



ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER DANIEL W. HYNES

Name of Municipality: **Village of Palatine**
County: **Cook**
Basis of Accounting: **Modified Accrual**

Unit Code: 016/430/32
Reporting Fiscal Year: 2006
Fiscal Year End: 12/31/2006

TIF Administrator/Contact Information:

First Name: **Reid** Last Name: **Ottesen**
Address: **200 E. Wood Street** Title: **Village Manager**
Telephone: **(847) 359-9050** City: **Palatine** Zip: **60067**
E-Mail: **rottesen@palatine.il.us**

I attest to the best of my knowledge, this report of the redevelopment project areas in:
City/Village of Palatine is complete and accurate at the end of this reporting
Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74 et. seq.]
Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

07/09/2007

Written signature of TIF Administrator

Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONLY ONCE (PER MUNICIPALITY), ADD ADDITIONAL ROWS AS NECESSARY

**All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. Seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]*

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area:	Dundee Road TIF	
Primary Use of Redevelopment Project Area*:	Retail	
If "Combination/Mixed" List Component Types:		
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):		
Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/> Industrial Jobs Recovery Law <input type="checkbox"/>		

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)]	X	
If yes, please enclose the amendment labeled Attachment A		
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)]		X
Please enclose the CEO Certification labeled Attachment B		
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)]		X
Please enclose the Legal Counsel Opinion labeled Attachment C		
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)]		
If yes, please enclose the Activities Statement labeled Attachment D	X	
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)]		
If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)]		
If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)]		
If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)]		
If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)]		X
If yes, please enclose the Official Statement labeled Attachment I		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)]		
If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2)		
If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)		
If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**Provide an analysis of the special tax allocation fund.**

	Reporting Year	Cumulative
Fund Balance at Beginning of Reporting Period	\$ 7,135,652	

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

	\$	\$	% of Total
Property Tax Increment	2,919,235	20,537,455	48%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	368,335	2,241,543	5%
Land/Building Sale Proceeds			0%
Bond Proceeds	337,100	14,252,408	34%
Transfers from Municipal Sources			0%
Private Sources		5,500,000	13%
Other (identify source _____; if multiple other sources, attach schedule)			0%

Total Amount Deposited in Special Tax Allocation**Fund During Reporting Period** \$ 3,624,670**Cumulative Total Revenues/Cash Receipts**\$ 42,531,406 100%**Total Expenditures/Cash Disbursements (Carried forward from Section 3)** \$ 1,860,543**Distribution of Surplus** \$ -**Total Expenditures/Disbursements** \$ 1,860,543**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENT** \$ 1,764,127**FUND BALANCE, END OF REPORTING PERIOD** \$ 8,899,779

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND**

(by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED**Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]**

	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	
	\$ -
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)	
	\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)	
	\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	
	\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	
Water, Sanitary Sewer, and Storm Water Improvements	337,100
	\$ 337,100

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.

There were no vendors, including other municipal funds, paid in excess of \$10,000 during the current reporting period.

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))**Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period****(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))****FUND BALANCE, END OF REPORTING PERIOD**

\$ 8,899,779

Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

Tax Increment Revenue Refunding Bonds	\$ 24,290,000	\$ 8,899,779
Subordinated Limited Redevelopment Note	\$ 380,000	
Subordinated Limited Redevelopment Note	\$ 100,000	
Subordinated Limited Redevelopment Note	\$ 337,100	

Total Amount Designated for Obligations

\$ 25,107,100 \$ 8,899,779

2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs

\$ -

TOTAL AMOUNT DESIGNATED

\$ 8,899,779

SURPLUS*/(DEFICIT)

\$ -

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

X **No property was acquired by the Municipality Within the Redevelopment Project Area**

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

_____ No Projects Were Undertaken by the Municipality Within the Redevelopment Project Area

11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Estimated Cost of the Total Project
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TOTAL:			
Private Investment Undertaken (See Instructions)	\$ 1,800,000		
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 1: Staples			
Private Investment Undertaken (See Instructions)	\$ 1,800,000		
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 2:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 7:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 8:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 9:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 10:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 11:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 12:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 13:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 14:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 15:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

SECTION 6

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment

project area was

Reporting Fiscal Year

EAV

1995	\$ 3,899,242	\$ 40,334,211
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List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

The overlapping taxing districts did not receive a surplus.

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

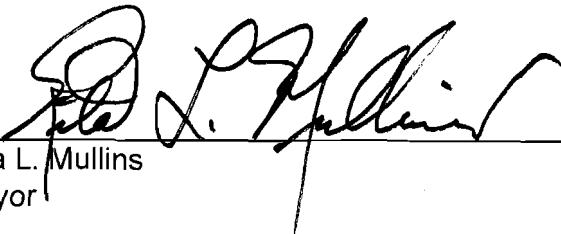
SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District		

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Rita L. Mullins, the duly elected Mayor and Chief Executive Officer of the Village of Palatine, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the Village complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2006 and ending December 31, 2006.



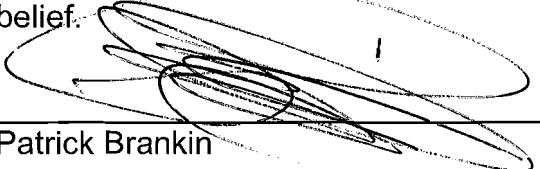
Rita L. Mullins
Mayor

07/09/2007

Date

CERTIFICATION BY THE VILLAGE ATTORNEY

This will confirm that I am the duly appointed Village Attorney of the Village of Palatine, County of Cook, State of Illinois. I have reviewed all information provided to me by the Village of Palatine staff and consultants. I find that the Village has conformed to all the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2006 and ending December 31, 2006, to the best of my knowledge and belief.



Patrick Brankin
Village Attorney

7/9/07

Date

OFFICIAL STATEMENT

The obligation issued was in the form of a Redevelopment Note directly with the Developer. Therefore, no official statement was required.

In lieu of an Official Statement, a copy of the Redevelopment Note is included in this Attachment.

ORDINANCE NO. 0-182-06

**AN ORDINANCE PROVIDING FOR THE AUTHORIZATION AND ISSUANCE OF
\$337,100 LIMITED OBLIGATION SUBORDINATED REDEVELOPMENT NOTE
(WALGREENS SHOPPING CENTER) SERIES 2006-A
OF THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS**

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On October 16, 2006**

ORDINANCE NUMBER O- 182-06

**AN ORDINANCE PROVIDING FOR THE AUTHORIZATION AND ISSUANCE
OF \$337,100 LIMITED OBLIGATION SUBORDINATED REDEVELOPMENT NOTE
(WALGREENS SHOPPING CENTER) SERIES 2006-A
OF THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS**

WHEREAS, the Village of Palatine, Cook County, Illinois (the "Village") has heretofore adopted a "redevelopment plan and project" and designated a portion of the Village as a "redevelopment project area" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5 5111-74.4-1 et seq., as amended (and as heretofore amended, the "TIF Act"), and has otherwise complied with all other conditions precedent required by the TIF Act; and

WHEREAS, the Village has heretofore adopted tax increment allocation financing pursuant to the TIF Act with respect to such redevelopment plan and project and redevelopment project area (the "Project Area"); and

WHEREAS, the Mayor and Village Council have determined that it is necessary and in the best interests of the Village that the Village issue its obligations for the purpose of paying certain of the redevelopment project costs for the redevelopment project (the "Project") which has been approved for the Project Area; and

WHEREAS, the Village adopted on November 23, 1998, Ordinance No. 0-187-98, which authorizes the Village to enter into a redevelopment agreement (the "Redevelopment Agreement") with GNI Development Co., Inc. ("Developer");

WHEREAS, in consideration of redevelopment project costs for the Project incurred by or on behalf of the Developer, the Village agrees to issue, and the Developer agrees to acquire, according to certain terms and conditions, tax increment allocation revenue obligations; and

WHEREAS, the Village will receive no cash proceeds in exchange for the tax increment allocation revenue obligations to be issued pursuant to this Ordinance.

NOW, THEREFORE, be It Ordained by the Mayor and Village Council of the Village of Palatine, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Mayor and Village Council of the Village hereby find that all of the recitals contained in the preambles to this Ordinance are full, true and correct and do incorporate them into this Ordinance by this reference.

Section 2. Authorization. The Mayor and Village Council of the Village hereby find that the Village is authorized to issue its tax increment allocation revenue obligations in the amount of \$336,950 for the purpose of paying a portion of the costs of the Project.

Section 3. Note Details. There shall be borrowed for and on behalf of the Village the amount of \$337,100 for the payment of a portion of the costs of the Project and the note of the Village shall be issued in said amount and shall be designated "Limited Obligation Subordinated Redevelopment Note (Walgreens Shopping Center) Series 2006-A (the "Note"). The Note shall be dated October 16, 2006, shall be issued as a fully registered obligation in the denomination of \$337,100, and shall become due and payable as provided therein.

The principal of the Note shall be paid by check or draft of the Village Treasurer of the Village, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the person in whose name the Note is registered at the close of business on the 15th day of the month immediately prior to the applicable date, unless the Village has been directed to make such payment in another manner by written notice given to the Registrar by the registered owner at least 30 days prior to the applicable payment date; provided, that the final installment of the principal of the Note shall be payable in lawful money of the United States of America at the principal office of the Registrar.

The seal of the Village shall be affixed to or a facsimile thereof printed on the Note, and the Note shall be signed by the manual or facsimile signature of the Mayor of the Village and attested by the manual or facsimile signature of the Village Clerk of the Village, and in case any officer whose signature shall appear on the Note shall cease to be such

officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 4. Registration of Note; Persons Treated as Owner. The Village shall cause books (the "Register") for the registration and for the transfer of the Note in accordance with their terms as provided in this Ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the Village for the Note. The Village is authorized to prepare, and the Registrar shall keep custody of, multiple Note blanks executed by the Village for use in the transfer of the Note in accordance with its terms.

Upon surrender for transfer of the Note in accordance with its terms at the principal office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the Village shall execute and the Registrar shall date and deliver in the name of the transferee or transferees a new fully registered Note of the same maturity, of authorized denomination, for a like aggregate principal amount. The execution by the Village of the fully registered Note shall constitute full and due authorization of the Note and the Registrar shall thereby be authorized to date and deliver the Note, provided, however, that the principal amount of the Note so authenticated by the Registrar shall not exceed the authorized principal amount of the Note surrendered for transfer less previous retirements.

The person in whose name the Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of the Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid. No service charge shall be made for any transfer of the Note, but the Village or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the Note.

Section 5. Form of Note. The Note shall be prepared in substantially the form attached hereto as Appendix A.

Section 6. Execution and Delivery of Note. The Note hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon, be deposited with the Treasurer of the Village, and be by said Treasurer delivered to GNI Development Co., Inc.

Section 7. Pledge of Revenues. THE NOTE IS A LIMITED OBLIGATION OF THE VILLAGE AND IS NOT SECURED BY THE VILLAGE'S FULL FAITH AND CREDIT. The Note is secured only by the special tax allocation fund comprised of Incremental Property Taxes (being the ad valorem taxes, if any, arising from the taxes levied upon the Subject Property, which taxes are attributable to the increases in the then-current equalized assessed valuation ("EAV") of the Subject Property, over and above the initial EAV of the Subject Property, all as determined by the Cook County Clerk pursuant to, and in accordance with, the Act, the Authorizing Ordinances and the Redevelopment Agreement). The Incremental Property Taxes received by the Village from the development of the Subject Property, as more specifically defined in the Authorizing Ordinances, are referred to herein as the "Limited Pledged Taxes". The Limited Pledged Taxes of the Subject Property shall be the sole security and source of repayment for this Redevelopment Note. Deposits of Limited Pledged Taxes into special allocation funds to pay this Redevelopment Note shall not be subject to any additional appropriation process of the Village, and the amounts deposited therein shall be disbursed in accordance with this Redevelopment Note, the Redevelopment Agreement and the Authorizing Ordinances, all without further action by the Village.

Section 8. Not Private Activity Bonds. The Note is not a "private activity bond" as defined in Section 141(a) of the Code. In support of such conclusion, the Village certifies, represents and covenants as follows:

(a) No direct or indirect payments are to be made on the Note with respect to any private business use by any person other than a state or local governmental unit.

(b) None of the proceeds of the Note are to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

Section 9. General Arbitrage Covenants. The Village represents and certifies that moneys on deposit in any fund or account in connection with the Note, whether or not such moneys were derived from the proceeds of the sale of the Note, or from any other source, will not be used in a manner which will cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

Section 10. Arbitrage Rebate. The Village certifies and covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" (the "Rebate Requirement") to the United States:

A. Unless an applicable exception to the Rebate Requirement is available to the Village, the Village will meet the Rebate Requirement.

B. Relating to applicable exceptions, the Village Treasurer or the Mayor is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the Village. If such election may result in a "penalty in lieu of rebate" as provided in the Code, and such penalty is incurred (the "Penalty"), then the Village shall pay such Penalty.

C. The officers of the Village shall cause to be established at such time and in such manner as they may deem necessary or appropriate hereunder, a rebate fund, and such officers shall further, not less frequently than annually, cause to be transferred to the rebate fund the amount determined to be the accrued liability under the Rebate Requirement or the Penalty. Said officers shall cause to be paid to the United States, without further order or direction from the Mayor and Village Council, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

Section 11. Further Tax Covenants. The Village covenants with the Purchaser that it

(i) will take those actions which are necessary to be taken (and avoid those actions which it is necessary to avoid taking) so that interest on the Note will not be or become included in gross income for federal income tax purposes under existing law including, without limitation, the Code;

(ii) will take those actions reasonably within its power to take which are necessary to be taken (and avoid taking those actions which are reasonably within its power to avoid taking and which it is necessary to avoid) so that interest on the Note will not be or become included in gross income for federal income tax purposes under the federal income tax laws as in effect from time to time; and

(iii) will take no action in the investment of the proceeds of the Note, the Tax Allocation Fund, or any other fund or account of the Village which would result in making interest on the Note subject to federal income taxes by reason of causing the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code.

In furtherance of the foregoing provisions, but without limiting their generality, the Village agrees:

(a) through its officers, to make such further specific covenants, certifications and representations as shall be truthful, and assurances as may be necessary or advisable;

(b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by counsel approving the Note;

(c) to consult with such counsel and to comply with such advice as may be given;

(d) to file such forms, statements and supporting documents as may be required and in a timely manner; and

(e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Village in such compliance.

Section 12. Registered Form. The Village recognizes that Section 149(a) of The Code requires the Note to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Note is delivered. In this connection, the Village agrees that it will not take any action to permit the Note to be issued in, or converted into, bearer or coupon form.

Section 13. List of Owners. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

Section 14. Duties of Registrar. The obligations and duties of the Registrar hereunder shall be as follows:

- (a) to act as registrar, paying agent and transfer agent as provided herein;
- (b) to maintain a list of the registered owners from time to time of the Note as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential; and
- (c) to cancel and/or destroy the Note when it has been paid at maturity or upon earlier redemption or submitted for transfer.

Section 15. Provisions a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the registered owners of the Note. All covenants relating to the Note are enforceable by the registered owners of the Note, any taxpayer of the Village and the People of the State of Illinois acting through the Attorney General or any designee.

Section 16. Additional Authority. The Mayor, the Village Treasurer, the Village Clerk and the other officers of the Village are authorized to execute and deliver on behalf of the Village such other documents, agreements and certificates and to do such other things consistent with the terms of this Ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

Section 17. Superseder and Effective Date. All ordinances, resolutions and orders or parts of ordinances, resolutions and orders in conflict with this Ordinance are repealed to the extent of such conflict. The Village Clerk shall cause this Ordinance to be published in pamphlet form. The Ordinance shall be in full force and effect immediately upon passage, approval and publication.

PASSED: This 16th day of October 2006

AYES: 5 NAYS: 0 ABSENT: 1 PASS: 0

APPROVED by me this 16th day of October 2006



John V. Miller
Mayor of the Village of Palatine

ATTESTED and FILED in the
Office of the Village Clerk this
16th day of October 2006



Margaret R. Bush
Village Clerk

THIS OBLIGATION IS A LIMITED OBLIGATION OF THE VILLAGE SUBORDINATED TO OTHER OBLIGATIONS OF THE VILLAGE AND MAY CONTAIN RISKS TO THE HOLDER. ANY PURCHASER, ASSIGNEE OR SUCCESSOR SHOULD CONSULT WITH SECURITIES COUNSEL AND CONDUCT DUE DILIGENCE PRIOR TO ACCEPTING THIS REDEVELOPMENT NOTE. ANY POTENTIAL PURCHASER SHOULD READ THIS ENTIRE REDEVELOPMENT NOTE AND UNDERSTAND ITS TERMS PRIOR TO ACCEPTING THIS REDEVELOPMENT NOTE.

VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS
LIMITED OBLIGATION SUBORDINATED REDEVELOPMENT NOTE
(WALGREENS SHOPPING CENTER)
SERIES 2006-A

\$337,100.00

October 16, 2006

FOR VALUE RECEIVED, THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS (the "Village"), an Illinois municipal corporation and home rule unit of local government existing under the Constitution and laws of the State of Illinois, promises to pay to the order of **GANI DEVELOPMENT CO., INC.**, or its legal successors and assigns (the "Payee"), the sum of three hundred thirty-seven thousand one hundred and no/100 dollars (\$337,100.00), subject to the terms and conditions set forth herein.

1. **Authority.** This Redevelopment Note is issued pursuant to the exercise of the Village's power and authority as a home rule municipality and pursuant to the Tax Increment Allocation Act of the State of Illinois (65 ILCS 511 1-74.4-1 et seq.), as amended (the "Act"), and pursuant to Village Ordinances No. 0-75-95, 0-76-95 and 0-77-95, adopted on July 24, 1995, and Village Ordinance No. 0-187-98 adopted on November 23, 1998, (collectively, the "Authorizing Ordinances"). Pursuant to the Authorizing Ordinances, the Village is issuing this Redevelopment Note for the purpose of paying for various eligible

8. **Default.** Any failure of either party to comply with the terms of this Redevelopment Note within thirty (30) days after receipt of written notice from the other party stating the nature and extent of the default, shall constitute a default hereunder, and the non-defaulting party shall have all rights and remedies as provided at law or in equity.

9. **Notices.** Notice to the Payee shall be given, in writing, at the address on file with the Village and notice to the Village shall be given, in writing, c/o Village Manager, Village of Palatine, 200 East Wood Street, Palatine, Illinois 60067. Notice shall be deemed given by personal delivery, or three (3) days after deposit in the U.S. mail, proper postage prepaid, first class, certified mail with return receipt requested, or the next day after deposit with a national overnight delivery service.

10. **Legal Fees and Costs.** In any proceeding instituted to collect any unpaid amounts due under this Redevelopment Note, or to enforce any term of this Redevelopment Note, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs of litigation from the other party.

11. **No Waiver by Delay.** No waiver on the part of Payee in exercising any right or option to demand payment hereunder shall operate as a waiver thereof or preclude the exercise thereof at any time during the continuance of an event of default.

12. **Jurisdiction.** This Redevelopment Note for all purposes shall be governed by and construed in accordance with the laws of the State of Illinois.

13. **Presentment.** The Village hereby waives demand, presentment for payment, notice of dishonor and protest.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution of

Redevelopment Project Costs ("Eligible Costs") in accordance with the Act and with the Redevelopment Agreement dated November 23, 1998, by and between the Village and Payee (the "Redevelopment Agreement"). The Village agrees to diligently defend (but not indemnify), at its sole cost and expense, with the full co-operation of Payee, any court action instituted by any party that challenges the Authorizing Ordinances or this Redevelopment Note. All terms used, but not defined, herein shall have the same meanings respectively given to them in the Authorizing Ordinances or (if not defined therein) in the Redevelopment Agreement.

2. Security. THIS REDEVELOPMENT NOTE IS A LIMITED OBLIGATION OF THE VILLAGE AND IS NOT SECURED BY THE VILLAGE'S FULL FAITH AND CREDIT. This Redevelopment Note is secured only by the special tax allocation fund comprised of Incremental Property Taxes (being the ad valorem taxes, if any, arising from the taxes levied upon the Subject Property, which taxes are attributable to the increases in the then-current equalized assessed valuation ("EAV") of each taxable lot, block, tract, or parcel located within the Redevelopment Project Areas, over and above the initial EAV of each such lot, block, tract, or parcel within the Redevelopment Project Areas, all as determined by the Cook County Clerk pursuant to, and in accordance with, the Act, the Authorizing Ordinances and the Redevelopment Agreement). The incremental property taxes received by the Village from the development of the real property within the Redevelopment Project Areas (the "Development"), as more specifically defined in the Authorizing Ordinances, and are referred to herein as the "Limited Pledged Taxes". The Limited Pledged Taxes shall be the sole security and source of repayment for this Redevelopment Note.

Deposits of Limited Pledged Taxes into special allocation funds to pay this Redevelopment Note shall not be subject to any additional appropriation process of the Village, and the amounts deposited therein shall be disbursed in accordance with this Redevelopment Note, the Redevelopment Agreement and the Authorizing Ordinances, all without further action by the Village.

3. **Terms.** The terms of this Redevelopment Note shall be:

- a. **Principal.** The principal amount of this Redevelopment Note shall be **THREE HUNDRED THIRTY-SEVEN THOUSAND ONE HUNDRED AND NO/100'S DOLLARS (\$337,100.00).**
- b. **Interest.** Simple Interest shall accrue on the unpaid balance of the principal sum at Seven Percent (7%) per annum, computed from the effective date of the final lease (January 26, 2003) at the subject development. Interest shall be computed on the basis of a 360 day year. Accrued and unpaid interest shall be accounted for separately and shall not be added to principal for the purposes of computing the annual interest accrued under the Redevelopment Note. No interest shall accrue on unpaid accrued interest.
- c. **Payments: Subordinate Obligation.** The payment of principal and interest under this Redevelopment Note shall be made from Limited Pledged Taxes available only after such time as those certain Limited Obligation Tax Increment Refunding Revenue Bonds (Dundee Road Projects), Series 1988 (the "Bonds), with a total face value of Twenty-Four Million Two Hundred Ninety Thousand and No/100 Dollars (\$24,290,000.00), issued in connection

with the Redevelopment Plan for this Redevelopment Project Area as well as the redevelopment plan for the adjoining Rand/Dundee Center Tax Increment Financing Redevelopment Project Area, have been completely paid or redeemed in accordance with their terms, including the payment of all principal, interest, costs and penalties. Payee, therefore, acknowledges that there are no scheduled dates for the repayment of principal and interest under this Redevelopment Note and further that no repayment of principal or interest under this Redevelopment Note shall occur until and unless the aforesaid Bonds have been completely paid or redeemed in accordance with their terms, including the payment of all principal, interest, costs and penalties. In addition, all payments of principal and interest under this Redevelopment Note made to Payee shall be made only after all payments have been made to the Village as reimbursement to the Village for its costs which are reimbursable under the Redevelopment Agreement by the Payee hereof in accordance with the terms set forth in said Redevelopment Agreement.

d. **Parity with Other Subordinated Note Obligations of the Village.**

Principal and accrued interest under this Redevelopment Note shall be paid by the Village to Payee on the same parity basis as are the other subordinated note obligations of the Village under other redevelopment agreements governing other portions of the Redevelopment Project Areas covered by the Bonds. Such payments shall be made ratably among all payees, including the Payee hereunder, in accordance with the ratio that the

principal hereunder bears to the aggregate principal amount outstanding from time to time under all such subordinated notes (including this Redevelopment Note).

e. **Extension of Term.** The term of this Redevelopment Note shall be from the date hereof and expire on July 31, 2014 (the "Term"). In the event the Limited Pledged Taxes are insufficient to repay this entire Redevelopment Note during the Term, the balance of any unpaid interest and principal shall be abated and this Redevelopment Note shall be deemed to be paid in full.

f. **Condition Precedent to Obligation of Village as Maker.** In the event Payee has failed to comply with the requirements of Section 4.2 of the Redevelopment Agreement, interest and principal due under this Redevelopment Note shall be reduced, delayed or abated as provided in Section 4.2(d) of the Redevelopment Agreement. All terms, covenants and conditions of the Redevelopment Agreement are incorporated herein by this reference and made a part hereof.

4. **Payment.** Principal and interest shall be paid by check of the Village mailed to the address of the Payee, unless the Village has been directed to make such payments in another manner by written notice given to the Village by the Payee at least thirty (30) days prior to the date upon which any such payment by the Village to Payee is to be made. Payments of principal and interest shall be made in lawful money of the United States of America as at the time of the payment constitutes legal tender for the payment of public and private debts.

5. **Restriction of Transfer.** This Redevelopment Note has been issued pursuant to the Authorizing Ordinances, the Act and the Redevelopment Agreement. The Payee shall not pledge, assign, sell or otherwise transfer this Redevelopment Note without first giving the Village thirty (30) days prior written notice of the intended transfer. Said notice shall contain the name, address and agent of the intended transferee, and the consideration being received by transferor. Said notice shall also contain a statement that the transfer will not violate any applicable federal or state laws. The provisions of this Paragraph 5 shall be binding on Payee and all legal successors and assigns. Any proposed pledge, assignment or transfer which fails to comply with this Paragraph 5 shall be invalid.

6. **Payee Waivers of Rights.** PAYEE, ITS ASSIGNEES AND SUCCESSORS, HEREBY ACKNOWLEDGE THAT EACH HAS RECEIVED THIS REDEVELOPMENT NOTE WITH NO REPRESENTATIONS OR WARRANTIES FROM THE VILLAGE REGARDING THE DEVELOPMENT, THE REDEVELOPMENT PROJECT AREA, THE PROJECTED AMOUNT OF LIMITED PLEDGED TAXES, THE LIKELIHOOD OF PAYMENT OF THIS REDEVELOPMENT NOTE OR ANY OTHER MATTER REGARDING THE LIKELIHOOD OF PAYMENT OF THIS REDEVELOPMENT NOTE. THE VILLAGE HAS MADE NO ATTEMPT TO DISCLOSE ANY RISKS OR POTENTIAL RISKS WHICH MAY BE ASSOCIATED WITH THIS REDEVELOPMENT NOTE AND PAYEE, UPON ACCEPTANCE OF THIS REDEVELOPMENT NOTE AND IN ADDITIONAL CONSIDERATION THEREOF, HEREBY WAIVES ANY RIGHTS TO ANY DISCLOSURES, REPRESENTATIONS OR WARRANTIES TO WHICH A BUYER OF SECURITIES WOULD TYPICALLY BE ENTITLED AS TO THE LIKELIHOOD OF REPAYMENT. PAYEE

HEREBY REPRESENTS TO THE VILLAGE THAT HE OR SHE IS SOPHISTICATED IN THE MATTERS OF REAL ESTATE DEVELOPMENT AND THAT EACH PARTY HAS CONDUCTED HIS OR HER OWN DUE DILIGENCE AS TO THE RISKS ASSOCIATED WITH THIS REDEVELOPMENT NOTE.

PAYEE, ITS ASSIGNEES AND SUCCESSORS, FURTHER ACKNOWLEDGE THAT UPON ACCEPTANCE OF THIS REDEVELOPMENT NOTE, PAYEE, ITS ASSIGNEES AND SUCCESSORS ARE ESTOPPED FROM RAISING ANY CLAIMS AGAINST OR CHALLENGES TO THE VALIDITY OF THIS REDEVELOPMENT NOTE, THE VALIDITY OF THE FORMATION OF THE REDEVELOPMENT PROJECT AREA IN WHICH THE DEVELOPMENT IS LOCATED, AND ANY OTHER ACTIONS TAKEN BY THE VILLAGE OR ITS AGENTS IN RELATION TO THE DEVELOPMENT OF THE PROPERTY.

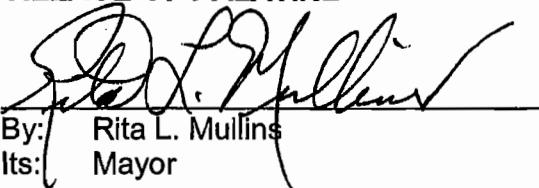
PAYEE, AND EACH ASSIGNEE AND SUCCESSOR HAS FULLY READ THIS ENTIRE REDEVELOPMENT NOTE AND UNDERSTANDS ALL OF THE TERMS AND CONDITIONS CONTAINED HEREIN.

7. **No Recourse.** This Redevelopment Note and the obligation to pay the principal of and interest on this Redevelopment Note are limited obligations of the Village and are payable solely from Limited Pledged Taxes available under the Authorizing Ordinances. This Redevelopment Note and the obligation to pay the principal of and interest on this Redevelopment Note do not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision, and shall not constitute or give rise to a pecuniary liability of the Village or a charge against its general credit or taxing power.

this Redevelopment Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Redevelopment Note does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Village of Palatine has caused this Redevelopment Note to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Village Clerk.

VILLAGE OF PALATINE


By: Rita L. Mullins
Its: Mayor

ATTEST:


By: Margaret R. Duer
Its: Village Clerk

(S E A L)

Reconciliation of Auditors Report to TIF Report
December 31, 2006

For financial reporting purposes, the Dundee Road and Rand/Dundee TIF Districts are accounted for as one "fund". This is done due to the 1998 Refunding Bond being serviced by the incremental revenues of both of these two TIF Districts. This reconciliation breaks the combined information into the individual districts.

	<u>Combined</u>	<u>Dundee Road</u>	<u>Rand/Dundee</u>
Beginning Balances, January 1, 2005	\$ 8,336,894	\$ 7,135,652	\$ 1,201,242
ADDITIONS			
Incremental Property Taxes	3,344,324	2,919,235	425,089
Investment Income	427,912	368,335	59,577
Bond Proceeds	337,100	337,100	-
Total Additions	<u>4,109,336</u>	<u>3,624,670</u>	<u>484,666</u>
DEDUCTIONS			
Economic Development			
Project Expenses	337,100	337,100	-
Debt Service			
Principal	1,000,000	860,000	140,000
Interest & Fiscal Charges	<u>771,445</u>	<u>663,443</u>	<u>108,002</u>
	<u>2,108,545</u>	<u>1,860,543</u>	<u>248,002</u>
Ending Balances, December 31, 2005	<u>\$ 10,337,685</u>	<u>\$ 8,899,779</u>	<u>\$ 1,437,906</u>
Ending Balances by Source			
Property Taxes	\$ 7,387,102	\$ 6,658,236	\$ 728,866
Investment Income	<u>2,950,583</u>	<u>2,241,543</u>	<u>709,040</u>
	<u>\$ 10,337,685</u>	<u>\$ 8,899,779</u>	<u>\$ 1,437,906</u>



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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the accompanying balance sheet of the Dundee Road and Rand/Dundee Downtown and Rand Road Corridor Tax Increment Financing District Funds of the Village of Palatine, Illinois as of December 31, 2006 and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying financial statements present only the Dundee Road and Rand/Dundee Downtown and Rand Road Corridor Tax Increment Financing District Funds and are not intended to present fairly the financial position and changes in financial position of the Village of Palatine, Illinois in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dundee Road and Rand/Dundee Downtown and Rand Road Corridor Tax Increment Financing District Funds of the Village of Palatine, Illinois as of December 31, 2006 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Aurora, Illinois
June 12, 2007

A handwritten signature in black ink that reads 'Sikich LLP'. The signature is written in a cursive, flowing style.

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended
December 31, 2006

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
REVENUES AND OTHER FINANCING SOURCES			
Property Taxes			
Rand/Dundee TIF	\$ 3,344,324	\$ -	\$ -
Downtown TIF	- -	3,774,970	- -
Rand Road Corridor TIF	- -	- -	2,414,682
Bond Proceeds	337,100	190,000	3,500,000
Investment Income	427,912	19,839	92,324
Miscellaneous	- -	23,608	- -
 Total Revenues	 4,109,336	 4,008,417	 6,007,006
 EXPENDITURES			
Miscellaneous	- -	32,054	- -
Capital Outlay			
Economic Development	337,100	5,350,385	3,539,680
Debt Service			
Principal	1,000,000	1,355,018	662,553
Interest and Fiscal Charges	771,445	1,752,283	290,611
 Total Expenditures	 2,108,545	 8,489,740	 4,492,844
NET CHANGES IN FUND BALANCES	2,000,791	(4,481,323)	1,514,162
 FUND BALANCES, JANUARY 1	 8,336,894	 3,749,848	 3,661,519
 FUND BALANCES, DECEMBER 31	 \$ 10,337,685	 \$ (731,475)	 \$ 5,175,681

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended
December 31, 2006

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2006	\$ 8,336,894	\$ 3,749,848	\$ 3,661,519
ADDITIONS			
Property Taxes			
Dundee Road TIF	3,344,324	-	-
Downtown TIF	-	3,774,970	-
Rand Road Corridor TIF	-	-	2,414,682
Bond Proceeds	337,100	190,000	3,500,000
Investment Income	427,912	19,839	92,324
Miscellaneous	-	23,608	-
Total Additions	4,109,336	4,008,417	6,007,006
Beginning Balances Plus Additions	12,446,230	7,758,265	9,668,525
DEDUCTIONS			
Economic Development			
Project Expenses	337,100	5,350,385	3,539,680
Debt Service			
Principal	1,000,000	1,355,018	662,553
Interest and Fiscal Charges	771,445	1,752,283	290,611
Miscellaneous	-	32,054	-
Total Deductions	2,108,545	8,489,740	4,492,844
ENDING BALANCES, DECEMBER 31, 2006	\$ 10,337,685	\$ (731,475)	\$ 5,175,681
ENDING BALANCES BY SOURCE			
Property Taxes	\$ 7,387,102	\$ -	\$ 5,059,900
Investment Income	2,950,583	-	115,781
Proceeds from Land Held for Resale	-	(731,475)	-
Subtotal	10,337,685	(731,475)	5,175,681
Less Surplus Funds	-	-	-
ENDING BALANCES, DECEMBER 31, 2006	\$ 10,337,685	\$ (731,475)	\$ 5,175,681

(See independent auditor's report.)



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the basic, combining and individual fund financial statements of the Village of Palatine, Illinois, as of and for the year ended December 31, 2006, and have issued our report thereon dated April 20, 2007. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the Village of Palatine's compliance with the provisions of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2006, for the Dundee Road Tax Increment Financing District, Rand/Dundee Tax Increment Financing District, Downtown Tax Increment Financing District, and the Rand Road Corridor Tax Increment Financing District. The management of the Village of Palatine, Illinois, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Palatine, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Palatine, Illinois, complied, in all material respects, with the requirements of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2006, for the Dundee Road Tax Increment Financing District, Rand/Dundee Tax Increment Financing District, Downtown Tax Increment Financing District, and the Rand Road Corridor Tax Increment Financing District.

A handwritten signature in black ink that reads 'Sikich LLP'.

Aurora, Illinois
June 12, 2007