, Series 1999B (the "Refunding Bonds") (collectively, the "Bonds"). The Bonds are being issued pursuant to an authorizing ordinance adopted by the Board of Commissioners of the County (the "County Board") on April 6, 1999 (the "Bond Ordinance"), pursuant to the County's home rule powers under the Illinois Constitution of 1970.

The Bonds are direct and general obligations of the County. The full faith and credit of the County is pledged to the punctual payment of principal of and interest on the Bonds. Direct annual taxes have been levied on all taxable real property in the County in amounts sufficient to pay principal of and interest on the Bonds as those amounts come due, except for a portion of the interest due to and including May 15, 2002, to be paid from capitalized interest and tax receipts to be collected with respect to the Prior Bonds (as hereinafter defined). These taxes are to be extended for collection without limitation as to rate or amount.

Simultaneously with the issuance of the Bonds, Financial Guaranty Insurance Company (the "Insurer") will issue its Municipal Bond New Issue Insurance Policy (the "Bond Insurance Policy") guaranteeing the full and complete payment, when due (other than by reason of acceleration or optional redemption), of the principal of and interest on the Bonds. See "BOND INSURANCE" and the Specimen Bond Insurance Policy included as APPENDIX E.

The Bonds are being issued to pay for certain capital improvements, to refund certain of the County's outstanding general obligation bonds (the "Prior Bonds" as described herein), to capitalize a portion of the interest to become due on the Capital Improvement Bonds and to pay certain costs of issuance of the Bonds. See "PLAN OF FINANCE" herein.

On December 7, 1998, the Circuit Court of Cook County, Illinois entered a final judgment dismissing a complaint which seeks to declare that Public Act 85-1135 of the Illinois General Assembly, the "Sales Tax Reform Act," is unconstitutional. The Plaintiffs have appealed to the Illinois Appellate Court and are seeking leave for a direct appeal to the Illinois Supreme Court. For additional information concerning the litigation and its possible impact on the County, see "LITIGATION AND OTHER LEGAL ISSUES," herein.

Certain factors concerning the Bonds are described throughout this Official Statement, which should be read in its entirety. All references herein to laws, ordinances, resolutions, 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 Bond Ordinance. Copies of statutes, ordinances, resolutions or other documents referred to in this Official Statement are available, upon request, from the County's Chief Financial Officer, 118 North Clark Street, Room 500, Chicago, Illinois 60602, telephone (312) 603-7590. Additional information on the County and its operations can be found on Cook County's web page at www.co.cook.il.us. All statements, information and statistics contained in this Official Statement are believed to be correct but are not guaranteed by the Underwriters, the County, the Co-Financial Advisors, the Insurer or the Trustee, and all expressions of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. The information contained herein regarding the Insurer and the Bond Insurance Policy was provided by the Insurer and has not been verified by the Underwriters, the Co-Financial Advisors, the Trustee or the County. The information contained herein regarding DTC and the Book-Entry System was provided by DTC and has not been verified by the Underwriters, the Co-Financial Advisors, the Trustee, the Insurer or the County. The information contained herein is provided as of the date hereof and is subject to change.

THE BONDS

General

The Bonds will be initially registered through a Book-Entry Only System operated by The Depository Trust Company, New York, New York ("DTC"). Details of payments of the Bonds when in the book-entry only form and the Book-Entry Only System are described below under the subcaption "Book-Entry Only System" and in APPENDIX D. Seaway National Bank of Chicago, Chicago, Illinois, will serve as the trustee (the "Trustee") pursuant to the Bond Ordinance.

The Bonds will be initially dated April 1, 1999. The Bonds will be issued only as fully registered bonds in denominations of \$5,000 or integral multiples thereof.

Interest on the Bonds will be payable on November 15, 1999, and semi-annually thereafter on May 15 and November 15 of each year. Each Bond will bear interest from the later of its dated date or the most recent interest payment date to which interest has been paid or duly provided for. The Bonds will bear interest at the rates per year, and will mature in the principal amounts on November 15 of the years, as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal and redemption price of the Bonds shall be payable upon surrender of the Bonds at the principal corporate trust office of the Trustee. Interest on the Bonds will be payable on each interest payment date to the registered owners thereof at the close of business on the 30th day of the calendar month next preceding the applicable interest payment date. If the Bonds are no longer registered under the Book-Entry Only System described below, the Bonds may be transferred or exchanged as provided in the Bond Ordinance.

Redemption

Optional Redemption. The Bonds maturing on or after November 15, 2010, are subject to redemption at the option of the County on any date on or after November 15, 2009, in whole or in part, and, if in part, in integral multiples of \$5,000, in any order of maturity designated by the County, during the periods set forth below, at the Redemption Prices (expressed as percentages of the aggregate principal amount being redeemed), as set forth in the

following table, plus accrued interest thereon to the date fixed for redemption:

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Redemption Period (Dates Inclusive)	Redemption Price
November 15, 2009 through November 14, 2010	101%
November 15, 2010 and thereafter	100%

Mandatory Sinking Fund Redemption. The Capital Improvement Bonds maturing on November 15, 2023, and November 15, 2028, will be subject to mandatory redemption prior to maturity, by lot, on November 15 of the years shown in the following table, by the application sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed, and in the following amounts, each constituting a sinking fund installment for the particular maturity of Bonds:

<u>Bonds Due November 15, 2023</u>		<u>Bonds Due November 15, 2028</u>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2020	\$17,890,000	2024	\$21,745,000
2021	\$18,785,000	2025	\$22,835,000
2022	\$19,725,000	2028	\$23,975,000
2023 (Final Maturity)	\$20,710,000	2027	\$25,175,000
		2028 (Final Maturity)	\$26,435,000

Subject to the provisions of the Bond Ordinance, moneys held by the Trustee for the payment of any particular sinking fund installment may be applied for the purchase of Bonds of the maturity for which such sinking fund installment was established.

In the event of the optional redemption by the County of less than all of the Bonds of like maturity with respect to which sinking fund installments have been established, the principal amount so redeemed shall be credited against the unsatisfied balance of future sinking fund installments or the final maturity amount established with respect to such Bonds, in such amount and against such sinking fund installments or final maturity amount as shall be determined by the County in a certificate filed with the Trustee prior to the mailing of the notice of redemption of such Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable sinking fund installments next ensuing after the date fixed for such redemption.

Notice and Other Redemption Provisions. Notice of any redemption shall be given by mailing a copy thereof by first class mail, postage prepaid, to the registered owner of each Bond to be redeemed at the address of such registered owner shown on the registration books, not less than 30 nor more than 60 days prior to the redemption date. Notice of the redemption having been given in the manner provided in the Bond Ordinance, the Bonds so called for redemption shall become due and payable on the redemption date stated in said notice at the redemption price applicable on said date plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued and unpaid to the redemption date, shall be held by or on behalf of the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner, then from and after the redemption date the Bonds so called for redemption shall cease to bear interest and said Bonds shall no longer be considered as outstanding under the Bond Ordinance.

Book-Entry Only System

The Depository Trust Company, New York, New York ("DTC"), will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). Fully-registered Bond certificates will be issued for each maturity in the

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aggregate principal amount of each such maturity for each series of the Bonds, and will be deposited with DTC. The Bonds will initially be available for purchase only in book-entry only form in authorized denominations.

In reading this Official Statement it should be understood that, while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the Beneficial Owner, but (a) all rights of ownership must be exercised through DTC and the Book-Entry Only System and (b) notices that are to be given to registered owners by the County or the Trustee will be given only to DTC. Information about the Book-Entry Only System and DTC is set forth in APPENDIX D.

SECURITY FOR THE BONDS

The Bonds are direct and general obligations of the County and the full faith and credit of the County are irrevocably pledged pursuant to the Bond Ordinance to the punctual payment of the principal of and interest on the Bonds. Pursuant to the Bond Ordinance, the County has levied ad valorem taxes upon all taxable real property in the County in an amount sufficient to pay the principal of and interest on the Bonds when due at maturity or upon mandatory redemption through the application of sinking fund payments, without limitation as to rate or amount, except that through May 15, 2002, a portion of the interest due on the Capital Improvement Bonds will be paid from capitalized interest and prior to November 15, 2000, the interest due on the Refunding Bonds will be paid from ad valorem real property tax receipts to be collected with respect to the Prior Bonds. The Bonds, and the registered owners thereof, are entitled to the benefits of the continuing pledge and lien created by the Bond Ordinance to secure the full and final payment of the principal or mandatory redemption price of and interest on the Bonds. The taxes collected to pay the principal of and interest on the Bonds shall be paid by the County Collector directly to the Trustee for use solely to pay the principal of and interest on the Bonds. If there are insufficient funds held by the Trustee to pay the principal of or interest on the Bonds when due, the County is obligated under the Bond Ordinance to pay to the Trustee the amount needed to cure such deficiency from other legally available sources.

The money received by the County from the taxes levied pursuant to the Bond Ordinance (the "Tax Receipts"), and all moneys and securities paid to or held by the Trustee under the Bond Ordinance, are pledged to secure the payment of the principal and redemption price, if any, of and interest on the Bonds, and the Tax Receipts, as received by the County, and other moneys pledged pursuant to the Bond Ordinance and held by the Trustee shall immediately be subject to the lien of such pledge. The Bond Ordinance provides that the obligation to perform the contractual provisions made pursuant to the Bond Ordinance shall have priority over any or all other obligations and liabilities of the County with respect to the Tax Receipts. The Bond Ordinance also provides that the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County.

In the event of a failure to pay the principal of and the interest on any Bond when due or the happening of any other "Event of Default" under the Bond Ordinance, the Trustee is to enforce all rights of the holders of the Bonds and to require the County to carry out its obligations to such Bondholders. The Trustee may act in its own discretion and shall do so upon the written request of the holders of not less than 25% in aggregate principal amount of the Bonds at the time outstanding. See, "APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE - Defaults and Remedies".

The Bond Ordinance provides that the County shall not issue any bonds, notes, or other evidences of indebtedness, other than the Bonds, secured by the pledge of or other lien or charge on the Tax Receipts and shall not create or cause to be created any lien or charge on such Tax Receipts or on any amounts held by the Trustee under the Bond Ordinance; provided that the Bond Ordinance does not prevent the County (a) from issuing bonds or notes or other obligations payable out of, or secured by a pledge of, particular Tax Receipts, if concurrently or prior to the issuance of such bonds, notes or other obligations, the County shall have, with respect to the Bonds (i) paid to the Trustee in trust under the provisions of the Bond

Ordinance pertaining to defeasance of the Bonds (see "APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE -- Defeasance") or (ii) deposited into the Bond Service Fund (described in "APPENDIX F - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE") moneys in an amount sufficient to pay the debt service otherwise payable from such particular Tax Receipts, or (b) from issuing tax anticipation notes or warrants in anticipation of the receipt of Tax Receipts provided that the proceeds of such tax anticipation notes or warrants, in an amount equal to Tax Receipts so anticipated, shall be immediately subject to the applicable lien of the Bond Ordinance and shall be paid, as applicable, to the Trustee for deposit into the Bond Service Fund.

The Bond Ordinance provides that the County shall not repeal, abate or reduce the taxes levied pursuant to the Bond Ordinance or otherwise take any action to restrict the extension and collection of those taxes, except that (a) the County may abate any such taxes to the extent that taxes are levied to pay principal of or interest on the Bonds that at the time of the abatement shall have been paid or redeemed in full as to both principal and interest from other moneys of the County or provision for the payment or redemption of which shall have been made as provided in the Bond Ordinance, as described in APPENDIX F under the subcaption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE - Defeasance", and (b) the County may abate any such taxes for any tax levy year to the extent that, at the time of such abatement, money then held by the Trustee in the Bond Service Fund for the Bonds for such purpose, together with the amounts to be extended for collection taking into account the proposed abatement, will be sufficient for the punctual payment of the principal and sinking fund installments of, and interest on, the Bonds coming due in the Bond Year that commences in the calendar year next succeeding such tax levy year.

BOND INSURANCE

The following information has been furnished by the Insurer for use in this Official Statement. Neither the County, the Trustee, the Co-Financial Advisors nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to APPENDIX E for a specimen of the Bond Insurance Policy.

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). 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 Bonds or the Trustee of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any 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 Bond includes any payment of principal or interest made to an owner of a 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.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the 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 Bonds may have been otherwise called for redemption, accelerated or

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advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the 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.

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 December 31, 1998, the total capital and surplus of Financial Guaranty was \$1,258,215,191. 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).

PLAN OF FINANCE

Capital Improvement Bonds

The Capital Improvement Bonds are being issued in order to pay a portion of the cost of the County's following capital improvements:

Health Fund Projects, consisting of the construction of and equipping of the new Cook County Hospital and the renovation and construction of County health clinics;

Public Safety Fund Projects, consisting of the construction, equipping, renovation and replacement of court and related facilities, including new facilities for domestic violence and traffic matters, and the construction, improvement and renovation of various jail facilities; and

Corporate Fund Projects, consisting of the improvement and renovation of County facilities, including the County Building, the Cook County Administration Building, elevator modernization and telecommunications wiring;

(collectively, the "Public Improvements"). The proceeds of the Capital Improvements Bonds will be deposited into the Series 1999 Construction Fund and will be applied to pay the costs of the construction and acquisition of the Public Improvements and the costs of issuance of the Capital Improvement Bonds. Proceeds of the Capital Improvement Bonds will also be used to provide for capitalized interest on the Capital Improvements Bonds.

The County Board may reappropriate the use of amounts in the Construction Fund for other purposes if, prior to making such reappropriation, an opinion of nationally recognized bond counsel to the effect that such reappropriation is permitted under Illinois law and will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds is filed with the Trustee.

Refunding Bonds

The County plans to refund the following series, maturities and amounts of its outstanding general obligation bonds (the "Prior Bonds"):

<i>Series</i>	<i>Redemption Date</i>	<i>Redemption Price</i>	<i>Maturity</i>	<i>Coupon</i>	<i>Par Amount</i>
General Obligation Bonds,					
Series 1993A	11/15/03	102%	11/15/04	5.000	4,845,000
Series 1993A	11/15/03	102%	11/15/05	5.100	5,105,000
Series 1993A	11/15/03	102%	11/15/06	5.200	5,380,000
Series 1993A	11/15/03	102%	11/15/07	5.300	13,780,000
Series 1993A	11/15/03	102%	11/15/08	5.400	6,440,000
Series 1993A	(Full Term Redemption) 11/15/03	102%	11/15/12	5.375	20,000,000
General Obligation Capital					
Improvement Bonds,					
Series 1996	11/15/06	101%	11/15/12	5.750	15,735,000
General Obligation Refunding Bonds,					
Series 1996	11/15/06	101%	11/15/08	5.500	3,210,000
Series 1996	11/15/06	101%	11/15/12	5.750	3,055,000

The refunding of the Prior Bonds will allow the County to achieve debt service savings. To provide for the payment and retirement of the Prior Bonds, a portion of the proceeds of the Refunding Bonds will be used to purchase Government Obligations the principal of and the interest on which when due (without reinvestment thereof) will provide moneys that, together with moneys, if any, deposited at the same time, will be sufficient to pay when due the redemption price of and interest on the Prior Bonds on and prior to the respective redemption dates thereof.

The Government Obligations will be held in escrow accounts (each an "Escrow Account") established pursuant to separate Escrow Deposit Agreements between the County and the trustee for each series of the Prior Bonds. The County will, by entering into each Escrow Deposit Agreement, irrevocably determine to call for redemption each of the Prior Bonds on its respective earliest available redemption date. Neither the maturing principal of the Government Obligations nor the interest to be earned thereon will serve as security or be available for the payment of the principal of or interest on the Bonds.

The mathematical computation of the adequacy of each Escrow Account to provide for payments on the Prior Bonds as described above will be verified at the time of the delivery of the Bonds by Causey Demgen & Moore Inc., independent certified public accountants, Denver, Colorado. See "CERTAIN VERIFICATIONS."

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized below.

SOURCES OF FUNDS

Principal Amount	\$410,140,000.00
Accrued Interest	1,537,990.31
Net Original Issue Discount	<u>(541,946.70)</u>
TOTAL	<u>\$411,136,043.61</u>

USES OF FUNDS

Public Improvements	\$295,096,513.62
Bond Defeasance Escrows	81,941,639.79
Costs of Issuance (including Underwriters' Discount and bond insurance premium)	4,139,710.06
Capitalized Interest	28,420,189.83
Accrued Interest	<u>1,537,990.31</u>
TOTAL	<u>\$411,136,043.61</u>

COOK COUNTY GOVERNMENT

The County covers a 956 square mile area in northeastern Illinois, including the City of Chicago and numerous suburban municipalities. Those suburbs with populations in excess of 50,000, based upon the 1990 U.S. Census, include Arlington Heights, Cicero, Des Plaines, Evanston, Mount Prospect, Oak Lawn, Oak Park, Schaumburg and Skokie. The County is the second most populous county in the United States. It is a political subdivision of the State of Illinois (the "State"), and was established in 1831.

Under the 1970 Illinois Constitution, the County is a home rule unit of government and, except as limited by State law, may exercise any power and perform any function relating to its government and affairs, including the power to borrow money and levy taxes. There are no current statutory limitations on the power of the County to levy real property taxes or to issue general obligation bonds or notes. There is a constitutional provision that limits the maturity of County debt payable from ad valorem property taxation to 40 years.

Principal Functions of Cook County Government

The County presently performs three principal functions: the protection of persons and property; the provision of public health services; and general governmental services including, among others, the assessment of property, levy and collection of taxes and maintenance of certain highways.

Protection of Persons and Property (Public Safety Fund). The Circuit Court of Cook County is the largest unified court system in the United States, and the County Jail is the largest single site jail facility in the country. Protection of persons and property consists mainly of the operation of the Circuit Court of Cook County, prosecution of persons charged with criminal offenses, operation of the County Jail and operation of a Sheriff's police department. The County operates Cermak Health Services, an 82 bed medical-surgical facility serving inmates in the County Jail complex.

Bureau of Health Services (Health Fund). The Bureau of Health Services operates a delivery system composed of the following elements: Cook County Hospital, Provident Hospital, Oak Forest Hospital, the Ambulatory and Community Health Network, the Cook County Department of Public Health, and Cermak Health Services. Cook County Hospital is located on the west side of Chicago and is currently operating 598 beds. The hospital is the tertiary hub of the Bureau system, providing a full array of highly specialized services, including the city's largest Level 1 Trauma center, neonatology intensive care unit, and HIV/AIDS service. The hospital receives referrals from throughout the Bureau system as well as from other institutions around the County. Its emergency services is the largest in the Midwest, with 112,000 adult and 44,000 children's visits every year. The County is constructing a

new 464-bed replacement facility, which has a guaranteed maximum construction contract price of \$301.8 million, to replace the current hospital. The new facility is anticipated to open in 2002.

Provident Hospital is a community teaching hospital located on the south side of Chicago. Currently staffed for 113 beds, Provident's emergency department is now the second busiest in Chicago, experiencing more than 53,000 visits annually.

Oak Forest Hospital operates 601 rehabilitation, skilled nursing, acute care, ventilator and sub-acute beds, with a special unit devoted to the long term care of patients with HIV/AIDS. Located in the south suburbs, Oak Forest also provides emergency room and specialty outpatient care services for these communities.

The Ambulatory and Community Health Network operates 28 clinics throughout Chicago and suburban Cook County. Located in hospital, community and school settings, the network provides nearly 700,000 visits annually to largely uninsured patients. It is anticipated that three replacement facilities will be opened during 1999, further expanding primary care capacity.

The Cook County Department of Public Health is responsible for the public and environmental health protection of suburban Cook County. In addition to its regulatory and protective functions, the Department provides more than 200,000 clinical visits (well-baby, communicable disease screenings, etc.) each year. The Department is supported equally by federal and state grants and by the County.

Cermak Health Services is the largest single jail health facility in the country and provides a full spectrum of public health, mental health and acute care services. In October, 1998, the County opened a new facility to meet the demands generated by nearly 100,000 clinic visits annually.

State Medicaid Program Developments. In the 1997 federal Balanced Budget Act, the federal government provided broader authority to states to require all Medicaid recipients to participate in managed care plans. Previously, in 1994, the Illinois General Assembly adopted a revision to the Medicaid program that would steer, over time, all Medicaid recipients into managed care. The 1994 plan included a provision called the "County carve-out" that would assure that the County was reimbursed for all Medicaid patients who use its facilities, even if those patients were enrolled in another managed care plan. To date, the State has not implemented the 1994 plan nor any other plan to require all Medicaid recipients to enroll in

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managed care plans. The State has authorized several managed care entities to enroll Medicaid recipients in managed care plans, but the election to enroll in a managed care plan is voluntary on the part of the recipient. To prepare for the possibility of mandatory managed care, in 1997, the County established "County Care," a Prepaid Health Plan for Medicaid recipients, and is authorized by the State to enroll Medicaid recipients in County Care.

The State and County continue to cooperate under several Intergovernmental Transfer Agreements that dictate the County's Medicaid reimbursement from the State and the County's fund transfers to the State to finance a portion of the State Medicaid program.

Federal Medicaid Developments. As a result of 1997 federal legislation, the growth in expenditures for the Medicaid and Medicare programs has been reduced. As medical providers see their reimbursement under these programs reduced, more of the unreimbursed costs of providing services to indigent patients will be shifted to the County. At the same time, the federal government created a significant new children's health insurance initiative, which has been implemented in Illinois under the name "KidCare." KidCare has extended eligibility for health insurance to many previously uninsured children in Illinois.

The Bureau has developed a variety of public/private partnerships with other health care providers which expand access, improve quality and save money. In the fall of 1998, the Bureau opened the CORE Center, a unique outpatient facility dedicated to the care of patients with HIV/AIDS and related infectious diseases. This facility is a collaboration with Rush-Presbyterian-St. Luke's Medical Center and the \$29 million in capital for the project was raised entirely from public and private sources outside of the County Budget. The Bureau has also developed relationships with community hospitals to expand access to primary and maternity services and to assure Cook County Hospital's role for tertiary referrals. These partnerships include: Bethany Hospital (where the Bureau is operating a primary care clinic and delivering low-risk pregnant women), St. Anthony Hospital (a partner in both primary care and maternal and infant services), and Thorek Hospital (in which the Bureau is operating a clinic with a primary focus on geriatric care to serve the large concentration of seniors in the community).

General Government (Corporate Fund). The Corporate Fund includes County revenues and expenditures for government management and supporting services, control of environment, education, highways, economic and human development, and assessment of real property, the levy, extension and collection of taxes and the recording of property transfers.

Administration of the County

Responsibility for administration of the financial affairs of the County is shared by the President of the County Board, the County Board and the County Treasurer. The President of the County Board appoints, with the approval of the County Board, a Chief Financial Officer and the County Comptroller.

President of the County Board. The President of the County Board is John H. Stroger, Jr., who was elected to a second four-year term in 1998. Prior to his election, President Stroger served as a County Commissioner continuously from 1970 and as Chairman of the Committee on Finance of the County Board continuously from 1984. In 1993, President Stroger served as President of the National Association of Counties. President Stroger attended Xavier University of New Orleans and received a Bachelor of Science degree in Business Administration in 1952. He is a 1965 graduate of DePaul University College of Law.

The President is elected by the voters of the entire County for a four-year term. The President is the chief executive officer of the County and presides over the meetings of the County Board. The President has the power to veto resolutions and ordinances of the County Board. A four-fifths vote of the County Board is required to override the President's veto. The President is required to submit to the Committee on Finance of the County Board an Executive Budget which provides the basis upon which the Annual Appropriation Bill is prepared and enacted.

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County Board. The County Board is the legislative body for County government. The County Board consists of 17 Commissioners elected for four-year terms. The Commissioners are elected from single member districts. The present Commissioners, all of whose terms expire in December, 2002, are as follows:

Jerry Butler	Ted Lechowicz	Peter N. Silvestri
Allan C. Carr	Roberto Maldonado	Deborah Sims
Earlean Collins	William R. Moran	Bobbie L. Steele
John P. Daley	Joseph Mario Moreno	John H. Stroger, Jr.
Gregg Goslin	Michael Quigley	Calvin R. Sutker
Carl R. Hansen	Herbert T. Schumann, Jr.	

Chairman, Committee on Finance. John P. Daley is the Chairman of the Committee on Finance of the County Board. The Committee on Finance of the County Board consists of all the members of the County Board, and is required to prepare the Annual Appropriation Bill in tentative form and to submit it for enactment by the County Board.

County Treasurer. The County Treasurer is Maria Pappas. The County Treasurer was elected in November 1998 for a four-year term. The County Treasurer is responsible for the receipt and custody of County funds, and, as ex officio County Collector, is responsible for the collection of real property taxes.

Chief Financial Officer. Thomas J. Glaser serves as Chief Financial Officer for the County. He was appointed to the position by President Stroger in September, 1995. The Chief Financial Officer is responsible for management and direction of the Bureau of Finance which oversees the Department of Budget and Management Services, the Purchasing Agent, the Office of Contract Compliance, the Department of Revenue, the Office of Comptroller and the Department of Risk Management. Mr. Glaser received a Bachelor of Science degree in Finance from Northern Illinois University and a Master of Business Administration degree from the University of Illinois at Chicago. Mr. Glaser is a Fellow of the Healthcare Financial Management Association, and a member of the GFOA Committee on Governmental Debt and Fiscal Policy.

Deputy Chief Financial Officer. Carlton R. McGee, Sr. serves as Deputy Chief Financial Officer for the County. He was appointed to the position by President Stroger in February, 1996. The Deputy Chief Financial Officer supports the Chief Financial Officer in the development of policy and the supervision of operations in the Bureau of Finance. Mr. McGee received a Bachelor of Science degree in Chemical Engineering from Northwestern University and a Master of Business Administration degree in Finance and Accounting from the University of Chicago.

County Comptroller. The County Comptroller is John F. Chambers, who has been employed by the County since 1972 and was appointed by the President and approved by the County Board as County Comptroller effective May 1, 1990. The County Comptroller is responsible for settling all accounts in which the County is concerned. He authorizes all payments in accordance with the County's Budget (\$2.5 billion) including biweekly salary payments to over 27,000 employees. He also maintains the financial records of the County, prepares annual financial statements and prepares estimates of revenues for each fiscal year. Mr. Chambers is President of the Cook County Annuity and Benefits Fund and is Chairman of the Investment Committee. This fund has combined assets of approximately \$4.5 billion and is over 90% funded. He is also Chairman of the Cook County Deferred Compensation Committee with assets over \$400 million.

Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund. The Retirement Board is responsible for the management of the pension system for the County and the Forest Preserve District of Cook County (the "Forest Preserve District"). It consists of two statutory members, the County Treasurer and the County Comptroller, and five other members elected by active and retired employees. By statute, the County Board is required to levy a tax annually upon all the taxable property

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in the County which, when added to the amounts deducted from the salaries of County employees or otherwise contributed by them, will be sufficient to meet the actuarial requirements of the County Employees' and Officers' Annuity and Benefit Fund (the "Fund"). Under the actuarial funding method

utilized by the Fund (entry age normal method), the Fund has an unfunded liability as of December 31, 1997, of \$749,979,525 on a going concern basis and an excess funding of \$1,614,667,641 on a termination basis. The Fund had an unfunded liability of \$424,057,733 as of December 31, 1997, on the actuarial accrued liability basis required to be disclosed under Government Accounting Standards Board Statement 25.

Employees

The County has budgeted the following number of positions for all of its departments in each of the five most recent fiscal years:

<u>Year</u>	<u>Number</u>
1999	26,733
1998	26,841
1997	27,167
1996	27,216
1995	27,627

The annual decreases of employees since 1995 have been due to cost containment efforts implemented by the present administration.

Approximately 17,700 employees of the County are covered by collective bargaining agreements, the majority of which expired on November 30, 1998. The County is in the process of negotiating the contracts with its unions. The County believes that its relationships with its employees, including its unionized employees, are satisfactory.

County's Continuing Capital Improvement Program

Due to the scope and nature of its activities and the need to maintain its current facilities, the County has and will continue to have various ongoing capital improvement projects. To coordinate planning and to manage the development of County construction projects, the President of the County Board has appointed a Director of Capital Planning and Policy. The Director reviews all current and planned capital projects, which may result in changes in the nature and scope of certain projects.

The County Board may approve additional capital improvement projects and borrow to finance them at its discretion.

The Forest Preserve District of Cook County

While the Forest Preserve District is a separate governmental entity from the County, it is coterminous with the County and is governed by a board composed of the members of the County Board. The President of the County Board serves as President of the Forest Preserve District. The Forest Preserve District establishes, maintains and operates forest preserves in the County. Within the forest preserves are numerous recreation facilities including 80 miles of bicycle trails, 10 golf courses and 4 driving ranges. The Brookfield Zoo and the Chicago Botanic Garden, operated by private, not-for-profit organizations, are located on property owned by the Forest Preserve District. The Forest Preserve District includes amounts in its property tax levy to pay a portion of costs of the operations of these two institutions.

The Forest Preserve District, as a non-home rule unit of government, is subject to the State Limitation Law. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES - State and County Limitation Laws." Obligations of the Forest Preserve District are not

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obligations of the County. The cash of the Forest Preserve District is not commingled with the cash of the County. The Retirement Board for the County serves also as the retirement board for the Forest Preserve District.

The financial operations of the Forest Preserve District are included in the County's Comprehensive Annual Financial Report as a Special Revenue Fund. See "APPENDIX A - GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (1997)".

OTHER LOCAL GOVERNMENTAL UNITS

There are more than 800 governmental units located within the boundaries of the County, each of which (i) is separately incorporated and derives its power and authority under laws of the State, (ii) has an independent tax levy or revenue source, and (iii) maintains its own financial records and accounts, and most of which are authorized to issue debt obligations. Although the taxing units share tax bases to some extent, they are separate entities with separate financial circumstances.

The principal municipality in the County is the City of Chicago (the "City"). Approximately 45% of the Equalized Assessed Valuation of taxable property in the County is located within the City. The remainder is located in other municipalities and unincorporated areas.

Other major governments within the County include the Forest Preserve District of Cook County, the Metropolitan Water Reclamation District of Greater Chicago, the Chicago Park District, the Chicago School Finance Authority, the Chicago Board of Education and Community College District No. 508 (the Chicago City Colleges). The financial impact of these units of government is further described in the tables captioned "Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago" and "DEBT INFORMATION - Direct and Underlying Debt."

A variety of special purpose entities have been created under Illinois law to facilitate the operations and financing of municipal, park, educational, transportation, health, sports, convention and port facilities, highways, housing, industrial development and other activities, none of which are authorized to impose real property taxes. These include (1) the Public Building Commission of Chicago, which issues bonds to finance the acquisition, construction and improvement of public buildings and leases its facilities to certain other governmental units; (2) the Regional Transportation Authority ("RTA"), which provides planning, funding, coordination and fiscal oversight of public mass transportation services in a six-county area of northeastern Illinois, including the County (the operating divisions of the RTA include the Chicago Transit Authority, the suburban rail division (METRA) and the suburban bus division (PACE)); (3) the Chicago Transit Authority, which owns, operates and maintains a transportation system (including both rail and bus transport) in the metropolitan area of the County and receives an annual \$2,000,000 contribution from the County which is required by State law; and (4) the Metropolitan Pier and Exposition Authority, which owns and operates the McCormick Place convention, exposition and related hotel facilities and Navy Pier.

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REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Information under this caption describes the procedures in effect as of the date of this Official Statement for real property assessment, tax levy and tax collection in the County. There can be no assurance that the procedures described herein will not be changed. Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (the "Property Tax Code").

Assessment

The County Assessor, who is elected by the voters of the County, is responsible for the assessment of all taxable real property within the County, except for certain railroad property, low sulphur dioxide emission coal-fueled devices and pollution control facilities which are assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by statute. The City of Chicago was reassessed in 1997, and suburbs in the northern and northwestern portions of the County were reassessed in 1998, and the suburbs in the southwestern and southern portions of the County will be reassessed in 1999.

Real property in the County is separated into nine (9) classifications for assessment purposes. After the County Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The current classification percentages range from 16% for certain residential, commercial and industrial properties to 36% and 38%, respectively, for other industrial and commercial properties.

The County Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the County Assessor certifies the Assessed Valuations, a taxpayer can seek review of the assessment by the Cook County Board of (Tax) Appeals. Pursuant to recently enacted legislation, the Cook County Board of (Tax) Appeals was replaced in December, 1998, by a Board of Review with three members elected by the voters of the County in November, 1998, to a four-year term. The Board of Review has powers similar to, but somewhat broader than, those previously vested in the Board of (Tax) Appeals.

In addition, beginning with assessments for tax year 1996, owners of residential property having six or fewer units can also appeal assessments to the Illinois Property Tax Appeal Board (the "PTAB"), a state-wide administrative body. Owners of real estate other than residential property with six or fewer units will be able to appeal Assessed Valuations to the PTAB beginning with tax year 1997. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal decisions of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County. Objections filed in the Circuit Court of Cook County are reviewed pursuant to procedures similar to the judicial review procedure that has been in place for some time, but with a different standard of proof than that previously required. In addition, subject to certain time limits, in cases where the County Assessor agrees that an assessment error has been made after the assessment process is complete, the County Assessor can correct the Assessed Value, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

Equalization

After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Appeals or the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county. The purpose of equalization is to bring the

aggregate assessed value of all real estate in each county to the statutory requirement of 33-1/3 percent of fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. For tax year 1997, the Equalization Factor for the County was 2.1489. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "Equalized Assessed Valuation").

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base").

The following table sets forth the Equalization Factors for the last ten years.

<u>Tax Year</u>	<u>Equalization Factor</u>
1997	2.1489
1996	2.1517
1995	2.1243
1994	2.1135
1993	2.1407
1992	2.0897
1991	2.0523
1990	1.9946
1989	1.9133
1988	1.9266

Tax bills in Cook County are based on the Assessment Base for the preceding year. Property taxes to be billed in 1999 (for the 1998 tax year) will be based on the 1998 Equalized Assessed Valuation.

Exemptions

The annual General Homestead Exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used for residential purposes by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of \$4,500. Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the Equalized Assessed Valuation on a senior citizen's home by a minimum of \$2,500 and (ii) disabled veterans, with the exemption operating annually to exempt up to \$50,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. A Homestead Improvement Exemption allows owners of single family residences to make up to \$45,000 in home improvements without increasing the Assessed Valuation of their property for at least four (4) years. For rehabilitation of certain historic property, the Equalized Assessed Valuation is limited for eight (8) years to the value of such property when the rehabilitation work began. The Senior Citizens Tax Freeze Homestead Exemption was enacted in 1994 and freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less. In general, the exemption limits the annual real property tax bill of such property by granting to senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current Equalized Assessed Valuation of their residence and the Equalized Assessed Valuation of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the exemption (plus the Equalized Assessed Valuation of improvements since such year). In addition, certain property is exempt from taxation on the basis of ownership and/or use such as public parks, public schools, churches, and not for profit and public hospitals.

Additionally, since 1996 counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, longtime, residential owner-occupants in eligible areas would be entitled to a

deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other

residences or construction of new residences in the area. The County has not established such a property tax exemption. However, if the County were in the future to provide for such a property tax exemption, the Board would be required to participate in the program.

Tax Levy

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

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

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

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

The Illinois Truth in Taxation Law, 35 ILCS 200/18-55 *et seq.*, imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in the prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service, election costs and payments due under public building commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by a certification of compliance with the foregoing procedures. This Law does not impose any limitations on the rate or the amount of the levy to pay principal of and interest on County general obligation bonds and notes. The County has complied with the applicable procedures under the Illinois Truth in Taxation Law in each year since it became effective.

Collection

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

prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment. The following table sets forth the second installment penalty date (that is the date after which interest is due on unpaid amounts) for the last ten (10) years; the first installment penalty date has been March 1 for all years.

<u>Tax Year</u>	<u>Second Installment Penalty Date</u>
1997	October 28, 1998
1996	September 19, 1997
1995	September 11, 1996
1994	November 3, 1995
1993	September 1, 1994
1992	September 1, 1993
1991	September 25, 1992
1990	September 6, 1991
1989	August 30, 1990

The second installment of 1994 taxes was due November 3, 1995 because of delays experienced in the assessment appeal process resulting from a change in the process enacted in 1995. The second installment of 1997 taxes was due on October 28, 1998, because of changes to the assessment appeal process described above. The tax bills for the second installment of 1998 taxes have not yet been mailed. It is possible that the changes to the assessment appeal process described under the caption "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES - Assessment" may cause similar delays in the preparation and mailing of second installment tax bills in future years.

During periods of peak collections, the County Collector, as recipient of tax collections, forwards tax receipts to each Unit, including the County, on no less than a weekly basis. Upon receipt of taxes from the County Collector, the County Treasurer, as holder of County funds, promptly credits the taxes received to the funds for which they were levied. Amounts for debt service for certain bonds issued by the County in the past are deposited directly with escrow agents or trustees for those obligations. Tax Receipts collected to pay debt service on the Bonds will be deposited by the County Collector directly with the Trustee.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on that year's Warrant Books (the "Annual Tax Sale"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18% for each six-month period after the sale. If no redemption is made within the applicable period (ranging from six (6) months to two and one-half (2½) years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens and for civil actions to collect taxes.

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

A scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled to be held every two (2) years on all property on which two (2) or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which

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may be less than the amount of the delinquent taxes. Redemption periods vary from six (6) months to two and one-half (2½) years, depending upon the type and occupancy of the property.

The Annual Appropriation Bill of the County has a provision for an allowance for uncollectible taxes. The County reviews this provision annually and makes adjustments accordingly. The allowance for uncollected taxes was 3% for 1998. For financial reporting purposes, uncollected taxes are written off by the County at the end of the fiscal year immediately following the year in which the taxes become due, although taxes remain liens against the properties taxed.

State and County Limitation Laws

Through a combination of strong financial controls and the adoption of the Cook County Tax Relief Ordinance (described below), the County has controlled the growth of property taxes which it imposes on its citizens. By virtue of its constitutional home rule powers, the enactment of any legislation by the State applying any statutory tax rate limit to the County would require a three-fifths vote of each house of the Illinois General Assembly. No legislation is currently pending to impose a limit on the property tax rates which may be levied by home-rule units of government in Illinois, nor has any such legislation been proposed in the recent past, although the State has recently enacted, with the required three-fifths vote of each house, legislation which imposes limitations on the ability of home-rule units, such as the County, to increase real property transfer taxes. It is not possible to predict whether, or in what form, any property tax limitations applicable to the County would be enacted by the Illinois General Assembly. The adoption of any such limits on the extension of real property taxes by the Illinois General Assembly may, in future years, adversely affect the County's ability to levy property taxes to finance operations at current levels and the County's power to issue additional general obligation debt without the prior approval of voters. However, any property tax limits that might be imposed by the Illinois General Assembly after the issuance of the Bonds would not affect the amount of taxes levied to pay the principal of and interest on the Bonds.

The State Limitation Law. As the result of certain legislation enacted by the State in 1991, and amended in 1995 (the "State Limitation Law"), the Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units located in the County and counties contiguous to the County and (b) the ability of those taxing districts to issue unlimited tax general obligation bonds without voter approval (the "State Tax Cap"). Generally, the extension of property taxes for a taxing district subject to the State Tax Cap may increase in any year by five percent (5%) or the percent increase in the Consumer Price Index, whichever is less, or the amount approved by referendum. In 1995, the State Tax Cap was amended to authorize the issuance of "limited bonds" payable from the "debt service extension base" and to exclude from the State Tax Cap "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act (30 ILCS 350/15.01).

The Cook County Tax Relief Ordinance. On March 1, 1994, the County Board approved Ordinance No. 94-0-15, known as the Cook County Property Tax Relief Ordinance (the "County Ordinance"). Beginning with the real estate tax levies for the Corporate, Public Safety and Health Funds for 1995 for taxes paid in 1996 and following, the County Board has resolved not to increase the aggregate tax levy for such funds for any year over the prior year's

aggregate levy by an amount greater than five percent (5%) or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year, whichever is less. The County Board may adopt an aggregate levy for any year in excess of the foregoing limitations if approved by a two-thirds vote of the members of the County Board then in office. Tax levy increases for pensions, elections and debt service are excluded from the limit imposed by the County Ordinance. The County Ordinance can be repealed or amended by the County Board.

TAXATION OF REAL PROPERTY — STATISTICAL INFORMATION

The Equalized Assessed Valuation and the estimated fair market value of real property in the County over recent years is set forth below. The figures shown for each year for estimated fair market value correspond to the Equalized Assessed Valuation for the same year.

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Estimated Fair Market Value⁽¹⁾

<u>Year</u>	<u>Chicago</u>	<u>Outside Chicago</u>	<u>Total Cook County</u>
1997	\$106,282,206,560	\$156,144,047,036	\$262,426,253,596
1996	100,460,112,578	154,725,416,129	255,185,528,707
1995	97,291,355,992	144,412,766,369	241,704,122,361
1994	92,572,461,358	138,730,866,304	231,303,327,662
1993	94,219,758,929	131,173,049,219	225,392,808,148
1992	94,378,613,328	126,547,831,736	220,926,445,064
1991	91,031,581,689	123,950,570,339	214,982,152,028
1990	82,394,516,523	112,419,789,921	194,814,306,444
1989	68,825,425,268	102,268,326,377	171,093,751,645
1988	67,031,890,318	91,907,383,274	158,939,273,592

Equalized Assessed Valuation⁽²⁾

<u>Year</u>	<u>Chicago</u>	<u>Outside Chicago</u>	<u>Total Cook County</u>
1997	\$33,349,557,227	\$42,134,556,668	\$75,484,113,895
1996	30,765,001,358	42,034,673,017	72,799,674,375
1995	30,381,480,347	40,035,226,980	70,416,707,327
1994	30,090,355,467	37,672,993,567	67,763,349,034
1993	28,661,954,119	38,166,137,285	66,828,091,404
1992	27,964,127,826	35,995,210,536	63,959,338,362
1991	27,397,830,030	32,580,177,151	59,978,007,181
1990	23,104,106,497	32,068,760,209	55,172,866,706
1989	21,711,267,084	28,395,263,169	50,106,530,253
1988	21,693,815,981	24,717,932,753	46,411,748,734

Equalized Assessed Valuation (in thousands) by Property Type⁽²⁾

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Farm</u>	<u>Totals</u>
1997	\$34,898,530	\$27,076,292	\$13,181,058	\$317,388	\$10,846	\$75,484,114
1996	33,307,326	26,254,332	12,917,611	308,930	11,475	72,799,674
1995	31,610,855	25,924,442	121,565,357	304,846	11,207	70,416,707
1994	29,815,701	25,446,269	12,198,144	291,842	11,395	67,763,351
1993	29,025,132	25,270,176	12,225,854	295,490	11,440	66,828,092
1992	27,495,798	24,429,818	11,733,337	288,048	12,337	63,959,338
1991	25,264,364	23,245,971	11,171,915	282,948	12,810	59,978,008
1990	23,676,842	20,875,437	10,349,707	258,534	12,347	55,172,867
1989	21,216,357	19,144,725	9,481,040	251,426	12,982	50,106,530
1988	19,082,849	18,166,409	8,900,450	248,517	13,524	46,411,749

(1) Source: Civic Federation, Chicago, Illinois, based upon information from the Illinois Department of Revenue

2. Source: Cook County Clerk, Tax Extension Division

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The following tables show (i) the rates at which taxes have been extended for collection in the City of Chicago; (ii) the rates at which taxes have been extended for collection for the various County funds; (iii) the dollar amount of taxes extended for collection for each of the various County funds; and (iv) the dollar amount of taxes extended and collected for the County.

Tax Rates Extended by City-Wide Local Governmental Units for Real Property

in the City of Chicago⁽¹⁾

(Per \$100 Equalized Assessed Valuation)

<u>Year</u> ⁽²⁾	<u>Cook County</u>	<u>Forest Preserve District</u>	<u>Metropolitan Water Reclamation District</u>	<u>Chicago City of Chicago</u>	<u>Chicago Park District</u>	<u>Chicago School Finance Authority</u>	<u>Chicago Board of Education</u>	<u>Community College District No. 508</u>	<u>Total Rate</u>
1997	\$.919 ⁽³⁾	\$.074	\$.451	\$2.024	\$.665	\$.270	\$4.084	\$.356	\$8.843
1996	.989	.074	.492	2.182	.721	.291	4.327	.377	9.453
1995	.994 ⁽³⁾	.072	.495	2.131	.730	.296	4.251	.376	9.345
1994	.993	.073	.495	2.158	.741	.265	4.167	.372	9.264
1993	.971 ⁽³⁾	.072	.471	2.288	.778	.150	4.324	.381	9.435
1992	1.176	.063	.470	2.210	.735	.190	4.267	.390	9.501
1991	1.040 ⁽³⁾	.064	.482	2.183	.718	.204	4.222	.398	9.311
1990	1.068	.080	.525	2.570	.816	.239	4.246	.420	9.964
1989	1.048 ⁽³⁾	.099	.522	2.848	.861	.253	4.088	.478	10.197
1988	1.128	.101	.536	2.871	.771	.266	3.773	.481	9.927

(1) After abatement.

(2) Based on taxes extended for collection in the succeeding year as a percentage of the Equalized Assessed Valuation for the tax year.

(3) In addition, a tax of \$0.027 for 1997, \$0.029 for 1995, \$0.022 for 1993, \$0.023 for 1991 and \$0.029 for 1989 was extended against all real property in the County outside the City of Chicago for election costs.

County Tax Rates by Fund⁽¹⁾

(Per \$100 Equalized Assessed Valuation)

<u>Tax Year</u> ⁽²⁾					
Fund	1997	1996	1995	1994	1993
Corporate	\$ 0.032986	\$ 0.038759	\$ 0.040014	\$.062498	\$.031068
Health	0.284866	0.295370	0.305365	.313192	.321763
Public Safety	0.267430	0.258561	0.251208	.234990	.279888
Election ⁽³⁾	0.000000	0.032112	0.000000	.025733	.000000
Bond and Interest	0.171460	0.210387	0.247726	.213823	.207904
Employees' Annuity and Benefit	<u>0.162258</u>	<u>0.153811</u>	<u>0.149687</u>	<u>.142764</u>	<u>.129631</u>
TOTALS	<u>\$ 0.919000</u>	<u>\$ 0.989000</u>	<u>\$ 0.994000</u>	<u>\$.993000</u>	<u>\$.971000</u>

(1) After abatement.

(2) Taxes for a tax year are extended for collection in the succeeding year.

(3) In addition, a tax of \$0.027 for 1997, \$0.29 for 1995 and \$0.22 for 1993 was extended against all real property in the County outside the City of Chicago for election costs.

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County Tax Extensions by Fund⁽¹⁾

<u>Tax Year</u> ⁽¹⁾					
Funds	1997	1996	1995	1994	1993
Corporate	\$ 24,905,618	\$ 28,220,583	\$ 28,176,542	\$ 41,846,534	\$ 21,260,689
Health	215,028,576	215,028,398	215,027,978	212,224,066	215,028,072
Public Safety	201,867,166	188,231,566	176,892,402	159,233,293	187,043,809
Election ⁽²⁾	11,376,330	23,377,432	11,610,216	17,437,092	8,396,550
Bond and Interest	129,425,062	153,161,051	174,440,492	144,889,922	138,938,275
Employees' Annuity and Benefits	<u>122,479,013</u>	<u>111,973,907</u>	<u>105,404,657</u>	<u>96,739,250</u>	<u>86,629,923</u>
TOTALS	<u>\$705,081,765</u>	<u>\$719,992,937</u>	<u>\$711,552,287</u>	<u>\$672,370,157</u>	<u>\$657,297,318</u>

(1) Taxes for a tax year are extended for collection in the succeeding year.

(2) Includes tax for the years 1997, 1995 and 1993 extended on all property in the County outside the City of Chicago for election costs.

County Tax Extensions and Collections

(Calendar Years)

Tax Year ⁽²⁾	Gross Tax Extensions	Allowance for Uncollected Taxes ⁽¹⁾	Net Tax Extensions	First Calendar Year Collections			Total Cumulative Collections		
				of Net Extensions ⁽¹⁾			as of December 31, 1998		
				Amount	Percent	Percent	Amount	Percent	Percent
			Collected	Gross	Net	Collected	Gross	Net	
1997	\$705,081,765	\$13,641,674	\$691,440,091	\$658,482,731	93.39%	95.23%	\$658,482,731	93.39%	95.23%
1996	719,992,937	13,632,436	706,360,501	690,800,512	95.95	97.80	714,721,783	99.27	101.18
1995	711,552,287	12,938,524	698,613,763	690,869,872	97.09	98.89	703,178,414	98.82	100.65
1994	672,370,157	13,181,197	659,188,960	646,511,470	96.15	98.08	667,140,971	99.22	101.21
1993	657,297,318	15,135,376	642,161,942	638,454,700	97.13	99.42	648,990,010	98.74	101.06
1992	752,161,833	10,806,603	741,355,230	730,106,457	97.07	98.48	744,807,075	99.02	100.47
1991	631,264,726	11,119,522	620,145,204	605,508,269	95.92	97.64	623,797,615	98.82	100.59
1990	589,246,268	10,408,417	578,837,851	568,486,985	96.48	98.21	581,142,232	98.62	100.40
1989	533,351,084	9,359,347	523,991,737	515,958,494	96.74	98.47	525,149,420	98.46	100.22
1988	523,524,551	9,275,751	514,248,800	508,770,114	97.18	98.93	511,217,211	97.65	99.41

(1) Beginning with second installment penalty date in year of extension.

(2) Taxes for a tax year are extended for collection in the succeeding year.

DEBT INFORMATION

The following tables describe the County's general obligation bonded debt as set forth below.

Direct and Underlying Debt

The following table sets forth the direct and overlapping bonded debt applicable to the County as of January 2, 1999, adjusted for the issuance of the Bonds and the refunding of the Prior Bonds.

<u>Direct Debt</u> ⁽¹⁾	
General Obligation Bonds	\$ 1,546,600,000
The Bonds	<u>410,140,000</u>
Gross Direct Debt	1,956,740,000
Prior Bonds Refunded	<u>(77,550,000)</u>
Net Direct Debt	<u>\$ 1,879,190,000</u>
<u>Underlying Debt</u> ⁽²⁾⁽³⁾	
City of Chicago	\$ 2,098,668,000
Chicago Board of Education	2,285,879,000
Chicago School Finance Authority	693,540,000
Chicago Park District	604,690,000
Community College District 508	181,855,000
Metropolitan Water Reclamation District	1,128,917,000
Forest Preserve District	43,305,000
Other Bonded Debt ⁽⁴⁾	<u>3,918,867,000</u>
Total Overlapping Debt	<u>\$10,955,721,000</u>
Net Direct Debt and Underlying Debt ⁽¹⁾	<u>\$12,834,911,000</u>

(1) Excludes \$110,500,000 of General Obligation Variable Rate Demand Bonds maturing December 1, 2001, for which no specific ad valorem taxes have yet been levied.

(2) Excludes short term cash flow notes.

(3) Includes responsibility for principal amount of bonds issued by the Public Building Commission.

(4) As of December 31, 1998 and includes debt issued by all governments within Cook County outside the City of Chicago.

Selected Debt Statistics

1990 Population	5,105,067
1997 Equalized Assessed Valuation	\$ 75,484,113,895
1997 Estimated Fair Market Value	\$ 262,426,253,596

	% of Equalized	% of Estimated
<u>Per Capita</u>	<u>Assessed</u>	<u>Fair Market Value</u>

		Valuation	
Net Direct Debt ⁽¹⁾	\$ 368.10	2.49%	0.72%
Net Direct and Underlying Debt (1)	\$2,514.15	17.00%	4.89%

1. Excludes \$110,500,000 of General Obligation Variable Rate Demand Bonds maturing December 1, 2001, for which no specific ad valorem taxes have yet been levied.

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The County of Cook, Illinois
General Obligation Bond Debt Service

As of January 2, 1999, adjusted for the issuance of the Bonds and the refunding of the Prior Bonds

Fiscal Year	Outstanding Debt*		The Bonds		Total Debt Service			% of Principal Retired	
	Principal	Interest	Principal	Interest**	Principal	Interest**	Total**	Annual	Cumulative
1999	\$62,330,000	\$75,260,618.63	\$ 0	\$ 2,102,557.75	\$62,330,000	\$77,363,176.38	\$139,693,176.38	3.317%	3.317%
2000	58,315,000	76,774,506.26	350,000	8,874,387.50	58,665,000	85,648,893.76	144,313,893.76	3.122%	6.439%
2001	52,145,000	73,594,961.26	360,000	14,092,537.50	52,505,000	87,687,498.76	140,192,498.76	2.794%	9.233%
2002	54,445,000	70,809,375.01	375,000	17,378,137.50	54,820,000	88,187,512.51	143,007,512.51	2.917%	12.150%
2003	57,465,000	67,921,590.01	390,000	20,463,137.50	57,855,000	88,384,727.51	146,239,727.51	3.079%	15.229%
2004	45,950,000	64,817,152.51	5,250,000	20,447,537.50	51,200,000	85,264,690.01	136,464,690.01	2.725%	17.953%
2005	44,170,000	62,185,652.51	5,505,000	20,211,287.50	49,675,000	82,396,940.01	132,071,940.01	2.643%	20.597%
2006	46,745,000	59,603,603.01	5,770,000	19,963,562.50	52,515,000	79,567,165.51	132,082,165.51	2.795%	23.391%
2007	46,145,000	56,847,205.01	13,330,000	19,725,550.00	59,475,000	76,572,755.01	136,047,755.01	3.165%	26.556%
2008	48,955,000	54,126,905.01	9,830,000	19,159,025.00	58,785,000	73,285,930.01	132,070,930.01	3.128%	29.684%
2009	54,875,000	51,462,605.01	7,070,000	18,667,525.00	61,945,000	70,130,130.01	132,075,130.01	3.296%	32.981%
2010	52,240,000	48,154,542.51	13,765,000	18,314,025.00	66,005,000	66,468,567.51	132,473,567.51	3.512%	36.493%
2011	49,635,000	45,186,720.00	14,705,000	17,625,775.00	64,340,000	62,812,495.00	127,152,495.00	3.424%	39.917%
2012	29,275,000	42,235,551.25	33,105,000	16,872,143.76	62,380,000	59,107,695.01	121,487,695.01	3.320%	43.236%
2013	58,775,000	40,620,828.76	12,580,000	15,175,512.50	71,355,000	55,796,341.26	127,151,341.26	3.797%	47.034%
2014	62,175,000	37,220,793.76	13,225,000	14,530,787.50	75,400,000	51,751,581.26	127,151,581.26	4.012%	51.046%
2015	65,715,000	33,676,000.01	13,920,000	13,836,475.00	79,635,000	47,512,475.01	127,147,475.01	4.238%	55.284%
2016	69,105,000	30,285,331.26	14,650,000	13,105,675.00	83,755,000	43,391,006.26	127,146,006.26	4.457%	59.741%
2017	72,690,000	26,706,856.25	15,420,000	12,336,550.00	88,110,000	39,043,406.25	127,153,406.25	4.689%	64.429%
2018	76,460,000	22,942,211.25	16,225,000	11,527,000.00	92,685,000	34,469,211.25	127,154,211.25	4.932%	69.362%
2019	80,455,000	18,940,725.00	17,040,000	10,715,750.00	97,495,000	29,656,475.00	127,151,475.00	5.188%	74.550%
2020	84,705,000	14,692,900.00	17,890,000	9,863,750.00	102,595,000	24,556,650.00	127,151,650.00	5.460%	80.009%
2021	89,180,000	10,219,768.75	18,785,000	8,969,250.00	107,965,000	19,189,018.75	127,154,018.75	5.745%	85.755%
2022	93,895,000	5,509,287.50	19,725,000	8,030,000.00	113,620,000	13,539,287.50	127,159,287.50	6.046%	91.801%
2023	13,205,000	660,250.00	20,710,000	7,043,750.00	33,915,000	7,704,000.00	41,619,000.00	1.805%	93.605%
2024			21,745,000	6,008,250.00	21,745,000	6,008,250.00	27,753,250.00	1.157%	94.763%
2025			22,835,000	4,921,000.00	22,835,000	4,921,000.00	27,756,000.00	1.215%	95.978%
2026			23,975,000	3,779,250.00	23,975,000	3,779,250.00	27,754,250.00	1.276%	97.254%
2027			25,175,000	2,580,500.00	25,175,000	2,580,500.00	27,755,500.00	1.340%	98.593%
2028			26,435,000	1,321,750.00	26,435,000	1,321,750.00	27,756,750.00	1.407%	100.000%
TOTAL	\$1,469,050,000	\$1,090,455,940.53	\$410,140,000	\$377,642,439.01	\$1,879,190,000	\$1,468,098,379.54	\$3,347,288,379.54		

*Does not include the Prior Bonds and \$110,500,000 of General Obligation Variable Rate Demand Bonds maturing December 1, 2001, for which no specific ad valorem taxes have yet been levied.

**Net of capitalized interest.

Tax Anticipation Borrowings

The County has no current plans to issue any tax anticipation notes or tax anticipation warrants.

ACCOUNTING AND FINANCIAL INFORMATION

Description of Accounting Practices

The accounting system of the County is operated and maintained on a fund accounting basis implemented to present the financial position and results of operations of each fund. The accounting system of the County is also designed to provide budgetary control over the revenues and expenditures of each fund. Generally accepted governmental accounting principles promulgated by the Government Accounting Standards Board are followed, and are applied on a basis consistent with that of the preceding years. For a summary of significant accounting practices of the County, see "APPENDIX A - GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (1997) - Notes to Financial Statements".

The most recent audited general purpose financial statements of the County are for the fiscal year ended November 30, 1997 and are included as APPENDIX A, with the auditor's letter from Arthur Andersen LLP. The Corporate Fund and the Public Safety Fund are included as the General Fund. The Health Fund is included as the Enterprise Fund and the Forest Preserve District is included as a Special Revenue Fund. Financial statements for the Health Fund and the Forest Preserve District were audited by other independent certified public accountants, which audits were relied upon by Arthur Andersen LLP in connection with its audit of the County's general purpose financial statements for the fiscal year ended November 30, 1997.

Cash Management

The County Treasurer maintains a cash record for each of the County funds. However, except as discussed below, cash is deposited in the County's operating bank accounts, which are treated as a single aggregate cash account. Investments are made on an aggregate basis as well, but the interest thereon is posted to the individual funds. As of November 30, 1998, the County had an estimated cash balance of \$413,106,882 in its Corporate, Public Safety, Health, Election and Motor Fuel Tax funds combined, excluding money escrowed or held by trustees for payment of bonds which are not commingled with general County funds.

Investment Policy

The County Treasurer, who is the official responsible for the investment of certain County funds, has a written investment policy applicable to County funds. Under the current policy, safety of principal is the primary investment objective, followed by liquidity and rate of return. All public moneys are deposited in banks that are required to collateralize deposited funds with approved securities equal to 110% of market value. The County Treasurer maintains a system to monitor the market value of such collateral securities. All collateral is held at third party safekeeping institutions acting as custodian. Securities approved for investment include (1) U.S. Treasury Bills, Notes and Bonds, (2) certificates of deposit or time deposits issued by national or state chartered banks within Cook County, and (3) certain other investments permitted by State law, including, (a) interest-bearing savings accounts constituting direct obligations of a bank, (b) shares or other securities issued by savings and loan associations, provided they are insured by FSLIC, (c) securities guaranteed by the full faith and credit of the United States of America as to principal and interest, and (d) short term discount obligations of the Federal National Mortgage Association. This investment policy is subject to change by the County Treasurer in accordance with applicable law. In addition, the Treasurer is authorized to invest in the Illinois Treasurer's Investment Pool pursuant to an ordinance adopted by the County Board.

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Working Cash

The County's taxes levied for its budget for a fiscal year are extended for collection in the calendar year following the end of the fiscal year. Thus, taxes levied for operating expenses for the County's 1998 fiscal year ended November 30, 1998, will be extended for collection in calendar year 1999. In order to finance operations pending the collection of taxes and to provide for month-to-month cash flow needs, the County maintains a Working Cash Fund.

The County maintains a consolidated Working Cash Fund for corporate, public safety, health and election proposes. The money to establish and increase this Working Cash Fund was obtained from the issuance of long-term bonds and from legally available County funds.

Working Cash Funds Available Amounts

(as of November 30)

<u>Fund</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Corporate	\$ 20,091,626	\$ 19,052,629	\$ 18,261,184	\$ 17,482,146
Public Safety	128,439,346	123,577,894	118,292,321	114,519,258
County Health	<u>112,576,142</u>	<u>107,809,639</u>	<u>103,021,389</u>	<u>98,451,059</u>

Subtotals:	\$261,107,114	\$250,440,162	\$239,574,894	\$230,452,463
Election	<u>18,520,979</u>	<u>17,623,296</u>	<u>16,930,813</u>	<u>16,228,458</u>
Totals:	<u>\$279,628,093</u>	<u>\$268,063,458</u>	<u>\$256,505,707</u>	<u>\$246,680,921</u>

In addition to advances from the Working Cash Fund, cash credited to the operating funds which is not currently required for operations may also be borrowed by other funds on a temporary basis to cover needs for cash prior to anticipated cash receipts by the borrowing fund. These interfund borrowings result from the issuance of checks in amounts in excess of the cash credited to the fund for which the check was issued. No interfund borrowings are made from funds maintained for debt service.

Financial Information

(Budgetary Basis)

The financial information on the following pages is prepared on a legally prescribed budgetary basis of accounting which differs from generally accepted accounting principles (GAAP). The financial information presented herein was prepared based on records maintained by the County Comptroller and the presentation of the information on a budgetary basis has not been examined by the County's external auditors.

The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements follow:

- (a) Property tax levies and personal property replacement taxes ("PPRT") are recognized as revenue in the budgetary statements in the year levied or the year replacement personal property taxes would have been levied. The operating statements prepared under GAAP recognize property tax levies as revenue in the subsequent year when they become available; PPRT are recognized when collected by the County.
- (b) Expenditures related to specific property tax levies (i.e., pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for

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uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.

- (c) Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP operating statements.
- (d) Incurred obligations (i.e., accounts payable and accrued salaries) are recognized as expenditures when paid in the budgetary statements while the GAAP operating statements recognize these items when the related liability is incurred.
- (e) Revenue is recognized when received in the budgetary statements, while the GAAP operating statements recognize these items when measurable and available for financing current obligations.

Reconciliation of the differences between the GAAP and budgetary operating statements for the year ended November 30, 1997 is set forth in "APPENDIX A - GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (1997) - Notes to Financial Statements -- Note 2."

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Corporate Fund Statement of Revenues and Expenditures and

Encumbrances for 1998 and 1999 Budget Information - Budgetary Basis⁽¹⁾

	<u>1999 Budget</u>	<u>1998 Budget</u>	<u>1998 Actual</u>
Revenues			
Real Estate Property Tax	\$12,169,835	\$24,169,835	\$24,169,835
Fee Offices	84,096,500	68,890,755	88,064,840
Inter-Governmental	13,299,392	11,856,428	12,154,987
Cigarette Tax	2,720,000	27,253,302	29,691,346
Cable T.V. Franchise	600,000	475,000	703,120
Miscellaneous	3,430,081	5,749,492	7,404,555
Adjustments ⁽²⁾			<u>6,863,768</u>

Total Revenues	\$116,315,808	\$138,394,812	\$169,052,451
Fund Balance Available for Appropriation	59,989,870	30,271,118	30,271,118
Less: Operating Transfer to County Law Library	(2,000,000)	(2,000,000)	(2,000,000)
Operating Transfer to Capital Lease Obligations		(3,600,000)	(3,600,000)
Advance to Grants Bank Account	(10,000,000)	(10,000,000)	
Reserve for Future Obligations	<u>(4,889,780)</u>	<u>(2,410,949)</u>	
Total Revenues and Fund Balance	<u>\$159,415,898</u>	<u>\$150,654,981</u>	<u>\$193,723,569</u>
Available for Appropriation			
Expenditures and Encumbrances			
Government Management and Supporting Services	\$71,654,585	\$ 66,084,745	\$60,085,881
Control of Environment	2,528,297	2,464,731	2,114,941
Economic and Human Development	3,588,382	3,926,078	3,286,271
Assessment and Collection of Taxes	47,944,665	44,978,514	38,038,293
Election	3,636,620	3,468,516	3,254,173
Transportation	<u>30,063,349</u>	<u>29,732,397</u>	<u>26,954,140</u>
Total Expenditures and Encumbrances	<u>\$159,415,898</u>	<u>\$150,654,981</u>	<u>\$133,733,699</u>

(1) Unaudited.

(2) Represents the net amount of various items such as earnings on investments, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.

Source: Cook County Comptroller

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**Public Safety Fund Statement of Revenues and Expenditures and
Encumbrances for 1998 and 1999 Budget Information - Budgetary Basis⁽¹⁾**

	<u>1999 Budget</u>	<u>1998 Budget</u>	<u>1998 Actual</u>
Revenues			
Real Estate Property Tax	\$195,811,225	\$195,811,225	\$195,811,225
Personal Property Replacement Tax	20,036,050	20,464,305	24,884,036
Fee Offices	90,235,000	91,742,500	89,906,399
Reimbursement from Others	21,149,053	19,213,979	18,358,319
Motor Fuel Tax Fund Grant	27,000,000	27,000,000	27,000,000
Retail Sale of Motor Vehicles	3,800,000	3,800,000	3,990,882
Retailers' and Service Occupation Tax	3,900,000	3,900,000	3,979,459
Wheel Tax	800,000	1,000,000	1,031,698
State Income Derivative Share	7,800,000	7,500,000	8,094,358
County Sales Tax	172,000,000	182,326,000	189,989,698
County Use Tax	43,000,000	43,000,000	43,354,954
Alcoholic Beverage Tax	24,700,000	25,200,000	25,086,869
Cigarette Tax	31,200,000	12,981,886	14,144,997
Gasoline Tax/Diesel Tax	100,500,000	97,500,000	99,102,138
Amusement Tax	11,500,000	14,000,000	13,921,202
Bail Bond Forfeiture	1,200,000	1,000,000	1,627,888
Off Track Betting Commission	3,620,000	3,640,000	3,408,719
Miscellaneous	4,909,702	538,000	1,558,802

(2)

Adjustments			<u>21,037,104</u>
Total Revenues	\$763,161,030	\$750,617,895	\$786,288,747
Fund Balance Available for Appropriation	\$102,208,750	\$84,005,598	\$84,005,598
Less: Reserve for Future Obligations	<u>(21,117,264)</u>	<u>(13,729,924)</u>	
Total Revenues and Fund Balance Available for Appropriation	<u>\$844,252,516</u>	<u>\$820,893,569</u>	<u>\$870,294,345</u>
Expenditures and Encumbrances			
Government Management and Support Services	\$45,479,790	\$44,267,440	\$42,578,168
Judicial Administration	944,191	931,404	800,674
Sheriff	314,805,213	309,976,248	299,774,195
Cermak Health Service	33,164,648	30,868,090	30,120,560
State's Attorney	88,895,908	87,615,640	84,554,329
Medical Examiner	6,962,943	7,059,636	6,671,897
Public Defender	49,089,107	49,969,060	43,720,368
Chief Judge	155,674,954	153,697,102	143,380,589
Clerk of Circuit Court	73,305,623	71,706,288	68,178,053
Public Administrator	890,610	885,916	836,532
Juvenile Detention Center	24,422,783	23,647,454	21,227,449
Supporting Services	937,506	1,050,551	931,762
Public Safety/Judicial Coordination	457,043	341,446	330,207
Fixed Charges	<u>49,222,197</u>	<u>38,877,294</u>	<u>24,980,812</u>
Total Expenditures and Encumbrances	<u>\$844,252,516</u>	<u>\$820,893,569</u>	<u>\$768,085,595</u>

(1) Unaudited.

(2) Represents the net amount of various items such as earnings on investment, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.

Source: Cook County Comptroller

**Health Fund Statement of Revenues and Expenditures
and Encumbrances for 1998 and 1999 Budget Information - Budgetary Basis⁽¹⁾**

	<u>1999 Budget</u>	<u>1998 Budget</u>	<u>1998 Actual</u>
Revenues			
Real Estate Property Tax	\$188,919,410	\$184,919,410	\$184,919,410
Patient Fees	344,595,000	349,962,554	348,995,705
County Sales Tax	66,000,000	55,800,000	58,145,438
Cigarette Tax	15,080,000	7,764,812	8,460,648
Miscellaneous	3,226,390	2,360,000	3,789,554
Adjustments ⁽²⁾			<u>36,630,166</u>
Total Revenues	\$617,820,800	\$600,806,776	\$640,940,921
Fund Balance Available for Appropriation	\$67,017,952	\$48,911,736	\$48,911,736

Less: Operating Transfer to Self Insurance			
Operating Transfer to Managed Care Support			
Reserve for Future Obligations	(34,777,718)	(11,257,664)	
Total Revenues and Fund Balance Available for Appropriation	<u>\$650,061,034</u>	<u>\$638,460,848</u>	<u>\$689,852,657</u>
Expenditures and Encumbrances			
Office of Chief Administrative Officer for	\$2,050,373	\$2,004,976	\$1,435,912
Health Services			
Provident Hospital	72,463,366	69,405,418	68,068,497
South Suburban Ambulatory Network Services			
Ambulatory/Community Health	82,325,471	71,698,410	68,959,671
Department of Public Health	14,987,177	13,726,550	13,489,908
Cook County Hospital	358,323,487	370,252,675	366,861,369
Oak Forest Hospital	99,411,293	94,828,382	91,583,113
Fixed Charges and Special Purpose Appropriations	<u>20,499,867</u>	<u>16,544,437</u>	<u>12,436,235</u>
Total Expenditures and Encumbrances	<u>\$650,061,034</u>	<u>\$638,460,848</u>	<u>\$622,834,705</u>

(1) Unaudited.

(2) Represents the net amount of various items such as earnings on investments, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.

Source: Cook County Comptroller

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DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

(Budgetary Basis)

Discussion of Financial Operations

The financial information on which this discussion is based was prepared on the budgetary basis of accounting. The budgetary basis of accounting is different in several respects from generally accepted accounting principles. The financial information presented herein was prepared based on records maintained by the County Comptroller and this presentation has not been examined by the County's external auditors. The 1999 Budget was adopted by the County Board on November 20, 1998. The County does not budget an ending fund balance. Any balance at the beginning of a year is appropriated as a revenue source in that year's budget; unexpended appropriations or revenues in excess of budget provide the ending fund balance. The County anticipates maintaining a fund balance in the operating funds of approximately 5% of expenditures.

The introduction of the County sales tax in 1992 and the implementation of several new revenue sources in 1997 have alleviated some of the reliance of the operating funds on the property tax levy. Certain revenue sources, such as the property tax, patient fees and court fees, are required to be expended in the respective funds. The sales tax, however, may be allocated to any of the operating funds. From year to year the County may change that allocation.

The County Ordinance limits the increase in the property tax levy for the operating funds to the lesser of 5% or the percentage increase in the Consumer Price Index. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES - State and County Limitation Laws".

Principal Sources of Revenues and Expenditures

In the County's Budget for its fiscal year ending November 30, 1999, the principal sources of revenues for the County are: fees (approximately 22.2%); property taxes including PPRT (approximately 29.7%); home rule taxes (approximately 19.4%); and intergovernmental transfers (approximately 12.2%). Corporate Fund appropriations account for approximately 6.6% of the County's 1999 Budget, Health Fund appropriations account for approximately 26.7% of the County's 1999 Budget, and Public Safety Fund appropriations account for approximately 34.7% of the County's 1999 Budget. Other major appropriations are for Bond and Interest (approximately 5.7%), Employees' Annuity and Benefits (approximately 6.6%), and Capital Improvements (approximately 10.3%).

Major Fund Revenues and Expenditures: 1998 Actual through 1999 Budget

Corporate Fund

The major Corporate Fund functions include government management and support services; the assessment of real property; the levy, extension and collection of taxes; the recording of real property transfers and transportation.

1999 Budget. Expenditures are projected to increase \$8.8 million, or 5.8% in fiscal year 1999. Personal Services is the main source of this increase. Corporate Fund major revenue sources are projected to be fee revenues (53.1%), property tax levy (7.6%), home rule taxes (1.7%) and intergovernmental revenues (8.3%).

1998 Budget. Expenditures were projected to increase \$2.9 million, or 2.0% in fiscal year 1998. Personal Services was the main source of this increase. Corporate Fund major revenue sources were projected to be fee revenues (46.0%), property tax levy (16.0%), home rule taxes (18.1%) and intergovernmental revenues (7.9%).

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1998 Actual. As compared to fiscal year 1997, expenditures decreased \$12 thousand, or (.01%) in fiscal year 1998. Revenues increased \$23.8 million, or 20.8%, due to increases in fees, home rule taxes, intergovernmental and others revenues.

Public Safety Fund

The major Public Safety Fund functions relate to the protection of persons and property. The major expenditures include the Sheriff's Office, which includes operation of the County Jail, the Circuit Courts and the State's Attorney's Office.

1999 Budget. Expenditures are projected to increase \$23.4 million, or 2.8% in fiscal year 1999. This increased appropriation is necessitated by the County's continuing commitment to the safety of its citizens with additional positions being made available to support the State's Attorney's Office and the Juvenile Detention Center. Public Safety Fund major revenue sources are projected to be fee revenues (10.7%), property tax levy (23.2%) home rule taxes (45.9%) and intergovernmental revenues (9.9%).

1998 Budget. Expenditures were projected to increase \$41.5 million, or 5.32% in fiscal year 1998. This was necessitated by the County's continuing commitment to the safety of its citizens. Public Safety Fund major revenue sources were projected to be fee revenues (11.2%), property tax levy (23.9%) home rule tax (46.3%) and intergovernmental revenues (10.0%).

1998 Actual. As compared to fiscal year 1997, expenditures increased \$21.3 million, or 2.8% in fiscal year 1998 for all Public Safety Fund functions. Revenues increased \$14.6 million, or 2.6%, due to increases in home rule taxes and intergovernmental revenues.

Health Fund

The major Health Fund functions relate to providing health care for the citizens of the County. Major expenses include Cook County Hospital, Provident Hospital of Cook County and Oak Forest Hospital.

1999 Budget. Expenditures are projected to increase \$11.6 million, or 1.8% in fiscal year 1999. This reflects a national increase in Health expenditures and is the first increase in many years. Although this increase reflects the provisions for collective bargaining agreements, it also reflects the continued downsizing at Cook County Hospital. Health Fund major revenues sources are projected to be fee revenues (53.0%), property tax levy (29.1%), home rule taxes (12.5%).

1998 Budget. Expenditures were projected to decrease \$3.1 million, or (0.5%) in fiscal year 1998. The modest 0.5% decline reflected the County's continued commitment to slow appropriations while still being in line with the health care industry trend of moving from in-patient to out-patient care. Health Fund major revenues sources were projected to be fee revenues (54.8%), property tax levy (29.0%), home rule tax (10.0%).

1998 Actual. As compared to fiscal year 1997, expenditures decreased \$3.2 million, or (0.5%), in fiscal year 1998. Revenues increased by \$3.5 million, or 0.84%, due to increases in home rule taxes and other revenues.

Self Insurance: Liability and Reserves

The County self-insures all risks, including workers' compensation, general, automobile insurance and other liability.

As of December 1, 1996, the County created a self-insurance Internal Service Fund for all types of claims and judgements related to County operations, including the Health Facilities. Accordingly, all self-insured liabilities previously reported through November 30, 1996, in the Health Facilities Enterprise Fund

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and the General Long-Term Obligation Account Group were transferred to the new fund. The health facilities recorded a residual deficit transfer of \$116

million for \$149 million of accrued liabilities offset with a \$33 million cash transfer. The opening internal service retained earnings also reflects the \$58 million previously reported as a long-term liability in the General Long-Term Obligation Account Group. The resultant accumulated opening deficit in the Internal Service Fund at December 1, 1996 was \$174 million.

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 6% discount factor. If the discounted estimate were not used, the ultimate liability for the self-insured programs would be approximately \$50 million higher than the amount recorded in the financial statements at November 30, 1997.

The County funds its self-insurance liabilities, including those of the Health Facilities, on a current basis and has the authority to finance such liabilities through the levy of property taxes. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded at November 30, 1997, are adequate to provide for potential losses resulting from medical malpractice, workers' compensation and general liability claims including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time, however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

For the fiscal year ended November 30, 1997, amounts charged by the self-insurance fund to other County funds for insurance and claims payouts are reported as revenues to the self-insurance fund and expenditure/expenses of the fund charged. Other amounts charged are reported as operating transfers.

The following table describes the activity during fiscal year 1997 for the primary classifications of liabilities (in millions):

Type	Balance at November 30, 1996	Insurance and Claims Payouts	Expense Net of Actuarial Adjustments	Balance at November 30, 1997
Medical Malpractice	\$133.8	\$(6.2)	\$(11.1)	\$116.5
Workers Compensation	36.7	(9.3)	11.7	39.1
General	3.7	(0.1)	(0.7)	2.9
Automobile	1.6	(0.3)	0.0	1.3
Claim Expense Reserves	0.0	0.0	4.5	4.5
Other	<u>31.2</u>	<u>(3.2)</u>	<u>(8.1)</u>	<u>19.9</u>
Total Internal Service				
	<u>\$207.0</u>	<u>\$(19.1)</u>	<u>\$(3.7)</u>	<u>\$184.2</u>
Fund Claim Liability				

Source: 1997 County's Comprehensive Annual Financial Report

BUDGETARY PROCEDURES AND INFORMATION

The fiscal year of the County begins on December 1. The County, by ordinance, requires that the Annual Appropriation Bill must be approved prior to commencement of the fiscal year. The Annual Appropriation Bill for fiscal year 1999 was adopted by the County Board on November 20, 1998.

The development of the annual budget begins with each department submitting a detailed request for appropriations. Meetings are then held by the President, Chief Financial Officer and Budget Director with each department to review the requests. Based on department requests and available resources, an Executive Budget is prepared for the President of the County Board by the Chief Financial Officer, in conjunction with the Budget Director.

Concurrently with this process the County Comptroller prepares and submits a report of estimates of revenues and other available resources to the County Board, prior to submission of the Executive Budget.

The Executive Budget, as approved by the President of the County Board, is submitted to the Committee on Finance, which in turn holds hearings involving each department. The Committee on Finance prepares the Annual Appropriation Bill in tentative form, which is made available for public inspection for at least ten (10) days prior to final action. Public hearings on the tentative Annual Appropriation Bill are then held. Amendments to the tentative Annual Appropriation Bill are then approved by the Committee on Finance. Subsequently, the Executive Budget in the form of the Annual Appropriation Bill is approved and adopted by the County Board. For a summary of budgetary procedures of the County, see "APPENDIX A - GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (1997) - Notes to Financial Statements."

The table below sets forth the funds appropriated in the Annual Appropriation Bills of the County for fiscal years 1998 and 1999 and actual expenditures for fiscal year 1998.

-	1999	1998	1998 ⁽¹⁾
<u>Fund</u>	<u>Appropriations</u>	<u>Appropriations</u>	<u>Expenditures</u>
Corporate	\$159,415,899	\$ 150,654,981	\$133,733,699
Public Safety	844,252,516	820,893,569	768,085,595
Health	650,061,034	638,460,848	622,834,705
Election	10,440,698	22,571,862	20,646,994
Bond and Interest	138,328,871	146,793,809	146,793,809
Employees' Annuity and Benefit	161,488,000	147,850,000	147,850,000
Animal Control	1,481,466	1,559,165	1,227,144
Law Library	5,278,586	5,077,582	4,733,501
Clerk of the Circuit Court Automation	7,510,088	7,347,380	6,232,498
Clerk of the Circuit Court Document Storage	10,141,518	9,854,046	4,952,376
Clerk of the Circuit Court Dispute Resolution	200,000	200,000	200,000
Recorder's Document Storage	3,533,721	3,329,405	3,031,100
County Clerk Automation	943,167	821,076	478,707
Intergovernmental Agreement/E.T.S.B.	271,652	240,875	212,528
Self Insurance	42,314,811	40,032,500	28,264,449
Managed Care Support	9,800,000	17,300,000	9,289,766
Adult Probation/Probation Services Fee	2,404,228	2,221,993	167,205
Social Services/Probation and Court Fee	1,092,450	1,061,580	206,983
Sheriff's Youthful Offender Alcohol/Drug Education	30,000	48,000	26,926
Sheriff's Ford Heights Public Housing	175,000	175,000	178,637
Sheriff's Chicago Heights Public Housing	175,000		
Capital Lease Obligations		1,155,842	1,091,844
Federal, State and Private Grants	120,963,697	108,480,687	93,433,319
Allowance for Uncollected Taxes	<u>12,598,180</u>	<u>13,220,794</u>	
Subtotals	2,182,900,582	2,139,350,994	1,993,671,785
Capital Improvements Program	<u>249,786,594⁽²⁾</u>	<u>240,012,922⁽²⁾</u>	<u>153,210,425⁽²⁾</u>
Totals	<u>\$2,432,687,176</u>	<u>\$2,379,363,916</u>	<u>\$2,146,882,210</u>

(1) Unaudited.

(2) This amount includes moneys allocated from Motor Fuel, Highway and Special Revenue Funds that are used to pay for specified capital projects.

Source: Cook County Comptroller

Summary of Appropriations by Major Purposes for Fiscal Year 1999

<u>Funds</u>	General <u>Expense⁽¹⁾</u>	Capital <u>Outlay⁽²⁾</u>	Debt <u>Services⁽³⁾</u>	<u>Pension Fund⁽⁴⁾</u>	Allowance for Uncollected Taxes	Total <u>Appropriations</u>
Corporate	\$159,262,899	\$153,000	\$ 0	\$ 0	\$376,387	\$159,792,286
Public Safety	844,252,516				6,056,017	850,308,533
Health	650,061,034				5,842,868	655,903,902
Election	10,351,798	88,900			322,908	10,763,606
Bond and Interest			138,328,871			138,328,871

County Employee's Annuity and Benefit			161,488,000			161,488,000
Animal Control	1,327,539	153,927				1,481,466
Law Library	4,898,820	379,766				5,278,586
Clerk of the Circuit Court						
- Automation	6,013,293	1,496,795				7,510,088
- Document Storage						
- Dispute Resolution	6,160,895	3,980,623				10,141,518
Recorder's Document Storage	200,000					200,000
County Clerk Automation	1,579,932	1,953,789				3,533,721
Intergovernmental	666,813	276,354				943,167
Agreement/E.T.S.B.	271,652					271,652
Self Insurance	42,314,811					42,314,811
Managed Care Support	9,800,000					9,800,000
Adult Probation/Probation						
Services Fee	1,119,004	1,285,224				2,404,228
Social Casework Services/Probation and Court Fee						
Sheriff's Youthful Offender	773,750	318,700				1,092,450
Alcohol/Drug Education	27,550	2,450				30,000
Sheriff's Ford Heights P.H.	175,000					175,000
Sheriff's Chicago Heights P. H.	175,000					175,000
Federal, State and Private Grants	<u>104,224,646</u>	<u>16,739,051</u>				<u>120,963,697</u>
Subtotal	\$1,843,656,95222	\$26,828,579	\$138,328,871	\$161,488,000	\$12,598,180	\$2,182,900,582
Capital Improvements ⁽⁵⁾		<u>249,786,594</u>				<u>249,786,594</u>
Program ⁽⁵⁾						
Total - Current	<u>\$1,843,656,952</u>	<u>\$276,615,173</u>	<u>\$138,328,871</u>	<u>\$161,488,000</u>	<u>\$12,598,180</u>	<u>\$2,432,687,176</u>

(1) General expense includes appropriations for expenditures for operation, maintenance, ordinary repairs and miscellaneous items of expense, and includes some amounts classifiable as capital outlay such as engineering and other service expenditures on construction projects. Also included are inter-fund appropriations.

(2) Capital outlay includes appropriations for expenditures for purchase of new and replacement equipment, permanent improvements including rehabilitation and replacement, purchase of land and expenditures incidental to the acquisition of land.

(3) Debt service includes appropriations for redemption of debt and interest on debt, and for required reserves, and County bond and interest projected for 1999.

(4) Pension funds appropriations represent the gross amounts of general property taxes to be levied for the County's contribution to the pension funds without any deduction for loss in the collection of taxes.

(5) Capital improvements program appropriations reflect the 11/30/98 unencumbered balance and the 1999 capital improvements program appropriations and the projected 1999 expenditures.

Source: Cook County Comptroller

Summary of Estimated Budget Revenues by Major Sources for Fiscal Year 1999

<u>Funds</u>	Property Tax Levy ⁽¹⁾	Other Home Rule Taxes ⁽²⁾	Fees ⁽³⁾	Inter- Governmental ⁽⁴⁾	Other Revenues ⁽⁵⁾	Total Revenues	Fund Balance ⁽⁶⁾	<u>Total</u>
1999 Corporate Revenue	\$12,169,835	\$2,720,000	\$84,696,500	\$13,311,521	\$3,430,081	\$116,327,937	\$43,087,962	\$159,415,899
Allowance for Uncollected Taxes	376,387					376,387		376,387

1999 Public Safety Revenue	195,811,225	387,500,000	90,235,000	83,505,103	6,109,702	763,161,030	81,091,486	844,252,516
Allowance for Uncollected Taxes	6,056,017					6,056,017		6,056,017
1999 Health Revenue	188,919,410	81,080,000	344,595,000		3,226,390	617,820,800	32,240,234	650,061,034
Allowance for Uncollected Taxes	5,842,868					5,842,868		5,842,868
1999 Election Revenue	10,440,698					10,440,698		10,440,698
Allowance for Uncollected Taxes	322,908					322,908		322,908
Bond and Interest	138,328,871					138,328,871		138,328,871
Employee's Annuity and Benefit	145,323,051			16,164,949		161,488,000		161,488,000
Animal Control			930,000			930,000	551,466	1,481,466
Law Library			3,016,000	2,000,000		5,016,000	262,586	5,278,586
Circuit Court Automation			4,700,000	1,500,000	228,239	6,428,239	1,081,849	7,510,088
Circuit Court Document Storage			4,600,000			4,600,000	5,541,518	10,141,518
Circuit Dispute Resolution			200,000			200,000		200,000
Recorder's Document Storage			3,100,000			3,100,000	433,721	3,533,721
County Clerk Automation			700,000			700,000	243,167	943,167
Intergovernmental Agreement/E.T.S.B.				271,652		271,652		271,652
Self Insurance				17,199,994		17,199,994	25,114,817	42,314,811
Managed Care Support						0	9,800,000	9,800,000
Adult Probation/Probation Services Fee			1,050,000			1,050,000	1,354,228	2,404,228
Social Services/Probation and Court Fee			1,092,450			1,092,450		1,092,450
Sheriff's Youthful Offender Alcohol/Drug				30,000		30,000		30,000
Sheriff's Ford Heights Public Housing				175,000		175,000		175,000
Sh. Chicago Heights Public Housing Security				175,000		175,000		175,000
Capital Improvements				61,531,250	188,255,344	249,786,594		249,786,594
Federal, State and Private Grants				<u>120,963,697</u>		<u>120,963,697</u>		<u>120,963,697</u>
TOTAL - PROJECTED	<u>\$703,591,270</u>	<u>\$471,300,000</u>	<u>\$538,914,950</u>	<u>\$316,828,166</u>	<u>\$201,249,756</u>	<u>\$2,231,884,142</u>	<u>\$200,803,034</u>	<u>\$2,432,687,176</u>

(1) Property tax levy includes allowance for uncollected taxes.

(2) Other home rule taxes include alcoholic beverage tax, cigarette tax, gas/diesel fuel tax, wheel tax, retail sale of motor vehicles, Cook County sales tax (.75%) and use tax and amusement tax.

(3) Fees include fees from County offices, patient fees and cable television franchise tax.

(4) Inter-governmental includes motor fuel tax, off-track betting commissions, personal property replacement tax, retailers' and services occupation tax, state income derivative share grants and reimbursements from other governments.

(5) Other revenues include bail bond forfeitures, bond proceeds (capital improvements) and miscellaneous adjustments.

(6) Fund balance available for appropriation.

Source: Cook County Comptroller

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RATINGS

The Bonds are expected to be rated "Aaa" by Moody's Investors Service ("Moody's"), "AAA" by Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies. ("S&P") and "AAA" by Fitch IBCA, Inc. (formerly known as Fitch Investors Service, L.P.) ("Fitch"), in each case contingent on the issuance of the Bond Insurance Policy by the Insurer. The underlying ratings of the County are "Aa3" by Moody's; "AA-" by Fitch and "AA-" by S&P. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch IBCA, Inc., One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Services, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions that apply to the Bonds from and after the date of issuance of the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for interest on the Bonds to be excludable from gross income. Failure to comply with certain of such requirements could cause interest on the Bonds to become includable in gross income retroactive to the date of issuance of the Bonds.

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

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

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

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser may be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimus rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The

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applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

Interest on the Bonds is not exempt from income taxes imposed by the State of Illinois.

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

Original Issue Discount

The initial public offering prices of the Capital Improvement Bonds maturing on November 15 in the years 2018, 2019, 2023 and 2028, and of the Refunding Bonds maturing on November 15 in the years 2006 and 2007 (collectively, the "Discount Bonds"), are less than the respective principal amounts thereof. The difference between the principal amount payable at maturity of the Discount Bonds and the initial public offering price of such Discount Bonds, assuming a substantial amount of each maturity is sold at such price (the "Offering Price"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discount Bond in the initial public offering at the Offering Price and who holds such Discount Bond to maturity, the full amount of original issue discount will constitute interest which is not includable in the gross income of the owner of such Discount Bond for federal income tax purposes to the same extent as current interest, and will not be treated as taxable capital gain upon payment of such Discount Bond upon maturity.

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

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

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Bond Premium

In the case of the Capital Improvement Bonds maturing on November 15 in the years 2010 through 2017, inclusive, and of the Refunding Bonds maturing on November 15 in the years 2000 through 2005, inclusive, and 2008 through 2012, inclusive (collectively, the "Premium Bonds"), the difference between the initial public offering price of the Premium Bonds, assuming a substantial amount of each maturity is sold at such price, and the principal amount payable at maturity of such Premium Bonds constitutes amortizable bond premium that may not be deducted for federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, the basis of each Premium Bond acquired at such initial public offering price by an initial purchaser is decreased by the amount of the bond premium that has been amortized. Bond Premium is amortized by offsetting the interest on the Premium

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Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the Premium Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Premium Bond). If the bond premium allocable to an accrual period exceeds the interest on the Premium Bond allocable to the accrual period, the excess is a nondeductible loss for federal income tax purposes that reduces the owner's basis in such Premium Bond.

Owners of Premium Bonds should consult with their own tax advisors with respect to the federal, state and local tax consequences of owning the Premium Bonds.

CERTAIN VERIFICATIONS

Causey Demgen & Moore Inc., independent certified public accountants, upon delivery of the Bonds, will deliver to the Underwriters a report stating that the firm, at the request of the County and the Underwriters, has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to (i) the sufficiency of the principal and interest received from the investment in Government Obligations, together with any initial cash deposit, to meet the timely payment of the applicable principal or redemption price of and interest on the Prior Bonds and (ii) the actuarial yields on the applicable portion of the Bonds and the Government Obligations to be held in each Escrow Account; such computations with respect to such yields to be used to support the conclusion of Co-Bond Counsel that the Bonds are not "arbitrage bonds" under Section 148 of the Code. Causey Demgen & Moore Inc. will express no opinion on the attainability of any assumptions or the tax-exempt status of the Bonds.

YEAR 2000 READINESS DISCLOSURE

The County's operations may be impacted by the inability of certain computer programs and electronic systems with embedded microprocessor chips to recognize calendar dates beyond the year 1999. Unless such programs or microprocessors are modified or replaced prior to the year 2000, they may not function properly after 1999.

Under the direction of its Chief Information Officer, the County has undertaken an inventory of hardware, software, external interfaces and embedded technology (*i.e.*, microprocessor -based systems in elevators, medical equipment and security systems) that may require Year 2000 compliance. In addition, a Year 2000 committee has been established to develop a formal plan and consistent approach to addressing the Year 2000 compliance program within the County.

The County believes that its own systems will be Year 2000 compliant prior to the end of calendar year 1999. The County is working with its major data exchange partners to achieve compliance. The County has incorporated Year 2000 compliance warranty provisions into the general conditions of County contracts. However, it is important to note that the County is in no position to guarantee that other private and public entities doing business with the County have adequately addressed their Year 2000 compliance issues to provide assurance that the County will not experience system related problems on or after January 1, 2000.

The Trustee has advised the County that its Year 2000 compliance effort has been underway since March 1998. Based upon guidelines issued by federal regulatory agencies and an assessment by the Trustee's Risk Management Committee, the Trustee fully expects to complete all reprogramming efforts by June 30, 1999, and to complete the required implementation and testing before December 31, 1999.

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LITIGATION AND OTHER LEGAL ISSUES

The County, like other large units of state and local government, is involved in litigation on matters relating principally to claims arising from contracts, personal injury, property damage, tax claims and other matters. However, there is no litigation pending, or, to the best of the County's knowledge, threatened, seeking to restrain, enjoin or adversely affect the issuance or delivery of any Bonds or in any way contesting the validity or enforceability of the Bonds or the collection, pledge or application of the County's full faith, credit and taxing power for their payment.

On December 7, 1998, the Circuit Court of Cook County, Illinois, in litigation initiated in 1992 and entitled *Oak Park Arms Associates v. Douglas Whitley, Director of the Illinois Department of Revenue, Patrick Quinn, Treasurer of the State of Illinois, Dawn Clark Netsch, Comptroller of the State of Illinois, and County of Cook*, entered a final order dismissing the complaint which alleges that Public Act 85-1135, which authorized a home rule county retailers' occupation tax, service occupation tax and use tax and the collection of those taxes by the Illinois Department of Revenue (the "Sales Tax Reform Act") is unconstitutional. The Court found that recodification of the Counties Code provisions authorizing the Cook County sales tax remedied the "single subject clause" violation of the Sales Tax Reform Act. In a prior ruling, the Circuit Court denied the plaintiffs' motion to certify the case as a class action and granted the defendants' motion for summary judgment that the Sales Tax Reform Act does not violate the uniformity of taxation clause of the Illinois Constitution.

The plaintiffs in this litigation are seeking an injunction to prevent the turnover to the County of the proceeds of taxes collected by the Illinois Department of Revenue pursuant to the Sales Tax Reform Act and to have such proceeds placed in a special fund pending a determination of the issues raised in the case. The suit also alleges that the ordinance adopted by the County to impose such taxes (the "Sales Tax Ordinance") is invalid and seeks a permanent injunction against the collection of such taxes. The plaintiffs have appealed to the Illinois Appellate Court seeking to reverse the decision rendered by the Circuit Court of Cook County and have filed a motion for leave to appeal such decision directly to the Illinois Supreme Court.

The County expects to receive approximately \$238,000,000 of sales tax revenue in fiscal year 1999, a substantial portion of which is being challenged in the litigation. Sales tax revenues constitute approximately 9.8% of the County's operating revenues. While the County cannot predict the outcome of the plaintiffs' appeal, the County will continue to receive, and remain authorized to spend, the tax receipts derived from the taxes imposed pursuant to the Sales Tax Reform Act and the County Sales Tax Ordinance during the period in which the appeal is pending. The County has joined with other affected governments to seek such legislative enactments as may be needed to maintain the current sales tax system. No prediction can be made at this time as to the eventual outcome of the litigation or the impact of the litigation on the County.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinions of Gardner, Carton & Douglas, Chicago, Illinois and William P. Tuggle, P.C., Chicago, Illinois, who are serving as Co-Bond Counsel. The proposed form of their opinions is included as APPENDIX C. Certain legal matters will be passed upon for the County by the State's Attorney, and for the Underwriters by their co-counsel, Schiff Hardin & Waite, Chicago, Illinois and Sanchez & Daniels, Chicago, Illinois.

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CO-FINANCIAL ADVISORS

A.C. Advisory, Inc. and Davis Financial, Inc. will serve as co-financial advisors (the "Co-Financial Advisors") in connection with the authorization, issuance and sale of the Bonds. The Co-Financial Advisors are not obligated to undertake any independent verification of or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The Underwriters set forth on the cover page of this Official Statement have agreed to purchase the Bonds at a price of \$407,325,819.74 (representing an underwriters' discount of \$2,272,233.56 and a net original issue discount of \$541,946.70) plus accrued interest to the date of delivery. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The obligations of the Underwriters to accept delivery of the Bonds are subject to various conditions of the Bond Purchase Agreement with respect to the Bonds, but the Underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds.

FLORIDA DISCLOSURE LAW

Section 517.051 of the Florida Statutes, 1995, as amended, provides for the exemption from registration of certain government securities, provided that, if an issuer of governmental securities has been in default at any time after December 31, 1975 as to principal and interest on any obligation, its securities may not be offered or sold in Florida pursuant to the exemption except by means of an offering circular containing full and fair disclosure, as prescribed in rules of the Florida Department of Banking and Finance (the "Department"). Under the rules of the Department, the prescribed disclosure is not required if the information is not an appropriate disclosure because the information would not be considered material by a reasonable investor.

The County has the power to and has issued conduit bonds for the purpose of financing projects for other entities which are payable from the revenues of such entities. Such bonds issued by the County for other entities may have been, or may be, in default as to payment of principal and interest. However, the source of payment and security for any such defaulted bonds is separate and distinct from the source of payment and security for the Bonds, and, therefore, the default on such bonds is not considered a material fact with respect to the payment of and security for the Bonds.

SECONDARY MARKET DISCLOSURE

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

The County has represented that it is currently in compliance with each undertaking previously entered into by it pursuant to the Rule. A failure by the County to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the County to Provide Information" under this caption. A failure by the County 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

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before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking 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 County.

Annual Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State of Illinois as the state depository (the "SID") and recognized as such by the SEC for purposes of the Rule. The County is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking. To the extent that Annual Financial Information is included in the County's Audited Financial Statements, it need not be separately delivered.

"Annual Financial Information" means information generally consistent with that contained under the captions "TAXATION OF REAL PROPERTY - STATISTICAL INFORMATION" and "DEBT INFORMATION."

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

The Annual Financial Information is required to be disseminated no more than fifteen (15) months after the last day of the County's fiscal year, which is currently November 30. The Audited Financial Statements are expected to be filed at the same time as the Annual Financial Information, provided that if the Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and the Audited Financial Statements will be filed within 30 days after they become available.

Events Notification; Material Events Disclosure

The County 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 1934 Act. The "Events" are:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the security;
- (g) modifications to rights of security holders;
- a. bond calls;

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- (i) defeasances;

(j) release, substitution or sale of property securing repayment of the securities; and

(k) rating changes.

Consequences of Failure of the County to Provide Information

The County 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.

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

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the County 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 County or type of business conducted;

(b) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the County (such as bond counsel) at the time of the amendment.

Termination of Undertaking

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. If this provision is applicable, the County shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the County 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 Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County 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 County 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.

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CONCLUSION

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment or purchase of the Bonds and the rights and obligations of the registered owners thereof. Such documents may be examined, or copies thereof will be furnished, upon request to the Underwriters.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the registered owners of the Bonds.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of delivery of the Bonds, the County will furnish a certificate executed by the Chief Financial Officer stating that to the best of his knowledge, after reasonable investigation, this Official Statement did not (as of its date) and does not (at the date of delivery of the Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order take the statements in it, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been duly executed and delivered by the following officer on behalf of the County.

THE COUNTY OF COOK, ILLINOIS

By: /s/ Thomas J. Glaser

Chief Financial Officer

April 15, 1999

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APPENDIX A

GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (1997)

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APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION

Except as otherwise noted, the economic and demographic data listed below were collected and published by the Cook County Department of Planning and Development, Office of Economic Development.

Population

	<u>1990</u>	<u>1980</u>	<u>1970</u>
Chicago	2,783,786	3,005,061	3,366,957
Cook County	5,105,067	5,256,535	5,429,369
Illinois	11,430,602	11,427,429	11,110,000

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Per Capita Income	<u>1996</u>	<u>1995</u>	<u>1994</u>
Chicago	\$29,948	\$28,587	\$26,897
Cook County	28,861	27,507	25,895
Illinois	26,855	25,580	24,225
USA	24,436	23,359	22,186

Source: United States Department of Commerce, Bureau of Economic Analysis

Summary of Employment (Number of Jobs)

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Chicago	1,230,164	1,215,134	1,204,185	1,192,338	1,179,963
Cook County	2,519,814	2,489,026	2,478,701	2,454,314	2,428,557
Illinois	5,945,799	5,841,486	5,781,389	5,748,818	5,651,393

Unemployment Rates

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
Chicago	5.6%	6.0%	6.7%	6.7%	7.0%	9.0%	9.0%	8.8%	8.1%	7.3%
Cook County	4.7	4.9	5.5	5.5	5.9	7.7	7.8	7.4	6.4	6.0
Illinois	4.4	4.7	5.3	5.2	5.7	7.4	7.5	7.1	6.2	6.0
USA	4.5	4.9	5.4	5.6	6.1	6.9	7.5	6.8	5.6	5.3

Source: United States Department of Labor, Bureau of Labor Statistics

Summary of Value of Building Permits

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
Chicago	\$1,146,658,802	\$1,080,165,195	\$1,009,570,626	\$1,165,236,950	\$1,868,250,623
Cook County	3,368,791,974	3,291,177,213	3,115,196,464	2,946,797,369	3,870,503,131

Distribution of Cook County Employment by Sector for Fiscal Years 1996 and 1997

<u>Sector</u>	<u>1996</u>		<u>1997</u>	
	<u>Jobs</u>	<u>Percent</u>	<u>Jobs</u>	<u>Percent</u>
Manufacturing				
Durable Goods	246,808	10.93%	245,553	10.78%
Non-Durable Goods	<u>184,057</u>	<u>8.15</u>	<u>182,402</u>	<u>8.00</u>
Subtotal	430,865	19.08	427,955	18.78
Mining	827	0.04	934	0.04
Construction	72,963	3.23	76,367	3.35
Transportation	121,024	5.37	124,359	5.46
Utilities	47,171	2.09	46,802	2.05
Wholesale Trade	158,846	7.03	159,850	7.01
Retail Trade	402,766	17.84	403,265	17.70
Finance, Insurance Real Estate	221,046	9.80	226,926	9.96
Business Services	190,024	8.42	196,767	8.63
Health Services	206,937	9.17	206,681	9.07

Eng. Management Services	91,621	4.06	91,938	4.03
Miscellaneous	312,461	13.84	315,550	13.85
Not Classified	<u>736</u>	<u>0.03</u>	<u>1,491</u>	<u>0.07</u>
Total	<u>2,257,275</u>	<u>100.00%</u>	<u>2,278,885</u>	<u>100.00%</u>

Source: Illinois Department of Employment Security

Cook County, Illinois
Top Ten Property Taxpayers - Assessed Value
Fiscal Year 1996
(Unaudited)

	1996
<u>Name</u>	<u>Dollar Amount</u>
1. Buck Company	\$ 126,000,000
2. Amoco Oil	92,000,000
3. First Chicago Bank	85,000,000
4. Sears Roebuck (Corporate Center)	85,000,000
5. Stein AT&T&I	69,000,000
6. Prudential Plaza Assoc.	68,000,000
7. Taulman Company Inc.	64,000,000
8. Madison Two Assoc.	61,000,000
9. NACA Ltd Partners	56,000,000
10. Daniel J. McNamara	<u>49,000,000</u>
Total	<u>\$755,000,000</u>

Source: Cook County Clerk's Office

Cook County, Illinois
Top Ten Property Taxpayers - Assessed Value
Fiscal Year 1997
(Unaudited)

	1997
<u>Name</u>	<u>Dollar Amount</u>
1. Buck Company	\$ 135,705,000
2. Amoco Oil	98,928,000
3. Sears Roebuck (Corporate Center)	85,468,000
4. First Chicago Bank	85,293,000
5. Prudential Plaza Assoc.	75,310,000
6. Stein AT&T&I	73,194,000

7. Taulman Company, Inc.	63,521,000
8. Taxpayer	60,077,000
9. NACA Ltd Partners	59,969,000
10. Vickie L. Norman	<u>52,325,000</u>
Total	<u>\$789,790,000</u>

Source: Cook County Clerk's Office

Top Employers For Cook County, Illinois (By Number of Employees)

Public Employers

1996

1. Chicago Public Schools	45,118
2. City of Chicago	41,551
3. U.S. Government	33,712
4. Cook County	27,216
5. U.S. Postal Service	24,114

1997

1. Chicago Public Schools	43,158
2. City of Chicago	41,789
3. U.S. Government	30,340
4. Cook County	27,167
5. U.S. Postal Service	24,268

1998

1. U.S. Government	67,733
2. Chicago Public Schools	44,727
3. City of Chicago	41,113
4. Cook County	26,841
5. U.S. Postal Service	25,550

Source: Crain's Chicago Business 1997-1999 Book of Lists

Private Employers

1996

1. Jewel-Osco Inc.	24,945
2. Motorola, Inc.	23,500
3. Advocate Health Care	19,914
4. Ameritech Corporation	19,038
5. First Chicago NBD Corp.	16,708

1997

1. Jewel-Osco Inc.	29,923
2. Motorola, Inc.	25,000
3. Ameritech Corporation	22,500
4. Advocate Health Care	19,322
5. United Airlines	17,378

1998

1. Jewel-Osco Inc.	38,796
2. Motorola, Inc.	25,500
3. Ameritech Corporation	22,000
4. United Airlines	19,242
5. Advocate Health Care	19,235

Source: Crain's Chicago Business 1997-1999 Book of Lists

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APPENDIX C

FORM OF OPINION OF CO-BOND COUNSEL

April 28, 1999

The County of Cook, Illinois Goldman, Sachs & Co.
 118 North Clark Street Siebert Brandford Shank & Co., LLC
 Chicago, Illinois 60602 as Representatives of the Underwriters
 named in the Bond Purchase Agreement
 Financial Guaranty Insurance Company dated April 15, 1999
 115 Broadway c/o Goldman, Sachs & Co.
 New York, New York 10006 4900 Sears Tower
 Chicago, Illinois 60606

Re: \$410,140,000

The County of Cook, Illinois

\$329,655,000 General Obligation Capital Improvement Bonds, Series 1999A

\$80,485,000 General Obligation Refunding Bonds, Series 1999B

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance by The County of Cook, Illinois (the "*County*") of its (i) \$329,655,000 aggregate principal amount of General Obligation Capital Improvement Bonds, Series 1999A (the "Series 1999A Capital Improvement Bonds") and (ii) \$80,485,000 aggregate principal amount of General Obligation Refunding Bonds, Series 1999B (collectively, with the Series 1999A Capital Improvement Bonds, the "*Bonds*"). As co-bond counsel, we have examined a certified copy of the record of proceedings of the County, together with various accompanying certificates, pertaining to the issuance by the County of the Bonds. The record of proceedings includes an Ordinance adopted by the Board of Commissioners of the County (the "*County Board*") on April 6, 1999 (the "*Ordinance*") providing for the issuance of the Bonds, the Series 1999 Bond Order of the Chief Financial Officer of the County (the "*Bond Order*") filed with the County Clerk pursuant to the Ordinance and certificates of officers of the County as to various factual matters. The Bonds are issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and the Ordinance. Terms defined in the Ordinance are used with the same meanings herein.

The Bonds are issued for the purpose of (i) paying the costs of certain capital improvements for the County, (ii) refunding certain outstanding general obligation bonds of the County and (iii) paying the costs of issuance of the Bonds and a portion of the interest on the Series 1999A Capital Improvement

Bonds. The Bonds are being issued in fully registered form, and mature and bear interest as described in the Bond Order. The Bonds are subject to redemption prior to maturity as set forth in the Bond Order.

In our capacity as co-bond counsel, we have examined, among other things, the following:

- (a) a certified copy of the proceedings of the County Board adopting the Ordinance and authorizing, among other things, the execution and delivery of the Bonds;
- (b) a certified copy of the Ordinance;
- (c) the Bond Order filed with the County Clerk of the County and the County Board pursuant to the Ordinance; and
- (d) such other documents and showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The County is a home rule unit as defined by Article VII of the 1970 Constitution of the State of Illinois and is a body politic and corporate of the State of Illinois.
2. The County has full power and authority and has taken all necessary action to adopt the Ordinance.
3. The Ordinance is the valid and binding obligation of the County, enforceable according to its terms.
4. The Bonds are the valid and binding direct and general obligations of the County and are a debt of the County to which the County has pledged its full faith, credit and resources for the payment thereof. The County has power and is obligated under the Ordinance to levy *ad valorem* taxes upon all the taxable property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount.
5. The County, under the Ordinance, has created with the Trustee a trust fund entitled the "*Bond Service Fund*" into which certain moneys of the County are to be deposited pursuant to the Ordinance, which moneys, when so deposited, have been validly pledged to the payment of the principal and mandatory redemption price of and interest on the Bonds as the same become due.
6. Subject to the condition that the County comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), under present law, the Bonds are not "private activity bonds" under the Code, and interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds will be included in "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax for such corporations. Failure to comply with certain of these covenants could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers. We express no opinion regarding any such collateral consequences arising with respect to the Bonds. Interest on the Bonds is not exempt from income taxes imposed by the State of Illinois. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and on certain obligations acquired with the proceeds thereof by Causey Demgen & Moore Inc., independent certified public accountants, Denver, Colorado.

The rights of the registered owners of the Bonds and the enforceability of provisions of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Bonds and the Ordinance by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

Very truly yours,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York ("DTC"), will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). Fully-registered Bond certificates will be issued for each maturity in the aggregate principal amount of each such maturity for each series of the Bonds, and will be deposited with DTC. The Bonds will initially be available for purchase only in book-entry only form in authorized denominations.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants'

records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry Only System for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the Book-Entry Only System is used for the Bonds, redemption and tender notices and any other notices to Bondholders shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each maturity to be redeemed.

As long as the Book-Entry Only System is used for the Bonds, principal, premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to DTC is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The foregoing information in this section concerning DTC and DTC's Book-Entry Only System has been obtained from DTC and neither the County, the Trustee, the Co-Financial Advisors, the Insurer nor the Underwriters take any responsibility for the accuracy of such information.

Neither the County, the Trustee, the Co-Financial Advisors, the Insurer nor the Underwriters will have any responsibility or obligation to any Securities Depository, any Participants in the Book-Entry Only System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (b) any other action taken by the Securities Depository or any Participant.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the County and the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In the event of the discontinuance of the Book-Entry Only System for the Bonds, Bond certificates will be printed and delivered.

Year 2000 Compliance. DTC management is aware that some computer applications, systems, and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its Participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to bondholders, book-entry deliveries, and settlement of trades within DTC, continue to function appropriately. This program includes a technical assessment and remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be complete within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including, but not limited to issues and their agents, as well as third-party vendors on whom DTC relies for information or the provision of services, including telecommunications and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third-party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant; and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following is a summary of certain provisions of the Bond Ordinance and does not purport to be complete. Reference is made to the Bond Ordinance for the complete provisions thereof.

Bond Service Fund

The Bond Ordinance establishes a Bond Service Fund to be held as a special trust fund by the Trustee and into which the following amounts will be deposited with respect to the Bonds: (a) accrued interest on the Bonds to the date of their delivery, (b) Tax Receipts and (c) with respect to the Refunding Bonds only, a portion of the taxes levied and collected for the payment of the principal of and interest on the Prior Bonds.

All Tax Receipts received by the County Collector will be deposited in the Bond Service Fund. The Trustee shall be accountable only for moneys actually so deposited with the Trustee.

Moneys deposited in the Bond Service Funds will be used by the Trustee to pay the principal and redemption price of and interest on the Bonds, when due. Separate accounts are required to be maintained for each particular group of Bonds that mature on a single date and for which sinking fund installments are established, and moneys paid into a Bond Service Fund as a sinking fund installment in any year shall upon receipt be segregated and set aside in such a separate account.

Construction Fund

The Bond Ordinance establishes a Construction Fund to be held as a special trust fund by the Trustee and into which a portion of the proceeds of the Bonds will be deposited. The moneys in the Construction Fund shall be held by the Trustee or another bank or trust company in trust and applied to pay the costs of the Public Improvements described under the caption "PLAN OF FINANCE," costs of issuance of the Bonds and interest on the Capital Improvement Bonds and will be pledged, pending application to such payments, for the security of the payment of the principal of and interest on the Bonds and shall at all times be subject to the lien of such pledge.

Moneys in the Construction Fund may be withdrawn by the County to pay costs of the Public Improvements and costs of issuance of the Bonds upon the filing with the Trustee of requisitions signed by the Chief Financial Officer or other employee of the County designated by the Chief Financial Officer in a written certificate filed with the Trustee.

Investment of Funds

Any funds held by the Trustee in the Bond Service Fund and the Construction Fund will be invested by the Trustee at the direction of a County officer as provided in the Bond Ordinance.

Tax Covenants

The Bond Ordinance provides that the County shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Bond is subject on the date of original issuance thereof.

Defaults and Remedies

Events of Default:

Each of the following events constitutes an "Event of Default" under the Bond Ordinance:

(A) If default shall occur in the due and punctual payment of the principal or redemption price of, or interest on, any Bond; or

(B) If the County shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or the State of Illinois, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the County, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or the State of Illinois.

Enforcement:

(A) Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the registered owners of not less than 25% in aggregate principal amount of the Bonds at the time outstanding, shall exercise in its own name any or all of the powers of the registered owners under the Bond Ordinance and in particular (a) bring suit for any unpaid principal or interest then due, (b) by mandamus or other appropriate proceeding enforce all rights of the registered owners of the Bonds, including the right to require the County to perform its duties under the Bond Ordinance, (c) bring suit upon the Bonds, (d) by action at law or bill in equity require the County to account as if it were the trustee of an express trust for the registered owners of the Bonds, and (e) by action or bill in equity enjoin any acts in violation of the Bond Ordinance or the rights of the registered owners of the Bonds.

(B) The Trustee shall not be required to take notice or be deemed to have notice of any default under the Bond Ordinance, other than an Event of Default under subparagraphs (A) or (B) under "Events of Default" above, unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee.

(C) Any registered owner of an outstanding Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights, including those specified in the Bond Ordinance, provided that prior to resorting to any court of law or chancery or to any other legal process, either (a) such registered owner shall have given written notice to the County and the Trustee specifying the Event of Default to be complained of and requesting the Trustee to take appropriate action, and the Trustee shall have failed to act within a reasonable time, or (b) such registered owner shall have obtained the written consent of the Trustee to the institution of the action, suit or proceeding proposed, and such action, suit or proceeding is brought for the ratable benefit of all registered owners of the Bonds.

Modification of the Bond Ordinance

The Bond Ordinance includes provisions under which the County may, by supplemental ordinance, modify or amend the Bond Ordinance in order: (a) to add to the covenants or agreements of the County contained in the Bond Ordinance other covenants or agreements to be observed by the County that are not contrary to or inconsistent with the Bond Ordinance; (b) to add to the limitations or restrictions contained in the Bond Ordinance other limitations or restrictions to be observed by the County that are not contrary to or inconsistent with the Bond Ordinance; (c) to surrender any right, power or privilege reserved to or conferred upon the County by the Bond Ordinance; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Ordinance, of the Tax Receipts or of any other moneys, securities or funds; (e) to specify, determine or authorize any and all matters and things relative to the Bonds or the proceeds thereof that are not contrary to or inconsistent with the Bond Ordinance; (f) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Ordinance; and (g) to insert such provisions clarifying matters or questions arising under the Bond Ordinance as are necessary or desirable and are not contrary to or inconsistent with the Bond Ordinance.

Other than the amendments and modifications described above for which consent of Bondholders is not required, any modification or amendment of the provisions of the Bond Ordinance or any ordinance amendatory thereof or supplemental thereto and of the rights and obligations of the County and of the registered owners of the Bonds thereunder, in any particular, may be made by ordinance of the County adopted by the County Board, with the written consent given as provided in the Bond Ordinance of the registered owners of at least a majority in principal amount of the Bonds outstanding at the time such consent is given, but no such modification or amendment shall permit a change in the maturity or terms of redemption of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the registered owner of such Bond, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto, or shall reduce the percentages or otherwise affect the description of Bonds, the consent of the registered owners of which is required to effect any such modification or amendment.

Defeasance

If the County shall pay or cause to be paid to the registered owners of the Bonds, the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Ordinance, then, at the option of the County expressed in a certificate delivered to the Trustee, the pledge of the Tax Receipts and other moneys, securities and funds pledged pursuant to the Bond Ordinance and the covenants, agreements and other obligations of the County to the registered owners thereunder shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the County expressed in a certificate delivered to the Trustee, execute and deliver such discharge and satisfaction and pay over or deliver to the County all moneys held by it pursuant to the Bond Ordinance that are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the Bond Ordinance if (a) if any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (b) there shall have been deposited with the Trustee by or on behalf of the County either (1) moneys in an amount that shall be sufficient, or (2) Defeasance Obligations (as defined below), the principal of and interest on which when due (without reinvestment thereof) will provide moneys that, together with the moneys, if any, on deposit with the Trustee at the same time, shall be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (c) if said Bonds are not by their terms subject to redemption within the next succeeding 45 days, the County shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the registered owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Bond Ordinance and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if any, of, and accrued interest on, said Bonds. Neither the Defeasance Obligations or any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or interest on said Defeasance Obligations shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or redemption price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption, unless there

are substituted in place of such Defeasance Obligations and moneys, other Defeasance Obligations and moneys sufficient for the purposes described above and, provided further that, prior to such substitution there is filed with the Trustee (a) a verification report signed by an independent certified public accountant that the Defeasance Obligations and moneys, as substituted, are sufficient to pay the principal and redemption price of, and interest on, all Bonds with respect to which provision for payment was made by deposit of such substituted Defeasance Obligations pursuant to the provisions of the Bond Ordinance and (b) an opinion of nationally recognized bond counsel to the effect that such substitution has been duly authorized in accordance with the Bond Ordinance and will not adversely affect the tax-exempt status of any Bonds previously authenticated and delivered under the Bond Ordinance.

For purposes of the Bond Ordinance, "Defeasance Obligation" means (i) any direct obligation of, or any obligation the timely payment of principal of and interest on which is fully and unconditionally guaranteed by, the United States of America and (ii) obligations issued or guaranteed by any of the following agencies, provided that such obligations are backed by the full faith and credit of the United States of America: Export-Import Bank of the United States direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Farmers Home Administration certificates of beneficial ownership; Federal Housing Administration Debentures; Government National Mortgage Association guaranteed mortgage-backed bonds; General Services Administration participation certificates; United States Maritime Administration obligations guaranteed under Title XI; New Communities Debentures; United States Public Housing Notes and Bonds; and United States Department of Housing and Urban Development Project Notes and Local Authority Bonds.

Rights of the Insurer

Prior to the payment of any principal of or interest on any Bond by the Insurer pursuant to the terms of the Bond Insurance Policy, no request, demand, consent, waiver or other instrument of similar purport received by the County or the Trustee from the registered owner of such Bond relating to the amendment of the Bond Ordinance, an event of default or the exercise of a remedy under the Bond Ordinance, or certain actions by or concerning the Trustee, will be valid or effectual for any purpose unless and until the County or the Trustee, as the case may be, has also received the written concurrence therein or consent thereto of the Insurer.

After the payment of any principal of or interest on any Bond by the Insurer pursuant to the terms of the Bond Insurance Policy, such Insurer will be subrogated to the rights of the registered owner of such Bond for all purposes of the Bond Ordinance, to the extent of the sum or sums so paid, and the Insurer will be deemed to be the sole owner of such Bond for the purpose of any request, demand, consent, waiver or other instrument of similar purport relating to the amendment of the Bond Ordinance, an event of default or the exercise of a remedy under the Bond Ordinance, or certain actions by or concerning the Trustee.

All rights of the Insurer under the Bond Ordinance will cease and terminate if: (i) the Insurer has failed to make any payment under the Bond Insurance Policy; (ii) the Bond Insurance Policy shall cease to be valid and binding on the Insurer or shall be declared to be null and void, or the validity or enforceability of any provision thereof is being contested by the Insurer, or the Insurer is denying further liability or obligation under the Bond Insurance Policy; (iii) a petition has been filed and is pending against the Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within 30 days after such filing; (iv) the Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for the Insurer under the insurance laws of any jurisdiction.

As long as the Bond Insurance Policy is in full force and effect, the County and the Trustee will comply with all provisions of the Bond Insurance Policy and of the Insurer's commitment for issuance of the Bond Insurance Policy.

Removal of the Trustee

The Trustee, or any successor thereof, may be removed at any time by the registered owners of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the County. Copies of each such instrument shall be delivered by the County to the Trustee and any successor. The County may remove the Trustee from its position as Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the County, by filing with the Trustee an instrument signed by a County Officer and by mailing notice thereof to the Insurer and to Bondholders at their addresses shown on the registration books kept by the Trustee.

If the Trustee, or any successor thereof, resigns or is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the County, the Insurer and the predecessor Trustee. Pending such appointment, the County shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) is appointed by Bondholders as authorized in the Bond Ordinance. The County shall mail notice to the Insurer and to the Bondholders of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the County shall, immediately and without further act, be superseded by a Trustee appointed by Bondholders. If no appointment of a successor Trustee is made within 45 days after the Trustee has given to the County written notice of resignation as provided in the Bond Ordinance or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon appoint such successor Trustee. Any Trustee appointed under the foregoing provisions of the Bond Ordinance shall be a bank, trust company or national banking association doing business and having its principal office in the State of Illinois, and having trust powers.

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