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ORDINANCE NUMBER 43-O-07

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$33,500,000 GENERAL OBLIGATION BONDS, SERIES 2007, OF THE CITY OF EVANSTON, ILLINOIS

Adopted by the City Council on
April 23, 2007

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the authority of the City Council
on April 24, 2007.

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CITY OF EVANSTON, ILLINOIS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON,
COOK COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Authority, Purposes and Findings. This ordinance is adopted pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, and authorizes the issuance of not to exceed \$33,500,000 principal amount of General Obligation Bonds, Series 2007 (the "2007 Bonds") of the City of Evanston, Illinois (the "City") for the purposes of (i) refunding the outstanding General Obligation Corporate Purpose Bonds, Series 1997, of the City (the "Series 1997 Bonds"), (ii) refunding a portion of the outstanding General Obligation Corporate Purpose Bonds, Series 1999, of the City maturing in the years 2009 to 2019, both inclusive (the "Series 1999 Bonds") and (iii) financing a portion of the current Capital Improvement Plan of the City as described in Section 2 of this ordinance.

Section 2. Approval of Capital Improvements Financing Plan. The City Council has heretofore and does hereby determine to undertake the capital

improvement program described in the current Capital Improvement Plan of the City. The portion of the capital improvement program to be funded by the application of the proceeds of sale of the 2007 Bonds (the "2007 Projects") includes the following capital improvement projects, which are more particularly described in the current Capital Improvement Plan, approved by this City Council and on file in the office of the City Clerk:

<u>Project Category</u>	<u>Estimated Cost</u>
Alley Improvements	\$1,600,000
Water Plant Improvements	2,000,000
Street Resurfacing	3,000,000
Fire Station Number 5.....	2,700,000
Other General Capital Improvement Fund Projects	<u>5,600,000</u>
Total	<u><u>\$14,900,000</u></u>

Section 3. Approval of Refundings. Subject to the determinations to be made pursuant to this ordinance, the City Council hereby authorizes the current refunding of the Series 1997 Bonds and the advance refunding of the Series 1999 Bonds.

Section 4. Approval of Financing Plan. The City Council determines to proceed with the refunding of the Series 1997 Bonds, the refunding of a portion of the Series 1999 Bonds and the financing of the 2007 Projects by the issuance and sale of the 2007 Bonds. The 2007 Bonds shall be sold pursuant to a negotiated sale to J.P. Morgan Securities Inc., and Alta Capital Group, LLC, as underwriters (the "Underwriters").

In order to accommodate current market practices and the provisions of federal income tax law and to provide the opportunity to sell the 2007 Bonds under the most favorable terms, the City Council hereby delegates to the City Manager the authority to sell the 2007 Bonds to the Underwriters, to sign a bond purchase agreement with respect to the 2007 Bonds, to determine certain details of the 2007 Bonds, to determine the particular maturities and principal amounts of the Series 1997 Bonds to be refunded (the "Prior 1997 Bonds") and to determine the particular maturities and principal amounts of Series 1999 Bonds to be refunded (the "Prior 1999 Bonds" and together with the Prior 1997 Bonds, the "Prior Bonds").

Each Prior 1997 Bond shall be redeemed on a date to be selected by the City Manager, which date shall be (i) on or after June 1, 2007 and (ii) within 90 days of the date of issuance of the 2007 Bonds. Each Prior 1997 Bond shall be redeemed at the redemption price of par, together with accrued interest to the date of redemption. Each Prior 1999 Bond shall be redeemed on December 1, 2008 at the redemption price of par, together with accrued interest to the date of redemption.

The Mayor, City Manager, Finance Director and the other officers and officials of the City are authorized and directed to do, or cause to be done, all things necessary to accomplish the refunding and redemption of the Prior Bonds.

All determinations delegated to the City Manager pursuant to this ordinance shall be made by the City Manager by the execution of a written bond order (the "Bond Order"). The delegated authority granted to the City Manager pursuant to this Section shall expire on July 31, 2007.

Section 5. Authorization and Terms of 2007 Bonds. The sum of \$16,000,000 is appropriated to meet part of the estimated costs of the 2007 Projects.

The sum of \$17,500,000 is appropriated to meet part of the estimated costs of refunding the Prior Bonds. Said appropriations include provisions for capitalizing a portion of the interest on the 2007 Bonds and the payment of the costs of issuance of the 2007 Bonds. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriations, the 2007 Bonds are authorized to be issued and sold in an aggregate principal amount of not to exceed \$33,500,000. The 2007 Bonds shall be general obligation bonds of the City, shall be issued in such principal amount as shall be determined in the Bond Order and shall be designated "General Obligation Bonds, Series 2007."

The 2007 Bonds shall be issuable in the denominations of \$5,000 or any integral multiple thereof and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the 2007 Bonds. Each 2007 Bond delivered upon the original issuance of the 2007 Bonds shall be dated as of the date specified in the Bond Order. Each 2007 Bond thereafter issued upon any transfer, exchange or replacement of 2007 Bonds shall be dated so that no gain or loss of interest shall result from such transfer, exchange or replacement.

The 2007 Bonds shall mature, and 2007 Bonds of certain maturities may be subject to mandatory sinking fund redemption, on December 1 in such years and in such principal amounts as shall be specified in the Bond Order, provided that no 2007 Bond shall mature later than December 1, 2027.

Each 2007 Bond shall bear interest from its date, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on an initial interest payment date of December 1, 2007 and semiannually thereafter on each June 1 and December 1 at the rates per annum as

shall be specified in the Bond Order, provided that (i) no 2007 Bond shall bear interest at a rate exceeding 6.00% per annum and (ii) the true interest cost of the 2007 Bonds shall not exceed 5.50%.

No 2007 Bonds shall be sold pursuant to this ordinance unless the sum of the taxes levied pursuant to Section 14 of this ordinance, the tax receipts to be deposited into the 2007 Debt Service Fund pursuant to paragraph (F) of Section 14 and the moneys to be deposited into the 2007 Debt Service Fund (established by this ordinance) concurrently with the issuance of the 2007 Bonds is sufficient to provide for the punctual payment of the principal of and interest on the 2007 Bonds.

Section 6. Payment Provisions. The principal of the 2007 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the corporate trust office of Wells Fargo Bank, N.A., in the City of Chicago, Illinois, which is hereby appointed to act as bond registrar and paying agent for the 2007 Bonds. Interest on the 2007 Bonds shall be payable on each interest payment date to the registered owners of record thereof appearing on the registration books maintained by the City for such purpose at the corporate trust office of the bond registrar, as of the close of business on the 15th day of the calendar month next preceding the applicable interest payment date. Interest on the 2007 Bonds shall be paid by check or draft mailed to such registered owners at their addresses appearing on the registration books or by wire transfer pursuant to an agreement by and between the City and the registered owner.

Section 7. Redemption Provisions. The 2007 Bonds may be subject to redemption prior to maturity at the option of the City, as determined by the City Manager in the Bond Order, and upon notice as herein provided, in such principal amounts and

from such maturities as the City Manager shall determine in the Bond Order and by lot within a single maturity, at such redemption prices (not exceeding 102% of par) and for such periods of redemption as shall be determined in the Bond Order.

Pursuant to the Bond Order, the City may designate one or more maturities of the 2007 Bonds as term bonds subject to mandatory redemption by the application of annual sinking fund installments. All 2007 Bonds subject to mandatory sinking fund redemption shall be redeemed at a redemption price equal to the principal amount thereof to be redeemed. The bond registrar is hereby authorized and directed to mail notice of the mandatory sinking fund redemption of the 2007 Bonds in the manner herein provided.

Whenever 2007 Bonds subject to mandatory sinking fund redemption are redeemed at the option of the City, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of future sinking fund installments or final maturity amount established with respect to such 2007 Bonds, in such amounts and against such installments or final maturity amount as shall be determined by the City in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited pro-rata against the unsatisfied balance of the applicable sinking fund installments and final maturity amount.

On or prior to the 60th day preceding any sinking fund installment date, the City may purchase 2007 Bonds, which are subject to mandatory redemption on such sinking fund installment date, at such prices (not exceeding par plus accrued interest) as the City shall determine. Any 2007 Bond so purchased shall be cancelled and the principal amount thereof so purchased shall be credited against the unsatisfied balance of the

next ensuing sinking fund installment of the 2007 Bonds of the same maturity and interest rate as the 2007 Bond so purchased.

In the event of the redemption of less than all the 2007 Bonds of like maturity and interest rate, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an integral multiple thereof and the bond registrar shall assign to each 2007 Bond of such maturity a distinctive number for each \$5,000 principal amount of such 2007 Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such 2007 Bonds to be redeemed. The 2007 Bonds to be redeemed shall be the 2007 Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each 2007 Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

Notice of the redemption of 2007 Bonds shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of 2007 Bonds to be redeemed at their last addresses appearing on said registration books. The 2007 Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the 2007 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such 2007 Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less

than all of a 2007 Bond, the City shall execute and the bond registrar shall authenticate and deliver, upon surrender of such 2007 Bond, without charge to the owner thereof, in exchange for the unredeemed balance of the 2007 Bond so surrendered, 2007 Bonds of like maturity and of the denomination of \$5,000 or any integral multiple thereof.

The bond registrar shall not be required to transfer or exchange any 2007 Bond after notice of the redemption of all or a portion thereof has been mailed. The bond registrar shall not be required to transfer or exchange any 2007 Bond during a period of 15 days next preceding the mailing of a notice of redemption that could designate for redemption all or a portion of such 2007 Bond.

Section 8. Approval of Documents. The form of Bond Purchase Agreement by and between the City and the Underwriters with respect to the sale of the 2007 Bonds, on file in the office of the City Clerk, is hereby approved. In connection with the sale of the 2007 Bonds, the City Manager is authorized and directed to execute and deliver a Bond Purchase Agreement in substantially the form of the Bond Purchase Agreement on file in the office of the City Clerk, with such changes and completions as may be approved by the City Manager, subject to the limitations of this ordinance. The execution and delivery of the Bond Purchase Agreement shall constitute conclusive evidence of the approval of such changes and completions.

The form of Preliminary Official Statement of the City with respect to the 2007 Bonds, in substantially the form on file in the office of the City Clerk, with such changes, omissions, insertions and revisions as the City Manager shall deem advisable, the distribution thereof to prospective purchasers and the use thereof by the Underwriters in connection with the offering of the 2007 Bonds is authorized, ratified and approved. The City Manager may take such actions as may be required so that the Official

Statement will be "deemed final" as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The City Manager is authorized to permit the distribution of the final Official Statement and any supplements to the Official Statement, in each case with such changes, omissions, insertions and revisions as he shall deem advisable.

The form of 2007 Escrow Deposit Agreement by and between the City and Wells Fargo Bank, N.A., on file in the office of the City Clerk, is hereby approved. In connection with the refunding of the Prior 1999 Bonds, the City Manager is authorized and directed to execute and deliver a 2007 Escrow Deposit Agreement in substantially the form of the 2007 Escrow Deposit Agreement on file in the office of the City Clerk, with such changes and completions as may be approved by the City Manager, subject to the limitations of this ordinance. The execution and delivery of the 2007 Escrow Deposit Agreement shall constitute conclusive evidence of the approval of such changes and completions.

Each of the documents approved by this Section may be executed in one or more counterparts. The corporate seal of the City, or a facsimile thereof may, if required, be affixed or otherwise reproduced upon each document and attested by the manual or authorized facsimile signature of the City Clerk.

Section 9. Sale and Delivery of 2007 Bonds. (A) Subject to the limitations contained in this ordinance, authority is delegated to the City Manager to sell the 2007 Bonds to the Underwriters, provided that:

- (i) The purchase price of the 2007 Bonds shall be not less than 98% of the principal amount of the 2007 Bonds;

(ii) the underwriting discount of the Underwriters shall not exceed an amount equal to one percent (1.00%) of the principal amount of the 2007 Bonds;

(iii) with respect to any 2007 Bonds issued to refund Prior 1997 Bonds, the present value debt service savings resulting from the sale of such 2007 Bonds and the refunding of the Prior 1997 Bonds shall not be less than three percent (3.00%) of the principal amount of the Prior 1997 Bonds; and

(iv) with respect to any 2007 Bonds issued to refund Prior 1999 Bonds, the present value debt service savings resulting from the sale of such 2007 Bonds and the refunding of the Prior 1999 Bonds shall not be less than three percent (3.00%) of the principal amount of the Prior 1999 Bonds.

(B) The sale and award of the 2007 Bonds shall be evidenced by the Bond Order, which shall be signed by the City Manager. An executed counterpart of the Bond Order shall be filed in the office of the City Clerk and entered in the records of the City.

(C) The Mayor, the City Manager, the Finance Director, the City Clerk and other officials of the City are authorized and directed to do and perform, or cause to be done or performed for or on behalf of the City each and every thing necessary for the issuance of the 2007 Bonds, including the proper execution and delivery of the 2007 Bonds, the Bond Purchase Agreement and the Official Statement.

Section 10. Execution and Authentication. Each 2007 Bond shall be executed in the name of the City by the manual or authorized facsimile signature of its Mayor. The corporate seal of the City, or a facsimile thereof, shall be thereunto affixed or otherwise reproduced upon each 2007 Bond and attested by the manual or authorized facsimile signature of the City Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any 2007 Bond shall cease to hold such office before the issuance of the 2007 Bond, such 2007 Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such 2007 Bond had not ceased to hold such office. Any 2007 Bond may be signed, sealed or attested on behalf of the City by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such 2007 Bond such person may not have held such office. No recourse shall be had for the payment of any 2007 Bonds against any officer who executes the 2007 Bonds.

Each 2007 Bond shall bear thereon a certificate of authentication executed manually by the bond registrar. No 2007 Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the bond registrar.

Section 11. Transfer, Exchange and Registry. The 2007 Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each 2007 Bond shall be transferable only upon the registration books maintained by the City for that purpose at the corporate trust office of the bond registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the bond registrar and duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such 2007 Bond, the City shall execute and the bond registrar shall authenticate and deliver a new 2007 Bond or 2007 Bonds registered in the name of the transferee, of the same aggregate principal amount, maturity and interest rate as the surrendered 2007 Bond. 2007 Bonds, upon surrender thereof at the

principal corporate trust office of the bond registrar, with a written instrument satisfactory to the bond registrar, duly executed by the registered owner or his attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of 2007 Bonds of the same maturity and interest rate and of the denominations of \$5,000 or any integral multiple thereof.

For every such exchange or registration of transfer of 2007 Bonds, the City or the bond registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act, 30 Illinois Compiled Statutes 315, shall govern the replacement of lost, destroyed or defaced 2007 Bonds.

The City and the bond registrar may deem and treat the person in whose name any 2007 Bond shall be registered upon the registration books as the absolute owner of such 2007 Bond, whether such 2007 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, redemption premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2007 Bond to the extent of the sum or sums so paid, and neither the City nor the bond registrar shall be affected by any notice to the contrary.

Section 12. General Obligations. The full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on the 2007 Bonds. The 2007 Bonds shall be direct and general obligations of the City, and the City shall be obligated to levy ad valorem taxes upon all the taxable property in the City for the payment of the 2007 Bonds and the interest thereon, without limitation as to rate or amount.

Section 13. Form of Bonds. The 2007 Bonds shall be issued as fully registered bonds and shall be in substantially the following form, the blanks to be appropriately completed when the 2007 Bonds are printed:

No. _____

United States of America
 State of Illinois
 County of Cook
 CITY OF EVANSTON
 GENERAL OBLIGATION BOND,
 SERIES 2007

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
. %	December 1, _____	_____, 2007	_____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The CITY OF EVANSTON, a municipal corporation and a home rule unit of the State of Illinois situate in the County of Cook, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of

twelve 30 day months and payable in lawful money of the United States of America on December 1, 2007 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15th day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose by Wells Fargo Bank, N.A., Chicago, Illinois, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the corporate trust office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of \$_____, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and an ordinance passed and adopted by the City Council of the City on April 23, 2007 and entitled: "Ordinance Authorizing the Issuance of Not to Exceed \$33,500,000 General Obligation Bonds, Series 2007, of the City of Evanston, Illinois."

The bonds of such series maturing on or after December 1, 20__ are subject to redemption prior to maturity at the option of the City and upon notice as herein provided, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on _____, 20__ and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed plus, if such

bond is to be redeemed during any period (both dates inclusive) shown in the following table, the applicable redemption premium, expressed as a percentage of such principal amount, set forth opposite such period:

Redemption Period Redemption Premium

The bonds of such series maturing in the years 20___, 20___ and 20___ (the "Term Bonds") are subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

20___ Term Bonds		20___ Term Bonds		20___ Term Bonds	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
20	\$,000	20	\$,000	20	\$,000
20	,000	20	,000	20	,000
20	,000	20	,000	20	,000

Notice of the redemption of bonds will be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of bonds to be redeemed at their last addresses appearing on such registration books. The bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt

thereof by any registered owner) then from and after the redemption date interest on such bonds or portions thereof shall cease to accrue and become payable.

This bond is transferable only upon such registration books by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof at the corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or by his duly authorized attorney, and thereupon a new registered bond or bonds, in the authorized denominations of \$5,000 or any integral multiple thereof and of the same aggregate principal amount, maturity and interest rate as this bond shall be issued to the transferee in exchange therefor. In like manner, this bond may be exchanged for an equal aggregate principal amount of bonds of the same maturity and interest rate and of any of such authorized denominations. The City or the Bond Registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this bond. No other charge shall be made for the privilege of making such transfer or exchange. The City and the Bond Registrar may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever.

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

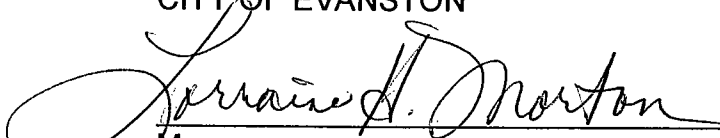
It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this

bond in order to make it a legal, valid and binding obligation of the City have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

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


Dated: April 24, 2007

CITY OF EVANSTON



Mayor

Attest:



City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the General Obligation Bonds, Series 2007, described in the within mentioned Ordinance.

WELLS FARGO BANK, N.A., as Bond Registrar

By _____
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

the within bond and hereby irrevocably constitutes and appoints _____

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

Dated _____

Signature Guarantee: _____

Section 14. Levy and Extension of Taxes. (A) For the purpose of providing the money required to pay the interest on the 2007 Bonds when and as the same falls due and to pay and discharge the principal thereof (including sinking fund installments) as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2007 Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

<u>Tax Levy Year</u>	<u>A Tax Sufficient to Produce</u>
2007	\$4,121,583
2008	4,377,020
2009	4,377,045
2010	4,391,700
2011	4,428,900
2012	3,242,188
2013	3,449,950
2014	4,684,800
2015	3,659,325
2016	3,025,625
2017	2,470,000
2018	2,467,750
2019	2,200,000
2020	2,200,000
2021	2,200,000
2022	2,200,000
2023	2,200,000
2024	2,200,000
2025	2,200,000
2026	2,200,000

(B) Interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when said taxes shall have been collected, reimbursement shall be made to the said funds in the amounts thus advanced.

(C) After the sale of the 2007 Bonds and the execution of the Bond Order, an executed copy of the Bond Order and a copy of this ordinance, certified by the City Clerk, which certificate shall recite that this ordinance has been duly adopted, shall be filed with the County Clerk of Cook County, Illinois, who is hereby directed to ascertain the rate per cent required to produce the aggregate tax hereinbefore provided to be levied in the years 2007 to 2026, inclusive, and subject to adjustment as provided in paragraph (D) of this Section, to extend the same for collection on the tax books in connection with other taxes 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 in like manner as taxes for general corporate purposes for said years are levied and collected and, when collected, such taxes shall be used for the purpose of paying the principal of and interest on the 2007 Bonds as the same become due and payable.

(D) In the event that 2007 Bonds are to be issued in principal amounts and bearing interest such that for any tax levy year an amount less than that set forth in paragraph (A) of this Section is required to be produced to pay when due the principal of and interest on the 2007 Bonds, then the Finance Director is authorized and directed to file with the aforesaid County Clerk, on or prior to the date of delivery of the 2007 Bonds, a direction for abatement of taxes specifying the exact amount of taxes to be levied to produce the required amounts for each of the various tax levy years.

(E) After the issuance of the 2007 Bonds, the Finance Director shall file with the County Clerk of Cook County, a certificate listing the Prior Bonds and the taxes theretofore levied for the payment of the principal of and interest on the Prior Bonds payable after December 1, 2007, and said certificate shall direct the abatement of such taxes.

(F) Tax receipts derived from the taxes levied for the 2006 tax levy year for the payment of the principal of and interest on the Prior Bonds and not utilized for the refunding of the Prior Bonds, shall be deposited into the 2007 Debt Service Fund.

Section 15. Application of Proceeds. The proceeds of sale of the 2007 Bonds shall be applied as follows:

1. To the Capitalized Interest Account of the 2007 Debt Service Fund, the amount (if any) of such proceeds to be applied for the payment of interest on the 2007 Bonds (the "Capitalized Interest Deposit").

2. To the Escrow Fund maintained under the 2007 Escrow Deposit Agreement, the amount, together with other moneys (if any) of the City deposited therein, necessary to provide for the redemption of each Prior 1999 Bond on its redemption date and to provide for interest to become due and payable on each Prior 1999 Bond to its redemption date.

3. To the Series 1997 Redemption Fund established by this ordinance, the amount, together with other moneys (if any) of the City deposited therein, necessary to provide for the redemption of each Prior 1997 Bond on its redemption date and to provide for the interest to become payable on each Prior 1997 Bond to its redemption date.

4. To the 2007 Expense Fund established by this ordinance, the amount needed to pay the costs of issuance of the 2007 Bonds.

5. To the 2007 Construction Fund established by this ordinance, the amount of such proceeds of sale remaining after making the foregoing deposits.

Section 16. Debt Service Fund. Moneys derived from taxes levied pursuant to paragraph (A) of Section 14 of this ordinance are appropriated and set aside for the sole

purpose of paying principal of and interest on the 2007 Bonds when and as the same come due. All of such moneys, and all other moneys to be used for the payment of the principal of and interest on the 2007 Bonds, shall be deposited in the "2007 Debt Service Fund," which is hereby established as a special fund of the City and shall be administered as a bona fide debt service fund under the Internal Revenue Code of 1986. Any Capitalized Interest Deposit and any accrued interest received upon the issuance of the 2007 Bonds shall be deposited in the Capitalized Interest Account of the 2007 Debt Service Fund.

Section 17. Pledges Securing 2007 Bonds. The moneys deposited or to be deposited into the 2007 Debt Service Fund, including the tax receipts derived from the taxes levied pursuant to paragraph (A) of Section 14 of this ordinance and the tax receipts derived from the 2006 tax levy for the Prior Bonds and to be deposited into the 2007 Debt Service Fund, are pledged as security for the payment of the principal of and interest on the 2007 Bonds. This pledge is made pursuant to Section 13 of the Local Government Debt Reform Act and shall be valid and binding from the date of issuance of any of the 2007 Bonds. All such tax receipts and the moneys held in the 2007 Debt Service Fund shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

Section 18. Construction Fund. The "2007 Construction Fund" is hereby established as a special fund of the City. Moneys in the 2007 Construction Fund shall be used for the purpose of paying costs of the 2007 Projects and the payment of costs of issuance of the 2007 Bonds, but may hereafter be reappropriated and used for other

purposes if such reappropriation is permitted under Illinois law and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2007 Bonds.

Section 19. Expense Fund. The "2007 Expense Fund," is hereby established as a special fund of the City. Moneys in the 2007 Expense Fund shall be used for the payment of costs of issuance of the 2007 Bonds. On September 1, 2007, any moneys remaining in the 2007 Expense Fund shall be deposited into the 2007 Construction Fund.

Section 20. Redemption Fund. The "Series 1997 Redemption Fund" is hereby established as a special fund of the City. Moneys in the Series 1997 Redemption Fund shall be used to pay the redemption price of the Prior 1997 Bonds, including accrued interest. After the redemption of the Prior 1997 Bonds, any remaining moneys in the Series 1997 Redemption Fund shall be deposited into the 2007 Construction Fund.

Section 21. Investment Regulations. No investment shall be made of any moneys in the Escrow Fund, 2007 Debt Service Fund, the 2007 Construction Fund, the 2007 Expense Fund or the Series 1997 Redemption Fund except in accordance with the tax covenants set forth in Section 22 of this ordinance. All income derived from such investments in respect of moneys or securities in any Fund shall be credited in each case to the Fund in which such moneys or securities are held.

Any moneys in any Fund that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt, or in any tax-exempt bond that is not an "investment property" within the meaning of Section 148(b)(2) of the Internal Revenue Code of 1986. The Finance Director and

his designated agents are hereby authorized to submit, on behalf of the City, subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

Section 22. Tax Covenants. The City shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any 2007 Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such 2007 Bond is subject on the date of original issuance thereof.

The City shall not permit any of the proceeds of the 2007 Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any 2007 Bond to constitute a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986.

The City shall not permit any of the proceeds of the 2007 Bonds or other moneys to be invested in any manner that would cause any 2007 Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986 or a "hedge bond" within the meaning of Section 149(g) of the Internal Revenue Code of 1986.

The City shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986 relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

Section 23. Bond Registrar. The City covenants that it shall at all times retain a bond registrar with respect to the 2007 Bonds, that it will maintain at the designated office of such bond registrar a place where 2007 Bonds may be presented for payment and registration of transfer or exchange and that it shall require that the bond registrar

maintain proper registration books and perform the other duties and obligations imposed upon the bond registrar by this ordinance in a manner consistent with the standards, customs and practices of the municipal securities business.

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 2007 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 2007 Bond so authenticated but with respect to all the 2007 Bonds. The bond registrar is the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or default. The bond registrar shall, however, be responsible for any representation in its certificate of authentication on the 2007 Bonds.

The City may remove the bond registrar at any time. In case at any time the bond registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the bond registrar, or of its property, shall be appointed, or if any public officer shall take charge or control of the bond registrar or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor bond registrar. The City shall mail notice of any such appointment made by it to each registered owner of 2007 Bonds within twenty days after such appointment.

Section 24. Book-Entry System. In order to provide for the initial issuance of the 2007 Bonds in a form that provides for a system of book-entry only transfers, the ownership of one fully registered 2007 Bond for each maturity, in the aggregate principal amount of such maturity, shall be registered in the name of Cede & Co., as a nominee

of The Depository Trust Company, as securities depository for the 2007 Bonds. The Finance Director is authorized to execute and deliver on behalf of the City such letters to, or agreements with, the securities depository as shall be necessary to effectuate such book-entry system.

In case at any time the securities depository shall resign or shall become incapable of acting, then the City shall appoint a successor securities depository to provide a system of book-entry only transfers for the 2007 Bonds, by written notice to the predecessor securities depository directing it to notify its participants (those persons for whom the securities depository holds securities) of the appointment of a successor securities depository.

If the system of book-entry only transfers for the 2007 Bonds is discontinued, then the City shall issue and the bond registrar shall authenticate, register and deliver to the beneficial owners of the 2007 Bonds, bond certificates in replacement of such beneficial owners' beneficial interests in the 2007 Bonds, all as shown in the records maintained by the securities depository.

Section 25. Continuing Disclosure. For the benefit of the beneficial owners of the 2007 Bonds, the City covenants and agrees to provide an annual report containing certain financial information and operating data relating to the City and to provide notices of the occurrence of certain enumerated events, if material.

The annual report shall be filed with each Nationally Recognized Municipal Securities Information Repository and with the Illinois state information depository, if any, within 210 days after the close of the City's fiscal year. The information to be contained in the annual report shall consist of the annual audited financial statement of the City and such additional information as noted in the Official Statement under the

caption "Continuing Disclosure." Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement shall be included in the annual report and the audited financial statement shall be filed within 30 days after it becomes available.

The City also covenants and agrees, for the benefit of the beneficial owners of the 2007 Bonds, to provide timely notice to each Nationally Recognized Municipal Securities Information Repository and to the Illinois state information depository, if any, of any failure of the City to file any such annual report within the 210 day period and of the occurrence of any of the following events with respect to the 2007 Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related 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 2007 Bonds;
- (7) modifications to rights of bondholders;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2007 Bonds; and
- (11) rating changes.

It is found and determined that the City has agreed to the undertakings contained in this Section in order to assist participating underwriters of the 2007 Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The Finance Director is authorized and directed to do and perform, or cause to be done or performed, for or on behalf of the City, each and every thing

necessary to accomplish the undertakings of the City contained in this Section for so long as Rule 15c2-12(b)(5) is applicable to the 2007 Bonds and the City remains an "obligated person" under the Rule with respect to the 2007 Bonds.

The undertakings contained in this Section may be amended by the City upon 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 obligated person, or type of business conducted, provided that (a) the undertaking, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) 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 (b) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the 2007 Bonds.

Section 26. Defeasance and Payment of 2007 Bonds. (A) If the City shall pay or cause to be paid to the registered owners of the 2007 Bonds, the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of tax receipts, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the 2007 Bonds shall be discharged and satisfied.

(B) Any 2007 Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such 2007 Bonds, shall be deemed to have been paid within the meaning of paragraph (A) of this Section if (1) in case any such 2007 Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such 2007 Bonds for redemption and notice of

such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined in paragraph (C) of this Section, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on, such 2007 Bonds on and prior to the applicable maturity date or redemption date thereof.

(C) As used in this Section, the term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) of this paragraph, which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

Section 27. Amendment Budget Policy. The City is in need of additional debt incurring capacity. Accordingly, Paragraph J of the Budget Policy is hereby deleted in its entirety as currently written and amended to read as follows:

J. Debt Service Fund. General Obligation Debt of the City means debt (*viz.*, bonds) for which an unlimited real property tax levy is made or pledged for payment. General Obligation Debt shall be allocated into two categories. Self-Supporting General Obligation Debt shall mean General Obligation Debt which, at the time of issuance, is expected and intended

by the Finance Director to be payable out of a source of funds other than the City's general real property tax levy, thus permitting the abatement and avoidance of the property tax levy to pay such bonds; examples of Self-Supporting General Obligation Debt include (without limitation) bonds payable from the Water Fund or the Sewer Fund, bonds payable from special assessments, bonds payable from tax increment financing areas, and bonds payable from Motor Fuel Taxes. Tax-Supported General Obligation Debt shall mean all other General Obligation Debt, which is expected and intended to be paid from a general real property tax levy. General Obligation Debt shall not include any obligation of the City not denominated a bond, including, without limitation, short term notes or warrants or other obligations which the City may issue from time to time for various purposes and to come due within three (3) years of issuance. General Obligation Debt does not include bonds which have been refunded or defeased and which, as a consequence of same, are provided for from a dedicated source of funds or investments. Self-Supporting General Obligation Debt shall not be limited by this Budget Policy. Tax-Supported General Obligation Debt shall not exceed \$125,000,000 in aggregate principal amount, which limit is expressly subject to increase from time to time by action of the City Council as the needs of the City may grow. General Obligation Debt issued as so-called zero coupon bonds or capital appreciation bonds shall be counted as debt in the original principal amount issued. The Finance Director shall at all times keep a book or record of all General Obligation Debt and its proper allocation. The Finance Director's statements as to the allocation of General Obligation Debt into these two categories shall be conclusive. Notwithstanding this statement of policy, all bonds or other obligations by whatever name designated of the City duly authorized to be issued by the City Council shall be valid and legally binding as against the City, and there shall be no defense of the City as against any bondholder or other obligation holder on the basis of this policy.

Section 28. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the City and the registered owners of the 2007 Bonds. Any pledge made in this ordinance with respect to the 2007 Bonds and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the owners of any and all of the 2007 Bonds. All of the 2007 Bonds, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the 2007 Bonds over any other thereof except as expressly provided in or pursuant to

this ordinance. This ordinance shall constitute full authority for the issuance of the 2007 Bonds and to the extent that the provisions of this ordinance, conflict with the provisions of any other ordinance or resolution of the City, the provisions this ordinance shall control. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

In this ordinance, reference to an officer of the City includes any person holding such office on an interim basis.

Section 29. Publication. The City Clerk is hereby authorized and directed to publish this ordinance in pamphlet form and to file copies thereof for public inspection in her office.

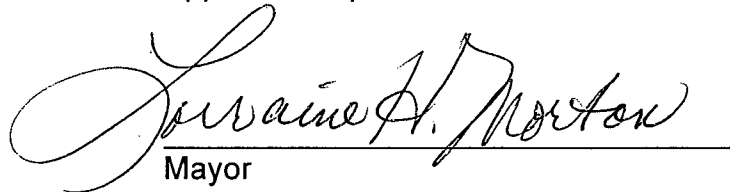
Section 30. Effective Date. This ordinance shall become effective upon its passage and approval.

Passed and adopted this 23rd day of April, 2007, by roll call vote as follows:

Ayes: 9

Nays: 0

Approved: April 23, 2007

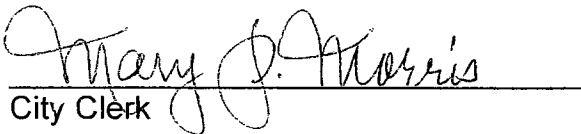


Mayor

Published in pamphlet form: April 24, 2007

(SEAL)

Attest:



City Clerk

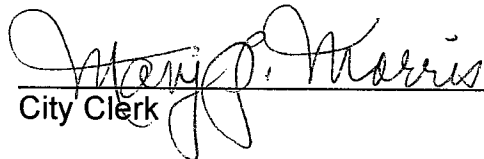
CERTIFICATE

I, Mary P. Morris, City Clerk of the City of Evanston, Illinois, hereby certify that the foregoing ordinance entitled: "Ordinance Authorizing the Issuance of Not to Exceed \$33,500,000 General Obligation Bonds, Series 2007, of the City of Evanston, Illinois," is a true copy of an original ordinance that was duly passed and adopted by the recorded affirmative votes of a majority of the members of the City Council of the City at a meeting thereof that was duly called and held at 8:30 p.m. on April 23, 2007, in the Council Chambers at the Municipal Building, 2100 Ridge Avenue, in the City, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Mayor on April 23, 2007, and thereafter published in pamphlet form on April 24, 2007 and recorded in the Ordinance Book of the City and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

I further certify that the agenda for said meeting included the ordinance as a matter to be considered at the meeting and that said agenda was posted at least 48 hours in advance of the holding of the meeting in the manner required by the Open Meetings Act, 5 Illinois Compiled Statutes 120.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this 24th day of April, 2007.

(SEAL)


City Clerk