

ORDINANCE NUMBER 39-O-04

AN ORDINANCE providing for the issuance of not to exceed \$27,390,000 General Obligation Bonds, Series 2004, 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.

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 is reviewed and revised annually, and most recently has included the fiscal year 2004/5 through 2008/9.

D. 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 obtain funds to reimburse or pay a portion of the costs of certain of the capital projects (the "*Plan Projects*") set forth in the Plan for the fiscal years ending 2004 and 2005 (certain alley improvement being included therein) at an estimated cost of \$14,635,000 (said projects being the "*Series 2004 Capital Improvements*") and subject to amendment for such other corporate purposes as the City Council may determine as hereinafter provided.

E. The estimated total cost to the City of the Series 2004 Capital Improvements to be provided for hereunder (collectively the "Series 2004 Capital Funding Cost") is the sum of not in excess of \$14,635,000 plus the estimated available amount of interest earnings on said sum prior to its expenditure.

F. It is necessary for the payment of the costs of the Series 2004 Capital Improvements 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 \$14,635,000 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.

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

**GENERAL OBLIGATION CORPORATE PURPOSE BONDS
SERIES 1997 DATED MAY 1, 1997**

Original Principal Amount:	\$35,820,000
Originally Due Serially on December 1 in the Years:	1997 to 2017
Amount Remaining Outstanding:	\$30,095,000
Amount Which May Be Refunded:	\$11,085,000

**REMAINING OUTSTANDING BONDS AND BONDS WHICH MAY
BE REFUNDED DUE AND DESCRIBED AS FOLLOWS:**

DECEMBER 1 OF THE YEAR	AMOUNT (\$)	RATE OF INTEREST (%)	AMOUNT WHICH MAY BE REFUNDED
2004	2,350,000	5.25	None
2005	2,260,000	5.25	None
2006	2,430,000	5.25	None
2007	2,560,000	5.25	1,230,000
2008	2,550,000	5.25	1,225,000
2009	2,750,000	5.25	1,320,000
2010	2,900,000	5.30	1,395,000
2011	3,080,000	5.40	1,480,000
2012	3,315,000	5.50	1,595,000
2013	1,215,000	5.50	585,000
2014	1,295,000	5.50	625,000
2015	1,435,000	5.50	690,000
2016	945,000	5.50	455,000
2017	1,010,000	5.50	485,000

of which bonds (the "*Prior Bonds*"), those which may be refunded in advance of maturity as shown in the table above may be referred to as the "*Eligible Prior Bonds*" and (1) are subject to redemption prior to maturity at the option of the City, on any date on or after June 1, 2007, at the redemption price of par and accrued interest and (2) include only that portion of the Prior Bonds allocable to the capital improvement projects funded by proceeds of the Prior Bonds.

H. The City Council of the City has considered and determined that interest rates available in the bond market for the maturities to be refunded are currently more favorable for the City than they were at the time when the Prior Bonds were issued and that it is possible, proper and advisable to provide for the timely refunding, if such favorable rates continue, of the Eligible Prior Bonds, and to provide for the payment and redemption thereof as same become due at the earliest date of redemption, to the end of taking advantage of the debt service savings which may result from such lower interest rates (which refunding may hereinafter be referred to as the "*Refunding*").

I. The City Council does hereby determine that it is advisable and in the best interests of the City to provide for the borrowing of not to exceed \$12,755,000 at this time pursuant to the Act as hereinafter defined for the purpose of paying the costs of the Refunding and, in evidence of such borrowing, provide for the issuance of its full faith and credit bonds in the aggregate principal amount of not to exceed such \$12,755,000.

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.

City

City Council

Eligible Prior Bonds

Plan

Plan Projects

Prior Bonds

Refunding

Series 2004 Capital Funding Cost

Series 2004 Capital Improvements

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; and, further, includes the Local Government Debt Reform Act, as amended.

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“*Bonds*” means the not to exceed \$27,390,000 General Obligation Bonds, Series 2004, 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 a Bond Order as authorized to be executed by the Designated Officials of the City in Section (14) of this Ordinance, substantially in the form (with related certificates) as attached hereto as *Exhibit B*, and by which the final terms of the Bonds will be established.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement as authorized to be executed by the Designated Officials of the City in Section (14) of this Ordinance, substantially in the form (with related certificates) as attached hereto as *Exhibit A*, and by which the final terms of the Bonds will be established.

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

"*Bond Registrar*" means Wells Fargo Bank, N.A., Chicago, Illinois, a bank or trust company having trust powers, or a successor thereto or a successor designated as bond registrar hereunder.

"*Book Entry Form*" means the form of the Bonds as fully registered and available in physical form only to the Depository.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Continuing Disclosure Undertaking*" means the undertaking by the City for the benefit of the Purchasers as authorized in Section (18) hereof and substantially in the form as attached hereto as *Exhibit C*.

"*County Clerk*" means the County Clerk of The County of Cook, Illinois.

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

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

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

"*Escrow Agent*" means Wells Fargo Bank, N.A., Chicago, Illinois, a bank or trust company having trust powers, or a successor thereto or a successor designated as Escrow Agent hereunder.

"*Escrow Agreement*" means the agreement by and between the City and the Escrow Agent as authorized in Section (15) hereof and set forth as *Exhibit D*.

"*Ordinance*" means this Ordinance, numbered 39-O-04, and passed by the City Council on the 13th day of April 2004.

"Paying Agent" means Wells Fargo Bank, N.A., Chicago, Illinois, a bank having trust powers, or a successor thereto or a successor designated as paying agent hereunder.

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

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

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

"Record Date" means the 15th day of the month preceding any regular or other interest payment date occurring on the first day of any month and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the first day of a month.

"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.

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

"Underwriter" means Legg Mason Wood Walker, Incorporated, with offices at 225 West Washington Street, Chicago, Illinois, as the purchaser and underwriter of the Bonds.

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 Series 2004 Capital Improvements for the public health, safety and welfare, and to pay all the Series 2004 Capital Funding Costs and all related costs and expenses incidental thereto, and to borrow money and issue a portion of the Bonds for such purposes. It is further necessary and in the best interests of the City to provide for the Refunding to achieve a net debt service savings, to pay all related costs and expenses incidental thereto, and to borrow money and issue the necessary 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 not to exceed \$27,390,000. The Bonds shall each be designated "*General Obligation Bond, Series 2004*" or such other name or names or series designations as may be appropriate and as stated in the Bond Order; be dated May 1, 2004, or such other date or dates on or prior to the initial date of issuance as may be set forth in the Bond Order if it is determined therein to be a date better suited to the advantageous marketing of the Bonds (the "*Dated Date*"); and shall also bear the date of authentication thereof. The Bonds shall be fully registered and in 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 not to exceed \$14,635,000 portion of the Bonds to be issued to provide the Series 2004 Capital Funding Cost, shall mature serially or as term bonds on December 1 of the years and in not to exceed the amounts as follows (subject to the right of prior redemption hereinafter stated):

YEAR	AMOUNT (\$)	YEAR	AMOUNT (\$)
2005	160,000	2015	845,000
2006	190,000	2016	880,000
2007	190,000	2017	920,000
2008	195,000	2018	955,000
2009	200,000	2019	1,000,000
2010	860,000	2020	1,045,000
2011	890,000	2021	1,095,000
2012	920,000	2022	1,145,000
2013	955,000	2023	1,200,000
2014	990,000		

and as subject to reduction in individual years and in the aggregate as shall be set forth in the Bond Order. The portion of the Bonds to be issued to pay the costs of the Refunding, and all related costs and expenses incidental thereto, shall mature on December 1 of such years as shall be set forth in the Bond Order, and in such principal amounts as shall be set forth therein; *provided, however,* that the tax levy required for the timely payment of the principal of and interest on the portion of the Bonds allocated to the Refunding in any year shall not exceed the tax levy now on file for the Eligible Prior Bonds which are in fact refunded for the same year, *plus,* in each year, the sum of \$10,000. The Bonds may be issued in one or more series as may be specified in the Bond Order. 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 December 1 and June 1 of each year, commencing

on December 1, 2004, as provided in the Bond Order. 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 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 or its nominee is the registered owner as of a given Record Date. 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 office maintained for such purpose of the Bond Registrar, or at successor Bond Registrar 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 (such depository or nominee being the "*Book Entry Owner*"). 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 Book Entry Owner (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 or utilize a previously executed and delivered Letter of Representations or Blanket Letter of Representations (either being the "*Letter of Representations*") substantially in the form common in the industry, or with such changes therein as the officer executing the Letter of Representations on behalf of the City shall approve, his or her execution thereof to constitute conclusive evidence of approval of such changes, as shall be necessary to effectuate Book Entry Form. 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 Book Entry Owner, none of the City, its Finance Director, 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, its Finance Director, and the Bond Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Book Entry Owner, 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 Letter of Representations, 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 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 Book Entry Owner. 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 of this Ordinance.

Section 6. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been

authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 7. Term Bonds, Mandatory Redemption and Covenants; Optional Redemption.

The Bonds may be subject to mandatory redemption (as Term Bonds) as provided in the Bond Order; *provided, however*, that in such event the amounts due as provided for under such mandatory redemption shall be the amounts used to satisfy the test set forth in Section (4) of this Ordinance for the maximum amounts of principal due on the Bonds in any given period. Bonds designated as Term Bonds shall be made subject to mandatory redemption by operation of the Debt Service Fund at a price of not to exceed par and accrued interest, without premium, on a given date of the years and in the amounts as shall be determined in the Bond Order. The City covenants that it will redeem any Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds and levy taxes accordingly. The Bonds shall also be subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part on any date, not longer than ten and one-half (10-1/2) years from the Dated Date, as provided in the Bond Order, and if in part, in such order of maturities (and, if applicable, order of mandatory redemption payments) as shall be specified in the Bond Order, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot by the Bond Registrar as hereinafter provided, at the redemption price (expressed as a percentage of the principal amount being redeemed) of not to exceed 103% of par plus accrued interest to the date fixed for redemption, as provided in the Bond Order. Notwithstanding any other provision of this Ordinance, the Bond Order may provide for non-callable Bonds for the first ten and one-half (10-1/2) years.

Section 8. Term Bonds Purchase or Redemption. If the City redeems pursuant to optional redemption as hereinabove provided or purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the City shall determine. If the City redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption requirement in any year, as the City shall determine.

Section 9. Redemption Procedure. The Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

A. *Notice to Registrar.* For a mandatory redemption, unless otherwise notified by the City, the Bond Registrar will proceed on behalf of the City as its agent to provide for the mandatory redemption of such Term Bonds without any further order or direction hereunder or otherwise. For an optional redemption, the City shall, at least 45 days prior to a redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the maturities and principal amounts of Bonds to be redeemed.

B. *Selection of Bonds within a Maturity.* 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 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 make such selection on or before the time of the giving of official notice of redemption or, if applicable, at such earlier date as the Bond Registrar shall have been advised of the irrevocable receipt of funds sufficient to pay the redemption price of the Bonds to be redeemed (as in the case of a refunding or defeasance).

C. *Official Notice of Redemption.* The Bond Registrar shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first class U.S. mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds

within such maturity, the respective principal amounts) of the Bonds to be redeemed;

(4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar maintained for that purpose.

D. *Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

E. *Bonds Shall Become Due.* Subject to the stated condition in paragraph D immediately preceding, official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for

redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

F. *Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In lieu of the foregoing official notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Letter of Representations, and the giving of such notice shall constitute a waiver by the Depository and the Book Entry Owner, as registered owner, of the foregoing notice.

G. *New Bond in Amount Not Redeemed.* Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

H. *Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the

principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

I. *Bonds to be Cancelled; Payment to Identify Bonds.* All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

J. *Additional Notice.* The City agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however,* that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the City, (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the City with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

Section 10. Registration of Bonds; Persons Treated as Owners. The City shall cause books (the "*Bond Register*" as defined) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal office maintained for such purpose of the Bond Registrar, which is hereby constituted and appointed the registrar of the City for the Bonds.

The City is authorized to prepare, and the Bond Registrar or such other agent as the City may designate shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however,* the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or

his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Bonds for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

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

[Form of Bond - Front Side]

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF COOK
CITY OF EVANSTON

GENERAL OBLIGATION BOND, SERIES 2004

See Reverse Side for
Additional Provisions.

Interest Maturity Dated
Rate: _____% Date: December 1, _____ Date: May 1, 2004 CUSIP: _____

Registered Owner:

Principal Amount: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Evanston, Cook County, Illinois, a municipality, home rule unit and political subdivision of the State of Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (subject to right of prior redemption as hereinafter stated), the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 1 and December 1 of each year, commencing December 1, 2004, until the Principal Amount is paid or duly provided for. The principal of or redemption price on this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal office maintained for such purpose of Wells Fargo Bank, N.A., in the City of Chicago, Illinois, as paying agent and bond registrar (the "Bond Registrar"). Payment of interest shall be made to

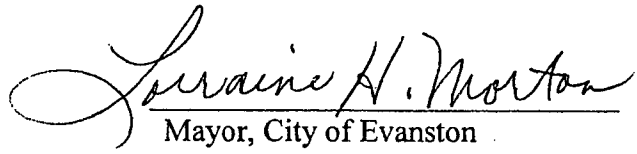
the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar at the close of business on the applicable record date (the "*Record Date*"). The Record Date shall be the 15th day of the month preceding any regular interest payment date or a redemption on the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

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

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due, excepting such interest as may be provided for from the proceeds of the Bonds, and also to pay and discharge the principal hereof at maturity.

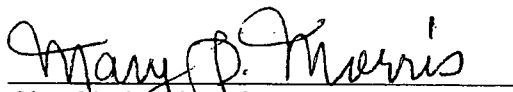
This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

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



Mayor, City of Evanston
Cook County, Illinois

Attest:



City Clerk, City of Evanston
Cook County, Illinois

[SEAL]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, _____

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds, Series 2004, of the City of Evanston, Cook County, Illinois.

Wells Fargo Bank, N.A., as Bond
Registrar

[FORM OF BOND - REVERSE SIDE]

This bond is one of a series of bonds (the "*Bonds*") in the aggregate principal amount of \$_____ issued by the City for the purpose of paying the costs of the Series 2004 Capital Improvements in and for the City and of refunding certain outstanding bonds of the City, and of paying expenses incidental thereto, all as described and defined in the Ordinance Number 39-O-04, duly adopted by the City Council on the 13th day of April 2004, authorizing the Bonds (the "*Ordinance*"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, and pursuant to the provisions of the Local Government Debt Reform Act, as amended (such provisions of law being, collectively, the "*Act*"), and also pursuant to the Ordinance, which has been duly signed by the Mayor of the City, and published in pamphlet form, in all respects as by law required.

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

For the Term Bonds due December 1, 200_:

YEAR	AMOUNT (\$)
200_	
200_	

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

For the Term Bonds due December 1, 20__:

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

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

Those of the Bonds due on or after December 1, _____, 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 [June 1, _____ or December 1, _____], and if in part, in any order of maturity (and, if applicable, any order of mandatory redemption payment) as selected by the City, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot by the Bond Registrar, at the redemption price of par plus accrued interest to the date of redemption.

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

This Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance. The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of

Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption.

The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

ASSIGNMENT

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

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

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____

Signature guaranteed: _____

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

Section 12. Security; Tax Levy. The Bonds are a general obligation of the City, for which the full faith and credit of the City are irrevocably pledged, and are payable from the levy of the Pledged Taxes on all of the taxable property in the City, without limitation as to rate or amount. For the purpose of providing funds required to pay the interest on the Bonds promptly

when and as the same falls due, and to pay and discharge the principal thereof at maturity, *there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for that purpose. Such levy shall be fully set forth in the Bond Order for the Bonds.* The Pledged Taxes and other moneys on deposit (collectively, the “*Bond Moneys*”) in the Debt Service Fund and allocable to the Bonds shall be applied to pay principal of and interest on the Bonds as follows:

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

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

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The City covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes may be levied, extended and collected as provided herein and deposited into the Debt Service Fund. Whenever other funds from any lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the taxes levied herein for the payment of same, the City Council shall, by proper proceedings, direct the deposit of such funds into the Debt Service Fund and further shall direct the abatement of the taxes by the amount so deposited. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

Section 13. Filing with County Clerk. After this Ordinance becomes effective and promptly upon a sale of Bonds and execution and delivery of the Bond Order, a copy hereof, certified by the City Clerk of the City, shall be filed with the County Clerk; and the County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate tax herein provided to be levied and set forth in a Bond Order for each of the years; and the County Clerk shall (to the extent said tax has not been abated as provided herein) extend the same for collection on the tax books in connection with any other taxes that may be levied in said years in and by the City for general corporate purposes of the City; and in said years such

annual tax shall be levied and collected by and for and on behalf of the City in like manner as provided by law for the levy and collection of taxes for general corporate purposes for said years, without limit as to either rate or amount, and in addition to and in excess of all other taxes.

Section 14. Sale of Bonds; Bond Order; Bond Series. The Designated Officials are hereby authorized to proceed, without any further authorization or direction whatsoever from the City Council, to sell and deliver the Bonds upon the terms as prescribed in this Section, pursuant to the Bond Order. The Bonds shall be sold and delivered to the Underwriter at the price of not less than 97% of the par value of the principal amount thereof, plus accrued interest to the date of delivery. Such sale shall be made upon the advice (in the form of a written certificate or report) of the Underwriter that the net interest cost rate on the Bonds, calculated in accordance with customary market practice, does not exceed 6.00% and that the terms of the Bonds are fair and reasonable in view of current conditions in the bond markets. As an additional limitation on the sale of that portion of the Bonds to be sold to provide for the Refunding, the Underwriter's certificate or report (as hereinabove described) must set forth that the Refunding will provide a present value debt service savings to the City resulting from the issuance of Bonds to refund the Eligible Prior Bonds which are chosen to be refunded of not less than 2% of the par value of such refunded bonds, which report shall demonstrate the amount of such savings. The Designated Officials may choose all or any lesser portion of the Eligible Prior Bonds to be refunded, in such manner as will provide such savings. Nothing in this Section shall require the Designated Officials to sell any of the Bonds if in their judgment, aided by the Underwriter, the conditions in the bond markets shall have deteriorated from the time of adoption thereof or the sale of all or any portion of the Bonds shall for some other reason not be deemed advisable, but the Designated Officials shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance and the conditions of this Section shall have been met. As

a further exercise of this authority, the Designated Officials may sell the Bonds in more than one series pursuant to a Bond Order for each series; and, in such event, such officers shall be authorized to change the name of the Bonds for each such series so that such series may properly be identified separately. Further, in such event, the provisions for registration, redemption and exchange of Bonds shall be read as applying to Bonds only of each series, respectively, and not as between series. Upon the sale of the Bonds or any series of the Bonds, the Designated Officials and any other officers of the City as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Contract (as hereinafter defined), and closing documents. The City Council, by its Aldermen voting hereon, finds and determines that no person holding any office of the City either by election or appointment, is in any manner financially interested either directly, in his or her own name, or indirectly in the name of any other person, association, trust or corporation in said Contract with the Underwriter for the purchase of the Bonds. The distribution of the Preliminary Official Statement relating to the Bonds is hereby in all respects authorized and approved, and the proposed use by the Underwriter of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations to reflect the final terms of the Bonds) is hereby approved. A bond purchase contract for the sale of the Bonds to the Underwriter (the "*Bond Purchase Contract*"), substantially in the form attached hereto as *Exhibit A*, is hereby in all respects authorized and approved. Upon the sale of the Bonds, the Designated Officials shall prepare the Bond Order, to be substantially in the form of *Exhibit B* attached hereto, which shall include the pertinent details of sale as provided herein, and such shall be entered into the records of the City and made available to all City Council members at the next public meeting thereof. The Designated Officials shall also file with the County

Clerk the Bond Order or like document including a statement of taxes. The authority granted in this Ordinance to the Designated Officers to sell Bonds as provided herein shall expire on December 31, 2004.

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

A. Accrued interest and premium, if any, on the Bonds shall be and is hereby appropriated for the purpose of paying the first interest due on the Bonds and to such end is hereby ordered to be deposited into the "General Obligation Bonds, Series 2004, Debt Service Fund" (the "*Debt Service Fund*"), hereby created, which shall be the fund for the payment of principal of and interest on the Bonds.

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

C. The amount necessary from the proceeds of the Bonds shall be used to pay costs of issuance of the Bonds and shall be deposited into a separate fund, hereby created, designated the

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

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

E. The amount necessary to pay interest on the portion of the Bonds allocable to the Series 2004 Capital Improvements to and including December 1, 2004, shall be deposited into the Debt Service Fund and be used for such purpose. When the first taxes for the Bonds are levied for 2004 for collection in 2005, this amount shall be reimbursed to the Project Fund.

F. The remaining proceeds of the Bonds shall be set aside in a separate fund, hereby created, and designated as the *"Series 2004 Capital Project Fund"* (the *"Project Fund"*), hereby created, and be used to pay costs of the 2004 Bonds Capital Improvements, including costs of issuance of the Bonds which for any reason are not paid from the Expense Fund.

G. Alternatively, the Finance Director may allocate proceeds of the Bonds otherwise designated for the Debt Service Fund, the Expense Fund or the Project Fund to one or more

related funds of the City already in existence; *provided, however*, that this shall not relieve the Finance Director of the duty to account for the proceeds as herein provided.

H. The City Council reserves the right, as it becomes necessary from time to time, to revise the list of projects hereinabove set forth, to change priorities, to revise cost allocations between projects and to substitute projects, in order to meet current needs of the City; *subject, however*, to the various covenants set forth in this Ordinance and in related certificates given in connection with delivery of the Bonds and also subject to the obtaining of the opinion of Chapman and Cutler LLP, Chicago, Illinois, or of some other attorney or firm of attorneys whose opinions are generally acceptable to the purchasers in the national marketplace of governmental tax-exempt obligations ("*Bond Counsel*") that such changes or substitutions are proper under the Act and do not adversely affect the Tax-exempt status of the Bonds.

Section 16. Tax Covenants Generally. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting, or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the City is treated as the "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. In furtherance of the foregoing provisions, but without limiting their generality, the City agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be

necessary or advisable; (b) to comply with all representations, covenants, and assurances contained in certificates or agreements as may be prepared by counsel approving the Bonds; (c) to consult with Bond Counsel; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 17. Certain Specific Tax Covenants.

A. None of the Bonds shall be and none of the Eligible Prior Bonds was a “private activity bond” as defined in Section 141(a) of the Code; and the City certifies, represents, and covenants as follows:

(1) Not more than 5% of the net proceeds and investment earnings of the Bonds is to be used, and not more than 5% of the net proceeds of the Eligible Prior Bonds was used directly or indirectly, in any activity carried on by any person other than a state or local governmental unit.

(2) Not more than 5% of the amounts necessary to pay the principal of and interest on the Bonds will be derived, directly or indirectly, from payments with respect to any private business use by any person other than a state or local governmental unit.

(3) None of the proceeds of the Bonds is to be used and none of the proceeds of the Eligible Prior Bonds was used directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(4) No user of the real or personal property of the City acquired, constructed, or improved with the proceeds of the Eligible Prior Bonds, other than the City or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person, other than the City or another governmental unit, will be a user of

such property as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract other than as expressly permitted by the Code, or (iii) any other arrangement.

B. The Bonds shall not be “arbitrage bonds” under Section 148 of the Code; and the City certifies, represents, and covenants as follows:

(1) All proceeds of the Eligible Prior Bonds, except for money treated as proceeds because on deposit in the bond fund or debt service fund for the Eligible Prior Bonds, have been spent.

(2) With respect to the Series 2004 Capital Improvements, the City has heretofore incurred or within six months after delivery of the Bonds expects to incur substantial binding obligations to be paid for with money received from the sale of the Bonds, said binding obligations comprising binding contracts for the Series 2004 Capital Improvements in not less than the amount of 5% of the proceeds of the Bonds allocable to the Series 2004 Capital Improvements.

(3) The City expects that more than 85% of the proceeds of the Bonds allocable to the Series 2004 Capital Improvements will be expended on or before three years for the purpose of paying the costs of the Series 2004 Capital Improvements.

(4) The City expects that all of the principal proceeds of the Bonds allocable to the Series 2004 Capital Improvements and investment earnings thereon will be used, needed, and expended for the purpose of paying the costs of the Series 2004 Capital Improvements including expenses incidental thereto.

(5) Work on the Series 2004 Capital Improvements is expected to proceed with due diligence to completion.

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

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

(8) Unless an applicable exception to Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" to the United States Treasury (the "*Rebate Requirement*") is available to the City, the City will meet the Rebate Requirement.

(9) Relating to applicable exceptions, any City officer charged with issuing the Bonds is hereby authorized to make such elections under the Code as such officer shall deem reasonable and in the best interests of the City. If such election may result in a "penalty in lieu of rebate" as provided in the Code, and such penalty is incurred (the "*Penalty*"), then the City shall pay such Penalty.

(10) Not less often than annually, the Director of Finance of the City shall make a determination in writing as to whether it shall be necessary or appropriate to establish a

"Series 2004 Bonds Rebate [or Penalty, if applicable] Fund" (the *"Rebate Fund"*) for the Bonds, and thereupon, if so established, such officer shall further, not less frequently than annually, cause to be transferred to the Rebate Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said officer shall cause to be paid to the United States Treasury, without further order or direction from the City Council, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

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

C. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the City prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the Series 2004 Capital Improvements or expenditures for which an intent to reimburse it as properly declared under Treasury Regulations Section 1.103-18. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.103-18 as to all costs of the Series 2004 Capital Improvements paid after the date hereof and prior to issuance of the Bonds.

D. The City reserves the right to use or invest moneys in connection with the Bonds in any manner or to make changes in the Series 2004 Capital Improvements list or to use the City infrastructure acquired, constructed, or improved as part of the Series 2004 Capital

Improvements in any manner, notwithstanding the representations and covenants in Sections 16 and 17 herein, provided it shall first have received an opinion from Bond Counsel to the effect that use or investment of such moneys or the changes in or use of such infrastructure as contemplated will not result in loss or impairment of Tax-exempt status for the Bonds.

Section 18. Continuing Disclosure. The Mayor or the City Clerk of the City is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") substantially in the form attached hereto as *Exhibit C* to this Ordinance, made a part hereof by this reference, and hereby approved; the officer signatory to such Continuing Disclosure Undertaking being hereby authorized and directed to execute same, his or her execution to constitute conclusive proof of action in accordance with this Ordinance, and approval of all completions or revisions necessary or appropriate to such undertaking. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding upon the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 19. Prior Bonds and Taxes. The taxes previously levied to pay principal of and interest on the Prior Bonds, to the extent such principal and interest is provided for from the proceeds of the Bonds or from the Escrow Account under the Escrow Agreement as hereinabove

described, shall be abated. The filing of a certificate of abatement with the County Clerk shall constitute authority and direction for the County Clerk to make such abatement. Such taxes as previously levied which are either on hand or cannot be abated (already in the process of extension) shall be used for lawful purposes of the City, including the payment of debt service on the Bonds so as to reduce the need for the levy of taxes for the Bonds.

Section 20. Pertaining to the Bond Registrar. If requested by the Bond Registrar or the Paying Agent, or both, any officer of the City is authorized to execute standard forms of agreements between the City and the Bond Registrar or Paying Agent with respect to the obligations and duties of the Bond Registrar or Paying Agent under this Ordinance. In addition to the terms of such agreements and subject to modification thereby, the Bond Registrar and Paying Agent by acceptance of duties under this Ordinance agree (a) to act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) as to the Bond Registrar, to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential to the extent permitted by law; (c) as to the Bond Registrar, to cancel and/or destroy Bonds which have been paid at maturity or upon redemption or submitted for exchange or transfer; (d) as to the Bond Registrar, to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and (e) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The City covenants with respect to the Bond Registrar, and the Bond Registrar further covenants and agrees as follows: (A) The City shall at all times retain a Bond Registrar with respect to the Bonds; it will maintain at the designated office(s) of such Bond Registrar a place or places where Bonds may be presented for payment, registration, transfer or exchange; and it will require that the Bond Registrar properly maintain the Bond Register and perform the other duties and obligations imposed upon it by this

Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry. (B) The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Bond, and by such execution the Bond Registrar shall be deemed to have certified to the City that it has all requisite power to accept and has accepted such duties and obligations not only with respect to the Bond so authenticated but with respect to all the Bonds. Any Bond Registrar shall be the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on Bonds. (C) The City may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Bond Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or of the property or affairs thereof, the City covenants and agrees that it will thereupon appoint a successor Bond Registrar. The City shall give notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment in the same manner, or as nearly the same as may be practicable, as for a redemption of Bonds. Any Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining its principal corporate trust office in Illinois, and having capital and surplus and undivided profits in excess of \$10,000,000. The City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the Bond Registrar and the Paying Agent.

Section 21. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Paying Agent to

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

Section 22. Publication of Ordinance. A full, true and complete copy of this Ordinance shall be published within ten days after passage in pamphlet form by authority of the City Council.

Section 23. Superseder and Effective Date. All ordinances, resolutions and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded; and this Ordinance shall be in full force and effect immediately upon its passage, approval and publication.

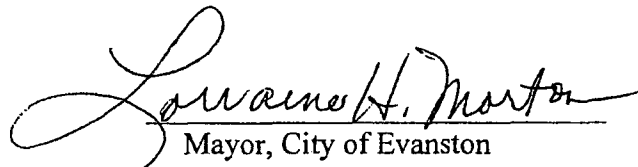
AYES: Aldermen Tisdahl, Rainey, Feldman, Newman, Jean-Baptiste, Wynne, Bernstein, Kent, and Moran

NAYS: None

ABSENT: None

ADOPTED: April 13, 2004

APPROVED: April 14 2004

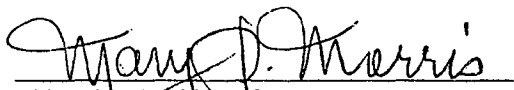


Mayor, City of Evanston
Cook County, Illinois

RECORDED In City Records: April 14, 2004.

PUBLISHED in pamphlet form by authority of the City Council on April 14, 2004.

Attest:



City Clerk, City of Evanston
Cook County, Illinois



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 14 day of April 2004 there was published in pamphlet form, by authority of the City Council, a true, correct and complete copy of Ordinance Number 39-O-04 of the City providing for the issuance of not to exceed \$27,390,000 General Obligation Bonds, Series 2004, dated May 1, 2004, 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 4th day of May 2004.

[SEAL]

Mary D. Morris
City Clerk

