



# Agenda Cover Memorandum

Meeting Date: March 2, 2015

Meeting Type:  COW (Committee of the Whole)  City Council  Budget Workshop

Item Title: Approve Final Reading of an Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2015A, for the City of Park Ridge, refinancing Series 2005A and Series 2006B.

Action Requested:  Approval  For Discussion  Feedback Requested  For Your Information

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Background:

The Council has previously been presented and discussed the opportunity to refinance two TIF debt issues, 2005A and 2006B. An updated refunding scenario was presented at the 1/26/15 COW. The COW voted unanimously (6-0, Alderman Sweeney absent) to place the first reading of the refunding ordinance on the Council agenda.

This item was approved by unanimous roll call vote (7-0) for a first reading at the 2/2/15 City Council meeting. John Peterson, from William Blair, the City's bond advisor and expert on our debt, was present at that meeting to answer any questions the Council had. Mr. Peterson discussed coupon rates and yields, the taxable and tax exempt status of the bonds being refinanced, and the various refunding options available. The Council requested staff return with further detail on two refunding options: optimal savings and level payments.

The bond refunding was a discussion item at the 2/16/15 City Council meeting. At that time the two payment options was presented, again with our bond advisor on hand to address technical questions. Consensus was achieved to pursue the optimal savings method which would refinance the existing debt over a 10 year period. At that time the estimated present value savings on the two refinanced bonds was \$1.8M.

The exact details of the ordinance (interest rates, principal, and structure) will not be known until the bids are opened on 3/2/15. At that time the bond advisor and bond counsel will confirm the winning bid is in order and update the ordinance. The complete ordinance will be printed and distributed at the 3/2/15 City Council meeting and uploaded to the website.

Recommendation: Approve Final Reading of an Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2015A, for the City of Park Ridge, refinancing Series 2005A and Series 2006B.

Budget Implications:

Does Action Require an Expenditure of Funds:  Yes  No

Attachment(s), if any:

- Bond ordinance
- Legal opinion
- 2015A Escrow Deposit Agreement

ORDINANCE NO. \_\_\_\_\_

ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015A AND GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2015B, OF THE CITY OF PARK RIDGE, ILLINOIS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PARK RIDGE, ILLINOIS, AS FOLLOWS:

**Section 1. Authority and Purpose.** This ordinance is adopted pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 for the purpose of financing the refunding of (A) the \$6,705,000 outstanding principal amount of General Obligation Bonds, Series 2005A (the "Prior 2005A Bonds"), of the City of Park Ridge, Illinois (the "City") by the issuance of the General Obligation Refunding Bonds, Series 2015A (the "2015A Bonds") authorized by Section 2 of this ordinance and (B) the \$7,925,000 outstanding principal amount of General Obligation Refunding Bonds, Taxable Series 2006B (the "Prior 2006B Bonds," and together with the Prior 2005A Bonds, the "Prior Bonds"), of the City by the issuance of the General Obligation Refunding Bonds, Taxable Series 2015B (the "2015B Bonds," and together with the 2015A Bonds, the "2015 Bonds") authorized by Section 3 of this ordinance. The City hereby elects to

redeem the Prior 2005A Bonds on June 1, 2015. The City hereby elects to redeem the Prior 2006B Bonds on \_\_\_\_\_, 2015.

**Section 2. Authorization and Terms of 2015A Bonds.** The sum of \$\_\_\_\_\_ is appropriated to meet part of the estimated cost of refunding the Prior 2005A Bonds. Said estimated cost is inclusive of the cost of issuance of the 2015A Bonds herein authorized. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriation, unlimited tax general obligation bonds of the City are authorized to be issued and sold in an aggregate principal amount of \$\_\_\_\_\_, and shall be designated "General Obligation Refunding Bonds, Series 2015A."

2015A Bonds shall be issuable in the denominations of \$5,000 or any integral multiple thereof and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of 2015A Bonds. Unless otherwise determined in the order to authenticate the 2015A Bonds, each 2015A Bond delivered upon the original issuance of the 2015A Bonds shall be dated as of \_\_\_\_\_, 2015. Each 2015A Bond thereafter issued upon any transfer, exchange or replacement of 2015A Bonds shall be dated so that no gain or loss of interest shall result from such transfer, exchange or replacement.

The 2015A Bonds shall mature (without option of prior redemption) on December 1 in each year shown in the following table in the respective principal amount set forth opposite each such year and the 2015A Bonds maturing in each such year shall bear interest at the respective rate per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ ,000	. %
2016	,000	
2017	,000	
2018	,000	
2019	,000	
2020	,000	
2021	,000	
2022	,000	
2023	,000	
2024	,000	

Each 2015A Bond shall bear interest from its date, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on December 1, 2015 and semiannually thereafter on each June 1 and December 1 at the rates per annum herein determined.

**Section 3. Authorization and Terms of 2015B Bonds.** The sum of \$\_\_\_\_\_ is appropriated to meet part of the estimated cost of refunding the Prior 2006B Bonds. Said estimated cost is inclusive of the cost of issuance of the 2015B Bonds herein authorized. Pursuant to the home rule powers of the City to incur debt payable from ad valorem property tax receipts and for the purpose of financing said appropriation, unlimited tax general obligation bonds of the City are authorized to be issued and sold in an aggregate principal amount of \$\_\_\_\_\_, and shall be designated "General Obligation Refunding Bonds, Taxable Series 2015B."

2015B Bonds shall be issuable in the denominations of \$5,000 or any integral multiple thereof and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of 2015B Bonds. Unless otherwise determined in the order to authenticate the 2015B Bonds, each 2015B Bond delivered upon the original issuance of the 2015B Bonds shall be dated as of \_\_\_\_\_,

2015. Each 2015B Bond thereafter issued upon any transfer, exchange or replacement of 2015B Bonds shall be dated so that no gain or loss of interest shall result from such transfer, exchange or replacement.

The 2015B Bonds shall mature (without option of prior redemption) on December 1 in each year shown in the following table in the respective principal amount set forth opposite each such year and the 2015B Bonds maturing in each such year shall bear interest at the respective rate per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ ,000	. %
2016	,000	
2017	,000	
2018	,000	

Each 2015B Bond shall bear interest from its date, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on December 1, 2015 and semiannually thereafter on each June 1 and December 1 at the rates per annum herein determined.

**Section 4. Payment of Bonds.** The principal of the 2015 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the corporate trust office of Wells Fargo Bank, N.A., in the City of Chicago, Illinois, which is hereby appointed as bond registrar and paying agent for the 2015 Bonds. Interest on the 2015 Bonds shall be payable on each interest payment date to the registered owners of record thereof appearing on the registration books maintained by the City for such purpose at the corporate trust office of the bond registrar, as of the close of business on the 15<sup>th</sup> day of the calendar month next preceding the applicable interest payment date. Interest on the 2015 Bonds shall be

paid by check or draft mailed to such registered owners at their addresses appearing on the registration books or by wire transfer pursuant to an agreement by and between the City and the registered owner.

**Section 5. Sale and Delivery.** The 2015A Bonds are sold to \_\_\_\_\_, as purchaser, at a price of \$\_\_\_\_\_ and accrued interest from their date to the date of delivery and payment therefor. The 2015B Bonds are sold to \_\_\_\_\_, as purchaser, at a price of \$\_\_\_\_\_ and accrued interest from their date to the date of delivery and payment therefor. The Official Statement prepared with respect to the 2015 Bonds is approved and “deemed final” as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

The Mayor, the City Clerk and other officials of the City are authorized and directed to do and perform, or cause to be done or performed for or on behalf of the City each and every thing necessary for the issuance of the 2015 Bonds, including the proper execution and delivery of the 2015 Bonds and the Official Statement, and the redemption and refunding of the Prior Bonds.

**Section 6. Execution and Authentication.** Each 2015 Bond shall be executed in the name of the City by the manual or authorized facsimile signature of its Mayor and the corporate seal of the City, or a facsimile thereof, shall be thereunto affixed or otherwise reproduced thereon and attested by the manual or authorized facsimile signature of its City Clerk.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any 2015 Bond shall cease to hold such office before the issuance of the

2015 Bond, such 2015 Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such 2015 Bond had not ceased to hold such office. Any 2015 Bond may be signed, sealed or attested on behalf of the City by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such 2015 Bond such person may not have held such office. No recourse shall be had for the payment of any 2015 Bonds against any officer who executes the 2015 Bonds.

Each 2015 Bond shall bear thereon a certificate of authentication executed manually by the bond registrar. No 2015 Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the bond registrar.

**Section 7. Transfer, Exchange and Registry.** The 2015 Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein. Each 2015 Bond shall be transferable only upon the registration books maintained by the City for that purpose at the corporate trust office of the bond registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the bond registrar and duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such 2015 Bond, the City shall execute and the bond registrar shall authenticate and deliver a new 2015 Bond or 2015 Bonds registered in the name of the transferee, of the same aggregate principal amount, series, maturity and interest rate as the surrendered 2015 Bond. 2015 Bonds, upon surrender thereof at the corporate trust office of the bond registrar, with a written instrument satisfactory to

the bond registrar, duly executed by the registered owner or his attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of 2015 Bonds of the same series, maturity and interest rate and of the denominations of \$5,000 or any integral multiple thereof.

For every such exchange or registration of transfer of 2015 Bonds, the City or the bond registrar may make a charge sufficient for the reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced 2015 Bonds.

The City and the bond registrar may deem and treat the person in whose name any 2015 Bond shall be registered upon the registration books as the absolute owner of such 2015 Bond, whether such 2015 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 2015 Bond to the extent of the sum or sums so paid, and neither the City nor the bond registrar shall be affected by any notice to the contrary.

**Section 8. General Obligations.** The full faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on the 2015 Bonds. The 2015 Bonds shall be direct and general obligations of the City,



and the City shall be obligated to levy ad valorem taxes upon all the taxable property in the City for the payment of the 2015 Bonds and the interest thereon, without limitation as to rate or amount.

**Section 9. Form of Bonds.** The 2015 Bonds shall be issued as fully registered bonds and shall be in substantially the following form, the blanks to be appropriately completed when the 2015 Bonds are printed:

No. \_\_\_\_\_

United States of America

State of Illinois

County of Cook

CITY OF PARK RIDGE  
GENERAL OBLIGATION REFUNDING BOND,  
[SEIRES 2015A] [TAXABLE SERIES 2015B]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
. %	December 1, 20__	_____, 2015	_____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The CITY OF PARK RIDGE, a municipal corporation and a home rule unit of the State of Illinois situate in the County of Cook, acknowledges itself indebted and for value received hereby promises to pay to the registered owner of this bond, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on such principal amount from the date hereof at the interest rate per annum specified above, computed on the basis of a 360 day year consisting of twelve 30 day months and payable in lawful money of the United States of America on

December 1, 2015 and semiannually thereafter on June 1 and December 1 in each year until the principal amount shall have been paid, to the registered owner of record hereof as of the 15<sup>th</sup> day of the calendar month next preceding such interest payment date, by wire transfer pursuant to an agreement by and between the City and the registered owner, or otherwise by check or draft mailed to the registered owner at the address of such owner appearing on the registration books maintained by the City for such purpose at the corporate trust office of Wells Fargo Bank, N.A., in the City of Chicago, Illinois, as bond registrar or its successor (the "Bond Registrar"). This bond, as to principal when due, will be payable in lawful money of the United States of America upon presentation and surrender of this bond at the corporate trust office of the Bond Registrar. The full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on this bond according to its terms.

This bond is one of a series of bonds issued in the aggregate principal amount of \$\_\_\_\_\_, which are authorized and issued under and pursuant to Section 6 of Article VII of the Illinois Constitution of 1970 and under and in accordance with an ordinance adopted by the City Council of the City on March 2, 2015 and entitled: "Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B, of the City of Park Ridge, Illinois."

This bond is issued in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, for the purpose of refunding bonds issued for the financing redevelopment project costs.

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

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

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this bond in order to make it a legal, valid and binding obligation of the City have been done,

exist and have been performed in regular and due time, form and manner as required by law, and that the series of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt or other limit prescribed by law.

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

Dated: \_\_\_\_\_

CITY OF PARK RIDGE

\_\_\_\_\_  
Mayor

Attest:

CERTIFICATE OF AUTHENTICATION

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

This bond is one of the General Obligation Refunding Bonds, [Series 2015A] [Taxable Series 2015B], described in the within mentioned Ordinance.

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

By \_\_\_\_\_  
Authorized Signer

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_

the within bond and hereby irrevocably constitutes and appoints \_\_\_\_\_

\_\_\_\_\_

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

Dated \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_

**Section 10. Levy and Extension of Taxes.** (A) For the purpose of providing the money required to pay the interest on the 2015A Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2015A Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

<u>Tax Levy Year</u>	<u>A Tax Sufficient to Produce</u>
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	

(B) For the purpose of providing the money required to pay the interest on the 2015B Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there is hereby levied upon all the taxable property in the City, in each year while any of the 2015B Bonds shall be outstanding, a direct annual tax sufficient for that purpose in addition to all other taxes, as follows:

<u>Tax Levy Year</u>	<u>A Tax Sufficient to Produce</u>
2015	
2016	
2017	

(C) Interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when

said taxes shall have been collected, reimbursement shall be made to the said funds in the amounts thus advanced.

(D) As soon as this ordinance becomes effective, a copy thereof certified by the City Clerk, which certificate shall recite that this ordinance has been duly adopted, shall be filed with the County Clerk of Cook County, Illinois, who is hereby directed to ascertain the rate per cent required to produce the aggregate tax hereinbefore provided to be levied in the years 2015 to 2023, inclusive, and to extend the same for collection on the tax books in connection with other taxes levied in said years, in and by the City for general corporate purposes of the City, and in said years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for said years are levied and collected and, when collected, such taxes shall be used for the purpose of paying the principal of and interest on the 2015A Bonds and the 2015B Bonds, as applicable, as the same become due and payable.

**Section 11. Taxes Levied for Prior Bonds.** After the issuance of the 2015 Bonds, the City Manager or the City Finance Director shall file with the County Clerk of Cook County, certificates listing the Prior Bonds and the taxes theretofore levied for the payment of the principal of and interest on the Prior Bonds payable after December 1, 2015, and said certificates shall direct the abatement of such taxes. The tax receipts derived from the taxes levied for the 2014 tax levy year for the payment of the principal of and interest on the Prior 2005A Bonds shall be deposited into the 2015A Debt Service Account established by this ordinance. The tax receipts derived from the taxes levied for the 2014 tax levy year for the payment of the principal of and interest on the Prior 2006B Bonds shall be deposited into the 2015B Debt Service Account established

by this ordinance. Such deposits to the 2015A Debt Service Account or the 2015B Debt Service Account may be suspended from and after the date that the sum held in such Account equals or exceeds the remaining principal of and interest payable on or prior to December 1, 2015 on the applicable series of the 2015 Bonds.

**Section 12. Uptown Tax Allocation Fund.** The Special Uptown Tax Increment Allocation Fund (the “Uptown Tax Allocation Fund”) established pursuant to Ordinance Number 2003-52 adopted by the City Council on August 18, 2003 shall be maintained and administered by the City in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code (the “Redevelopment Act”).

Pursuant to the provisions of the Redevelopment Act, the moneys held in the Uptown Tax Allocation Fund and the taxes and other moneys to be deposited therein pursuant to the Redevelopment Act are hereby pledged for the payment of “Redevelopment Project Costs,” as defined in the Redevelopment Act and included in the Uptown Tax Increment Financing Redevelopment Plan and Project of the City (the “Uptown Redevelopment Plan”) and as security for the payment of the 2015 Bonds. This pledge is made pursuant to Section 13 of the Local Government Debt Reform Act and the moneys held in the Uptown Tax Allocation Fund, including the 2015A Debt Service Account and the 2015B Debt Service Account (which are hereby established as special accounts of the City within the Uptown Tax Allocation Fund), shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties



have notice thereof. Such pledge is subject to the limitation that moneys not required, pledged, earmarked or otherwise designated for the payment and securing of obligations and anticipated Redevelopment Project Costs shall be calculated annually and designated as “surplus” funds in accordance with Section 11-74.4-7 of the Redevelopment Act.

Nothing herein contained shall restrict the power of the City to pledge such moneys and taxes for the benefit and security of the holders of additional bonds issued by the City; to subordinate existing pledges of such moneys or to alter the use and distribution of moneys in the Uptown Tax Allocation Fund to the extent such alteration shall be made in furtherance of the purposes of the Redevelopment Act and the Uptown Redevelopment Plan. Moneys held in the Uptown Tax Allocation Fund that are to be used for the payment of the principal of and interest on the 2015 Bonds may be deposited in the Debt Service Accounts established by this ordinance, and upon such deposit such moneys shall be used solely for the payment of such principal and interest.

**Section 13. Escrow Deposit Agreement.** The form of 2015 Escrow Deposit Agreement by and between the City and Wells Fargo Bank, N.A., as Escrow Agent, on file in the office of the City Clerk, is hereby approved. The proper officers of the City are authorized and directed to execute and deliver the 2015 Escrow Deposit Agreement on behalf of the City.

**Section 14. Establishment of Funds and Accounts.** The following special accounts of the City are established and shall be maintained under this ordinance: the 2015A Debt Service Account, the 2015B Debt Service Account, the 2015 Expense Account, each being an account within the Uptown Tax Allocation Fund. The 2015

Escrow Fund is established as a special fund of the City to be held under the 2015 Escrow Deposit Agreement. A Tax-Exempt Account and a Taxable Account shall be established within the Escrow Fund.

**Section 15. Application of Proceeds.** (A) The proceeds of sale of the 2015A Bonds shall be applied as follows:

1. To the Tax-Exempt Account of the 2015 Escrow Fund, the amount, together with other moneys (if any) of the City deposited therein, necessary to provide for the redemption of the Prior 2005A Bonds on the June 1, 2015 redemption date and to provide for interest to become due and payable on the Prior 2005A Bonds on the redemption date.

2. To the 2015 Expense Account, the amount of such proceeds of sale remaining after making the foregoing deposit.

(B) The proceeds of sale of the 2015B Bonds shall be applied as follows:

1. To the Taxable Account of the 2015 Escrow Fund, the amount, together with other moneys (if any) of the City deposited therein, necessary to provide for the redemption of the Prior 2006B Bonds on the \_\_\_\_\_, 2015 redemption date and to provide for interest to become due and payable on the Prior 2006B Bonds on the redemption date.

**Section 16. Debt Service Accounts.** Moneys derived from taxes levied pursuant to this ordinance (the "Tax Receipts") are appropriated and set aside for the purpose of paying principal of and interest on the applicable series of the 2015 Bonds when and as the same come due.

All Tax Receipts derived from the taxes levied pursuant to paragraph (A) of Section 10 of this ordinance and all other moneys to be used for the payment of the principal of and interest on the 2015A Bonds shall be deposited in the “2015A Debt Service Account”, which shall be administered as a bona fide debt service fund under the Internal Revenue Code of 1986. All accrued interest received upon the issuance of the 2015A Bonds shall be deposited in the 2015A Debt Service Account.

All Tax Receipts derived from taxes levied pursuant to paragraph (B) of Section 10 of this ordinance and all other moneys to be used for the payment of the principal of and interest on the 2015B Bonds shall be deposited in the “2015B Debt Service Account”. All accrued interest received upon the issuance of the 2015B Bonds shall be deposited in the 2015B Debt Service Account.

The Tax Receipts derived from the taxes levied pursuant to paragraph (A) of Section 10 of this ordinance and all other moneys deposited or to be deposited into the 2015A Debt Service Account are pledged as security for the payment of the principal of and interest on the 2015A Bonds. The Tax Receipts derived from the taxes levied pursuant to paragraph (B) of Section 10 of this ordinance and all other moneys deposited or to be deposited into the 2015B Debt Service Account are pledged as security for the payment of the principal of and interest on the 2015B Bonds. These pledges are made pursuant to Section 13 of the Local Government Debt Reform Act and shall be valid and binding from the date of issuance of the 2015 Bonds. All such Tax Receipts and the moneys held in the 2015A Debt Service Account and the 2015B Debt Service Account shall immediately be subject to the lien of such pledges without any physical delivery or further act and the lien of such pledges shall be valid and

binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

**Section 17. Expense Account.** Moneys in the 2015 Expense Account shall be used for the payment of costs of issuance of the 2015 Bonds, but may hereafter be reappropriated and used for other purposes if such reappropriation is permitted under Illinois law, including the Redevelopment Act, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2015A Bonds.

**Section 18. Investment Regulations.** No investment shall be made of any moneys in the 2015A Debt Service Account, the Tax-Exempt Account of the 2015 Escrow Fund or the 2015 Expense Fund except in accordance with the tax covenants set forth in Section 19 of this ordinance. All income derived from such investments in respect of moneys or securities in any Fund or Account shall be credited in each case to the Fund or Account in which such moneys or securities are held.

Any moneys in any Fund or Account that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt, or in any tax-exempt bond that is not an “investment property” within the meaning of Section 148(b)(2) of the Internal Revenue Code of 1986. The City Treasurer and agents designated by him are hereby authorized to submit, on behalf of the City, subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

**Section 19. 2015A Bonds Tax Covenants.** The City shall not take, or omit to take, any action lawful and within its power to take, which action or omission would

cause interest on any 2015A Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such 2015A Bond is subject on the date of original issuance thereof.

The City shall not permit any of the proceeds of the 2015A Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any 2015A Bond to constitute a “private activity bond” within the meaning of Section 141 of the Internal Revenue Code of 1986.

The City shall not permit any of the proceeds of the 2015A Bonds or other moneys to be invested in any manner that would cause any 2015A Bond to constitute an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986 or a “hedge bond” within the meaning of Section 149(g) of the Internal Revenue Code of 1986.

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

**Section 20. Tax Status of 2015B Bonds.** The City intends that the interest on the 2015B Bonds shall be includable in the gross income of the owners of the 2015B Bonds for federal income tax purposes.

**Section 21. Bank Qualified Designation.** The City hereby designates the 2015A Bonds as “qualified tax-exempt obligations” as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986. The City represents that the reasonably anticipated amount of tax-exempt obligations that are required to be taken into account for the purpose of Section 265(b)(3)(C) of the Code and will be issued by or on behalf of

the City and all subordinate entities of the City during 2015 does not exceed \$10,000,000. The City covenants that it will not designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in the year in which the 2015A Bonds are issued. For purposes of the two preceding sentences, the term “tax-exempt obligations” includes “qualified 501(c)(3) bonds” (as defined in Section 145 of the Internal Revenue Code of 1986) but does not include other “private activity bonds” (as defined in Section 141 of the Internal Revenue Code of 1986).

**Section 22. Continuing Disclosure.** For the benefit of the beneficial owners of the 2015 Bonds, the City covenants and agrees to provide to the Municipal Securities Rulemaking Board (the “MSRB”) for disclosure on the Electronic Municipal Market Access (“EMMA”) system, in an electronic format as prescribed by the MSRB, (i) an annual report containing certain financial information and operating data relating to the City and (ii) timely notices of the occurrence of certain enumerated events. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

The annual report shall be provided to the MSRB for disclosure on EMMA within 210 days after the close of the City’s fiscal year. The information to be contained in the annual report shall consist of the annual audited financial statement of the City and such additional information as noted in the Official Statement under the caption “Continuing Disclosure.” Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement shall

be included in the annual report and the audited financial statement shall be provided promptly after it becomes available.

The City, in a timely manner not in excess of ten business days after the occurrence of the event, shall provide notice to the MSRB for disclosure on EMMA of any failure of the City to provide any such annual report within the 210 day period and of the occurrence of any of the following events with respect to the 2015 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the 2015 Bonds, or other events affecting the tax-exempt status of the 2015 Bonds; (7) modifications to rights of bondholders, if material; (8) 2015 Bond calls, if material; (9) defeasances; (10) release, substitution or sale of property securing repayment of the 2015 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the City; (14) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) appointment of a successor or additional trustee or the change of name of a

trustee, if material. For the purposes of the event identified in clause (13), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

It is found and determined that the City has agreed to the undertakings contained in this Section in order to assist participating underwriters of the 2015 Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The chief financial officer of the City is authorized and directed to do and perform, or cause to be done or performed, for or on behalf of the City, each and every thing necessary to accomplish the undertakings of the City contained in this Section for so long as Rule 15c2-12(b)(5) is applicable to the 2015 Bonds and the City remains an “obligated person” under the Rule with respect to the 2015 Bonds.

The undertakings contained in this Section may be amended by the City upon a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or type of business conducted, provided that (a) the undertaking, as amended, would have



complied with the requirements of Rule 15c2-12(b)(5) at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the 2015 Bonds.

**Section 23. Bond Registrar.** The City covenants that it shall at all times retain a bond registrar with respect to the 2015 Bonds, that it will maintain at the designated office of such bond registrar a place where 2015 Bonds may be presented for payment and registration of transfer or exchange and that it shall require that the bond registrar maintain proper registration books and perform the other duties and obligations imposed upon the bond registrar by this ordinance in a manner consistent with the standards, customs and practices of the municipal securities business.

The bond registrar shall signify its acceptance of the duties and obligations imposed upon it by this ordinance by executing the certificate of authentication on any 2015 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 2015 Bond so authenticated but with respect to all the 2015 Bonds. The bond registrar is the agent of the City and shall not be liable in connection with the performance of its duties except for its own negligence or default. The bond registrar shall, however, be responsible for any representation in its certificate of authentication on the 2015 Bonds.

The City may remove the bond registrar at any time. In case at any time the bond registrar shall resign or shall be removed or shall become incapable of acting, or

shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the bond registrar, or of its property, shall be appointed, or if any public officer shall take charge or control of the bond registrar or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor bond registrar. The City shall mail notice of any such appointment made by it to each registered owner of 2015 Bonds within twenty days after such appointment.

**Section 24. Book-Entry System.** In order to provide for the initial issuance of the 2015 Bonds in a form that provides for a system of book-entry only transfers, the ownership of one fully registered 2015 Bond for each maturity of each series, in the aggregate principal amount of such maturity, shall be registered in the name of Cede & Co., as a nominee of The Depository Trust Company, as securities depository for the 2015 Bonds. The City Manager or Finance Director is authorized to execute and deliver on behalf of the City such letters to, or agreements with, the securities depository as shall be necessary to effectuate such book-entry system.

In case at any time the securities depository shall resign or shall become incapable of acting, then the City shall appoint a successor securities depository to provide a system of book-entry only transfers for the 2015 Bonds, by written notice to the predecessor securities depository directing it to notify its participants (those persons for whom the securities depository holds securities) of the appointment of a successor securities depository.

If the system of book-entry only transfers for the 2015 Bonds is discontinued, then the City shall issue and the bond registrar shall authenticate, register and deliver to the beneficial owners of the 2015 Bonds, bond certificates in replacement of such

beneficial owners' beneficial interests in the 2015 Bonds, all as shown in the records maintained by the securities depository.

**Section 25. Defeasance and Payment of Bonds.** (A) If the City shall pay or cause to be paid to the registered owners of the 2015 Bonds, the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in this ordinance, then the pledge of taxes, securities and funds hereby pledged and the covenants, agreements and other obligations of the City to the registered owners and the beneficial owners of the 2015 Bonds shall be discharged and satisfied.

(B) Any 2015 Bonds or interest installments appertaining thereto, whether at or prior to the maturity date of such 2015 Bonds, shall be deemed to have been paid within the meaning of paragraph (A) of this Section if there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined in paragraph (C) of this Section, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of and interest due and to become due on said 2015 Bonds on and prior to the applicable maturity date thereof.

(C) As used in this Section, the term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest

installments from the securities described in clause (i) or clause (ii) of this paragraph, which are stripped pursuant to programs of the Department of the Treasury of the United States of America or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

**Section 26. Ordinance to Constitute a Contract.** The provisions of this ordinance shall constitute a contract between the City and the registered owners of the 2015 Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the owners of any and all of the 2015 Bonds of the same series. All of the 2015 Bonds of the same series, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the 2015 Bonds of that series over any other thereof except as expressly provided in or pursuant to this ordinance. This ordinance shall constitute full authority for the issuance of the 2015 Bonds and to the extent that the provisions of this ordinance conflict with the provisions of any other ordinance or resolution of the City, the provisions of this ordinance shall control. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

In this ordinance, reference to an officer of the City includes any person holding that office on an interim basis and any person delegated the authority to act on behalf of such officer.

**Section 27. Publication.** The City Clerk is hereby authorized and directed to publish this ordinance in pamphlet form and to file copies thereof for public inspection in her office.

**Section 28. Effective Date.** This ordinance shall become effective upon its passage, approval and publication in pamphlet form.

Passed and adopted this 2<sup>nd</sup> day of March, 2015, by roll call vote as follows:

Ayes:

List Names

Nays:

Approved: March 2, 2015

\_\_\_\_\_  
Mayor

Published in pamphlet form: March 3, 2015

(SEAL)

Attest:

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

## CERTIFICATE

I, Betty W. Henneman, City Clerk of the City of Park Ridge, Illinois, hereby certify that the foregoing ordinance entitled: "Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B, of the City of Park Ridge, Illinois," is a true copy of an original ordinance that was duly passed and adopted by the recorded affirmative votes of a majority of the members of the City Council of the City at a meeting thereof that was duly called and held at 7:00 p.m. on March 2, 2015, in the Council Chambers at City Hall, 505 Butler Place, and at which a quorum was present and acting throughout, and that said copy has been compared by me with the original ordinance signed by the Mayor on March 2, 2015, and thereafter published in pamphlet form on March 3, 2015 and recorded in the Ordinance Book of the City and that it is a correct transcript thereof and of the whole of said ordinance, and that said ordinance has not been altered, amended, repealed or revoked, but is in full force and effect.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this \_\_\_\_\_ day of March, 2015.

(SEAL)

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

March \_\_, 2015

The City Council of the  
City of Park Ridge, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of \$\_\_\_\_\_,000 principal amount of General Obligation Refunding Bonds, Series 2015A (the “Bonds”), of the City of Park Ridge, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 2, 2015 and entitled: “Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B, of the City of Park Ridge, Illinois” (the “Bond Ordinance”).

The Bonds are issuable in the form of fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated March \_\_, 2015. The Bonds mature (without option of prior redemption) on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on December 1, 2015 and semiannually thereafter on June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ ,000	. %
2016	,000	
2017	,000	
2018	,000	
2019	,000	
2020	,000	
2021	,000	
2022	,000	
2023	,000	
2024	,000	

In our opinion, the Bonds are valid and legally binding general obligations of the City of Park Ridge and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds

may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted in the Bond Ordinance to comply with these requirements.

Pursuant to the Bond Ordinance, the City has designated the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

LG:bae



March \_\_, 2015

The City Council of the  
City of Park Ridge, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of \$\_\_\_\_,000 principal amount of General Obligation Refunding Bonds, Taxable Series 2015B (the “Bonds”), of the City of Park Ridge, a municipal corporation and a home rule unit of the State of Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 2, 2015 and entitled: “Ordinance Authorizing the Issuance of General Obligation Refunding Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B, of the City of Park Ridge, Illinois”.

The Bonds are issuable in the form of fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated March \_\_, 2015. The Bonds mature (without option of prior redemption) on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on December 1, 2015 and semiannually thereafter on June 1 and December 1 at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ ,000	. %
2016	,000	
2017	,000	
2018	,000	

In our opinion, the Bonds are valid and legally binding general obligations of the City of Park Ridge and the City is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Illinois income taxes.

Very truly yours,

LG:bae

**2015 ESCROW DEPOSIT AGREEMENT**

2015 ESCROW DEPOSIT AGREEMENT dated as of \_\_\_\_\_, 2015, by and between the City of Park Ridge (the “City”), a municipal corporation of the State of Illinois and Wells Fargo Bank, N.A. (the “Escrow Agent”), a national banking association organized and existing under the laws of the United States of America and having a corporate trust office in the City of Chicago, Illinois.

WHEREAS, the City has determined to refund and redeem \$6,705,000 outstanding principal amount of General Obligation Bonds, Series 2005A, of the City, maturing in the years 2015 to 2024, both inclusive (the “Prior 2005A Bonds”);

WHEREAS, the Prior 2005A Bonds are more particularly described as follows:

DATED:	April 15 , 2005		
REGISTRAR/PAYING AGENT:	Wells Fargo Bank, N.A.		
PRINCIPAL DUE:	December 1		
INTEREST DUE:	June 1 and December 1		
MATURITIES AND INTEREST RATE:	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	2015	\$ 100,000	4.00%
	2016	100,000	4.15
	2017	100,000	4.20
	2018	235,000	4.25
	2019	245,000	4.50
	2020	705,000	4.50
	2021	935,000	4.50
	2022	975,000	4.50
	2023	1,485,000	4.50
	2024	1,825,000	5.00

WHEREAS, the City has determined to refund and redeem the \$7,925,000 outstanding principal amount of General Obligation Bonds, Taxable Series 2006B, of the City, maturing in the years 2015 to 2018, both inclusive (the “Prior 2006B Bonds” and together with the Prior 2005A Bonds, the “Prior Bonds”);

WHEREAS, the Prior 2006B Bonds are more particularly described as follows:

DATED:	June 1, 2006		
REGISTRAR/PAYING AGENT:	Wells Fargo Bank, N.A.		
PRINCIPAL DUE:	December 1		
INTEREST DUE:	June 1 and December 1		
MATURITIES AND INTEREST RATE:	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	2015	\$1,710,000	5.75%
	2016	1,815,000	5.75
	2017	2,355,000	5.75
	2018	2,045,000	5.85

WHEREAS, pursuant to a bond ordinance adopted by the City Council of the City on March 2, 2015 (the "Bond Ordinance"), the City has authorized the issuance of its \$\_\_\_\_\_,000 General Obligation Refunding Bonds, Series 2015A (the "2015A Bonds") and its \$\_\_\_\_\_,000 General Obligation Refunding Bonds, Taxable Series 2015B (the "2015B Bonds" and together with the 2015A Bonds, the "Refunding Bonds");

WHEREAS, the City has elected to redeem the Prior 2005A Bonds, on June 1, 2015, at the redemption price of par;

WHEREAS, a portion of the proceeds of the 2015A Bonds are to be invested in United States Treasury obligations set forth in Schedule A attached hereto so that the maturing principal of and the interest earned on such obligations, together with other moneys held hereunder, will be sufficient to pay the redemption price of the Prior 2005A Bonds on June 1, 2015 and the interest on the Prior Bonds payable on the June 1, 2015 redemption date.

WHEREAS, the City has elected to redeem the Prior 2006B Bonds, on \_\_\_\_\_, 2015, at the redemption price of par;

WHEREAS, a portion of the proceeds of the 2015B Bonds will be sufficient to pay the redemption price of the Prior Bonds on \_\_\_\_\_, 2015 and the interest on the Prior Bonds payable on the \_\_\_\_\_, 2015 redemption date.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. There is hereby created and established with the Escrow Agent, a special and irrevocable escrow fund designated the "2015 Escrow Fund" (the "Escrow Fund") to be held in the custody of the Escrow Agent separate and apart from other funds of or held by the City or the Escrow Agent. There is hereby created within the 2015 Escrow Fund, (a) the "Tax-Exempt Account" for the retirement of the Prior 2005A Bonds and (b) the "Taxable Account" for the retirement of the Prior 2006B Bonds.
  
2. Concurrently with the delivery of the 2015A Bonds, the City shall pay to the Escrow Agent for deposit in the Tax-Exempt Account of the Escrow Fund \$\_\_\_\_\_, derived from the proceeds of the 2015A Bonds. Of the \$\_\_\_\_\_ paid to the Escrow Agent, \$\_\_\_\_\_ shall be applied to the purchase of the United

States Treasury Securities – State and Local Government Series listed in Schedule A attached hereto (the “Government Obligations”) and \$\_\_\_\_\_ shall be held uninvested in the Tax-Exempt Account of the Escrow Fund. The Escrow Agent shall deposit all moneys so received from the City in the Tax-Exempt Account of the Escrow Fund and apply such moneys in accordance with this Section and Section 3 hereof.

3. The deposit of moneys and Government Obligations in and credited to the Tax-Exempt Account of the Escrow Fund shall constitute an irrevocable deposit of said moneys and Government Obligations and the interest earned thereon for the benefit of the owners of the Prior 2005A Bonds. The Escrow Agent shall deposit any proceeds (whether principal, interest or otherwise) derived from the Government Obligations in the Tax-Exempt Account of the Escrow Fund. The Escrow Agent shall pay over the moneys in the Tax-Exempt Account of the Escrow Fund to, or upon the order of, the paying agent for the Prior 2005A Bonds, in an amount sufficient to pay (i) the interest due and payable with respect to the Prior 2005A Bonds on the redemption date for the Prior 2005A Bonds, and (ii) on the June 1, 2015 redemption date, the redemption price of the Prior 2005A Bonds to be redeemed on the redemption date (collectively, the “2005A Payment Requirements”). Unexpended balances in the Tax-Exempt Account of the Escrow Fund in an amount in excess of \$1,000 shall be invested in zero yield United States Treasury Securities – State and Local Government Series (“Zero Yield SLG’s”) maturing on the next payment date for the Prior 2005A Bonds or, if Zero Yield SLG’s are not available, then in such direct and general obligations of the United States of America as may be approved by a firm of nationally recognized attorneys on the subject of municipal bonds.

4. Concurrently with the delivery of the 2015B Bonds, the City shall pay to the Escrow Agent for deposit in the Taxable Account of the Escrow Fund \$\_\_\_\_\_, derived from the proceeds of the 2015B Bonds. The Escrow Agent shall deposit all moneys so received from the City in the Taxable Account of the Escrow Fund and apply such moneys in accordance with this Section and Section 5 hereof.

5. The deposit of moneys in and credited to the Taxable Account of the Escrow Fund shall constitute an irrevocable deposit of said moneys and the interest earned thereon for the benefit of the owners of the Prior 2006B Bonds. The Escrow Agent shall deposit any proceeds derived from the investment of moneys deposited pursuant to Section 4 in the Taxable Account of the Escrow Fund. The Escrow Agent shall pay over the moneys in the Taxable Account of the Escrow Fund to, or upon the order of, the paying agent for the Prior 2006B Bonds, in an amount sufficient to pay (i) the interest due and payable with respect to the Prior 2006B Bonds on the redemption date for the Prior 2006B Bonds, and (ii) on the \_\_\_\_\_, 2015 redemption date, the redemption price of the Prior 2006B Bonds to be redeemed on the redemption date (collectively, the “2006B Payment Requirements”).

6. The moneys held in the Taxable Account of the Escrow Fund may be invested, at the direction of the City, in direct and general obligations of the United States of America. Except as provided herein, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to sell, transfer or otherwise dispose of, or to make substitutions of, the Government Obligations.

The Escrow Agent shall not make substitutions of the Government Obligations held in the Tax-Exempt Account of the Escrow Fund or sell, transfer or otherwise dispose of such Government Obligations provided, however, that:

(a) At the written request of the City and upon compliance with the conditions hereinafter stated, the Escrow Agent shall, to the extent from time to time permitted by law, have the power to sell, transfer, otherwise dispose of or request the redemption of the Government Obligations acquired hereunder and to substitute therefor other non-callable, direct obligations of the United States of America, or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America has been pledged to any such direct obligation or guarantee. The Escrow Agent shall purchase, at the direction of the City, such substituted Government Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Government Obligations. The substitution of Government Obligations described above may be effected only if:

(i) the Escrow Agent shall receive an opinion of a firm of independent certified public accountants, that the moneys and Government Obligations, including the interest to be earned thereon, to be substituted will be no less than an amount sufficient to pay when due the 2005A Payment Requirements, upon completion of such substitutions; and

(ii) the City shall furnish the Escrow Agent with an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds to the effect that the substitution is then permitted by law and will not cause any of the Prior 2005A Bonds or the 2015A Bonds to become an "arbitrage bond" as hereinafter defined.

(b) If any substitution of Government Obligations pursuant to the provisions of the preceding subparagraph (a) shall, after the satisfaction of all of the conditions set forth in clauses (i) and (ii) of said subparagraph (a), result in the creation of any surplus amount in the Tax-Exempt Account of the Escrow Fund that will not, in the opinion of the firm of independent certified public accountants referred to in clause (i) of said subparagraph (a), thereafter be required for the payment of the 2005A Payment Requirements, in accordance with the provisions of this Agreement, the amount of such surplus shall, at the written request of the City, be transferred to the City.

The City hereby covenants that no part of the moneys or funds at any time in the Tax-Exempt Account of the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any of the Prior 2005A Bonds or 2015A Bonds to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, as then in effect.

7. The City has irrevocably elected to refund and redeem the Prior Bonds as provided in the Bond Ordinance and this Agreement.

8. The owners of the Prior Bonds shall have an express lien on all moneys and obligations in the Escrow Fund until paid out and applied in accordance with this Agreement. The Escrow Agent shall have no lien on the Escrow Fund.

9. The Escrow Agent may consult with counsel concerning any of its duties under this Agreement and shall be fully protected in any action taken in good faith in accordance with such advice. The Escrow Agent shall be indemnified and saved harmless by the City, from and against any and all liability, including all expenses reasonably incurred in its defense, to which the Escrow Agent shall be subject by reason of any action taken or omitted or any investment or disbursement of any part of the Escrow Fund made by the Escrow Agent pursuant to this Agreement; provided, however, the Escrow Agent shall not be indemnified by the City for its negligence or willful misconduct. The costs and expenses of enforcing this right of indemnification shall also be paid by the City. This right of indemnification shall survive the termination of this Agreement, and the resignation or removal of the Escrow Agent. None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

10. The Escrow Agent, acting in good faith and in its sole discretion, may disregard any and all notices or instructions given by the City or by any other person, firm or corporation, except (i) notices or instructions specifically provided for under this Agreement and (ii) orders or process of any court. If any property subject to this Agreement is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any of such events the Escrow Agent, in its sole discretion, may rely upon and comply with any such order, writ, judgment, or decree which it is advised by its legal counsel is binding upon it.

11. The Escrow Agent shall not be liable for any action taken or omitted under this Agreement so long as it shall have acted in good faith and without negligence. The Escrow Agent shall also be duly protected in relying upon any written notice, demand, certificate or document which it in good faith believes to be genuine.

12. This Agreement shall terminate on June 15, 2015. Any moneys and obligations remaining in the Escrow Fund upon termination of this Agreement shall be transferred to the City.

13. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

14. This Agreement is made for the benefit of the City, the Escrow Agent and the owners from time to time of the Prior Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, and the written consent of the Escrow Agent; provided however, that the City and the Escrow Agent may, without the consent of, or notice to, such owners, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (i) to cure any ambiguity or formal defect or omission in this Agreement; and
- (ii) to grant to, or confer upon the Escrow Agent for the benefit of the owners of the Prior Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, the Escrow Agent.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Agreement, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Prior Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

15. Any notice, authorization, request for consent or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing.

16. This Agreement may be executed in several counterparts, all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.



IN WITNESS WHEREOF, the parties hereto have each caused this 2015 Escrow Deposit Agreement to be executed by their duly authorized officers as of the date first above written.

**CITY OF PARK RIDGE**

By: \_\_\_\_\_  
Mayor

(SEAL)

Attest:

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

**WELLS FARGO BANK, N.A.,**  
as Escrow Agent

By: \_\_\_\_\_  
Trust Officer

(SEAL)

Attest:

\_\_\_\_\_

**SCHEDULE A**  
**GOVERNMENT OBLIGATIONS**