

**RESOLUTION ENABLING THE BOARD OF EDUCATION OF THE CITY OF CHICAGO
TO SECURE LIQUIDITY AND CREDIT SUPPORT FOR ITS VARIABLE RATE BONDS**

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; and

WHEREAS, pursuant to resolutions heretofore adopted by the Board (the "**Bond Resolutions**"), the Board has issued its alternate bonds, being general obligation bonds payable from any revenue source as provided in the Local Government Debt Reform Act of the State of Illinois, as amended (the "**Alternate Bonds**"); and

WHEREAS, certain of the Alternate Bonds have been issued bearing interest at variable rates and subject to optional and mandatory tender for purchase by the owners thereof (the "**Outstanding Variable Rate Bonds**"); and

WHEREAS, the Board expects to issue additional Alternate Bonds from time to time in the future pursuant to authorization existing under the Bond Resolutions, which additional Alternate Bonds may also be issued on a variable rate basis and subject to optional and mandatory tender for purchase (the "**Additional Variable Rate Bonds**" and, together with the Outstanding Variable Rate Bonds, the "**Variable Rate Bonds**"); and

WHEREAS, the Bond Resolutions generally authorize certain officers of the Board to (i) obtain letters of credit, lines of credit or other credit or liquidity facilities to support the payment of the purchase price of Variable Rate Bonds of a series tendered for purchase by the owners thereof and the payment of the principal of and interest on the Variable Rate Bonds of a series (each, a "**Credit Facility**"), from one or more banks, bond insurers or other financial institutions (each, a "**Credit Provider**") and (ii) execute and deliver on behalf of the Board a credit, reimbursement or similar agreement with a Credit Provider (each, a "**Credit Agreement**") providing for the issuance of the related 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 the related Variable Rate Bonds; and

WHEREAS, the Board has heretofore entered into and plans to enter into in the future, Credit Agreements for the purposes described above; and

WHEREAS, as a result of the recent and ongoing turmoil in the financial markets, the credit ratings of a number of Credit Providers have been downgraded, which has (i) adversely impacted the Board's ability to secure liquidity and credit enhancement in connection with the issuance of Additional Variable Rate Bonds and its ability to secure extensions of existing Credit Facilities, (ii) adversely impacted the marketability of Outstanding Variable Rate Bonds and (iii) caused significant increases in the interest rates borne by the Outstanding Variable Rate Bonds; and

WHEREAS, it is necessary for the Board to supplement the authorizations with respect to Credit Facilities and Credit Agreements contained in the Bond Resolutions in order to enable the President of the Board or the Chief Financial Officer of the Board (each, a "**Designated Official**") to covenant and agree to pay annual fees for the acquisition of Credit Facilities, whether in connection with (i) the issuance of Additional Variable Rate Bonds or (ii) an extension of an existing Credit Facility supporting Variable Rate Bonds, that will enable the Board to obtain Credit Facilities from Credit Providers of a credit quality sufficient to support the issuance of Additional Variable Rate Bonds, enhance the marketability of Variable Rate Bonds and reduce and stabilize interest rates required to be paid by the Board with respect to Variable Rate Bonds:

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. *Payment of Fees for Credit Enhancement or Liquidity Support.* The annual fee paid to any Credit Provider for the provision of a Credit Facility, whether in connection with (i) the issuance of Additional Variable Rate Bonds or (ii) an extension of an existing Credit Facility supporting Variable Rate Bonds, shall not exceed 3.00 percent of the amount available to be drawn or advanced under such Credit Facility. The Designated Officials are each authorized to negotiate (i) the acquisition of a Credit Facility in connection with the issuance of Additional Variable Rate Bonds or (ii) any extension, amendment or

replacement of an existing Credit Facility under the provisions of any of the Bond Resolutions, within the fee parameters set forth in this Section

3. *Further Acts.* Each of the Designated Officials, officials or officers of 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 order to effectuate any of the actions authorized pursuant to this Resolution.

All actions of the officials or officers of the Board that are in conformity with the purposes and intent of this Resolution are hereby in all respects ratified, approved, and confirmed.

4. *Additional Authority.* The authorizations granted to the Designated Officials by this Resolution are hereby deemed to be in addition to all authorizations granted by the terms of the Bond Resolutions and shall not be construed as a limitation on or repeal of any such authorization.

5. *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.

6. *Effective Date.* This Resolution is effective immediately upon its adoption.