

RESOLUTION PROVIDING FOR THE ISSUE OF UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2004C, UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2004D AND UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES), SERIES 2004E OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$250,000,000, FOR THE PURPOSE OF PAYING PART OF THE COST OF CERTAIN CAPITAL IMPROVEMENTS IN AND FOR SAID BOARD.

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, having a population exceeding 500,000, 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" (the "Board"); and

WHEREAS, the Board is governed by the Chicago Board of Education, as successor to the Chicago School Reform Board of Trustees (the "School Board"); and

WHEREAS, the School Board has heretofore determined that it is advisable, necessary and in the best interests of the Board and 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 estimates of cost, including the Board's Capital Improvement Program, as heretofore approved and from time-to-time amended by the Board; and

WHEREAS, for the purpose, among others, of providing funds to pay a portion of the cost of the Project in accordance with the provisions of the Local Government Debt Reform Act of the State of Illinois (the "Act"), the School Board, on the 22nd day of September 2004, adopted a resolution (the "2004 Authorization") authorizing the issuance of alternate bonds, being general obligation bonds payable from any revenue source, as provided by the Act (the "Alternate Bonds"), in an amount not to exceed \$965,000,000; and

WHEREAS, pursuant to and in accordance with the Act and the 2004 Authorization, the Board caused to be published on September 25, 2004 in the *Chicago Sun-Times*, a newspaper of general circulation within the School District, a copy of the 2004 Authorization and a notice that the Alternate Bonds are subject to a "back-door referendum" under the Act; and

WHEREAS, no petition asking that the issuance of the Alternate Bonds be submitted to referendum was filed with the Secretary of the Board by October 26, 2004, such date being thirty (30) days after the date of such publication; and

WHEREAS, pursuant to and in accordance with the provisions of the Bond Issue Notification Act of the State of Illinois, the Board called a public hearing (the "2004 Hearing") for the 22nd day of September 2004, concerning the intent of the Board to sell the Alternate Bonds authorized pursuant to the 2004 Authorization, over a period of years in one or more Series; and

WHEREAS, notice of the 2004 Hearing was given by publication at least once not less than seven (7) nor more than thirty (30) days before the date of the 2004 Hearing in the *Chicago Sun-Times*, the same being a newspaper of general circulation in the School District; and

WHEREAS, notice of the 2004 Hearing was also given by posting a copy of notice of the 2004 Hearing at least 48 hours prior to the start of the 2004 Hearing at the principal office of the Board and such notice remained posted until the start of such 2004 Hearing; and

WHEREAS, the 2004 Hearing was held on the 22nd day of September 2004, and at the 2004 Hearing, the Board explained the reasons for the proposed bond issue and permitted persons desiring to be heard an opportunity to present written or oral testimony within reasonable time limits; and

WHEREAS, the 2004 Hearing was finally adjourned on the 22nd day of September 2004; and

WHEREAS, no prior Alternate Bonds have been issued pursuant to the 2004 Authorization; and

WHEREAS, the Alternate Bonds to be issued pursuant to this Resolution will be payable from (i) the "2004 Authorization Pledged State Aid Revenues," being not more than \$175,000,000 of State Aid payments to be made to the Board in any year pursuant to Article 18 of the School Code, or such successor or replacement act as may be enacted in the future, and (ii) the "Pledged Taxes", being the ad valorem taxes levied or to be levied against all of the taxable property in the School District, without limitation as to rate or amount, pursuant to Section 3 of this Resolution, for the purpose of providing funds in addition to the 2004 Authorization Pledged State Aid Revenues to pay the principal of and interest on such Alternate Bonds; and

WHEREAS, the Alternate Bonds to be issued pursuant to this Resolution are herein referred to as the "Bonds"; and

WHEREAS, the Bonds will be issued under and secured by one or more Trust Indentures (each an "Indenture"), between the Board and such bank, trust company or national banking association appointed to serve as trustee under the respective Indenture as provided in Section 2(a) hereof (the "Trustee"); and

WHEREAS, the Bonds will be further secured by the Funds, Accounts and Sub-Accounts established and pledged pursuant to the respective Indenture; and

WHEREAS, the Board may elect to pay the debt service on the Bonds from time-to-time in the future from certain interest income, certain property tax revenues and other budgetary sources; and

WHEREAS, the Board has determined that the 2004 Authorization Pledged State Aid Revenues will provide in each year an amount not less than 1.10 times debt service on the Bonds, which determination is supported by the most recent audit of the Board, prepared by Deloitte & Touche LLP, which audit is for the fiscal year ended June 30, 2003 (the "2003 Audit"), being a fiscal year ending not earlier than eighteen (18) months previous to the time of issuance of the Bonds herein authorized and issued prior to January 1, 2005, which Audit has been presented to the Board and is on file with the Secretary of the Board (the "Secretary"); and

WHEREAS, a group or groups of underwriters to be designated by the Chief Financial Officer of the Board (the "Chief Financial Officer") with respect to the Bonds (the "Underwriters") will purchase the Bonds pursuant to one or more Contracts of Purchase (each a "Bond Purchase Agreement"), between the Underwriters and the Board; and

WHEREAS, it is necessary for the Board to authorize the issuance of the Bonds and to approve and to authorize and direct the execution of the Indentures and the Bond Purchase Agreements and certain other agreements and the performance of acts necessary or convenient in connection with the implementation of this Resolution and the issuance of the Bonds.

NOW, THEREFORE, Be It Hereby Resolved by the Chicago Board of Education of the City of Chicago, as follows:

1. Incorporation of Preambles. The preambles of this Resolution are hereby incorporated into this text as if set out herein in full.

2. Issuance of Bonds. (a) There shall be authorized the borrowing, on the credit of and for the Board, the aggregate principal amount of not to exceed \$250,000,000 for the purpose of paying a portion of the cost of the Project. Such Bonds may be issued from time-to-time in said aggregate principal amount, or such lesser aggregate principal amounts as may be determined by either the President of the School Board, the Chief Financial Officer or the Treasurer (each, a "Designated Official"). The Bonds shall be designated "Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2004C," "Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2004D" and "Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2004E," with such additions, modifications or revisions as shall be determined to be necessary by any one or more of the Designated Officials at the time of the sale of such Bonds to reflect the order of sale of such Bonds, whether such Bonds are Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds or Variable Rate Bonds (each as defined herein) and any other authorized features of such Bonds determined by either of the Designated Officials as desirable to be reflected in the title of the Bonds being issued and sold. The Designated Officials are each hereby authorized to appoint a Trustee for each series of the Bonds so issued; provided, that such Trustee shall be a bank, trust company or national banking association doing business and having a corporate trust office in the State of Illinois and having capital stock and surplus aggregating at least \$15,000,000, or shall be a wholly owned subsidiary of such an entity. The Bonds shall be issued and secured pursuant to the terms of an Indenture, and each of the Designated Officials is hereby authorized to execute and deliver, and the Secretary is hereby authorized to attest, the Indenture on behalf of the Board, each such Indenture to be in substantially the form which is before the Board at the meeting at which this Resolution is adopted and hereby approved, but with such changes therein as shall be within the authorizations granted by this Resolution as shall be approved by the Designated Official executing the same, with such execution to constitute conclusive evidence of such Designated Official's approval and this Board's approval of any changes or revisions therein from the form of Indenture authorized hereby.

The details of the sale of the Bonds as described in the notification of sale of such Bonds delivered by a Designated Official pursuant to Section 4(e) hereof and all provisions relating to the authorized denomination, registration, transfer and redemption of such Bonds, within the limitations set

forth herein, shall be set forth in the Indenture executed and delivered by a Designated Official as described herein.

(b) In order to secure the payment of the principal of, redemption price of, interest on and the Compound Accreted Value (as hereinafter defined) of the Bonds, the Board hereby pledges the 2004 Authorization Pledged State Aid Revenues to the payment thereof, and the Board covenants and agrees to provide for, collect and apply such 2004 Authorization Pledged State Aid Revenues to the payment of the Bonds and the provision of an additional .10 times debt service. The determination of the sufficiency of the 2004 Authorization Pledged State Aid Revenues pursuant to this paragraph (b) is supported by reference to the 2003 Audit, and acceptance of the 2003 Audit by the Board is conclusive evidence that the conditions of Section 15 of the Act have been met. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the Board, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the 2004 Authorization Pledged State Aid Revenues, as described herein, from the levy of the Pledged Taxes as provided in the Act and as set forth below.

(c) All or any portion of the Bonds may be issued as bonds payable in one payment on a fixed date (the "Capital Appreciation Bonds"). Any Bonds issued as Capital Appreciation Bonds shall be dated the date of issuance thereof and shall also bear the date of authentication, shall be in fully registered form, shall be numbered as determined by the Trustee and shall be in denominations equal to the original principal amounts of such Capital Appreciation Bonds or any integral multiple thereof, each such original principal amount representing Compound Accreted Value (as hereinafter defined) at maturity (the "Maturity Amount") of \$5,000 or any integral multiple thereof. As used herein, the "Compound Accreted Value" of a Capital Appreciation Bond on any date of determination shall be an amount equal to the original principal amount (or integral multiple thereof) plus an investment return accrued to the date of such determination at a semiannual compounding rate which is necessary to produce the yield to maturity borne by such Capital Appreciation Bond.

All or any portion of the Bonds may be issued as bonds bearing interest at fixed rates and paying interest semiannually (the "Current Interest Bonds"). The Current Interest Bonds shall be dated such date as shall be agreed upon by a Designated Official and the purchasers of the Current Interest Bonds, shall

be in fully registered form, shall be in denominations of \$5,000 each and any integral multiple thereof, and shall be numbered as determined by the Trustee.

The Bonds may be initially issued as Capital Appreciation Bonds containing provisions for the conversion of the Compound Accreted Value of such Bonds into Current Interest Bonds (the "Convertible Bonds") at such time following the initial issuance as shall be approved by a Designated Official. While in the form of Capital Appreciation Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Resolution relating to Capital Appreciation Bonds and while in the form of Current Interest Bonds, such Convertible Bonds shall be subject to all of the provisions and limitations of this Resolution relating to Current Interest Bonds. In connection with the issuance and sale of any Convertible Bonds, the terms and provisions relating to the conversion of the Compound Accreted Value of such Convertible Bonds into Current Interest Bonds shall be contained in the Indenture executed and delivered by a Designated Official at the time of sale of such Convertible Bonds.

All or any portion of the Bonds may be issued as bonds bearing interest at variable rates adjustable and payable from time to time, including, but not limited to, bonds bearing interest at variable rates that are adjusted and reset from time-to-time (i) as may be necessary to cause such Bonds to be remarketable from time to time at a price equal to their principal amount or (ii) by means of an auction process (the "Variable Rate Bonds"). The Variable Rate Bonds shall be dated such date as shall be agreed upon by a Designated Official and the purchasers of the Bonds, shall be in fully registered form, shall be in such denominations as shall be contained in the Indenture executed and delivered by a Designated Official and shall be numbered as determined by the Trustee. All references herein to the payment of principal of any Variable Rate Bonds shall also include the payment of tender or purchase price of such Bonds as shall be specified in the Indenture executed and delivered by a Designated Official pursuant to which such Bonds are issued.

The Bonds shall be dated as of a date not earlier than November 1, 2004, as determined by a Designated Official at the time of sale thereof. The principal of the Bonds shall become due and payable on any date not earlier than March 1, 2005 and not later than March 1, 2035, and, if issued as Current Interest Bonds, Capital Appreciation Bonds or Convertible Bonds, such Bonds shall either bear interest (computed upon the basis of a 360-day year of twelve 30-day months) payable semiannually on each

March 1 and September 1, commencing on or after March 1, 2005, or bear interest payable only at the maturity thereof, at a rate or rates not to exceed nine percent (9%) per annum, all as shall be determined by a Designated Official at the time of sale of such Bonds.

The Variable Rate Bonds shall bear interest from time-to-time at such rates determined by such remarketing or other indexing or auction agent as shall be selected by a Designated Official for that purpose or pursuant to such index or indices as shall be selected by a Designated Official, which interest rate or rates shall not exceed the maximum permitted by law for obligations of the Board, but in no event more than fifteen percent (15%) per annum, subject to the provisions of Section 4(d) hereof. In the case of Variable Rate Bonds bearing interest at rates that are adjusted and reset from time to time by means of an auction process, each of the Designated Officials is hereby authorized to execute on behalf of the Board one or more agreements with such national banking associations, banks, trust companies, investment bankers or other financial institutions serving as auction agent, market agent or broker-dealer, as shall be selected by a Designated Official reflecting the terms and provisions of such Bonds and containing such provisions as the Designated Official executing the same shall determine are necessary or desirable in connection with the sale of such Bonds. The method of determining the interest rate to be borne from time-to-time by the Bonds issued as Variable Rate Bonds shall be specified in the Indenture. Each Variable Rate Bond shall bear interest at such rates payable on such dates (not more frequently than monthly) as shall be determined by a Designated Official at the time of sale of such Bonds and specified in the Indenture.

(d) The Bonds may be redeemable prior to maturity at the option of the Board, in whole or in part on any date, at such times and at such redemption prices (to be expressed as a percentage of the principal amount of such Bonds being redeemed, plus accrued interest to the date of redemption), as shall be determined by a Designated Official at the time of the sale thereof. The Bonds may be made subject to sinking fund redemption, at par and accrued interest to the date fixed for redemption, as determined by a Designated Official at the time of the sale thereof; provided, that such Bonds shall reach final maturity not later than the date set forth in Section 2(c) hereof.

Any Variable Rate Bonds may be made subject to optional or mandatory tender for purchase by the owners thereof at such times and at such prices (to be expressed as a percentage of the principal

amount of such Bonds being tendered for purchase) as shall be determined by a Designated Official at the time of sale of such Variable Rate Bonds and specified in the Indenture. In connection with the remarketing of any Variable Rate Bonds so tendered for purchase under the terms and conditions specified in the Indenture, each of the Designated Officials is hereby authorized to execute on behalf of the Board one or more remarketing agreements with such national banking associations, banks, trust companies, investment bankers or other financial institutions as shall be selected by a Designated Official reflecting the terms and provisions of the Bonds sold as Variable Rate Bonds and containing such provisions as the Designated Official executing the same shall determine are necessary or desirable in connection with the sale of some or all of the Bonds as Variable Rate Bonds.

(e) The Bonds shall initially be issued in book-entry only form as provided in each Indenture.

(f) The Bonds shall be executed by the manual or duly authorized facsimile signature of the President of the Board and attested by the manual or duly authorized facsimile signature of the Secretary of the Board and prepared in the form as provided in the Indenture, with such revisions as shall be appropriate to reflect the sale of such Bonds as Capital Appreciation Bonds, Current Interest Bonds, Convertible Bonds or Variable Rate Bonds.

(g) To the extent authorized by law, when a Designated Official determines that it is in the financial interest of the Board to do so and to further secure the payment of the principal of and interest on the Bonds, a Designated Official may enter into an agreement with the State Superintendent of Education, State Comptroller, State Treasurer or any other governmental officer, agency or department of the State of Illinois to cause such officer, agency or department to deposit or cause to be deposited any amount of the 2004 Authorization Pledged State Aid Revenues with the appropriate Trustee or other escrow agent designated pursuant to Section 5 hereof.

3. Tax Levy; Pledged Taxes. (a) For the purpose of providing funds in addition to the Pledged State Aid Revenues to pay the principal of and interest on the Bonds, there is hereby levied upon all of the taxable property within the School District, in the years for which any of the Bonds are outstanding, a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the School District the following direct annual taxes:

| FOR THE YEAR | A TAX SUFFICIENT TO PRODUCE THE SUM OF: | FOR THE YEAR | A TAX SUFFICIENT TO PRODUCE THE SUM OF: |
|---------------------|--|---------------------|--|
| 2004 | \$34,000,000 | 2021 | \$34,000,000 |
| 2005 | 34,000,000 | 2022 | 34,000,000 |
| 2006 | 34,000,000 | 2023 | 34,000,000 |
| 2007 | 34,000,000 | 2024 | 34,000,000 |
| 2008 | 34,000,000 | 2025 | 34,000,000 |
| 2009 | 34,000,000 | 2026 | 34,000,000 |
| 2010 | 34,000,000 | 2027 | 34,000,000 |
| 2011 | 34,000,000 | 2028 | 34,000,000 |
| 2012 | 34,000,000 | 2029 | 34,000,000 |
| 2013 | 34,000,000 | 2030 | 34,000,000 |
| 2014 | 34,000,000 | 2031 | 34,000,000 |
| 2015 | 34,000,000 | 2032 | 34,000,000 |
| 2016 | 34,000,000 | 2033 | 34,000,000 |
| 2017 | 34,000,000 | 2034 | 34,000,000 |
| 2018 | 34,000,000 | | |
| 2019 | 34,000,000 | | |
| 2020 | 34,000,000 | | |

provided, that in connection with the issuance of Variable Rate Bonds, in furtherance of the general obligation full, faith and credit promise of the Board to pay the principal and redemption price of and interest on the Bonds, the Board will take all actions necessary to levy upon all of the taxable property within the School District, in the years for which any of the Bonds are outstanding, a direct annual tax, including any direct annual tax required to be levied in excess of that levied in this Resolution, for collection on a timely basis to make such payments (the taxes levied or to be levied pursuant to this Section 3(a), including the proviso above, being referred to herein as the "Pledged Taxes").

(b) After this Resolution becomes effective, a copy hereof, certified by the Secretary of the Board, shall be filed with each of the County Clerks of The Counties of Cook and DuPage, Illinois (the "County Clerks"); and the County Clerks shall in and for each of the years required, ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the County Clerks shall extend the same for collection on the tax books in connection with other taxes levied in said year in and by the Board for general corporate purposes of the Board; and in said year the Pledged Taxes shall be levied and collected by and for and on behalf of the Board in like manner as taxes for general corporate purposes of the Board for said years are levied and collected, and in addition to and in excess of all other taxes, and when collected, if required pursuant to any escrow or

similar agreement executed and delivered pursuant to Section 5 hereof, the taxes hereby levied shall be deposited with the appropriate bank, trust company or national banking association.

(c) At the time and in the manner set forth in the Indenture, the Board shall direct the abatement of the Pledged Taxes in whole or in part.

(d) The notification of sale of the Bonds delivered by the Designated Officials pursuant to Section 4(e) hereof may provide for the allocation of all or a portion of the Pledged Taxes levied for any year pursuant to this Resolution to the payment of the principal and redemption price of and interest on the Bonds.

4. Sale of the Bonds, Bond Purchase Agreement. (a) The Bonds shall be sold and delivered to the Underwriters designated by the Chief Financial Officer of the Board at one time or from time to time, subject to the terms and conditions of each Bond Purchase Agreement; provided, (i) that the aggregate purchase price of any Current Interest Bonds or Variable Rate Bonds shall be not less than ninety-seven percent (97%) of the principal amount thereof to be issued (less any original issue discount used in the marketing thereof) plus accrued interest from their date to the date of delivery thereof, (ii) that the aggregate purchase price of any Capital Appreciation Bonds or Convertible Bonds shall not be less than ninety-seven percent (97%) of the aggregate original principal amount thereof and (iii) that the compensation paid to the Underwriters in connection with the sale of any Variable Rate Bonds shall not exceed three percent (3%) of the principal amount thereof. The Chief Financial Officer is hereby authorized to execute and deliver on behalf of the Board a Bond Purchase Agreement with respect to the sale of each series of the Bonds in substantially the form used in previous financings of the Board, but with such changes as shall be approved by the Chief Financial Officer, such approval to be evidenced by such Chief Financial Officer's execution thereof, and to do all things necessary and essential to effectuate the provisions of such Bond Purchase Agreement, as executed, including the execution of any documents and certificates incidental thereto or necessary to carry out the provisions thereof. The Chief Financial Officer shall make a finding in connection with the execution of each Bond Purchase Agreement that (i) the Bonds sold thereunder have been sold at such price and bear interest at such rate that neither the true interest cost (yield) nor the net interest rate received upon the sale of such Bonds exceeds the maximum rate otherwise authorized by applicable law, and (ii) that no person holding any office of the

Board, either by election or appointment, is in any manner interested, either directly or indirectly, in his or her own name, in the name of any other person, association, trust or corporation, in the Indenture, any escrow or similar agreement executed and delivered pursuant to Section 5 hereof, the Bond Purchase Agreement or any agreement with a Bond Insurer, Debt Reserve Credit Facility Provider or Credit Provider as defined in and authorized by paragraphs (b), (c) and (d) of this Section, or in the issuance and sale of such Bonds, in accordance with the laws of the State of Illinois and the Code of Ethics of the Board (Board Policy No. 04-0623-PO4).

(b) In connection with any sale of the Bonds, each of the Designated Officials is hereby authorized to obtain a bond insurance policy from such recognized bond insurer as such Designated Official shall determine (the "Bond Insurer") if said Designated Official determines such bond insurance policy to be desirable in connection with such sale of Bonds. Each Designated Official is also authorized to enter into such agreements and make such covenants with any Bond Insurer that such Designated Official deems necessary and that are not inconsistent with the terms and provisions of this Resolution and to pay upfront or annual fees to the Bond Insurer in connection therewith.

(c) In lieu of, or in addition to, the deposit of proceeds of the Bonds into a debt service reserve fund as authorized in paragraph (g) of this Section, each of the Designated Officials is hereby authorized to obtain a debt reserve credit facility from such recognized provider as such Designated Official shall determine (the "Debt Reserve Credit Facility Provider") if said Designated Official determines such debt reserve credit facility to be desirable in providing for the funding of any required debt service reserve fund. Each Designated Official is also authorized to enter into such agreements and make such covenants with any Debt Reserve Credit Facility Provider that such Designated Official deems necessary and that are not inconsistent with the terms and provisions of this Resolution, including the payment of reasonable fees in connection with any Debt Reserve Credit Facility Provider.

(d) In connection with the sale of any of the Bonds, to provide additional security and liquidity for such Bonds, each of the Designated Officials is hereby authorized to obtain a letter of credit, line of credit, standby bond purchase agreement or other credit or liquidity facility, including similar agreements with or facilities (a "Credit Facility") issued by a Bond Insurer, bank or other financial institution (a "Credit Provider") if determined by such Designated Official to be desirable in connection with such sale of

Bonds. Each of the Designated Officials is hereby further authorized to appoint a Credit Provider to issue such Credit Facility and to execute and deliver on behalf of the Board a credit, reimbursement, standby bond purchase or similar agreement (the "Credit Agreement") providing for the issuance of the Credit Facility and the obligation of the Board to repay funds borrowed under the Credit Facility or advances made by the Credit Provider under the Credit Facility with respect to such Bonds. The Credit Facility may be in a form that provides for the purchase of such Bonds by the Credit Provider (any such Bond so purchased being referred to as a "Bank Bond") and the Indenture as executed and delivered shall reflect the terms and provisions of such Bank Bonds. Any Bonds outstanding as Bank Bonds shall be secured as provided in the Indenture. The annual fee paid to any Credit Provider for the provision of a Credit Facility shall not exceed seventy-five (75) basis points of the amount available to be drawn or advanced under such Credit Facility.

The Credit Agreement may provide that alternative interest rates or provisions will apply during such times as the Bonds constitute Bank Bonds or the Board has outstanding repayment obligations to the Credit Provider (the "Credit Provider Rate"), which Credit Provider Rate shall not exceed the maximum permitted by law, but in no event more than fifteen percent (15%) per annum (the "Maximum Credit Provider Rate"). The Credit Agreement may further provide that to the extent the Credit Provider Rate determined at any time pursuant to the Credit Agreement exceeds the Maximum Credit Provider Rate, such excess may accrue at the then-applicable Credit Provider Rate (but in no event may such excess accrue at a rate in excess of twenty-five percent (25%) per annum) and be added to the Credit Provider Rate at such time or times thereafter as the Credit Provider Rate shall be less than the Maximum Credit Provider Rate; provided, that at no time shall the Credit Provider Rate per annum exceed the Maximum Credit Provider Rate.

Any Credit Facility obtained as provided herein shall cause the Bonds secured thereby to bear an investment grade rating from at least two nationally recognized rating services.

(e) Subsequent to the sale of any Bonds, any one or more of the Designated Officials shall file in the Office of the Secretary of the Board a notification of sale directed to the Board setting forth and include, as applicable, (i) the aggregate original principal amount of, maturity schedule, redemption provisions and interest rates for the Bonds sold; (ii) the specific Pledged State Aid Revenues securing

such Bonds; (iii) a schedule evidencing the Bonds sold pursuant to the 2004 Authorization; (iv) the principal amounts of the Bonds sold as Current Interest Bonds, Capital Appreciation Bonds, Convertible Bonds and Variable Rate Bonds, respectively; (v) in the case of Bonds sold as Capital Appreciation Bonds and Convertible Bonds (A) the Original Principal Amounts of and Yields to Maturity on the Capital Appreciation Bonds and Convertible Bonds being sold, and (B) a table of Compound Accreted Value per \$5,000 Maturity Amount for any Capital Appreciation Bonds and Convertible Bonds being sold, setting forth the Compound Accreted Value of each such Capital Appreciation Bond and Convertible Bonds on each semiannual compounding date; (vi) the interest rates on the Current Interest Bonds sold or, in the case of Variable Rate Bonds, a description of the method of determining the interest rate applicable to such Variable Rate Bonds from time-to-time; (vii) the terms and provisions for the conversion of the Compound Accrued Value of any Convertible Bonds issued hereunder into Current Interest Bonds; (viii) the application of the proceeds of such Bonds for the purposes and within the limitations set forth in paragraph (g) of this Section; (ix) the specific Pledged Taxes allocated to the payment of the principal and redemption price of and interest on such Bonds, as described in Section 3(d) hereof; (x) if a bond insurance policy is obtained as authorized herein, the identity of the Bond Insurer issuing the bond insurance policy and the premium and any fees required to be paid thereto; (xi) if a debt reserve credit facility is obtained as authorized herein, the identity of the Debt Reserve Credit Facility Provider issuing the debt reserve credit facility and any fees required to be paid thereto; (xii) if a Credit Facility is obtained as authorized herein, the identity of the Credit Provider issuing the Credit Facility, any fees required to be paid thereto and a copy of the Credit Agreement between the Board and such Credit Provider; (xiii) the identity of the Trustee designated pursuant to Section 2 hereto with respect to such Bonds; (xiv) if an escrow or other similar agreement is to be executed and delivered as authorized in Section 5 hereof, a copy of such agreement; and (xv) the identity of and the compensation paid to the Underwriters in connection with such sale.

In the event that the Designated Official executing such notification of sale determines that the Bonds have been sold in such principal amount or maturing or bearing interest so as to require the levy of taxes in any year less than the amount specified therefor in Section 3(a) hereof, then such Designated Official shall include, in the notification of sale described in this Section, the amount of reduction in the

amount levied in Section 3(a) hereof for each year resulting from such sale, and in addition, any one or more of the Designated Officials shall file in the respective offices of the County Clerks certificates of tax abatement for such years. In the case of Variable Rate Bonds, such amounts to be abated from taxes levied may be determined by reference to any projections of debt service on such Variable Rate Bonds provided to the Board at the time of the sale of the Bonds. No such reduction in the amounts levied in Section 3(a) hereof need be made nor must any certificate of tax abatement be filed as described in the preceding sentence until any one or more of the Designated Officials has determined that any amount so levied in Section 3(a) hereof will not be needed to secure the Bonds. Any certificate of abatement delivered pursuant to this paragraph shall refer to the amount of taxes levied pursuant to Section 3(a) hereof, shall indicate the amount of reduction in the amount of taxes levied by the Board resulting from the sale of the Bonds, which reduced amount is to be abated from such taxes, and shall further indicate the remainder of such taxes which is to be extended for collection by the County Clerks.

(f) The distribution of a Preliminary Official Statement relating to each sale of the Bonds (the "Preliminary Official Statement") in substantially the form used in previous financings of the Board, but with such changes as shall be approved by a Designated Official to reflect the terms of the Bonds proposed to be sold, is hereby in all respects, ratified, authorized and approved and shall be "deemed final" for purposes of Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15(c)2-12"), and the proposed use by the Underwriters of an Official Statement (in substantially the form of the Preliminary Official Statement but with appropriate variations, omissions and insertions to reflect the final terms of the Bonds being sold) is hereby approved. Each Designated Official is hereby authorized and directed to execute the Official Statement on behalf of the Board.

(g) The proceeds from the sale of the Bonds shall be applied to the payment of (i) a portion of the costs of the Project, (ii) such interest to become due on Current Interest Bonds or Variable Rate Bonds to and including March 1, 2006 or such earlier date as shall be determined by the Chief Financial Officer, and (iii) the payment of the expenses related to the issuance of the Bonds, including, without limitation, fees to be paid to Bond Insurers, Credit Providers or remarketing or other agents retained in connection with the issuance of Variable Rate Bonds, and such proceeds shall be applied as provided in

the respective Indenture. In addition and to the extent permitted by law, proceeds from the sale of such Bonds in the amount of not to exceed ten percent (10%) of the principal amount thereof may be deposited into a debt service reserve fund to be held under the Indenture upon the direction of the Chief Financial Officer if it is determined that the creation of such debt service reserve fund is necessary and required in connection with the sale of such Bonds. All of such proceeds are hereby appropriated for the purposes specified in this paragraph. Except as authorized by Board Rule or other Board action, the capital improvements comprising the Project and the capital improvement program approved by the Board on the date hereof (the "Program") shall not be amended or revised, additional capital improvements shall not be added to the Program, and capital improvements shall not be deleted from the Program.

(h) The Chief Financial Officer of the Board is hereby authorized to enter into or approve such agreements with investment providers as shall be necessary or advisable in connection with the investment of any funds on deposit under any Indenture, to the extent such investments are authorized under the terms of the Indenture and the Investment Policy of the Board, as in effect from time-to-time.

(i) Each Designated Official is hereby authorized to execute and deliver from time-to-time one or more agreements with counterparties selected by either of the Designated Officials, the purpose of which is to provide to the Board an interest rate basis, cash flow basis or other basis from that provided in the Bonds for the payment of interest. The stated aggregate notional amount under all such agreements authorized hereunder shall not exceed the principal amount of the Bonds issued hereunder (net of offsetting transactions entered into by the Board). Any such agreement to the extent practicable shall be in substantially the form of either the "Local Currency-Single Jurisdiction" version or the "Multicurrency-Cross Border" version of the current "ISDA Master Agreement" accompanied by the "U.S. Municipal Counterparty Schedule" published by the International Swap Dealers Association (the "ISDA") or any successor form to either published by the ISDA, and in the appropriate confirmations of transactions governed by that agreement, with such insertions, completions and modifications thereof as shall be approved by the appropriate Designated Official executing the same, such execution to constitute conclusive evidence of Board's approval of such insertions, completions and modifications thereof. Amounts payable by the Board under any such agreement shall (i) be payable solely and only from the sources actually pledged to the payment of the Bonds as described in Section 2(b) of this Resolution, or

(ii) constitute operating expenses of the Board payable from any moneys, revenues, receipts, income, assets or funds of the Board available for such purpose, as shall be determined by the Designated Official executing the same. Nothing contained in this Section 4(i) shall limit or restrict the authority of any officer of the Board to enter into such agreements pursuant to prior or subsequent authorization of the Board.

5. Escrow of Pledged Revenues. If deemed necessary and desirable to provide additional security for any Bonds, each of the Designated Officials is hereby authorized to execute and deliver on behalf of the Board, and the Secretary is authorized to attest, a form of escrow or other similar agreement with a bank, trust company or national banking association having the same qualifications as those set forth in Section 2(a) for a Trustee, reflecting the issuance of the Bonds and such segregation of 2004 Authorization Pledged State Aid Revenues and Pledged Taxes as the Designated Official executing such agreement shall deem appropriate.

6. Pledged Taxes Escrow Direction. Each of the Designated Officials is hereby authorized, pursuant to authority contained in Section 20-90 of the Property Tax Code of the State of Illinois, as amended, to execute a written direction to the County Collectors of The Counties of Cook and DuPage, Illinois (the "County Collectors") (i) to deposit the collections of the Pledged Taxes as and when extended for collection directly with such escrow agent designated pursuant to Section 5 hereof in order to secure the payment of the principal of and interest on the Bonds, and (ii) to the extent necessary, advising the County Collectors of the abatement of the Pledged Taxes. The Designated Officials are directed to file a certified copy of this Resolution with each of the County Collectors within ten (10) days of the passage hereof.

7. Tax-Exemption and Non-Arbitrage. Each of the Designated Officials is hereby authorized to take any other actions and to execute any other documents and certificates necessary to assure that the interest payments with respect to the Bonds are excludable from gross income for Federal income tax purposes, to assure that such Bonds do not constitute "private activity bonds," "hedge bonds" or "arbitrage bonds" under the Internal Revenue Code of 1986, as amended, and to effectuate the issuance and delivery of such Bonds, including, but not limited to, the execution and delivery of a Tax Agreement.

8. Continuing Disclosure Undertaking. Each of the Designated Officials is hereby authorized to execute and deliver one or more Continuing Disclosure Undertakings (each a "Continuing

Disclosure Undertaking") evidencing the Board's agreement to comply with the requirements of Section (b)(5) of Rule 15(c)2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as applicable to the Bonds. Notwithstanding any other provision of this Resolution or the Indenture, the sole remedies for any failure by the Board to comply with each Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order to cause the Board to comply with its obligations under such Continuing Disclosure Undertaking. The Continuing Disclosure Undertaking shall be in substantially the form used in previous financings of the Board, but with such changes therein as shall be approved by the Designated Official executing the same, with such execution to constitute conclusive evidence of such official's approval and this Board's approval of any changes or revisions therein from such form of Continuing Disclosure Undertaking.

9. Further Acts. Each of the Designated Officials are hereby authorized to execute and deliver such other documents and agreements and perform such other acts as may be necessary or desirable in connection with the Bonds, including, but not limited to, the exercise following the delivery date of the Bonds of any power or authority delegated to such official under this Resolution with respect to such Bonds upon original issuance, but subject to any limitations on or restrictions of such power or authority as herein set forth.

All actions of the Designated Officials that are in conformity with the purposes and intent of this Resolution are hereby in all respects ratified, approved, and confirmed.

10. Severability. The provisions of this Resolution are hereby declared to be severable; and if any section, phrase, or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases, or provisions.

11. Repealer and Effective Date. This Resolution is effective immediately upon its adoption.

STATE OF ILLINOIS
County of Cook

I, Estela G. Beltran, Secretary of the Board of Education of the City of Chicago, in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain, 04-1027-RS__ now on file in my office, 04-1027-RS__ -- RESOLUTION PROVIDING FOR THE ISSUE OF UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES) SERIES 2004C, UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES) SERIES 2004D AND UNLIMITED TAX GENERAL OBLIGATION BONDS (DEDICATED REVENUES) SERIES 2004E OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$250,000,000, FOR THE PURPOSE OF PAYING PART OF THE COST OF CERTAIN CAPITAL IMPROVEMENTS IN AND FOR SAID BOARD.

I DO FURTHER CERTIFY that the said 04-1027-RS__ was presented to and approved by the Board of Education of the City of Chicago at its regular meeting held on the 27th day of October 2004.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safekeeping and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Board of Education of the City of Chicago aforesaid at the City, in the County and State aforesaid, this ___ day of _____, 2004.

Secretary