

January 23, 2019

**RESOLUTION REGARDING TRANSFER OF INTEREST AND INVESTMENT EARNINGS EARNED IN CALENDAR YEAR 2018 FROM TRUSTEED DEBT SERVICE FUNDS TO EDUCATIONAL FUND**

**WHEREAS**, 105 ILCS 5/34-29.2(a) requires the Board of Education of the City of Chicago (the "Board") to establish trustee debt service funds for its outstanding bonds, notes and lease rental obligations with the Public Building Commission of Chicago; and

**WHEREAS**, the Board, on March 12, 1980, adopted a resolution (the "Debt Service Fund Resolution") establishing these debt service funds and appointing Continental Illinois National Bank and Trust Company of Chicago (the "Continental Bank") as trustee; and

**WHEREAS**, on August 31, 1994, Bank of America Illinois became the successor trustee of the Board's debt service funds for the bonds, notes and lease rental obligations which had formerly been entrusted to Continental Bank; and

**WHEREAS**, on December 8, 1995, Bank of America Illinois sold its trust services to First Trust of Illinois, National Association; thereupon, First Trust of Illinois, National Association became the successor trustee (the "Trustee") of the Board's debt service funds for the bonds, notes, and lease rental obligations which had formerly been entrusted to Bank of America Illinois; First Trust of Illinois, National Association is now operating under the name U.S. Bank Trust, National Association; and

**WHEREAS**, the Debt Service Fund Resolution provides:

(a) that in January of each year, the Trustee shall notify the Board of the amount of interest and other investment earnings earned, through December 31 of the prior year, in each bond, note and lease account within the debt service funds; and

(b) that by February 1 of any year, the Board may, upon receiving such notification from the Trustee, withdraw interest or other investment earnings in the debt service funds and may use all amounts withdrawn for any lawful purpose of the Board; and

**WHEREAS**, the Board, on January 14, 1992, amended its Debt Service Resolution (92-0114-RS1) to provide that the Trustee can make a payment to the Board from the Lease Debt Service Fund account only if after making such payment there remains on deposit in the Lease Debt Service Fund account "an

amount sufficient to pay all principal and interest payments on the Lease for the full lease year (ending November 30) for which the payment is to be made . . . .”; and

**WHEREAS**, 105 ILCS 5/34-29.2 (d), provides that: “The board may from time to time withdraw from any such debt service fund, to the extent not prohibited by the resolution of the board authorizing issuance of such obligations, the amount of interest or other investment earnings in such funds but only to the extent that the total amounts in such fund after such withdrawal shall not be less than the requirements for that fund. Any other amounts deposited in any such debt service fund not required for payment of principal of or interest on any obligation because that payment has been made or provided for may be withdrawn by the board from the fund at any time, but only to the extent that the total amount in the fund after the withdrawal is not less than the requirements for that fund . . . . Any amounts so withdrawn by the board may be used for any lawful purpose of the board”; and

**WHEREAS**, the Trustee has notified the Board that the amount of interest and other investment earnings earned through December 31, 2018, in the debt service funds equal \$706,226.59 (the amounts earned in the Lease Debt Service Fund and in each of the Lease Accounts within the Fund are as set forth in Exhibit A to this Resolution).

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

1. Withdrawal of Interest Earnings from Lease Debt Service Fund. The Chief Financial Officer or Controller of the Board is authorized and directed to withdraw, by February 1, 2019, the interest and other investment earnings totaling \$706,226.59 earned through December 31, 2018, in the Lease Debt Service Fund (and in the various Lease Accounts within that Fund, as set forth in Exhibit A), provided that the withdrawal does not reduce the amount in any Lease Account in the Lease Debt Service Fund below the total of all deposits in that Lease Account made on or after January 1, 2019, and further provided that after said withdrawal, sufficient funds will remain in the account to pay all principal and interest payments for the current lease year (ending November 30).

2. Authorization of Transfer to Educational Fund. The Board authorizes the transfer of moneys withdrawn from the Lease Debt Service Fund, as provided by Sections 1 of this Resolution, to the Educational Fund.

3. Presentation to Trustee. The Chief Financial Officer or Controller of the board is authorized and directed to present a certified copy of this Resolution to the Trustee as soon as practicable.

4. Effectiveness. This Resolution is effective immediately upon its adoption.

**EXHIBIT A**

<u>PBC - Lease Fund</u>		<u>Amount</u>
Fund 512 (Legacy Fund 510)	PBC - Series "A" 1992	\$382.26
Fund 514 (Legacy Fund 546)	PBC - Series "A" 1993	\$264,776.03
Fund 516 (Legacy Fund 547)	PBC - Series "A" 1990	\$441,063.11
Fund 518 (Legacy Fund 548)	PBC - Series "B" 1990	\$5.18
Total Interest Earnings in Debt Service Funds		<u><u>\$706,226.59</u></u>