

**RESOLUTION AUTHORIZING THE ISSUANCE OF A NOTE OF THE BOARD OF
EDUCATION OF THE CITY OF CHICAGO, ILLINOIS, IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$800,000,000 PURSUANT TO THE SCHOOL CODE**

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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 Board of Education of the City of Chicago, which School District is governed by the Chicago Board of Education (the "Board"); and

WHEREAS, the 2009 tax levy of the Board for educational and for building purposes (the "2009 Tax Levy") was \$1,864,500,000, and such levy has been filed in the manner provided by law with the County Clerk of the County of DuPage and the County Clerk of the County of Cook; and

WHEREAS, the 2010 tax levy of the Board for educational and for building purposes (the "2010 Tax Levy") is anticipated to be not less than \$1,864,500,000, and such levy is anticipated to be filed in the manner provided by law with the County Clerk of the County of DuPage and the County Clerk of the County of Cook; and

WHEREAS, receipt of the second installment of the 2009 Tax Levy will be delayed and may be significantly delayed, which, if said taxes are so delayed, will result in a decrease in cash on hand for the Board, due, in part, to delayed payments due and owing to the Board from the State of Illinois; and

WHEREAS, it is expected that further delays in payments due and owing to the Board from the State of Illinois will result in further decrease in cash on hand for the Board in fiscal year 2011; and

WHEREAS, pursuant to Section 34-23.5 of the School Code the Board is authorized to issue notes, bonds, or other obligations (and in connection with that issuance, establish a line of credit with a bank) in anticipation of the receipt of the taxes levied for educational and for building purposes; and

WHEREAS, the Board may authorize the issuance of notes, bonds, or other obligations in an amount not to exceed 85% of the second installment of the 2009 Tax Levy and the first installment of the 2010 Tax Levy; and

WHEREAS, no such notes, bonds, or other obligations have been issued in anticipation of the receipt of the 2009 Tax Levy or the 2010 Tax Levy for such purposes; and

WHEREAS, the Board has not issued tax anticipation warrants pursuant to Section 34-23 of the School Code; and

WHEREAS, the Board has not established a working cash fund pursuant to Sections 34-30 through 34-36 of the School Code.

NOW, THEREFORE, Be It and It is Hereby Resolved by the Chicago 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 the preambles to this resolution are full, true and correct and does incorporate them into this resolution by this reference.

2. Determination to Authorize and Provide for the Note. It is necessary and in the best interests of the Board and the residents of the School District for the Board to enter into the Note and the Line of Credit. The Note is hereby authorized, in an amount not to exceed \$800,000,000 and having a term ending in accordance with Section 5, below. It is hereby found and determined that the Note and the Line of Credit are in the best interests of the Board and the residents of the School District and that no person holding an office of the Board, either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or the name of any other person, association, trust or corporation, in the transactions contemplated by the Note and the Line of Credit.

3. Finding. The Board hereby determines it to be necessary to issue notes, bonds, or other obligations (and in connection with that issuance, establish a line of credit with a bank) in an amount not to exceed \$800,000,000 and to deposit the proceeds thereof in funds of the Board so that the moneys available in such funds will be sufficient to pay expenses expected to be incurred by the Board for educational and for building purposes prior to the receipt of taxes levied for such purposes.

4. Definitions. For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires and in addition to the terms defined in the preambles hereto, the terms defined in this Section shall have the meanings set forth below, and shall include the plural as well as the singular.

“Designated Officials” shall mean the President and the Chief Financial Officer of the Board.

"Line of Credit" shall mean a line of credit authorized under this Resolution and established with a bank for the benefit of the Board.

"Note" shall mean a promissory note of the Board authorized to be issued under this Resolution and to be paid to the order of a bank selected by the Board.

5. Authorization and Terms. The Note (and in connection there with the Line of Credit) is hereby authorized to be issued and established pursuant to the provisions of the School Code and other provisions of Illinois law to defray the necessary expenses and liabilities of the School District incurred for educational and building purposes prior to the receipt of taxes levied for such purposes, and for no other purpose. The Note shall be drawn against and in anticipation of the collection of the taxes levied for the year 2009 and the year 2010 for educational and building purposes. The Note shall be payable solely from such taxes when collected.

The Note shall be issued in an amount not in excess of \$800,000,000. Taxes comprising the 2009 Tax Levy and the 2010 Tax Levy are hereby assigned to the payment of the Note and such taxes, when collected, shall be set apart and held for the payment of the Note.

The Note shall be dated as of the date of delivery thereof (the *"Dated Date"*). All moneys borrowed pursuant to this Resolution shall be repaid exclusively from property tax revenues, and such payment shall be made, within 60 days after the property tax revenues have been received by the Board provided, however, either of the Designated Officials are hereby authorized to determine, at their discretion, to retire the borrowing by the making of partial payments or payment in full. The Note shall bear interest at a rate or rates as determined by either of the Designated Officials at the time of issuance of the Note, not to exceed the maximum rate authorized by the Bond Authorization Act, from the date of issuance until paid. The fees paid to any provider for the provision of a Line of Credit shall not exceed \$1,250,000.

6. Execution. The Note shall be executed on behalf of the Board with the manual or duly authorized facsimile signatures of the President and Secretary of the Board, all as such officers shall determine. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

7. Form of the Note. The Note shall be issued in a form approved by a Designated Official and the General Counsel of the Board.

8. Further Acts. Each of the Designated Officials, officials or officers of the Board are hereby authorized to execute and deliver such loan and security agreement, and such other documents and agreements and perform such other acts as may be necessary or desirable in connection with the Note and the Line of Credit, including, but not limited to, provisions relating to indemnification, and the exercise following the delivery date of the Note of any power or authority delegated to such official under this Resolution with respect to the Note, but subject to any limitations on or restrictions of such power or authority as herein set forth.

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.

9. 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.

10. Repealer and Effective Date. All Resolutions or parts of resolution in conflict herewith are, to the extent of such conflict, hereby repealed. This Resolution is effective immediately upon its adoption.