

**RESOLUTION SUPPLEMENTING PRIOR RESOLUTIONS PROVIDING FOR THE
ISSUANCE OF UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
(DEDICATED REVENUES) OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO**

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, the Board has previously issued its Unlimited Tax General Obligation Bonds (Dedicated Tax Revenues), Series 1997A, in the original aggregate principal amount of \$499,995,204.25 (the "Series 1997A Bonds"); and

WHEREAS, \$462,010,000 outstanding principal amount of the Series 1997A Bonds are current interest bonds subject to redemption at the option of the Board on any date on or after December 1, 2007 (the "Prior Bonds"); and

WHEREAS, the Board has determined that it is advisable, necessary and in the best interests of the Board and the residents of the School District to authorize the refunding of a portion of the Prior Bonds by the issuance of one or more additional series of its Unlimited Tax General Obligation Refunding Bonds (Dedicated Revenues) (the "Bonds") as alternate bonds under Section 15 of the Local Government Debt Reform Act of the State of Illinois (the "Act"); and

WHEREAS, pursuant to Resolution 05-0622-RS76 adopted by the School Board on June 22, 2005 (the "2005 Bond Resolution") the Board authorized the issuance of not to exceed \$110,000,000 aggregate principal amount of Bonds (the "2005 Resolution Bonds") for the purpose of refunding certain of the Prior Bonds; and

WHEREAS, pursuant to Resolution 06-0927-RS4, adopted by the School Board on September 27, 2006 (the "2006 Bond Resolution") the Board authorized the issuance of not to exceed \$185,000,000 aggregate principal amount of Bonds (the "2006 Resolution Bonds") for the purpose of refunding certain of the Prior Bonds; and

WHEREAS, the Board has determined that the 2005 Resolution Bonds will be payable from (i) the "2005 Pledged Revenues", being (a) those amounts allocated and paid to the Board from the Personal Property Replacement Tax Replacement Fund of the State of Illinois pursuant to Section 12 of the State Revenue Sharing Act of the State of Illinois, as amended, or from such successor or replacement fund or act as may be enacted in the future (the "Personal Property Replacement Tax Revenues") remaining after (x) any required allocation thereof to provide for the payment of those claims, currently for pension or retirement obligations, that are required to be paid from the Personal Property Replacement Tax Revenues prior to any other application or use thereof pursuant to Section 12 of said State Revenue Sharing Act, or such successor or replacement act as may be enacted in the future (the "Statutory Claims") and (y) any required allocation thereof to provide for the payment of Unlimited Tax General Obligation Bonds (Dedicated Tax Revenues), Series 1996, in the original aggregate principal amount of \$350,000,000, and Unlimited Tax General Obligation Bonds (Dedicated Tax Revenues), Series 1997, in the original aggregate principal amount of \$500,000,000, of the Board; (b) those amounts paid to the Board pursuant to an Intergovernmental Agreement (the "Intergovernmental Agreement") dated as of October 1, 1997, by and between the Board and the City of Chicago (the "Intergovernmental Agreement Revenues") and (c) the State Aid Payments made available to the Board in any year pursuant to Section 18 of the School Code, or any such successor or replacement act as may be enacted in the future (the "State Aid Revenues") and (ii) the "2005 Pledged Taxes" being the ad valorem taxes levied or to be levied against all the taxable property in the School District, without limitation as to rate or amount, pursuant to Section 3 of the 2005 Bond Resolution, for the purpose of providing funds in addition to the 2005 Pledged Revenues, to pay the principal of and interest on the 2005 Resolution Bonds; and

WHEREAS, the Board has determined that the 2006 Resolution Bonds will be payable from (i) the "2006 Pledged Revenues", being (a) Personal Property Replacement Tax Revenues remaining after (x) any required allocation thereof to provide for the payment of Statutory Claims and (y) any required allocation thereof to provide for the payment of Unlimited Tax General Obligation Bonds (Dedicated Tax Revenues), Series 1996, in the original aggregate principal amount of \$350,000,000, and Unlimited Tax General Obligation Bonds (Dedicated Tax Revenues), Series 1997, in the original aggregate principal amount of \$500,000,000, of the Board; (b) Intergovernmental Agreement Revenues and (c) not more than \$125,000,000 of State Aid Revenues and (ii) the "2006 Pledged Taxes" being the ad valorem taxes levied or to be levied against all the taxable property in the School District, without limitation as to rate or amount, pursuant to Section 3 of the 2005 Bond Resolution, for the purpose of providing funds in addition to the 2006 Pledged Revenues, to pay the principal of and interest on the 2006 Resolution Bonds; and

WHEREAS, the Personal Property Replacement Tax Revenues, the Intergovernmental Agreement Revenues and the State Aid Revenues each constitute a "Governmental Revenue Source" as defined in Section 3 of the Act; and

WHEREAS, pursuant to Section 15 of the Act, and pursuant to the requirements of the 2005 Bond Resolution and the 2006 Bond Resolution it is necessary for the School Board to adopt this resolution to permit the issuance of the 2005 Resolution Bonds and the 2006 Resolution 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:

Section 1. Incorporation of Preambles. The preambles of this Resolution are hereby incorporated into this text as if set out herein in full.

Section 2. Sufficiency of Pledged Revenues.

(a) The most recent audit of the Board prepared by McGladrey & Pullen, LLP, which audit is for the fiscal year ended June 30, 2006 (the "2006 Audit") has been presented to and accepted by the Board. The 2006 Audit is on file with the Secretary of the Board (the "Secretary").

(b) Based on a report presented to this meeting and on file with the Secretary, the Board determines that the 2005 Pledged Revenues will provide in each year an amount not less than 1.25 times debt service on the 2005 Resolution Bonds and all other outstanding alternate bonds to be paid from such 2005 Pledged Revenues.

(c) Based on a report presented to this meeting and on file with the Secretary, the Board determines that the 2006 Pledged Revenues will provide in each year an amount not less than 1.25 times debt service on the 2006 Resolution Bonds and all other alternate bonds to be paid from such 2006 Pledged Revenues.

(d) The determinations made in paragraphs (b) and (c) of this Section are supported by the 2006 Audit and are made, in part, on the basis of Section 15(c)-1 of the Act, which authorizes the Board to project debt service on alternate bonds issued as variable rate bonds in the manner therein specified.

(e) Acceptance of the 2006 Audit by the Board is conclusive evidence that the conditions of Section 15 of the Act have been met as to the 2005 Resolution Bonds and the 2006 Resolution Bonds.

Section 3. Supplemental Resolution. This Resolution supplements the 2005 Bond Resolution and the 2006 Bond Resolution.

Section 4. 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.

Section 5. Repealer and Effective Date. This Resolution is effective immediately upon its adoption.