
ORDINANCE NUMBER 41-O-97

AN ORDINANCE providing for the issuance of not to exceed \$37,500,000 General Obligation Corporate Purpose Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Adopted by the City Council
on the 8th day of April 1997.

Published in Pamphlet Form
by the Authority of the City
Council on the 9th day of
April 1997.

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PREAMBLES

WHEREAS

A. The City of Evanston, Cook County, Illinois (the "*City*"), has a population in excess of 25,000 as determined by the last official census and, accordingly, pursuant to the provisions of the 1970 Constitution of the State of Illinois and particularly Article VII, Section 6(a) thereof, the City is a home rule unit and as such may exercise any power or perform any function pertaining to its government and affairs, including, but not limited to, the power to tax and to incur debt.

B. Pursuant to the provisions of said Section 6 of Article VII of the 1970 Constitution, the City has the power to incur debt payable from ad valorem tax receipts maturing within 40 years from the time it is incurred and without prior referendum approval.

C. The City has a Capital Improvement Plan (the "*Plan*"), which has been reviewed and revised annually, and is currently in effect for the years 1997 through 2001.

D. Pursuant to a previous plan, the City has previously borrowed money and issued its \$46,820,000 General Obligation Bond Anticipation Bonds, Series 1993 (the "*Series 1993 Bond Anticipation Bonds*"), to obtain funds to pay a portion of the costs of certain capital projects as set forth in such plan, more particularly itemized as follows: (a) Phase III Sewer Improvements (Main Street Tunnel) ("*Phase III Sewer*"); (b) Completion of

the Evanston Public Library ("*Library*"); and (c) redevelopment project costs in the Howard/Hartrey Redevelopment Project Area ("*Howard-Hartrey*").

E. It is deemed by the City Council of the City (the "*City Council*") to be necessary and advisable and in the best interests of the inhabitants of the City to refund and provide long-term financing for a portion of the Series 1993 Bond Anticipation Bonds (the "*BABS Financing*") in the amount of \$5,495,000 (representing the Library).

F. It is deemed by the City Council to be necessary and advisable and in the best interests of the inhabitants of the City to obtain funds to pay a portion of the costs of (a) certain capital projects set forth in the current Plan at an estimated cost of \$4,400,000, (b) Downtown rehabilitation (Washington National) at an estimated cost of \$3,840,000, (c) improvement of alleyways at an estimated cost of \$220,000, (d) the purchase of fleet vehicles at an estimated cost of \$1,265,000, and rehabilitation and construction of public parking at an estimated cost of \$2,000,000 (collectively, the "*1997 Bonds Capital Improvements*") and subject to amendment for such other corporate purposes as the City Council may determine as hereinafter provided.

G. The estimated cost to the City of the BABS Financing and the 1997 Bonds Capital Improvements (collectively the "*1997 Capital Funding*") is the sum of \$17,220,000 plus the estimated available amount of interest earnings on said sum prior to its expenditure.

H. It is necessary for the payment of the costs of the 1997 Capital Funding that money be borrowed at this time and in evidence of such borrowing, general obligation bonds of the City be issued in the principal amount of not to exceed \$17,220,000, and that such indebtedness be incurred in accordance with the home rule powers of the City, as

aforesaid, and without submitting the question of incurring such indebtedness to the electors of said City for their approval.

I. The City has heretofore issued and there are now outstanding the following legal and validly binding and subsisting obligations of the City:

Corporate Purpose Bonds, Series 1992

\$36,240,000 original aggregate principal amount Series 1992 Bonds, issued on May 13, 1992; bearing a dated date of May 1, 1992; of which \$29,310,000 are still outstanding, due serially on December 1 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
1997	2,055,000	6.000
1998	1,780,000	6.000
1999	1,865,000	6.000
2000	1,970,000	6.000
2001	2,075,000	6.000
2002	2,190,000	6.000
2003	1,555,000	6.000
2004	1,430,000	6.100
2005	1,515,000	6.100
2006	1,610,000	6.100
2007	1,700,000	6.100
2008	1,685,000	6.100
2009	1,795,000	6.100
2010	1,900,000	6.125
2011	2,030,000	6.125
2012	2,155,000	6.125

of which bonds, those due on or after December 1, 2003, are subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part on any date on or after December 1, 2002, and if in part, in such order of maturity as the City may determine, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot, at the redemption price of par plus accrued

interest to the date fixed for redemption (the bonds so subject to redemption being the "Prior Bonds").

J. The City Council of the City has considered and determined that interest rates available in the bond market are currently more favorable for the City than they were at the time when the Prior Bonds were issued and that it is possible, proper and advisable to refund all or a portion of such bonds at this time to take advantage of the debt service savings which will result from such lower interest rates (which refunding may hereinafter be referred to as the "Refunding").

K. The City Council does hereby determine that it is advisable and in the best interests of the City to borrow not to exceed \$20,280,000 at this time pursuant to the Act as hereinafter defined for the purpose of paying the costs of the Refunding and, in evidence of such borrowing, issue its full faith and credit bonds in the principal amount of not to exceed such amount.

NOW THEREFORE Be It Ordained by the City Council of the City of Evanston, Cook County, Illinois, in the exercise of its home rule powers, as follows:

Section 1. Definitions. Words and terms used in this Ordinance shall have the meanings given them, unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

A. The following words and terms are as defined in the preambles hereto.

BABS Financing

City

City Council

Howard-Hartrey
Library
Phase III Sewer
Plan
Prior Bonds
Refunding
Series 1993 Bond Anticipation Bonds
1997 Bonds Capital Improvements
1997 Capital Funding

B. The following words and terms are defined as set forth.

"Act" means the Illinois Municipal Code, as supplemented and amended, and the home rule powers of the City under Section 6 of Article VII of the Illinois Constitution of 1970; and in the event of conflict between the provisions of said code and home rule powers, the home rule powers shall be deemed to supersede the provisions of said code.

"Bonds" means the not to exceed \$37,500,000 General Obligation Corporate Purpose Bonds, Series 1997, authorized to be issued by this Ordinance.

"Bond Moneys" means the Pledged Taxes and any other moneys deposited into the Debt Service Fund and investment income earned in the Bond Fund.

"Bond Order" means the Bond Order as authorized to be executed by the Designated Officials of the City as set forth in Section 13 of this Ordinance and by which the final terms of the Bonds will be established.

"Bond Register" means the books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

"Bond Registrar" means American National Bank and Trust Company of Chicago, Chicago, Illinois, a bank having trust powers, or a successor thereto or a successor designated as bond registrar hereunder.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Undertaking" means the undertaking by the City for the benefit of the Purchasers as authorized in Section 22 hereof and set forth as *Exhibit B*.

"County Clerk" means the County Clerk of The County of Cook.

"Debt Service Fund" means the Debt Service Fund established and defined in Section 15 of this Ordinance.

"Depository" means The Depository Trust Company, an New York limited trust company, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

"Designated Officials" means the City Manager and Finance Director of the City, acting together.

"Escrow Agent" means American National Bank and Trust Company of Chicago, Chicago, Illinois, a bank having trust powers, or a successor thereto or a successor designated as Escrow Agent hereunder.

"Escrow Agreement" means the agreement by and between the City and the Escrow Agent as authorized in Section 14 hereof and set forth as *Exhibit A*.

"Financial Advisor" means R.V. Norene & Associates, Inc., the financial advisor to the City for the sale of the Bonds.

"Ordinance" means this Ordinance, numbered 41-O-97, and passed by the City Council on the 8th day of April 1997.

"Paying Agent" means American National Bank and Trust Company of Chicago, Chicago, Illinois, a bank having trust powers, or a successor thereto or a successor designated as paying agent hereunder.

"Pledged Taxes" means the taxes levied on the taxable property within the corporate limits of the City to pay principal of and interest on the Bonds as provided in Section 12 hereof.

"Project Fund" means the Project Fund as established and defined in Section 15 of this ordinance.

"Rebate Fund" means the Rebate Fund authorized to be established and as defined in Section 17 of this Ordinance.

"Tax-exempt" means, with respect to the Bonds, the status of interest paid and received thereon as not includible in the gross income of the owners thereof under the Code for federal income tax purposes except to the extent that such interest will be taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations, in computing the environmental tax imposed on certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

"Term Bonds" means Bonds subject to mandatory redemption by operation of the Debt Service Fund and designated as term bonds in the Bond Order.

C. Definitions also appear in the preambles hereto or in specific sections, as appear below. The headings in this Ordinance are for the convenience of the reader and are not a part of this Ordinance.

Section 2. Incorporation of Preambles. The City Council hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 3. Determination To Issue Bonds. It is necessary and in the best interests of the City to provide for the 1997 Capital Funding for the public health, safety and welfare, and to pay all related costs and expenses incidental thereto, and to borrow money and issue a portion of the Bonds for such purposes. It is further necessary and in the best interests of the City to provide for the Refunding to achieve a net debt service savings, to pay all related costs and expenses incidental thereto, and to borrow money and issue the remainder of the Bonds for such purposes. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes and is in the public interest, and is authorized by the Act.

Section 4. Bond Details. There shall be issued and sold the Bonds in the aggregate principal amount of not to exceed \$37,500,000. The Bonds shall each be designated "*General Obligation Corporate Purpose Bond, Series 1997*"; be dated May 1, 1997 (the "*Dated Date*"); and shall also bear the date of authentication thereof. The Bonds shall be in fully registered book-entry form (hereinafter "*Book Entry Form*"), shall be in denominations of \$5,000 or integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), and shall be numbered consecutively in such fashion as shall be determined by the Bond Registrar. The portion of the Bonds to be issued to pay the costs of refunding the designated portion of the Series 1993 Bond Anticipation Bonds and acquiring and constructing the 1997 Bonds Capital Improvements, and all related costs and expenses incidental thereto, shall mature serially on December 1 of the years and in the amounts as follows (subject to the right of prior redemption hereinafter stated):

YEAR	AMOUNT (\$)	YEAR	AMOUNT (\$)
1998	335,000	2008	805,000
1999	520,000	2009	905,000
2000	550,000	2010	965,000
2001	585,000	2011	1,025,000
2002	690,000	2012	1,150,000
2003	780,000	2013	1,215,000
2004	825,000	2014	1,295,000
2005	655,000	2015	1,435,000
2006	740,000	2016	945,000
2007	790,000	2017	1,010,000

The portion of the Bonds to be issued to pay the costs of the Refunding, and all related costs and expenses incidental thereto, shall mature serially on December 1 of the years from 1997 and up to and including the year 2012 as shall be set forth in the Bond Order, and in such principal amounts as shall be set forth therein; *provided, however*, that the *sum* of the principal of and interest on such portion of the Bonds due (or subject to mandatory redemption) in any given annual period from December 2 to the following December 1 shall not exceed the *sum* of the principal of and interest on the Prior Bonds during such period. Each Bond shall bear interest, at a rate not to exceed 9% per annum, from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on December 1, 1997. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable record date (the "*Record Date*"), and mailed to the registered owner of the Bond as shown in the Bond Registrar or at such other address furnished in writing by such Registered Owner, or as otherwise may be agreed with the Depository for so long as the Depository is the

registered owner as of a given Record Date. The Record Date shall be the 15th day of the month preceding any regular interest payment date or a redemption on the first day of any month and the 15th day preceding any other interest payment date which may be occasioned by a redemption of Bonds on a day other than the first day of any month. The principal of or redemption price due on the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal corporate trust office of the Paying Agent located in the City of Chicago, Illinois, or at successor Paying Agent and locality.

Section 5. Book Entry Provisions. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of the Depository or a designee or nominee of the Depository (the "*Nominee*"). Except as otherwise expressly provided, all of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of the Nominee (and accordingly in Book Entry Form as such term is used in this Ordinance). Any City officer, as representative of the City is hereby authorized, empowered and directed to execute and deliver a Letter of Representations (the "*Letter of Representations*") in customary form for the Depository, to effectuate such Book Entry Form for the Bonds. Without limiting the generality of the authority given with respect to entering into such Letter of Representations, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices. With respect to Bonds registered in the Bond Register in the name of the Nominee, none of the City, the Treasurer, the Paying Agent or the Bond Registrar shall have any

responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*Depository Participant*") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, the City, the Director of Finance, the Paying Agent and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee, or any Depository Participant with respect to any ownership interest in the Bonds, (b) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register or as otherwise expressly provided in the Representations Letter, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. In the event that (a) the City determines that the Depository is incapable of discharging its responsibilities described herein and in the Letter of Representations, (b) the agreement among the City, the Paying Agent and Bond Registrar, and the Depository evidenced by the Letter of Representations shall be terminated for any reason or (c) the City determines that it is in the best interests of the City or of the beneficial owners of the Bonds either that they be able to obtain certificated Bonds or that another depository is preferable, the City shall notify the Depository and the Depository shall notify the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee.

Alternatively, at such time, the City may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a system accommodating Book Entry Form, as may be acceptable to the City, or such depository's agent or designee, but if the City does not select such alternate book-entry system, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 7. Term Bonds, Mandatory Redemption and Covenants; Optional Redemption. The Bonds may be subject to mandatory redemption (as Term Bonds) as provided in the Bond Order; provided, however, that in such event the amounts due as provided for under such mandatory redemption shall be the amounts used to satisfy the test set forth in Section 4 of this Ordinance for the maximum amounts of principal and interest due on the Bonds in any given period. Bonds designated as Term Bonds shall be made subject to mandatory redemption by operation of the Debt Service Fund at a price of not to exceed par and accrued interest, without premium, on a given date of the years and in the amounts as shall be determined in the Bond Order. The City covenants that it will redeem any Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds and levy taxes accordingly. The Bonds may also be subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part on any date as provided in the Bond Order, and if in part, in such order of maturities (and, if applicable, order of mandatory redemption payments) as shall be specified in the Bond Order, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot by the Bond Registrar as hereinafter provided, at the redemption price (expressed as a percentage of the principal amount being redeemed) of not to exceed 103% of par plus accrued interest to the date fixed for redemption, as provided in the Bond Order. Notwithstanding any other provision of this Ordinance, the Bond Order may provide for non-callable Bonds.

Section 8. Term Bonds Purchase or Redemption. If the City redeems pursuant to optional redemption as hereinabove provided or purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the

current year of such requirement, until the requirement for the current year has been fully met, and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the City shall determine. If the City redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption requirement in any year, as the City shall determine.

Section 9. Redemption Procedure. For a mandatory redemption, the Bond Registrar shall proceed to redeem Bonds without any further order or direction from the City whatsoever. For an optional redemption, the City shall, at least 45 days prior to a redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the maturities (and, if applicable, the scheduled mandatory redemption affected) and principal amounts of Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall promptly notify the City and the Paying Agent in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of

Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by registered or certified mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or

portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In lieu of the foregoing notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Letter of Representations, and the giving of such notice shall constitute a waiver by the Depository and its Nominee, as registered owner, of the foregoing notice. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal. If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued Upon the payment of the redemption price of Bonds being

redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. As part of their respective duties hereunder, the Bond Registrar and Paying Agent shall prepare and forward to the City a statement as to notice given with respect to each redemption together with copies of the notices as mailed and published.

Section 10. Registration of Bonds; Persons Treated as Owners. The City shall cause books (the "*Bond Register*") for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate trust office of the Bond Registrar in the City of Chicago, Illinois, which is hereby constituted and appointed the registrar of the City for the Bonds. The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Bond Registrar shall not be required to transfer or

exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond 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 such Bond to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Bonds for any transfer or exchange of Bonds, but the City or the Bond 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 or exchange of Bonds.

Section 11. Form of Bond. The Bonds shall be in substantially the form hereinafter set forth; *provided, however*, that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then the second paragraph of the front side of the Bond and the legend "See Reverse Side for Additional Provisions" shall be omitted and paragraphs on the reverse side of the Bond shall be inserted immediately after the first paragraph on the front side.

[Form of Bond - Front Side]

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF EVANSTON
GENERAL OBLIGATION CORPORATE PURPOSE BOND, SERIES 1997

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: Date: December 1, _____ Date: _____ 1, 1997 CUSIP: _____

Registered Owner:

Principal Amount: _____ Dollars

KNOW ALL PERSONS BY THESE PRESENTS that the City of Evanston, Cook County, Illinois, a municipality, home rule unit and political subdivision of the State of Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (subject to right of prior redemption as hereinafter stated), the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 1 and December 1 of each year, commencing December 1, 1997, until the Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal corporate trust office of American National Bank and Trust Company

of Chicago, in the City of Chicago, Illinois, as paying agent (the "*Paying Agent*"). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by American National Bank and Trust Company of Chicago, in the City of Chicago, Illinois, as bond registrar (the "*Bond Registrar*"), at the close of business on the applicable record date (the "*Record Date*"). The Record Date shall be the 15th day of the month preceding any regular interest payment date or a redemption on the first day of any month and the 15th day preceding any other interest payment date which may be occasioned by a redemption of Bonds on a day other than the first day of any month. Interest shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the City and the Bond Registrar and a qualified securities clearing corporation as depository, or nominee, for so long as this Bond shall be in Book Entry Form as provided for same.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition

to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF the City of Evanston, Cook County, Illinois, by its City Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

Mayor, City of Evanston
Cook County, Illinois

Attest:

City Clerk, City of Evanston
Cook County, Illinois

[SEAL]

Handwritten signature
Corporate Seal

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, _____

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Corporate Purpose Bonds, Series 1997, of the City of Evanston, Cook County, Illinois.

American National Bank and Trust Company
of Chicago,
as Bond Registrar

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the "*Bonds*") in the aggregate principal amount of \$_____ issued by the City for the purpose of paying the costs of the 1997 Capital Funding and of refunding certain Corporate Purpose Bonds, Series 1992, of the City, and of paying expenses incidental thereto, all as described and defined in the Ordinance Number 41-O-97, duly adopted by the City Council on the 8th day of April 1997, authorizing the Bonds (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 (such code and powers being the "*Act*"), and with the Ordinance, which has been duly approved by the Mayor of the City, and published in pamphlet form, in all respects as by law required.

[The Bonds due on December 1 of the years 200_ and 20__ are Term Bonds and are subject to mandatory redemption by operation of the Debt Service Fund at a price of par and accrued interest, without premium, on December 1 of the years and in the amounts as follows:

For the Term Bonds due December 1, 200*:

YEAR	AMOUNT (\$)
200*	
200*	

with \$_____ remaining to be paid at maturity in 200*.

For the Term Bonds due December 1, 20__:

YEAR	AMOUNT (\$)
20__	
20__	
20__	

with \$_____ remaining to be paid at maturity in 20__.]

Those of the Bonds due on or after December 1, 20__, are subject to redemption prior to maturity, at the option of the City, from any available funds, in whole or in part, on any date on or after December 1, 20__, and if in part, in any order of maturity (and, if applicable, any order of mandatory redemption payment) as selected by the City, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot by the Bond Registrar, at the redemption price of par plus accrued interest to the date of redemption.

In each case of redemption, such further terms and provision for notice of redemption shall be as set forth in the Ordinance.

This Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance. The Bond

Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption.

The City, the Bond Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the City, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

ASSIGNMENT

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

[Here insert identifying number such as
TID, SSN, or other]

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

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

Section 12. Tax Levy. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, *there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose. Such levy shall be fully set forth in the Bond Order.*

The Pledged Taxes and other moneys on deposit (collectively, the "*Bond Moneys*") in the Debt Service Fund and allocable to the Bonds shall be applied to pay principal of and interest on the Bonds as follows:

A. Bond Moneys shall be applied to the payment of interest when due and principal or redemption price when due at maturity or as redeemed pursuant to mandatory redemption from the Debt Service Fund, or

B. On or before 65 days preceding a mandatory redemption date, and provided notice is given to the Bond Registrar on or before said 65th day preceding a mandatory redemption date, Bond Moneys up to the amount of the redemption requirement on such mandatory redemption date plus interest due on Term Bonds on such date may be applied (1) to the purchase of Term Bonds of the maturity for which such mandatory redemption requirement was established at prices (including commissions and charges, if any) not exceeding par and accrued interest to such mandatory redemption date or (2) to the redemption of such Bonds, without premium, pursuant to optional redemption provisions applicable thereto. Upon the purchase or redemption of Term Bonds of any maturity pursuant to this paragraph (B), an amount equal to the principal amount of such Bonds or applicable portion thereof so purchased or redeemed shall be deducted from the mandatory redemption requirement as provided for Term Bonds of such maturity, first, in the current year of such

requirement, until the requirement for the current year has been fully met, and then in any order of payment on the Term Bonds as due at maturity or subject to mandatory redemption in any year as the City shall at such time determine.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The City covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Debt Service Fund.

Whenever other funds from any lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the taxes levied herein for the payment of same, the City Council shall, by proper proceedings, direct the deposit of such funds into the Debt Service Fund and further shall direct the abatement of the taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

Section 13. Filing with County Clerk. Promptly, as soon as this Ordinance becomes effective, a copy hereof, certified by the City Clerk of the City, shall be filed with the County Clerk; and the County Clerk shall in and for each of the years required, being 1997 to 2016, inclusive, ascertain the rate percent required to produce the aggregate tax

hereinbefore provided to be levied in each of said years, as shall be set forth in the Bond Order; and the County Clerk shall (to the extent said tax has not been abated as provided herein) extend the same for collection on the tax books in connection with any other taxes that may be levied in said years in and by the City for general corporate purposes of the City; and in said years such annual tax shall be levied and collected by and for and on behalf of the City in like manner as provided by law for the levy and collection of taxes for general corporate purposes for said years, without limit as to either rate or amount, and in addition to and in excess of all other taxes.

Section 14. Sale of Bonds; Bond Order. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the City Council, to sell and deliver the Bonds upon the terms as prescribed in this Section. The Bonds shall be sold and delivered to the best bidder at public sale (the "*Underwriters*") at the price of not less than 97% of the par value of the principal amount thereof, plus accrued interest to the date of delivery. Such sale shall be made upon the advice (in the form of a written certificate or report) of the Financial Advisor that the net interest cost rate on the Bonds, calculated in accordance with customary market practice, does not exceed 9.00% and that the terms of the Bonds are fair and reasonable in view of current conditions in the bond markets. As an additional limitation on the sale of that portion of the Bonds to be sold to provide for the Refunding, the Financial Advisor's certificate or report (as hereinabove described) must set forth that the Refunding will provide a present value debt service savings to the City in an amount not less than the lesser of (a) \$400,000 or (b) 2.50% of the aggregate principal amount of the Prior Bonds which are in fact refunded as part of the Refunding.

Nothing in this Section shall require the Designated Officials to sell the Bonds if in their judgment, aided by the Financial Advisor, the conditions in the bond markets shall have markedly deteriorated from the time of adoption thereof, but the Designated Officials shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance and the conditions of this Section shall have been met. Upon the sale of the Bonds, the Designated Officials and any other officers of the City as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Contract (as hereinafter defined), and closing documents. Prior to the execution and delivery of any such Bond Purchase Contract, the Designated Officials shall find and determine that no person holding any office of the City either by election or appointment, is in any manner interested either directly or indirectly, in his own name or in the name of any other person, association, trust or corporation in said Contract with the Underwriters for the purchase of the Bonds. The distribution of the Preliminary Official Statement relating to the Bonds presented before this meeting is hereby in all respects authorized and approved, and the proposed use by the Underwriters of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved. A bond purchase contract for the sale of the Bonds to the Underwriters (the "*Bond Purchase Contract*"), as comprised of the Official Notice of Sale and Official Bid Form, is hereby in all respects authorized and approved. Upon the sale of the Bonds, the Designated Officials shall prepare the Bond Order, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the City and made available to all City Council members at the next public meeting thereof. The Designated

Officials shall also file with the County Clerk the Bond Order or like document including a statement of taxes.

Section 15. Creation of Funds and Appropriations. Bond proceeds and other funds of the City as noted are hereby appropriated as follows:

A. Accrued interest and premium, if any, on the Bonds shall be and is hereby appropriated for the purpose of paying the first interest due on the Bonds and to such end is hereby ordered to be deposited into the "General Obligation Corporate Purpose Bonds, Series 1997, Debt Service Fund" (the "*Debt Service Fund*"), hereby created, which shall be the fund for the payment of principal of and interest on the Bonds.

B. The Pledged Taxes shall either be deposited into the Debt Service Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Debt Service Fund may have been made to pay principal of or interest on the Bonds prior to receipt of Pledged Taxes. Interest income or investment profit earned in the Debt Service Fund shall be retained in the Debt Service Fund for payment of the principal of or interest on the Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the City Council, transferred to such other fund as may be determined. The City hereby pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Pledged Taxes for the sole benefit of the registered owners of the Bonds, subject to the reserved right of the City Council to transfer certain interest income or investment profit earned in the Debt Service Fund to other funds of the City, as described in the preceding sentence.

C. The amount necessary from the proceeds of the Bonds shall be used to pay costs of issuance of the Bonds and shall be deposited into a separate fund, hereby created, designated the "*Expense Fund*". Any disbursements from such fund shall be made from time

to time as necessary. Any excess in said fund shall be deposited into the Project Fund hereinafter created after six months from the date of issuance of the Bonds.

D. Provided that the Refunding portion of the Bonds is to be sold and delivered, the amount necessary from the proceeds of the Bonds, together with such money in the debt service funds for the Prior Bonds as may be advisable for the purpose, shall be used to provide for the Refunding, and the payment of such expenses as may be designated, pursuant to the provisions of an Escrow Agreement with the Escrow Agent as is designated, all in accordance with the provisions of the Escrow Agreement, substantially in the form attached hereto as *Exhibit A* to this Ordinance, made a part hereof by this reference, and hereby approved; the officers appearing signatory to such Escrow Agreement are hereby authorized and directed to execute same, their execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to effect the Refunding.

E. A sum sufficient to refund the designated amount of the Series 1993 Bond Anticipation Bonds next coming due shall be set aside by the Comptroller of the City and held in a special fund solely and only for that purpose.

F. The remaining proceeds of the Bonds shall be set aside in a separate fund, hereby created, and designated as the "*Series 1997 Capital Project Fund*" (the "*Project Fund*"), hereby created, and be used to pay costs of the 1997 Bonds Capital Improvements, including costs of issuance of the Bonds which for any reason are not paid from the Expense Fund. Alternatively, the Comptroller may allocate proceeds of the Bonds otherwise designated for the Expense Fund or the Project Fund to one or more related funds of the City already in existence; *provided, however*, that this shall not relieve the Comptroller of

the duty to account for the proceeds as herein provided. (Any such one or more funds shall also be referred to hereinafter, collectively, as the "*Project Fund*".)

The City Council reserves the right, as it becomes necessary from time to time, to revise the list of projects hereinabove set forth, to change priorities, to revise cost allocations between projects and to substitute projects, in order to meet current needs of the City; subject, however, to limitations of the Act and to the tax covenants set forth herein.

Section 16. Not Private Activity Bonds. None of the Bonds is a "private activity bond" as defined in Section 141(a) of the Code. In support of such conclusion, the City certifies, represents and covenants as follows:

A. Not more than 5% of the sale proceeds of the Bonds, plus investment earnings earned on such proceeds, is to be used, directly or indirectly, and not more than 5% of the sale proceeds of either the Series 1993 Bond Anticipation Bonds or the Prior Bonds, plus investment earnings earned on such proceeds, was used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit.

B. The payment of more than five percent of the principal of or the interest on the Bonds will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any activity carried on by any person other than a state or local governmental unit or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not by or to the City) in respect of property, or borrowed money, used or to be used in any activity carried on by any person other than a state or local governmental unit.

C. None of the proceeds of the Bonds is to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

D. No user of the any of the acquisitions or improvements of the City acquired or improved with the proceeds of the Prior Bonds or to be acquired or improved as part of the 1997 Capital Funding and no user of the improved alleyways or the fleet vehicles, to be financed with proceeds of the Bonds, other than the City or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person, other than the City or another governmental unit, will be a user of such infrastructure as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract, or (iii) any other arrangement.

Section 17. General Arbitrage Covenants. The City represents and certifies as follows with respect to the Bonds:

A. All proceeds of the Series 1993 Bond Anticipation Bonds and the Prior Bonds have been expended for the purposes for which issued. With respect to the 1997 Bonds Capital Improvements (hereinafter also referred to as the "*Project*"), the City has heretofore incurred, or within six months after delivery of the Bonds expects to incur, substantial binding obligations to be paid for with money received from the sale of the Bonds, said binding obligations comprising binding contracts for the Project in not less than the amount of \$1,000,000.

B. More than 90% of the proceeds of the Bonds to be issued for the Project will be expended on or before May 1, 2000, for the purpose of paying the costs of the Project, said date being within three years following the date of issue of the Bonds.

C. All of the principal proceeds of the Bonds issued for the Project, and investment earnings thereon, will be used, needed and expended for the purpose of paying the costs the Project, including expenses incidental thereto.

D. Work on the Project is expected to proceed with due diligence to completion.

E. Except for the Bond Fund, the City has not created or established and will not create or establish any sinking fund, reserve fund or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded in a manner primarily to achieve a proper matching of revenues and debt service, and will be depleted at least annually to an amount not in excess of 1/12th the particular annual debt service on the Bonds. Money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent or withdrawn from the Bond Fund within a one-year period beginning on the date of receipt.

F. Amounts of money related to the Bonds required to be invested at a yield not materially higher than the yield on the Bonds, as determined pursuant to such tax certifications or agreements as the City officers may make in connection with the issuance of the Bonds, shall be so invested; and appropriate City officers are hereby authorized to make such investments.

G. The City has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as a bond issuer which may certify bond issues under applicable Treasury Regulations under Section 148 of the Code.

The City further 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:

H. Unless an applicable exception to the Rebate Requirement is available to the City, the City will meet the Rebate Requirement.

I. Relating to applicable exceptions, either of the Designated Officers is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the City. 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 City shall pay such Penalty.

J. The officers of the City shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a "General Obligation Corporate Purpose Bonds, Series 1997, Rebate [or Penalty, if applicable] Fund" (the "*Rebate Fund*") for the Bonds, 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 Penalty. Said officers shall cause to be paid to the U.S., without further order or direction from the City Council, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

K. Interest earnings in the Project Fund and the Bond Fund are hereby authorized to be transferred, without further order or direction from the City Council, from time to time as required, to the Rebate Fund for the purposes herein provided; and proceeds of the Bonds and other funds of the City are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty, but only if necessary after application of investment earnings as aforesaid and only as appropriated by the City Council.

The City also certifies and further covenants with the purchasers and registered owners of the Bonds from time to time outstanding that moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Code Section 148 and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

Section 18. Further Tax Covenants. The City agrees to comply with all provisions of the present Code which, if not complied with by the City, would cause the Bonds not to be Tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, 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 Bonds; (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 City in such compliance.

Section 19. Reimbursement. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the City prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the 1997 Bonds Capital Improvements or expenditures for which an intent to reimburse it as properly declared under Treasury Regulations Section 1.103-18. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section

1.103-18 as to all costs of the 1997 Bonds Capital Improvements paid after the date hereof and prior to issuance of the Bonds.

Section 20. Opinion of Counsel Exception. The City reserves the right to use or invest moneys in connection with the Bonds in any manner, or to make changes in the 1997 Bonds Capital Improvements list, or to use the City infrastructure acquired, constructed or improved with proceeds of the Series 1997 Bond Anticipation Bonds or the Prior Bonds or as part of the 1997 Bonds Capital Improvements in any manner, notwithstanding the representations and covenants in Sections 16 through 19 herein, provided it shall first have received an opinion from an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to Tax-exempt bonds to the effect that use or investment of such moneys or the changes in or use of such infrastructure as contemplated will not result in loss or impairment of Tax-exempt status for the Bonds.

Section 21. Continuing Disclosure. The Mayor or the City Clerk of the City is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") substantially in the form attached hereto as *Exhibit B* to this Ordinance, made a part hereof by this reference, and hereby approved; the officer signatory to such Continuing Disclosure Undertaking being hereby authorized and directed to execute same, his or her execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to such undertaking. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding upon the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be

necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 22. Taxes Previously Levied. The taxes previously levied to pay principal of and interest on the Prior Bonds, to the extent such principal and interest is provided for from the proceeds of the Bonds or from the Escrow Account under the Escrow Agreement as hereinabove described, shall be abated. The filing of a certificate of abatement with the County Clerk shall constitute authority and direction for the County Clerk to make such abatement. Taxes previously levied which are either on hand or cannot be abated (already in the process of extension) shall be used for lawful corporate capital projects identified in the City's current Capital Improvement Plan and for which funds are otherwise not currently available, thus decreasing the City's need to borrow for such purposes in the future.

Section 23. Pertaining to the Bond Registrar. If requested by the Bond Registrar or the Paying Agent, or both, any officer of the City is authorized to execute standard forms of agreements between the City and the Bond Registrar or Paying Agent with respect to the obligations and duties of the Bond Registrar or Paying Agent under this Ordinance. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar and Paying Agent by acceptance of duties under this Ordinance agree (a) to act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) as to the Bond Registrar, to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential to the extent

permitted by law; (c) as to the Bond Registrar, to cancel and/or destroy Bonds which have been paid at maturity or upon redemption or submitted for exchange or transfer; (d) as to the Bond Registrar, to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and (e) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The City covenants with respect to the Bond Registrar, and the Bond Registrar further covenants and agrees as follows: (A) The City shall at all times retain a Bond Registrar with respect to the Bonds; it will maintain at the designated office(s) of such Bond Registrar a place or places where Bonds may be presented for payment, registration, transfer or exchange; and it will require that the Bond Registrar properly maintain the Bond Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry. (B) The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Bond, and by such execution the Bond Registrar shall be deemed to have certified to the City that it has all requisite power to accept and has accepted such duties and obligations not only with respect to the Bond so authenticated but with respect to all the Bonds. Any Bond Registrar shall be the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on Bonds. (C) The City may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Bond Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or

control of the Bond Registrar or of the property or affairs thereof, the City covenants and agrees that it will thereupon appoint a successor Bond Registrar. The City shall give notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment in the same manner, or as nearly the same as may be practicable, as for a redemption of Bonds. Any Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining its principal corporate trust office in Illinois, and having capital and surplus and undivided profits in excess of \$10,000,000. The City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the Bond Registrar and the Paying Agent.

Section 24. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to pay all principal and interest due thereon, or (c) for which sufficient funds and Defeasance Obligations have been deposited with the Paying Agent or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Pledged Taxes and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the Tax-exempt status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not. For purposes of this section, "*Defeasance Obligations*" means (a) direct and general full faith and credit obligations of the United States Treasury ("*Directs*"), (b) certificates of participation or trust receipts in trusts comprised wholly of Directs or (c)

other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

Section 25. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the City Council.

Section 26. Superseder and Effective Date. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage, approval and publication.

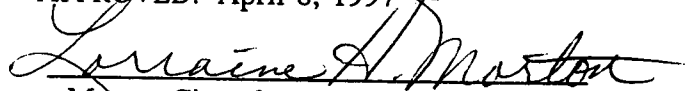
AYES Aldermen-Drummer, Guthrie, Moran, Jacobi and Feldman

NAYS: None

ABSENT: Aldermen- Newman, Heydemann, Kent, and Engelman

ADOPTED: April 8, 1997

APPROVED: April 8, 1997

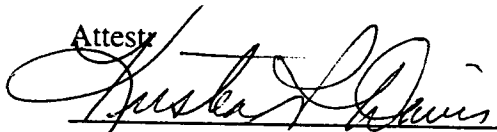


Mayor, City of Evanston
Cook County, Illinois

RECORDED In City Records: April 9, 1997.

PUBLISHED in pamphlet form by authority of the City Council on April 9, 1997.

Attest



City Clerk, City of Evanston
Cook County, Illinois

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF MINUTES AND ORDINANCE

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Evanston, Cook County, Illinois (the "City"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes and files of the City and of the City Council (the "City Council") thereof.

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the City Council held on the 8th day of April 1997 insofar as the same relates to the adoption of an ordinance numbered 41-O-97 and entitled:

AN ORDINANCE providing for the issuance of not to exceed \$37,500,000 General Obligation Corporate Purpose Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

a true, correct and complete copy of which said ordinance as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the City Council on the adoption of the ordinance were taken openly; that the vote on the adoption of the ordinance was taken openly; that the meeting was held at a specified time and place convenient to the public; that an agenda for the meeting was posted at the location where the meeting was held and at the principal office of the Board at least 48 hours in advance of the holding of the meeting; that notice of the meeting was duly given to all newspapers, radio or television stations and other news media requesting such notice; and that the meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the City Council has complied with all of the provisions of the act and code so cited and with all of the procedural rules of the City Council in the adoption of the ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City this _____ day of _____ 1997.

[SEAL]

City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATE OF PUBLICATION IN PAMPHLET FORM

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Evanston, Cook County, Illinois (the "City"), and as such official I am the keeper of the official journal of proceedings, books, records, minutes, and files of the City and of the City Council (the "City Council") thereof.

I do further certify that on the 9th day of April 1997 there was published in pamphlet form, by authority of the City Council, a true, correct and complete copy of Ordinance Number 41-O-97 of the City providing for the issuance of not to exceed \$37,500,000 General Obligation Corporate Purpose Bonds, Series 1997, dated May 1, 1997, of the City and that said ordinance as so published was on said date readily available for public inspection and distribution, in sufficient number to meet the needs of the general public, at my office as City Clerk located in the City.

IN WITNESS WHEREOF I have affixed hereto my official signature and the seal of the City this _____ day of _____ 1997.

[SEAL]

City Clerk