January 24, 2001

01-0124-RS5

RESOLUTION ACKNOWLEDGING THE PUBLIC BUILDING COMMISSION'S DECISION TO REDEEM CERTAIN BONDS WITH THE PROCEEDS OF A NEW BOND ISSUANCE AND DIRECTING THE USE OF THE ADDITIONAL FUNDS OBTAINED THEREFROM FOR CERTAIN CAPITAL PROJECTS

Whereas, the Public Building Commission of Chicago (the "Commission") has previously issued, on behalf of the Board of Education of the City of Chicago (the "Board"), its Building Revenue Bonds, Series A of 1990 (Board of Education of the City of Chicago) (the "Series 1990A Bonds") and its Building Revenue Bonds, Series B of 1990 (Board of Education of the City of Chicago) (the "Series B Bonds", collectively with the Series 1990A Bonds, the "Series 1990 Bonds"); and

Whereas, the Commission originally made principal and interest payments on the Series 1990 Bonds with certain rental payments that the Board paid to the Commission, pursuant to Lease Agreements, dated May 1, 1990 (the "1990 Rent Payments"); and

Whereas, to make the 1990 Rent Payments, the Board adopted Resolution 90-0523-RS1, which obligates the Board to levy an annual tax, upon all taxable property within the boundaries of the City of Chicago, in the amounts set forth in Resolution 90-0523-RS1, which amounts are equal to the annual principal and interest payments on the Series 1990 Bonds until maturity; and

Whereas, the Series 1990 Bonds were defeased to maturity in 1992 from the proceeds of the sale by the Commission of certain General Obligation Lease Certificates (1992 Series A) (Board of Education of the City of Chicago); and

Whereas, such defeasance of the Series 1990 Bonds was accomplished pursuant to an escrow established by an escrow agreement, dated as of January 1, 1992, between the Commission and Independence Bank of Chicago, as amended from time to time, and particularly as amended and restated on May 1, 1998, between the Commission and Seaway National Bank of Chicago, as escrow agent, and as subsequently amended thereafter (the "Escrow"); and

Whereas, the amounts deposited in the Escrow have been invested in obligations of the United States, and the money and the principal of and interest to be received on the obligations in the Escrow are sufficient to pay at maturity or at an earlier mandatory redemption date the principal of and the interest to become due through maturity or the prior mandatory redemption date on all outstanding Series 1990 Bonds which have not been discharged; and

Whereas, in connection with the Series 1992 Certificates, the Commission sold and assigned its interest in and right to the 1990 Rent Payments, and the 1990 Rent Payments now pay the principal and interest on the Series 1992 Certificates, while, as noted above, the earnings on the obligations in the Escrow pay the principal and interest on outstanding Series 1990 Bonds; and

Whereas, when the Commission established the Escrow, it expressly retained the right to optionally redeem Series 1990 Bonds prior to their maturity, pursuant to their terms, and certain of the outstanding Series 1990 Bonds are subject to redemption at the option of the Commission; and

Whereas, the Commission has determined it to be in its best interest, and consistent with the rights with respect to the Series 1990 Bonds, to authorize the redemption of the Series 1990A Bonds maturing (i) on January 1, 2015 (the "2015 Term Bonds" and (ii) on January 1, 2018 (the "2018 Term Bonds", collectively with the 2015 Term Bonds, the "1990 Term Bonds"); and

Whereas, the Commission has authorized the issuance of Series 2001 Special Obligation Taxable Refunding Bonds (the "Series 2001 Bonds"), the proceeds of said issuance to be used to redeem the 1990 Term Bonds; and

Whereas, the terms and provisions for redeeming the 1990 Term Bonds and for issuing the Series 2001 Bonds are set forth in a Commission resolution, adopted by the Commission on January 9, 2001 (the "Series 2001 Resolution"); and

Whereas, the Series 2001 Resolution states that the Series 2001 Bonds shall be payable from the proceeds earned on the obligations in the Escrow, meaning that the Commission has determined that the obligations in the Escrow will produce sufficient earnings, in each year, to pay (i) principal and interest on all Series 1990 Bonds that remain outstanding after the redemption of the 1990 Term Bonds until maturity, and (ii) principal and interest on the Series 2001 Bonds until maturity; and

Whereas, as indicated in the Series 2001 Resolution, the Commission has determined that the proposed redemption of the 1990 Term Bonds and the proposed issuance of the Series 2001 Bonds can be accomplished at no additional cost to either the Commission or the Board; and

Whereas, pursuant to the Series 2001 Resolution, the Commission has further determined that the proposed redemption of the 1990 Term Bonds and the proposed issuance of the Series 2001 Bonds will result in net present value savings of not less than $4,000,000; and

Whereas, as provided for in the Series 2001 Resolution, the Commission intends that the net present value savings be used to pay the cost of constructing, improving, equipping and rehabilitating buildings and facilities of the Commission leased by the Board; and

Whereas, the Series 2001 Resolution requires that Commission enter into a Fourth Lease Supplement with the Board.

Now, Therefore, Be It Resolved by the Board of Education of the City of Chicago as follows:

Section 1. The Board acknowledges the Commission's intent to go forward with the redemption of the 1990 Term Bonds and the issuance of the Series 2001 Bonds, in accordance with the terms and provisions of the Series 2001 Resolution, and to have any and all additional funds obtained therefrom (the "Additional Funds") be used for constructing, improving, equipping and rehabilitating buildings and facilities of the Commission leased by the Board, as provided herein

Section 2. The Fourth Lease Supplement is hereby authorized to be executed and delivered, on behalf of the Board, by the President and Secretary in substantially the same form as the Third Lease Supplement, dated as of August 1, 1998, between the Board and the Commission, with such insertions and revisions as the President shall approve.

Section 3. The President, the Secretary, the Chief Fiscal Officer, the Chief Operating Officer and the General Counsel of the Board are authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to effectuate the matters set forth in this Resolution.

Section 4. The Board hereby directs that the Additional Funds be used to fund the following category of projects in the following amounts (the "Additional Funds Projects"):

(a) the first $1,500,000, to the extent necessary, shall be directed to the Surplus Fund to provide supplemental funding to complete projects previously designated by the Board and assigned to the Commission;
(b) the next $3,750,000 shall be used to fund calendar year 2001 School Campus Upgrade projects, as subsequently designated by the Board; and
(c) the remaining proceeds shall be used to fund High School Renovation projects, as subsequently designated by the Board.

The Board's intent is to adopt an additional resolution or resolutions, within 90 days of the closing of the transaction described in Section 1 above, specifically designating all undesignated Additional Funds Projects. The Board's intent is to have the Commission undertake these Additional Funds Projects in accordance with the terms and provision of the Master Intergovernmental Agreement, dated February 24, 1999, between the Board and the Commission (the "Master Agreement"). To that end, the Board will authorize and direct, in such future resolution or resolutions, the Chief Fiscal Officer and the Chief Operating Officer to issue to the Commission a Project Notification, as defined in the Master Agreement, for each of the Additional Funds Projects so designated.

Section 5. This Resolution shall be in full force and effect immediately upon its adoption.