

**RESOLUTION AUTHORIZING THE BOARD OF EDUCATION OF THE CITY OF
CHICAGO TO ENTER INTO DERIVATIVE CONTRACTS WITH RESPECT
TO GENERAL OBLIGATION BONDS OF THE 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 seven-member Chicago Board of Education, as successor to the Chicago School Reform Board of Trustees (the "*School Board*"); and

WHEREAS, Section 7 of the Bond Authorization Act, 30 ILCS 305/7, authorizes the Board, with respect to all or part of any currently outstanding or proposed issue of its bonds and without prior appropriation, to enter into agreements or contracts with any necessary or appropriate person (the counter party) that will have the benefit of providing to the Board: (i) an interest rate basis, cash flow basis or other basis different from that provided in the bonds for the payment of interest or (ii) with respect to a future delivery of bonds, one or more of a guaranteed interest rate, interest rate basis, cash flow basis or purchase price; and

WHEREAS, such agreements or contracts include without limitation agreements or contracts commonly known as interest rate swap, collar, cap or derivative agreements, forward payment conversion agreements, interest rate locks, forward bond purchase agreements, bond warrant agreements or bond purchase option agreements and also include agreements or contracts providing for payments based on levels of or changes in interest rates, including a change in an interest rate index, to exchange cash flows or a series of payments, or to hedge payment, rate spread or similar exposure (such agreements or contracts, collectively, being "*derivatives*"); and

WHEREAS, the Board hereby determines that it is in the best interests of the School District to facilitate the use by the Board of derivative contracts and to authorize the President of the Board and the Chief Financial Officer to enter into one or more derivative contracts (the "*Derivative Contracts*") with respect to its bonds in accordance with the provisions of Section 7 of the Bond Authorization Act;

NOW, THEREFORE, Be It Hereby Resolved by the Chicago Board of Education of the 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. *Authorization of Derivative Contracts.* Pursuant to Section 7 of the Bond Authorization Act, the Board is authorized to enter into one or more Derivative Contracts with one or more counter parties with respect to (i) any issue of its outstanding bonds; (ii) any issue of its bonds heretofore or hereafter proposed to be issued; and (iii) any issue of its bonds that is issued and outstanding subsequent to the effective date of this Resolution.

3. *Delegation to Designated Officials.* The President of the Board and the Chief Financial Officer of the Board (each a "Designated Official") are hereby authorized to enter into and execute one or more Derivative Contracts with one or more counter parties selected by a Designated Official. The authority delegated to the Designated Official pursuant to this Resolution shall expire on June 30, 2008.

4. *General Terms of Agreements.* Each Derivative Contract shall conform to all of the requirement of Section 7 of the Bond Authorization Act and any such Derivative Contract, 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.

5. *Source of Payments.* Payments made by the Board pursuant to a Derivative Contract may be made from any one or more payment sources permitted under Section 7 of the Bond Authorization Act as determined by a Designated Official and specified in the Derivative Contract (including any one or more of the payment sources pledged as security for the payment of the related bond issue) and such payment source or sources may be pledged or assigned as security for the payment of the Board's payment obligations under such Derivative Contract.

6. *Further Acts.* Each of the Designated Officials, together with any other official or officer authorized by the Board 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 this Resolution and any Derivative Contract.

7. *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.

8. *Repealer and Effective Date.* All resolutions or parts of resolutions in conflict herewith are, to the extent of such conflict, hereby repealed, provided, however, that nothing herein contained shall constitute a repeal or limitation upon any prior authority delegated to the Designated Officials, officials or officers of the Board concerning Derivative Contracts. This Resolution is effective immediately upon its adoption.