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**ORDINANCE NUMBER 38-O-98**

**AN ORDINANCE providing for the issuance of \$11,160,000 General Obligation Corporate Purpose Bonds, Series 1998, 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.**

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**Adopted by the City Council  
on the 14th day of April 1998.**

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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 1998 through 2002.

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, including completion of the Evanston Public Library ("*Library*").

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 estimated amount of \$1,675,000 (for 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 \$5,100,000, (b) sewer system improvements at an estimated cost of \$3,000,000, (c) improvement of alleyways at an estimated cost of \$220,000, and (d) the purchase of fleet vehicles at an estimated cost of \$1,165,000 (collectively, the "*1998 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 1998 Bonds Capital Improvements (collectively the "*1998 Capital Funding*") is the sum of \$11,160,000 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 1998 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 \$11,160,000, 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.

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

Library

Plan

Series 1993 Bond Anticipation Bonds

1998 Bonds Capital Improvements

1998 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 \$11,160,000 General Obligation Corporate Purpose Bonds, Series 1998, 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, dated this date, executed by the Designated Official of the City as set forth in Section 12 of this Ordinance and by which the final terms of the Bonds are 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 21 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 14 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 Official"* means the City Manager.

*"Ordinance"* means this Ordinance, numbered 38-O-98, and passed by the City Council on the 14th day of April 1998.

*"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 11 hereof.

*"Project Fund"* means the Project Fund as established and defined in Section 14 of this ordinance.

*"Rebate Fund"* means the Rebate Fund authorized to be established and as defined in Section 16 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 and in computing the "branch profits tax" imposed on certain foreign corporations.

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 1998 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 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 \$11,160,000. The Bonds shall each be designated "*General Obligation Corporate Purpose Bond, Series 1998*"; be dated April 15, 1998 (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 Bonds 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 (\$)
1999	370,000	2009	480,000
2000	445,000	2010	510,000
2001	465,000	2011	540,000
2002	495,000	2012	570,000
2003	525,000	2013	605,000
2004	560,000	2014	645,000
2005	600,000	2015	685,000
2006	420,000	2016	735,000
2007	450,000	2017	765,000
2008	480,000	2018	815,000

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, 1998. 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. Optional Redemption.* The Bonds shall 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 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. Redemption Procedure.* 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 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

Bonds, or in connection with any transaction or series of transactions related to the issuance of the Bonds or the refunding of the Prior Bonds, to obtain a material financial advantage based on arbitrage. Neither the City nor any member of the same Controlled Group as the City will realize any material financial advantage based on arbitrage in connection with the issuance of the Bonds or the refunding of the Prior Bonds, or in connection with any transaction or series of transactions related to the issuance of the Bonds or the refunding of the Prior Bonds. In particular, neither the City nor any member of the same Controlled Group as the City will receive a rebate or credit resulting from any payments having been made in connection with the issuance of the Bonds or the refunding of the Prior Bonds.

20.12. *Use of Proceeds.* (a) The funds and accounts established or maintained under this Ordinance are the Water Fund, the Operations and Maintenance Account, the Bond Fund, the Reserve Fund, the Other System Accounts, the Expense Fund, and the Escrow Account. Only the Sale Proceeds Funds will receive Sale Proceeds.

(b) Principal of and interest on the Bonds will be paid from the Bond Fund.

(c) Costs of Issuance incurred in connection with the issuance of the Bonds will be paid from the Expense Fund. Within 6 months of Closing, the Expense Fund will be closed and any money in such fund transferred to the Project Fund.

(d) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

20.13. *Purpose of Bond Fund.* The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

20.14. *The Reserve Fund.* The City represents that the Reserve Fund is required in connection with the issuance of the Bonds, based on the certificate of the Purchaser to be provided.

20.15. *Other Funds and Accounts.* The Other System Accounts will not contain any Sale Proceeds. No amounts in any such account are expected to be used to pay debt service on the Bonds. Because amounts in such funds are available for uses other than the payment of debt service on the Bonds, there are no assurances that such amounts would be available to pay principal or interest on the Bonds or the obligations under a Credit Facility or any other credit enhancement or liquidity device with respect to the Bonds, even if the City encounters financial difficulties.

20.16. *Facts as to Prior Bonds.* (a) The Prior Bonds were issued on three separate dates in the year for which each series was named. The Prior Bonds were issued for system capital improvements.

(b) At Closing, all Prior Bond Proceeds or money or property of any kind (including cash) on deposit in any fund or account, regardless of where held or the source thereof, with respect to the Prior Bonds or any credit enhancement or liquidity device relating to the foregoing, or otherwise restricted to pay the City's obligations relating to the Prior Bonds, will be set forth in the Tax Certificate.

(c) The Bond and Interest Account (which includes the Bond Fund) is the account from which all Outstanding Bonds, including the Prior Bonds and the series of which the Prior Bonds are a part, are paid. Each of the representations made with respect to the Bond Fund in 20.13 is restated for the entire Bond and Interest Account with respect to all Outstanding Bonds.

(d) At the time each series of the Prior Bonds was issued, the City reasonably expected to spend at least 85% of the proceeds (including investment earnings) of such series within three years of the date such series was issued. Not more than 50% of the non-refunding proceeds of each series of the Prior Bonds was invested in investments having a Yield that was substantially guaranteed for four years or more.

(e) The Prior Bonds will be called on their next available call dates.

(f) The original non-refunding bonds refunded, directly or indirectly in a series, with proceeds of the Prior Bonds were issued prior to January 1, 1986 and the Prior Bonds include, directly or indirectly in a series, only one issue of advance refunding obligations.

20.17. *No Other Gross Proceeds.* (a) Except (i) for the funds identified in the definition of Gross Proceeds, (ii) for Prior Bond Proceeds which may become Transferred Proceeds as shown in the Tax Certificate, and (iii) for a Credit Facility, if any; after the issuance of the Bonds, neither the City nor any member of the same Controlled Group as the City has or will have any property, including cash or securities that constitutes:

(1) Sale Proceeds;

(2) amounts in any fund and account with respect to the Bonds (other than the Rebate Fund);

(3) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(4) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or any credit enhancement or liquidity device with respect to the Bonds (including the Credit Facility as defined), even if the City encounters financial difficulties;

(5) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the holders of the Bonds or any credit enhancement provider (including the Credit Facility as defined), including any liquidity device or negative pledge (any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the bonds); or

(6) amounts actually or constructively received from the investment and reinvestment of the amounts described in (1) or (2) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes or similar arrangement exists with respect to, in any way, the Bonds or any credit enhancement or liquidity device related to the Bonds (including the Credit Facility as defined).

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected remaining economic life of the Project is at least 10 years. The average reasonably expected remaining economic life of the facilities constituting the Prior Project is at least 10 years. The weighted average maturity of the Bonds does not exceed 10 years and does not exceed 120 percent of the average reasonably expected economic life of such facilities.

20.18. *Compliance with Rebate Provisions.* The City covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The City will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

20.19. *Rebate Fund.* The appropriate officers of the City are hereby authorized to create and establish a special fund to be known as the "Water Revenue Bonds, Series 1997, Rebate Fund" (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Ordinance and the Tax Certificate. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the holders of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations.

20.20. *Records.* The City agrees to keep and retain or cause to be kept and retained until six years after the Bonds are paid in full adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation. If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

20.21. *Fair Market Value; Certificates of Deposit and Investment Agreements.* In making investments of Gross Proceeds, the City shall take into account prudent investment standards including the date on which moneys to be invested may be needed. The City shall provide that all amounts which constitute Gross Proceeds and any amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable in investments permitted under this Ordinance, and no amounts may be held as cash or be invested in zero Yield investments other than obligations of the United States purchased directly from the United States; provided, however, that in the event moneys cannot be invested, other than as provided in this sentence, due to the denomination, price or availability of investments, such amounts shall be invested in an interest bearing deposit account of a bank with a Yield not less than that paid to the general public or held uninvested (but uninvested amounts shall be held to the minimum amount necessary). For purposes of determining the purchase price of investments (for either yield restriction or rebate purposes), Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) a bona fide solicitation is made for a specified GIC and at least three bona fide bids from different providers that have no material financial interest in the Bonds (e.g., as underwriters or brokers) are received;



(ii) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased;

(iii) the Yield on the GIC (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable GICs, if any, offered to other persons from a source of funds other than Gross Proceeds of tax-exempt obligations;

(iv) the determination of the terms of the GIC takes into account as a significant factor the reasonably expected drawdown schedule for the amounts to be invested, except for amounts deposited in the Bond Fund;

(v) the terms of the GIC, including collateral security requirements, are reasonable;

(vi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC;

(vii) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(viii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review others bids (a last look) before bidding; and

(ix) all bidders for the GICs are reasonably competitive providers of investments of the type purchased.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded. An investment of Gross Proceeds in an External Commingled Fund shall be made only to the

extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the City. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph 20.21.

20.22. *Arbitrage Elections.* Upon consultation with Bond Counsel, City officers may make arbitrage elections in a Tax Certificate or other certificate given in the future.

20.23 *Issue Price.* For purposes of determining the Yield on the Bonds, the purchase price of the Bonds is equal to the first offering price at which the Purchaser have sold at least ten percent of each maturity of the Bonds or is equal to par, plus accrued interest, if the Purchaser does not intend to resell the Bonds.

20.24. *Yield Limits.* (a) Except as provided in (b), (c) or (d) as follows, all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds.

(b) The following may be invested without Yield restriction:

- (1) amounts invested in Qualified Tax Exempt Obligations;
  - (2) amounts in the Rebate Fund;
  - (3) amounts on deposit in the Bond Fund that have not been on deposit under the Ordinance for more than 13 months, so long as the Bond Fund continues to qualify as a bona fide debt service fund as described in 20.13 of this Section;
  - (4) amounts on deposit in the Project Fund prior to the earlier of three years after Closing or the completion (or abandonment) of the Project;
  - (5) amounts in the Expense Fund prior to the earlier of thirteen months after Closing or the payment of all expenses to be paid from that fund;
  - (6) all amounts for the first 30 days after they become Gross Proceeds;
- and
- (7) all amounts derived from the investment of Sale Proceeds and investment earnings thereon (except for investments in the Escrow Account) for a period of one year from the date received.

(c) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds may be invested without regard to Yield restriction.

(d) The amount on deposit in the Reserve Fund that is allocable to the Bonds under the Regulations may be invested without regard to Yield restriction to the extent it does not exceed the least of the amounts computed pursuant to (1), (2), (3) or (4) below:

- (1) 100% of the maximum annual debt service on the Bonds;
- (2) 125% of the average annual debt service on the Bonds;
- (3) ten percent of the stated principal amount of the Bonds (because the Bonds have a De minimis Amount of Original Issue Discount or Premium);
- (4) the amount required to be held in the Reserve Fund, which is the amount required to provide protection to the owner of Bonds if the City should encounter financial difficulties.

20.25. *Continuing Nature of Yield Limits.* Except as provided at 20.35, once moneys are subject to the Yield limits of 20.24 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

20.26. *Federal Guarantees.* Except for investments in the Escrow Account or meeting the requirements of 20.24(b) or (d) hereof, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury, obligations guaranteed by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association, any guarantee by the Bonneville Power Authority pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984, or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (e.g., Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). No portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing (including the Credit Facility as defined) is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

20.27. *Treatment of Certain Credit Facility Fees.* If appropriate representations are made in the Certificate of the Credit Facility Provider, as to which the City has no reason to believe are untrue, the fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield. Neither the City nor any member of the same Controlled Group as the City is a Related Person as defined in Section 144(a)(3) of the Code to the Credit Facility Provider. The fee paid to the Credit Facility Provider shall not exceed ten percent of the Sale Proceeds. Other than the fee paid to the Credit Facility Provider, neither the Credit Facility Provider nor any person who is a

Related Person to the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code will use any Sale Proceeds or investment earnings thereon.

20.28. *Payment and Use Tests.* (a) No more than five percent of the proceeds of each issue of which the Prior Bonds were a part, and the Bonds, each considered separately, and investment earnings thereon were used, or will be used, directly or indirectly, in whole or in part, 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 or any series of which the Prior Bonds were a part 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 to the City or a member of the same Controlled Group as 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) No more than the lesser of \$5,000,000 or five percent of the proceeds of each series of which the Prior Bonds were a part, and investment earnings thereon, were used, and no more than the lesser of \$5,000,000 or five percent of the Sale Proceeds of the Bonds and investment earnings thereon will be used, directly or indirectly, to make or finance loans to any persons.

(d) No users of any portion of the facilities constituting the Prior Project other than state or local governmental units will use more than five percent of such facilities, each considered separately, in the aggregate, on any basis other than the same basis as the general public; and no person other than a state or local governmental unit will be users of more than five percent of such System or Project or the Prior Project, separately, as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract, or (iii) any other similar arrangement, agreement or understanding, whether written or oral.

(e) The City has not and will not enter into any arrangement that conveys to any person, other than a state or local government unit, special legal entitlements to any portion of the System or the facilities constituting the Project or the Prior Project that is available for use by the general public. No person, other than a state or local governmental unit, is receiving or will receive any special economic benefit from use of System or any portion of the facilities constituting the Project or the Prior Project that is not available for use by the general public.

(f) No more than the lesser of five percent of each issue of which the Prior Bonds were a part or \$5,000,000 of the proceeds of each issue of the Prior Bonds were used, and no more than the lesser of five percent of the proceeds of the Bonds or \$5,000,000 have been or will be used, to provide professional sports facilities. For purposes of this paragraph, the term "professional sports facilities" (i) means real property or related

improvements used for professional sports exhibitions, games or training, regardless of whether the admission of the public or press is allowed or paid and (ii) includes any use of a facility that generates a direct or indirect monetary benefit (other than reimbursement for out-of-pocket expenses) for a person who uses such facilities for professional sport exhibitions, games or training.

20.29. *I.R.S. Form 8038-G.* The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, shall be true and complete. The City will file Form 8038-G (and all other required information reporting forms) in a timely manner.

20.30. *Termination; Interest of City in Rebate Fund.* The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of 20.18 hereof shall not terminate until the sixth anniversary of the date the Bonds are fully paid and retired.

20.31. *No Common Plan of Financing.* Since a date which is not less than 15 days prior to the date of adoption of this Ordinance, neither the City nor any member of the same Controlled Group as the City has sold or delivered any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the City nor any member of the same Controlled Group as the City will sell or deliver within 15 days after the date hereof any obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. No obligations other than the Bonds are being sold on the same date as the Bonds, will be issued at Closing or were or are being offered pursuant to a single offering document.

20.32. *No Sale of the System, the Project or the Prior Project.* (a) Other than as provided in the next sentence, none of the facilities constituting the System, the Project or the Prior Project has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the City of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The City may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the City of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the City reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the City deposits amounts received from the disposition in a commingled fund with substantial tax or

other governmental revenues and the City reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The City acknowledges that if bond-financed property is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a "deliberate action" within the meaning of the Regulations that may require remedial actions to prevent the Bonds from becoming private activity bonds. The City shall promptly contact Bond Counsel if a sale or other disposition of Bond-financed property is considered by the City.

20.33. *Future Events.* The City acknowledges that any changes in facts or expectations from those set forth herein or in the Tax Certificate may result in different Yield restrictions or rebate requirements from those set forth herein. The City shall promptly contact Bond Counsel if such changes do occur.

20.34. *Excess Proceeds.* Gross Proceeds allocable to the Bonds issued for the Refunding and investment earnings thereon and all unspent Prior Bond Proceeds as of the date of Closing and investment earnings thereon do not exceed by more than one percent of the Sale Proceeds of the Bonds issued for the Refunding the amount that will be used for:

- (i) payment of principal of or interest or call premium on Prior Bonds;
- (ii) payment of pre-issuance accrued interest on the Bonds;
- (iii) payment of cost of issuance of the Bonds;
- (iv) payment of administrative costs allocable to repaying the Prior Bonds, carrying and repaying the Bonds or investments of the Bonds;
- (v) Prior Bond Proceeds that will be used or maintained for the governmental purpose of the Prior Bonds; and
- (vi) costs of any Credit Facility allocable to the Bonds.

20.35. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained at 20.24 or any other restriction or covenant contained herein need not be observed or may be changed if the City receives an opinion of Bond Counsel to the effect that such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled.

20.36. *Expectations.* The City Council has reviewed the facts, estimates and circumstances set forth herein. Such facts and estimates are true and are not incomplete in any material respect. On the basis of such facts and estimates, the City adopts the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Sale Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of

the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

The City Council hereby authorizes the Tax Certificate to contain such further covenants and certifications as may be necessary to assure that the Bonds be Tax-exempt. In connection therewith, the City and the City Council further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with Bond Counsel and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (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 their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

*Section 21. Pertaining to the Bond Registrar.* If requested by the Bond Registrar, any officer of the City is authorized to execute standard forms of agreements between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar under this Ordinance. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar by acceptance of duties under this Ordinance agrees (a) to act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) 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) to cancel and/or destroy Bonds which have been paid at maturity or upon redemption or submitted for exchange or transfer; (d) 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 \$50,000,000. The City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.



*Section 22. Provisions a Contract.* The provisions of this Ordinance shall constitute a contract between the City and the holders and registered owners of the Outstanding Bonds; and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

*Section 23. Defeasance.* Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from Revenues and shall no longer have the benefits of any covenant for the holders or registered owners of Outstanding Bonds as set forth herein relating to payment or security of payment.

*Section 24. Severability.* If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

*Section 25. Superseder.* All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby superseded.

Section 26. *Publication.* This Ordinance within ten (10) days after its passage by the City Council shall be published once in pamphlet form by authority of the City Council, and shall thereupon be in full force and effect immediately.

PASSED: November 10, 1997.

VOTE

AYES: Aldermen Kent, Moran, Engelman, Rainey, Feldman,  
Newman, Drummer, Wynne, Bernstein

NAYS: \_\_\_\_\_  
\_\_\_\_\_

ABSENT: \_\_\_\_\_

APPROVED: November 11, 1997

Lorraine A. Norton  
Mayor

ATTEST:

Mary J. Morris  
City Clerk

EXHIBIT A

ESCROW AGREEMENT

This Escrow Agreement, dated as of November 1, 1997, but actually executed and delivered the date last hereinbelow written, by and between the City of Evanston, Cook County, Illinois, and American National Bank and Trust Company of Chicago, a national banking association, with principal offices located in the City of Chicago, Illinois, not individually but in the capacity as hereinafter described, for and in consideration of mutual covenants set forth:

W I T N E S S E T H:

ARTICLE I.  
DEFINITIONS

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning.

*"Agreement"* means this Escrow Agreement dated as of December 1, 1997.

*"Bond Fund"* means the Bond and Interest Account of the Water Fund of the City of Evanston, being the fund and account from which both the Bonds and the Prior Bonds are payable.

*"Bond Ordinance"* means the ordinance passed by the City Council on November 10, 1997, numbered 112-O-97 and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, for the purpose of defraying the cost of improving and extending the present waterworks system of said City and of refunding outstanding Water Revenue Bonds of said City, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said City.

authorizing the Bonds.

*"Bond Registrar"* means the bond registrar for the Prior Bond which are fully registered, namely, American National Bank and Trust Company of Chicago.

*"Bonds"* means the Water Revenue Bonds, Series 1997, of the City, dated December 1, 1997, of the City, a part of the proceeds of which are to be used for the refunding of the Prior Bonds.

*"Call Date"* means January 1, 1998.

*"City"* means the City of Evanston, Cook County, Illinois.

*"City Council"* means the City Council which is the governing body of the City.

*"Comptroller"* means the Comptroller of the City.

*"Defeasance Report"* means the report of R. V. Norene & Associates, Inc., attached hereto as Exhibit A, that the principal of, interest on and profit realized from the Government Obligations, when received, and the beginning deposit on demand held hereunder will be sufficient to pay on the Call Date all interest on, principal of and redemption premium due on the Prior Bonds.

*"Escrow Account"* means the trust fund created under the terms of this Agreement with the Escrow Agent and comprised of the Government Obligations and a certain beginning deposit as more fully described in 2.02 hereof.

*"Escrow Agent"* means American National Bank and Trust Company of Chicago, a national banking association, with principal offices located in the City of Chicago, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

*"Government Obligations"* means direct obligations of the United States of America (being United States Bills, Notes, Bonds or STRPS or SLGS) deposited hereunder.

"Paying Agents" means the Bond Registrar with respect to the issues having such, as hereinabove noted, and the paying agent on the 1980 Prior Bonds, namely, \_\_\_\_\_, as successor to First National Bank and Trust Company of Evanston.

"Prior Bonds" means the 1980 Prior Bonds, the 1988 Prior Bonds, and the 1990 Prior Bonds, collectively, more particularly described as follows:

WATER REVENUE BONDS, SERIES 1980

Original Principal Amount: \$5,000,000  
 Dated: May 1, 1980  
 Originally Due Serially: 1985-2006      Numbered: 1 to 1,000 Denomination  
    \$5,000 Each  
 Amount refunded: \$2,850,000

Bonds and Bonds to Be Refunded Due January 1 and Described as follows:

YEAR	AMOUNT (\$) ORIGINAL BONDS DUE	AMOUNT (\$) TO BE REFUNDED	RATE OF INTEREST (%)
1999	350,000	ALL	7.00
2000	350,000	ALL	7.00
2001	350,000	ALL	7.00
2002	350,000	ALL	7.00
2003	350,000	ALL	7.00
2004	350,000	ALL	7.00
2005	350,000	ALL	7.00
2006	400,000	ALL	7.00

which bonds (the "1980 Prior Bonds") are subject to redemption (among other dates) on January 1, 1998, the next available call date, at the redemption prices of par plus accrued interest and a premium as follows on said date of January 1, 1998:

YEAR	PREMIUM (%)	AGGREGATE PREMIUM (\$)
1999	1.00	3,500
2000	2.00	7,000
2001	3.00	10,500
2002	4.00	14,000
2003-2006	5.00	72,500

WATER REVENUE BONDS, SERIES 1988

Original Principal Amount: \$1,000,000

Dated: October 1, 1988

Originally Due Serially: 1990-2001

Amount refunded: \$450,000

Bonds and Bonds to Be Refunded Due January 1 and Described as follows:

YEAR	AMOUNT (\$) ORIGINAL BONDS DUE	AMOUNT (\$) TO BE REFUNDED	RATE OF INTEREST (%)
1999	50,000	ALL	6.80
2000	75,000	ALL	6.80
2001	325,000	ALL	7.00

which bonds (the "1988 Prior Bonds") are subject to redemption (among other dates) on January 1, 1998, the next available call date, at the redemption price of par plus accrued interest and a premium of 0.75% (\$3,375 in the aggregate for all the 1988 Prior Bonds); and

WATER REVENUE BONDS, SERIES 1990

Original Principal Amount: \$11,055,000

Dated: September 1, 1990

Originally Due Serially: 1993-2003

Amount refunded: \$6,370,000

Bonds and Bonds to Be Refunded Due January 1 and Described as follows:

YEAR	AMOUNT (\$) ORIGINAL BONDS DUE	AMOUNT (\$) TO BE REFUNDED	RATE OF INTEREST (%)
1999	1,110,000	ALL	6.80
2000	1,195,000	ALL	6.90
2001	1,055,000	ALL	7.00
2002	1,490,000	ALL	7.10
2003	1,520,000	ALL	7.10

which bonds (the "1990 Prior Bonds") are subject to redemption (among other dates) on January 1, 1998, the next available call date, at the redemption price of par plus accrued interest and a premium of 0.75% (\$47,775 in the aggregate for all the 1990 Prior Bonds).

"SLGS" means U.S. Treasury Obligations of the State and Local Government Series.

**ARTICLE II.  
CREATION OF ESCROW**

*Section 2.01.* The Prior Bonds are hereby refunded as of and at the Call Date by the deposit with the Escrow Agent of moneys sufficient to purchase the Government Obligations described in 2.02 hereof, which Government Obligations (together with the beginning deposit of funds as described herein) will provide all moneys necessary to pay on the Call Date all interest on, principal of and redemption premium due on the Prior Bonds.

*Section 2.02.* The City has deposited with the Escrow Agent at the execution and delivery of this Escrow Agreement the sum of \$\_\_\_\_\_ derived from proceeds of the Bonds ("*Proceeds*") and the sum of \$\_\_\_\_\_ derived from funds of the City on hand and lawfully available for the purpose ("*City Funds*"). The Proceeds and the City Funds have been used to acquire the Government Obligations and to establish a beginning cash balance ("*Beginning Cash*").

The Escrow Agent now holds the Government Obligations and the Beginning Cash, as follows:

TYPE	MATURITY	AMOUNTS (\$)	RATE (%)
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and a remainder of Beginning Cash of \$\_\_\_\_\_.

**ARTICLE III.  
COVENANTS OF ESCROW AGENT**

The Escrow Agent covenants and agrees with the City as follows:

*Section 3.01.* The Escrow Agent will hold the Government Obligations and all interest, income and profit derived therefrom and all uninvested cash in a segregated and separate trust fund account for the sole and exclusive benefit of the City and of the holders and registered owners of the Prior Bonds and the Bonds, all to the purposes for which escrowed.

*Section 3.02.* The Escrow Agent shall hold all balances not invested as hereinabove described and on deposit in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.



*Section 3.03.* The Escrow Agent will take no action in the investment or securing of the proceeds of the Government Obligations which would cause the Bonds or the Prior Bonds to be classified as “arbitrage bonds” under applicable sections of the Internal Revenue Code, and all lawful regulations promulgated thereunder; *provided*, it shall be under no duty to affirmatively inquire whether the Government Obligations as deposited are properly invested under said section; and, *provided*, further, it may rely on all specific directions in this Agreement in the investment of balances held hereunder.

*Section 3.04.* The Escrow Agent will promptly collect the principal of, interest on and income and profit from the Government Obligations and promptly apply the same solely and only to pay on the Call Date all interest on, principal of and redemption premium due on the Prior Bonds.

*Section 3.05.* The Escrow Agent will make no payment of fees, due or to become due, of the Bond Registrar or the Paying Agents, and the City covenants to pay the same as they become due.

*Section 3.06.* The costs and expenses of the Escrow Agent will be paid by the City from funds other than those deposited hereunder. The Escrow Agent shall have no lien or right of set-off of any kind on the Escrow Account and shall look solely to the City and its other funds for payment. The Escrow Agent shall charge such fees for its services as are reasonable and usual for like services rendered by similar institutions.

*Section 3.07.* The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of

its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the City to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

*Section 3.08.* The Escrow Agent may in good faith buy, sell or hold and deal in any of the Bonds or Prior Bonds.

*Section 3.09.* The Prior Bonds are hereby irrevocably called for redemption on the Call Date at their respective redemption prices as follows:

PRIOR BONDS			
SERIES	AMOUNT (\$)	PREMIUM (\$)	TOTAL (\$)*

The time, manner and form of giving notice of the call for redemption of the Prior Bonds shall be as set forth in the various ordinances of the City, adopted by the City Council, pursuant to which the Prior Bonds were issued, and certified copies of which, by execution hereof, the Escrow Agent acknowledges receipt. The Escrow Agent shall act as agent for the City in performing all acts, giving or causing to be given all notices, and providing such directions to the Paying Agents and Bond Registrar to effect the payment and redemption of the Prior Bonds as aforesaid. The Escrow Agent acknowledges receipt of a certified copy of each of the ordinances of the City authorizing and providing for the issuance of the Prior Bonds. The Escrow Agent shall also give or cause the Paying Agents and Bond Registrar to

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\* Plus interest due on the Call Date

give such further notice of redemption as may be required by any applicable rule of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Comptroller of the Currency, or any other agency or person having appropriate jurisdiction; but the giving of any such notice shall be directory only, and any failure or defect with respect to such notice shall not invalidate or diminish in any way the validity of the redemption of the Prior Bonds as provided herein upon the giving of official notice of redemption. The notice of contingent redemption heretofore given by the Bond Registrar, attached hereto as *Exhibit A*, is hereby ratified and approved and shall at this time be deemed no longer contingent.

#### ARTICLE IV. COVENANTS OF CITY

The City covenants and agrees with the Escrow Agent as follows:

*Section 4.01.* The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals of the City herein, (b) the performance of or compliance with any covenant, condition, term or provision of the Bond Ordinance, and (c) any undertaking or statement of the City hereunder or under said Bond Ordinance.

*Section 4.02.* The City will promptly and without delay remit to the Escrow Agent such sums as will fully pay and discharge any obligation or obligations or charges, fees or expenses incurred by the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement. The City will promptly pay all Paying Agent and Bond Registrar fees.

*Section 4.03.* The Comptroller will promptly and without delay supply, upon request from the Escrow Agent, the names of the registered owners of the 1980 Prior Bonds which have been registered as to principal on the books kept by the City for such purpose.

*Section 4.04* The City does hereby waive any right to pay at maturity or redeem on any other date than as herein specified any of the Prior Bonds.

**ARTICLE V.  
IRREVOCABILITY OF AGREEMENT**

*Section 5.01.* All of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

*Section 5.02.* All of the rights, powers, duties and obligations of the City hereunder shall be irrevocable and shall not be subject to amendment by the City and shall be binding on any successor to the officials now comprising the City Council of the City during the term of this Agreement.

*Section 5.03.* All of the rights, powers, duties and obligations of the Comptroller hereunder shall be irrevocable and shall not be subject to amendment by the Comptroller and shall be binding on any successor to said official now in office during the term of this Agreement.

**ARTICLE VI.  
NOTICES**

*Section 6.01.* All notices and communications to the City and the City Council shall be addressed in writing to:

City Clerk  
City of Evanston  
2100 Ridge Avenue  
Evanston, Illinois 60201

or at such other address as is furnished from time to time by the City.

*Section 6.02.* All notices and communications to the Escrow Agent shall be addressed in writing to:

American National Bank and Trust Company  
of Chicago  
Corporate Trust Division  
33 North LaSalle Street  
Chicago, Illinois 60690

or at such other address as is furnished from time to time by the Escrow Agent.

*Section 6.03.* All notices and communications to the Comptroller shall be addressed in writing to:

City Comptroller  
City of Evanston  
2100 Ridge Avenue  
Evanston, Illinois 60201

or at such other address as is furnished from time to time by the Comptroller.

**ARTICLE VII.  
TERMINATION OF AGREEMENT**

Upon the final disbursement for the payment of the Prior Bonds as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the Comptroller with due notice thereof mailed to the City, and thereupon this Agreement shall terminate.

IN WITNESS WHEREOF the City has caused this Agreement to be signed in its name by its Mayor, to be attested by the City Clerk under its corporate seal hereunto affixed; and the Escrow Agent, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its \_\_\_\_\_ and to be attested by one of its \_\_\_\_\_ under its corporate seal hereunto affixed, all this \_\_\_\_ day of November, 1997.

CITY OF EVANSTON  
COOK COUNTY, ILLINOIS

By *Lorraine H. Norton*  
Mayor

Attest:

*Mary J. Morris*  
City Clerk

(SEAL)

AMERICAN NATIONAL BANK AND TRUST  
COMPANY OF CHICAGO

By \_\_\_\_\_  
Its

Attest:

\_\_\_\_\_  
Its

(SEAL)

The foregoing Escrow Agreement has been received and acknowledged by me as of the date last written.

---

Comptroller  
City of Evanston  
Cook County, Illinois

## EXHIBIT B

### CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this "*Undertaking*") is executed and delivered by the City of Evanston, Cook County, Illinois (the "*City*"), in connection with the issuance of Water Revenue Bonds, Series 1997 (the "*Bonds*"). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the City on the 10th day of November 1997 and a Bond Order executed by designated officers of the City on the \_\_\_\_ day of November 1997.

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

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

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

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

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.



*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Material Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II* that is material, as materiality is interpreted under the Exchange Act.

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

*MSRB* means the Municipal Securities Rulemaking Board.

*NRMSIRs* means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the Securities and Exchange Commission for purposes of the Rule. As of the date of this Undertaking, the NRMSIRs are:

Bloomberg Municipal Repositories  
P.O. Box 840  
Princeton, NJ 08542-0840  
Phone: (609) 279-3200  
Fax: (609) 279-5962  
E-Mail: Munis@Bloomberg.com

Kenny Information Systems, Inc.  
65 Broadway - 16th Floor  
New York, NY 10006  
Attn: Kenny Repository Service  
Phone: (212) 770-4595  
Fax: (212) 797-7994

Donnelley Financial  
Municipal Securities Disclosure Archive  
559 Main Street  
Hudson, MA 01749  
Phone: (800) 580-3670  
Fax: (508) 562-1969  
E-Mail: Sspotkill@rrdfin.com

Thomson NRMSIR  
Attn: Municipal Disclosure  
395 Hudson Street, 3rd Floor  
New York, NY 10014  
Phone: (212) 807-5001; (800) 689-8466  
Fax: (212) 989-2078  
E-Mail: Disclosure @ Muller.com

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

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

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Rule* means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act, as the same may be amended from time to time.

*SID* means any public or private repository designated by the State as the state repository and recognized as such by the Securities and Exchange Commission for purposes of the Rule. As of the date of this Undertaking there is no *SID*.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT.

The CUSIP Number of the Bonds are as follows:

YEAR	CUSIP	YEAR	CUSIP
------	-------	------	-------

The Final Official Statement relating to the Bonds is dated November \_\_\_\_, 1997 (the "*Final Official Statement*").

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to each NRMSIR and to the *SID*, if any. The City is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified. If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs. If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to each NRMSIR and the *SID*, if any) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. EVENTS NOTIFICATION; MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner Material Events Disclosure to each NRMSIR or to the MSRB and to the *SID*, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

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

7. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder. In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed a default under the Ordinance, and the sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Undertaking, the City by ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if: (a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (b) this Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the City (such as Bond Counsel).

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

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

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

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

13. **RECORDKEEPING.** The City shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

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

15. **GOVERNING LAW.** This Undertaking shall be governed by the laws of the State of Illinois.

Date: November 11, 1997

CITY OF EVANSTON  
COOK COUNTY, ILLINOIS

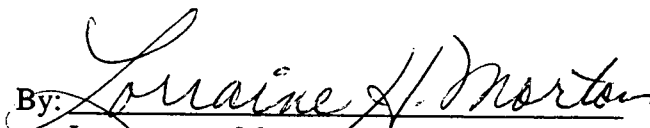
By:   
Its: Mayor  
Address: 2100 Ridge Avenue  
Evanston, Illinois 60201

EXHIBIT I  
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED  
FINANCIAL STATEMENTS

*Annual Financial Information* means the financial information and operating data of the type contained in the Official Statement as follows:

*Information by Reference.* All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID, if any, or the Commission. The City shall clearly identify each such item of information included by reference.

*Time for Providing.* Annual Financial Information will be provided to each NRMSIR and to the SID, if any, within 210 days after the last day of the City's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information, if available at such time. If Audited Financial Statements are not available within 210 days after the last day of the City's fiscal year, unaudited financial statements shall be filed within such time.

*Preparation of Audited Financial Statements* Audited Financial Statements will be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e. as subject to the pronouncements of the Governmental Standards Accounting Board and subject to any express requirements of State law). Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, with and at the time of the Annual Financial Information or, if unavailable at such time, within 30 days after availability to the City.

*Annual Financial Information Changes* If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, the City will disseminate a notice of such change as required by Section 4.

**EXHIBIT II**  
**EVENTS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED**

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

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

STATE OF ILLINOIS     )  
                                  ) SS  
COUNTY OF COOK        )

**CERTIFICATE OF ORDINANCE**

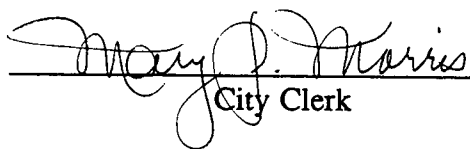
I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Evanston, in the County and State aforesaid (the "City"), and as such Clerk I am the keeper of the official journal, records and files of the City Council of the City.

I do further certify that the attached and foregoing is a full, true and correct of copy of an ordinance numbered 112-O-97 and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, for the purpose of defraying the cost of improving and extending the present waterworks system of said City and of refunding outstanding Water Revenue Bonds of said City, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said City.

as introduced on October <sup>27</sup>28, 1997, and as adopted by the City Council of the City at its legally convened meeting held on November 10, 1997, and as approved by the Mayor on November 11, 1997, all as appears from the official records of said City, in my care and custody.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the corporate seal of the City this 12 day of November 1997.

  
\_\_\_\_\_  
City Clerk

[SEAL]

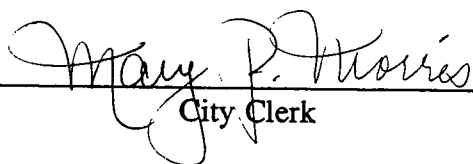
STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF COOK     )

**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 11<sup>th</sup> day of November 1997, there was published in pamphlet form, by authority of the City Council, a true, correct and complete copy of Ordinance Number 112-O-97 of the City providing for the issuance of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, dated November 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 12 day of November 1997.

  
\_\_\_\_\_  
City Clerk

[SEAL]



STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

**BOND ORDER**

We, Roger D. Crum and Robert A. Shonk, do hereby certify that we are, respectively, the City Manager and the Finance Director and Comptroller of the City of Evanston, Cook County, Illinois (the "City"); and as such officers, we have reviewed the books, records, minutes and files of the City, and from such review and based on our authority, we do further certify as follows:

1. On November 10, 1997, the City Council adopted Ordinance Number 112-O-97 of the City entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, for the purpose of defraying the cost of improving and extending the present waterworks system of said City and of refunding outstanding Water Revenue Bonds of said City, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said City.

(the "Bond Ordinance").

2. The Bond Ordinance, in accordance with delegated limits, authorizes us to establish a final maturity and rate schedule for the Bonds (as authorized and defined in the Bond Ordinance).
3. The Bonds have been sold at public sale to EVEREN Securities, Inc., & associates, the Purchaser, at a purchase price of \$10,416,053.05, being not less than 97% of the par value of the Bonds.

4. The final schedule for the Bonds is as follows:

Principal Amount: \$10,485,000

Dated: December 1, 1997.

Due: Serially, on January 1 of the years, in the amounts, and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)
1999	1,710,000	4.00
2000	1,825,000	4.00
2001	1,895,000	4.15
2002	1,960,000	4.25
2003	1,945,000	4.30
2004	375,000	4.30
2005	365,000	4.30
2006	410,000	4.30

5. Accordingly, the principal of and interest on the Bonds are as follows:

FOR THE FISCAL YEAR

1998	\$2,182,796.46
1999	2,193,027.50
2000	2,190,027.50
2001	2,176,385.00
2002	2,078,085.00
2003	424,450.00
2004	398,325.00
2005	427,630.00

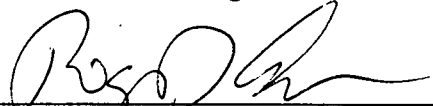
6. The final terms of redemption for the Bonds are as follows: Those of the Bonds due on or after January 1, 2005, are subject to redemption prior to maturity, at the option of the City, from any available funds, in whole or in part, on any date on or after July 1, 2004, and if in part, in any order of maturity 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.

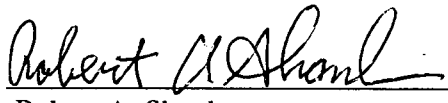
7. All other terms are as required and provided in the Bond Ordinance.

8. Please be further advised that we 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, associate, trust or corporation, in the Bond Purchase Contract with the Purchaser as such terms are defined in the Bond Ordinance.

9. Finally, please be advised that this Bond Order shall be entered into the records of the City and made available to all Aldermen.

IN WITNESS WHEREOF we have hereunto affixed our official signatures this 24th day of November 1997.

  
\_\_\_\_\_  
Roger D. Crum  
City Manager

  
\_\_\_\_\_  
Robert A. Shonk  
Finance Director and Comptroller

STATE OF ILLINOIS     )  
                                  )  SS  
COUNTY OF COOK       )

**AVAILABILITY OF BOND ORDER**


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 I made available to all members of the City Council at the regular meeting of the Board held on the 24th day of November 1997, a Bond Order, as such term is defined in Ordinance Number 112-O-97 and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, for the purpose of defraying the cost of improving and extending the present waterworks system of said City and of refunding outstanding Water Revenue Bonds of said City, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said City.

which Bond Order is responsive to such Ordinance; a true, correct and complete copy of which said Bond Order as provided at said meeting being attached hereto.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City  
this 12 day of November 1997.

  
\_\_\_\_\_  
City Clerk  
City of Evanston  
Cook County, Illinois

[SEAL]

**FINANCIAL ADVISOR'S  
CERTIFICATE RE: BOND SALE**

I, the undersigned, do hereby certify that I am an officer of R.V. Norene & Associates, Inc., Chicago, Illinois (the "*Financial Advisor*"), and as such officer I do further certify as follows:

1. The Financial Advisor is the duly appointed financial advisor to the City of Evanston, Cook County, Illinois (the "*City*"), in connection with the issuance of \$\_\_\_\_\_ Water Revenue Bonds, Series 1997, of the City (the "*Bonds*").

2. The Bonds have been sold to \_\_\_\_\_, Illinois (the "*Purchaser*"), and the City is to receive \$\_\_\_\_\_ being \_\_\_\_% of the par value of the principal amount of the Bonds plus accrued interest from the sale of the Bonds.

3. The Bonds were sold to the Purchaser by the City at public (competitive) sale at which \_\_\_\_\_ bids were received. The bid of the Purchaser was the lowest conforming bid. In our opinion, the terms of the Bonds are fair and reasonable in view of current conditions in the bond market.

4. The Reserve Fund created or maintained in connection with the Bonds is of the size and type that is customarily required in financings of the size and nature of the Bonds. Such a requirement provides the holders of the Bonds some measure of protection and work-out time should the City encounter financial difficulties. The failure to provide for this fund at its current size would materially adversely affect the interest rates or Yields at which the Bonds could be sold.

5. Each of the following conditions to sale of the Bonds has been met:

(a) No interest is greater than 7.00%.

(b) Principal of and interest on the Bonds does not exceed by more than \$10,000 principal of and interest on the Prior Bonds (refunded by the Bonds) in any given year.

(c) No redemption price exceeds 103%.

(d) The Refunding has provided a present value debt service savings to the City of not less than the lesser of \$200,000 or 2% of the par value of Prior Bonds to be refunded.

6. All of the other limitations and conditions regarding the sale of the Bonds to the Purchaser set forth in the ordinance authorizing the issuance of the Bonds have as of this date been met.

IN WITNESS WHEREOF I hereunto affix our name and my signature this \_\_\_\_ day of November 1997.

R.V. Norene & Associates, Inc.

---

By: R.V. Norene  
Title: President

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.

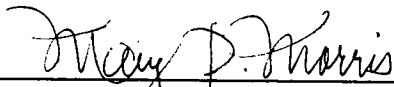
I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the City Council held on the 10th day of November 1997 insofar as the same relates to the adoption of an ordinance numbered 112-O-97 and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, for the purpose of defraying the cost of improving and extending the present waterworks system of said City and of refunding outstanding Water Revenue Bonds of said City, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said City.

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 City Council 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 12 day of November 1997.

  
\_\_\_\_\_  
City Clerk

[SEAL]



STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF COOK     )

**CERTIFICATION OF MINUTES SHOWING INTRODUCTION**

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 <sup>24<sup>th</sup></sup> 28<sup>th</sup> day of October 1997 insofar as the same relates to the *introduction* of an ordinance (which subsequently, upon adoption, was numbered 112-O-97) and entitled:

AN ORDINANCE authorizing and providing for the issue of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, of the City of Evanston, Cook County, Illinois, for the purpose of defraying the cost of improving and extending the present waterworks system of said City and of refunding outstanding Water Revenue Bonds of said City, prescribing all the details of said bonds, and providing for the collection, segregation and distribution of the revenue of the waterworks system of said City.

I do further certify 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 City Council 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 introduction of the ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City this 12 day of November 1997.

  
\_\_\_\_\_  
City Clerk

[SEAL]


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 11th day of November 1997 there was published in pamphlet form, by authority of the City Council, a true, correct and complete copy of Ordinance Number 112-O-97 of the City providing for the issuance of not to exceed \$11,000,000 Water Revenue Bonds, Series 1997, dated December 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 12 day of NOVEMBER 1997.

  
\_\_\_\_\_  
City Clerk

[SEAL]