

RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION (ALTERNATE) BONDS OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$500,000,000, PURSUANT TO THE SCHOOL CODE AND THE LOCAL GOVERNMENT DEBT REFORM ACT

WHEREAS, pursuant to the provisions of Article 34 of the School Code of the State of Illinois, as amended (the "School Code"), the City of Chicago, Illinois constitutes one school district (the "School District"), which is a body politic and corporate by the name of the "Board of Education of the City of Chicago", which School District is governed by the Chicago Board of Education (the "Board"); and

WHEREAS, the Board has determined that it is advisable, necessary and in its best interests and that of the residents of the School District to construct, acquire and equip school and administrative buildings, site improvements and other real and personal property in and for the School District (the "Project"), all in accordance with the Board's Five-Year Capital Improvement Program, as amended, from time to time, approved by the Board and on file in the Office of the Secretary of the Board, including the estimates of cost identified therein; and

WHEREAS, the cost of the Project, the cost of funding obligations or purchasing related investments of the Board (the "Funding") and the cost of refunding obligations of or issued on behalf of the Board (the "Refunding"), including legal, financial, bond discount, capitalized interest, printing and publication costs, reserves and other expenses, is estimated to be not less than \$500,000,000, and sufficient funds are not on hand and lawfully available to pay such costs; and

WHEREAS, such costs are expected to be paid for from available funds of the Board and from the proceeds of alternate bonds authorized to be issued at this time pursuant to the Local Government Debt Reform Act (the "Act"); and

WHEREAS, it is necessary and in the best interests of the Board and the residents of the School District that the Project, the Funding and the Refunding be completed; and in order to raise the funds required for such purpose, it will be necessary for the Board to borrow an amount not to exceed \$500,000,000 and, in evidence thereof, to issue alternate bonds, being general obligation bonds payable from any and all of the following sources: (i) amounts allocated and paid to the Board from the Personal Property Tax Replacement Fund of the State of Illinois pursuant to Section 12 of the State Revenue Sharing Act of the State of Illinois, as amended, or from such successor or replacement fund or act as may be enacted in the future, (ii) exclusive of any prior existing amounts of General State Aid pledged pursuant to a prior authorization, not more than \$75,000,000 of the General State Aid payments to be made to the Board in any year pursuant to Article 18 of the School Code, as amended, or such successor or replacement fund or act as may be enacted in the future, (iii) school construction project or debt service grants to be paid to the Board pursuant to the School Construction Law of the State of Illinois, as amended, or such successor or replacement act as may be enacted in the future, (iv) those amounts paid to the Board pursuant to an Intergovernmental Agreement, dated October 1, 1997, by and between the Board and the City of Chicago and (v) investment returns and earnings from the Funding, which alternate bonds shall be issued from time to time by the Board in an aggregate principal amount not to exceed \$500,000,000, all in accordance with the School Code and the Act; and

WHEREAS, in the event that the revenue from the above-cited sources is not available to pay principal and/or interest on any of the Bonds, issued pursuant to the Resolution, in any given year or years, the Board, pursuant to the Local Government Debt Reform Act of the State of Illinois, then will have the authority to levy ad valorem taxes against all of the taxable property in the school district governed by the Board for the purpose of providing funds sufficient to pay all or any portion of the principal and/or interest on said Bonds then due and owing; and

WHEREAS, pursuant to and in accordance with the provisions of Section 15 of the Act, the Board is authorized to issue alternate bonds in an aggregate principal amount not to exceed \$500,000,000 for the purpose of providing funds to pay the cost of the Project, the Funding and the Refunding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the City of Chicago as follows:

1. Incorporation of Preambles. The Board hereby finds that all of the recitals contained in this resolution are full, true and correct and does hereby incorporate them into this resolution by this reference.

2. Determination to Issue Bonds. It is necessary and in the best interests of the Board and the residents of the School District to complete the Project, the Funding and the Refunding; and for the purpose of completing the Project, the Funding and the Refunding, general obligation (alternate) bonds of the Board are hereby authorized to be issued and sold by the Board from time to time in an aggregate principal amount not to exceed \$500,000,000 (the "Bonds").

3. Publication. This resolution, together with a notice in the statutory form, shall be published in the *Chicago Sun-Times*, the same being a newspaper published and of general circulation in the School District, and if no petition signed by 114,133 electors, the same being equal to 7.5% of the registered voters in the School District, asking that the issuance of the Bonds be submitted to referendum, is filed with the Secretary of the Board within thirty (30) days after the date of publication of this resolution and said notice, then the Bonds shall be authorized to be issued.

4. Additional Resolutions. If no petition meeting the requirements of applicable law is filed during the petition period hereinabove referred to, then the Board may, from time to time, in the future, adopt additional resolutions or proceedings supplementing or amending this resolution providing for the issuance and sale of the Bonds and prescribing all of the details of the Bonds, so long as the maximum amount of the Bonds as set forth in this resolution is not exceed and no material change in the Project, the Funding, the Refunding or the purposes described herein occurs. Such additional resolutions or proceedings shall in all instances become effective immediately upon their adoption by the Board, without publication or posting or any further act or requirement. This resolution, together with such additional resolutions or proceedings, shall constitute complete authority for the issuance of the Bonds under applicable law.

5. Severability. If any section, paragraph, clause or provision of this resolution shall be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the other provisions of this resolution.

6. Repealer. All resolutions or orders, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

7. Effectiveness. This resolution shall take effect immediately upon its adoption. Pursuant to Section 350/17.5 of the Act, no bonds shall be issued pursuant to this resolution after the date which is 3 years after the end of the petition period set forth in Section 3 of this resolution.

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS

CERTIFICATION OF RESOLUTION AND MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of the City of Chicago (the "Board"), and that as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing is a full, true and complete transcript of that portion of the minutes of the meeting of the Board held on the 26th day of September, 2001 insofar as same relates to the adoption of a resolution entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION (ALTERNATE) BONDS OF THE
BOARD OF EDUCATION OF THE CITY OF CHICAGO, IN
AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$500,000,000, PURSUANT TO THE SCHOOL CODE AND
THE LOCAL GOVERNMENT DEBT REFORM ACT

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and the principal office of the board at least 48 hours in advance of the holding of said meeting, that said meeting, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the School Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board in the adoption of said resolution.

IN WITNESS WHEREOF I hereunto affix my official signature, this 26th day of September 2001.

Secretary
Board of Education
of the City of Chicago

PETITION

To the Secretary of the Board of Education of the City of Chicago:

We, the undersigned, being registered voters of the Board of Education of the City of Chicago do hereby petition you to cause the following question to be certified to the Board of Election Commissioners of the City of Chicago, Illinois, and to the Board of Election Commissioners of DuPage County, Illinois, in their respective capacities as Election Authority in said City and County, and submitted to the electors of the school district governed by said Board at the consolidated primary election to be held on the 19th day of March 2001:

Shall bonds in the amount of \$500,000,000 be issued by the Board of Education of the City of Chicago, said bonds being general obligation bonds payable from any or all of the following sources: (i) amounts allocated and paid to the Board from the Personal Property Tax Replacement Fund of the State of Illinois pursuant to Section 12 of the State Revenue Sharing Act of the State of Illinois, as amended, or from such successor or replacement fund or act as may be enacted in the future, (ii) exclusive of any prior existing amounts of General State Aid pledged pursuant to a prior authorization, not more than \$75,000,000 of the General State Aid payments to be made to the Board in any year pursuant to Article 18 of the School Code, as amended, or such successor or replacement fund or act as may be enacted in the future, (iii) school construction project or debt service grants to be paid to the Board pursuant to the School Construction Law of the State of Illinois, as amended, or such successor or replacement act as may be enacted in the future, (iv) those amounts paid to the Board pursuant to an Intergovernmental Agreement, dated October 1, 1997, by and between the Board and the City of Chicago and (v) investment returns and earnings from the Funding, which general obligation bonds would be issuable from time to time bearing interest per annum at not to exceed the maximum rate authorized by law at the time of the sale thereof, for the purpose of (i) paying the cost of constructing, acquiring and equipping school and administrative buildings, site improvements and other real and personal property in and for the school district governed by the Board (ii) funding obligations or purchasing related investments of the Board, (iv) paying interest to accrue on such Bonds, (v) funding any necessary reserves in connection with such Bonds and (vi) paying costs of issuance thereof?

PETITION

NAME

ADDRESS

| | |
|-------|--------------------------|
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |
| _____ | _____, Chicago, Illinois |

I, _____, of _____ (insert residence address), _____, Illinois, do hereby certify that I am the registered voter of the Board of Education of the City of Chicago, and that the signatures on this petition were signed in my presence and are genuine, and, to the best of my knowledge and belief, the persons so signing were at the time of signing this petition registered voters of the school district governed by said Board and that their respective addresses are correctly stated herein.

_____/s

Subscribed and sworn to before me this ____ day of _____, 2001.

[SEAL]

_____/s
Notary Public

**NOTICE OF INTENT TO ISSUE BONDS
AND RIGHT TO FILE PETITION**

Notice is hereby given that pursuant to a resolution adopted on the 26th day of September 2001 (the "*Resolution*"), the Board of Education of the City of Chicago (the "*Board*"), intends to issue alternate bonds (the "*Bonds*"), being general obligation bonds payable from any or all of the following sources: (i) amounts allocated and paid to the Board from the Personal Property Tax Replacement Fund of the State of Illinois pursuant to Section 12 of the State Revenue Sharing Act of the State of Illinois, as amended, or from such successor or replacement fund or act as may be enacted in the future, (ii) exclusive of any prior existing amounts of General State Aid pledged pursuant to a prior authorization, not more than \$75,000,000 of the General State Aid payments to be made to the Board in any year pursuant to Article 18 of the School Code, as amended, or such successor or replacement fund or act as may be enacted in the future, (iii) school construction project or debt service grants to be paid to the Board pursuant to the School Construction Law of the State of Illinois, as amended, or such successor or replacement act as may be enacted in the future, (iv) those amounts paid to the Board pursuant to an Intergovernmental Agreement, dated October 1, 1997, by and between the Board and the City of Chicago and (v) investment returns and earnings from the Funding (as defined in the Resolution). The Bonds shall be issued from time to time by the Board in an aggregate principal amount not to exceed \$500,000,000 and bearing interest per annum at not to exceed the maximum rate authorized by law at the time the Bonds are sold, for the purpose of (i) paying the cost of constructing, acquiring and equipping school and administrative buildings, site improvements and other real and personal property in and for the school district governed by the Board, (ii) funding obligations or purchasing related investments of the Board, (iii) refunding bonds of or issued on behalf of the Board, (iv) paying interest to accrue on such Bonds, (v) funding any necessary reserves in connection with such Bonds and (vi) paying costs of issuance thereof. In the event that the revenue from the above-cited sources is not available to pay principal and/or interest on any of the Bonds, issued pursuant to the Resolution, in any given year or years, the Board, pursuant to the Local Government Debt Reform Act of the State of Illinois, then will have the authority to levy ad valorem taxes against all of the taxable property in the school district governed by the Board for the purpose of providing funds sufficient to pay all or any portion of the principal and/or interest on said Bonds then due and owing. A complete copy of the Resolution follows this notice.

Notice is hereby further given that if a petition signed by 114,133 or more electors of the school district governed by the Board (being equal to 7.5% of the registered voters in the school district governed by the Board) is submitted to the Secretary of the Board (the "*Secretary*") within thirty (30) days of publication of this notice and the Resolution asking that the question of the issuance of the Bonds be submitted to referendum, then the question of the issuance of the Bonds shall be submitted to the electors of the Board at the consolidated primary election to be held on the day of March 19, 2002. The Circuit Court may declare that an emergency referendum should be held prior to said election date pursuant to the provisions of Section 2A-1.4 of the Election Code of the State of Illinois, as amended. If no such petition is filed with the Secretary within said 30-day period, the Bonds shall be authorized to be issued.

By order of the Board of Education of the City of Chicago.

DATED this 26th Day of September, 2001.

/s/ _____

Secretary, Board of Education of the
City of Chicago