

May 26, 2010

RESOLUTION AUTHORIZING PARTICIPATION WITH THE CITY OF CHICAGO AND THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION BONDS – MODERN SCHOOLS ACROSS CHICAGO PROGRAM, PHASE II INCLUDING NEGOTIATING, EXECUTING AND DELIVERING INTERGOVERNMENTAL AGREEMENTS WITH THE CITY OF CHICAGO AND THE PUBLIC BUILDING COMMISSION OF CHICAGO

WHEREAS, the Board of Education of the City of Chicago (the "Board") has the responsibility for maintaining the system of public education within the City of Chicago (the "City"), including, as needed, the development and construction of new schools in conjunction with the Public Building Commission of Chicago, an Illinois municipal corporation (the "Commission"), and the rehabilitation and renovation of existing schools; and

WHEREAS, in order to ensure that all students receive the highest quality education and that all communities have high quality education facilities, the Board is in the process of and will continue to construct new schools and renovate and rehabilitate existing schools to serve the needs of the community and the student populations; and

WHEREAS, the Board has heretofore identified certain elementary and high schools within the City as projects to be acquired, constructed, renovated and equipped as part of the Modern Schools Across Chicago Program, Phase II (the "Program"), a portion of which schools are identified in the hereinafter defined City – Board Intergovernmental Agreement; and

WHEREAS, by an Ordinance approved by the City Council of the City (the "City Council") at a meeting on December 13, 2006, appearing in the Journal of Proceedings of the City Council for such date, as amended by an Amended Substitute Ordinance approved by the City Council on May 12, 2010, appearing in the Journal of Proceedings of the City Council for such date (collectively, the "Bond Ordinance"), a copy of which is on file with the Secretary of the Board, the City Council has determined that it is necessary and in the best interests of the City that the City issue its General Obligation Bonds in multiple series at one or more times in an aggregate amount not to exceed \$800,000,000 (the "Bonds") for, but not limited to, among other matters, one or more of the following purposes:

(a) paying the cost of acquiring, designing, constructing or renovating the elementary and high school facilities and related improvements described in the Bond Ordinance and in the hereinafter defined City – Board Intergovernmental Agreement (the "Projects") for the use of the Board;

(b) paying and retiring certain outstanding Tax Increment Allocation Revenue Notes of the City (the "Prior Notes") previously issued by the City in favor of the Board to support the repayment of principal of, interest and, where appropriate, premium on certain general obligation bonds of the Board (the "Prior Board Obligations"), all as further described in the Bond Ordinance;

(c) paying the cost of any bond insurance policy or other credit enhancement facility, if any;

(d) paying a portion of interest to accrue on the Bonds; and

(e) paying expenses incurred in connection with the issuance of the Bonds, the refunding of the Prior Notes and the defeasance of the Prior Board Obligations; and

WHEREAS, the Projects are expected to be acquired, designed, constructed and renovated in distinct phases as agreed to between the City and the Board; and

WHEREAS, by the Bond Ordinance, the City Council has determined that the costs of acquiring, designing, construction and renovating the Projects to be paid from proceeds of the Bonds constitute "capital costs of a taxing district" within the meaning and for the purposes of the Illinois Tax Increment Allocation Redevelopment Act, as amended (the "Act") and that such costs are consistent with the City's program for

accomplishing the objectives of certain applicable redevelopment plans for certain Redevelopment Project Areas (as defined in the Bond Ordinance); and

WHEREAS, on January 30, 2007, the City issued and delivered \$356,005,000 of its General Obligation Bonds, Series 2007A-K (Modern Schools Across Chicago Program) (the "Series 2007 Bonds"), under the Bond Ordinance for the purpose of financing a portion of the Projects identified as Phase I in Exhibit B to the Bond Ordinance and paying and retiring the Prior Obligations; and

WHEREAS, the cost of refunding the Prior Notes and defeasing the Prior Board Obligations, paying the cost of the Projects and related expenses is estimated to be not less than \$800,000,000, and the City expects to pay a portion of such costs by borrowing money and issuing an additional series of bonds in the aggregate principal amount of not to exceed \$200,000,000 as may be approved by the City Council (the "Series 2010 Bonds"); and

WHEREAS, the City intends to make the proceeds of the Series 2010 Bonds available to the Board to finance the Projects, to refinance the Prior Board Obligations and pay certain related costs; and

WHEREAS, a portion of the acquisition of land for such Projects and the construction, rehabilitation and equipping of the Projects will be undertaken by the Board and a portion of the acquisition of land for such Projects and the construction, rehabilitation and equipping of the Projects will be undertaken by the Commission, all as directed in writing by the Board;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF EDUCATION OF THE CITY OF CHICAGO:

1. The President of the Board, the Chief Financial Officer of the Board and the Treasurer of the Board (each, an "Authorized Officer"), or a designee of any Authorized Officer, are each hereby directed and authorized to negotiate (through the office of the General Counsel of the Board) with the City and with the Commission, on behalf of the Board, one or more agreements, including, but not limited to, a Memorandum of Understanding by and between the Board and the Commission, and to take such other action as may be necessary to allow the Board (or the Commission on behalf of the Board) to receive the proceeds of the Series 2010 Bonds from the City and to apply such proceeds to acquire, construct, renovate and equip, as appropriate, the Projects and, to the extent available, to refinance or defease the Prior Board Obligations in connection with one or more of the Projects under the Program. Each agreement may provide for indemnification of the parties; and any agreement with the Commission will include reference to any contracts, agreements and provisions applicable to the Board in its construction contracts, including, but not limited to the Project Labor Agreement.

2. The President and each other Authorized Officer are authorized to execute and deliver to the City, an Intergovernmental Agreement between the City and the Board (the "City - Board Intergovernmental Agreement") in substantially the form filed with the Secretary of the Board in connection with the issuance of the Series 2007 Bonds and made a part hereof (together with such changes therein as shall be approved by the Authorized Officer (or a designee thereof) executing the same), with such execution to constitute conclusive evidence of such officer's approval and this Board's approval of any changes or revisions therein from the form of City - Board Intergovernmental Agreement on file with the Secretary of the Board. Each Authorized Officer (or a designee thereof) is further authorized to execute and deliver subsequent intergovernmental agreements on behalf of the Board, with respect to later bond issuances by the City in later phases under the Bond Ordinance, each such intergovernmental agreement to be in similar form to the agreement approved hereby, together with such changes therein as shall be deemed appropriate and as approved by the Authorized Officer (or a designee thereof) executing the same, with such execution to constitute conclusive evidence of such officer's approval and this Board's approval of any changes or revisions therein from the form of City - Board Intergovernmental Agreement so approved. The agreement referred to in this section may take the form of a separate agreement or an amendment to the existing City-Board Intergovernmental Agreement executed and delivered in connection with the Series 2007 Bonds.

3. The President and each other Authorized Officer are authorized to execute and deliver to the Commission, an Intergovernmental Agreement between the Board and the Commission (the "Board - Commission Intergovernmental Agreement") in substantially the form filed with the Secretary of the Board in connection with the issuance of the Series 2007 Bonds and made a part hereof (together with such changes therein as shall be approved by the Authorized Officer (or a designee thereof) executing the same), with such execution to constitute conclusive evidence of such officer's approval and this Board's approval of any changes or revisions therein from the form of Board - Commission Intergovernmental Agreement on file with the Secretary of the Board. Each Authorized Officer (or a designee thereof) is further authorized to execute and deliver subsequent intergovernmental agreements on behalf of the Board, with respect to later bond issuances by the City in later phases under the Bond Ordinance, each such intergovernmental agreement to be in similar form to the agreement approved hereby, together with such changes therein as shall be deemed appropriate and as approved by the Authorized Officer (or a designee thereof) executing the same, with such execution to constitute conclusive evidence of such officer's approval and this Board's approval of any changes or revisions therein from the form of Board - Commission Intergovernmental Agreement so approved. The agreement referred to in this section may take the form of a separate agreement or an amendment to the existing Board - Commission Intergovernmental Agreement executed and delivered in connection with the Series 2007 Bonds. In addition, each Authorized Officer is authorized to negotiate, execute and deliver other documents, including, but not limited to, a Memorandum of Understanding as to the acquisition, construction and/or rehabilitation of the Commission Projects, by and between the Board and the Commission. Any Memorandum of Understanding negotiated and agreed to between the Board and the Commission will be filed with the Secretary of the Board upon execution and such agreement will constitute the Memorandum of Agreement referenced as an Exhibit to the Board - Commission Intergovernmental Agreement.

4. The Secretary of the Board and each Assistant Secretary of the Board are hereby authorized to attest, on behalf of the Board, any signatures on any intergovernmental agreement or other document executed and delivered pursuant to this Resolution.

5. The Chief Financial Officer and the Treasurer of the Board, as appropriate, are each hereby authorized to accept, on behalf of the Board, any funds that the Board is entitled to receive pursuant to any intergovernmental agreement entered into pursuant to this Resolution, and the Director of the Office of Management and Budget is hereby directed to establish an appropriate budget classification for any funds so received. Upon receipt of any funds received pursuant to this Resolution, the Chief Financial Officer shall communicate to the Board the amount of funds received and the date the funds were received.

6. The President and each other Authorized Officer are hereby authorized to take such further action as may be necessary to implement the Program, to receive and apply the proceeds of the Bonds for the purposes specified in the Bond Ordinance, the City - Board Intergovernmental Agreement and the Board - Commission Intergovernmental Agreement, including, but not limited to, such action as may be necessary to preserve the tax-exempt status of the Bonds or the Prior Board Obligations.

7. The President and each other Authorized Officer are hereby authorized to take such further action as may be necessary to implement the Program or to achieve the purposes contemplated in the Bond Ordinance and this Resolution, including, but not limited to, (i) amending or renegotiating any outstanding intergovernmental agreements between or among the Board, the City and the Commission and (ii) entering into any other agreements (including escrow agreements) as may be necessary in connection with the defeasance or the redemption of the Prior Board Obligations.

8. This resolution is effective immediately upon its adoption.