William Blair

March 2, 2015

Final Pricing Book
Park Ridge, Illinois
Series 2015A and Taxable Series 2015B

PARK RIDGE

Pricing Book Table of Contents

Recommendation

William Blair

March 2, 2015

Mayor and City Council
City of Park Ridge
505 Butler Place
Park Ridge, IL 60068

Ladies and Gentlemen:

Today we have acted as financial advisor to the City and received four bids for the City's $6,495,000 General Obligation Bonds, Series 2015A as well as four bids for the City's $8,145,000 General Obligation Bonds, Taxable Series 2015B.

In the case of the Series 2015A Bonds, we have checked and verified the bid from FTN Financial Capital Markets, the firm willing to pay the highest price for the bonds, resulting in the lowest interest cost to the City. Their bid produced a true interest cost of 2.142% which after adjustment to the size of the bond issue works out to be 2.1076%. We recommend that you accept the bid from FTN Financial Capital Markets. The next highest bid for the Series 2015A Bonds had a true interest cost of about 2.156%.

With respect to the Series 2015B Bonds, we have checked and verified the bid from BMO Capital Markets, whose bid produces a true interest cost of 1.469%. We recommend that you accept the BMO Capital Markets' bid; the next highest bid for the Series 2015B Bonds had a true interest cost of 1.477%.

Together, the economic cost of the City's borrowed capital (the present value of its debt) will decrease by $1.785 million – the City saved $1.785 million today by undertaking this refunding.

Moody's again rated the City with a designation of "Aa2" reflecting the strong credit of the City. The rating 'reflects the City's large tax base with above average wealth levels; adequate liquidity and modest debt burden. Moody's maintains a "negative outlook" on the City's bonds, but notes that the direction of the factors it considers important to the City's credit, principally the General Fund fund balance, are moving in the right direction.

Once again it has been a privilege to work with the City. Thank you.

Sincerely,

John H. Peterson
Managing Director

cc: Mr. Joseph Gilmore

Summary of Bids

City of Park Ridge, Illinois
$6,495,000 General Obligation Bonds, Series 2015A

The following bids were submitted using *PARITY* and displayed ranked by the lowest TIC.

Bidder Name	TIC
FTN Financial Capital Markets	*2.14204*
Mesirow Financial, Inc.	2.15624
SunTrust Robinson Humphrey	2.20752
BMO Capital Markets	2.25430

City of Park Ridge, Illinois
$8,145,000 Taxable General Obligation Bonds, Series 2015B

The following bids were submitted using *PARITY* and displayed ranked by the lowest TIC.

Bidder Name	TIC
BMO Capital Markets	*1.46842*
Fifth Third Securities	1.47685
BOSC, Inc.	1.65206
PNC Capital Markets	1.72630

William Blair

Final Pricing Schedules

PARK RIDGE

SOURCES AND USES OF FUNDS

City of Park Ridge, Illinois
2015A Refunding of 2005A
FINAL NUMBERS

Dated Date	03/17/2015
Delivery Date	03/17/2015

Sources:	
Bond Proceeds:	
Par Amount	6,495,000.00
Premium	438,640.45
	6,933,640.45

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	6,859,556.25
Delivery Date Expenses:	
Cost of Issuance	33,316.75
Underwriter's Discount:	
Other Underwriter's Discount	39,229.80
Other Uses of Funds:	
Additional Proceeds	1,537.65
	6,933,640.45

BOND PRICING

City of Park Ridge, Illinois
2015A Refunding of 2005A
FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:						
	12/01/2015	220,000	3.000%	0.350%	101.865	4,103.00
	12/01/2018	265,000	3.000%	1.200%	106.503	17,232.95
	12/01/2019	275,000	3.000%	1.400%	107.260	19,965.00
	12/01/2020	735,000	3.000%	1.550%	107.887	57,969.45
	12/01/2021	955,000	3.000%	1.750%	107.874	75,196.70
	12/01/2022	980,000	3.000%	2.000%	107.106	69,638.80
	12/01/2023	1,360,000	3.000%	2.150%	106.713	91,296.80
	12/01/2024	1,705,000	3.000%	2.300%	106.055	103,237.75
		6,495,000				438,640.45

Dated Date	03/17/2015	
Delivery Date	03/17/2015	
First Coupon	12/01/2015	
Par Amount	6,495,000.00	
Premium	438,640.45	
Production	6,933,640.45	106.753510%
Underwriter's Discount	-39,229.80	-0.604000%
Purchase Price	6,894,410.65	106.149510%
Accrued Interest		
Net Proceeds	6,894,410.65	

SAVINGS

City of Park Ridge, Illinois
2015A Refunding of 2005A
FINAL NUMBERS

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 03/17/2015 @ 2.0234579%
12/01/2015	409,112.50	357,477.50	51,635.00	52,448.35
12/01/2016	405,112.50	188,250.00	216,862.50	210,113.53
12/01/2017	400,962.50	188,250.00	212,712.50	201,975.76
12/01/2018	531,762.50	453,250.00	78,512.50	73,377.80
12/01/2019	531,775.00	455,300.00	76,475.00	70,052.56
12/01/2020	980,750.00	907,050.00	73,700.00	66,169.92
12/01/2021	1,179,025.00	1,105,000.00	74,025.00	65,092.24
12/01/2022	1,176,950.00	1,101,350.00	75,600.00	65,085.37
12/01/2023	1,643,075.00	1,451,950.00	191,125.00	160,678.94
12/01/2024	1,916,250.00	1,756,150.00	160,100.00	131,849.86
	9,174,775.00	7,964,027.50	1,210,747.50	1,096,844.33

Savings Summary

Dated Date	03/17/2015
Delivery Date	03/17/2015
PV of savings from cash flow	1,096,844.33
Plus: Refunding funds on hand	1,537.65
Net PV Savings	1,098,381.98

BOND SUMMARY STATISTICS

City of Park Ridge, Illinois
2015A Refunding of 2005A
FINAL NUMBERS

Dated Date	03/17/2015
Delivery Date	03/17/2015
Last Maturity	12/01/2024
Arbitrage Yield	2.023458%
True Interest Cost (TIC)	2.107605%
Net Interest Cost (NIC)	2.184337%
All-In TIC	2.179527%
Average Coupon	3.000000%
Average Life (years)	7.539
Weighted Average Maturity (years)	7.542
Duration of Issue (years)	6.810
Par Amount	6,495,000.00
Bond Proceeds	6,933,640.45
Total Interest	1,469,027.50
Net Interest	1,069,616.85
Total Debt Service	7,964,027.50
Maximum Annual Debt Service	1,756,150.00
Average Annual Debt Service	820,563.80
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	6.040000
Total Underwriter's Discount	6.040000
Bid Price	106.149510

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	6,495,000.00	106.754	3.000%	7.539	4,640.25
	6,495,000.00			7.539	4,640.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,495,000.00	6,495,000.00	6,495,000.00
+ Accrued Interest			
+ Premium (Discount)	438,640.45	438,640.45	438,640.45
- Underwriter's Discount	-39,229.80	-39,229.80	
- Cost of Issuance Expense		-33,316.75	
- Other Amounts			
Target Value	6,894,410.65	6,861,093.90	6,933,640.45
Target Date	03/17/2015	03/17/2015	03/17/2015
Yield	2.107605%	2.179527%	2.023458%

SUMMARY OF REFUNDING RESULTS

City of Park Ridge, Illinois
2015A Refunding of 2005A
FINAL NUMBERS

Dated Date	03/17/2015
Delivery Date	03/17/2015
Arbitrage yield	2.023458%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	6,495,000.00
True Interest Cost	2.107605%
Net Interest Cost	2.184337%
Average Coupon	3.000000%
Average Life	7.539
Par amount of refunded bonds	6,705,000.00
Average coupon of refunded bonds	4.665994%
Average life of refunded bonds	7.603
PV of prior debt to 03/17/2015 @ 2.023458%	8,030,484.78
Net PV Savings	1,098,381.98
Percentage savings of refunded bonds	16.381536%
Percentage savings of refunding bonds	16.911193%

SOURCES AND USES OF FUNDS

City of Park Ridge, Illinois
2015B Refunding of 2006B Taxables
FINAL NUMBERS

Dated Date	03/17/2015
Delivery Date	03/17/2015

Sources:	
Bond Proceeds:	
Par Amount	8,145,000.00
Premium	20,347.80
	8,165,347.80

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	8,096,649.69
Delivery Date Expenses:	
Cost of Issuance	47,339.25
Underwriter's Discount:	
Other Underwriter's Discount	20,302.23
Other Uses of Funds:	
Additional Proceeds	1,056.63
	8,165,347.80

BOND PRICING

City of Park Ridge, Illinois
2015B Refunding of 2006B Taxables
FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:						
	12/01/2015	1,960,000	1.000%	0.700%	100.210	4,116.00
	12/01/2016	1,895,000	1.000%	1.000%	100.000	
	12/01/2017	2,350,000	1.500%	1.350%	100.396	9,306.00
	12/01/2018	1,940,000	1.750%	1.650%	100.357	6,925.80
		8,145,000				20,347.80

Dated Date	03/17/2015	
Delivery Date	03/17/2015	
First Coupon	12/01/2015	
Par Amount	8,145,000.00	
Premium	20,347.80	
Production	8,165,347.80	100.249820%
Underwriter's Discount	-20,302.23	-0.249260%
Purchase Price	8,145,045.57	100.000559%
Accrued Interest		
Net Proceeds	8,145,045.57	

SAVINGS

City of Park Ridge, Illinois
2015B Refunding of 2006B Taxables
FINAL NUMBERS

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 03/17/2015 @ 1.3549969%
12/01/2015	2,167,732.50	2,036,023.61	131,708.89	131,995.79
12/01/2016	2,174,407.50	1,983,150.00	191,257.50	187,800.70
12/01/2017	2,610,045.00	2,419,200.00	190,845.00	184,604.99
12/01/2018	2,164,632.50	1,973,950.00	190,682.50	181,651.48
	9,116,817.50	8,412,323.61	704,493.89	686,052.96

Savings Summary

Dated Date	03/17/2015
Delivery Date	03/17/2015
PV of savings from cash flow	686,052.96
Plus: Refunding funds on hand	1,056.63
Net PV Savings	687,109.59

BOND SUMMARY STATISTICS

City of Park Ridge, Illinois
2015B Refunding of 2006B Taxables
FINAL NUMBERS

Dated Date	03/17/2015
Delivery Date	03/17/2015
Last Maturity	12/01/2018
Arbitrage Yield	1.354997%
True Interest Cost (TIC)	1.469069%
Net Interest Cost (NIC)	1.471654%
All-In TIC	1.736694%
Average Coupon	1.471904%
Average Life (years)	2.230
Weighted Average Maturity (years)	2.231
Duration of Issue (years)	2.197
Par Amount	8,145,000.00
Bond Proceeds	8,165,347.80
Total Interest	267,323.61
Net Interest	267,278.04
Total Debt Service	8,412,323.61
Maximum Annual Debt Service	2,419,200.00
Average Annual Debt Service	2,270,192.28
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	2.492600
Total Underwriter's Discount	2.492600
Bid Price	100.000559

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	8,145,000.00	100.250	1.472%	2.230	1,768.75
	8,145,000.00			2.230	1,768.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	8,145,000.00	8,145,000.00	8,145,000.00
+ Accrued Interest			
+ Premium (Discount)	20,347.80	20,347.80	20,347.80
- Underwriter's Discount	-20,302.23	-20,302.23	
- Cost of Issuance Expense		-47,339.25	
- Other Amounts			
Target Value	8,145,045.57	8,097,706.32	8,165,347.80
Target Date	03/17/2015	03/17/2015	03/17/2015
Yield	1.469069%	1.736694%	1.354997%

SUMMARY OF REFUNDING RESULTS

City of Park Ridge, Illinois
2015B Refunding of 2006B Taxables
FINAL NUMBERS

Dated Date	03/17/2015
Delivery Date	03/17/2015
Arbitrage yield	1.354997%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	8,145,000.00
True Interest Cost	1.469069%
Net Interest Cost	1.471654%
Average Coupon	1.471904%
Average Life	2.230
Par amount of refunded bonds	7,925,000.00
Average coupon of refunded bonds	5.791519%
Average life of refunded bonds	2.303
PV of prior debt to 03/17/2015 @ 1.354997%	8,851,400.76
Net PV Savings	687,109.59
Percentage savings of refunded bonds	8.670153%
Percentage savings of refunding bonds	8.435968%

City of Park Ridge, Illinois

Park Ridge, GO Refunding Bonds, Series 2015A

Refunding Versus Refunded Debt Service Savings

Year Ending	Principal	Interest	Refunding Net Annual	Refunded Principal	Refunded Interest	Refunded Net Annual	Annual Savings
12/01/15	220,000.00	137,477.50	357,477.50	100,000.00	309,112.50	409,112.50	51,635.00
12/01/16		188,250.00	188,250.00	100,000.00	305,112.50	405,112.50	216,862.50
12/01/17		188,250.00	188,250.00	100,000.00	300,962.50	400,962.50	212,712.50
12/01/18	265,000.00	188,250.00	453,250.00	235,000.00	296,762.50	531,762.50	78,512.50
12/01/19	275,000.00	180,300.00	455,300.00	245,000.00	286,775.00	531,775.00	76,475.00
12/01/20	735,000.00	172,050.00	907,050.00	705,000.00	275,750.00	980,750.00	73,700.00
12/01/21	955,000.00	150,000.00	1,105,000.00	935,000.00	244,025.00	1,179,025.00	74,025.00
12/01/22	980,000.00	121,350.00	1,101,350.00	975,000.00	201,950.00	1,176,950.00	75,600.00
12/01/23	1,360,000.00	91,950.00	1,451,950.00	1,485,000.00	158,075.00	1,643,075.00	191,125.00
12/01/24	1,705,000.00	51,150.00	1,756,150.00	1,825,000.00	91,250.00	1,916,250.00	160,100.00
Total	**6,495,000.00**	**1,469,027.50**	**7,964,027.50**	**6,705,000.00**	**2,469,775.00**	**9,174,775.00**	**1,210,747.50**

Settlement Date	03/17/15
Discount Rate	2.02346
Present Value	1,098,381.98

Refunding Avg Life	7.5425
Refunded Avg Life	7.6230

Percent Refunding	16.888%
Percent Refunded	16.359%

City of Park Ridge, Illinois

Park Ridge, GO Refunding Bonds, Taxable Series 2015B

Refunding Versus Refunded Debt Service Savings

Year Ending	Principal	Interest	Refunding Net Annual	Refunded Principal	Refunded Interest	Refunded Net Annual	Annual Savings
12/01/15	1,960,000.00	76,023.61	2,036,023.61	1,710,000.00	457,732.50	2,167,732.50	131,708.89
12/01/16	1,895,000.00	88,150.00	1,983,150.00	1,815,000.00	359,407.50	2,174,407.50	191,257.50
12/01/17	2,350,000.00	69,200.00	2,419,200.00	2,355,000.00	255,045.00	2,610,045.00	190,845.00
12/01/18	1,940,000.00	33,950.00	1,973,950.00	2,045,000.00	119,632.50	2,164,632.50	190,682.50
Total	**8,145,000.00**	**267,323.61**	**8,412,323.61**	**7,925,000.00**	**1,191,817.50**	**9,116,817.50**	**704,493.89**

Settlement Date	03/17/15
Discount Rate	1.35500
Present Value	687,109.59

Refunding Avg Life	2.2308	**Percent Refunding**	8.423%
Refunded Avg Life	2.2995	**Percent Refunded**	8.657%

City of Park Ridge, Illinois

Annual Principal by Series ... As of 03/02/15 ... Cashflows From 12/02/14

Park Ridge General Obligation

GO-PKRG

Bond Year Ending	Series 2012B	Series 2006A	Series 2006B	Series 2005A	Series 2004A	Series 2004B	Series 1998	Total Principal
12/01/15	255,000.00	100,000.00	1,710,000.00	100,000.00		-		**2,165,000.00**
12/01/16	270,000.00	100,000.00	1,815,000.00	100,000.00		-		**2,285,000.00**
12/01/17	280,000.00	100,000.00	2,355,000.00	100,000.00		-		**2,835,000.00**
12/01/18	300,000.00	385,000.00	2,045,000.00	235,000.00		-		**2,965,000.00**
12/01/19	315,000.00	2,990,000.00		245,000.00		-		**3,550,000.00**
12/01/20		3,135,000.00		705,000.00		-		**3,840,000.00**
12/01/21		3,520,000.00		935,000.00		-		**4,455,000.00**
12/01/22				975,000.00		-		**975,000.00**
12/01/23				1,485,000.00		-		**1,485,000.00**
12/01/24				1,825,000.00		-		**1,825,000.00**
12/01/25						-		-
Total	**1,420,000.00**	**10,330,000.00**	**7,925,000.00**	**6,705,000.00**	**-**	**-**	**-**	**26,380,000.00**
Issue Dated	**02/01/12**	**06/01/06**	**06/01/06**	**04/15/05**	**08/01/04**	**08/01/04**	**12/01/98**	
Tax Status	Taxable		Taxable					
Refunded Obj								
Issued	2,130,000.00	10,530,000.00	10,055,000.00	7,005,000.00	4,910,000.00	11,860,000.00	10,000,000.00	56,490,000.00
Matured	(710,000.00)	(200,000.00)	(2,130,000.00)	(300,000.00)	(4,910,000.00)	(4,155,000.00)	(10,000,000.00)	(22,405,000.00)
Refunded	-	-	-	-	-	(7,705,000.00)	-	(7,705,000.00)
Outstanding	**1,420,000.00**	**10,330,000.00**	**7,925,000.00**	**6,705,000.00**	**-**	**-**	**-**	**26,380,000.00**

City of Park Ridge, Illinois

Annual Debt Service by Series ... As of 03/02/15 ... Cashflows From 12/02/14

Park Ridge General Obligation

GO-PKRG

Bond Year Ending	Series 2012B	Series 2006A	Series 2006B	Series 2005A	Series 2004A	Series 2004B	Series 1998	Total Debt Service
12/01/15	284,040.00	615,000.00	2,167,732.50	409,112.50		-		**3,475,885.00**
12/01/16	295,597.50	610,750.00	2,174,407.50	405,112.50		-		**3,485,867.50**
12/01/17	301,277.50	606,500.00	2,610,045.00	400,962.50		-		**3,918,785.00**
12/01/18	315,397.50	886,500.00	2,164,632.50	531,762.50		-		**3,898,292.50**
12/01/19	323,347.50	3,472,250.00		531,775.00		-		**4,327,372.50**
12/01/20		3,467,750.00		980,750.00		-		**4,448,500.00**
12/01/21		3,696,000.00		1,179,025.00		-		**4,875,025.00**
12/01/22				1,176,950.00		-		**1,176,950.00**
12/01/23				1,643,075.00		-		**1,643,075.00**
12/01/24				1,916,250.00		-		**1,916,250.00**
12/01/25						-		-
Total	**1,519,660.00**	**13,354,750.00**	**9,116,817.50**	**9,174,775.00**	**-**	**-**	**-**	**33,166,002.50**
Issue Dated	**02/01/12**	**06/01/06**	**06/01/06**	**04/15/05**	**08/01/04**	**08/01/04**	**12/01/98**	
Tax Status	Taxable		Taxable					
Refunded Obj								
Issued	2,130,000.00	10,530,000.00	10,055,000.00	7,005,000.00	4,910,000.00	11,860,000.00	10,000,000.00	56,490,000.00
Matured	(710,000.00)	(200,000.00)	(2,130,000.00)	(300,000.00)	(4,910,000.00)	(4,155,000.00)	(10,000,000.00)	(22,405,000.00)
Refunded	-	-	-	-	-	(7,705,000.00)	-	(7,705,000.00)
Outstanding	**1,420,000.00**	**10,330,000.00**	**7,925,000.00**	**6,705,000.00**	**-**	**-**	**-**	**26,380,000.00**
Gross Interest	99,660.00	3,024,750.00	1,191,817.50	2,469,775.00	-	-	-	6,786,002.50
Net Interest	**99,660.00**	**3,024,750.00**	**1,191,817.50**	**2,469,775.00**	**-**	**-**	**-**	**6,786,002.50**
Debt Service	**1,519,660.00**	**13,354,750.00**	**9,116,817.50**	**9,174,775.00**	**-**	**-**	**-**	**33,166,002.50**

City of Park Ridge, Illinois

Composite Debt Service ... As of 03/02/15 ... Cashflows From 12/02/14

Park Ridge General Obligation

GO-PKRG

Year Ending	Principal	Interest	Net Debt Service
12/01/15	2,165,000.00	1,310,885.00	3,475,885.00
12/01/16	2,285,000.00	1,200,867.50	3,485,867.50
12/01/17	2,835,000.00	1,083,785.00	3,918,785.00
12/01/18	2,965,000.00	933,292.50	3,898,292.50
12/01/19	3,550,000.00	777,372.50	4,327,372.50
12/01/20	3,840,000.00	608,500.00	4,448,500.00
12/01/21	4,455,000.00	420,025.00	4,875,025.00
12/01/22	975,000.00	201,950.00	1,176,950.00
12/01/23	1,485,000.00	158,075.00	1,643,075.00
12/01/24	1,825,000.00	91,250.00	1,916,250.00
Total	**26,380,000.00**	**6,786,002.50**	**33,166,002.50**

William Blair

Moody's Credit Report

PARK RIDGE

New Issue: Moody's assigns Aa2 to Park Ridge, IL's GO Bonds, Ser. 2015A&B; outlook remains negative

Global Credit Research - 19 Feb 2015

Aa2 rating applies to $40.8M of post-sale GO debt

PARK RIDGE (CITY OF) IL
Cities (including Towns, Villages and Townships)
IL

Moody's Rating

ISSUE		RATING
General Obligation Refunding Bonds, Series 2015A		Aa2
Sale Amount	$6,015,000	
Expected Sale Date	03/03/15	
Rating Description	General Obligation	
Taxable General Obligation Refunding Bonds, Series 2015B		Aa2
Sale Amount	$8,220,000	
Expected Sale Date	03/03/15	
Rating Description	General Obligation	

Moody's Outlook NEG

NEW YORK, February 19, 2015 --Moody's Investors Service assigns a Aa2 rating to the City of Park Ridge's (IL) $6.0 million General Obligation (GO) Refunding Bonds, Series 2015A and $8.2 million Taxable GO Refunding Bonds, Series 2015B. The outlook remains negative. Concurrently, Moody's affirms the Aa2 rating on the city's outstanding GO debt. Post sale, the city will have $40.8 million of GO debt outstanding.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the city's large tax base located within the Chicago (Baa1 negative) metropolitan area; above average wealth levels; adequate General Fund liquidity; and modest debt burden with rapid principal amortization.

OUTLOOK

The negative outlook reflects the financial stress related to the Uptown Tax Increment Financing (TIF) Fund, which, prior to the 2014 property tax levy increase of 22%, had relied on General Fund subsidies to meet debt service obligations and revenue sharing agreements. Although management has implemented policies to support TIF operations and General Fund liquidity has improved to adequate levels, available cash remains below average for the city's rating category. Should reserves not continue to improve, the city's credit rating could face downward pressure. Also reflected in the negative outlook are substantial recent valuation declines.

WHAT COULD MAKE THE RATING GO UP (or remove the negative outlook)

- Sustained improvement in General Fund reserves and liquidity

- Improved performance in the city's TIF Fund

- Moderation of the city's unfunded pension liabilities

WHAT COULD MAKE THE RATING GO DOWN

- Deterioration of General Fund reserves and liquidity below current levels

- Further significant tax base depreciation

- Substantial growth in the city's debt burden

STRENGTHS

- Easy access to employment centers in the Chicagoland area

- Wealth levels well above the national average

- Revenue raising authority due to the city's home rule status

CHALLENGES

- Multi-year trend of tax base devaluation

- General Fund exposure to economically-sensitive revenues

- Underperforming TIF Fund poses risks to General Fund liquidity

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

DETAILED RATING RATIONALE

ECONOMY AND TAX BASE: LARGE, MATURE TAX BASE WITH ABOVE AVERAGE INCOME LEVELS

The city's large and mature tax base benefits from its favorable location 15 miles northwest of downtown Chicago and the above average income levels of its residents. The $3.9 billion tax base experienced strong appreciation in the early to mid 2000s. More recently, valuations have declined, including a 9.6% decline in levy year 2011, a 4.7% decline in 2012, and a substantial 18% decline in 2013. Management notes that the severe decline in 2013 was due to the county's triennial property reassessment. Moving forward management expects property valuations will begin to recover as commercial and residential development comes online. Two supermarkets, a Mariano's Fresh Market and Whole Foods, recently opened operations in the city and over 200 townhome and apartment units are currently being developed. Much of the residential development is driven by the tearing down of older properties that are then rebuilt into improved or larger homes, according to management.

City residents enjoy easy access to a wide variety of high paying jobs throughout the Chicago Metropolitan area via two commuter rail terminals that connect to the city's downtown business district. The city's unemployment rate has historically trended below the state and national averages. In 2013, the unemployment rate averaged 3.9%, compared to the state's 5.7% and the national 5.4% rate. Additionally, the city benefits from above average wealth levels. Median family income is 162% of the national average, according to the 2008-2012 American Community Survey estimates.

FINANCIAL OPERATIONS AND RESERVES: OPERATIONS CONTINUE TO IMPROVE FOLLOWING SIGNIFICANTLY REDUCED GENERAL FUND LIQUIDITY

The city's financial operations are expected to continue to improve in the near term due to recent, substantive changes implemented by the city's new management. Following several years of low reserve balances stemming from reduced revenue streams throughout the recession, the General Fund has stabilized, concluding fiscal 2014 with a slight deficit of $289,000 following transfers to the city's Uptown TIF Fund. Despite the slight draw on available reserves to $6.6 million, or 21.1% of General Fund revenues, the city's cash balance increased to $6.0 million, or 19.2% of revenues. The city is currently forecasting a fiscal 2015 General Fund operating surplus of $805,000, not including the potential transfer to support the Uptown TIF Fund should it be necessary.

Management notes that the Uptown TIF Fund has the potential to conclude fiscal 2015 balanced due to an increase in EAV and a recent property tax levy increase. The TIF fund is responsible for debt service on several series of GOULT bonds issued to support TIF-related development as well paying revenue sharing agreements to two local school districts and a park district per revenue sharing agreements. TIF revenues have fallen short of these costs, requiring substantial General Fund support to meet these obligations. The city's new management team has implemented policies to balance TIF operations and completely eliminate General Fund support for the TIF as early as calendar 2015. The city will refinance the bonds to reduce debt service and increase its GO debt service levy to make up for the TIF revenue shortfall.

The city's primary Operating Fund revenue sources are property taxes (25 and economically sensitive municipal and home rule sales taxes (27%). Recent substantial valuation declines have not impacted city revenues, as the city is able to offset the declines by increasing tax rates. As an Illinois home rule unit of government, the city enjoys broad legal authority to enact and increase various taxes and fees, including property taxes and sales taxes. Calendar year 2014 sales tax revenue came in above receipts from 2013, with municipal sales taxes and home rule sales taxes up 6.3% and 5.0%, respectively. The city maintains a fund balance policy of three months budgeted expenditures, which the city plans to be in compliance with as soon as fiscal year end 2016.

Liquidity

General Fund liquidity levels have improved over the past two fiscal years, increasing from $1.9 million, or a very limited 6.2% or revenues, in fiscal 2012 to $6.0 million, or 19.2% of revenues, in fiscal 2014. Management attributes the increase in cash to conservative budgeting and delaying capital purchases not currently needed. Management plans to continue to delay capital projects that are not deemed immediate through fiscal 2016. As the General Fund ceases its support for the Uptown TIF Fund in 2015, liquidity levels should drastically improve.

DEBT AND PENSIONS: MODEST DEBT PROFILE WITH ABOVE-AVERAGE REPAYMENT SCHEDULE

The city's direct debt burden is expected to remain average given rapid principal amortization. The city's direct debt is a modest 1% of full valuation. Including overlapping municipalities, the debt burden rises to a moderately high 3.7%. Principal amortization is rapid, with approximately 93% of principal retired within 10 years. Moving forward, the city has approximately $69 million in identified flood control projects. However, the city has no plans to issue new debt in the near term.

Debt Structure

All of the city's debt is fixed rate and amortizes over the long term.

Debt-Related Derivatives

The city has no derivatives.

Pensions and OPEB

The city has a somewhat elevated employee pension burden, based on unfunded liabilities for its participation in two single-employer plans and one multi-employer agent plan. Reported unfunded pension liabilities consist of $17.3 million and $23.1 million for the city 's single-employer firefighters' and police pension funds, respectively, as well as $4.9 million for the city's portion of the Illinois Municipal Retirement Fund (IMRF), which is inclusive of the city's Sheriffs Law Enforcement Personnel Fund, as of December 31, 2013. Moody's fiscal 2014 adjusted net pension liability (ANPL) for the city, under our methodology for adjusting reported pension data, is $94.2 million or 2.8 times operating revenues. The three year average ANPL for the city is 2.9 times annual revenues. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported liability information, but to improve comparability with other rated entities. The city has contributed over 100% of its Annual Required Contributions (ARC) to its single employer police and fire pension plans in fiscal 2014, and plans to at the very least continue to fund 100% of the tax levy amount required per their Actuarial Valuation Report.

MANAGEMENT AND GOVERNANCE

Illinois cities have an institutional framework score of 'A' or moderate. Cities are dependent on property and sales taxes, with largely predictable expenditures. However, cities may be exposed to declining state aid payments if shared income tax receipts fall following the expiration of the temporary statewide income tax rate increase in January 2015. Enterprise risk varies across the sector, with some cities exposed to contingent liabilities associate with arenas and convention centers, for example. Pension liabilities range from significant to manageable, with the majority of Illinois cities meeting annual ARC payments.

The institutional framework score for Illinois cities does not factor in cities with home rule designation, which greatly increases a city's ability to raise revenues and positively impacts a city's credit quality. Illinois home rule units of government have the broad legal authority to enact and increase various taxes and fees absent voter approval. The city's new management has recently taken the initiative to implement policies to balance TIF operations and completely eliminate General Fund support for the TIF beginning in calendar 2015. Management's ability to continue to improve General Fund liquidity and eliminate subsidies to the TIF Fund will be the subject of future credit reviews.

KEY STATISTICS

- Estimated full valuation: $3.9 billion

- Estimated full valuation per capita: $105,000

- Estimated median family income as % of the US: 161.5%

- Fiscal 2014 available operating fund balance / operating revenue: 19.8%

- 5-year change in available operating fund balance / operating revenue: 0.1%

- Fiscal 2014 operating net cash / operating revenue: 18.0%

- 5-year change in operating net cash / operating revenue: 6.2%

- Institutional framework score: A

- 5-year average operating revenue / operating expenditures: 0.95x

- Net direct debt burden (inclusive of authorized debt): 1.0% of full valuation; 1.2 times operating revenue

- 3-year average Moody's adjusted net pension liability: 2.4% of full valuation; 2.9 times operating revenue

OBLIGOR PROFILE

The City of Park Ridge is a home rule unit of government located 15 miles northwest of downtown Chicago. The city encompasses 7.1 square miles with a population of 37,480 according to 2013 US Census estimates.

LEGAL SECURITY

The bonds are secured by the city's General Obligation Unlimited Tax pledge which is backed by the full faith, credit and resources of the city, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

USE OF PROCEEDS

Proceeds from the Series 2015A&B bonds will be used to refund the city's 2005A and 2006B bonds for net present value savings.

RATING METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Market Commentary

PARK RIDGE

William Blair & Company

Weekly Market Update | February 27, 2015

There is room for improvement, members of the Senate Banking Committee concluded in reference to the U6 measure of unemployment being 11.3% (representing roughly 12 million longer-term displaced American workers) versus the well-discussed U3 measure at 5.7%. While economic productivity is increasing, wage growth is lagging more than expected, suggesting improvements may be accruing more to equity than labor. While Fed Chairperson Janet Yellen defended the Fed's structural autonomy and delivered a host of observations on economic progress and banking system oversight, the most watched-for signal on the timing of a Fed rate increase was simply to adjust the countdown upon removing the word "patient" from its prospective action language to mean that after two meetings, a rate increase could then occur at any meeting thereafter—allowing the Fed to be more data-driven than deliberative in its decision-making. While market consensus favors September, some Fed members hold that June is not completely off the table.

Two days of testimony and Q&A with Chairperson Yellen delivered numerous insights, including: 1) while the Fed does not expect to begin selling portions of its $4.5 trillion balance sheet, it will stop "second order QE3" by no longer purchasing assets with the income generated from those holdings; 2) the rate of inflation being targeted to reach 2% must include food and energy, as it best reflects consumer spending capacity; 3) for complex reasons, foreign currency manipulation (ultimately affecting U.S. exports) cannot be readily sanctioned in foreign trade agreements; 4) some consideration could be given to excessively burdensome risk requirements imposed on smaller financial institutions that are arguably "not too big to fail;" and 5) the rate of household formation on the part of America's youngest workforce is experiencing a meaningful headwind from considerable student loan debt, thus suggesting that a significant portion of prospective housing growth may arise in multifamily rental stock.

FOMC assessments remain cautious and even-keeled with good news and it is not dissuaded by episodic downward indications, citing consistently positive long-term trends with a still net-positive take on the impact of low oil prices. 2014 annualized GDP was revised to 2.2% from 2.6% on reduced inventories and increasing balance of trade. Existing home sales dropped 4.9% from the previous month, posited to be weather-related and for want of a surge in spring activity. Positive news for equities from the European Union acceptance of the terms of extending four months of support to Greece, which include numerous provisions of anti-tax-evasion and other self-policing measures (yields up), was counter-balanced with market consensus that a Fed rate hike will occur later rather than sooner in 2015 (yields down). The Treasury market recovered 11 to 14 basis points across the curve, reversing some of the 35-basis-point jump over the previous two weeks, while also accommodating $90 billion in new 2-, 5- and 7-year auctions.

The municipal market received $9 billion in new issues for the week, ending with slightly lower yields in shorter maturities following Fed testimony. Some pre-offering concessions have been sufficiently wide to allow tightening on oversubscription. Municipal-to-Treasury yield ratios remain at the high end of the recent 12-

month range and are expected to remain in this range given the current pace of issuance. Refunding transactions compose the majority of new issues (nearly 70%, according to Municipal Market Analytics), as borrower savings continue to be compelling even considering the post-January upward adjustment—the sharpest such increase in yields over the last five years. The short end of the municipal yield curve has been perhaps more attentive to Fed speak than has been Treasury market itself, possibly owing to contending demand for UST sovereign yield from the massive European Central Bank stimulus program.

Bond fund inflows continue to ebb toward anticipated outflows, as April 15 tax payments approach. High issuance volume and reduced cash availability are putting institutional investor preference for quality and liquidity in charge of price discovery. Use of bond insurance has reached the highest level since pre-2008, delivering a larger and more liquidity-focused buying audience to A1 and lower underlying-rated issuers. Retail buying reappeared, notably with a piqued interest in a specific structure: This week's New York Water transaction included a portion with a well-received four-year call that produced a large amount of "kick-spread" (additional basis points in yield to maturity, after the yield to the call date). The coming week hosts another $8 billion in new issues, notably including a $2 billion State of California GO offering. Dealer inventory, estimated to be already systemically down 65% from pre-2008 market norms, will continue to be cautiously balanced to maintain ongoing capacity for competitive awards.

First-tier market indicators include personal income and spending, ISM manufacturing, nonfarm payrolls, factory orders, and trade balance. *The Bond Buyer* 30-day visible supply includes $8.9 billion in negotiated sales and $3.2 billion in competitive sales.

Reference Sources: Federal Reserve recorded testimony, Bloomberg, *The Wall Street Journal, The Bond Buyer,* Municipal Market Analytics, and Municipal Market Data.

	2/27/2015	**Change***
SIFMA	0.02%	0
LIBOR	0.17%	0
AAA Municipal Market Data Rates		
5-Yr.	1.19%	3
10-Yr.	2.02%	-6
20-Yr.	2.71%	-2
30-Yr.	2.87%	-1
U.S. Treasury Rates		
10-Yr.	2.00%	-13
30-Yr.	2.60%	-13

Municipal to Treasury Yield Ratios		
10-Yr.	101.0%	3.3
30-Yr.	110.4%	4.9
Dow Jones	18,133	-8
S&P	2,105	-6

*Change since 2/20/2015
Sources: Bloomberg Information Systems and Thomson Financial

View historical data

If you have any questions, or would like additional information, please do not hesitate to contact me.

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