

**ORDINANCE NUMBER 84-O-13**

AN ORDINANCE providing for the issuance of one or more series of not to exceed \$12,700,000 General Obligation Corporate Purpose Bonds, Series 2013, of the City of Evanston, Cook County, Illinois, for capital improvement and refunding purposes, authorizing the execution of one or more bond orders in connection therewith 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, and pursuant to the provisions of the 1970 Constitution of the State of Illinois and particularly Article VII, Section 6(a) thereof, 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 home rule provisions of Section 6 of Article VII, the City has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval.

C. The City Council of the City (the "*Corporate Authorities*") has determined it is necessary and convenient for the public health, safety, and welfare to provide for capital improvements at various locations throughout the City, including certain capital expenditures as detailed for the year 2013 in the City's Capital Improvement Plan, as adopted by the Corporate Authorities, and to pay expenses incidental to such improvements and costs of issuance of bonds for such purpose (such improvements and related expenses and costs being the "*Capital Improvement Project*") at an estimated cost of approximately \$10,690,000; and, there being no funds on hand and allocable to the purpose, the Corporate Authorities have determined it is

necessary and convenient to borrow not to exceed said sum of \$10,690,000 at this time pursuant to the Act (as hereinafter defined) and, in evidence of such borrowing, to issue general obligation bonds of the City for such purpose in not to exceed such principal amount.

D. The Corporate Authorities have further determined that it is advisable and in the best interests of the City to provide for the current payment of approximately \$2,010,000 of the amounts due to the State of Illinois, in particular amounts due to the "Water Pollution Control Revolving Loan Fund" administered by the Illinois Environmental Protection Agency (the "IEPA") under certain "Loan Agreements" (the "IEPA Loans") entered into from time to time by the City with the IEPA to obtain funds for eligible sewer system projects of the City (such funding and related expenses and costs being the "IEPA Loan Funding"); and the Corporate Authorities have determined it is necessary and convenient to borrow not to exceed said sum of \$2,010,000 at this time and, in evidence of such borrowing, to issue general obligation bonds of the City for such purpose in not to exceed such principal amount.

E. The sewer system projects funded with the IEPA Loans have remaining useful lives beyond the term during which the borrowing represented by the Bonds (as hereinafter defined) will remain outstanding.

F. The Corporate Authorities have heretofore and it hereby expressly is determined that it is desirable and in the best interests of the City that there be authorized at this time the borrowing of money for all of the purposes enumerated above (the Capital Improvement Project and the IEPA Loan Funding) and, in evidence of such borrowing, the issuance of the Bonds of the City, and that certain officers of the City be authorized to sell one or more series of such Bonds from time to time and, accordingly, it is necessary that said officers be so authorized with certain parameters as hereinafter set forth.

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.

Capital Improvement Project

City

Corporate Authorities

IEPA

IEPA Loans

IEPA Loan Funding

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

*“Act”* means the Illinois Municipal Code, as supplemented and amended, and also 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 the code and home rule powers, the home rule powers shall be deemed to supersede the provisions of the code; and, further, includes the Local Government Debt Reform Act, as amended.

*“Ad Valorem Property Taxes”* means the real property taxes levied to pay the Bonds as described and levied in (Section 11 of) this Ordinance.

*“Bond Counsel”* means Chapman and Cutler LLP, Chicago, Illinois.

“*Bond Funds*” means the Bond Funds established and defined in (Section 15 of) this Ordinance.

“*Bond Moneys*” means the Ad Valorem Property Taxes and any other moneys deposited into the Bond Funds and investment income held in the Bond Funds.

“*Bond Order*” means a Bond Order as authorized to be executed by Designated Officers of the City as provided in (Section 13 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 Purchase Agreement*” means the contract for the sale of each Series of the Bonds by and between the City and the Purchaser, which shall be in each instance the Official Bid Form, as executed, in response to an Official Notice of Sale given by the City in connection with the public competitive sale of each Series of the Bonds.

“*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., a national banking association, having trust offices located in the City of Chicago, Illinois, or its successors, in its capacity as bond registrar and paying agent under this Ordinance, or a substituted bond registrar and paying agent as hereinafter provided.

“*Bonds*” means any of the one or more series of general obligation bonds of various names authorized to be issued by this Ordinance.

“*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 Purchaser as authorized in (Section 14 of) this Ordinance and substantially in the form as attached hereto as *Exhibit B*.

*“County”* means The County of Cook, Illinois.

*“County Clerk”* means the County Clerk of the County.

*“Depository”* means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

*“Designated Officers”* means the City Manager and the Mayor, acting in concert.

*“Financial Advisors”* means Public Financial Management, Inc.

*“Ordinance”* means this Ordinance, numbered as set forth on the title page, and passed by the Corporate Authorities on the 22nd day of July, 2013.

*“Purchase Price”* means the price to be paid for the Bonds as set forth in a Bond Order, *provided* that no Purchase Price for any Series of Bonds shall be less than 99% of the par value, plus accrued interest from the date of issue to the date of delivery.

*“Purchaser”* means, for any Series of Bonds, the winning bidder at competitive sale.

*“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.

*“Series”* means any of the one or more separate series of the Bonds authorized to be issued pursuant to this Ordinance.

“*Tax-exempt*” means, with respect to a Series of Bonds, the status of interest paid and received thereon as excludable from gross income of the owners thereof for federal income tax purposes and as not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but as taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

“*Term Bonds*” means Bonds subject to mandatory redemption by operation of the Bond Fund and designated as term bonds herein.

C. Definitions also appear in the above preambles or in specific sections, as appearing below. The table of contents preceding and 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 Corporate Authorities hereby find that all of the recitals contained in the preambles to this Ordinance are true, correct, and complete and do 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 Capital Improvement Project and the IEPA Loan Funding, to pay all necessary or advisable related costs, and to borrow money and issue the Bonds for the purpose of paying a part of such costs. It is hereby found and determined that such borrowing of money is for a proper public purpose or purposes, is in the public interest, and is authorized pursuant to the Act; and these findings and determinations shall be deemed conclusive.

*Section 4. Bond Details.* There shall be issued and sold the Bonds in one or more Series in the aggregate principal amount of not to exceed \$12,700,000. The Bonds shall each be designated “*General Obligation Corporate Purpose Bond, Series 2013*” or such other name or names or series designations as may be appropriate and as stated in the Bond Order; be dated the

date of issuance thereof 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 within a Series in such fashion as shall be determined by the Bond Registrar. The Bonds shall become due and payable serially or as Term Bonds (subject to right of prior redemption if so provided in the Bond Order) on December 1 of the years in which the Bonds are to mature. The Bonds shall mature in the amounts and in the years as shall be set forth in the relevant Bond Order, *provided, however, that* (a) the final date of maturity of the Bonds shall not extend past December 1, 2033 and (b) the *sum* of the principal of and interest on the Bonds, and due (or subject to mandatory redemption) in any given annual period from December 2 to the following December 1 (a "*Bond Year*") shall not exceed \$1,000,000. Each Bond shall bear interest at a rate not to exceed five percent (5.00%) from the later of its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 1 and December 1 of each year, commencing on December 1, 2013, or such other June 1 or December 1 not later than one year beyond the Dated Date as shall be provided in a relevant Bond Order. Interest on each Bond shall be paid by check or draft of the Bond Registrar, 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 the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office of the Bond Registrar maintained for the purpose or at successor Bond Register or locality.

*Section 5. 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 office of the Bond Registrar maintained for such purpose, which is hereby constituted and appointed the registrar of the City for the Bonds. The City shall 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 office of the Bond Registrar maintained for the purpose, 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 Series and 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 any 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 Series and maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such Series and 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 6. Book Entry Provisions.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each Series and maturity bearing the same interest rate. 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, any City officer, 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, any City officer, 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 a Series 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 (of a given Series if applicable) 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 of such Series 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 of such Series 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 7. 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 be impressed or imprinted with the corporate seal or facsimile seal 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 provided, 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.

*Section 8. Redemption.* The Bonds may be subject to redemption on the terms set forth below.

*A. Optional Redemption.* If so provided in the relevant Bond Order, any Bonds may be subject to redemption prior to maturity at the option of the City, in whole or in part on any date, at such times and at such optional redemption prices as shall be determined by the Designated Officers in the relevant Bond Order. Such optional redemption prices shall be expressed as a percentage of the principal amount of Bonds to be redeemed, *provided* that such percentage shall not exceed one hundred percent (100%) plus accrued interest to the date of redemption. If less than all of the outstanding Bonds of a Series are to be optionally redeemed, the Bonds to be called shall be called from such Series, in such principal amounts, and from such maturities as may be determined by the City and within any maturity in the manner hereinafter provided. As provided in the Bond Order, some portion or all of the Bonds may be made not subject to optional redemption.

*B. Term Bonds; Mandatory Redemption and Covenants; Effect of Purchase or Optional Redemption of Term Bonds.* The Bonds of any Series may be subject to mandatory redemption (as Term Bonds) as provided in a Bond Order; *provided, however*, that in such event the amounts due pursuant to mandatory redemption shall be the amounts used to satisfy the test

set forth in (Section 4 of) this Ordinance for the maximum amounts of principal and interest due on the Bonds in any given Bond Year. Bonds designated as Term Bonds shall be made subject to mandatory redemption by operation of the Bond Fund at a price of not to exceed par and accrued interest, without premium, on December 1 of the years and in the amounts as shall be determined in a Bond Order. The City covenants that it will redeem Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds. Proper provision for mandatory redemption having been made, the City covenants that the Term Bonds so selected for redemption shall be payable as at maturity, and taxes shall be levied and collected as provided herein accordingly. If the City redeems pursuant to optional redemption as may be 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 as may be provided 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.

C. *Redemption Procedures.* Any Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

(1) *Redemption Notice.* 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 further order or direction hereunder or otherwise. For an optional redemption, the City, shall, at least 45 days prior to any optional 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 Series, principal amounts, and maturities of Bonds to be redeemed and, if applicable, the effect on any schedule of mandatory redemption of Term Bonds.

(2) *Selection of Bonds within a Maturity.* For purposes of any redemption of less than all of the Bonds of a Series of a single maturity, the particular Bonds or portions of Bonds of that Series to be redeemed shall be selected by lot by the Bond Registrar for the Bonds of that Series 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 (a) upon or prior to the time of the giving of official notice of redemption, or (b) in the event of a refunding or defeasance, upon advice from the City that certain Bonds have been refunded or defeased and are no longer Outstanding as defined.

(3) *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:

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

(4) *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.

(5) *Bonds Shall Become Due.* Official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, subject to the stated condition in the paragraph (4) immediately preceding, 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.

(6) *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. After giving proper notification of redemption to the Bond Registrar, as applicable, the City shall not be liable for any failure to give or defect in notice.

(7) *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 Series and the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

(8) *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 become due and payable on demand, as aforesaid, but, until paid or duly provided for, shall continue to bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

(9) *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.

(10) *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 Governmental 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 (a) advisory in

nature, (b) solely in the discretion of the City (unless a separate agreement shall be made), (c) not be a condition precedent of a valid redemption or a part of the Bond contract, and (d) 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.

(11) *Bond Registrar to Advise City.* As part of its duties hereunder, the Bond Registrar shall prepare and forward to the City a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

*Section 9. Form of Bonds.* The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend "See Reverse Side for Additional Provisions" shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.

[FORM OF BONDS - FRONT SIDE]

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
THE COUNTY OF COOK  
CITY OF EVANSTON  
GENERAL OBLIGATION CORPORATE PURPOSE BOND,  
SERIES 2013[SERIES DESIGNATION]

See Reverse Side for  
Additional Provisions.

Interest            Maturity                            Dated  
Rate:              Date: December 1, \_\_\_\_\_      Date: \_\_\_\_\_, 2013      CUSIP: \_\_\_\_\_

Registered Owner:    CEDE & Co.

Principal Amount:

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 (but subject to right of prior redemption), 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 \_\_\_\_\_ 1, 2013, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the office maintained for that purpose at Wells Fargo Bank, N.A., located 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 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 for so long as this Bond is held by a qualified securities clearing corporation as depository, or nominee, 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, including the Act, have existed and have been properly done, happened, and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

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

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

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

ATTEST:

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

[SEAL]

[FORM OF AUTHENTICATION]

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Corporate Purpose Bonds, Series 2013[Series Designation], having a Dated Date of \_\_\_\_\_, 2013, of the City of Evanston, Cook County, Illinois.

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

Date of Authentication: \_\_\_\_\_, 20\_\_

By \_\_\_\_\_  
Authorized Officer

[FORM OF BONDS - 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 a part of the costs of [the Capital Improvement Project and the funding of certain IEPA Loan payments due], and of paying expenses incidental thereto, all as described and defined in Ordinance Number 84-O-13 of the City, passed by the City Council on the 22nd day of July, 2013, 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 code and powers, as supplemented, being the "*Act*"), and with the Ordinance, which has been duly executed by the Mayor, and published in pamphlet form, in all respects as by law required.

This Bond is subject to provisions relating to redemption and notice thereof and other terms of redemption; provisions relating to registration, transfer, and exchange; and such other

terms and provisions relating to security and payment as are set forth in the Ordinance; to which reference is hereby expressly made, and to all the terms of which the registered owner hereof is hereby notified and shall be subject.

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.

[FORM OF ASSIGNMENT]

ASSIGNMENT

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

Here insert Social Security Number,  
Employer Identification Number or  
other Identifying Number.

---

---

(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 transfer and 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 10. Security for the Bonds.* 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 Ad Valorem Property Taxes on all of the taxable property in the City, without limitation as to rate or amount.

*Section 11. Tax Levy; Abatements.* 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 or as subject to mandatory redemption, 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 for each Series of Bonds; and *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 (the "AD VALOREM PROPERTY TAXES" as defined) as shall be fully set forth in the Bond Order for each Series of the Bonds.* Ad Valorem Property Taxes and other moneys on deposit in the Bond Fund from time to time ("*Bond Moneys*" as herein defined) shall be applied to pay principal of and interest on the Bonds. Interest on or principal of the Bonds coming due at any time when there are insufficient Bond Moneys to pay the same shall be paid promptly when due from current funds on hand in advance of the deposit of the Ad Valorem Property Taxes; and when the Ad Valorem Property 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 Ad Valorem Property Taxes. The City and its officers will comply with all present and future applicable laws in order to assure that the Ad Valorem Property Taxes may lawfully be levied, extended, and collected as provided herein. In the event that funds from any other 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 Corporate Authorities shall, by proper proceedings, direct the transfer of such funds to the Bond Fund, and shall then direct the abatement of the taxes by the amount so deposited. The City covenants and agrees that it will not direct the abatement of taxes until money has been deposited into the Bond Fund in the amount of such abatement. 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 12. Filing with County Clerk.* Promptly, after this Ordinance becomes effective and upon execution of the first Bond Order, a copy hereof, certified by the City Clerk, shall be filed with the County Clerk. Under authority of this Ordinance, the County Clerk shall in and for each of the years as set forth in each and every Bond Order ascertain the rate percent required to produce the aggregate Ad Valorem Property Taxes levied in each of such years; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in such years in and by the City for general corporate purposes of the City; and in each of those years such annual tax shall be levied and collected by and for and on behalf of the City in like manner as taxes for general corporate purposes for such years are levied and collected, without limit as to rate or amount, and in addition to and in excess of all other taxes.

*Section 13. Sale of Bonds; Bond Order(s); Official Statement.* A. The Designated Officers are hereby authorized to proceed, without any further official authorization or direction whatsoever from the Corporate Authorities, to sell and deliver Bonds as herein provided. The Designated Officers shall be and are hereby authorized and directed to sell the Bonds to the Purchaser at not less than the Purchase Price, *provided, however,* that the following conditions shall also be met:

(1) The Purchaser shall be the winning bidder at public competitive sale of the Bonds.

(2) The Financial Advisors shall provide advice (in the form of written certificate or report) that the terms of the Bonds are fair and reasonable in light of current conditions in the market for obligations such as the Bonds.

Nothing in this Section shall require the Designated Officers to sell the Bonds if in their judgment the conditions in the bond markets shall have markedly deteriorated from the time of adoption hereof, but the Designated Officers shall have the authority to sell the Bonds in any event so long as the limitations set forth in this Ordinance shall have been met. Incidental to any sale of the Bonds, the Designated Officers shall find and determine that no person responsible for sale of the Bonds and 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 the agreement with the Purchaser for the purchase of the Bonds.

B. Upon the sale of the Bonds of any Series, the Designated Officers 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 of such Series as may be necessary, including, without limitation, a Bond Order, Preliminary Official Statement, Official Statement, Bond Purchase Agreement, and closing documents; such certifications, tax returns, and documentation as may be required by Bond Counsel, including, specifically, a tax agreement for the Bonds, to render their opinion(s) as to the Tax-exempt status of the interest on the Bonds. The Preliminary Official Statement relating to the Bonds, such document to be in substantially the form now on file with the City Clerk and available to the Mayor and Aldermen and to members of the interested public, is hereby in all respects authorized and approved; and the

proposed use by the Purchaser 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 also hereby authorized and approved. The Designated Officers are (or either of them is) hereby authorized to execute each Bond Purchase Agreement, their (his or her) execution to constitute full and complete approval of all necessary or appropriate completions and revisions as shall appear therein. Upon the sale of a Series of the Bonds, the Designated Officers so acting shall prepare the Bond Order for same, such document to be in substantially the form as set forth as *Exhibit A* attached hereto, which shall include the pertinent details of sale as provided herein, and which shall enumerate the levy of taxes to pay the Bonds, and such shall in due course be entered into the records of the City and made available to the Corporate Authorities. *The authority to sell the Bonds pursuant to any Bond Order as herein provided shall expire on December 31, 2013.*

*Section 14. Continuing Disclosure Undertaking.* The Mayor or either of the Designated Officers of the City is hereby authorized, empowered, and directed to execute and deliver the Continuing Disclosure Undertaking in substantially the same form as now before the City as *Exhibit B* to this Ordinance, or with such changes therein as the officer executing the Continuing Disclosure Undertaking on behalf of the City shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on 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 15. Creation of Funds and Appropriations.* A. There is hereby created the “*Series 2013 Bonds Debt Service Account*” (the “*Bond Fund*”), which shall be the fund for the payment of principal of and interest on all Series of the Bonds. Accrued interest, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and be applied to pay first interest coming due on the corresponding Series of Bonds.

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

C. The amount necessary from the proceeds of the each Series of Bonds shall be used to pay costs of issuance of the respective Series of Bonds and shall be deposited into a separate fund, hereby created, designated the “*2013[Series Designation] Expense Fund.*” Any

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

D. The proceeds of the Bonds issued for the IEPA Loan Funding shall promptly be applied by the City Manager, acting in conjunction with the officers of the City charged with administration of the City's finances, to pay or prepay currently due or next payments due on the IEPA Loans in not to exceed the amount of \$2,010,000.

E. The remaining proceeds of the Bonds shall be set aside in a separate fund, hereby created, and designated as the "*Series 2013 Capital Improvement Project Fund*" (the "*Capital Improvement Project Fund*"), hereby created, and be used to pay costs of the Capital Improvement Project, including costs of issuance of the Bonds which for any reason are not paid from the respective Expense Fund.

F. Alternatively, the Finance Director may allocate proceeds of the Bonds otherwise designated for the Bond Fund, the Expense Fund, or the Capital Improvement Project Fund to one or more related funds of the City already in existence; *provided, however*, that this shall not relieve the City officers of the duty to account for the proceeds as herein provided.

G. The Corporate Authorities reserve 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 Bond Counsel 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

(“*Other Bond Counsel*”) that such changes or substitutions are proper under the Act and do not adversely affect the Tax-exempt status of the Tax-exempt Bonds.

*Section 16. General Tax Covenants.* 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 may be treated as a “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 Bond Counsel; (c) to consult with such Bond Counsel and to comply with such advice as may be given; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

*Section 17. Certain Specific Tax Covenants.*

A. None of the Bonds shall be 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 of any Series is to be used, or of any of the IEPA Loans were 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 of any Series 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 of any Series is to be used and none of the proceeds of any of the IEPA Loans were used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(4) Except as may be permitted by reference to the text above (at paragraph A (1) of this Section), no user of the real or personal property of the City acquired, constructed, or improved with the proceeds of the Bonds of any Series, any of the IEPA Loans, 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 except as noted, 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) With respect to the Capital Improvement Project, the City has heretofore incurred or within six months after delivery of the portion of the Bonds allocable to the Capital Improvement Project expects to incur substantial binding obligations to be paid

for with money received from the sale of the portion of the Bonds allocable to the Capital Improvement Project, said binding obligations comprising binding contracts for the Capital Improvement Project in not less than the amount of 5% of the proceeds of the portion of the Bonds allocable to the Capital Improvement Project.

(2) The City expects that more than 85% of the proceeds of the portion of the Bonds allocable to the Capital Improvement Project will be expended on or before three years for the purpose of paying the costs of the Capital Improvement Project.

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

(4) Work on the Capital Improvement Project is expected to proceed with due diligence to completion.

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

(6) Amounts of money related to the Bonds of any Series required to be invested at a yield not materially higher than the yield on the Bonds of such Series, as

determined pursuant to such tax certifications or agreements as the City officers may make in connection with the issuance of such Bonds, shall be so invested; and appropriate City officers are hereby authorized to make such investments.

(7) 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.

(8) 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.

C. None of the proceeds of the Bonds of any Series 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 Capital Improvement Project or expenditures for which an intent to reimburse it as properly declared under Treasury Regulations Section 1.150-2. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.150-2 as to all costs of the Capital Improvement Project paid after the date hereof and prior to issuance of the Bonds.

*Section 18. Municipal Bond Insurance.* In the event the payment of principal of and interest on a Series of the Bonds is insured pursuant to a municipal bond insurance policy (a “*Municipal Bond Insurance Policy*”) issued by a bond insurer (a “*Bond Insurer*”), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the City and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of such Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding such Bonds, amendment hereof, or other terms, as approved by any of the City officers

on advice of counsel, his or her approval to constitute full and complete acceptance by the City of such terms and provisions under authority of this Section.

*Section 19. Rights and Duties of Bond Registrar.* If requested by the Bond Registrar, any officer of the City is authorized to execute a mutually agreeable form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar under this Ordinance. In addition to the terms of such agreement and subject to modification thereby, the Bond Registrar by acceptance of duties under this Ordinance agrees (a) to act as bond registrar, paying agent, authenticating agent, and transfer agent as provided herein; (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential to the extent permitted by law; (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer; (d) to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and (e) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding, and payments made with respect to interest on the Bonds. The City covenants with respect to the Bond Registrar, and the Bond Registrar further covenants and agrees as follows:

(A) The City shall at all times retain a Bond Registrar with respect to the Bonds; it will maintain at the designated office(s) of such Bond Registrar a place or places where Bonds may be presented for payment, registration, transfer, or exchange; and it will require that the Bond Registrar properly maintain the Bond Register and perform the other duties and obligations imposed upon it by this Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry.

(B) The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Bond, and by such execution the Bond Registrar shall be deemed to have certified to the

City that it has all requisite power to accept and has accepted such duties and obligations not only with respect to the Bond so authenticated but with respect to all the Bonds. Any Bond Registrar shall be the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on Bonds.

(C) The City may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Bond Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or of the property or affairs thereof, the City covenants and agrees that it will thereupon appoint a successor Bond Registrar. The City shall give notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment in any reasonable manner as the City shall select. Any Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining a corporate trust office in Illinois or New York, and having capital and surplus and undivided profits in excess of \$100,000,000. The City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the Bond Registrar.

*Section 20. Defeasance.* Any Bond or Bonds (a) which are paid and cancelled; (b) which have matured and for which sufficient sums been deposited with the Bond Registrar to pay all principal and interest due thereon; or (c) (i) for which sufficient funds and Defeasance Obligations have been deposited with the Bond Registrar 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, pursuant to an irrevocable escrow or trust agreement, (ii) accompanied by an opinion of Bond Counsel or Other Bond Counsel as to compliance with the covenants with respect to such Bonds, and (iii) accompanied by an express declaration of defeasance by the Corporate Authorities; shall cease to have any lien on or right to receive or be paid from Bond Moneys or the Bond Fund hereunder 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 Tax-exempt Bonds; and payment, registration, transfer, and exchange; are expressly continued for all affected Bonds whether outstanding Bonds or not. For purposes of this section, "*Defeasance Obligations*" means (a) noncallable, non-redeemable, 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 noncallable, non-redeemable, obligations unconditionally guaranteed as to timely payment to maturity by the United States Treasury.

*Section 21. 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 Corporate Authorities.

*Section 22. Severability.* If any section, paragraph, clause, or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this Ordinance.

Section 23. *Superseder and Effective Date.* All ordinances, resolutions, and orders, or parts thereof, in conflict with this Ordinance, 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.

ADOPTED: This 22nd day of July, 2013.

AYES: Prover, Ramey, Barnes, Fiske, Braithwaite, Wynne, Wilson, Holmes, Jendern

NAYS: -0-

ABSENT: -0-

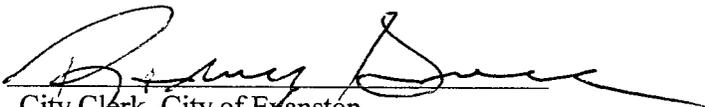
WITNESS: July 22, 2013



Mayor, City of Evanston  
Cook County, Illinois

Published in pamphlet form by authority of the Corporate Authorities on July 24, 2013.

ATTEST:



City Clerk, City of Evanston  
Cook County, Illinois

EXTRACT OF MINUTES of the regular public meeting of the City Council of the City of Evanston, Cook County, Illinois, held at the City Hall, located at 2100 Ridge Avenue, in said City, at 1:55 p.m., on Monday, the 8th day of July, 2013.

The Mayor called the meeting to order and directed the City Clerk to call the roll.

Upon the roll being called, the Mayor *pro tem*, Ann Rainey, being physically present at such place and time, and the following Aldermen, being physically present at such place and time, answered present: Holmes, Jendram, Grover, Burrus, Fiske, Braethwaite, Wynne, Wilson.

The following Aldermen were allowed by a majority of the Aldermen in accordance with and to the extent allowed by rules adopted by the City Council to attend the meeting by video or audio conference: N/A.

No Alderman was denied permission to attend the meeting by video or audio conference.

The following Aldermen were absent and did not participate in the meeting in any manner or to any extent whatsoever: N/A.

\* \* \* \* \*

There being a quorum present, various business of the City was conducted.

\* \* \* \* \*

The City Council then discussed a proposed capital improvement program for the City and considered the *introduction of* an ordinance providing for the issuance of one or more series of General Obligation Corporate Purpose Bonds, Series 2013 of the City, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Thereupon, Alderman Wynne presented an ordinance entitled:

AN ORDINANCE providing for the issuance of one or more series of not to exceed \$12,700,000 General Obligation Corporate Purpose Bonds, Series 2013, of the City of Evanston, Cook County, Illinois, for capital improvement and refunding purposes, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

(the "*Bond Ordinance*").

A discussion of the matter followed. During the discussion, Alderman Wymel gave a public recital of the nature of the matter, which included a reading of the title of the Bond Ordinance and review of the certain provisions of the ordinance, and the following further information.

[Here insert further statements, if any]

Alderman Wynne moved and Alderman Burris seconded the motion that the Bond Ordinance as presented be introduced.

The Mayor directed that the roll be called for a vote upon the motion to introduce the ordinance.

Upon the roll being called, the following Aldermen voted AYE: Holmes,  
Jenkins, Hoover, Burris, Fiske, Brushwaite, Wynne Wilson.  
and the following Aldermen voted NAY: N/A

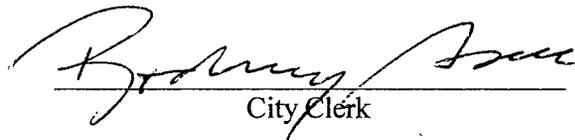
WHEREUPON, the Mayor declared the motion carried and the ordinance introduced, and henceforth did approve and sign the same in open meeting, and did direct the City Clerk to record the same in full in the records of the City of Evanston, Cook County, Illinois.

\* \* \* \* \*

Other business was duly transacted at said meeting.

\* \* \* \* \*

Upon motion duly made and carried, the meeting adjourned.

  
City Clerk

STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF COOK     )

**CERTIFICATION OF AGENDA AND INTRODUCTION MINUTES**

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 “Corporate Authorities”) of the City.

I do further certify that the foregoing extract of minutes is a full, true, and complete transcript of that portion of the minutes of the meeting (the “Meeting”) of the Corporate Authorities held on the 8th day of July, 2013 insofar as the same relates to the introduction of an ordinance, numbered 84-O-13, entitled:

AN ORDINANCE providing for the issuance of one or more series of not to exceed \$12,700,000 General Obligation Corporate Purpose Bonds, Series 2013, of the City of Evanston, Cook County, Illinois, for capital improvement and refunding purposes, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

(the “Ordinance”) a true, correct, and complete copy of which Ordinance as introduced at the Meeting appears in the foregoing transcript of the minutes of the Meeting.

I do further certify that the deliberations of the Corporate Authorities on the introduction of the Ordinance were taken openly; that the vote on the introduction of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all newspapers, radio or television stations, and other news media requesting such notice; that an agenda (the “Agenda”) for the Meeting was posted at the location where the Meeting was held and at the principal office of the Corporate Authorities (both such locations being at City Hall) at least 48 hours in advance of the Meeting and also not

later than 5:00 p.m. on Friday, July 5, 2013 and remained continuously so posted until the adjournment of the Meeting; that said Agenda contained a separate specific item relating to the consideration of the Ordinance and *that a true, correct, and complete copy of said Agenda as so posted is attached to this certificate*; that the Meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and the Illinois Municipal Code, as amended; and that the Corporate Authorities have complied with all of the provisions of such Act and Code and with all of the procedural rules of the Corporate Authorities in the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City this 24th day of July, 2013.

[SEAL]

  
City Clerk

EXTRACT OF MINUTES of the regular public meeting of the City Council of the City of Evanston, Cook County, Illinois, held at the City Hall, located at 2100 Ridge Avenue, in said City, at 8:26 p.m., on Monday, the 22nd day of July 2013.

The Mayor called the meeting to order and directed the City Clerk to call the roll.

Upon the roll being called, the Mayor, Elizabeth B. Tisdahl, being physically present at such place and time, and the following Aldermen, being physically present at such place and time, answered present: Grover, Rainey, Burrus, Fiske, Braithwaite, Wynne, Wilson, Holmes, Jendern.

The following Aldermen were allowed by a majority of the Aldermen in accordance with and to the extent allowed by rules adopted by the City Council to attend the meeting by video or audio conference: N/A.

No Alderman was denied permission to attend the meeting by video or audio conference.

The following Aldermen were absent and did not participate in the meeting in any manner or to any extent whatsoever: N/A.

\* \* \* \* \*

There being a quorum present, various business of the City was conducted.

\* \* \* \* \*

The City Council then discussed a proposed capital improvement program for the City and considered an ordinance providing for the issuance of one or more series of General Obligation Corporate Purpose Bonds, Series 2013 of the City, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

Thereupon, Alderman Rainey presented an ordinance entitled:

AN ORDINANCE providing for the issuance of one or more series of not to exceed \$12,700,000 General Obligation Corporate Purpose Bonds, Series 2013, of the City of Evanston, Cook County, Illinois, for capital improvement and refunding purposes, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

(the "*Bond Ordinance*").

A discussion of the matter followed. During the discussion, Alderman Rainey gave a public recital of the nature of the matter, which included a reading of the title of the Bond Ordinance and review of the section headings, and the following further information.

[Here insert further statements, if any]

Alderman Rainey moved and Alderman Holmes seconded the motion that the Bond Ordinance as presented be adopted.

The Mayor directed that the roll be called for a vote upon the motion to adopt the ordinance.

Upon the roll being called, the following Aldermen voted AYE: Grover, Rainey, Burns, Fiske, Braithwaite, Wynne, Wilson, Holmes, Jendram.  
and the following Aldermen voted NAY: N/A

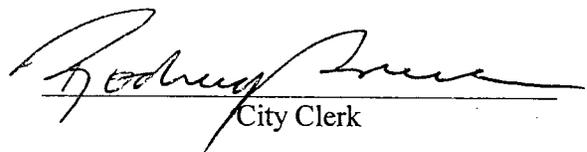
WHEREUPON, the Mayor declared the motion carried and the ordinance adopted, and henceforth did approve and sign the same in open meeting, and did direct the City Clerk to record the same in full in the records of the City of Evanston, Cook County, Illinois.

\* \* \* \* \*

Other business was duly transacted at said meeting.

\* \* \* \* \*

Upon motion duly made and carried, the meeting adjourned.

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

STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF COOK     )

**CERTIFICATION OF AGENDA, ADOPTION MINUTES AND ORDINANCE**

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

I do further certify that the foregoing extract of minutes is a full, true, and complete transcript of that portion of the minutes of the meeting (the "*Meeting*") of the Corporate Authorities held on the 22nd day of July 2013 insofar as the same relates to the adoption of an ordinance, numbered 84-O-13, entitled:

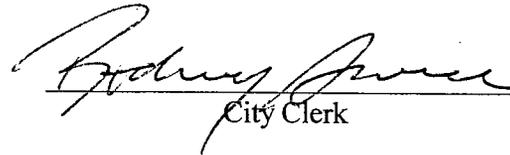
AN ORDINANCE providing for the issuance of one or more series of not to exceed \$12,700,000 General Obligation Corporate Purpose Bonds, Series 2013, of the City of Evanston, Cook County, Illinois, for capital improvement and refunding purposes, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

(the "*Ordinance*") a true, correct, and complete copy of which Ordinance as adopted at the Meeting appears in the foregoing transcript of the minutes of the Meeting.

I do further certify that the deliberations of the Corporate Authorities on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all newspapers, radio or television stations, and other news media requesting such notice; that an agenda (the "*Agenda*") for the Meeting was posted at the location where the Meeting was held and at the principal office of the Corporate Authorities (both such locations being at City Hall) at least 48 hours in advance of the Meeting and also not

later than 5:00 p.m. on Friday, July 19, 2013; that said Agenda contained a separate specific item relating to the consideration of the Ordinance and *that a true, correct, and complete copy of said Agenda as so posted is attached to this certificate*; that the Meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and the Illinois Municipal Code, as amended; and that the Corporate Authorities have complied with all of the provisions of such Act and Code and with all of the procedural rules of the Corporate Authorities in the adoption of the Ordinance.

IN WITNESS WHEREOF I hereunto affix my official signature and the seal of the City this 24th day of July 2013.

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

[SEAL]

STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF COOK     )

**CERTIFICATE OF PUBLICATION IN PAMPHLET FORM**

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

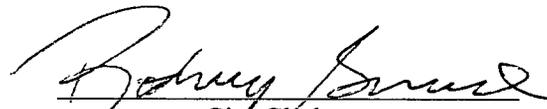
I do further certify that on the 24<sup>th</sup> day of July 2013 there was published in pamphlet form, by authority of the City Council, a true, correct, and complete copy of Ordinance Number 84-O-13 of the City entitled:

AN ORDINANCE providing for the issuance of one or more series of not to exceed \$12,700,000 General Obligation Corporate Purpose Bonds, Series 2013, of the City of Evanston, Cook County, Illinois, for capital improvement and refunding purposes, authorizing the execution of one or more bond orders in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds.

and providing for the issuance of said bonds, and that the ordinance as so published was on that date readily available for public inspection and distribution, in sufficient number so as 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 24<sup>th</sup> day of July 2013.

[SEAL]

  
City Clerk



PRELIMINARY OFFICIAL STATEMENT DATED JULY \_\_, 2013

NEW ISSUE  
GLOBAL BOOK ENTRY

Ratings: Moody's: "Aa1"  
Fitch: "\_\_\_"  
(See "BOND RATINGS" herein)

*Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" and "Form of Legal Opinion" herein for a more complete discussion. The Bonds will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.*



City of Evanston  
Cook County, Illinois

DRAFT 7/02/2013

\$12,700,000\* General Obligation Corporate Purpose Bonds, Series 2013A

**Dated:** Date of Delivery

**Due:** December 1, as shown on inside cover

The \$12,700,000\* General Obligation Corporate Purpose Bonds, Series 2013A (the "Bonds") of the City of Evanston, Cook County, Illinois (the "City"), will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30 day months) will be payable semi-annually on each June 1 and December 1, commencing June 1, 2014. The Bonds will be issued in integral multiples of \$5,000. The Bonds are subject to redemption prior to their maturity as more fully described in this Official Statement. See "THE BONDS – Optional Redemption" herein.

The Bonds will be issued in book-entry form, as registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Payments of principal and interest on the Bonds will be made by Wells Fargo Bank, N.A., Chicago, Illinois, as paying agent and bond registrar (the "Bond Registrar") to Cede & Co., which will, in turn, remit such payments to the DTC participants for subsequent disbursements to the Beneficial Owners (as defined in this Official Statement) of the Bonds. Purchases of the Bonds will be made in book-entry-only form and individual purchasers will not receive physical delivery of bond certificates.

In the opinion of Chapman and Cutler LLP, Bond Counsel, the Bonds will be a valid and legally binding general obligation of the City, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and all taxable property in the City will be subject to the levy of taxes to pay the same without limitation as to rate or amount.

The City will furnish the written approving opinion of Chapman and Cutler LLP as to the legality of the Bonds and the exemption of interest on the Bonds from federal income taxes. Such opinion is to be based on Bond Counsel's examination of the law and a certified copy of the record of proceedings relating to the issuance of the Bonds.

**Financial Advisor:** Public Financial Management, Inc.

**Not Bank Qualified:** The Bonds will not be designated as "qualified tax-exempt obligations."

**Bids Received and Opened:** Wednesday, July 31, 2013 at 10:00 A.M. Central Time  
Offices of Public Financial Management, Inc., Milwaukee, Wisconsin

**Bids Considered:** Wednesday, July 31, 2013

**Delivery:** Delivery of the Bonds is expected on August 15, 2013

\* Preliminary, subject to change.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion of the Official Statement delivered in final form. These securities may not be sold nor may offers be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption, under the securities law of any such jurisdiction.

## MATURITIES, RATES AND YIELDS

### \$12,700,000\* General Obligation Corporate Purpose Bonds, Series 2013A

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate*</u>	<u>Yield*</u>	<u>CUSIP*</u>
2014	\$ 85,000	_____ %	_____ %	
2015	615,000	_____ %	_____ %	
2016	625,000	_____ %	_____ %	
2017	630,000	_____ %	_____ %	
2018	640,000	_____ %	_____ %	
2019	650,000	_____ %	_____ %	
2020	665,000	_____ %	_____ %	
2021	675,000	_____ %	_____ %	
2022	695,000	_____ %	_____ %	
2023	710,000	_____ %	_____ %	
2024	730,000	_____ %	_____ %	
2025	750,000	_____ %	_____ %	
2026	750,000	_____ %	_____ %	
2027	580,000	_____ %	_____ %	
2028	595,000	_____ %	_____ %	
2029	615,000	_____ %	_____ %	
2030	640,000	_____ %	_____ %	
2031	660,000	_____ %	_____ %	
2032	685,000	_____ %	_____ %	
2033	705,000	_____ %	_____ %	

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\* Preliminary, subject to change. Par amount, interest rates, and reoffering yields or prices will be set forth in the final Official Statement described herein.

Certain information in this Official Statement has been obtained by the City of Evanston, Illinois, from The Depository Trust Company and other non-City sources that the City believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of that information. Nothing contained in this Official Statement is a promise or representation by the Underwriter. This Official Statement is being used in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose.

No dealer, broker, salesman or other person is authorized to give any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. Unless otherwise indicated, the City is the source of the tables and statistical and financial information contained in this Official Statement. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the City or other information in this Official Statement, since the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities law of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. THE CITY IS NOT PARTY TO OR LIABLE FOR ANY OF THESE ACTIVITIES.

**CITY OF EVANSTON**  
2100 Ridge Avenue  
Evanston, Illinois 60201  
(847) 328-2100

**MAYOR**

Elizabeth B. Tisdahl

**CITY COUNCIL**

1 <sup>st</sup> Ward	Judy Fiske
2 <sup>nd</sup> Ward	Peter Braithwaite
3 <sup>rd</sup> Ward	Melissa A. Wynne
4 <sup>th</sup> Ward	Donald N. Wilson
5 <sup>th</sup> Ward	Delores A. Holmes
6 <sup>th</sup> Ward	Mark Tendam
7 <sup>th</sup> Ward	Jane Grover
8 <sup>th</sup> Ward	Ann Rainey
9 <sup>th</sup> Ward	Coleen Burrus

**CITY CLERK**

Rodney Greene

**CITY ADMINISTRATION**

City Manager	Wally Bobkiewicz
Assistant City Manager/Treasurer	Martin Lyons
Corporation Counsel	Grant Farrar

**PROFESSIONAL SERVICES**

**Bond Counsel**  
Chapman and Cutler LLP  
Chicago, Illinois

**Financial Advisor**  
Public Financial Management, Inc.

**Auditor**  
Baker Tilly Virchow Krause & Company, LLP  
Oak Brook, Illinois

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- APPENDIX A – City of Evanston Annual Financial Report for Fiscal Year Ended December 31, 2012 (Excerpts)
- APPENDIX B – Form of Legal Opinion
- APPENDIX C – Form of Continuing Disclosure Undertaking
- APPENDIX D – Official Notice of Sale

# OFFICIAL STATEMENT

Relating to

## CITY OF EVANSTON COOK COUNTY, ILLINOIS

### \$12,700,000\* General Obligation Corporate Purpose Bonds, Series 2013A

#### INTRODUCTION

This Official Statement sets forth information concerning the offer by the City of Evanston, Cook County, Illinois (the "City"), of the \$12,700,000\* General Obligation Corporate Purpose Bonds, Series 2013A (the "Bonds"). The Bonds are authorized pursuant to and in accordance with the "home rule" powers granted to the City under Article VII, Section 6 of the Illinois Constitution of 1970 and a bond ordinance of the City adopted on June 24, 2012 (as supplemented by the bond order executed in connection therewith, the "Bond Ordinance").

The Bonds are a general obligation of the City to which the City pledges its full faith and credit with a claim for payment from *ad valorem* taxes levied upon all taxable property in the City, without limitation as to rate or amount. See "*SECURITY FOR THE BONDS.*"

The City, with a population in 2010 of 75,549, is located along Lake Michigan immediately north of Chicago, Illinois. Evanston includes residential neighborhoods and parks and a major revitalized central business area of shops, restaurants, theaters, offices and corporate headquarters, neighborhood shopping areas, hospitals and universities. The City is the home of Northwestern University, with about 10,000 students and 5,000 employees at its Evanston campus. The City's per capita and median family incomes are substantially higher than Cook County and State of Illinois (the "State") levels. See "*DEMOGRAPHIC DATA.*"

#### PURPOSE OF THE BONDS

The Bonds are being issued (i) to provide financing for certain public improvement projects within the City, (ii) to make a deposit into certain debt service funds of the City's Sewerage System for purposes of paying certain outstanding obligations on their respective scheduled payment dates, and (iii) to pay for costs of issuance associated with the Bonds.

#### Capital Projects Borrowing

<u>Project Fund</u>	<u>Amount</u>
Fund 415 (General)	\$ 8,400,000
Fund 510 (Water)	2,000,000
Fund 420 (Special Assessment)	236,000
Total	<u>\$ 10,636,000</u>

---

\* Preliminary, subject to change.

## SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

<u>Estimated Sources:</u>	
Par Amount of Bonds	\$ 12,700,000
Est. Interest Earnings	5,000
Total Sources of Funds	<u>\$ 12,705,000</u>
 <u>Estimated Uses:</u>	
Capital Projects Accounts	\$ 10,636,000
Sewerage System Debt Service Fund	2,000,000
Est. Cost of Issuance	64,000
2013A Debt Service Fund	5,000
Total Uses of Funds	<u>\$ 12,705,000</u>

## SECURITY FOR THE BONDS

### General Obligation of the City

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

Pursuant to the Bond Ordinance, the City may, before the deadline for the filing of an abatement of taxes levied by the City for any year, adopt an ordinance abating taxes levied by the Bond Ordinance for that year to the extent that it finds that sufficient funds of the City will be on hand and available to pay principal of and interest on the Bonds during the period otherwise provided for from that levy. The City has created a separate debt service fund for the Bonds.

### Alternative Sources of Payment

It has been the City's practice to utilize a variety of revenue sources for repayment of its general obligation bonds, in addition to its ad valorem property taxes. For the Bonds these alternative sources are expected to include sales taxes, water and sewer service charges, special assessments, parking revenues, Tax Increment Financing ("TIF") and taxes levied for special service areas in the City to make payments on its general obligation indebtedness. Although these revenue sources are not pledged to the payment of, and do not secure, the Bonds, the City expects to utilize certain of these sources to pay debt service on the Bonds, permitting the abatement of a portion of the property taxes levied in the Bond Ordinance.

## THE BONDS

### General

The Bonds will be issuable as fully registered Bonds and will be initially dated the Date of Delivery. The Bonds mature on the dates and in the amounts, and bear interest from the "Dated Date" until paid at the rates as set forth on the inside cover of this Official Statement. The Bonds are issuable in denominations of integral multiples of \$5,000. Interest is payable on June 1 and December 1 of each year. The first interest payment date is June 1, 2014.

The principal and redemption price of the Bonds are payable in lawful money of the United States of America upon presentation at the office maintained for that purpose by Wells Fargo Bank, N.A., Chicago, Illinois, as paying agent and bond registrar (the "Bond Registrar"). Payment of interest shall be made to the registered owner of the Bonds 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 shall be the 15<sup>th</sup> day of the month preceding any regular

or other interest payment date occurring on the first day of any month and, otherwise, 15 days preceding any interest payment date occasion by the redemption of Bonds on other than the first day of a 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 the registered owner as it appears on such registration books, or at such other address furnished in writing by the registered owner to the Bond Registrar, or as otherwise agreed by the City and the Bond Registrar for so long as this Bond is held by a qualified securities clearing corporation as depository, or nominee, in book-entry form.

The Bonds will be initially registered in the name of Cede & Co., as nominee of the Depository. The Depository will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

### **Optional Redemption**

The Bonds maturing on December 1, 2024, and thereafter are subject to redemption prior to maturity at the option of the City on December 1, 2023 and any date thereafter, in whole or in part and if in part in such principal amounts and from such maturities as the City shall determine and within any maturity by lot at a redemption price of par plus accrued interest to the date fixed for redemption.

### **Redemption Procedures**

The City will, at least 45 days prior to any optional 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 principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book entry depository); *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the 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 at least the information as follows: (a) the redemption date; (b) the redemption price; (c) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds within such maturity, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office maintained for the purpose by the Bond Registrar.

### **Book-Entry-Only System**

The information contained in the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a schedule prepared by The Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The City makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of each series of the Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or paying agent ("Agent"), on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend

payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

#### **Continuing Disclosure**

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to Resolutions adopted by the Governing Body to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Undertaking to be executed and delivered by the City at the time the Bonds are delivered. Such Undertaking will be in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule, and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the bonds and their market price.

The City will file its continuing disclosure information using the MSRB's Electronic Municipal Market Access (EMMA) system. Investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

The City inadvertently continued to utilize the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) between June 1, 2009 and July 15, 2011, in lieu of the EMMA system. Therefore, certain financial information and operating data relating to the City for the fiscal years ended February 28, 2009 and February 28, 2010 were uploaded to the EMMA system after the agreed upon 210 days after the last day of the City's fiscal year.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

## THE CITY

### General

The City of Evanston constitutes many communities, perspectives and qualities: it is a suburb, an urban center, a college town and lakefront community; it has leafy neighborhoods and lakefront mansions; apartment, condominium and student housing; its residents are commuters and locally employed workers; the downtown is prospering, but neighborhood commercial centers are also strong and developing. It is a part of the Chicago-land economy and has a vigorous commercial and professional economy of its own. A population of approximately 75,000 is diverse by race, religion, age, education, economics and occupation. With 8,700 people per square mile, Evanston has double the population density of the average North and Northwest suburb, and approximately half the density of Chicago. The City has over 260 acres in 75 parks and five beaches.

Evanston is contiguous with Chicago, and approximately 13 miles by rapid transit, commuter rail, expressway or parkway from downtown Chicago. It borders the north shore communities of Skokie and Wilmette.

In 1863, the Village of Evanston was incorporated as a town, and after several annexations, in 1892, the town became a city. The City's southern boundary was established with the City of Chicago and the present City limits, encompassing an area of approximately 8.0 square miles, have been essentially the same ever since. The City has four miles of shoreline along Lake Michigan.

### Northwestern University

Evanston is the home of Northwestern University, so named as it was established to serve the Northwest Territory. The University first platted the village which surrounded it. The State Legislature named the village "Evanston" in honor of Dr. John Evans, the then president of the University's Board.

Northwestern University not only gives a certain vitality to the City, it affects both City revenues and many demographic profiles of the City. Approximately 99% of the students living in university housing were included in the 2010 census, which is still unofficial at the time of the date of this Official Statement. This tends to understate demographic statistics such as the City's per capita income, wealth per capita, assessed value per capita, etc. On the other hand, it increases revenue sharing and other grants based on population.

About 4,000 students live in university housing; another 900 live in fraternities and sororities. Roughly 800 live in two graduate student-housing complexes and approximately 3,500 live off-campus, mostly in privately owned apartments in Evanston.

### Government

The City is a home rule municipality under the Illinois Constitution. As such, it has no tax rate or debt limits, nor is it required to conduct a referendum to authorize the increase of debt or the imposition of real property taxes.

The City has a Council/Manager form of government with an elected Mayor. The Mayor is elected for a four-year term. The Aldermen each represent one of nine wards and are elected to terms of four years. The City Council is organized into standing committees: Administration and Public Works, Human Services, Planning and Development and Rules. The City Council has also established several special committees and commissions and advisory boards.

The City Manager is the Chief Administrative Officer of the City and is responsible for the management of all City operations under the direction of the Mayor and City Council. The City Manager appoints and supervises the directors of the City's 10 departments. The Administrative Services Director is responsible for the central financial functions of the City.

The City provides a broad range of municipal services, including police and fire protection, streets and parking, water and sewer service, public libraries, social services, health and services for the aging; beaches, parks and cultural events. The City is engaged in assisting in community and economic development and maintains land use controls.

Schools are provided by separate boards of education, governed by elected school boards. A small portion of the City is located in the Skokie Park District. Wastewater treatment is provided by the Metropolitan Water Reclamation District.

### **Administration**

Wally Bobkiewicz, *City Manager*. Mr. Bobkiewicz is the City Manager, appointed in August 2009. Mr. Bobkiewicz is the administrative head of the Municipal government and responsible for the efficient administration of all City departments. The departments are as follows: Administrative Services, Community and Economic Development, Fire, Health, Law, Library, Parks, Recreation and Community Services, Police, Public Works and Utilities. Before working for the City of Evanston, Mr. Bobkiewicz was employed as the City Manager with Santa Paula, California.

Martin Lyons, *Assistant City Manager/Treasurer*. Mr. Lyons is the Assistant City Manager/Treasurer and in conjunction with the City Manager, oversees and administers all the City's departments and functions, including the City's utilities, and serves as the City's Treasurer. Previous to working for the City of Evanston, Mr. Lyons was the Finance Director of the Village of Downers Grove, Illinois for nine years and for the Village of LaGrange, Illinois for three years.

### **Development Activity and City Layout**

The City's downtown is a central location for over eighty restaurants (ranging from casual to high-end), hundreds of hotel rooms, a state-of-the art movie theater, several theater and dance companies, retail bookstores and numerous shops.

Total EAV ("equalized assessed value" as defined herein as "Real Property Taxation") growth in the City has grown from \$1.30 billion in 1999 to \$3.04 billion in 2010, representing more than 134% in growth. Evanston's prudent use of TIF development has added significantly to this growth. The Washington National TIF grew by more than \$77 million from its inception in 1994.

Commercial development in the downtown area has been a priority of City government since a "Plan for Downtown Evanston/City Comprehensive Plan" was first adopted in 1980, with continuing revisions since then. Private development has been encouraged with coordination and support from the City. The City's efforts have included enhanced public transportation through the interconnection of bus, Metra rail and the Chicago Transit Authority (the "CTA") hubs; public art including streetscape and sidewalk amenities; creation of a commercial district to support nightlife in the City; and the utilization of two tax increment districts to provide support for the Church Street Plaza and Sherman Plaza redevelopment areas.

The City also has eight neighborhood commercial districts. Central Street, Noyes Street, Chicago & Dempster, Main & Chicago and Howard & Chicago are each formed around transportation hubs. Each of these districts has distinctive features: international, specialty retail and baked goods at Central Street; theater and dining at Noyes Street; antiques, art and specialty goods at Chicago & Dempster; convenient shopping at Main & Chicago and the transportation center at Howard & Chicago, on the border of the City with Chicago. Evanston Center and Oakton Street Center, on the Southwest Side of the City, are commercial centers initiated by developers and include a large number of national retailers. Each have major anchor and supportive retail which meets the needs of the neighborhood and beyond, and were redeveloped on former vacant industrial sites.

## Labor Relations

The City's four collective bargaining contracts cover the majority of the City's 793 (full-time equivalent) employees and include Police: Teamsters Local 700 (expired on 2/29/2012); Firefighters: Evanston Firefighters Association, Local 742 of the International Association of Firefighters (AFL-CIO-CLC) (expired on 12/31/11); Public Works: American Federation of State County and Municipal Employees, Council 31 of the AFL-CIO, Evanston City Employees Union Local 1891 A (expired on 12/31/11); Police Sergeants: Evanston Police Sergeants Association, affiliated with the Illinois Fraternal Order of Police Labor Council (expires on 12/31/2012).

The City has not experienced any work stoppage due to labor difficulties for the last 30 years.

## DEMOGRAPHIC DATA

Evanston's median family income and per capita income remain consistently and significantly above State of Illinois and Cook County levels, as does the median home value.

### Family Income, Per Capita Income and Median Home Value

	2010	2000	2010	2000	2010 <sup>(1)</sup>	2000 <sup>(1)</sup>
	Median Family	Median Family	Per Capita	Per Capita	Median	Median Home
	<u>Income</u>	<u>Income</u>	<u>Income</u>	<u>Income</u>	<u>Home</u>	<u>Home</u>
	<u>Value</u>	<u>Value</u>			<u>Value</u>	<u>Value</u>
City of Evanston	\$ 104,117	\$ 78,886	\$ 38,116	\$ 33,645	\$ 366,400	\$ 290,800
Cook County	61,889	53,784	27,839	23,227	244,400	157,700
State of Illinois	65,417	55,545	27,325	23,104	191,800	130,800

(1) Single Family Owner Occupied Units Only

Source: U.S. Census Bureau

### City of Evanston, Cook County and State of Illinois Median Home Value

	Evanston		Cook County		State of Illinois	
	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>
Median Home Value <sup>(1)</sup>	\$ 366,400	\$ 290,800	\$ 244,400	\$ 157,700	\$ 191,800	\$ 130,800
Number of Single Family Homes <sup>(1)</sup>	15,334	9,597	1,127,332	816,532	3,219,338	3,219,338
Percent of Homes Valued:						
Under \$50,000	1.34%	0.27%	3.20%	1.91%	6.84%	6.84%
\$50,000-\$99,999	0.89%	3.04%	5.63%	17.34%	13.91%	13.91%
\$100,000-\$149,000	3.57%	11.23%	11.18%	26.77%	14.76%	14.76%
\$150,000-\$199,999	13.01%	14.86%	16.90%	22.54%	16.82%	16.82%
\$200,000-\$299,999	21.49%	22.42%	27.02%	18.06%	22.26%	22.26%
Above \$300,000	59.68%	48.17%	36.07%	13.37%	25.41%	25.41%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: U.S. Census Bureau

**City of Evanston – Age of Housing Structures  
(as of 2010 U.S. Census)**

<u>Years Built</u>	<u>Number</u>	<u>Percentage</u>
1939 or Earlier	16,333	51.15%
1940 to 1959	6,292	19.70%
1960 to 1969	3,069	9.61%
1970 to 1979	1,670	5.23%
1980 to 1989	1,109	3.47%
1990 to 1999	1,123	3.52%
2000 to 2004	1,366	4.28%
2005 to Later	972	3.04%
<b>Total</b>	<b>31,934</b>	<b>100.00%</b>

Source: U.S. Census Bureau

**Education and Employment**

Census data from 2010 reflects that over 62% of adult residents of Evanston have four or more years of college, compared to 28% nationally.

**Educational Attainment – Population over 25**

<u>Educational Level</u>	<u>Number</u>	<u>Percentage</u>	<u>Post-Secondary Education</u>	<u>High School or Higher</u>
Graduate or Professional Degree	15,707	33.20%		
Bachelor's Degree	13,804	29.20%		
Associate Degree	1,665	3.50%	65.90%	
Some College, no degree	7,136	15.10%		91.40%
High school graduate	4,932	10.40%		
9th to 12th grade, no diploma	2,483	5.20%		
Less than 9 <sup>th</sup> grade	1,599	3.40%		
<b>Total</b>	<b>47,326</b>	<b>100.00%</b>		

Source: U.S. Census Bureau

The following table shows the proportion of Evanston residents holding various job categories. Consistent with the high average level of educational attainment, over 62% of job holders who are Evanston residents work in professional or managerial jobs, as compared to 37.4% in Cook County, Illinois and 36.1% statewide.

**Select Occupation Categories**

<u>Type of Occupations</u>	<u>Number</u>	<u>Percentage</u>
Management, business, science, and arts	23,243	62.51%
Service occupations	4,085	10.99%
Sales and office occupations	8,048	21.64%
Natural Resources, construction, and maintenance	648	1.74%
Production, transportation, material moving	1,160	3.12%
<b>Total</b>	<b>37,184</b>	<b>100.00%</b>

Source: U.S. Census Bureau

## Population

The City's population is essentially stable, having been near 70,000 since 1950.

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Evanston	73,233	74,239	74,549
Cook County	5,105,067	5,376,741	5,194,675
State of Illinois	11,430,602	12,419,293	12,830,632

Source: U.S. Census Bureau

## THE ECONOMY

The City enjoys a robust economy with broadly diverse economic resources. Students and the University, professional and commercial workers, residents and business all contribute to the mix of revenue received by the City through taxes, fees, licenses as well as property taxes.

One of the telling indicators of economic activity is retail sales as measured by sales tax receipts. The State sales taxes payable to the City have grown at an average compound rate of approximately 0.9 percent between fiscal years ended February 28, 2003 and December 31, 2012.

<u>FY Ended</u>	<u>Home Rule Annual</u>	<u>Increase / (Decrease)</u>	<u>Sales Tax Annual</u>	<u>Increase / (Decrease)</u>
12/31/2012	\$ 5,707,112	n.a.	\$ 9,008,956	n.a.
12/31/2011	4,902,429	n.a.	7,671,007	n.a.
2/28/2011	5,724,904	4.78%	8,791,573	2.87%
2/28/2010	5,463,561	(1.96%)	8,546,173	(3.52%)
2/28/2009	5,572,880	(5.73%)	8,857,994	(4.11%)
2/29/2008	5,911,796	4.61%	9,237,337	6.24%
2/28/2007	5,651,328	0.70%	8,695,104	2.48%
2/28/2006	5,611,780	0.32%	8,484,692	1.13%
2/28/2005	5,594,134	1.73%	8,389,985	5.90%
2/29/2004	5,499,126	(1.40%)	7,922,537	(3.57%)
2/28/2003	5,577,088	16.38%	8,215,766	9.29%

## Building Activity – Value of Permits

<u>Calendar Year</u>	<u>Value of All Building Permits</u>
2012	\$ 148,357,853
2011	181,371,826
2010	130,696,500
2009	105,958,715
2008	77,836,668

### Replacement Taxes

<u>FY Ended</u>	<u>Amount</u>
12/31/2012	\$ 1,243,473
12/31/2011	944,157
2/28/2011	1,445,092
2/28/2010	1,339,100
2/28/2009	1,440,614

### Transportation

Evanston has excellent public transportation. It is served by a rapid transit rail line operated by CTA, with eight stations in Evanston. This is part of the CTA's metropolitan rapid transit system. Commuter rail service provided by Metra, a Division of the Regional Transportation Authority ("RTA"), serves three stops in Evanston. Four local bus routes operated by the CTA connect all Evanston neighborhoods with its downtown area. Five bus routes operated by PACE, a suburban bus division of the RTA, connect Evanston with north and northwestern suburbs.

### Employment

The following is a list of major employers within the City.

#### Largest Employers

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Northwestern University	Higher education	9,471
Evanston Northwestern Healthcare	Administrative and general hospital	3,727
Evanston/Skokie School District 65	Elementary school	1,599
St. Francis Hospital	General hospital	1,272
City of Evanston	Local government	918
Presbyterian Homes/McGaw Care Center	Retirement/nursing homes	602
Rotary International	Non-profit service organization	535
Evanston Township High School District 202	Public high school	520
C.E. Neihoff & Co.	Manufacturing	480
Mather Lifeways	Retirement/nursing homes	450

Source: City of Evanston, phone canvass

### Industry

Although a small proportion of the total property value and employment numbers, the City is home to various manufacturing concerns including Addison Steel, a fabricating company; Ward Manufactory, a tool and die manufacturer; and C.E. Niehoff, a manufacturer of automotive components.

## Unemployment

Unemployment in the City is consistently below Cook County and State of Illinois levels.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Evanston	4.70%	7.30%	7.90%	7.50%	6.80%
Cook County	6.40%	10.40%	10.80%	10.30%	9.30%
State of Illinois	6.40%	10.00%	10.40%	9.70%	8.90%

Source: Illinois Department of Employment Security

## FINANCES

### Budget Process, Accounting and Financial Control Procedures

The City's fiscal year ("FY") has historically begun on March 1 of each year. However, the City passed a resolution that changes the City's fiscal year to match the calendar year beginning in the year 2012. As such, fiscal year 2011 is only be ten months in duration (March 1, 2011 through December 31, 2011).

The City Manager submits to the City Council a proposed operating budget not less than 60 days prior to the start of each fiscal year. The operating budget includes proposed expenditures and the means of financing those expenditures. The City Council holds several public hearings and then may modify the budget prior to adoption.

The City Manager is authorized to transfer budgeted amounts between departments within any fund (such as the General Fund); however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgets are legally adopted on a basis consistent with generally accepted accounting principles ("GAAP") except that property taxes are budgeted as revenue in the year they are levied. For purposes of preparing the combined statement of revenues, expenditures and changes in fund balances – budget and actual, GAAP revenue and expenditures have been adjusted to the budgetary basis. The budgets of the governmental type funds are prepared on a modified accrual basis. Obligations of the City are budgeted as expenditures, but revenue is recognized only when it has actually been received. The Comprehensive Annual Financial Report of the City ("CAFR") presents expenditures and revenues on both a GAAP basis and a budget basis for comparison.

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is a separate, self-balancing accounting entity and in the City there are three categories of funds: governmental, proprietary and fiduciary. Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds) and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund. For the FY 2012 the City projects that 32.64% (\$84.4 million) of all City expenditures will occur in the General Fund. Other major funds include Special Revenue Funds, Debt Service Funds, Enterprise Funds (water, sewer, and parking) and Pension Trust Funds.

The Enterprise Funds (water and sewer) are budgeted on a full accrual basis. Expenses are recognized when a commitment is made (through a purchase order), and revenues are recognized when they are obligated to the City (for example, water user fees are recognized as revenue when bills are produced).

The City reports financial results based on GAAP as promulgated by the Governmental Accounting Standards Board. The accounts of the City are divided into separate self-balancing funds comprised of its assets, liabilities, fund equity, revenues and expenditures, as appropriate.

The City's expenditures are monitored on a regular basis by the Finance Department. Disbursements are made only if an expenditure is within the authorized Budget.

The City annually presents its Budget to the Government Finance Officers Association ("GFOA") for review against that organization's standards for government budgeting. The City received a Distinguished Budget Award from the GFOA for the fiscal year 2012 Budget and has previously received the award for over 16 successive years.

#### **Financial Statements and Independent Audits**

The City annually presents its CAFR to the GFOA for review against that organization's standards for governmental accounting and financial reporting. The City received a certificate of achievement for excellence in financial reporting from the GFOA for the fiscal year ended February 28, 2011, and has previously received the certificate for several successive years.

The City's financial statements are audited annually as required by State law. Baker Tilly Virchow Krause & Company, LLP, Certified Public Accountants, Oak Brook, Illinois, audited the financial statements for fiscal year ended December 31, 2012. Copies of the City's audited financial statements are available from the Administrative Services Department of the City. Excerpts of the audited financial statements for the fiscal year ended December 31, 2012, are included as APPENDIX A to this Official Statement. Baker Tilly Virchow Krause & Company, LLP, has neither reviewed nor approved this Official Statement or its appendices.

The City has covenanted in connection with the issuance of the Bonds to file its audited annual financial statements and certain additional financial and operating data within 210 days after the close of the City's fiscal year. See APPENDIX C to this Official Statement.

#### **Cash Management**

The City invests available funds to the extent not needed for immediate expenditures in interest bearing securities. Money Market Funds make up 100% of General Fund investments (approximately \$4.8 million as of December 31, 2011). Cash amounts held in bank accounts are collateralized by United States government or agency obligations.

The City's investment policy is in compliance with the Illinois Municipal Investment Act and limits investments to those that are insured or which are registered (or for which the securities are held by the City or its agent) in the City's name. Bond funds are invested separately.

#### **Revenues**

The City receives revenue from a wide variety of sources. These include a real property tax, municipal shares of State sales and income taxes, a home rule sales tax, utility taxes and federal grants, as well as various user charges, licenses and permits. The largest revenue source for the City is the property tax. See "REAL PROPERTY TAXATION" for a description of the property tax. Other major revenue sources are described below.

#### **Sales Taxes**

The City's share of the State sales tax and a separate City home rule sales tax are the second largest source of revenue to the City. A portion of the State's sales tax receipts from sales within Evanston are statutorily allocated to the City. The amount so received by the City equals about 1.0% of those sales subject to the State tax. In addition, the City imposes a City-wide home rule sales tax, as permitted by State law, presently at a rate of 1.0%. Sales of vehicles, groceries and medicine, among other items, are exempted by State law from this home rule sales tax. The Illinois Department of Revenue collects both the State sales tax and the City's sales tax. The State sales tax produced \$9.0 million, and the home rule sales tax produced \$5.7 million for the fiscal year ended December 31, 2012.

#### **Utility Taxes**

The City collects utility taxes on natural gas, electricity and telephone charges. Utility taxes generated \$ million for the fiscal year ended December 31, 2012 (a 12-month period). This compares to \$ million for the fiscal year ended December 31, 2011 (a 10-month period).

**FY 2011/ 2012 Budgets**

**Overview of Budget for Fiscal Year 2011 and 2012**

The total budget of the City for the fiscal year ended December 31, 2011 (a 10-month period) is \$208.5 million. The General Fund portion of the total budget for fiscal year ended December 31, 2011 is \$73.9 million.

The total budget of the City for the fiscal year ended December 31, 2012 (a 12-month period) is \$258.9 million. The General Fund portion of the total budget for fiscal year ended December 31, 2012 is \$84.4 million.

The total budget of the City for the fiscal year ending December 31, 2013 (a 12-month period) is \$ million. The General Fund portion of the total budget for fiscal year ending December 31, 2013 is \$ million.

**Summary of Financial Information**

The following summary of financial information is taken from audited financial statements of the City for fiscal years ended February 29, 2009 through December 31, 2012. This summary does not purport to be complete. Reference should be made to excerpts of the audited financial statements for fiscal year ended December 31, 2012 included as APPENDIX A of this Official Statement. Baker Tilly Virchow Krause & Company, LLP, Certified Public Accountants, have neither reviewed nor approved this summary.

**General Fund Balance Sheet  
Fiscal Years Ended**

<b>Assets:</b>	<b>2/29/2009</b>	<b>2/28/2010</b>	<b>2/28/2011</b>	<b>12/31/2011</b>	<b>12/31/2012</b>
Cash and Investments	\$11,615,911	\$8,980,446	\$10,303,331	\$11,523,030	\$11,478,724
Property Taxes Receivable	14,995,648	15,055,056	16,118,287	16,641,472	12,281,386
Due From Other Governments	5,856,040	7,071,845	7,112,895	7,400,692	7,456,261
Due From Other Funds	290,877	1,206,245	545,268	810,429	728,569
Utility Tax Receivable	--	--	--	--	--
All Other Assets	2,815,290	2,117,495	2,008,760	2,290,681	2,308,521
<b>Total Assets</b>	<b>35,573,766</b>	<b>34,431,087</b>	<b>36,088,541</b>	<b>38,666,304</b>	<b>34,253,461</b>
<b>Liabilities and Fund Balance:</b>					
Vouchers Payable	2,517,228	1,342,117	1,869,559	1,720,394	1,334,732
Due To Other					
Funds/Governments	133,437	1,806,681	170,443	666,790	1,089,490
Accrued Payroll	2,366,980	2,738,368	3,522,131	3,019,828	3,465,699
Compensated Absences Payable	80,963	70,289	29,156	60,117	828
Deferred Revenue	9,205,702	8,128,230	8,396,075	14,451,629	10,879,672
All Other Liabilities	242,640	157,853	97,425	354,377	449,553
<b>Total Liabilities</b>	<b>14,546,950</b>	<b>14,243,538</b>	<b>14,084,789</b>	<b>20,273,135</b>	<b>17,219,974</b>
<b>Fund Balance:</b>					
Reserved	1,274,562	1,584,855	1,994,876	--	--
Unreserved -- Designated	5,426,913	5,426,913	5,426,913	--	--
Unreserved -- Undesignated	14,325,341	13,175,781	14,581,963	--	--
Assigned	--	--	--	7,590,232	6,847,983
Unassigned	--	--	--	10,802,937	10,185,504
<b>Total Fund Balance</b>	<b>21,026,816</b>	<b>20,187,549</b>	<b>22,003,752</b>	<b>18,393,169</b>	<b>17,033,487</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$35,573,766</b>	<b>\$34,431,087</b>	<b>\$36,088,541</b>	<b>\$38,666,304</b>	<b>\$34,253,461</b>

Sources: City of Evanston, Illinois; CAFR for fiscal year ended 2/28/2009 through 12/31/2012.

**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance – Budget and Actual (Budgetary Basis) <sup>1</sup>**  
**Fiscal Year Ended December 31, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Taxes	\$36,621,022	\$32,724,364	(\$3,896,658)
Licenses and Permits	8,646,613	10,470,353	1,823,740
Intergovernmental	15,791,191	16,360,863	569,672
Charges for Services	7,728,055	7,328,037	(400,018)
Fines	4,721,639	3,470,107	(1,251,532)
Investment Income	12,000	7,169	(4,831)
Miscellaneous	2,126,968	2,470,868	343,900
Total Revenues	<u>75,647,488</u>	<u>72,831,761</u>	<u>(2,815,727)</u>
<b>Expenditures</b>			
General Management and Support	13,489,098	12,437,192	1,051,906
Public Safety	38,067,561	38,606,997	(539,436)
Public Works	8,313,494	7,833,641	479,853
Health and Human Resources Development	3,338,424	3,200,052	138,372
Recreation and Cultural Opportunities	13,944,350	14,283,198	(338,848)
Housing and Economic Development	3,148,340	3,103,952	44,388
Total Expenditures	<u>80,301,267</u>	<u>79,465,032</u>	<u>836,235</u>
Excess / (Deficiency) of Revenues Over Expenditures	<u>(4,653,779)</u>	<u>(6,633,271)</u>	<u>(1,979,492)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in (out)			
West Evanston TIF	60,000	60,000	--
Motor Fuel Tax Fund	836,990	836,990	--
Economic Development Fund	452,707	452,707	--
Housing Fund	23,990	23,990	--
Washington National TIF Debt Service Fund	325,000	325,000	--
Howard Hartrey Debt Service	141,600	141,600	--
Southwest TIF I Debt Service Fund	28,920	28,920	--
NSP 2	320,000	114,984	(205,016)
Emergency Telephone System Fund	125,950	125,950	--
Parking Fund	644,242	644,242	--
Sewer Fund	142,200	142,200	--
Howard Ridge TIF	120,400	120,400	--
Capital Improvement Fund	475,000	475,000	--
Water Fund	3,356,300	3,356,300	--
Library	(521,915)	(1,214,668)	(692,753)
Debt Service Fund	(627,394)	(627,394)	--
CIP	(1,250,000)	(1,250,000)	--
Solid Waste	(1,245,967)	(1,245,967)	--
Equipment Replacement Fund	(500,000)	(500,000)	--
	<u>2,908,023</u>	<u>2,010,254</u>	<u>(897,769)</u>
<b>Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	<u>(1,745,756)</u>	<u>(4,623,017)</u>	<u>(2,877,261)</u>
<b>Fund Balance</b>			
Beginning of Year		<u>32,383,980</u>	
End of Year		<u>\$27,760,963</u>	

(1) Reported on a budgetary (non-GAAP) basis. See Appendix A for further information.  
Sources: City of Evanston, Illinois; CAFR for the fiscal year ended December 31, 2012.

**General Fund**  
**Statement of Fund Operations**  
**GAAP Basis <sup>1</sup>**  
**Fiscal Years Ended**

<b>Revenues:</b>	<u>2/29/2009</u>	<u>2/28/2010</u>	<u>2/28/2011</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Taxes	\$40,173,003	\$40,231,207	\$39,184,101	\$30,242,619	\$35,987,699
Licenses and Permits	8,820,280	7,279,181	8,661,398	6,775,866	10,470,353
Intergovernmental	16,391,753	15,566,317	15,745,906	13,364,686	16,360,863
Charges for Services	8,399,042	8,680,166	9,785,836	6,283,196	7,328,037
Fines and Forfeits	4,442,282	4,150,610	4,002,700	3,279,785	3,470,107
Investment Income	240,988	17,048	11,454	2,073	7,169
Miscellaneous	3,980,418	3,824,800	5,987,365	3,276,503	2,470,868
Total	<u>82,447,766</u>	<u>79,749,329</u>	<u>83,378,760</u>	<u>63,224,728</u>	<u>76,095,096</u>
<b>Expenditures:</b>					
General Management and Support	12,709,098	14,575,634	21,814,654	11,774,893	12,437,192
Public Safety	38,453,587	34,200,821	35,258,964	31,367,067	38,606,997
Public Works	16,393,126	12,862,044	12,618,308	6,339,072	7,833,641
Health & Human Resource Dev.	3,745,632	3,940,324	3,700,431	2,887,812	3,200,052
Housing & Economic Dev.	3,301,478	3,332,818	2,952,803	2,462,258	14,283,198
Recreation & Cultural Opportunities	18,485,225	17,998,527	17,390,458	15,980,974	3,103,952
Debt Service - Principal	--	83,055	101,030	119,993	--
Debt Service - Interest	--	56,945	38,970	20,007	--
Total	<u>93,088,146</u>	<u>87,050,168</u>	<u>93,875,618</u>	<u>70,952,076</u>	<u>79,465,032</u>
Transfers In	5,415,600	6,461,572	5,409,384	4,793,745	6,848,283
Transfers Out	--	--	--	(676,980)	(4,838,029)
Issuance of Debt	304,081	--	6,893,299	--	--
Premiums and Accrued Interest	--	--	10,378	--	--
Fund Balance, Beginning of Year	<u>25,947,515</u>	<u>21,026,816</u>	<u>20,187,549</u>	<u>22,003,752</u>	<u>18,393,169</u>
Fund Balance, End of Year	<u>\$21,026,816</u>	<u>\$20,187,549</u>	<u>\$22,003,752</u>	<u>\$18,393,169</u>	<u>\$17,033,487</u>

**Notes:**

(1) General Fund operations are reported on a basis consistent with GAAP, and also on a budgetary (non-GAAP) basis. The City prepares the budget on a non-GAAP basis for the General, Special Revenue and Debt Service Funds; property taxes are recognized in the same accounting period as when the tax levy is adopted, even though the taxes are not collected until the following year, and encumbrances are treated as expenditures. This method is used to facilitate budgetary control. Under the GAAP basis, property tax revenues are recognized when both measurable and available. Encumbrances are not treated as expenditures. This table presents General Fund Operations on a GAAP basis.

Sources: City of Evanston, Illinois; CAFR for fiscal year ended 2/29/2009 through 12/31/2012.

## Pension Fund Obligations

The City participates in three defined benefit pension plans which cover substantially all employees. Retirement benefits are provided for employees who meet certain age and service requirements. Payments are generally correlated with the employee's length of service and earnings. Legal requirements of the plans (including contributions, vesting benefit and fund deficit provisions) are governed by State law. The plans are funded by employee and employer contributions and investment earnings.

All employees, other than police officers, firefighters and those working fewer than 1,000 hours per year, are covered by the Illinois Municipal Retirement Fund ("IMRF") which is a Statewide multi-employer plan governed by a state board of trustees.

The IMRF determines the contribution rate for the City to provide for all full funding of prior service costs, as determined actuarially, over a future period of not more than 40 years. The City funds its contributions through the property tax levy.

City police officers are covered by the Police Pension Fund and City firefighters are covered by the Firefighters' Pension Fund. These funds are governed by separate boards of trustees comprised of City officials and police or fire employee representatives. As required by State of Illinois statute, the City intends to annually fund its police and fire pension plans by the actuarially required contribution as determined by an enrolled actuary.

The following table shows the funding level, actual funding requirement, unfunded pension liability and funding ratio for the various pension funds for City employees.

### Combined Pension Funding

	<u>Asset Value</u>	<u>Liability</u>	<u>Unfunded</u>	<u>Funded Ratio</u>
Fire <sup>1</sup>	\$55,082,975	\$121,693,417	\$66,610,442	45.26%
Police <sup>1</sup>	72,266,706	158,457,577	86,190,871	45.61%
IMRF <sup>2</sup>	<u>69,218,573</u>	<u>89,116,813</u>	<u>19,898,240</u>	<u>77.67%</u>
All Funds Combined	<u>\$196,568,254</u>	<u>\$369,267,807</u>	<u>\$172,699,553</u>	<u>53.23%</u>

(1) Data as of 1/1/2012

(2) Data as of 12/31/2012

Source: City of Evanston, Illinois CAFR for fiscal year ended December 31, 2012.

## Insurance Coverage

The City maintains commercial all-risk property insurance with regard to City facilities, subject to a deductible of \$75,000 per occurrence. The City maintains general liability insurance for claims in excess of \$2.0 million per occurrence.

**GENERAL OBLIGATION BONDED INDEBTEDNESS**

**Outstanding General Obligation Debt**

The below table provides the City's outstanding general obligation debt issues as of the issuance of the Bonds.

**General Obligation Debt by Issue**

<u>Date of Issue</u>	<u>Type of Obligation</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Interest Rates Outstanding</u>	<u>Principal Outstanding</u>
05/01/2004	Bonds, Series 2004	\$ 13,355,000	12/01/2023	4.00% - 5.00%	\$ 10,195,000
07/15/2004	Ref. Bonds, Series 2004B	11,730,000	12/01/2017	4.00% - 5.25%	2,830,000
07/28/2005	Ref. Bonds, Series 2005	29,270,000	12/01/2025	5.00%	20,575,000
07/19/2006	Bonds, Series 2006	10,290,000	12/01/2026	4.15% - 5.00%	9,550,000
12/28/2006	Ref. Bonds, Series 2006B	14,430,000	01/01/2023	4.00% - 4.25%	14,395,000
05/24/2007	Ref. Bonds, Series 2007	30,385,000	12/01/2027	4.00% - 5.50%	18,150,000
05/07/2008	Ref. Bonds, Series 2008A	3,800,000	12/01/2021	3.25% - 5.00%	3,020,000
05/07/2008	Ref. Bonds, Series 2008B	27,755,000	12/01/2018	3.25% - 5.00%	11,905,000
05/07/2008	Bonds, Series 2008C	12,395,000	12/01/2028	3.25% - 5.00%	10,625,000
12/10/2008	Ref. Bonds, Series 2008D	19,015,000	12/01/2016	3.50% - 5.00%	6,595,000
08/15/2010	Bonds, Series 2010A	6,500,000	12/01/2029	2.00% - 3.625%	5,960,000
08/15/2010	Taxable Bonds, Series 2010B	8,000,000	12/01/2019	1.00% - 3.30%	6,570,000
08/01/2011	Bonds, Series 2011A	19,240,000	12/01/2031	2.00% - 4.50%	18,035,000
07/26/2012	Bonds, Series 2012	15,720,000	12/01/2032	2.00% - 3.25%	15,720,000
Subtotal					<u>154,125,000</u>
08/15/2013	Bonds, Series 2013A	12,700,000	12/01/2033	This Issue	<u>12,700,000</u>
TOTAL					<u>\$ 166,825,000</u>

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The below table provides the City's outstanding general obligation debt service as of the issuance of the Bonds.

**Total General Obligation Debt Service**

Year Ending	Outstanding G.O. Debt		The Bonds (Estimated)		Total Debt Service
	Principal	Interest	Principal	Interest	
12/31/2013	\$ 14,890,000	\$ 6,453,628	--	--	\$ 21,343,628
12/31/2014	15,230,000	5,727,485	\$ 85,000	\$ 445,238	21,487,723
12/31/2015	13,340,000	5,158,978	615,000	343,162	19,457,139
12/31/2016	13,890,000	4,590,475	625,000	335,536	19,441,011
12/31/2017	14,050,000	4,043,021	630,000	326,098	19,049,119
12/31/2018	12,590,000	3,442,498	640,000	315,136	16,987,634
12/31/2019	8,935,000	2,933,713	650,000	303,360	12,822,073
12/31/2020	7,920,000	2,576,985	665,000	290,230	11,452,215
12/31/2021	8,440,000	2,238,097	675,000	275,866	11,628,963
12/31/2022	8,105,000	1,878,388	695,000	259,666	10,938,054
12/31/2023	7,620,000	1,547,138	710,000	241,457	10,118,595
12/31/2024	5,625,000	1,241,663	730,000	222,003	7,818,666
12/31/2025	5,870,000	1,001,531	750,000	200,760	7,822,291
12/31/2026	4,755,000	739,681	750,000	178,260	6,422,941
12/31/2027	3,915,000	527,456	580,000	155,160	5,177,616
12/31/2028	2,930,000	358,156	595,000	136,890	4,020,046
12/31/2029	2,085,000	239,056	615,000	117,553	3,056,609
12/31/2030	1,665,000	157,231	640,000	96,950	2,559,181
12/31/2031	1,735,000	89,663	660,000	74,870	2,559,533
12/31/2032	570,000	18,525	685,000	51,440	1,324,965
12/31/2033	--	--	705,000	26,438	731,438
Subtotal	154,160,000	44,963,366	12,700,000	4,396,071	216,219,437
Less Payments by 8/15/2013	(35,000)	(3,605,928)	--	--	(3,640,928)
Total	154,125,000	41,357,438	12,700,000	4,396,071	212,578,508

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A portion of the debt service on the City's outstanding general obligation bonds is scheduled to be paid from sources other than general property taxes levied throughout the City. These sources include incremental taxes in tax increment areas, special service area taxes and revenues from various enterprise funds including sewer services fees. The City's total general obligation debt service schedule and portion expected to be abated is presented in the table below.

**Total and Scheduled for Abatement General Obligation Debt Service**

Year Ending	Outstanding G.O. Debt		Scheduled for Abatement		Net Debt Service
	Principal	Interest	Principal	Interest	
12/31/2013	\$ 14,890,000	\$ 6,453,628	(6,772,879)	(1,743,431)	\$ 12,827,318
12/31/2014	15,315,000	6,172,723	(6,027,020)	(1,472,392)	13,988,312
12/31/2015	13,955,000	5,502,139	(5,898,349)	(1,197,921)	12,360,869
12/31/2016	14,515,000	4,926,011	(5,100,280)	(958,473)	13,382,258
12/31/2017	14,680,000	4,369,119	(5,712,210)	(763,211)	12,573,698
12/31/2018	13,230,000	3,757,634	(4,741,351)	(510,540)	11,735,743
12/31/2019	9,585,000	3,237,073	(1,636,671)	(321,397)	10,864,005
12/31/2020	8,585,000	2,867,215	(523,172)	(267,117)	10,661,926
12/31/2021	9,115,000	2,513,963	(534,673)	(248,171)	10,846,119
12/31/2022	8,800,000	2,138,054	(559,564)	(228,474)	10,150,015
12/31/2023	8,330,000	1,788,595	(574,455)	(207,335)	9,336,805
12/31/2024	6,355,000	1,463,666	(604,346)	(185,251)	7,029,069
12/31/2025	6,620,000	1,202,291	(622,628)	(161,066)	7,038,597
12/31/2026	5,505,000	917,941	(595,909)	(134,523)	5,692,509
12/31/2027	4,495,000	682,616	(619,191)	(109,020)	4,449,405
12/31/2028	3,525,000	495,046	(573,653)	(82,461)	3,363,933
12/31/2029	2,700,000	356,609	(373,615)	(58,157)	2,624,837
12/31/2030	2,305,000	254,181	(387,456)	(42,666)	2,129,059
12/31/2031	2,395,000	164,533	(401,298)	(26,491)	2,131,744
12/31/2032	1,255,000	69,965	(130,000)	(9,620)	1,185,345
12/31/2033	705,000	26,438	(130,000)	(4,875)	595,563
<b>Total</b>	<b>166,860,000</b>	<b>49,359,437</b>	<b>(42,518,719)</b>	<b>(8,732,590)</b>	<b>164,968,128</b>

**Overlapping Debt**

**Statement of Overlapping General Obligation Bonded Debt**

(as of June 17, 2013)

Taxing District (1)	Outstanding Bonds	Applicable to City	
		Percentage	Amount
Cook County	\$ 3,719,535,000	1.79%	\$ 66,688,534
Cook County Forest Preserve District	131,500,000	1.79%	2,357,699
Metropolitan Water Reclamation District	2,296,170,090	1.83%	42,002,953
Skokie Park District	7,960,000	0.78%	62,016
Evanston Special Service Area No. 5	450,000	97.15%	437,164
Community Consolidated School District No. 65	71,040,000	97.74%	69,435,423
Evanston Township High School No. 202	17,305,149	97.74%	16,914,278
Community College District No. 535	25,540,000	12.62%	3,222,494
<b>Total Overlapping General Obligation Bonded Debt</b>			<b>\$ 201,120,561</b>

(1) Does not include Alternate Revenue Bonds.

Source: Cook County Clerk's Office

## Debt Ratios

<u>Metric</u>	<u>Value</u>
True Value (2011)	\$ 8,182,102,719
EAV (2011)	2,727,367,573
Population (2010)	75,549
Direct Debt (Property Tax Supported)	\$ 124,341,281
Direct Debt (Supported by Other Sources)	42,518,719
Total Direct Debt	\$ 166,860,000
Total Overlapping Debt	\$ 201,120,561

<u>Debt Ratio</u>	<u>All General Obligation Debt</u>	<u>General Obligation Debt (Less Self Supporting Debt)</u>
Direct Debt Per True Value	2.04%	1.52%
Direct Debt Per EAV	6.12%	4.56%
Direct Debt Per Capita	\$ 2,209	\$ 1,646
Direct and Overlapping Debt Per True Value	4.50%	3.98%
Direct and Overlapping Debt Per EAV	13.49%	11.93%
Direct and Overlapping Debt Per Capita	\$ 4,871	\$ 4,308

## General Obligation Debt Trends

<u>Year Ending</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total General Obligation</u>
12/31/2012	\$ 120,938,742	\$ 33,221,257	\$ 154,159,999
12/31/2011	122,579,206	35,115,794	157,695,000
2/28/2011	117,322,439	36,212,561	153,535,000
2/28/2010	111,233,880	40,236,120	151,470,000
2/28/2009	118,126,135	55,983,865	174,110,000
2/29/2008	118,005,000	66,530,000	184,535,000
2/28/2007	113,990,000	76,825,000	190,815,000
2/28/2006	161,825,000	37,385,000	199,210,000
2/28/2005	147,045,000	43,655,000	190,700,000
2/29/2004	141,845,000	49,175,000	191,020,000

## Future Financings

The City plans on issuing additional general obligation debt during calendar year 2013 to refinance existing debt issues for debt service savings.

## REAL PROPERTY TAXATION

As a home rule municipality, the City has the ability to levy real property taxes on the taxable property in the City without limitation as to rate or amount. The City levies real property taxes for general government purposes, pension contributions and general obligation debt service. Real property taxes are applied to taxable property based on its assessed value (less various exemptions), as equalized among counties by the Illinois Department of Revenue. This is referred to as the equalized assessed valuation or "EAV." See "Real Property Assessment, Tax Levy and Collections Procedures."

Taxable property is reassessed every three years. The next reassessment period is tax year 2013. The following table shows the City's EAV in recent years. The taxes collected in 2010 were payable with respect to the EAV for tax year 2009. The EAV of property for tax year 2010 was approximately \$3.0 billion which does not include approximately \$194 million of EAV included in TIF districts (see "Tax Increment Financing" below).

### Historic Equalized Assessed Valuation <sup>(1)</sup>

<u>Tax Year</u>	<u>Total</u>	<u>% Change</u>
2011	\$ 2,727,367,573	-10.34%
2010	3,041,884,087	-7.99%
2009	3,305,989,369	12.51%
2008	2,938,397,892	5.99%
2007	2,772,340,028	23.44%
2006	2,245,892,746	0.14%
2005	2,242,753,022	7.02%
2004	2,095,611,570	21.33%
2003	1,727,147,885	-0.60%
2002	1,737,543,904	7.53%

Property owned by not-for-profit colleges, universities and hospitals is not subject to real property taxation. Northwestern University, the City's largest employer, does not pay property taxes on educational properties. The University does pay its share of water and sewer charges, utilities taxes, permit fees and other charges for services.

### Equalized Assessed Valuation by Classification of Property <sup>(1)</sup>

	<u>2009</u>		<u>2010</u>		<u>2011</u>	
Residential	\$2,564,394,619	77.57%	\$2,233,194,054	73.41%	\$2,100,690,657	77.02%
Farm	15,956	0.00%	15,956	0.00%	15,956	0.00%
Commercial	615,808,511	18.63%	623,156,869	20.49%	513,880,731	18.84%
Industrial	125,104,411	3.78%	184,687,438	6.07%	111,899,205	4.10%
Railroad	665,872	0.02%	829,769	0.03%	881,024	0.03%
<b>Total EAV</b>	<b>\$3,305,989,369</b>	<b>100.00%</b>	<b>\$3,041,884,087</b>	<b>100.00%</b>	<b>\$2,727,367,573</b>	<b>100.00%</b>

(1) Does not include incremental EAV in redevelopment project areas. See "Tax Incremental Financing" below. The incremental 2010 EAV in redevelopment project areas was \$167,557,673.

\* Percentages may not add to 100% because of rounding.

Source: Cook County Clerk's Office

**Tax Increment Financing**

Under Illinois law, municipalities may designate particular areas as redevelopment project areas and may provide for tax increment financing for redevelopment project costs in those "TIF" areas. In a TIF area, collections of real property taxes levied by all taxing bodies, to the extent attributed to increases in the EAV of the TIF area over its EAV when the TIF area was so designated, are deposited in a special tax allocation fund of the municipality and are available for use by the municipality to pay qualified redevelopment costs with respect to the TIF area. Qualified redevelopment costs include, among other items, costs of construction of public works or improvements, costs of rehabilitation of public or private buildings and costs of land acquisition. Amounts in the special tax allocation fund for a TIF area also may be used to pay debt service on bonds issued by the municipality for qualified redevelopment costs of that area ("TIF bonds"). To the extent that the tax collections in respect of a TIF area are deposited in the special tax allocation fund and used for qualified redevelopment costs or related debt service, they are not available for other governmental purposes, including paying unrelated General Obligation Bonds of the municipality.

As of tax year 2011 the City has designated five TIF areas. The total EAV increment of these areas for this tax year totaled \$167,557,673. The EAV for these areas at the time the areas were so designated (the base or "frozen" value) was \$77,225,187.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Frozen Value	\$ 68,669,219	\$ 79,060,859	\$ 77,225,187	\$ 77,225,187	\$ 77,225,187
Incremental	<u>238,512,923</u>	<u>268,255,958</u>	<u>114,745,713</u>	<u>116,885,444</u>	<u>90,332,486</u>
TOTAL EAV	\$307,182,142	\$347,316,817	\$191,970,900	\$194,110,631	\$167,557,673

TIF bonds may, in some cases, also be general obligations of the municipality. In that case general obligation bonds, in addition to their other claims for payment, may have a claim for payment from the amounts on deposit in the special tax allocation fund for that TIF area.

**Special Service Areas**

Under Illinois law, municipalities may establish special service areas and may levy real property taxes with respect to taxable real property within the special service area to pay costs of special municipal services for the area or to pay debt service on bonds of the municipality issued to provide those special services.

The City has established a number of special service areas for the upgrade of streets and sidewalks in its central business district. Taxes levied and collected with respect to special service areas are not shown as general revenues of the City.

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## City Property Taxes

The following table shows the collection history for real property taxes levied by the City.

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Extended</u>	<u>Taxes Collected and Distributed</u>	<u>Percent Collected</u>
2011	2012	\$ 43,397,590	\$ 42,064,756	96.93%
2010	2011	41,479,398	39,412,004	95.02%
2009	2010	39,779,364	38,018,159	95.57%
2008	2009	38,044,671	36,246,629	95.27%
2007	2008	35,550,694	34,061,461	95.81%
2006	2007	34,399,146	33,249,612	96.66%
2005	2006	33,423,311	32,550,464	97.39%
2004	2005	32,100,657	30,991,234	96.54%
2003	2004	29,813,787	28,565,408	95.81%
2002	2003	27,957,126	27,286,591	97.60%

The following table shows the ten largest real property taxpayers in the City.

### Ten Largest Real Property Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2011 Equalized Assessed Values</u>	<u>Percentage of Total City EAV</u>
Grubb & Ellis	Commercial building	\$ 23,750,814	0.87%
Rotary International	Non-profit organization	19,957,955	0.73%
Lowe Enterprises	Commercial Building	19,687,132	0.72%
Church St. Plaza	Commercial, retail,	17,812,119	0.65%
Evanston Plaza Holding	Commercial buildings	13,041,620	0.48%
Evanston Hotel Association	Hotel	11,605,700	0.43%
Inland	Commercial, retail building	10,956,173	0.40%
NNN Church St. Office Center	Office building	10,825,746	0.40%
North Shore University Health	Commercial buildings	10,417,651	0.38%
500 Davis Street Holding	Office building	9,005,460	0.33%
Top Ten Total		<u>\$ 147,060,371</u>	<u>5.39%</u>
City Total 2011 EAV		<u>2,727,367,573</u>	

Source: City of Evanston CAFR for fiscal year ended December 31, 2012.

Property tax rates for City purposes, as well as rates for governmental bodies that substantially overlap the City are shown below.

**Historic City Tax Rates**  
(Per \$100 EAV)

<u>Fund</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Corporate	\$0.6253	\$0.5662	\$0.5120	\$0.5485	\$0.6117
Bond & Interest	0.3332	0.3508	0.3129	0.3625	0.4439
Police Pension	0.1707	0.2071	0.2077	0.2495	0.3067
Fire Pension	0.1538	0.1707	0.1706	0.2032	0.2289
<b>TOTAL</b>	<b>\$1.2830</b>	<b>\$1.2948</b>	<b>\$1.2032</b>	<b>\$1.3637</b>	<b>\$1.5912</b>

**Tax Rates for Overlapping Taxing Agencies**  
(Taxes Billed in 2010 – Per \$100 EAV)

<u>Taxing Agency</u>	<u>2011 Rate</u>
<b>City of Evanston</b>	<b>\$ 1.591</b>
Cook County	0.462
Cook County Forest Preserve District	0.058
Suburban TB Sanitarium	--
Consolidated Elections	0.025
Town of Evanston	0.011
General Assistance	0.039
Metropolitan Water Reclamation District	0.320
North Shore Mosquito Abatement District	0.010
Elementary School District No. 65	2.818
Evanston Township High School District No. 202	2.061
Oakton Community College District No. 535	0.196
<b>TOTAL</b>	<b>\$ 7.592</b>

Source: Cook County Clerk's Office

**Real Property Assessment, Tax Levy and Collection Procedures**

The following is a summary of general property tax assessment, levy and collection procedures in Cook County, Illinois.

**Real Property Assessment.** The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including such property located within the boundaries of the City, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The City is located in the North Tri and was reassessed for the 2010 tax levy year.

In response to the downturn of the real estate market, the Assessor reduced the 2009 assessed value on suburban residential properties (specifically, those properties located in the South Tri and the North Tri) not originally scheduled for reassessment in 2009. For tax year 2009, each suburban township received an adjustment percentage for tax year 2009, lowering the existing assessed values of all residential properties in such township within a range of 4% to 15%, beginning with the second-installment tax bills payable in the fall of 2010.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification

percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%). In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above.

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the "Board of Review"), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the "Circuit Court") or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

**Equalization.** After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State of Illinois (the "State"). Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the "EAV") of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the Department of Revenue, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the "Assessment Base").

**Exemptions.** The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions.

**Tax Levy.** As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit.

**Extensions.** The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the

current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

**Collections.** Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has been the first business day in March for each of the last ten years. However, for 2010, the first installment penalty date was established as April 1 by statute. The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

<u>Tax Levy Year</u>	<u>Second Installment Penalty Date</u>
2002	October 1, 2003
2003	November 15, 2004
2004	November 2, 2005
2005	September 1, 2006
2006	December 3, 2007
2007	November 3, 2008
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, the County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the City promptly credits the taxes received to the funds for which they were levied.

Within 90 days following the second installment due date, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any "automated means." Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and a half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

#### TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States of America, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion, and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding

cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bonds owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

The interest on the Bonds is not exempt from present Illinois income or franchise taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

#### **Not Qualified Tax-Exempt Obligations**

The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) relating to the ability of financial institutions to deduct from income for Federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## BOND RATINGS

The Bonds are rated "Aa1" by Moody's Investors Service, Inc. and "\_\_\_" by Fitch Ratings. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007; Fitch Ratings, 70 West Madison Street, Chicago, Illinois 60602. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings are not to be construed as recommendations of the rating agencies to buy, sell or hold the Bonds, and the ratings assigned by the rating agencies should be evaluated independently.

## UNDERWRITING

The Bonds are scheduled to be sold by the City at a competitive public sale on July 31, 2013.

\_\_\_\_\_ (the "Underwriter") has agreed, subject to the conditions of closing set forth in the Notice of Sale, to purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds, less an underwriter's discount of \$ \_\_\_\_\_), plus accrued interest.

The Bonds will be offered at the respective initial public offering prices which produce the yields shown on the inside cover page of this Official Statement. After the Bonds are released for sale to the public, the initial public offering prices and other selling terms may from time to time be varied by the Underwriter.

## LITIGATION

The City is subject from time to time to litigation in the ordinary course of its activities, including land use issues, employment and traffic accidents, among other matters.

There is no controversy or litigation of any nature now pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the debt service on the Bonds; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied; or questioning or relating to the validity of the Bonds, or contesting the corporate existence of the City or the titles of its present officers to their respective offices.

## FINANCIAL ADVISOR

The City has engaged Public Financial Management, Inc. (the "Financial Advisor") in connection with the City's issuance and sale of the Bonds. Under the terms of their engagement, the Financial Advisor are not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

## LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the City, reviewed the information under the captions "TAX EXEMPTION" and "Not Qualified Tax-Exempt Obligations". This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters in conjunction with the issuance of the Bonds will be passed upon for the City by its Law Department.

**CLOSING CERTIFICATE**

The City will provide to the purchaser at the time of delivery of the Bonds, a certificate confirming to the purchaser that, to the best of their knowledge and belief, the Official Statement, together with any supplements to it, at the time of acceptance of the Purchase Contract and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain any untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

This Official Statement has been duly approved, executed and delivered by the City.

City of Evanston,  
Cook County, Illinois

By: Wally Belmont  
City Manager

By: Elizabeth B. Tisdell  
/s/ Mayor

	A	C	D	F	T
1	<b>City of Evanston</b>				
2	<b>Capital Improvement Plan</b>				
3	<b>General Obligation Debt Project List</b>				
4	<b>Fiscal Year 2013</b>				
9			Funding	Fund	Total
10	Description	Department	Source	Responsible	FY13
17	Engineering Services	Admin Serv	GO Unabated	Capital Improvement	475,000
18	Street Lights - Chicago Avenue / Kedzie / AMLI	GED	GO Unabated	Capital Improvement	50,000
19	Crown Center Renovations	PRCS	GO Unabated	Capital Improvement	50,000
20	Lakefront - Boat Ramp Renovations	PRCS	GO Unabated	Capital Improvement	350,000
21	Levy Center Renovations	PRCS	GO Unabated	Capital Improvement	270,000
22	Fleetwood-Jourdain Center Renovations	PRCS	GO Unabated	Capital Improvement	85,000
23	Noyes Center Seat Replacements	PRCS	GO Unabated	Capital Improvement	160,000
24	Civic Center Renovations	PRCS	GO Unabated	Capital Improvement	145,000
25	Lakefront - Lagoon Area Improvements	PRCS	GO Unabated	Capital Improvement	250,000
26	Police - Fire Headquarters Renovations	PRCS	GO Unabated	Capital Improvement	175,000
27	Firemen's Park Renovations	PRCS	GO Unabated	Capital Improvement	235,000
28	Grey Park	PRCS	GO Unabated	Capital Improvement	60,000
29	Ecology Center Greenhouse Reconstruction (Additional)	PRCS	GO Unabated	Capital Improvement	71,988
30	Penny Park Renovations	PRCS	GO Unabated	Capital Improvement	100,000
31	Police 1st Floor Conference Room Renovation	PRCS	GO Unabated	Capital Improvement	62,000
32	Ladd Arboretum Bike Path Renovations	PRCS	GO Unabated	Capital Improvement	22,000
33	Noyes Center Roof	PRCS	GO Unabated	Capital Improvement	434,000
34	Fire Station #2 Renovations - Design Only	PRCS	GO Unabated	Capital Improvement	53,000
35	50 / 50 Sidewalk Replacement Program	Public Works	GO Unabated	Capital Improvement	125,000
36	Church Street Streetlights - Darrow to Pitner	Public Works	GO Unabated	Capital Improvement	85,000
37	McDaniel Diagonal Parking (Crain St. to Cul-De-Sac)	Public Works	GO Unabated	Capital Improvement	75,000
38	Street Resurfacing - CIP	Public Works	GO Unabated	Capital Improvement	2,760,012
39	Davis Streetscape / Resurfacing / Bike Lane - Benson to Dewey	Public Works	GO Unabated	Capital Improvement	1,197,000
40	Pedestrian Safety Improvements	Public Works	GO Unabated	Capital Improvement	275,000
41	Central Street Sidewalk - Eastwood to Hartrey Design	Public Works	GO Unabated	Capital Improvement	175,000
42	Bridge Rehab Isabella Phase II - Design	Public Works	GO Unabated	Capital Improvement	50,000
43	Bridge Street Bridge Phase III - Construction Engineering	Public Works	GO Unabated	Capital Improvement	200,000
44	Bridge Street Bridge Phase III - Construction	Public Works	GO Unabated	Capital Improvement	100,000
45	Dempster Signal Phase I Engineering	Public Works	GO Unabated	Capital Improvement	60,000
46	Ridge/Emerson/Green Bay Intersection Phase I Engineering	Public Works	GO Unabated	Capital Improvement	250,000
47	SUBTOTAL				8,400,000
48					
49					
50	Alley Paving	Public Works	GO Abated	Special Assessment	236,000
51	SUBTOTAL				236,000
52					
53					
54	Water Main Replacement (GO Debt Portion)	Utilities	GO Abated	Water	2,000,000
55	SUBTOTAL				2,000,000
56					
57					
58	Sewer Fund IEPA Loan	Utilities	GO Unabated	Sewer	2,000,000
59	SUBTOTAL				2,000,000
61					
62					
63	<b>TOTAL - ALL FUNDS</b>				<b>12,636,000</b>