

# LIMITED OFFERING MEMORANDUM

NEW ISSUE - BOOK ENTRY ONLY

NOT RATED

On January 11, 2018 and February 16, 2018, Ice Miller LLP, Chicago, Illinois and Pugh, Jones & Johnson, P.C., Chicago, Illinois, ("Co-Bond Counsel") issued their respective approving opinions which stated that, subject to compliance by the Board with certain covenants, under law existing on the date of issuance of such opinions, interest on the Series 2017F Notes and Series 2017H Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Notes is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

## BOARD OF EDUCATION OF THE CITY OF CHICAGO

\$147,365,000

Educational Purposes

Tax Anticipation Notes, Series 2017F

\$105,270,000

Educational Purposes

Tax Anticipation Notes, Series 2017H



The \$147,365,000 Educational Purposes Tax Anticipation Notes, Series 2017F (the "Series 2017F Notes") and the \$105,270,000 Educational Purposes Tax Anticipation Notes, Series 2017H (the "Series 2017H Notes" and collectively with the Series 2017F Notes, the "Notes") are being issued by the Board of Education of the City of Chicago (the "Board") under a Master Trust Indenture dated as of September 1, 2017 (the "Master Indenture"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "Trustee"), as supplemented by a Sixth Supplemental Indenture, dated as of January 1, 2018, with respect to the Series 2017F Notes (the "Sixth Supplemental Indenture"), and by an Eighth Supplemental Indenture, dated as of February 1, 2018, with respect to the Series 2017H Notes (the "Eighth Supplemental Indenture" and collectively with the Sixth Supplemental Indenture, the "Supplemental Indentures" and each a "Supplemental Indenture"), each between the Board and the Trustee (the Master Indenture as so supplemented by the Supplemental Indentures is hereinafter referred to as the "Indenture").

The Notes will be issued in Authorized Denominations (as defined in the Indenture), will be fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). The Master Indenture provides for the issuance of Tax Anticipation Notes ("Notes"), including the Notes and Additional Notes. Additional Notes means any Series of Tax Anticipation Notes entitled to the benefits of the Master Indenture and delivered pursuant to a supplemental indenture authorized thereby. DTC will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their interests in the Notes purchased. Principal of and interest on the Notes will be paid by the Trustee to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Notes will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See "THE NOTES – Book-Entry-Only System."

The proceeds of each series of the Notes will be used, together with certain funds legally available to the Board, to pay ordinary and necessary expenditures for educational purposes.

The Notes are limited obligations of the Board and are payable solely from the receipts derived from the collection of the annual tax levied by the Board upon all taxable property in the hereinafter defined School District for educational purposes for the year 2017 (the "Pledged Taxes"), to the extent such money has not been released to the Board free and clear of the lien of the Indenture pursuant to the terms thereof (the "Pledged Tax Receipts"), provided, however, such Pledged Tax Receipts shall not include any tax revenue paid or payable to the Board in connection with the establishment or existence of a transit facility improvement area pursuant to Section 8 of the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, as amended. The pledge of Pledged Tax Receipts with respect to the Notes is on a parity with the pledge thereof securing the payment of other Notes (as defined in the Indenture) of the Board. Neither the full faith and credit nor the taxing power of the Board is pledged to the payment of the principal of or interest on the Notes. The Notes are also payable from all funds, accounts and sub-accounts established as security for such Notes pursuant to the Indenture. See "SECURITY FOR THE NOTES."

THE INITIAL PURCHASER OF THE NOTES OFFERED HEREBY BY ITS PURCHASE WILL HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS TO THE BOARD AS SET FORTH IN THE "FORM OF INVESTOR LETTER" ATTACHED AS EXHIBIT B TO EACH SUPPLEMENTAL INDENTURE, RESPECTIVELY, INCLUDING, WITHOUT LIMITATION, A REPRESENTATION THAT SUCH PURCHASER IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A PROMULGATED UNDER THE 1933 ACT, OR (B) AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501 OF REGULATION D UNDER THE 1933 ACT, AND, AS SUCH, IS ABLE TO BEAR THE ECONOMIC RISKS OF SUCH INVESTMENT IN THE NOTES AND THAT SUCH PURCHASER HAS MADE ITS OWN INQUIRY AND ANALYSIS WITH RESPECT TO THE BOARD, THE NOTES AND THE SECURITY THEREFOR. THE INITIAL PURCHASER FURTHER UNDERSTANDS THAT, IN CERTAIN CIRCUMSTANCES, IT MAY BE REQUIRED TO HOLD THE NOTES UNTIL THE MATURITY THEREOF.

The Notes have been offered, issued and received by Barclays Capital Inc. (the "Initial Purchaser"), subject to the delivery of the approving legal opinions of Co-Bond Counsel. Certain legal matters have been passed upon in connection with the issuance of the Notes for the Board by its First Deputy General Counsel, Douglas Henning, its Co-Issuer's Counsel, Katten Muchin Rosenman LLP, Chicago, Illinois and Burke Burns & Pinelli, Ltd., Chicago, Illinois, and Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois and Charity & Associates, P.C., Chicago, Illinois, as Co-Disclosure Counsel to the Board. The issuance of the Series 2017F Notes and the Series 2017H Notes has occurred, and their delivery has been made through the facilities of DTC in New York, New York, on January 11, 2018 and February 16, 2018, respectively.

Dated: February 27, 2018.

**\$147,365,000 Educational Purposes Tax Anticipation Notes, Series 2017F**

**\$105,270,000 Educational Purposes Tax Anticipation Notes, Series 2017H**

<b><u>Series</u></b>	<b><u>Closing Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Maturity</u></b> <sup>(1)</sup>	<b><u>Initial Purchaser</u></b>	<b><u>Interest Rate</u></b> <sup>(2)</sup>	<b><u>CUSIP* Number</u></b>
2017F	January 11, 2018	\$147,365,000	The earlier of (i) December 14, 2018 or (ii) the 60 <sup>th</sup> day following the Tax Penalty Date.	Barclays Capital Inc.	Variable Rate	167505 TS5
2017H	February 16, 2018	\$105,270,000	The earlier of (i) December 14, 2018 or (ii) the 60 <sup>th</sup> day following the Tax Penalty Date.	Barclays Capital Inc.	Variable Rate	167505 TV8

<sup>(1)</sup> See "THE NOTES – General."

<sup>(2)</sup> See "THE NOTES – Interest on the Notes."

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## **REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM**

This Limited Offering Memorandum is being furnished by the Board only to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “**1933 Act**”) and “accredited investors” as defined in Rule 501 of Regulation D under the 1933 Act solely for the purpose of each investor’s consideration of the purchase of the Notes described herein, and is not to be used for any other purpose or made available to anyone not directly concerned with the decision regarding such purchase. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized by the Board or the Initial Purchaser to give any information or to make any representation with respect to the Notes, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum is neither an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Notes offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the Board and include information from other sources that the Board believes to be reliable. Such information is not guaranteed as to accuracy, fairness or completeness, and is not to be construed as a representation by the Initial Purchaser. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date hereof. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Notes.

This Limited Offering Memorandum should be considered in its entirety. All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof and all references to the Notes are further qualified by reference to the information with respect thereto contained in the Indenture for the Notes. A copy of the Indenture (including the forms of Note and Investor Letter) is attached hereto.

The information contained herein is provided as of the date hereof and the Board has no obligation to update such information.

**THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATING AUTHORITY. THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

**THE NOTES HAVE RISK CHARACTERISTICS WHICH REQUIRE CAREFUL ANALYSIS AND CONSIDERATION BEFORE A DECISION TO PURCHASE IS MADE. THE NOTES SHOULD BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND RISKS OF THE NOTES. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS LIMITED OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE BOARD, ITS OFFICERS AND EMPLOYEES OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS INVESTMENT OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO FINANCIAL, LEGAL AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN.**

There can be no guarantee that there will be a market for the Notes or, if a market exists, that it would continue to exist or that the Notes could in any event be sold for any particular price.

THE INITIAL PURCHASER OF THE NOTES OFFERED HEREBY BY ITS PURCHASE WILL HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS TO THE BOARD AS SET FORTH IN THE "FORM OF INVESTOR LETTER" ATTACHED AS EXHIBIT B TO EACH SUPPLEMENTAL INDENTURE, INCLUDING, WITHOUT LIMITATION, A REPRESENTATION THAT SUCH PURCHASER IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A PROMULGATED UNDER THE 1933 ACT, OR (B) AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501 OF REGULATION D UNDER THE 1933 ACT, AND, AS SUCH, IS ABLE TO BEAR THE ECONOMIC RISKS OF SUCH INVESTMENT IN THE NOTES AND THAT SUCH PURCHASER HAS MADE ITS OWN INQUIRY AND ANALYSIS WITH RESPECT TO THE BOARD, THE NOTES AND THE SECURITY THEREFOR. THE INITIAL PURCHASER FURTHER UNDERSTANDS THAT, IN CERTAIN CIRCUMSTANCES, IT MAY BE REQUIRED TO HOLD THE NOTES UNTIL THE MATURITY THEREOF.

THIS LIMITED OFFERING MEMORANDUM SPEAKS AS OF THE DATE HEREOF AND THE BOARD IS UNDER NO OBLIGATION TO REVISE OR SUPPLEMENT ANY OF THE INFORMATION CONTAINED HEREIN WITH RESPECT TO ANY FACTS OR CIRCUMSTANCES THAT MAY HEREAFTER OCCUR.

**BOARD OF EDUCATION OF  
THE CITY OF CHICAGO**

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## BOARD OF EDUCATION OF THE CITY OF CHICAGO

**\$147,365,000**  
**Educational Purposes**  
**Tax Anticipation Notes, Series 2017F**

**\$105,270,000**  
**Educational Purposes**  
**Tax Anticipation Notes, Series 2017H**

### INTRODUCTION

#### General

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover page and the Appendices hereto, is to set forth information in connection with the offering and sale by the Board of Education of the City of Chicago (the “**Board**” or “**CPS**”) of its \$147,365,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017F (referred to herein as the “**Series 2017F Notes**”) and its \$105,270,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017H (the “**Series 2017H Notes**” and with the Series 2017F Notes, the “**Notes**”). The Series 2017F Notes and the Series 2017H Notes were issued and delivered by the Board on January 11, 2018 and February 16, 2018, respectively. On January 11, 2018, all of the Series 2017F Notes were purchased by Barclays Capital Inc., New York, New York (the “**Initial Purchaser**”), at the price of \$147,365,000. On February 16, 2018, all of the Series 2017H Notes were purchased by the Initial Purchaser at the price of \$105,270,000. All capitalized terms used in this Limited Offering Memorandum and not otherwise defined in the body of this Limited Offering Memorandum have the same meanings as assigned thereto in the Indenture (as defined below) which is attached hereto as **APPENDIX A – “Master Indenture and Supplemental Indentures.”**

#### Authorization

The Notes are being issued pursuant to (i) the School Code of the State of Illinois, as amended, and the Local Government Debt Reform Act of the State of Illinois, as amended; (ii) Resolution 17-0828-RS5 of the Board adopted on August 28, 2017 (the “**Note Resolution**”); and (iii) the terms of a Master Trust Indenture dated as of September 1, 2017 (the “**Master Indenture**”), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the “**Trustee**”), as supplemented by a Sixth Supplemental Indenture dated as of January 1, 2018, with respect to the Series 2017F Notes (the “**Sixth Supplemental Indenture**”), and by an Eighth Supplemental Indenture dated as of February 1, 2018, with respect to the Series 2017H Notes (the “**Eighth Supplemental Indenture**” collectively with the Sixth Supplemental Indenture, the “**Supplemental Indentures**” and each a “**Supplemental Indenture**”), each between the Board and the Trustee (the Master Indenture as so supplemented by the Supplemental Indentures is hereinafter referred to as the “**Indenture**”).

The Note Resolution authorizes the Board to enter into one or more lending or note purchase agreements to enable the Board to borrow money in anticipation of the tax revenue to be derived from the 2017 tax levy of the Board for educational purposes, and to issue and have outstanding tax anticipation notes (the “**Tax Anticipation Notes**”) in anticipation of such tax revenue in an aggregate principal amount outstanding from time to time of not to exceed \$1,550,000,000 (such notes evidencing the Board’s obligations under such agreements).

The proceeds of each series of the Notes will be used to pay ordinary and necessary expenditures for educational purposes.



## Limitations on Issuance of Tax Anticipation Notes

The Note Resolution authorizes the issuance by the Board of not to exceed \$1,550,000,000 in aggregate principal amount of Tax Anticipation Notes in anticipation of the collection of the 2017 tax levy of the Board for educational purposes. Such Tax Anticipation Notes are to be issued in accordance with the provisions of Section 34-23.5 of the School Code and the Local Government Debt Reform Act of the State of Illinois.

Pursuant to the Indenture, the Board shall have the right to continue to issue additional Tax Anticipation Notes ("**Additional Notes**") payable from all or any portion of the Pledged Taxes (as defined herein), and any such Additional Notes shall share ratably and equally in the Pledged Tax Receipts (as defined herein) with the Notes; *provided, however*, that (i) the Board shall not issue any other obligations secured by Pledged Tax Receipts while any Notes are outstanding; (ii) no Additional Notes shall be issued later than the 15th day next following the Tax Penalty Date (as defined in the Master Indenture); and (iii) no Additional Notes shall be issued if, as of the time immediately following the issuance of such Additional Notes, the aggregate principal amount of all outstanding obligations secured by Pledged Tax Receipts, including all outstanding Tax Anticipation Notes, would exceed the lesser of (1) \$1,550,000,000 on or before April 2, 2018, or \$950,000,000 on or after April 3, 2018, and (2) eighty percent (80%) of the taxes levied by the Board for the 2017 tax levy year for educational purposes and then uncollected (the "**Uncollected Pledged Taxes**").

As of March 1, 2018, the Board will have outstanding Tax Anticipation Notes in the aggregate principal amount of \$847,265,000. \$247,265,000 in aggregate principal amount of the outstanding Tax Anticipation Notes will mature on or prior to April 2, 2018. The Tax Anticipation Notes outstanding are comprised of its \$38,610,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017A-1, its \$23,315,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017A-2, its \$82,490,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017B, its \$82,310,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017C, its \$10,425,000 Educational Purposes Tax Anticipation Note, Series 2017D-1, its \$2,870,000 Educational Purposes Tax Anticipation Note, Series 2017D-2, its \$6,150,000 Educational Purposes Tax Anticipation Note, Series 2017D-3, its \$775,000 Educational Purposes Tax Anticipation Note, Series 2017D-4, its \$175,000 Educational Purposes Tax Anticipation Note, Series 2017D-5, its \$325,000 Educational Purposes Tax Anticipation Note, Series 2017D-6, its \$202,635,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017E, its Series 2017F Notes, its \$144,730,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017G and its Series 2017H Notes.

## SECURITY FOR THE NOTES

### Notes Are Limited Obligations of the Board

The Notes are limited obligations of the Board and are payable solely from the receipts derived from the collection of the annual tax levied by the Board upon all taxable property in the hereinafter defined School District for educational purposes for the year 2017 (the "**Pledged Taxes**"), to the extent such money has not been released to the Board free and clear of the lien of the Indenture pursuant to the terms thereof (the "**Pledged Tax Receipts**"), provided, however, such Pledged Tax Receipts shall not include any tax revenue paid or payable to the Board in connection with the establishment or existence of a transit facility improvement area pursuant to Section 8 of the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, as amended, (the "**Omitted Tax Receipts**"). The pledge of Pledged Tax Receipts with respect to the Notes is on a parity with the pledge thereof securing the payment of other Tax Anticipation Notes of the Board. Neither the full faith and credit nor the taxing power of the Board is pledged to the payment of the principal of or interest on the Notes. The Pledged

Taxes have been levied in the amount of \$2,442,751,701. In addition to the Pledged Tax Receipts, the Indenture pledges and grants a lien as security for the Notes on all funds, accounts and sub-accounts maintained under the Indenture and any other monies that the Board deposits under the Indenture for such purpose. The Board may hereafter authorize and issue “Additional Notes” as provided in the Indenture. The Notes are not the obligations of the City of Chicago, the State of Illinois (the “**State**”) or any other political subdivision of the State (other than the Board). The Supplemental Indentures may not be amended or modified without the written consent of the Board, the Trustee and the Initial Purchaser. See **APPENDIX A – “Master Indenture and Supplemental Indentures.”**

### **Source of Payment for the Notes – Pledged Taxes**

The Board has directed the County Collectors to deposit all collections of the Pledged Taxes directly with ZB, National Association dba Zions Bank, as escrow agent, for application in accordance with the provisions of the Tax Escrow Agreement. The Board has covenanted with holders of the Notes that, as long as any of the Notes remain Outstanding, the Board will not modify or amend such direction or the terms of the Tax Escrow Agreement, except for such modifications or amendments as may be necessitated by changes in State law, procedures, rules or regulations thereunder with respect to the collection and distribution of ad valorem property taxes; provided, that no such modification or amendment shall provide for the deposit with the Escrow Agent of less than all of the Pledged Taxes. See **APPENDIX B – “Tax Escrow Agreement.”**

## **THE NOTES**

### **General**

The Notes initially are registered through a book-entry-only system operated by The Depository Trust Company, New York, New York (“**DTC**”). Details of payments of the Notes and the book-entry-only system are described below under the subcaption “– **Book-Entry-Only System.**” Except as described under the subcaption “– **Book-Entry-Only System**” below, beneficial owners of the Notes will not receive or have the right to receive physical delivery of the Notes, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC “*Participant*” (as defined below), the Participant who will act on behalf of such beneficial owner to receive notices and payments of principal, redemption price of, premium, if any, and interest on the Notes, and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner’s Participant, to evidence its beneficial ownership of the Notes. So long as DTC or its nominee is the registered owner of the Notes, references herein to Noteholders or registered owners of such Notes mean DTC or its nominee and do not mean the beneficial owners of such Notes.

The Notes shall be issued only in fully registered form without coupons and shall be dated the date of their respective issuance. The Notes shall mature on the earlier of (i) December 14, 2018, or (ii) the 60<sup>th</sup> day following the Tax Penalty Date, as defined herein (the “**Maturity Date**”). The Notes shall be issued in Authorized Denominations as defined in the Indenture. See **APPENDIX A – “Master Indenture and Sixth Supplemental Indenture.”**

### **Payments on the Notes**

Upon issuance, each Note shall bear interest from its date and shall be computed on the basis of the actual number of days elapsed over a 360-day year (actual/360). Principal and interest on each Note shall be payable on the earliest of its (i) Maturity Date, (ii) Interest Payment Date, (iii) Purchase Date or (iii) Redemption Date. Upon issuance, the Note shall bear interest from its date at the rate per annum equal to the Variable Rate. The Calculation Agent shall determine the Variable Rate on each Variable

Rate Determination Date to become effective on the immediately succeeding Rate Reset Date (except that the initial Variable Rate Determination Date and the initial Rate Reset Date shall both be the date of issuance of the Notes), and interest shall accrue at such rate for each day during the period commencing on, and including, the related Rate Reset Date to, but excluding, the next succeeding Rate Reset Date. Under circumstances specified in the Indenture, the Notes may bear interest at a Taxable Rate or a Default Rate. See “**APPENDIX A – Master Indenture and Sixth Supplemental Indenture.**”

**"Calculation Agent"** means, initially, ZB, National Association dba Zions Bank, and thereafter any other Calculation Agent designated from time to time by the Board, with the approval of the then Owners of not less than a majority in principal amount of the Outstanding Notes, which approval shall not be unreasonably withheld.

**"Default Rate"** means 9% per annum.

**"Interest Payment Date"** means mean September 17, 2018, the Maturity Date, any Redemption Date and any Purchase Date.

**"London Banking Day"** means any day on which commercial banks are open for general business, including dealings in U.S. dollars and foreign exchange and foreign currency, in London, England.

**"Maturity Date"** means the earlier of (i) December 14, 2018 or (ii) the 60th day following the Tax Penalty Date.

**"Maximum Interest Rate"** means, with respect to any of the Notes for which an Event of Taxability has not occurred, 9.00% per annum, and with respect to any of the Notes for which an Event of Taxability has occurred, 13.5% per annum.

**"Purchase Date"** means the date any Notes are purchased pursuant to the Indenture.

**"Rate Reset Date"** means the date of issuance of the Notes and, thereafter, the first Business Day of each calendar month.

**"Redemption Date"** means the date any Notes are redeemed pursuant to the Indenture.

**"Taxable Rate"** means an interest rate per annum at all times equal to the product of the Variable Rate then in effect multiplied by the Taxable Rate Factor, but in no case shall such rate exceed the Maximum Interest Rate.

**"Taxable Rate Factor"** means for each day that the Taxable Rate is determined, the quotient of (i) one divided by (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

**"Variable Rate"** means, upon the date of issuance of the Notes and thereafter, the per annum variable interest rate borne by the Notes, equal to the lesser of: (i) the sum of (A) the product of (I) 0.70 multiplied by (II) the LIBOR Rate, as determined on each Variable Rate Determination Date for effect on the next succeeding Rate Reset Date (except that the initial Variable Rate Determination Date and the initial Rate Reset Date shall both be the date of issuance of the Notes), plus (B) 3.30%; and (ii) the Maximum Interest Rate.

**"Variable Rate Determination Date"** means the date of issuance of the Notes and thereafter, the second London Banking Day immediately preceding the first Business Day of each calendar month.

## **Redemption Provisions**

Optional Redemption. (A) The Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day occurring on or after July 15, 2018, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date and without premium. Any redemption of less than all of the Notes Outstanding shall be made in such a manner that all Notes Outstanding after such redemption are in Authorized Denominations and any redemption funded from Pledged Tax Receipts shall be made on a pro rata basis among all Outstanding Notes.

(B) The Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination), on any Business Day occurring on or after the Purchaser has provided the Board and the Trustee with notice of the occurrence of an Event of Default, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date and without premium. Any redemption of less than all of the Notes Outstanding shall be made in such a manner that all Notes Outstanding after such redemption are in Authorized Denominations and redemptions funded from Pledged Tax Receipts shall be made on a pro rata basis among all Outstanding Notes.

(C) The Notes may be called for redemption by the Trustee pursuant to the Indenture, upon receipt by the Trustee at least 25 days prior to the Redemption Date (or such shorter period as shall be acceptable to the Trustee) of a written request of the Board requesting such redemption.

Redemption at the Election or Direction of the Board. In the case of any redemption of Notes at the election or direction of the Board, the Board shall give written notice to the Trustee of its election or direction so to redeem, of the date fixed for redemption, and of the principal amounts of the Notes to be redeemed. Such notice shall be given at least 25 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in the Indenture, there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Government Obligations maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Notes to be redeemed on the specified redemption date at their Redemption Price plus interest accrued and unpaid to the date fixed for redemption. Such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the Notes so called for redemption.

Redemption Procedures. If less than all the Notes shall be called for redemption under any provision of the Supplemental Indenture permitting or requiring such partial redemption and such redemption is funded from Pledged Tax Receipts, the Notes or portions thereof to be redeemed shall be redeemed on a pro rata basis among all Outstanding Notes, and the portion of any such Note to be redeemed shall be in a principal amount equal to an Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by the Note is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Owner of such Notes may surrender such Notes to the Trustee for (a) payment to such Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Owner of a new Note or new Notes in the aggregate principal amount of the unredeemed balance of the principal amount of such Note. If any such Notes are surrendered, new Notes representing the unredeemed balance of the principal amount of such Notes shall be issued to the Owner thereof without charge therefor. If all of the Notes are held in book-entry only form, the particular Notes or portions thereof to be redeemed shall be selected by DTC in such manner as DTC shall determine, provided, however, that in no event shall any redemption result in unredeemed Notes of a denomination less than the minimum Authorized Denomination.

Notice of Redemption. For a description of the giving of notices while the Notes are in the book-entry-only system, see “— **Book-Entry-Only System**” below. Except as otherwise provided in the Indenture, a copy of the notice of the call for any redemption identifying the Notes to be redeemed shall be given by first class mail, postage prepaid, or by facsimile transmission, not less than twenty (20) days prior to the date fixed for redemption. Such notice shall specify the Notes to be redeemed, the Redemption Date, the redemption price, the place and manner of payment, and that from the Redemption Date interest will cease to accrue on the Notes which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard.

In addition to the requirements of the Indenture, notice of the redemption of Notes or any portion thereof identifying the Notes or portions thereof to be redeemed shall specify (i) the Series designation and certificate numbers of Notes being redeemed, (ii) the principal amount of Notes being redeemed and the redeemed amount for each certificate (for partial calls), (iii) the Redemption Date, and (iv) the redemption price.

The failure of the Trustee to give notice in the manner prescribed in the Indenture with respect to any Note, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Note with respect to which notice was properly given.

If any Note is transferred or exchanged on the note register after notice has been given calling such Note for redemption, the Trustee will attach a copy of such notice to the Note issued in connection with such transfer or exchange.

### **Payment of Redeemed Notes**

Notice having been given in the manner provided in the Indenture, the Notes or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof at any place specified in such notice, the Notes, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Note and if the Owner thereof elects to surrender such Note, the Board shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Note, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Note so surrendered, a fully registered Note of like maturity and interest rate in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Notes or portions thereof, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Notes or portions thereof of such maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Notes or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

### **Purchase of Notes for Cancellation**

The Board, acting through an Authorized Officer, reserves the right to direct the Trustee to cause the purchase for immediate cancellation on any Business Day (but solely after July 15, 2018) of any Notes or beneficial interests therein from any Owner or Beneficial Owner of any such Notes agreeing at its sole discretion to sell such Notes or beneficial interests therein. Each such purchase (i) shall be made in Authorized Denominations, (ii) shall be made in a principal amount of \$5,000,000 or greater and (iii) if

made using Pledged Tax Receipts, shall be purchased on a pro rata basis among all Outstanding Notes, if an Event of Default has occurred. Such direction from the Board shall be evidenced by a written notice delivered to the Trustee not later than the third Business Day preceding the Purchase Date (i) directing the Trustee to cause DTC to process such purchase of Notes or beneficial interests therein and (ii) stating the principal amount of and purchase price for such Notes or beneficial interests therein to be so purchased and the Purchase Date. Any such purchase shall be at a price of not more than par plus accrued interest to the Purchase Date and shall be made from funds on deposit in the Debt Service Fund. Upon such purchase, the Notes or beneficial interests therein shall be immediately cancelled and shall no longer be deemed to be Outstanding for purposes of the Indenture. On the date fixed for purchase pursuant to the exercise of such option, the Board shall pay or cause to be paid the purchase price of the Notes then being purchased to the Trustee in immediately available funds not later than 10:00 a.m. Chicago Time on the purchase date, and the Trustee shall pay the same to such Owners against delivery thereof.

### **Note Registration and Transfers**

For a description of the procedure to transfer ownership of a Note of any series while in the book-entry-only system, see “– **Book-Entry-Only System**” below. The Initial Purchaser has executed and delivered an Investor Letter. Each subsequent transferee or purchaser of the Notes, or any beneficial interest therein, shall be (a) a "qualified institutional buyer", as defined in Rule 144A promulgated under the Securities Act of 1933 (a "*QIB*") or (b) an "accredited investor", as defined in Rule 501 of Regulation D under the Securities Act of 1933, or (c) a special purpose arrangement established by the Initial Purchaser or an affiliate of the Initial Purchaser such as a tender option trust or similar vehicle and whose members are QIBs or accredited investors. No sale or transfer of any Note shall be made to an “accredited investor” unless in conjunction therewith such “accredited investor” shall execute, and shall deliver to the selling or transferring owner and to the Board, an investor letter substantially in the Form of Investor Letter attached as Exhibit B to each Supplemental Indenture as of the date of such transfer or purchase. See **APPENDIX A – “Master Indenture and Sixth Supplemental Indenture.”**

### **Book-Entry-Only System**

The following information concerning The Depository Trust Company, New York, New York (“**DTC**”), has been furnished by DTC for use in this Limited Offering Memorandum. Neither the Board nor the Initial Purchaser are responsible for its accuracy or completeness.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each series of the Notes in the aggregate principal amount of the issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “*banking organization*” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “*clearing corporation*” within the meaning of the New York Uniform Commercial Code, and a “*clearing agency*” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “**Exchange Act**”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation

("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and together with Direct Participants, a "**Participant**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "**SEC**"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued. See "**THE NOTES - General**."

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee under the Indenture securing such Notes and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuing/Paying Agent General Operating Procedures ("**MMI Procedures**"). Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to

credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or its Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*," and will be the responsibility of such Participant and not of DTC, the Board or the Trustee, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board, or the Trustee under the Indenture securing such bonds, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Board or the Trustee under the Indenture securing such Notes. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates are required to be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

NEITHER THE BOARD NOR THE TRUSTEE UNDER THE INDENTURE SECURING THE NOTES HAS ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE NOTES; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

EACH PURCHASER OF THE NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS TO THE BOARD AS SET FORTH IN "FORM OF INVESTOR LETTER" ATTACHED AS EXHIBIT B TO EACH SUPPLEMENTAL INDENTURE, INCLUDING, WITHOUT LIMITATION, A REPRESENTATION THAT SUCH PURCHASER IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A PROMULGATED UNDER THE 1933 ACT, OR (B) AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501 OF REGULATION D UNDER THE 1933 ACT, AND, AS SUCH, IS ABLE TO BEAR THE ECONOMIC RISKS OF SUCH INVESTMENT IN THE NOTES AND THAT SUCH PURCHASER HAS MADE ITS OWN INQUIRY AND ANALYSIS WITH RESPECT TO THE BOARD, THE NOTES AND THE SECURITY THEREFOR. THE PURCHASER FURTHER UNDERSTANDS THAT, IN CERTAIN CIRCUMSTANCES, IT MAY BE REQUIRED TO HOLD THE NOTES UNTIL THE MATURITY THEREOF.



## INVESTMENT CONSIDERATIONS

*In evaluating an investment in the Notes, prospective purchasers should carefully consider the statements set forth under this heading "INVESTMENT CONSIDERATIONS", as well as all other information contained in or incorporated by reference into this Limited Offering Memorandum, including the Appendices hereto and additional information in the form of the complete documents summarized or incorporated by reference herein and in the Appendices hereto, copies of which are available as described herein. The risks and uncertainties described below and elsewhere in this Limited Offering Memorandum (or in documents incorporated by reference into this Limited Offering Memorandum) could materially and adversely affect the Board's financial position, liquidity and ability to make payments in respect of the Notes.*

*There may be other investment considerations that are not presently foreseen by the Board, or that the Board does not currently consider material, including risks that an investor may consider material to its decision to invest in the Notes. Moreover, the investment consideration discussed under this heading, and other considerations not described under this heading, could lead to a decrease in the market value and the liquidity of the Notes.*

Units of local government, such as the Board, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit the Board to be a debtor in a bankruptcy proceeding. However, from time to time, legislation has been introduced in the Illinois General Assembly which, if enacted, would permit Illinois units of local government to be a debtor in bankruptcy under the U.S. Bankruptcy Code. From time to time, legislation has been introduced in the General Assembly to that effect. The Board cannot predict whether any such legislation will be enacted that would permit units of local government, such as the Board, to be a debtor in bankruptcy. Notwithstanding the foregoing, if the Board were authorized by State law to become a debtor in bankruptcy and were to become a debtor in a proceeding under Chapter 9 of the U.S. Bankruptcy Code, it is possible that the application of the Pledged Taxes to pay the Notes could be stayed during the proceeding, and that the terms of the Notes, the Note Resolution, the Supplemental Indenture or the Master Indenture (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the requirements of the U.S. Bankruptcy Code.

The Board has experienced budget deficits, rating declines and borrowings for cash flow and liquidity. Set forth below, in no particular order of importance or priority, are some, but not necessarily all, of the possible factors that may impact the Board's financial condition and could lead to a bankruptcy of the Board.

Structural Deficit, Cash Flow and Liquidity. The Board has experienced structural operating deficits for the past five Fiscal Years that have ranged from approximately \$500 to \$1,100 million annually, which have been mitigated by the use of non-recurring revenue, expenditure of operating reserves, debt restructuring to extend maturities, short-term borrowings, and reduction of operating expenses. The Board's financial outlook for Fiscal Years 2018 and beyond is improved based in part on the increased State funding and authorized Pension Property Tax provided by Public Act 100-465 ("P.A. 100-465"). The Board's ongoing financial outlook will continue to be determined by factors such as labor, pension and debt service costs as well as the ability of the Board to raise revenues and reduce certain expenditures.

Certain factors that control a substantial portion of the operating revenues and the operating expenses of the Board are largely outside of its control, limiting the ability of the Board to adjust its expenses in relation to its revenues. The liquidity position of the Board's operating funds has deteriorated during recent Fiscal Years primarily as a result of operating expenses consistently exceeding operating revenues and the Board's use of its operating reserve funds to fund the shortfalls. The Board's operating fund balance has declined over recent Fiscal Years from approximately \$1.2 billion at the beginning of Fiscal Year 2015 to a negative \$275.2 million by year end Fiscal Year 2017. With its operating reserve funds depleted, the Board has addressed its negative cash flow position largely through short-term borrowing. See "CASH FLOW AND LIQUIDITY." The Board's available revenues to address its current structural budget deficit are largely dependent on State funding and operating expense reductions, and, to the extent such actions are not sufficient, additional borrowing. State Aid Revenues and federal revenues make up a substantial portion of the available operating revenues of the Board and are largely outside of its control.

Unfunded Pensions and Required Statutory Contributions. Pension payments have been and are expected to continue to be a significant budget pressure for the Board. The Pension Code requires certain statutorily-mandated contributions by the Board to the Retirement Funds for each Fiscal Year, as well as required contributions by employees and the State (the "Statutory Contributions"). The Board has historically paid its Statutory Contribution on the last day of its Fiscal Year. As of June 30, 2017 the Funded Ratio of the Pension Fund was 50.1% and the Unfunded Actuarial Accrued Liability was approximately \$10.9 billion. To the extent that the funded ratio of the Pension Fund continues to decline, this would contribute to increased required Statutory Contributions by the Board and put further pressure on the Board's annual operating budgets. The Board's required Statutory Contributions to the Pension Fund are projected to increase annually through 2059 (the actuarial projection period). In addition, the Pension Fund's actuaries, from time to time, may change the assumptions that are the basis of their actuarial valuations, including mortality rates and investment returns, and such changes may result in increased required Statutory Contributions of the Board.

Local, City and State Economy. The financial health of the Board is in part dependent on the strength of the local economy, which in turn is a component of the City and State economy. Many factors affect all of the economies, including rates of employment and economic growth and the level of residential and commercial development. Actions of local governments, the City and the State may also have an economic impact to the extent such actions foster or impede economic growth and development. The State has experienced and continues to experience a structural deficit and pension obligations that result annually in significant shortfalls between the State's general fund revenues and spending demands. There can be no certainty as to if or when the State will resolve its structural deficit. The State's inability to adopt a budget for Fiscal Years 2016 and 2017 resulted in economic uncertainty and disruptions in the distribution of State revenues and the payment of State contracts. The City has experienced structural deficits in recent years. As part of its process to address such ongoing structural budget deficits, the City adopted a substantial increase in property taxes that began in Tax Year 2015 and will continue through Tax Year 2018. In addition, the City may increase property taxes in the future to address budget needs and the City is not currently subject to the PTELL limit on property tax increases. In addition, financial difficulties experienced by the State, the City and other Overlapping Taxing Districts may place stress on the same sources of revenue from which the Board derives the funds for its operations and debt service. It is not possible to predict whether any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur or to quantify what impact such changes would have on the finances of the Board.

## **BOARD OF EDUCATION OF THE CITY OF CHICAGO**

### **General**

The Board is a body politic and corporate of the State of Illinois. The Board is established under and governed by the School Code and is a non-home rule unit of government. The Board maintains a system of public schools within its boundaries (the “**School District**”) for pre-kindergarten through grade twelve and is the third largest school district in the nation.

The School District has boundaries coterminous with the boundaries of the City of Chicago. Chicago has a population of approximately 2.7 million. The City, located on the shores of Lake Michigan in the Midwestern United States, has a large and diverse economy that contributed to a gross regional product of more than \$651 billion in 2016. Trade, transportation and utilities, government, education and health service and professional and business services are among the Chicago region’s largest industry sectors. The City’s Chicago O’Hare International Airport is ranked sixth worldwide and third in the United States in 2016 in terms of total passengers. Chicago’s transportation and distribution network offers access to air, rail, and water, with two ports capable of handling ocean-going ships and barges, and an airport system that moves 1.75 million tons of freight, mail, and goods annually.

### **Governing Body**

The seven-member Board currently serves as the governing body of the School District. The members serve four-year terms and are appointed by the Mayor. The appointments do not require approval of the City Council. In addition to its Board, elected local school councils, composed of parents, teachers, principals and community representatives, exercise certain powers relating to the operation of individual schools in the public school system, including selection of principals.

Mayor Rahm Emanuel took office on May 16, 2011 and subsequently appointed an entirely new Board to govern the School District. Mayor Emanuel was elected to a second four-year term as Mayor in April 2015 and subsequently appointed five new members to the Board following his re-election.

Under the School Code, the Board is responsible for approving the annual budget, approving contracts (including collective bargaining agreements), levying real property taxes and establishing general policies of the Board. The Board has one vacancy and the current members of the Board are as follows:

Frank M. Clark is President of the Chicago Board of Education and was appointed to the Board by Mayor Rahm Emanuel and began serving on July 23, 2015. Mr. Clark was elected President of the Chicago Board of Education on August 26, 2015. Mr. Clark is the retired Chairman and CEO of ComEd. Mr. Clark is heavily involved in the Chicago community, serving on the board of trustees of DePaul University, the Museum of Science and Industry, and the board of directors of the Big Shoulders Fund. Mr. Clark is past Chairman of the Executive Committee of The Chicago Community Trust, trustee of The Lincoln Academy of Illinois, and a member of the RAND Corporation JIE Advisory Board. Mr. Clark also serves as President of the Business Leadership Council and is a Life Trustee and past Board Chair of the Adler Planetarium and Astronomy Museum, past Chairman of the Board of Metropolitan Family Services, past Chairman of the Board of Jane Addams Hull House, and past President of the Chicago Chapter of American Association of Blacks in Energy. Mr. Clark is also a member of the Chicago Bar Association, the Commercial Club of Chicago and Executives Club of Chicago. Mr. Clark is a co-founder of the Rowe-Clark Math & Science Academy on Chicago’s west side. He serves on the board of directors for Aetna Inc. and Waste Management Inc., where he chairs the compensation committee. Mr. Clark is a recipient of the Order of Lincoln Award. He received an honorary Doctor of Humane Letters degree from Governor’s State University and an honorary Doctor of Law degree from DePaul University.

He also has received numerous awards, including the prestigious History Makers Award and the National Humanitarian Award from the National Conference for Community and Justice. In addition, U.S. Black Engineer & Information Technology Magazine named Mr. Clark to its annual list of the 100 Most Important Blacks in Technology in 2008. Mr. Clark was also ranked among the 50 Most Powerful Black Executives in America by Fortune magazine in 2002. Mr. Clark holds Bachelor's and Juris Doctor Degrees from DePaul University.

Jaime Guzman was appointed to the Chicago Board of Education by Mayor Rahm Emanuel and began serving on January 11, 2016. Mr. Guzman was elected Vice President of the Board on January 27, 2016. Mr. Guzman leads Chicago Youth Opportunity Programs for the Obama Foundation, including initiatives of the My Brother's Keeper Alliance (MBKA). MBKA is an independent, nonpartisan 501(c)(3) born out of President Obama's call to action to ensure all of our nation's young people have the opportunity to live up to their full potential. MBKA is leading a collaborative, cross-sectoral movement to break down barriers to success that boys and young men of color (BYMOC) disproportionately face along the life path. He has nearly 20 years of experience at the intersection of the public, private and nonprofit sectors. Mr. Guzman has held senior positions at the Taproot Foundation as Executive Director; the Big Shoulders Fund, as the Senior Director of Outreach, managing next generation board leadership and targeted fundraising; at the City Colleges of Chicago, as Chief Advisor to the Board of Trustees; and at the Chicago Public Schools, where he led the Office of New Schools, managing the authorization of new public schools. Mr. Guzman began his career as a bilingual teacher with Teach For America and also worked as a Chicago Public School teacher at Kanoon Magnet School. Mr. Guzman has also served in senior roles with national public service organizations. He was the Regional Director for Education at the National Council of La Raza (NCLR) and Program Director for Teach For America in Chicago. Mr. Guzman holds a Bachelor's degree from Dartmouth College and a Master's degree in Education from Harvard University. He was a 2012 Leadership Greater Chicago fellow, and also served on the Illinois State Charter School Commission.

Mark F. Furlong was appointed to the Chicago Board of Education by Mayor Rahm Emanuel and began serving on July 1, 2015. Mr. Furlong retired as President and Chief Executive Officer of BMO Harris Bank, N.A. on June 1, 2015, following a lengthy career in business and public service. Mr. Furlong became President and Chief Executive Officer of BMO Harris Bank upon the close of the acquisition of Marshall & Ilsley Corporation by BMO Financial Group in 2011. Headquartered in Chicago, BMO Harris Bank, N.A. is one of North America's leading financial services providers serving personal and commercial customers throughout the Midwest, Arizona and Florida. Mr. Furlong joined Marshall & Ilsley Corporation in 2001 as Senior Vice President and Chief Financial Officer. He was elected President of Marshall & Ilsley Bank in 2004, President of Marshall & Ilsley Corporation in 2005, Chief Executive Officer in 2007 and Chairman in 2010. Prior to joining M&I, Mr. Furlong was Executive Vice President, Chief Financial Officer, of Old Kent Financial Corp., First Vice President, Corporate Development, for H. F. Ahmanson & Company, was a partner for Deloitte & Touche, and manager for KPMG. Mr. Furlong is a Chair of Chicago United, a member of the Board of Directors of Kforce Professional Staffing, Northwestern Memorial Hospital, and World Business Chicago. He recently stepped down from his role as founding Chair of LEAP Innovations, and as a member of the Trustees Committee of the Chicago Community Trust, Neighborhood Housing Services of Chicago, and the Civic Committee of the Commercial Club of Chicago. Mr. Furlong has previously served on the Board of Directors of the United Way of Greater Milwaukee, the Wisconsin Manufacturers and Commerce, Froedtert Health, the United Performing Arts Fund, Junior Achievement of Wisconsin, where he served as Chair from 2007-2009, and Schools that Can Milwaukee, of which he is the founding and immediate past Chair. Mr. Furlong earned a bachelor's of science degree in accounting from Southern Illinois University.

Alejandra Garza was appointed to the Chicago Board of Education by Mayor Rahm Emanuel and began serving on January 12, 2018. Alejandra (Alex) Garza is founder and owner of AGG Consulting, a

successful strategic consulting firm that provides services to businesses and non-profits. Dedicated to helping organizations connect with all their stakeholders, Alex has built a distinguished career working in both the corporate and the non-profit world providing her with a unique understanding of how to create and implement successful business and marketing strategies in both sectors. Alex has been a leader in Chicago's Latino immigrant community serving in various capacities with Instituto del Progreso Latino (Instituto). During her twenty years serving Instituto, Alex held many key leadership positions on the Instituto Board including Board President, Treasurer, Governance Committee Chair and Interim President & CEO. While under her leadership, Instituto established new strategic direction including launching flagship programs such as Carreras en Salud, and the Instituto Health Sciences Career Academy, as well as strengthening the organization's brand and impact in the community and nationally. In addition, Alex also serves on the Metropolitan Planning Commission's Sustainable Growth Committee, Sinai Health Systems Board, University of Chicago, Booth School of Business' Civic Scholar Committee and University of Illinois at Chicago, Liberal Arts & Science, Board of Visitors. Ms. Garza has been featured in Latina Style, Hispanic Business Magazine, VOXXI New Media, Diversity Journal and NegociosNow.

Alex received a Bachelor of Arts in psychology from University of Illinois at Chicago, a Master of Business Administration from the University of Chicago and a certificate in Non-Profit Governance from Harvard's Business School Executive Program.

Dr. Mahalia Hines was appointed to the Chicago Board of Education in May of 2011 by Mayor Rahm Emanuel. She is currently the CEO of Think COMMON Entertainment, President of the COMMON Ground Foundation and Hip Hop Schoolhouse Publishing Company. Dr. Hines has worked in the educational field for more than 35 years as a teacher and principal. During her 15 year stint as a principal she serviced grade levels from elementary through high school in the Chicagoland area. Dr. Hines also worked as a coach for first-year principals, a mentor for current principals and prospective principals in Chicago and other parts of the country. Dr. Hines continues to work with school leaders of public and charter schools in urban areas throughout the country in order to develop effective school leaders who will guide others to provide the best possible education for the children least likely to receive it. In addition to working with schools and school leaders, she travels the country speaking to single mothers on raising successful sons. Dr. Hines received her doctorate from the University of Illinois, Masters from Northeastern University and bachelor's degree from Central State University.

Gail D. Ward was appointed to the Chicago Board of Education in June of 2015 by Mayor Rahm Emanuel. Ms. Ward has been a teacher and a principal at the elementary and high school levels in a distinguished 30-year career at Chicago Public Schools. Ms. Ward was the founding principal at Walter Payton College Prep, one of the City's most accomplished selective enrollment high schools. Ms. Ward served in that role for seven years, a period when Payton ranked first in the State in mathematics three consecutive years and placed second in Illinois in overall student performance. Ms. Ward won the Outstanding Principal School Leadership Award in 1999. As principal of Agassiz Elementary School, a time when 40% of the school's students had severe and profound special education needs, Ms. Ward led the school to remarkable gains in ISAT testing and overall student enrollment. In November 2006, Ms. Ward was named Chief Officer of the CPS Office of Principal Preparation and Development ("OPPD"). While at OPPD, Ms. Ward helped the department expand its partnerships with universities and foundations, streamlined the eligibility process for new hires, and piloted a coaching program for new principals to ensure that CPS principals had the appropriate preparation and support to become effective school leaders. Ms. Ward has worked extensively with cultural institutions and universities to create projects that are national and international in scope. Ms. Ward is a frequent traveler and has visited schools in Africa, China, Europe, India and the Middle East. Retired since 2008, Ms. Ward is currently a trustee on the board of the Chicago History Museum.

There is currently one vacancy on the Board due to the resignation of Fr. Michael J. Garanzini, S.J., effective July 31, 2017. This position remains unfilled.

The members of the Board have been appointed to serve terms ending as follows:

<b><u>Member</u></b>	<b><u>Term Expires</u></b>
Frank M. Clark, President .....	June 30, 2018
Jaime Guzman, Vice President.....	June 30, 2018
Mark F. Furlong .....	June 30, 2019
Dr. Mahalia A. Hines .....	June 30, 2018
Gail D. Ward .....	June 30, 2019
Alejandra Garza .....	June 30, 2019
Vacancy.....	June 30, 2019

At the expiration of the term of each member, the Mayor shall appoint a successor for a four-year term from July 1 of the year in which the term commences. Any vacancy shall be filled by appointment of the Mayor for the unexpired term. The Board elects annually from its members a president and vice-president in such manner as the Board determines.

**Overlapping Entities**

There are six major units of local government located in whole or in part within the boundaries of the School District governed by the Board, each of which (i) is separately incorporated under the laws of the State, (ii) has an independent tax levy, (iii) derives its power and authority under the laws of the State, (iv) maintains its own financial records and accounts and (v) is authorized to issue debt obligations. These units are: the City; the Chicago Park District; Community College District Number 508; Cook County; the Forest Preserve District of Cook County; and the Metropolitan Water Reclamation District of Greater Chicago. Each of the foregoing governmental units levies taxes upon property located in the School District, and, in some cases, in other parts of Cook County as well. Information about these other units of local government is set forth below.

**Major Units of Government**

**The City of Chicago** (referred to herein as, the “City” or the “City of Chicago”) is a home rule unit of government under the Illinois Constitution and was incorporated in 1837. The City is governed by a Mayor, elected at-large for a four-year term, and the City Council (the “City Council”). The City Council consists of 50 aldermen (“Aldermen”), each representing one of the City’s 50 wards. Aldermen are elected for four-year terms.

**The Chicago Park District** (the “Park District”) is responsible for the maintenance and operation of parks, boulevards, marinas and certain other public property within the City. The Park District is governed by a seven-member board, appointed by the Mayor with the approval of the City Council.

**Community College District Number 508** (the “Community College District”) maintains a system of community colleges within the City. The Community College District is governed by a seven-member board, appointed by the Mayor with the approval of the City Council.

**The County of Cook, Illinois** (the “County”) is a home rule unit of government under the Illinois Constitution, and includes virtually all of the City, plus numerous surrounding suburbs and unincorporated areas. The County is governed by a board of 17 Commissioners, each elected for four-

year terms from one of 17 districts (the “**County Board**”). The voters of the entire County elect a number of County Officials, including the President of the Board of Commissioners, the County Sheriff, the County Assessor, the County Clerk, the State’s Attorney and the County Treasurer.

**The Forest Preserve District of Cook County** (the “**Forest Preserve District**”) is coterminous with the County. The Forest Preserve District creates, maintains and operates forest preserves within the County. The Forest Preserve District is governed by a seventeen-member board composed of the members of the County Board.

**The Metropolitan Water Reclamation District of Greater Chicago** (the “**Water Reclamation District**”) includes virtually all of the City and most of the County. The Water Reclamation District constructs, maintains and operates sewage treatment plants and certain sanitary sewers and constructs and maintains drainage outlets. The Water Reclamation District is governed by a nine-member board elected at-large by the voters of the Water Reclamation District.

### **Interrelationships of These Bodies**

The governmental units and other public bodies described above, share in varying degrees a common property tax base with the Board. See “**BOARD OF EDUCATION OF THE CITY OF CHICAGO – Outstanding Debt Obligations – Board’s Overlapping Debt Schedule.**” However, they are all separate legal and financial units, and the financial condition or circumstances of any one unit does not necessarily imply similar financial conditions or circumstances for the Board.

### **Other Public Bodies**

Other governmental bodies in the Board’s geographical boundaries are described below. These governmental bodies are authorized to issue debt obligations, but are not authorized to levy real property taxes.

**The Public Building Commission of Chicago** (the “**PBC**”) is a municipal corporation authorized to acquire, construct and improve public buildings and facilities for use by one or more of the local governmental units. The PBC issues bonds to finance its various projects and then leases its facilities to certain governmental units, including the Board.

**The Chicago Transit Authority** (the “**CTA**”) is a municipal corporation empowered to acquire, construct, own, operate and maintain a transportation system in the City and portions of the County. The CTA is governed by a seven-member board. The CTA may not levy real property or other taxes.

**The Regional Transportation Authority** (the “**RTA**”) is a municipal corporation authorized to provide planning, funding, coordination and fiscal oversight of three separately governed operating entities which provide public mass transportation services in a six-county area of northeastern Illinois, including Cook County. The RTA is governed by a 16-member board, consisting of City and suburban members appointed by elected officials in the six-county RTA region. The RTA may not levy real property taxes.

**The Metropolitan Pier and Exposition Authority** (the “**MPEA**”), formerly known as the Metropolitan Fair and Exposition Authority, is a municipal corporation which owns the McCormick Place convention and exposition facilities and Navy Pier. MPEA is authorized to impose certain taxes primarily to provide security for the payment of its bonds. The MPEA may not levy real property taxes.

## Property Tax Collections

Property taxes are collected by the County Collector, who remits to each unit of local government its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill calculated at 55% of the prior year's tax extension. The second installment is for the balance of the current year's tax extension, and is based on the current levy, assessed value and Equalization Factor (as defined in **APPENDIX D – THE REAL PROPERTY TAX SYSTEM**) and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

The following table sets forth the second installment penalty date for the tax years 2007 to 2016; the first installment penalty date has been March 1, 2 or 3 for all years.

### Second Installment

<b>Tax Year</b>	<b>Penalty Date</b>
2007	November 3, 2008
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	November 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017

The County may provide for tax bills to be payable in four installments instead of two. The County has not determined to require payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit not less than weekly.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on the year's Warrant Books (the "**Annual Tax Sale**"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue interest at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus an additional penalty fee calculated from the penalty bid at sale times a certain multiplier based on each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes, interest and certain other costs to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale, except that a different penalty rate may apply depending on the length of the redemption period.



A scavenger sale (the “**Scavenger Sale**”), like the Annual Tax Sale, is a sale of unpaid taxes. A Scavenger Sale must be held, at a minimum, every two years on all property in which taxes are delinquent for two or more years. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years depending upon the type and occupancy of the property.

The annual appropriation ordinance of the Board has a provision for an allowance for uncollectible taxes for debt service. The Board reviews this provision annually to determine whether adjustments are appropriate. For tax year 2016, collectible in 2017, the allowance for uncollectible taxes is approximately 3.5 percent of the estimated gross tax levy. For financial reporting purposes, uncollected taxes are written off by the Board after four years, but are fully reserved after one year.

## **CHICAGO PUBLIC SCHOOLS**

### **School System and Enrollment**

The following table presents the number of schools and the enrollment for the Board for Fiscal Years 2013 through 2018 (estimated). Enrollment has declined since 2013, with one driver of this enrollment change being a decades-long decline in the number of children born in the City. The Board’s Fall 2017 (occurring in Fiscal Year 2018) school enrollment was estimated at 371,382 students and reflects a 9,967 student decrease (approximately negative 2.61%) from the Fall 2016 school enrollment based on numerous factors including, but not limited to, a decline in the birth rate, and migration of students to private schools and suburban districts. Declines in enrollment may continue and may be greater than historical trends.

**Chicago Board of Education  
Number of Schools and School Enrollment**

Number of Schools	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Year 2018 (estimated)</u>
Elementary <sup>(1)</sup>	468	422	426	425	423	422
Special <sup>(4)</sup>	12	5	-	-	-	-
High School	98	109	121	122	113	108
Vocational/Technical <sup>(4)</sup>	8	-	-	-	-	-
Charter Schools	95	126	131	129	134	131
Kindergarten to H.S. <sup>(3)(4)</sup>	-	5	-	-	-	-
Total Schools	<u>681</u>	<u>667</u>	<u>678</u>	<u>676</u>	<u>670</u>	<u>661</u>
<b>School Enrollment <sup>(2)</sup></b>						
Elementary <sup>(1)</sup>	261,638	254,864	251,554	247,487	238,793	230,718
Special <sup>(4)</sup>	1,961	907	-	-	-	-
High School	81,735	86,184	88,183	86,208	81,854	80,699
Vocational/Technical <sup>(4)</sup>	7,927	-	-	-	-	-
Charter Schools	50,200	54,572	56,946	58,590	60,702	59,965
Kindergarten to H.S. <sup>(3)(4)</sup>	-	4,018	-	-	-	-
Total School Enrollment	<u>403,461</u>	<u>400,545</u>	<u>396,683</u>	<u>392,285</u>	<u>381,349</u>	<u>371,382</u>

Source: Chicago Public Schools. Number of Schools Includes Alternative Learning Opportunities Programs (ALOPs).

<sup>(1)</sup> Elementary schools include the traditional classification of middle schools.

<sup>(2)</sup> Includes the number of students in each type of school regardless of the students' grades.

<sup>(3)</sup> The Kindergarten to High School (K-12) school was a new category presented in Fiscal Year 2014. The numbers are inclusive of both elementary and high school data which was not presented in prior years.

<sup>(4)</sup> The governance and school types were changed in Fiscal Year 2014. As a result, there is no longer a category for "Vocational/Technical" and beginning in Fiscal Year 2015 there is no longer a category for "Special" or "Kindergarten to H.S."

**Central Administration**

As authorized under the School Code, the Board has established the following offices and appointed the following individuals to serve in the capacities indicated. In 2015 the Board created the office of Senior Vice President of Finance and granted such officer powers including those of the Chief Financial Officer of the Board. The Senior Vice President of Finance oversees treasury management, budget, payroll, accounting, risk management, information technology, shared services and the Office of Business Diversity.

Chief Executive Officer.....	Dr. Janice K. Jackson
Senior Vice President of Finance .....	Ronald DeNard
Chief Financial Officer.....	Jennie Huang Bennett
Acting General Counsel .....	Joseph Moriarty
First Deputy General Counsel .....	Douglas Henning
Chief Administrative Officer.....	Jorge Macias

At its February 28, 2018 meeting, the Board is scheduled to consider the appointment of Joseph Moriarty as General Counsel of the Board. Mr. Moriarty has served as Acting General Counsel since February 17, 2018. Acting First Deputy General Counsel Douglas Henning served as the senior legal officer of the Board through February 16, 2018 and passed on certain legal matters for the Board with respect to the Notes.

*Chief Executive Officer.* Dr. Janice K. Jackson has been immersed in Chicago Public Schools her entire life. She was a CPS student from Head Start through 12th grade, and then began her teaching career at Chicago's South Shore High School. Since that time, Dr. Jackson has served as a principal, a Network Chief, the Chief Education Officer, and now, as Chief Executive Officer for CPS, the third largest school district in the country.

During her tenure as Chief Education Officer in 2015, Dr. Jackson has focused on building excellence, equity and access across the District, especially with regard to CPS high schools. Through a comprehensive High School Strategy, she is raising both the bar and the stakes for these crucial academic years, working to ensure that every student in Chicago has a quality high school option within three miles of their home. Dr. Jackson was also the driving force behind GoCPS, the District's first common application for all CPS and charter high schools. Launched in October 2017, this application system has dramatically simplified the high school application process while improving access and equity for all CPS high school students. These combined efforts have propelled CPS students to a record-high graduation rate of 77.3 percent, and Dr. Jackson's support of a graduation requirement insisting that all students have a solid post-secondary plan is ensuring that Chicago's youth leave the classroom fully prepared for what comes next. Dr. Jackson is responsible for all CPS departments, including the Office of Teaching and Learning, which provides high-quality curriculum to engage and empower students, and the Office of College and Career Success, which works to guarantee that every student in every school has the resources they need to be successful in college, career and life. Other departments under her purview include the Office of Language and Cultural Education, which ensures that a language barrier never stands in the way of a child's success, and the Office of Diverse Learner Supports and Services, which provides students in special education with a high-quality academic experience that is tailored to their unique needs.

As a lifelong educator, Dr. Jackson is committed to providing all schools with a clear framework for excellence. This includes high-quality curricular options aimed at minimizing the achievement gap, especially among minority students. The evidence of her success can be seen in rising standardized test scores, especially among English Learners, whose progress led the way to CPS students once again outpacing their peers nationally on the 2016-2017 NWEA exam. Dr. Jackson is a progressive, forward-thinking educator who believes in setting the bar high. Her Three-Year Vision for CPS, which was unveiled in 2016, is a comprehensive, research-based strategy that will launch CPS to even higher levels of student achievement. The vision focuses on promoting academic quality, building stakeholder trust and integrity, and achieving fiscal stability, and is a carefully crafted plan for guiding work across the District.

Dr. Jackson holds a Master's in Leadership and Administration and a Doctorate in Education in Policy Studies in Urban School Leadership from the University of Illinois at Chicago. She was a member of the University of Chicago's Network for College Success, and is a past board member of the Chicago Children's Advocacy Center. She was also honored by the National Council of Negro Women Chicago as a Woman Making History.

*Senior Vice President of Finance.* Ronald DeNard is the Senior Vice President of Finance of the Board and oversees treasury management, budget, payroll, grants, accounting, risk management, information technology, shared services and the Office of Business Diversity. Previously, he served as Chief Financial Officer for Chicago Transit Authority where he managed the agency finances to a budget surplus. Preceding CTA, he was Chief Financial Officer for Johnson Publishing Company where he led the effort for the company's first external audit in 70 year history which received an unqualified opinion. Prior to that, he was the Director of Finance for the shared service company of Exelon Corporation. Earlier Mr. DeNard was Vice President of Finance and Administration for Soft Sheen Products a division of L'Oreal USA. Prior to that he was the Chief Financial Officer of the Chicago Park District where he led the financial team to a rating agency upgrade from A to AA. He also held various positions at the Aluminum Company of America in accounting, cash management, corporate finance and credit and

collections. Mr. DeNard holds a Bachelor of Science in Accounting from Florida A&M University and an MBA – Finance from the University of Chicago. Additionally, he has passed the U.S. Certified Public Accountants (CPA) exam.

*Chief Financial Officer.* Jennie Huang Bennett is Chief Financial Officer of the Board and has oversight over Treasury management, budget, shared services and risk management. She was appointed on September 28, 2016. She has also been the Treasurer of the Board since December 2012 and manages the District's debt and investment portfolio, cash forecasting and operations as well as banking accounts of all the schools. Previous to CPS, she was an Executive Director at Morgan Stanley. She has over 17 years of municipal finance experience. She has also served on the board of directors for a number of non-profit organizations. She holds a Bachelor of Arts in Economics and Political Science from the University of Pennsylvania.

*Acting General Counsel.* Joseph Moriarty is the Acting General Counsel of the Board and will be appointed as General Counsel on February 28, 2018. He has practiced law for 32 years. Mr. Moriarty was in private practice from 1985 to 1997 during which time he specialized in labor and employment litigation. He left private practice in August 1997 and served at the Chicago Housing Authority's law department to December 2000. He was the CHA's Associate General Counsel for Labor Relations at the time of his departure. In January 2001, he joined City Colleges of Chicago's (Community College District 508's) law department and subsequently became its First Assistant General Counsel. Mr. Moriarty joined the Board of Education in May 2004 as Deputy General Counsel for Labor Relations, where he managed all labor-related litigation and was a member of the Board's collective bargaining team. He was appointed the Board's Labor Relations Officer on July 1, 2012 and he led collective bargaining with seven labor organizations that collectively represent approximately 35,000 Board employees. He served in that capacity until his appointment as General Counsel. He is licensed to practice law in Illinois state and federal courts. Mr. Moriarty is a 1982 graduate of the American University, where he received a Bachelor of Arts in Government and Public Administration. He graduated from the John Marshall Law School in 1985.

*First Deputy General Counsel.* Douglas Henning is the First Deputy General Counsel of the Board, appointed as First Deputy General Counsel in February 2016. He has been leading the Law Department since December 2017. Since joining the Board, he has been responsible for the operations of the Law Department, directly supervising five deputy general counsels and outside legal counsel. He started his career at Ice Miller LLP working on private equity transactions and then transitioning to commercial disputes. Prior to joining the Board, he was the managing attorney supervising the Corporate Law unit at the Chicago Transit Authority. He holds a Bachelor of Arts in Humanities from the University of Illinois and juris doctorate from the John Marshall Law School.

*Chief Administrative Officer.* Jorge Macias is the Chief Administrative Officer of the Board and oversees all operations of Chicago Public Schools including; Capital Planning, Facility Operations, Transportation, Safety and Security, Nutrition, and Procurement. He was appointed to the Board on August 28, 2017. Jorge previously served as the Chief of the Office of Language and Cultural Education. Under his leadership, the achievement gap for English Learners was closed by 48% in Math and 28% in Reading. CPS increased the number of Dual Language programs from 15 to 27, as well as increasing bilingual education funding by \$13 million in FY 18. When he was principal of Galileo Scholastic Academy, the school was consistently named to the Illinois Honor Roll. He has also served on district leadership committees related to school budgeting and grant administration for Chicago Public Schools. Jorge holds a Bachelor of Arts from DePaul University, Master's Degree from Saint Xavier University, School Principal graduate endorsement from Lewis University, and Superintendent graduate endorsement from Concordia University.

## **FINANCIAL INFORMATION**

The table on the following page provides statistical data regarding the property tax base and the tax rates, tax levies and tax collections for the Board. The table reflects the tax levy year and such taxes are extended for collection in the following calendar year.

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**Assessed, Equalized Assessed and Estimated Value of All Taxable Property within the School District for Years 2006–2016**

(Dollars in Thousands)

Tax Year Levy <sup>(1)</sup>	Assessed Values					State Equalization Factor	Total Equalized Assessed Value	Total Estimated Fair Cash Value <sup>(7)</sup>	Total Equalized Assessed Value as a Percentage of Total Estimated Fair Cash Value %
	Class 2 <sup>(2)</sup>	Class 3 <sup>(3)</sup>	Class 5 <sup>(4)</sup>	Other <sup>(5)</sup>	Total				
2006	\$18,521,873	\$2,006,898	\$12,157,199	\$688,818	\$33,374,788	2.7076	\$69,511,192	\$329,770,733	21.08
2007	18,937,256	1,768,927	12,239,086	678,196	33,623,465	2.8439	73,645,316	320,503,503	22.98
2008	19,339,574	1,602,769	12,359,537	693,240	33,995,120	2.9786	80,977,543	310,888,609	26.05
2009	18,311,981	1,812,850	10,720,244	592,365	31,437,440	3.3701	84,592,286	280,288,730	30.18
2010	18,120,678	1,476,291	10,407,012	561,682	30,565,663	3.3000	82,087,170	231,986,396	35.38
2011	17,976,208	1,161,634	10,411,363	544,416	30,093,621	2.9706	75,122,914	222,856,064	33.71
2012	15,560,876	1,252,635	10,201,554	454,593	27,469,658	2.8056	65,250,387	206,915,723	31.53
2013	15,440,622	1,282,342	10,137,795	453,201	27,313,960	2.6621	62,363,876	236,695,475	26.35
2014	15,416,908	1,345,482	10,096,651	467,529	27,326,570	2.7253	64,908,057	255,639,792	25.39
2015	17,319,503	1,589,995	11,240,864	541,183	30,691,545	2.6685	70,963,289	278,076,449	25.52
2016	Not Available	Not Available	Not Available	Not Available	Not Available	2.8032	74,016,506 <sup>(6)</sup>	Not Available	Not Available

Source: Chicago Public Schools.

(1) Triennial updates of assessed valuation occurred in years 2006, 2009, 2012 and 2015.

(2) Residential, six units and under.

(3) Residential, seven units and over and mixed-use.

(4) Industrial/Commercial.

(5) Vacant, not-for-profit and industrial/commercial incentive classes.

(6) Source: Cook County Clerk's Offices. Calculation is net of exemptions and includes assessment of pollution control facilities. Excludes DuPage County Valuation.

(7) Source: Civic Federation.

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The table below sets forth the Board's ad valorem property tax extensions and collections for Collection Years 2012 – 2017.

**Board of Education of City of Chicago Education Fund Property Tax Collections**

(Dollars in Thousands)

<b>Tax Levy Year</b>	<b>Collection Year</b>	<b>Education Fund Total Tax Extension</b>	<b>Amounts Collected within the Collection Year of Extension<sup>(1)</sup></b>				<b>All Collections to Date<sup>(1)</sup></b>	
			<b><u>1/1 to 6/30</u></b>	<b><u>7/1 to 12/31</u></b>	<b><u>1/1 to 12/31</u></b>	<b><u>Percentage of Extension</u></b>	<b><u>Amount<sup>(2)</sup></u></b>	<b><u>Percentage of Extension</u></b>
2011	2012	\$2,006,181	\$1,009,917	\$916,526	\$1,926,443	96%	\$1,964,515	98%
2012	2013	2,159,263	1,057,494	993,986	2,051,480	95%	2,076,552	96%
2013	2014	2,193,826	1,096,823	1,018,120	2,114,943	96%	2,148,923	98%
2014	2015	2,212,422	1,096,988	1,040,217	2,137,205	97%	2,178,518	98%
2015	2016	2,274,161	1,148,340	1,063,987	2,212,327	97%	2,254,997	99%
2016	2017	2,305,534	1,174,181	1,059,763	2,233,945	97%	2,233,945	97%

Source: Chicago Public Schools and Cook County Treasurer. Only Education Fund extensions and collections which secure the TANS are included in the figures shown above. Excludes all other property tax levies of the Board.

<sup>(1)</sup> All Collections are net of refunds.

<sup>(2)</sup> Includes all amounts including those received during and after the calendar year of the extension.

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## CASH FLOW AND LIQUIDITY

### Overview

The Board's cash flow experiences peaks and valleys throughout the year depending on when revenues are received and expenditures paid. Most revenues are received in the second half of the Fiscal Year and most expenditures, largely payroll and vendor expenses, are paid equally throughout the Fiscal Year. Also, the Board's required annual debt service deposit and large pension payment are each made immediately prior to the receipt of an installment of property tax revenues, the largest revenue source of the Board. The impact of these patterns in revenues and expenditures creates natural cash flow pressures for the Board within the Fiscal Year.

For Fiscal Year 2018, the Board's liquidity position has improved by \$372 million versus Fiscal Year 2017. This improvement in cash flow has also translated to a reduction and delay in Tax Anticipation Note borrowing. The Board's maximum Tax Anticipation Notes borrowed in Fiscal Year 2018 was reduced by \$455 million versus Fiscal Year 2017. Maximum Tax Anticipation Notes borrowed was \$1,550 million and \$1,095 million in Fiscal Year 2017 and Fiscal Year 2018, respectively.

For the rest of Fiscal Year 2018, the Board has begun to receive the first installment of property taxes which will help support cash flow through June when the pension payment is due. The Board anticipates paying down in full the first installment Tax Anticipation Notes by mid-March, which will leave \$600 million of second installment Tax Anticipation Notes outstanding. The next issue of Tax Anticipation Notes is projected to be \$350 million for a total of \$950 million by fiscal year end.

The liquidity position of the Board's operating funds has also declined during previous Fiscal Years because operating expenses have exceeded operating revenues as discussed under investment considerations. With its operating reserves depleted, the Board spent the majority of Fiscal Years 2015, 2016 and 2017 in a negative cash flow position. In order to address these liquidity issues, the Board has issued from time to time, tax anticipation notes and grant anticipation notes to provide needed operating funds.

### Timing of Receipt of Revenues

The paragraphs below describe the timing of receipt of the Board's three main sources of operating revenues: Property Taxes, State revenues and Federal revenues.

Property Taxes. Property taxes historically make up approximately 50% of budgeted operating revenues and are predominantly received in two installments. The first installment is typically received in late February and March. Receipt of the second installment revenues depends on the due date established by the County, which has been on or about August 1 since 2012, and are expected to be received by the Board in the July and August timeframe assuming an August 1 second installment due date. See "FINANCIAL INFORMATION."

State Revenues. State revenues are largely made up of State Aid Revenues and State Grant Revenues. On August 31, 2017, P.A. 100-465 became effective and replaced the State's previous method of allocating operating dollars to schools in Illinois. Prior to P.A. 100-465, State Aid Revenues were historically 18% of budgeted operating revenues and received from August through June in equal semi-monthly installments. P.A. 100-465 is expected to provide over \$450 million in new revenue to the Board for Fiscal Year 2018, including \$320 million in new State Aid Revenues and State Grant Revenues, as well as \$130 million in increased Pension Property Tax Revenues. The timing of the Board's receipt of State Grant payments (historically approximately 12% of budgeted operating revenues)



varied and was often dependent on the State's financial condition and cash flow. In Fiscal Year 2017, the amount of State Grants appropriated but unpaid by June 30 was \$330.4 million, the highest amount delayed since the inception of the State Grants payments to the Board. Prior to Fiscal Year 2017, the unpaid but appropriated State Grants by June 30 was \$129.1 million and \$158.0 million for Fiscal Year 2015 and 2016, respectively. The State is currently delayed \$15 million in Fiscal Year 2017 State Block Grants. From a cash flow perspective, the Board expects significantly more State revenue to flow through as State Aid Revenues, as described herein, which will be paid to the Board on a more timely basis twice a month similar to the former Historical State Aid Revenues and improve cash flows. This has the impact of improving the Board's overall cash position as compared to Fiscal Year 2017.

Federal Revenues. Federal revenues are historically approximately 15% of total budgeted operating revenues. The State administers federal grants to the Board on behalf of the federal government and federal grant revenues are distributed to the Board only after the grants for these funds have been approved by the State. Upon this approval, which historically occurs approximately half way through the Fiscal Year, the Board submits for reimbursement of qualified expenditures which drives the timing of Federal revenues for cash flow purposes. A decline in total receipts of Federal Revenues by year-end typically indicates offsetting expenditures were also less than expected.

### **Timing of Expenditures**

The timing of the Board's expenditures is relatively stable and can be broken down into three categories: payroll and vendor, debt service and pensions.

Payroll and Vendor Expenses. Historically, approximately 44% of the Board's budgeted expenditures are for payroll and associated taxes, withholding and employee contributions. These payments occur every other week and occur primarily during the school year from September through June. In addition, the Board's recurring expenses for textbooks, educational materials, charter school payments, healthcare, transportation, facilities and commodities total approximately 39% of the Board's budgeted expenditures; the timing of such payments is relatively predictable and spread throughout the fiscal year.

Debt Service Deposits. Debt service payments on the Board's Alternate Revenue Bonds backed by State Aid are deposited into debt service funds once a year by February 15, prior to when the Board receives the first installment of property tax revenues. In Fiscal Year 2018, the budgeted debt service deposit in February 2018 relative to the Outstanding State Aid Revenue Bonds was approximately \$323 million. Deposits for debt service paid by PPRT in Fiscal Year 2018 are budgeted at approximately \$58.2 million.

Pension Contributions. In Fiscal Year 2018, the Board expects total pension contributions to be approximately \$784 million, as certified by the Pension Fund as the necessary contribution to achieve 90% funded status by 2059 as prescribed by statute. In Fiscal Year 2018, approximately \$405 million of this pension contribution will be funded through the Pension Property Tax Levy and \$233 million will be funded by the State contribution, as provided for under P.A. 100-465. These funds are directly intercepted to the Pension Fund. In the aggregate, \$638 million or 81% will be funded by a dedicated revenue source other than the Board's unrestricted general operating funds, and is credited against the Board's required pension contribution. The remaining contribution by the Board is projected to be \$146 million. The historical annual growth in equalized assessed valuation of property within the School District for the period 1997-2016 has averaged approximately 4% based upon Cook County Clerk records. The Board's required pension contribution is currently projected by the Pension Fund's actuaries to grow by an average of approximately 2% annually through 2059. The majority of the Board's required contributions to the Retirement Funds are required to be made in late June, before the Board receives the

distribution of the second installment of property tax revenues in July and August. Prior to this, periodically, during the Fiscal Year, the Board will make smaller pension contributions that coincide with the payroll for employees paid with federal funds totaling approximately \$13 million.

In Fiscal Year 2017, the State was required to make an approximately \$12 million pension contribution. The remaining amount of the required Pension Fund Statutory Contribution for Fiscal Year 2017 was \$458 million net of the \$250 million credit for the Pension Property Tax Levy to be collected in the second installment of tax-year 2016.

### **Fiscal Years 2016 to 2018 Short-Term Borrowing to Fund Liquidity**

The Board's overall trend of declining liquidity reflects a continued draw-down of general fund balances to fund recurring structural budget deficits. Continued structural budget deficits would create further downward pressures on cash flow. For Fiscal Years 2016 and 2017, the Board relied on short-term borrowing to fund liquidity. In Fiscal Year 2016, the Board spent most of the year in a negative cash flow position. To finance cash flow deficits in Fiscal Year 2016, the Board issued \$1.07 billion principal amount of 2015 Tax Anticipation Notes in anticipation of the collection of the 2015 tax levy in the amount of approximately \$2.31 billion. The Board repaid in full the 2015 Tax Anticipation Notes. In Fiscal Year 2017, the Board issued \$1.55 billion principal amount of 2016 Tax Anticipation Notes in anticipation of the collection of the 2016 tax levy in the amount of approximately \$2.34 billion. The Board repaid in full the 2016 Tax Anticipation Notes.

For Fiscal Year 2018, the Board has levied in Tax Year 2017, for collection in calendar year 2018, the 2017 tax levy and the Board has authorized the issuance of tax anticipation notes up to \$1.55 billion (the "2017 TANs") to be issued in tranches to fund its cash flow needs. As of March 1, 2018, the Board will have issued \$1.2 billion in 2017 TANs, and have a net balance outstanding of \$847.3 million after repayments totaling \$352.7 million. The Board expects to issue up to \$350 million of additional 2017 TANs by the end of Fiscal Year 2018 to fund its cash flow needs. The maximum amount of Tax Anticipation Notes outstanding in Fiscal Year 2018 is \$1.1 billion, or a \$455 million reduction from the Fiscal Year 2017 amount of \$1.55 billion. See "Projected Cash Flow Table - July through August 2018."

In 2017, the Board issued its Grant Anticipation Revenue Notes, Series 2017A (the "2017A GANs") and Grant Anticipation Revenue Notes, Series 2017B (the "2017B GANs" collectively with the 2017A GANs, the "2017 GANs") in the aggregate principal amount of \$387 million, payable from State Grants for Fiscal Year 2017. The Board repaid in full the 2017 GANs.

### **Forecasted Liquidity**

The following table reflects the Board's forecasted liquidity profile by month from July 2017 to August 2018. The table shows the use of proceeds of the 2017 TANs to provide needed operating funds. Financings in addition to the 2017 TANs are expected to be issued during Fiscal Year 2018. Forecasting future results is inherently subject to uncertainty. The forecasts in the table below are based upon various judgments (many of which are subjective), estimates and assumptions relating to the timing and amount of revenues and expenses of the Board, many of which are outside the control of the Board and may not materialize. These assumptions include (but are not limited to) the following: (i) the timing and amount of revenues and expenses of the Board will be consistent with current expectations for its Fiscal Year 2018, in consideration of the adoption of P.A. 100-465, and (ii) the issuance of the 2017 TANs providing net funding to the Board of up to the authorized \$1.55 billion. The following table also assumes a delay in the receipt of a portion of the \$287 million of State Grants. If the State Grants are received on a timely basis, the resulting cash balance will be higher than forecast. The Board could also address any shortfall in State Grant receipts through the issuance of tax anticipation notes, and the inclusion of grant

anticipation revenue notes in the following table is not meant to create an implication that the Board will issue grant anticipation revenue notes. The Board expects that the proceeds of other financings, not reflected in the table below, may further improve the Board's projected cash flows and the Board may have other options for addressing cash flow needs.

There can be no assurance that the assumptions, estimates and judgments made in preparing the forecasts will prove accurate or that any of the forecasts will be realized. The inclusion of the forecasts in this document should not be regarded as an indication that the Board considered or considers the forecasts to be a prediction of actual future events, and the forecasts should not be relied upon as such.

Throughout this Limited Offering Memorandum, are discussions of various matters that may impact the realization of the assumptions and estimates underlying the forecasts, and investors should read this entire Limited Offering Memorandum. The information under this heading constitutes Forward-Looking Statements. Accordingly, investors are cautioned not to place undue reliance upon the following forecasts. The forecasts also were not prepared in compliance with generally accepted accounting principles or the published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants, including guidelines regarding projections or forecasts. The Board's independent registered public accounting firm has not examined, compiled or otherwise applied procedures to the forecasts and, accordingly, assumes no responsibility for them.

## Projected Cash Flow Table

### Cash Flow Forecast

\$ in millions

As of February 23, 2018

		FY 2018												Total	FY 2019	
		Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	FY 2018	Jul-18	Aug-18
Beginning cash balance	<b>A</b>	\$ 188.1	\$ 299.7	\$ 169.9	\$ 196.0	\$ 453.6	\$ 252.6	\$ 220.4	\$ 194.9	\$ 115.3	\$ 504.9	\$ 208.9	\$ 79.4	\$ 188.1	\$ 250.6	\$ 78.3
Operating receipts																
Property taxes		\$ 236.3	\$ 838.6	\$ 7.6	\$ 4.7	\$ 7.0	\$ 5.0	\$ 119.3	\$ 411.6	\$ 697.0	\$ 12.8	\$ 21.9	\$ 0.0	\$ 2,361.9	\$ 234.8	\$ 832.7
TIF		-	-	12.9	-	-	-	-	35.2	-	22.7	19.3	-	90.1	-	-
Other local revenue		36.9	20.6	10.8	29.4	6.7	14.8	9.4	26.8	2.0	25.0	20.6	2.8	205.7	23.4	5.4
State block grants		25.9	134.0	4.1	149.9	0.1	26.5	0.1	18.6	-	-	-	-	359.1	40.0	40.0
Evidence based funding		-	-	228.3	114.3	114.4	114.4	114.3	170.1	153.8	153.8	192.0	194.9	1,550.2	-	139.0
Federal revenue		56.5	23.0	11.0	17.2	22.4	49.0	99.4	123.3	61.2	95.3	78.5	98.8	735.8	57.2	12.4
Total operating receipts		355.6	1,016.2	274.5	315.5	150.6	209.7	342.5	785.6	914.1	309.7	332.3	296.6	5,302.9	355.4	1,029.6
Operating expenditures																
Payroll		(104.2)	(68.0)	(138.9)	(220.0)	(246.4)	(220.6)	(252.4)	(216.6)	(227.1)	(222.6)	(251.9)	(222.5)	(2,391.3)	(113.5)	(79.3)
Health Insurance		(87.4)	(29.9)	(34.7)	(33.8)	(39.1)	(36.4)	(32.7)	(40.5)	(29.7)	(29.7)	(30.1)	(29.7)	(453.6)	(29.7)	(35.2)
Employer pension payment		-	-	-	(0.3)	-	(4.7)	(4.5)	-	(2.3)	(1.3)	(1.4)	(115.8)	(130.3)	-	-
Pension Pick-up		(5.3)	(1.4)	(4.4)	(14.0)	(21.3)	(14.0)	(10.8)	(14.0)	(12.9)	(13.0)	(19.4)	(12.9)	(143.3)	(5.7)	(1.8)
Charter School		(68.9)	(51.1)	(55.5)	(145.6)	(6.3)	(8.4)	(185.5)	(4.5)	(9.1)	(165.9)	(8.8)	(4.9)	(714.7)	(61.0)	(59.2)
AP disbursements		(74.2)	(92.3)	(63.7)	(42.2)	(66.6)	(60.2)	(102.8)	(96.6)	(124.8)	(147.8)	(153.8)	(92.0)	(1,117.0)	(83.5)	(75.4)
Total operating expenditures		(340.0)	(242.7)	(297.3)	(456.0)	(379.7)	(344.3)	(588.8)	(372.2)	(405.9)	(580.1)	(465.3)	(477.8)	(4,950.1)	(293.3)	(250.8)
<b>Net operating cash flows</b>		<b>15.6</b>	<b>773.5</b>	<b>(22.8)</b>	<b>(140.5)</b>	<b>(229.1)</b>	<b>(134.6)</b>	<b>(246.3)</b>	<b>413.4</b>	<b>508.2</b>	<b>(270.5)</b>	<b>(133.0)</b>	<b>(181.2)</b>	<b>352.8</b>	<b>62.0</b>	<b>778.8</b>
Financing cash flows																
PY TAN drawdown / (repayment)		(228.3)	(721.7)	-	-	-	-	-	-	-	-	-	-	(950.0)	-	-
FY TAN drawdown / (repayment)		-	-	149.3	400.0	-	50.0	237.6	(155.1)	(82.8)	-	-	349.7	948.6	(234.8)	(715.2)
GAN Drawdown / (repayment)		(25.9)	(134.0)	(91.0)	-	-	-	-	-	-	-	-	-	(250.9)	-	-
Debt service and transfers		348.9	(28.0)	(6.6)	-	17.5	43.5	(10.3)	(323.4)	(7.0)	-	-	-	34.6	-	(34.0)
Financing cash flows		94.6	(883.8)	51.8	400.0	17.5	93.5	227.3	(478.5)	(89.8)	-	-	349.7	(217.7)	(234.8)	(749.2)
Capital cash flows																
Capital reimbursements		14.1	12.2	36.2	33.6	33.2	19.9	13.4	7.8	24.9	40.3	52.0	40.7	328.3	39.9	41.7
Capital expenditures		(12.8)	(31.7)	(39.1)	(35.5)	(22.6)	(10.9)	(20.0)	(22.3)	(53.7)	(65.8)	(48.5)	(37.9)	(400.9)	(39.4)	(39.1)
Net capital cash flows		1.3	(19.5)	(2.9)	(1.9)	10.6	9.0	(6.6)	(14.6)	(28.8)	(25.5)	3.5	2.8	(72.6)	0.5	2.6
<b>Net cash flows</b>	<b>B</b>	<b>\$ 111.6</b>	<b>\$ (129.8)</b>	<b>\$ 26.1</b>	<b>\$ 257.6</b>	<b>\$ (201.0)</b>	<b>\$ (32.1)</b>	<b>\$ (25.6)</b>	<b>\$ (79.6)</b>	<b>\$ 389.6</b>	<b>\$ (296.0)</b>	<b>\$ (129.6)</b>	<b>\$ 171.2</b>	<b>\$ 62.5</b>	<b>\$ (172.3)</b>	<b>\$ 32.1</b>
<b>Ending cash balance</b>	<b>A+B=C</b>	<b>\$ 299.7</b>	<b>\$ 169.9</b>	<b>\$ 196.0</b>	<b>\$ 453.6</b>	<b>\$ 252.6</b>	<b>\$ 220.4</b>	<b>\$ 194.9</b>	<b>\$ 115.3</b>	<b>\$ 504.9</b>	<b>\$ 208.9</b>	<b>\$ 79.4</b>	<b>\$ 250.6</b>	<b>\$ 250.6</b>	<b>\$ 78.3</b>	<b>\$ 110.5</b>
Minimum cash balance		\$ 87.1	\$ 165.6	\$ 149.3	\$ 152.1	\$ 231.2	\$ 160.6	\$ 128.3	\$ 70.3	\$ 79.2	\$ 208.9	\$ 65.0	\$ 77.6	\$ 77.6	\$ 78.3	\$ 59.2
End of Month TANs / GANs Outst.		(945.8)	(91.0)	(150.0)	(550.0)	(550.0)	(600.0)	(950.0)	(682.8)	(600.0)	(600.0)	(600.0)	(950.0)	(950.0)	(715.2)	-
Max. TANs / GANs Outstanding		(1,200.9)	(422.5)	(150.0)	(550.0)	(550.0)	(600.0)	(950.0)	(1,094.7)	(682.8)	(600.0)	(600.0)	(950.0)	(950.0)	(950.0)	(704.5)

## TAX MATTERS

On January 11, 2018 and February 16, 2018, Ice Miller LLP, Chicago, Illinois and Pugh, Jones & Johnson, P.C., Chicago, Illinois, Co-Bond Counsel (“Co-Bond Counsel”) issued their respective approving opinions with respect to the Series 2017F Notes and the Series 2017H Notes, respectively. Copies of such approving opinions issued by Co-Bond Counsel are attached as APPENDIX C. Each such approving opinion spoke only as of its date. Co-Bond Counsel have not been engaged to advise on the correctness of such opinions as of any date other than the date thereof, or to revise or supplement such opinions to reflect any facts or circumstances that may have arisen or come to their attention since the date thereof or any change in law that may have occurred since the date thereof. The inclusion of such opinions in this Limited Offering Memorandum shall not constitute any reissuance or republication of such opinions.

Federal tax law contains a number of requirements and restrictions which apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note proceeds and certain other matters. The Board has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the Board's compliance with the above-referenced covenants, under law existing on the date of issuance of such respective approving opinions, in the respective opinions of Co-Bond Counsel, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals.

In rendering their opinions, Co-Bond Counsel relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Co-Bond Counsel's opinions represented their respective legal judgments based upon their review of the law in existence on the date of issuance of such opinion and the facts that they deem relevant to render such opinions and are not a guarantee of a result.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for the Notes is par and the Initial Purchaser certified at the time it contracted to purchase the Notes that it did not at that time intend to resell the Notes.

Owners of Notes who dispose of Notes prior to the stated maturity (whether by sale, redemption or otherwise) or purchase Notes subsequent to the initial sale to the Initial Purchaser should consult their own tax advisors.

If a Note is purchased at any time for a price that is less than the Note's stated redemption price at maturity (the “Revised Issue Price”), the purchaser will be treated as having purchased a Note with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Note is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's

election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Note. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Notes.

An investor may purchase a Note at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Note in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Note. Investors who purchase a Note at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Note's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Note.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel has expressed no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the Board as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to tax-exempt obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes or the market value thereof would be impacted thereby. Holders of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes and Co-Bond Counsel has

expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Interest on the Notes is not exempt from present Illinois income taxes.

### **NO RATING**

The Board has not made, and does not currently contemplate making, an application to any rating agency for the assignment of a rating to either series of the Notes.

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinions of Co-Bond Counsel, who have been retained by, and are acting as Co-Bond Counsel to, the Board. Such opinions are included herein as **APPENDIX C**. Co-Bond Counsel have not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Limited Offering Memorandum or other offering material relating to the Notes and assumes no responsibility for the statements or information contained in or incorporated by reference in this Limited Offering Memorandum, except that Co-Bond Counsel have, at the request of the Board, reviewed that section of this Limited Offering Memorandum involving the description of the federal tax exemption of interest on the Notes based on statutes, judicial decisions, regulations, rulings and other official interpretation of law that were in existence on the date hereof. This review was undertaken solely at the request and for the benefit of the Board and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters were passed upon for the Board by its First Deputy General Counsel, Douglas Henning, its Co-Issuer's Counsel, Katten Muchin Rosenman LLP, Chicago, Illinois and Burke Burns & Pinelli, Ltd., Chicago, Illinois, and Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois and Charity & Associates, P.C., Chicago, Illinois, as Co-Disclosure Counsel to the Board.

### **LITIGATION**

The Board is involved in numerous lawsuits that arise out of the ordinary course of operating the school system, including, but not limited to, any lawsuits described in this Limited Offering Memorandum. Some of the cases pending against the Board involve claims for substantial moneys. As is true with any complex litigation, neither the Board nor its counsel is able to predict either the eventual outcome of such litigation or its impact on the Board's finances. The Board has available to it a tort liability tax levy to pay tort judgments and settlements. This tort liability tax levy is unlimited as to rate, but subject to the limitations on the annual growth in property tax extensions of the Board imposed by the Property Tax Extension Limitation Law of the State, as amended.

On October 5, 2016, certain individuals, in their capacity as citizens of the City, filed two complaints against the Board. The first complaint (No. 16-cv-9514), was filed in federal court and named as defendants the Board, certain individuals in their respective capacities as members of the Illinois State Board of Education, and the State of Illinois (the "**State**"). The second complaint (2016-CH-13159) was filed in the Circuit Court of Cook County and named as defendants the Board, the Illinois State Board of Education, and the State. The plaintiffs challenged, under several federal and State constitutional provisions, the manner in which Board members are selected, principally by Mayoral appointment. The various plaintiffs argued that the selection process constituted what they characterize as the denial of their right to vote for members of the Board and requested various forms of relief, including injunctive relief. Without limitation, in case number 2016-CH-13159, the plaintiffs further requested that the collection of property taxes levied by the Board be conditioned on the General Assembly of the State putting in place or substituting by law an elected school board.

The Board prevailed in both the federal and state trial courts. On February 13, 2017, the United States District Court dismissed the plaintiffs' claims with prejudice. On February 27, 2017, the Circuit Court of Cook County also dismissed plaintiffs' claims with prejudice. On March 15, 2017, plaintiffs filed their notice of appeal in the Seventh Circuit Court of Appeals. Plaintiffs filed their notice of appeal in the First Judicial District of the Appellate Court of Illinois on March 29, 2017.

The Attorney General has requested and obtained several extensions of time to file response briefs. The Board's response briefs are due at the same time as the Attorney General's briefs. Those briefs were timely filed in the Seventh Circuit by the appellees, including the Board, on October 16, 2017. The plaintiff-appellants filed a reply brief. Oral arguments before the Seventh Circuit Court of Appeals have been scheduled for March 28, 2018. The response briefs of the Attorney General and the Board in the state court proceedings were timely filed in the Appellate Court on December 19, 2017. The plaintiff-appellants filed a reply brief on January 2, 2018. The Illinois Appellate Court First District has scheduled oral arguments in the case to be held on March 1, 2018. The Board intends to vigorously defend each appeal but makes no assurances or predictions as to when the courts will rule on either appeal, what the outcome of each such ruling will be or the ways in which any adverse ruling will impact the Board or the Notes.

Upon delivery of the Notes to the Initial Purchaser, the Board furnished an opinion of its First Deputy General Counsel to the effect that, among other things, there is no litigation pending in any court seeking to restrain or enjoin the issuance or delivery of the Notes, or in any way contesting the validity or enforceability of the Notes, other than as disclosed in writing to the Initial Purchaser.

#### **NO CONTINUING DISCLOSURE**

The Board has not undertaken any continuing disclosure obligation with respect to the Notes.

#### **REPRESENTATIONS OF PURCHASERS**

EACH PURCHASER OF THE NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS TO THE BOARD AS SET FORTH IN THE "FORM OF INVESTOR LETTER" ATTACHED AS EXHIBIT B TO EACH SUPPLEMENTAL INDENTURE, INCLUDING, WITHOUT LIMITATION, A REPRESENTATION THAT SUCH PURCHASER IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A PROMULGATED UNDER THE 1933 ACT, OR (B) AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501 OF REGULATION D UNDER THE 1933 ACT, AND, AS SUCH, IS ABLE TO BEAR THE ECONOMIC RISKS OF SUCH INVESTMENT IN THE NOTES AND THAT SUCH PURCHASER HAS MADE ITS OWN INQUIRY AND ANALYSIS WITH RESPECT TO THE BOARD, THE NOTES AND THE SECURITY THEREFOR. THE PURCHASER FURTHER UNDERSTANDS THAT, IN CERTAIN CIRCUMSTANCES, IT MAY BE REQUIRED TO HOLD THE NOTES UNTIL THE MATURITY THEREOF. **SEE APPENDIX A – "MASTER INDENTURE AND SUPPLEMENTAL INDENTURES."**

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other jurisdiction. Each purchaser, by purchasing the Notes (or beneficial interests therein), agrees that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to an exemption therefrom.



**AUTHORIZATION AND MISCELLANEOUS**

The Board has authorized the distribution of this Limited Offering Memorandum. This Limited Offering Memorandum has been duly executed and delivered on behalf of the Board.

**BOARD OF EDUCATION OF THE  
CITY OF CHICAGO**

By: /s/ Ronald DeNard  
Senior Vice President of Finance

**APPENDIX A**

**MASTER INDENTURE AND SUPPLEMENTAL INDENTURES**

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MASTER TRUST INDENTURE

by and between

BOARD OF EDUCATION OF THE CITY OF CHICAGO

and

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK  
as Trustee

Dated as of September 1, 2017

SECURING BOARD OF EDUCATION OF THE CITY OF CHICAGO EDUCATIONAL  
PURPOSES TAX ANTICIPATION NOTES

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THIS MASTER TRUST INDENTURE dated as of September 1, 2017 (the "*Indenture*"), by and between the Board of Education of the City of Chicago, a school district organized and existing under the laws of the State of Illinois, and ZB, National Association dba Zions Bank, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out as trustee (the "*Trustee*");

**WITNESSETH:**

WHEREAS, pursuant to the provisions of Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), the City of Chicago 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," governed by the Chicago Board of Education (the "*Board*"); and

WHEREAS, the 2017 tax levy of the Board for educational purposes (the "*2017 Tax Levy*") is in the amount of \$2,442,751,701 and such levy has been duly adopted by the Board and filed in the manner provided by law with the County Clerk of The County of Cook, Illinois and the County Clerk of the County of DuPage, Illinois; and

WHEREAS, pursuant to Section 34-23.5 of the School Code and in lieu of issuing the tax anticipation warrants authorized by Section 34-23 of the School Code, the Board is authorized to issue notes, bonds, or other obligations (and in connection with that issuance, establish lines of credit with one or more banks) in anticipation of the receipt of the taxes levied for educational purposes in an amount not to exceed 85% of the 2017 Tax Levy; and

WHEREAS, in accordance with the provisions of Section 34-23.5 of the School Code and the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, as amended, (the "*Act*"), the Board, on the 28th day of August, 2017, adopted Resolution No. 17-0828-RS-5 (the "*Note Resolution*") authorizing the issuance, from time to time, in one or more series, of its Educational Purposes Tax Anticipation Notes in an aggregate principal amount not to exceed \$1,550,000,000 (the "*Tax Anticipation Notes*") to enable the Board to borrow money in anticipation of the tax revenue to be derived from the 2017 Tax Levy for the purposes permitted under the School Code and the Act; 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 issue Tax Anticipation Notes from time to time in one or more series pursuant to this Indenture (the "*Notes*"); and

WHEREAS, the Notes will be payable exclusively from Pledged Tax Receipts (as defined herein) and the Trust Estate (as defined herein); and

WHEREAS, pursuant to authority granted in the Note Resolution, the Board has appointed ZB, National Association dba Zions Bank, to act as Trustee under this Indenture; and

WHEREAS, no Notes or other obligations have heretofore been issued by the Board pursuant to the Note Resolution or other authority in anticipation of the receipt of the Pledged Tax Receipts; and

WHEREAS, the Board has not heretofore pledged the Pledged Tax Receipts as security for the payment of any bond, note or other obligation of the Board; and

WHEREAS, all things necessary to make the Notes, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal limited obligations of the Board according to the import thereof, and to constitute this Indenture a valid pledge of and grant of a lien on the following Trust Estate for the purpose of securing the payment of the principal of, premium, if any, and interest on the Notes have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this Indenture and the execution and issuance of the Notes, subject to the terms hereof, have in all respects been duly authorized;

### **GRANTING CLAUSES**

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to secure the payment of the principal of, premium, if any, and interest on all Notes issued and to be issued hereunder, according to the import thereof, and the performance and observance of each and every covenant and condition herein and in the Notes contained, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the acquisition and acceptance of the Notes by the respective Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Notes shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, the Board does hereby pledge and grant a lien upon the following Trust Estate to the Trustee and its successors in trust and assigns, for the benefit of the Owners to the extent provided in this Indenture:

(a) The Pledged Tax Receipts, provided that the pledge of the Pledged Tax Receipts shall be irrevocable and on parity with respect to all Notes issued and Outstanding under this Indenture; and

(b) All moneys and securities and earnings thereon held in the Escrow Account maintained under the Tax Escrow Agreement (as defined herein), provided that such pledge is on a parity with the pledge of the moneys and securities held in the Escrow Account for the benefit and security of all Notes issued and Outstanding under this Indenture and is subject to the allocation of the moneys and securities in said Escrow Account in accordance with the terms and provisions of the Tax Escrow Agreement; and

(c) All moneys and securities and earnings thereon in all funds, accounts and sub-accounts established and maintained pursuant to this Indenture; and

(d) Any and all other moneys, securities and property furnished from time to time to the Trustee by the Board or on behalf of the Board or by any other persons to be held by the Trustee under the terms of this Indenture;



*BUT IN TRUST NEVERTHELESS*, and except as herein otherwise provided, for the equal and proportionate benefit and security of the Notes issued hereunder and secured by this Indenture, including any Notes hereafter issued, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of any one Note over any other or from the others by reason of priority in the issue or negotiation thereof or by reason of the date or dates of maturity thereof, or for any other reason whatsoever (except as expressly provided in this Indenture), so that each and all of such Notes shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby, with the same effect as if the same had all been made, issued and negotiated upon the delivery hereof (all except as expressly provided in this Indenture, as aforesaid).

*PROVIDED FURTHER, HOWEVER*, that the Board has reserved the right, upon compliance with the provisions of this Indenture, to issue Additional Notes (as hereinafter defined) on a parity with and sharing ratably and equally in the Pledged Tax Receipts with the Notes.

*PROVIDED FURTHER, HOWEVER*, that these presents are upon the condition that, if the Board, or its successors, shall well and truly pay or cause to be paid, or provide for the payment of all principal, premium, if any, and interest on the Notes due or to become due thereon, at the times and in the manner stipulated therein and herein, then this Indenture and the rights hereby granted shall cease, terminate and be void, but shall otherwise be and remain in full force.

AND IT IS HEREBY COVENANTED AND AGREED by and among the Board, the Trustee and the Owners of the Notes from time to time, that the terms and conditions upon which the Notes are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become the Owners thereof, and the trusts and conditions upon which the moneys and securities hereby pledged are to be held and disposed of, which trusts and conditions the Trustee hereby accepts, are as follows:

## **ARTICLE I**

### **Definitions and Construction**

**Section 101. Definitions.** The following terms shall, for all purposes of this Indenture, have the following meanings unless a different meaning clearly appears from the context:

"*Account*" means any account so designated by the Board pursuant to Section 402.

"*Act*" means the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, as amended.

"*Additional Notes*" means any Notes authorized and delivered on original issuance pursuant to Section 203.

"*Affiliate*" means, with respect to a Person, any Person (whether for profit or not for profit), which "controls" or is "controlled" by or is under common "control" with such Person. For purposes of this definition, a Person "controls" another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through

the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

"*Authorized Denominations*" means the denominations of the Notes of a Series as determined in the Supplemental Indenture authorizing such Series.

"*Authorized Officer*" means (i) the President of the Board, (ii) the Senior Vice President of Finance of the Board, (iii) the Chief Financial Officer of the Board or (iv) any other officer or employee of the Board authorized to perform specific acts or duties under this Indenture by resolution duly adopted by the Board.

"*Board*" means the governing body of the School District, which is a body politic and corporate by the name of the "Board of Education of the City of Chicago," pursuant to Article 34 of the School Code.

"*Bond Counsel*" means any law firm designated by the Board having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, acceptable to the Trustee.

"*Business Day*" means any day other than (a) a Saturday, Sunday or (b) a day on which banking institutions located (i) in the city in which the designated office of the Trustee is located, or (ii) in the city in which the designated office of the Escrow Agent is located, are closed.

"*Code*" or "*Code and Regulations*" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

"*Counsel's Opinion*" or "*Opinion of Counsel*" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates, who may be counsel to the Board (including the internal counsel to the Board) or Bond Counsel.

"*County Collectors*" means, collectively, the County Treasurers of The Counties of Cook and DuPage, Illinois, in their respective capacities as county collector, or, respectively, such other officer as may be lawfully appointed in the future to serve as county collector in either of said counties.

"*Debt Service Deposit Account*" means the Debt Service Deposit Account for each Series established in Section 402.

"*Debt Service Fund*" means the Debt Service Fund established in Section 402.

"*Defeasance Obligations*" means Government Obligations which are not subject to redemption or prepayment other than at the option of the holder thereof.

"*Depository*" means any bank, national banking association or trust company having a capital and undivided surplus aggregating at least \$20,000,000, selected by an Authorized Officer as a depository of moneys and securities held under the provisions of this Indenture, and may include the Trustee.

"*Escrow Agent*" means ZB, National Association dba Zions Bank, or its successor as escrow agent under the Tax Escrow Agreement.

"*Event of Default*" means any event so designated and specified in Section 701.

"*Exchange Notes*" mean the Notes to be issued in exchange for the 2017 GANS.

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Registrar and the Paying Agent, or any or all of them, as may be appropriate.

"*First Installment Holders*" means the Owners of First Installment Notes.

"*First Installment Notes*" means Notes with a Maturity Date on or prior to the First Installment Payment Date.

"*First Installment Payment Date*" means April 2, 2018.

"*First Installment Proceeds*" means Pledged Tax Receipts collected as part of the first installment of Pledged Taxes expected to be received by the Escrow Agent prior to April 1, 2018.

"*Fitch*" means Fitch Ratings, its successors and assigns, and, if Fitch shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board (with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld) by notice to the Trustee.

"*Forward Supply Contract*" means any contract entered into between the Board and a supplier of Investment Securities selected by or pursuant to the direction of the Board (a "*Counterparty*") pursuant to which the Counterparty agrees to sell to the Board (or to the Trustee on behalf of the Board) and the Board (or the Trustee on behalf of the Board) agrees to purchase specified Investment Securities on specific dates at specific purchase prices, all as established at the time of the execution and delivery of such contract and as set forth in such contract. Any amounts due and owing from the Board to the Counterparty pursuant to any Forward Supply Contract (other than the specified purchase prices of the Investment Securities set forth therein) shall be treated as current operating expenses of the Board subject to annual appropriation, and shall not constitute indebtedness of the Board.

"*Funds*" means the Debt Service Fund and any other special funds created and established pursuant to Article IV or any Supplemental Indenture.

"*Government Obligations*" means (a) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and (b) certificates of ownership of the principal of or interest on obligations of the type described in clause (a) of this definition, (i) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian, (ii) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations, and (iii) for which the underlying

obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"*Indenture*" means this Master Trust Indenture, dated as of September 1, 2017, by and between the Board and the Trustee, as from time to time amended and supplemented.

"*Interest Payment Date*" shall, for each Series of Notes, have the meaning ascribed to such term in the Supplemental Indenture relating to such Series of Notes.

"*Investment Policy*" means the Investment Policy approved by the Board, as currently in effect and as may be amended from time to time.

"*Investment Securities*" means any of the following securities authorized by law and the Investment Policy as permitted investments of Board funds at the time of purchase thereof:

- (a) Government Obligations;
- (b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - Export Import Bank
  - Farm Credit System Financial Assistance Corporation
  - Farmers Home Administration
  - General Services Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - Government National Mortgage Association (GNMA)
  - U.S. Department of Housing & Urban Development (PHAs)
  - Federal Housing Administration;
- (c) Senior debt obligations issued by Fannie Mae or the Federal Home Loan Mortgage Corporation and senior debt obligations of other government agencies which at the time of purchase are rated within the 4 highest general classifications established by a rating service of nationally recognized expertise or are expressly secured by the full faith and credit of the United States of America;
- (d) U.S. dollar denominated deposit accounts, certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the Board), demand deposits, including interest bearing money market accounts, trust deposits, time deposits, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which on the date of purchase have any two of the following ratings on their short term certificates of deposit: "A-1" or "A-1+" by S&P, "P-1" by Moody's and "F1" or "F1+" by Fitch, and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which at the time of purchase has any two of the following ratings: "A-1" or above by S&P, "P-1" by Moody's and "F1" by Fitch, and which matures not more than 180 days after the date of purchase;

(f) Investments in a money market fund which at the time of purchase is rated "AAAm" or "AAAm-G" or better by S&P, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise;

(g) Repurchase Agreements; and

(h) Forward Supply Contracts.

Ratings of Investment Securities referred to herein shall be determined at the time of purchase of such Investment Securities and without regard to ratings subcategories.

"*Kroll*" means Kroll Bond Rating Agency, Inc., its successors and assigns, and, if Kroll shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "*Kroll*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board (with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld) by notice to the Trustee.

"*Maturity Date*" shall, for each Series of Notes, have the meaning ascribed to such term in the Supplemental Indenture relating to such Series of Notes.

"*Moody's*" means Moody's Investors Service, its successors and assigns, and, if Moody's shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "*Moody's*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board (with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld) by notice to the Trustee.

"*Notes*" means any Tax Anticipation Notes authenticated and delivered under and pursuant this Indenture and pursuant to a Supplemental Indenture, including any Additional Notes and the Exchange Notes.

"*Note Resolution*" means Resolution No. 17-0828-RS-5, adopted by the Board on August 28, 2017, authorizing the issuance of the Notes, as the same may be supplemented or amended.

"*Opinion of Bond Counsel*" means a written opinion of Bond Counsel in form and substance acceptable to the Board and the Trustee, which opinion may be based on a ruling or rulings of the Internal Revenue Service.

"*Outstanding*" means, with respect to a Series of the Notes, as of any date, all Notes of such Series theretofore or thereupon being authenticated and delivered under this Indenture except:

(i) Any Notes of such Series (or portions thereof) canceled by the Trustee at or prior to such date;

(ii) Notes of such Series (or portions thereof) for the payment or redemption of which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under this Indenture and set aside for such payment or redemption (whether at or prior to the Maturity Date or Redemption Date), provided that if such Notes (or portions thereof) are to be redeemed, notice of such redemption shall have been given as provided in the Supplemental Indenture authorizing the issuance of such Series or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to Article II, Section 304 or Section 1006;

(iv) Notes deemed to have been paid as provided in Section 1101(B); and

(v) Notes purchased by the Board and cancelled pursuant to Section 305 hereof.

"*Owner*" means any person who shall be the registered owner of any Note or Notes.

"*Paying Agent*" means the Trustee and any other bank, national banking association or trust company designated by Supplemental Indenture or by an Authorized Officer as a paying agent for the Notes of any Series, and any successor or successors appointed by an Authorized Officer under this Indenture.

"*Payment Date*" shall mean any date on which the principal or Redemption Price of or interest on any Series of Notes is payable in accordance with its terms and the terms of this Indenture and the Supplemental Indenture creating such Series, including the purchase date of Notes purchased pursuant to Section 403(D).

"*Person*" means and includes an association, unincorporated organization, a limited liability company, a corporation, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

"*Pledged Tax Receipts*" means all of the money derived from the collection of the Pledged Taxes, to the extent such money has not been released to the Board free and clear of the lien of this Indenture pursuant to the provisions of this Indenture; *provided, however*, such "Pledged Taxes Receipts" shall not include any Tax Increment Revenue paid or payable to the School District pursuant to Section 8 of the TIF Act.

"*Pledged Taxes*" means the annual ad valorem tax levied by the Board upon all taxable property located in the School District for educational purposes for the year 2017.

*"Principal and Interest SubAccount"* means each Principal and Interest SubAccount for each Series established pursuant to Section 402.

*"Principal Payment Date"* means, with respect to any Series of Notes, (i) each date that principal on such Series of Notes is paid pursuant to this Indenture and the applicable Supplemental Indenture, (ii) each Redemption Date with respect to such Note and (iii) the Maturity Date of such Note.

*"Program Expense Fund"* means the Program Expense Fund, if established pursuant to Sections 402 and 405.

*"Purchase Date"* means any date on which a Series of Notes is purchased and cancelled at the direction of the Board pursuant to the terms of the Supplemental Indenture relating to such Series of Notes.

*"Purchaser"* means any entity that (i) purchases a beneficial ownership interest in a Series of Notes from the Board or (ii) makes a loan to the Board in exchange for ownership of a Series of Notes and, with respect to a Series of Notes, shall have the meaning further ascribed to such term in the Supplemental Indenture relating to such Series of Notes.

*"Record Date"* means, (i) with respect to any Interest Payment Date for the Notes, the Business Day immediately preceding such Interest Payment Date for such Notes and (ii) any date determined by the Trustee pursuant to Section 702(I) hereof.

*"Redemption Account"* means the Redemption Account for each Series established in Section 402.

*"Redemption Date"* means, with respect to a Note of any Series (or portion thereof), the date identified in the Supplemental Indenture applicable to such Series.

*"Redemption Fund"* means the Redemption Fund established in Section 402.

*"Redemption Price"* means, with respect to a Note of any Series (or portion thereof), the principal amount thereof payable upon the date fixed for redemption.

*"Registrar"* means the Trustee and any other bank, national banking association or trust company appointed by an Authorized Officer under this Indenture and designated as registrar for the Notes, and its successor or successors.

*"Released Funds Account"* means the Released Funds Account established in Section 402.

*"Repayment Commencement Date"* means that date which is 15 days after the Tax Penalty Date.

*"Repurchase Agreements"* means repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 subject to the provisions of said Act and the Regulations issued thereunder. The government securities that are the subject of

such repurchase agreements, unless registered or inscribed in the name of the Board, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

"*School Code*" means the School Code, 105 Illinois Compiled Statutes 5/34, as amended.

"*School District*" means the school district constituted by the City of Chicago pursuant to Article 34 of the School Code, and governed by the Chicago Board of Education.

"*SLGS*" means United States Treasury Certificates of Indebtedness, Notes and Bonds – State and Local Government Series.

"*S&P*" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, its successors and assigns, and, if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board (with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld) by notice to the Trustee.

"*Series*" means all of the Notes designated as a series and authenticated and delivered on original issuances in a simultaneous transaction, and any Notes thereafter authenticated and delivered in lieu of or in substitution for such Notes pursuant to Article III or Section 1006 or the provisions of a Supplemental Indenture.

"*State*" means the State of Illinois.

"*Supplemental Indenture*" means any Supplemental Indenture between the Board and the Trustee authorized pursuant to Article IX.

"*Tax Escrow Agreement*" means the Tax Escrow Agreement dated as of September 1, 2017, as amended from time to time, by and between the Board and the Escrow Agent.

"*Tax Anticipation Notes*" means any tax anticipation note, tax anticipation warrant or similar indebtedness issued by the Board in anticipation of the collection of the taxes levied by the Board for educational purposes for the 2017 Tax Levy.

"*Tax Increment Revenue*" means the portion, if any, of taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in any transit facility improvement area established by the City of Chicago, over and above the initial equalized assessed value of such property existing at the time tax increment financing was adopted, minus the total current homestead exemptions pertaining to each piece of property provided by Article 15 of the Property Tax Code, 35 Illinois Compiled Statutes 200, as amended, in the transit facility improvement area.

"*Tax Penalty Date*" means the last day on which the second installment of the Pledged Taxes may be paid without penalty with respect to taxable property located in The County of Cook, Illinois.



"*Testing Period*" means (i) the period beginning on April 3, 2018 to (but excluding) the Repayment Commencement Date and (ii) at any time not described in the preceding clause (i), any period during which an Event of Default has occurred and is continuing.

"*TIF Act*" means the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, as amended.

"*Trust Estate*" means the Pledged Tax Receipts and all other property pledged to the Trustee pursuant to the Granting Clauses of this Indenture.

"*Trustee*" means ZB, National Association dba Zions Bank, and any successor or successors appointed under this Indenture as hereinafter provided. The "designated office" of the Trustee means 111 West Washington Street, Suite 1860, Chicago, Illinois 60602, or such other address as is provided by the Trustee.

"*Uncollected Pledged Taxes*" means, as of any date of calculation, an amount equal to the difference between (i) \$2,432,832,483 and (ii) the aggregate amount of the Pledged Taxes deposited into the Tax Escrow Agreement as of such date of calculation.

"*Variable Rate*" shall, for each Series of Notes, have the meaning ascribed to such term in the Supplemental Indenture relating to such Series of Notes.

"*Year*" or "*year*" means a calendar year.

"*2017 GANS*" means any of the Grant Anticipation Revenue Notes, Series 2017A and the Grant Anticipation Revenue Notes, Series 2017B, of the Board.

**Section 102. Interpretations.** As used herein, and unless the context shall otherwise indicate, the words "Note," "Owner" and "Person" shall include the plural as well as the singular number.

As used herein, the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Indenture.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this Indenture as originally executed.

Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this Indenture, nor do they affect its meaning, construction or effect.

## **ARTICLE II**

### **Authorization and Issuance of Notes**

**Section 201. Authorization of Notes.** (A) The Board shall not issue any Tax Anticipation Notes while this Indenture is in effect except in accordance with the provisions of this Article II. All Notes issued under this Indenture shall be designated "Educational Purposes

Tax Anticipation Notes" and shall include such further appropriate designations as the Board may determine. The total principal amount of Notes that may be issued and Outstanding hereunder is expressly limited to \$1,550,000,000.

(B) Notes may be issued in one or more Series and each Note shall bear upon its face the designation determined for its Series. Each Series of Notes evidences a borrowing by the Board. The Notes shall be issued pursuant to the Note Resolution, this Indenture and a Supplemental Indenture. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided in the Supplemental Indenture authorizing such Series.

(C) The Notes of each Series shall be issuable as fully registered notes, without coupons, in Authorized Denominations, substantially in the form attached to the Supplemental Indenture relating to such Notes, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture. The Notes of each Series shall be lettered and numbered, be dated, mature and be subject to redemption or purchase for cancellation as provided in the Supplemental Indenture authorizing such Series of Notes.

**Section 202. General Provisions for Issuance of Notes.** (a) Each Series of Notes shall be executed by the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of:

- (1) A Counsel's Opinion regarding the validity and enforceability of such Series.
- (2) A written order as to the delivery of such Series signed by an Authorized Officer, which order shall direct, among other things, the application of the proceeds of such Series.
- (3) A copy of the Note Resolution, certified by the Secretary of the Board.
- (4) An executed copy of the Supplemental Indenture authorizing such Series, which shall specify:
  - (a) The authorized principal amount, designation and Series of such Notes.
  - (b) The purposes for which such Series of Notes is being issued.
  - (c) The date, and the maturity date or dates, of the Notes of such Series.
  - (d) The interest rate or rates of the Notes of such Series, or the manner of determining such interest rate or rates, and the Payment Dates and Record Dates therefor.
  - (e) The Authorized Denominations and the manner of dating, numbering and lettering of the Notes of such Series.

(f) The Registrar and the Paying Agent for the Notes of such Series.

(g) The Redemption Price or Prices, if any, or the method for determining Redemption Prices and any redemption dates and terms for the Notes of such Series.

(5) Such further documents, moneys and securities as are required by the provisions of this Indenture or any Supplemental Indenture.

(B) Notes of the same Series and maturity shall be of like tenor except as to interest rate, denomination and form. After the original issuance of Notes of a Series, no Notes of such Series shall be issued except in lieu of or in substitution for other Notes of such Series pursuant to this Indenture or as permitted by a Supplemental Indenture.

**Section 203. Additional Notes.** One or more Series of Tax Anticipation Notes entitled to the benefit, protection and security of this Indenture and constituting a Series of Notes may be authorized and delivered pursuant to a Supplemental Indenture. Any such Additional Notes shall be authenticated and delivered by the Trustee only upon receipt by it of the documents required by Section 202 and a certificate from an Authorized Officer (i) demonstrating that the Board is in compliance with the requirements of Section 604 and (ii) stating that no Event of Default will exist as of the time immediately following the issuance of such Additional Notes.

### ARTICLE III

#### General Terms and Provisions of Notes

**Section 301. Medium of Payment; Form and Date; Letters and Numbers.** The Notes shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Any Notes of a Series shall be issued only in the form of fully registered Notes without coupons or, pursuant to the provisions of a Supplemental Indenture, in any other form permitted by law at the time of original issuance, including, but not limited to, Notes which are transferable through a book-entry system. Each Note shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Note is a part and so as to be distinguished from every other Note. Notes shall be dated as provided in this Indenture or the Supplemental Indenture authorizing the Notes of such Series.

**Section 302. Legends.** The Notes of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, law, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Board or the Trustee prior to the authentication and delivery thereof.

**Section 303. Execution and Authentication.** (A) The Notes shall be executed in the name of the Board by the manual or facsimile signatures of its President or Vice President and attested by the manual or facsimile signature of its Secretary. The signature of the Chief Executive Officer or the Senior Vice President of Finance of the Board may also appear on the

Notes. In case any one or more of the officers who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated and delivered by the Trustee, such Notes may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Notes had not ceased to hold such offices. Any Note may be signed on behalf of the Board by such persons who at the time of the execution of such Note shall hold the proper office of the Board, although at the date of such Note such persons may not have been so authorized or have held such office.

(B) The Notes shall bear a certificate of authentication, in the form set forth in the Supplemental Indenture authorizing such Notes, executed manually by the Trustee. Only such Notes as shall bear such certificate of authentication shall be entitled to any right or benefit under this Indenture, and no such Note shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any such Note executed on behalf of the Board shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

**Section 304. Exchangeability of Notes.** Subject to the provisions of Section 305, any Note, upon surrender at the corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, may, at the option of the Owner and upon payment of any charges which the Trustee may make as provided in Section 305, be exchanged for an equal aggregate principal amount of fully registered Notes of the same Series, maturity, and interest rate and tenor of any other Authorized Denominations.

**Section 305. Negotiability, Transfer and Registration.** (A) Subject to the limitations contained in any Supplemental Indenture, upon surrender for registration of transfer of any Note at the designated office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Owner or such Owner's attorney duly authorized in writing, the Board shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees a new Note or Notes of the same Series and of like date and tenor in Authorized Denominations for the aggregate principal amount which the Owner is entitled to receive bearing numbers not contemporaneously Outstanding. Subject to the limitations contained in any Supplemental Indenture, Notes may be exchanged at such times at such designated office of the Trustee upon surrender thereof together with an assignment duly executed by the Owner thereof or such Owner's attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of Notes of the same Series and of like date and tenor of any Authorized Denomination as the Notes surrendered for exchange bearing numbers not contemporaneously Outstanding. The execution by the Board of any Note of any Authorized Denomination shall constitute full and due authorization of such Authorized Denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Note.

(B) No service charge shall be imposed upon the Owners for any exchange or transfer of Notes. The Board and the Trustee may, however, require payment by the person requesting an exchange or transfer of Notes of a sum sufficient to cover any tax, fee or other governmental

charge that may be imposed in relation thereto, except in the case of the issuance of a Note for the unredeemed portion of a Note surrendered for redemption in part.

(C) The Board, the Trustee and any Paying Agent may treat the Owner of any Note as the absolute owner thereof for all purposes, whether or not such Note shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Note as herein provided shall be made only to or upon the written order of the Owner thereof or such Owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

(D) Notes delivered upon any registration of transfer or exchange as provided herein or as provided in Section 306 shall be valid limited obligations of the Board, evidencing the same debt as the Notes surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Note surrendered.

**Section 306. Notes Mutilated, Destroyed, Stolen or Lost.** In case any Note shall become mutilated or be destroyed, stolen or lost, the Board shall execute, and thereupon the Trustee shall authenticate and deliver, a new Note of the same Series and of like tenor and principal amount, as the Notes so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note, upon surrender and cancellation of such mutilated Note or in lieu of and substitution for the Note destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Board and the Trustee that such Note has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Board and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Board or the Trustee may prescribe and paying such expenses as the Board and Trustee may incur. All Notes so surrendered to the Trustee shall be canceled by the Trustee in accordance with Section 1105. Any such new Notes issued pursuant to this Section in substitution for Notes alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Board, whether or not the Notes so alleged to be destroyed, stolen or lost shall be found at any time or be enforceable by anyone, shall be entitled to equal and proportionate benefits with all other Notes issued under this Indenture and shall be equally secured by the moneys or securities held by the Trustee for the benefit of the Owners.

#### **ARTICLE IV**

##### **Pledge of Trust Estate and Application of Funds**

**Section 401. Pledge Effected by This Indenture.** (A) There are hereby assigned and pledged for the payment of the principal and Redemption Price of, and interest on, the Notes, in accordance with their terms and the provisions of this Indenture, and a lien is hereby granted for such purpose, subject only to the provisions of this Indenture permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in this Indenture, on the Trust Estate as described in the Granting Clauses hereto.

(B) Pursuant to Section 13 of the Act, the moneys, securities and properties hereby pledged by the Board and received by the Escrow Agent as the agent of the Board shall immediately be subject to the lien and the irrevocable pledge hereof without any physical

delivery or further act, and the lien and pledge hereof shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board, irrespective of whether such parties have notice hereof.

(C) The Notes are limited obligations of the Board payable solely from the Pledged Tax Receipts and the other moneys pledged for their payment in accordance with this Indenture. Neither the full faith and credit nor the general taxing power of the Board (other than the Pledged Taxes) is pledged to, or otherwise available for, the payment of any Note.

**Section 402. Establishment of Funds and Accounts.** The Debt Service Fund and the Redemption Fund are hereby established as special funds of the Board to be held by the Trustee. Within the Debt Service Fund, the Trustee shall establish a separate Debt Service Deposit Account for each outstanding Series of Notes and a Released Funds Account. Within the Debt Service Deposit Account for each Series of Notes is created a Principal and Interest SubAccount. Within the Redemption Fund, the Trustee shall establish a separate Redemption Account for each outstanding Series of Notes. At the direction of an Authorized Officer, the Board may establish the Program Expense Fund as a special fund of the Board to be held by the Trustee.

**Section 403. Deposit and Application of Pledged Tax Receipts.**

(A) All Pledged Tax Receipts received by the Trustee from the Escrow Agent pursuant to the terms of the Tax Escrow Agreement shall be deposited and applied by the Trustee in accordance with the this Section 403. Subject to Section 403(G) hereof, all Pledged Tax Receipts paid by the Escrow Agent to the Trustee on or prior to the First Installment Payment Date shall be deposited immediately into the Debt Service Deposit Accounts of the Debt Service Fund on a pro-rata basis for each Series of (i) the First Installment Notes and (ii) other Notes with an Interest Payment Date occurring on or before the First Installment Payment Date, based upon the unpaid principal of and/or interest on such Series due and payable on or prior to the First Installment Payment Date. When all principal and/or interest coming due on (i) First Installment Notes prior to the First Installment Payment Date and (ii) other Notes with an Interest Payment Date occurring on or before the First Installment Payment Date, has been paid in full, all Pledged Tax Receipts shall be deposited by the Trustee into the Debt Service Deposit Accounts of the Debt Service Fund on a pro-rata basis for each Series of Notes.

(B) With respect to all First Installment Proceeds, on each Business Day, if no Event of Default has occurred and is continuing, the Trustee shall apply the moneys in each Debt Service Deposit Account of the Debt Service Fund in the following order of priority:

*First:* to the related Principal and Interest SubAccount for payment to (i) the First Installment Holders of any First Installment Notes and (ii) the holders of any other Notes with an Interest Payment Date occurring on or before the First Installment Payment Date, for the payment of the accrued and unpaid interest on such Notes when due on any Interest Payment Date occurring on or before the First Installment Payment Date. In calculating the amount of the moneys to be deposited into such Principal and Interest SubAccount pursuant to this paragraph for payment of interest on such Notes, interest shall be deemed to accrue on such Notes at the rate of 9% per annum for any date for which the actual variable rate of interest on such Notes is not then known.

*Second:* to the related Principal and Interest SubAccount for payment to the First Installment Holders of any First Installment Notes, for the payment of principal of such Notes as the same shall become due on any applicable Maturity Date, Redemption Date, or Purchase Date, to the extent such Maturity Date, Redemption Date, or Purchase Date is on or before the First Installment Payment Date.

*Third:* to the Released Funds Account for payment to, or pursuant to the direction of, the Board, any amount remaining in the Debt Service Fund after the payment in full of (i) all interest on and principal of any First Installment Notes and (ii) interest on other Notes coming due on or before the First Installment Payment Date as provided in Clause First and Clause Second above.

(C) With respect to all other proceeds of the Pledged Tax Receipts collected and not applied pursuant to Paragraph (B) above, on (i) each Business Day (1) prior to the Repayment Commencement Date on which the aggregate principal amount of all Outstanding Notes is equal to or greater than 80% of the Uncollected Pledged Taxes and (2) on and after the Repayment Commencement Date, until the Maturity Date for all then Outstanding Notes and (ii) the Maturity Date for all then Outstanding Notes, the Trustee shall apply the moneys in each Debt Service Deposit Account of the Debt Service Fund in the following order of priority:

*First:* to the related Principal and Interest SubAccount for payment to the Noteholders of any Series of Notes then Outstanding, for the payment of the accrued and unpaid interest on such Notes when due on each Interest Payment Date. In calculating the amount of the moneys to be deposited into such Principal and Interest SubAccount pursuant to this paragraph for payment of interest on such Notes, interest shall be deemed to accrue on such Notes at the rate of 9% per annum for any date for which the actual variable rate of interest on such Notes is not then known.

*Second:* to the related Principal and Interest SubAccount for payment to the Noteholders of any Series of Notes then Outstanding, for the payment of principal of their Notes as the same shall become due on any Purchase Date, any Redemption Date or the Maturity Date.

*Third:* to the Released Funds Account for payment to, or pursuant to the direction of, the Board, any amount remaining in the Debt Service Fund after the payment of all interest on and principal of the Notes of the applicable Series then Outstanding as provided in Clause First and Clause Second above.

(D) On each Purchase Date, the Trustee shall apply moneys in the related Debt Service Deposit Account of the Debt Service Fund to the payment of the purchase price of the Notes of the applicable Series to be purchased on such Purchase Date pursuant to the Supplemental Indenture relating to such Notes, including the accrued interest on such Notes payable on the Purchase Date.

(E) On any Business Day that no Notes are then Outstanding, any moneys held in the Debt Service Deposit Accounts of the Debt Service Fund and any Pledged Tax Receipts received by the Trustee on that Business Day shall immediately be transferred to the Released Funds

Account for immediate payment to, or pursuant to the direction of, the Board, free from the lien of this Indenture and any Supplemental Indentures.

(F) On each Business Day on which money is paid to, or pursuant to the direction of, the Board pursuant to this Section 403, the Trustee shall provide to the City Treasurer of the City of Chicago, as custodian of the Board's tax moneys, notice of the date and amount of such payment to, or pursuant to the direction of, the Board.

(G) Notwithstanding the provisions of this Section 403, if an Event of Default has occurred, all Pledged Tax Receipts then on deposit with the Trustee shall be allocated or reallocated and transferred and deposited immediately into the Debt Service Deposit Accounts of the Debt Service Fund on a pro-rata basis for each Outstanding Series of Notes, along with any Pledged Tax Receipts thereafter received. Prior to the First Installment Payment Date, if the Event of Default has been cured and no other Event of Default otherwise exists, such reallocated amounts shall be withdrawn from each of the Debt Service Deposit Accounts of the Owners who are not First Installment Holders, except for amounts that would have been deposited, pursuant to Section 403(B), in the Debt Service Deposit Account of the holders of any other Notes with an Interest Payment Date occurring on or before the First Installment Payment Date, absent the occurrence of such Event of Default. Such amounts, together with Pledged Tax Receipts thereafter received prior to the First Installment Payment Date, shall be applied by the Trustee in accordance with Section 403(B) hereof.

**Section 404. Redemption Fund.** Amounts paid to the Trustee by the Board for the redemption of Notes shall be deposited into the Redemption Account for each outstanding Series of Notes at the direction of the Board and applied on the applicable Redemption Date for the payment of the Redemption Price and accrued interest on the Notes to be redeemed pursuant to the Supplemental Indenture relating to such Notes.

**Section 405. Program Expense Fund.** The Board may, at its option, deposit moneys in the Program Expense Fund from time to time. Any moneys on deposit in the Program Expense Fund shall be paid out by the Trustee, at the direction of the Board, to pay the costs of issuance of any Notes, and to pay the ongoing fees of the Fiduciaries as and when such fees come due. Notwithstanding the foregoing, the Board may at any time direct the Trustee to withdraw any or all amounts on deposit in the Program Expense Fund and the Trustee shall promptly pay such amounts to the Board.

## ARTICLE V

### Depositories, Security for Deposits and Investments of Funds

**Section 501. Depositories.** All moneys held by the Trustee under the provisions of this Indenture may be deposited with one or more Depositories selected by an Authorized Officer in the name of and in trust for the Trustee. All moneys deposited under the provisions of this Indenture with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds, Sub-Funds, Accounts and Sub-Accounts established by this Indenture shall be a trust fund.



**Section 502. Deposits.** (A) All moneys held by any Depository under this Indenture may be placed on demand or time deposit, as directed by an Authorized Officer, provided that such deposits shall permit the moneys so held to be available for use when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit as if it were not a Fiduciary. All moneys held by a Fiduciary may be deposited in its banking department on demand or, if and to the extent directed by an Authorized Officer, on time deposit, provided that such moneys on deposit be available for use when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size.

(B) All moneys on deposit to the credit of the Debt Service Fund (i) held by a Depository other than the Trustee and (ii) not otherwise secured by deposit insurance, shall be continuously and fully secured by the Trustee for the benefit of the Board and the Owners of the Notes by lodging with the Trustee as collateral security, Government Obligations having a market value (exclusive of accrued interest) of not less than the amount of such moneys. All other moneys held for the Board under this Indenture shall be continuously and fully secured for the benefit of the Board and the Owners of the Notes in the same manner as provided by the Board for similar funds of the Board.

(C) All moneys deposited with the Trustee and each Depository shall be credited to the particular Fund, Sub-Fund, Account or Sub-Account to which such moneys belong.

**Section 503. Investment of Moneys.** (A) Moneys held in the several Funds, Sub-Funds, Accounts and Sub-Accounts shall be invested and reinvested by the Trustee at the written direction of the Chief Financial Officer or other Authorized Officer in Investment Securities within the parameters of this Indenture and the Investment Policy which mature no later than necessary to provide moneys when needed for payments to be made from such Fund, Sub-Fund, Account or Sub-Account. The Trustee may conclusively rely upon the Chief Financial Officer's or other Authorized Officer's written instructions as to both the suitability and legality of the directed investments. Ratings of Investment Securities shall be determined at the time of purchase of such Investment Securities. In the absence of written investment instructions from the Board, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Investment Securities, but shall immediately notify the Board in the event moneys are being held uninvested hereunder. Nothing contained in this Indenture shall be construed to prevent such Chief Financial Officer or Authorized Officer from directing the Trustee to make any such investments or reinvestments through the use of a Forward Supply Contract, to the extent permitted by State law and the Investment Policy, and the Trustee shall comply with the terms and provisions of any such Forward Supply Contract. The Trustee may make any and all such investments through its trust department or the bond department of any bank (including the Trustee) or trust company under common control with the Trustee. The Board has provided a certified copy of the Investment Policy to the Trustee and the Board covenants and agrees to provide to the Trustee in a timely fashion any amendments to or revisions of such Investment Policy. The Trustee shall be entitled to conclusively rely on the Investment Policy provided to it by the Board as the Investment Policy in effect at the time any investment is made. All investment income shall be retained in the Fund or Account to which the investment is credited from which such income is derived.

(B) The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of investment instructions from the Board, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Investment Securities. The Trustee shall notify the Board in the event any moneys are being held uninvested pursuant hereto. The Trustee shall not be liable or responsible for the performance or adverse tax consequences of, or any losses on, any investment made pursuant to this Section. Although the Board recognizes that they may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Board hereby agrees that confirmations of Investment Securities are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any Fund if no activity occurred in such Fund during such month.

(C) Valuations of Investment Securities held in the Funds, Sub-Funds, Accounts and Sub-Accounts established hereunder shall be made by the Trustee as often as may be necessary or requested by the Board to determine the amounts held therein. In computing the amounts in such Funds, Sub-Funds, Accounts and Sub-Accounts, Investment Securities therein shall be valued as provided in Subsection (D) of this Section 503. Investment Securities in any Fund created under the provisions of this Indenture or any Supplemental Indenture shall be deemed at all times to be part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from liquidation of such investment shall be charged to such Fund.

(D) The value of Investment Securities shall mean the fair market value thereof, *provided, however*, that all United States Treasury Securities — State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable.

(E) Except as otherwise provided in this Indenture, the Trustee at the direction of the Chief Financial Officer or other Authorized Officer shall sell at the best price reasonably obtainable, or present for redemption, any Investment Security held in any Fund, Sub-Fund, Account or Sub-Account held by the Trustee whenever it shall be necessary to provide moneys to meet any payment or transfer from such Fund, Sub-Fund, Account or Sub-Account as the case may be. The Trustee and the Board shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

## ARTICLE VI

### Particular Covenants and Representations of the Board

**Section 601. Payment of Notes.** (A) The Board covenants and agrees that it will pay solely from the Pledged Tax Receipts the principal of every Outstanding Note and the interest thereon, at the places, on the dates and in the manner provided in this Indenture, any Supplemental Indenture and in the Notes.

(B) If the maturity of any Series of Notes or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Series of Notes or installment of interest shall not be entitled, in case of any default under this Indenture, to the benefit of this

Indenture or to payment out of the Trust Estate (except moneys held in trust for the payment of such Series of Notes or installment of interest) until the prior payment of the principal of all Notes Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Notes as shall not be represented by such extended claims for interest.

**Section 602. Further Assurance.** At any and all times the Board shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming, all and singular, the rights, and the Pledged Tax Receipts and other moneys, securities and funds hereby pledged or assigned, or which the Board may become bound to pledge or assign.

**Section 603. Power to Issue Notes and Pledge Trust Estate.** The Board is duly authorized under all applicable laws to issue the Notes, to execute and deliver documents relating to the Notes, to pledge the Pledged Tax Receipts and to grant the lien granted by this Indenture thereon in the manner and to the extent provided in this Indenture. The Notes and the provisions of this Indenture are and will be valid and legally enforceable limited obligations of the Board in accordance with their terms and the terms of this Indenture, except to the extent enforceability may be limited by bankruptcy, insolvency and other laws affecting conditions, rights or remedies and the availability of equitable remedies generally. The Board covenants that upon the issuance of any of the Notes, all conditions, acts and things required by the Constitution and laws of the State of Illinois and this Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such Notes shall exist, have happened and have been performed. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and lien on the Pledged Tax Receipts and all the rights of the Owners in and to such Pledged Tax Receipts against all claims and demands.

**Section 604. Tax Anticipation Notes.** The Board reserves the right to continue to issue Notes as Additional Notes payable from all or any portion of the Pledged Taxes, and any such Additional Notes shall share ratably and equally in the Pledged Tax Receipts with the Notes; *provided, however,* that (i) the Board shall not issue any other obligations secured by Pledged Tax Receipts while any Notes or the 2017 GANS are outstanding; (ii) no Notes shall be issued later than the 15th day next following the Tax Penalty Date; (iii) no Notes shall be issued if, as of the time immediately following the issuance of such Notes, the aggregate principal amount of all outstanding obligations secured by Pledged Tax Receipts, including all outstanding Notes, would exceed the lesser of (1) \$1,550,000,000 on or before April 2, 2018 or \$950,000,000 on or after April 3, 2018 and (2) eighty percent (80%) of the Uncollected Pledged Taxes; *provided, however,* while the 2017 GANS are outstanding, the Board shall not issue any Notes, other than Exchange Notes, if such issuance would cause the sum of (i) the principal amount of then outstanding Notes, (ii) the principal amount of then outstanding 2017 GANS and (iii) the principal amount of then authorized but unissued 2017 GANS, to exceed the lesser of (1) \$1,550,000,000 on or before April 2, 2018 or \$950,000,000 on or after April 3, 2018 and (2) eighty percent (80%) of the Uncollected Pledged Taxes.

**Section 605. Covenants Regarding Pledged Tax Receipts.** The Board has directed the County Collectors to deposit all collections of Pledged Tax Receipts directly with the Escrow

Agent for application in accordance with the provisions of the Tax Escrow Agreement. As long as any of the Notes or the 2017 GANS remain Outstanding, the Board will not modify or amend such direction or the terms of the Tax Escrow Agreement, except for such modifications or amendments as may be necessitated by changes in State law, procedures, rules or regulations thereunder with respect to the collection and distribution of ad valorem property taxes; *provided*, that no such modification or amendment shall provide for the deposit with the Escrow Agent of less than all of the Pledged Tax Receipts. The Board shall provide to each Purchaser a copy of any such modification or amendment at least 5 Business Days prior to the effective date thereof. As long as there are any Notes or 2017 GANS Outstanding, the Board and its officers will comply with all present and future applicable laws in order to assure that the Pledged Tax Receipts may be collected, deposited and applied as described in the Tax Escrow Agreement and this Indenture.

**Section 606. Accounts and Reports.** (A) The Board shall keep and cause the Escrow Agent to keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Pledged Tax Receipts, and which, together with all other books and financial records of the Board, shall at all reasonable times be available for the inspection of the Trustee and the Owners of not less than twenty five percent (25%) in aggregate principal amount of Outstanding Notes or their representatives duly authorized in writing.

(B) During the Testing Period, the Trustee shall provide to the Board and each Purchaser on each day the Trustee receives Pledged Tax Receipts from the Escrow Agent a notice in the form attached to a Supplemental Indenture, as applicable, providing information with respect to the amount of Pledged Tax Receipts received by the Trustee from the Escrow Agent on each such day and of such amounts so received, (A) the amounts released to the Board free and clear of the lien of this Indenture pursuant to Section 403(C) hereof and (B) the amounts retained in the Debt Service Fund for application to the payment of the principal of and interest on the Notes.

**Section 607. Third Party Engagement and Deliverables.** If at any time, the Board shall engage, or shall cause to be engaged on its behalf, any third party consultant for the purpose of preparing any restructuring or insolvency plans with respect to the Board or the School District, the Board (i) shall promptly, and in any event within five (5) days following the engagement thereof, notify the Purchasers of such engagement and the scope of such engagement, (ii) at the request of the any Purchaser and to the extent permitted by the related engagement letter and to the extent subject to disclosure pursuant to the Illinois Freedom of Information Act, 5 ILCS 140 et. seq. (or any successor act thereto) (the "*Freedom of Information Act*"), shall provide to such Purchaser a copy of such related engagement letter, (iii) at the request of any Purchaser and to the extent subject to disclosure pursuant to the Freedom of Information Act, shall provide to such Purchaser a copy of any final report of such consultant delivered to the Board, and (iv) shall allow such Purchaser to provide a copy of any such final report received by such Purchaser to any potential subsequent Purchaser with respect to the Notes.

**ARTICLE VII**  
**Remedies of Owners**

**Section 701. Events of Default.** Each of the following events is hereby declared an "*Event of Default*":

(1) if a default shall occur in the due and punctual payment of the principal or Redemption Price of any Note when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(2) if a default shall occur in the due and punctual payment of interest on any Note, when and as such interest shall become due and payable;

(3) if a default shall occur in the performance or observance by the Board of any other of the covenants, agreements or conditions in this Indenture or in the Notes contained, and such default shall continue for a period of 60 days after written notice thereof to the Board by the Trustee or after written notice thereof to the Board and to the Trustee by the Owners of not less than a majority in principal amount of the Outstanding Notes, provided that if the nature of the default is such that it cannot be cured within the initial 60-day period but can be cured within an additional period of not to exceed 60 days from the end of the initial 60-day cure period, no event of default shall occur if the Board institutes corrective action within the initial 60-day cure period and diligently pursues such action until the default is corrected (provided such default is corrected within the additional 60-day period described above);

(4) if the Board shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State; or

(5) (i) if the Board shall default on the payment of the principal of or interest on any Notes, beyond the period of grace, if any, provided in the instrument or agreement under which such Notes were issued; or (ii) if any Purchaser shall provide the Board and the Trustee with notice of the occurrence of an event of default following the lapse of any applicable cure in the observance or performance of any agreement or condition relating to any Notes or contained in any instrument or agreement evidencing, securing or relating thereto, including any agreement between a Purchaser and the Board in connection with the Purchaser's ownership of Notes.

**Section 702. Proceedings Brought by Trustee.** (A) If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than a majority in aggregate principal amount of the Notes Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners of the Notes under the Notes or this Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Board as if the Board were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being

advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture or enforce any of the rights or interests of the Owners of the Notes under the Notes or this Indenture.

(B) All rights of action (including without limitation, the right to file proof of claims) under this Indenture may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee shall be brought in its name.

(C) All actions against the Board under this Indenture shall be brought in a State or federal court located in the County of Cook, Illinois.

(D) The Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

(E) Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(F) Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Owners of a majority in aggregate principal amount of the Notes then Outstanding, and furnished with security and indemnity to its satisfaction, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under this Indenture and to preserve or protect its interests and the interest of the Owners.

(G) During the continuance of an Event of Default, the Trustee shall apply all Pledged Tax Receipts paid to the Trustee and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it; it being understood that payment of such charges and expenses shall not be made from any moneys already held for the payments of the principal of, interest on and or purchase price of Notes that were not presented for payment when due.

(2) to the payment of the principal of, Redemption Price and interest on the Notes then due, as follows:

*First:* to the payment to the persons entitled thereto of all installments of interest then due on the Notes in the order of the maturity of such installments, together with accrued and unpaid interest on the Notes theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference (*provided, however*, that no payment shall be made with respect to Notes owned by the Board); and

*Second:* to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Notes which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Notes due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference (*provided, however*, that no payment shall be made with respect to Notes owned by the Board); and

(H) If and whenever all overdue installments of principal and Redemption Price of and interest on, Notes, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the Board under this Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on, all Notes held by or for the account of the Board, or provision satisfactory to the Trustee shall be made for such payments, all defaults under this Indenture or the Notes shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Board all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee), and thereupon the Board, the Trustee and the Owners shall be restored, respectively, to their former positions and rights under this Indenture. No such payment to the Board by the Trustee nor such restoration of the Board and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

(I) Whenever moneys are to be applied pursuant to the provisions of this Section, the Trustee may, in its discretion, establish and maintain a reserve for future fees and expenses, and may apply moneys to be distributed at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix a date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates, and for which moneys are available, shall cease to accrue. The Trustee shall also select a Record Date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such Record Date and payment date, and shall not be required to make payment to the Owner of any Series of Notes until such Series of Notes shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(J) Under no circumstance may the Trustee declare the principal of or interest on any Notes to be due and payable prior to the Maturity Date of such Notes following the occurrence of an Event of Default under this Indenture.

**Section 703. Restriction on Owners' Action.** (A) No Owner of any Note shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of this Indenture or the execution of any trust under this Indenture or for any remedy under this Indenture, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least a majority in aggregate principal amount of the Notes then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or by the laws of Illinois or to institute such suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or failed to comply with such request within sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Notes shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by this Indenture or to enforce any right under this Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and for the equal benefit of all Owners of the Outstanding Notes.

(B) Nothing in this Indenture or in the Notes contained shall affect or impair the obligation of the Board, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Notes to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce by any suit or proceeding, including by writ of mandamus, such payment of its Note solely from the sources provided herein and the Supplemental Indenture pursuant to which such Note was issued.

**Section 704. Remedies Not Exclusive.** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery of this Indenture.

**Section 705. Effect of Waiver and Other Circumstances.** (A) No delay or omission of the Trustee or any Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein.

(B) The Owners of not less than two-thirds in aggregate principal amount of the Notes then Outstanding, or their attorneys-in-fact duly authorized may on behalf of the Owners of all of the Notes waive any past default under this Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Notes. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.



**ARTICLE VIII**  
**Concerning the Fiduciaries**

**Section 801. Trustee; Appointment and Acceptance of Duties.** The Trustee hereby accepts and agrees to the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the Board agrees and the respective Owners of the Notes, by their purchase and acceptance thereof, agree. Except during the continuance of an Event of Default, the Trustee undertakes such duties and only such duties as are specifically set forth in this Indenture.

**Section 802. Paying Agents; Appointment and Acceptance of Duties.** (A) The Trustee is hereby appointed Paying Agent for each Series of Notes. The Board may at any time or from time to time appoint one or more other Paying Agents for the Notes of each Series. Any Paying Agent shall be a bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$15,000,000, or shall be a wholly owned subsidiary of such an entity, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(B) The Trustee hereby accepts the duties and obligations imposed upon it as Paying Agent by this Indenture. Each other Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and to the Trustee a written acceptance thereof.

(C) Unless otherwise provided, the corporate trust offices of the Paying Agents in the City of Chicago, Illinois are designated as the respective offices or agencies of the Board for the payment of the principal or Redemption Price of the Notes.

**Section 803. Registrar; Appointment and Acceptance of Duties.** The Trustee is hereby appointed Registrar for the Notes. The Board may at any time or from time to time appoint one or more other Registrars. Any Registrar shall be a bank, trust company or national banking association doing business and having an office in the United States, if there be such a bank, trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. The Trustee hereby accepts the duties and obligations imposed upon it as Registrar by this Indenture. Each other Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Board and to the Trustee a written acceptance thereof.

**Section 804. Responsibilities of Fiduciaries.** (A) The recitals of fact herein and in the Notes contained shall be taken as the statements of the Board and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Notes issued hereunder or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate on the Notes. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Board or to any other Fiduciary. No Fiduciary shall be under any

obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified to its reasonable satisfaction. Subject to the provisions of paragraph (B) of this Section, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

(B) In case an Event of Default has occurred and has not been remedied or waived, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Article.

(C) Before taking any action under this Indenture relating to an event of default or in connection with its duties under this Indenture other than making payments of principal and interest on the Notes as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability adjudicated.

**Section 805. Evidence on Which Fiduciaries May Act.** (A) Each Fiduciary shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion (including a Counsel's Opinion), or other paper or document furnished to it pursuant to and conforming to the requirements of this Indenture, and believed by it to be genuine and to have been signed or presented by the proper party or parties.

(B) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless this Indenture specifically requires other evidence thereof) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(C) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished by the Board to any Fiduciary shall be sufficiently executed if signed by an Authorized Officer.

(D) The Trustee may consult with counsel and the written advice of such counsel or an Opinion of Counsel shall be full and complete authorization and protection for any action taken, suffered or omitted by it in good faith and in accordance with such advice or opinion.

(E) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Owners of Notes, each representing less than a majority in aggregate principal amount of the Notes Outstanding, pursuant to the provision of this Indenture, the Trustee, in its sole discretion, may determine what actions, if any, shall be taken.

(F) The Trustee shall have the right to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured email, facsimile transmission or other similar

unsecured electronic methods, *provided, however*, that the Board shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Board agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

**Section 806. Compensation.** Unless otherwise determined by contract between the Board and each Fiduciary, the Board shall pay to each Fiduciary from time to time reasonable compensation as may be mutually agreed upon by the Board and the Fiduciary for all services rendered under this Indenture. The Board shall pay each Fiduciary for any extraordinary services or expenses performed or incurred by the Trustee in connection with its duties under this Indenture if, to the extent reasonably possible, notified in writing prior to the performance of those services or the incurring of those expenses so as to allow the Board to appropriate sufficient funds for their payment.

**Section 807. Certain Permitted Acts.** Any Fiduciary may become the Owner of any Notes, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Notes or this Indenture, whether or not any such committee shall represent the Owners of a majority in aggregate principal amount of the Notes then Outstanding.

**Section 808. Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by this Indenture by giving not less than sixty (60) days' written notice to the Board, all Owners of the Notes and the other Fiduciaries, and such resignation shall take effect upon the day specified in such notice but only if a successor shall have been appointed by the Board or the Owners as provided in Section 810 and shall have accepted such appointment, in which event such resignation shall take effect immediately on the acceptance of such appointment by such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee shall not have been appointed and accepted such appointment within a period of sixty (60) days following the giving of notice, then the Trustee, at the expense of the Board, shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee as provided in Section 810.

**Section 809. Removal of Trustee.** The Trustee may be removed at any time by an instrument in writing approved by and executed in the name of the Board and delivered to the Trustee; *provided, however*, that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by the Board only with the written concurrence of the Owners of a majority in aggregate principal amount of Notes then Outstanding (excluding Notes held by or for the account of the Board). The Trustee may be removed at any time by the Owners of a majority in aggregate principal amount of the Notes then Outstanding, excluding any Notes held

by or for the account of the Board, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys in fact duly authorized, and delivered to the Board. Copies of each such instrument shall be delivered by the Board to each Fiduciary.

**Section 810. Appointment of Successor Trustee.** (A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer or court shall take charge or control of the Trustee, or of its property or affairs, the Board shall appoint a successor Trustee. The Board shall cause notice of any such appointment made by it to be mailed to all Owners of the Notes.

(B) If no appointment of a Trustee shall be made by the Board within sixty (60) days following such resignation or removal pursuant to the foregoing provisions of this Section 810, the Trustee or the Owners of a majority in principal amount of the Notes then Outstanding hereunder may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, doing business and having a corporate trust office in the State, and having a capital stock and surplus aggregating at least \$15,000,000, or shall be a wholly owned subsidiary of such an entity, if there be such a bank, trust company, national banking association or subsidiary willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(D) Notwithstanding any of the provisions of this Article VIII to the contrary concerning the resignation or removal of the Trustee or the appointment of a successor Trustee, no such resignation, removal or appointment shall be effective until the successor Trustee accepts its appointment.

**Section 811. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Board, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee; but the predecessor Trustee shall nevertheless, on the written request of the Board or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurances and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all its right, title and interest in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument from the Board be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, such deed, conveyance or instrument shall be executed, acknowledged and delivered by the Board. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

**Section 812. Merger or Consolidation.** Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which all or substantially all of the corporate trust business of any Fiduciary may be sold or transferred, shall be the successor to such Fiduciary and be bound to the obligations and duties of such Fiduciary hereunder without the execution or filing of any paper or the performance of any further act, unless such successor delivers written notice of its resignation pursuant to the provisions of this Article; *provided, however*, that such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Indenture.

**Section 813. Adoption of Authentication.** In case any of the Notes contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Notes and deliver such Notes so authenticated; and in case any of the said Notes shall not have been authenticated, any successor Trustee may authenticate such Notes in the name of the predecessor Trustee or in its own name.

**Section 814. Trustee Not Deemed to Have Notice of Default.** The Trustee shall not be deemed to have notice of any default hereunder, except a Note payment default under clause (1) or (2) of Section 701 or the failure of the Board to file with the Trustee any document required by this Indenture, unless any officer in its corporate trust office shall have actual knowledge thereof or the Trustee shall be specifically notified in writing of such default by the Board, by the Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the corporate trust office of the Trustee.

**Section 815. Monthly Report by Trustee.** Within twenty (20) days after the end of each calendar month, the Trustee shall prepare a written report for each Fund and Account held by it pursuant to the provisions of this Indenture. Such report shall set out the receipts and disbursements, both principal and income, and shall list the Investment Securities held by the Trustee at the end of the month. A copy of each such report shall be furnished to the Board, the Purchasers and any persons designated by the Board.

In addition, the Trustee shall, at any time when requested, furnish to the Board, any requesting Purchaser and any persons designated by the Board a report of the amount of moneys, including Investment Securities, held in each Fund by the Trustee. For purposes of this certification, the Investment Securities in each such Fund shall be treated as having a value equal to their aggregate market value as of the date of the request.

## **ARTICLE IX Supplemental Indentures**

**Section 901. Supplemental Indentures Not Requiring Consent of Owners.** The Board and the Trustee may without the consent of, or notice to, any of the Owners, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (1) to authorize a Series of Notes and to specify, determine or authorize any matters and things concerning any such Series which are not contrary to or inconsistent with this Indenture;
- (2) to close this Indenture against, or impose additional limitations or restrictions on, the issuance of Notes, or of other notes, bonds, obligations or evidences of indebtedness;
- (3) to impose additional covenants or agreements to be observed by the Board;
- (4) to impose other limitations or restrictions upon the Board;
- (5) to surrender any right, power or privilege reserved to or conferred upon the Board by this Indenture;
- (6) to confirm, as further assurance, any pledge of or lien upon the Trust Estate or any other moneys, securities or funds;
- (7) to cure any ambiguity, omission or defect in this Indenture which, in the judgment of the Trustee, is not to the prejudice in any regard of the Trustee or the Owners;
- (8) to provide for the appointment of a successor securities depository in the event any Series of Notes is held in book-entry only form;
- (9) to provide for the appointment of any successor Fiduciary;
- (10) to conform the provisions of the Indenture to the provisions of the TIF Act, the Act, the School Code, the Code and Regulations, or other applicable law; and
- (11) to make any other change which, in the judgment of the Trustee, is not to the prejudice in any regard of the Trustee or the Owners.

**Section 902. Supplemental Indentures Effective upon Consent of Owners.** Any Supplemental Indenture not effective in accordance with Section 901 shall take effect only if permitted and approved and in the manner prescribed by Article X.

**Section 903. Filing of Counsel's Opinion.** Each Supplemental Indenture described in Section 901 shall be accompanied, when filed with the Trustee, by a Counsel's Opinion to the effect that such Supplemental Indenture has been duly authorized by the Board in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and, when executed and delivered, will be valid and binding upon the Board.

## ARTICLE X Amendments

**Section 1001. Mailing.** Any provision in this Article for the mailing of a notice or other information to Owners shall be fully complied with if it is mailed by first class mail, postage prepaid or delivered only to each Owner of Notes then Outstanding at its address, if any, appearing upon the registration books of the Board kept by the Registrar.

**Section 1002. Powers of Amendment.** Except for Supplemental Indentures described in Section 901, any modification or amendment of this Indenture and of the rights and obligations of the Board and of the Owners of the Notes hereunder, in any particular, may be made by a Supplemental Indenture with the written consent given as provided in Section 1003 hereof of the Owners of at least a majority in aggregate principal amount of the Notes then Outstanding at the time such consent is given; *provided, however*, that (i) this Section 1002 and Sections 403, 603, 604, 605 and 701 of this Indenture may only be amended with the written consent given as provided in Section 1003 hereof of the Owners of all Notes then Outstanding at the time such consent is given and (ii) if any modification or amendment described in this Section 1002 will, by its terms, not take effect so long as any Notes of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Notes, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon as specified in the related Supplemental Indenture, without the consent of the Owner of such Note, or shall reduce the percentages or otherwise affect the classes of Notes the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Exclusive of Supplemental Indentures covered by Section 901 and subject to the terms and provisions contained in this Section 1002, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Notes then Outstanding shall each have the right, from time to time, to (i) consent to and approve the execution by the Board and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture, or (ii) waive or consent to the taking by the Board of any action prohibited, or the omission by the Board of the taking of any action required, by any of the provisions of this Indenture or of any indenture supplemental hereto; *provided, however*, that nothing contained in this Section 1002 or in Section 901 hereof shall permit or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the payment or redemption of any Note, without the consent of the Owners of such Note, (b) except for the pledge of the Pledged Tax Receipts in connection with the issuance of Additional Notes, the creation of any lien prior to or on a parity with the lien of this Indenture, without the consent of the Owners of all the Notes at the time Outstanding, (c) a reduction in the aforesaid aggregate principal amount of Notes, the Owners of which are required

to consent to any such waiver or Supplemental Indenture, without the consent of the Owners of all the Notes at the time Outstanding which would be affected by the action to be taken, or (d) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (e) the loss of the exclusion from federal gross income of the Owners of the interest paid on the Notes held by a non-consenting Owner to the extent otherwise afforded under the Code and Regulations.

For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of Notes of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Notes of any particular Series or maturity would be adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on the Board and all Owners of the Notes.

**Section 1003. Consent of Owners.** The Board may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1002, to take effect when and as provided in this Section.

Upon the authorization of such Supplemental Indenture, a copy thereof shall be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to the Owners, but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this Section provided. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Notes, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the Board in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture and, when effective, will be valid and binding upon the Board, the Owners and the Trustee, and (b) a notice shall have been mailed as hereinafter in this Section provided. A certificate or certificates by the Trustee delivered to the Board that consents have been given by the Owners of the Notes described in such certificate or certificates of the Trustee shall be conclusive. Any such consent shall be binding upon the Owner of the Notes giving such consent and upon any subsequent Owner of such Notes and of any Notes issued in exchange therefor whether or not such subsequent Owner has notice thereof; *provided, however*, that any consent may be revoked by any Owner of such Notes by filing with the Trustee, prior to the time when the Trustee's written statement hereafter in this Section referred to is filed, a written revocation, with proof that such Notes are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by this Article and shall not be deemed ineffective by reason of such prior delivery or filing.

Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient under this Section, the Trustee shall make and deliver to the Board a written statement that the consents of the Owners of the required principal amount of



Outstanding Notes have been filed with the Trustee. Such written statement shall be conclusive that such consents have been so filed. Any time thereafter notice, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required principal amount of Outstanding Notes and will be effective as provided in this Section, shall be given by mailing to the Owners (but failure to mail such notice or any defect therein shall not prevent such Supplemental Indenture from becoming effective and binding). The Trustee shall deliver to the Board proof of the mailing of such notice. A record, consisting of the information required or permitted by this Section to be delivered by or to the Trustee, shall be proof of the matters therein stated.

**Section 1004. Modifications by Unanimous Action.** The Indenture and the rights and obligations of the Board and of the Owners of the Notes thereunder may be modified or amended in any respect by a Supplemental Indenture effecting such modification or amendment and with the consents of the Owners of all the Notes then Outstanding, each such consent to be accompanied by proof of the holding at the date of such consent of the Notes with respect to which such consent is given. Such Supplemental Indenture shall take effect upon the filing (a) with the Trustee of (i) a copy thereof, (ii) such consents and accompanying proofs and (iii) the Counsel's Opinion referred to in Section 1003 and (b) with the Board of the Trustee's written statement that the consents of the Owners of all Outstanding Notes have been filed with it. No mailing or publication of any Supplemental Indenture (or reference thereto or summary thereof) or of any request or notice shall be required. No such modification or amendment, however, shall change or modify any of the rights or obligations of any Fiduciary without its written consent thereto.

**Section 1005. Exclusion of Notes.** Notes owned or held by or for the account of the Board shall not be deemed Outstanding and shall be excluded for the purpose of any calculation required by this Article. At the time of any consent or other action taken under this Article, the Board shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, identifying all Notes so to be excluded.

**Section 1006. Notation on Notes.** Notes authenticated and delivered after the effective date of any action taken as in Article IX or this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Board and the Trustee as to such action, and upon demand of the Owner of any Note Outstanding at such effective date and presentation of its Note to the Trustee, suitable notation shall be made on such Note by the Trustee as to any such action. If the Board or the Trustee shall so determine, new Notes so modified which, in the opinion of the Trustee and the Board, conform to such action may be prepared, authenticated and delivered, and upon demand of the Owner of any Note then Outstanding shall be exchanged, without cost to such Owner, for such Note then Outstanding.

## **ARTICLE XI Miscellaneous**

**Section 1101. Defeasance.** (A) If the Board shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Notes the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and

in this Indenture, then the pledge of the Trust Estate and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the Board to the Owners shall thereupon be discharged and satisfied. In such event, the Trustee, upon request of the Board, shall provide an accounting of the assets managed by the Trustee to be prepared and filed with the Board for any year or part thereof requested, and shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Board all moneys and securities held by them pursuant to this Indenture which are not required for the payment of Notes not previously surrendered for such payment or redemption. If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Notes of a particular Series, maturity within a Series or portion of any maturity within a Series, the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Notes shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of the Board to the Owners of such Notes and to the Trustee shall thereupon be discharged and satisfied.

(B) Notes or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the Trustee at or prior to their maturity or redemption date shall be deemed to have been paid within the meaning of and with the effect expressed in this Section 1101 if the Board shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said Notes in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (ii) irrevocable instructions to publish or mail the required notice of redemption of any Notes so to be redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Notes on and prior to each specified redemption date or maturity date thereof, as the case may be, (iv) if any of said Notes are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said Notes a notice that such deposit has been made with the Trustee and that said Notes are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Notes. In determining the amount of any deposit to be made pursuant to clause (iii) of the preceding sentence, the Variable Rate borne by the Notes shall be assumed to be 9% for any period of time during which the actual Variable Rate borne by the Notes is not known. The Defeasance Obligations and moneys deposited with the Trustee pursuant to this Section shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Notes. No payments of principal of any such Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such principal or Redemption Price of, or interest on, said Notes unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the principal of or Redemption Price and interest on such Notes, at maturity or upon redemption, as the case may be.

(C) Each Fiduciary shall continue to be entitled to reasonable compensation for all services rendered under this Indenture, notwithstanding that any Notes are deemed to be paid pursuant to this Section 1101.

(D) Any moneys held by a Fiduciary in trust for the payment and discharge of any of the Notes which remain unclaimed for two years after the date when Notes have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Notes become due and payable, shall, at the written request of the Board, be repaid by the Fiduciary to the Board, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of such Notes shall look only to the Board for the payment of such Notes.

**Section 1102. Evidence of Signatures of Owners and Ownership of Notes.** (A) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Notes shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or its attorney of such instruments may be proved by a guarantee of the signature thereon by a bank, national banking association or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instruments acknowledged to that person the execution thereof, or by an affidavit of witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of authority.

(2) The ownership of Notes and the amount, numbers and other identification and date of holding the same shall be proved by the registration book maintained by the Registrar.

(B) Any request or consent by the Owner of any Note shall bind all future Owners of such Note in respect of anything done or suffered to be done by the Board or any Fiduciary in accordance therewith.

**Section 1103. Moneys Held for Particular Notes.** The amounts held by any Fiduciary for the payment of interest, principal or Redemption Price due on any date with respect to particular Notes shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Notes entitled thereto.

**Section 1104. Preservation and Inspection of Documents.** All documents received by any Fiduciary under the provisions of this Indenture, shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Board, any other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

**Section 1105. Cancellation and Destruction of Notes.** All Notes paid or redeemed, either at or before maturity, and all mutilated Notes surrendered pursuant to Section 307, shall be delivered to the Trustee when such payment or redemption is made or upon surrender, as the case may be, and such Notes, together with all Notes purchased by the Trustee, shall thereupon be promptly cancelled. Notes so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Notes so destroyed, and one executed certificate shall be delivered to the Board and the other retained by the Trustee.

**Section 1106. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Board, the Fiduciaries and the Owners of the Notes, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Fiduciaries and the Owners of the Notes.

**Section 1107. No Recourse.** (A) No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Notes or for any claim based thereon or on this Indenture against any past, present or future member of the Board, officer, employee or agent of the Board, or any successor, public body or any person executing the Notes, either directly or through the Board, under any rule of law or equity, statute or constitution or otherwise, and all such liability of any such officers, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of the Notes.

(B) No member of the Board, officer, director, agent or employee of the Board shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Notes; but nothing herein contained shall relieve any such officer, director, agent or employee from the performance of any official duty provided by law.

(C) All covenants, stipulations, obligations and agreements of the Board contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Board to the full extent authorized and permitted by the Constitution and laws of the State, and no covenants, stipulations, obligations or agreements contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Board, officer, agent or employee of the Board in his or her individual capacity, and no officer executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issue thereof. No member of the Board, officer, director, agent or employee of the Board shall incur any personal liability in acting or proceeding or in not acting or not proceeding in accordance with the terms of this Indenture.

**Section 1108. Successors and Assigns.** Whenever in this Indenture the Board is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Indenture contained by or on behalf of the Board shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

**Section 1109. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

**Section 1110. Notices.** Any notice, demand, direction, request or other instruments authorized or required by this Indenture to be given to, delivered to or filed with the Board or the Trustee shall be deemed to have been sufficiently given, delivered or filed for all purposes of the Indenture if and when sent by registered mail, return receipt requested:

To the Board, if addressed to: Board of Education of the City of Chicago  
42 West Madison Street  
2nd Floor  
Chicago, Illinois 60602  
Attention: Senior Vice President of Finance

With a copy to: Board of Education of the City of Chicago  
42 West Madison Street  
2nd Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

and

Board of Education of the City of Chicago  
1 North Dearborn Street  
Chicago, Illinois 60602  
Attention: General Counsel

to such other address as may be designated in writing by the Board to the Trustee; and

To the Trustee, if addressed to: Zions Bank  
111 West Washington Street, Suite 1860  
Chicago, Illinois 60602  
Attention: Corporate Trust Department

or at such other address as may be designated in writing by the Trustee to the Board.

**Section 1111. Construction.** The Indenture and all Supplemental Indentures shall be construed in accordance with the provisions of State law.

**Section 1112. Multiple Counterparts.** The Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Board of Education of the City of Chicago, has caused this Indenture to be executed in its name and its behalf by its Senior Vice President of Finance and attested by its Assistant Secretary and the Trustee has caused this Indenture to be executed in its behalf by an Authorized Officer and its corporate seal to be impressed hereon and attested by an Authorized Officer, all as of the day and year first above written.

BOARD OF EDUCATION OF THE CITY  
OF CHICAGO

By: \_\_\_\_\_  
Its: Senior Vice President of Finance, Board  
of Education of the City of Chicago

Attest:

By: \_\_\_\_\_  
Its: Assistant Secretary, Board of Education  
of the City of Chicago

ZB, NATIONAL ASSOCIATION DBA  
ZIONS BANK

By: \_\_\_\_\_  
Its: Authorized Officer

Attest:

By: \_\_\_\_\_  
Its: Authorized Officer

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SIXTH SUPPLEMENTAL INDENTURE

by and between

BOARD OF EDUCATION OF THE CITY OF CHICAGO

and

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK  
as Trustee

Dated as of January 1, 2018

SECURING BOARD OF EDUCATION OF THE CITY OF CHICAGO  
EDUCATIONAL PURPOSES TAX ANTICIPATION NOTES

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THIS SIXTH SUPPLEMENTAL INDENTURE dated as of January 1, 2018 (the "*Supplemental Indenture*"), by and between the Board of Education of the City of Chicago, a school district organized and existing under the laws of the State of Illinois (the "*Board*"), and ZB, National Association dba Zions Bank, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, as Trustee (the "*Trustee*") under the Master Trust Indenture dated as of September 1, 2017, by and between the Board and the Trustee securing Board of Education of the City of Chicago Educational Purposes Tax Anticipation Notes (the "*Indenture*").

W I T N E S S E T H:

WHEREAS, on August 28, 2017, the Board adopted Resolution 17-0828-RS5 (the "*Note Resolution*") authorizing the issuance, from time to time, in one or more series, of its Educational Purposes Tax Anticipation Notes in an aggregate principal amount not to exceed \$1,550,000,000 (the "*Tax Anticipation Notes*"); and

WHEREAS, this Supplemental Indenture is entered into pursuant to clause (1) of Section 901 of the Indenture and the Note Resolution to authorize the issue of Tax Anticipation Notes as a Series of Notes under the Indenture (each as herein defined) and to specify, determine and authorize any matters and things concerning each such Series which are not contrary to or inconsistent with the Indenture; and

WHEREAS, each Series of Tax Anticipation Notes, when issued, will be secured by a pledge of, lien on and security interest in the Trust Estate as defined in the Indenture; and

WHEREAS, the Board has determined to issue a (i) Series of Tax Anticipation Notes in the aggregate principal amount of \$147,365,000 (the "*Series 2017F Notes*"), pursuant to Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, as amended (the "*Act*"), the Note Resolution and the Indenture; and

WHEREAS, ZB, National Association dba Zions Bank, as Trustee under the Indenture has accepted its appointment as Trustee and does hereby acknowledge and accept the powers, duties and obligations of the Trustee under this Supplemental Indenture; and

WHEREAS, all things necessary to make the Series 2017F Notes, when authenticated by the Trustee and issued as in the Indenture and in this Supplemental Indenture provided, the valid, binding and legal limited obligations of the Board according to the import thereof, and to constitute the Indenture and this Supplemental Indenture as a valid pledge of and grant of a lien on the Trust Estate for the purpose of securing the payment of the principal of, premium, if any, and interest on the Series 2017F Notes have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this Supplemental Indenture and the execution and issuance of the Series 2017F Notes, subject to the terms hereof, have in all respects been duly authorized;

## GRANTING CLAUSES

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to secure the payment of the principal of, premium, if any, and interest on the Series 2017F Notes under the Indenture, according to the import thereof, and the performance and observance of each and every covenant and condition herein and in the Series 2017F Notes contained, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Series 2017F Notes by the Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Series 2017F Notes shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, the Board does hereby confirm the pledge of and lien on the following Trust Estate to the Trustee and its successors in trust and assigns, for the benefit of the Owners, to the extent provided in the Indenture:

(a) The Pledged Tax Receipts, provided that the pledge of the Pledged Tax Receipts to the Series 2017F Notes is on a parity with the pledge of the Pledged Tax Receipts to any other Tax Anticipation Notes; and

(b) All moneys and securities and earnings thereon held in the Escrow Account maintained under the Tax Escrow Agreement (as defined herein), provided that such pledge to the Series 2017F Notes is on a parity with the pledge of the moneys and securities held in the Escrow Account for the benefit and security of any other Tax Anticipation Notes and is subject to the allocation of the moneys and securities in said Escrow Account in accordance with the terms and provisions of the Tax Escrow Agreement; and

(c) All moneys and securities and earnings thereon in all funds, accounts and sub-accounts established pursuant to the Indenture and this Supplemental Indenture; and

(d) Any and all other moneys, securities and property furnished from time to time to the Trustee by the Board or on behalf of the Board or by any other persons to be held by the Trustee under the terms of this Supplemental Indenture.

THIS SUPPLEMENTAL INDENTURE FURTHER WITNESSETH that, in addition to the terms, conditions and covenants of the Indenture, the Board, the Trustee and the Owners of the Series 2017F Notes, hereby agree to be bound by the terms, conditions and covenants of this Supplemental Indenture, as follows:

## ARTICLE I

### Definitions and Construction

**Section 101. Definitions.** All capitalized terms used in this Supplemental Indenture, unless otherwise defined, shall have the same meaning as set forth in Section 101 of the Indenture. In addition, the following terms shall, for all purposes of this Supplemental Indenture, have the following meanings unless a different meaning clearly appears from the context:

"*Authorized Denominations*" means \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

"*Calculation Agent*" means, initially, ZB, National Association dba Zions Bank, and thereafter any other Calculation Agent designated from time to time by the Board, with the approval of the then Owners of not less than a majority in principal amount of the Outstanding Series 2017F Notes, which approval shall not be unreasonably withheld.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

"*Continuing Covenant Agreement*" means that certain Continuing Covenant Agreement, dated January 11, 2018 between the Board and the Purchaser, as initial purchaser of the Series 2017F Notes.

"*Default Rate*" means 9% per annum.

"*Determination of Taxability*" means, with respect to the Series 2017F Notes, and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Board files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred with respect to the Series 2017F Notes;

(ii) on the date when the Board notifies any Owner of the Series 2017F Notes or any former Owner thereof that it has requested and received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Owner of such Series 2017F Notes or any former Owner thereof of such notification from the Board, the Board shall deliver to the Owner of such Series 2017F Notes and any former Owner thereof a ruling or determination letter issued to or on behalf of the Board by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Board shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government

official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Board, or upon any review or audit of the Board or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on that date when the Board shall receive notice from any Owner of the Series 2017F Notes or any former Owner thereof that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Owner of such Series 2017F Notes or any former Owner thereof the interest on the Series 2017F Notes due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Board has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from an Owner of the Series 2017F Notes or any former Owner thereof, the Board shall promptly reimburse, but solely from payments made by the Board, such Owner of the Series 2017F Notes or any former Owner thereof for any payments, including any taxes, interest, penalties or other charges, such Owner of the Series 2017F Notes or any former Owner thereof shall be obligated to make as a result of the Determination of Taxability. In the event that the contest by the Board shall be unsuccessful, the Determination of Taxability and the Taxable Date shall be deemed to have occurred on the original date of the occurrence of the event set forth in subparagraph (iii) or (iv), as applicable.

"DTC" means The Depository Trust Company, as securities depository for the Series 2017F Notes.

"DTC Participant" shall mean any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2017F Notes with DTC.

"Event of Taxability" means a (i) a change in law or judicial or administrative interpretation thereof, the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Board, or the failure to take any action by the Board, or the making by the Board of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Series 2017F Notes) which has the effect of causing interest paid or payable on such Series 2017F Notes to become includable, in whole or in part, in the gross income of the Owner of such Series 2017F Notes or any former Owner thereof for federal income tax purposes, whether as a result of a claim by the Internal Revenue Service that interest on such Series 2017F Notes is includable in the gross income of the Owner of such Series 2017F Notes or any former Owner thereof for federal income tax purposes, or an opinion of Bond Counsel, or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Series 2017F Notes to become includable, in whole or in part, in the gross income of the Owner of such Series 2017F Notes or any former Owner thereof for federal income tax purposes with respect to the Series 2017F Notes.

"*Indenture*" means the Master Trust Indenture, dated as of September 1, 2017, by and between the Board and the Trustee, securing Board of Education of the City of Chicago Educational Purposes Tax Anticipation Notes, as from time to time amended and supplemented.

"*Interest Payment Dates*" mean September 17, 2018, the Maturity Date, any Redemption Date and any Purchase Date.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations dated March 15, 2002, between the Board and DTC, relating to the book-entry only system for the Series 2017F Notes.

"*LIBOR Rate*" means the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) based on the rate for United States dollar deposits for delivery on the first Business Day of each calendar month for a period equal to three months as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Calculation Agent in its reasonable discretion) at approximately 11:00 a.m., London time, on the Variable Rate Determination Date. In the event that such rate does not appear on such page (or on any such successor or substitute page), the LIBOR Rate shall be determined by reference to such other publicly available service for displaying interest rates for dollar deposits in the London interbank market as may be selected by the Calculation Agent in its reasonable discretion and is approved in writing by both the Board and the then Owners of not less than a majority in principal amount of the Outstanding Series 2017F Notes, in each case, which approval shall not be unreasonably withheld, or, in the absence of such availability, by reference to such other information source that establishes interest rates for dollar deposits in the London interbank market as may be selected by the Calculation Agent in its reasonable discretion and is approved in writing by both the Board and the then Owners of not less than a majority in principal amount of the Outstanding Series 2017F Notes, in each case, which approval shall not be unreasonably withheld. If the LIBOR Rate as so determined is ever less than zero, then for purposes of determining the Variable Rate, the LIBOR Rate shall be deemed to be zero.

"*London Banking Day*" means any day on which commercial banks are open for general business, including dealings in U.S. dollars and foreign exchange and foreign currency, in London, England.

"*Maturity Date*" means the earlier of (i) December 14, 2018 or (ii) the 60th day following the Tax Penalty Date.

"*Maximum Federal Corporate Tax Rate*" means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day.

*“Maximum Interest Rate”* means, with respect to any of the Series 2017F Notes for which an Event of Taxability has not occurred, 9.00% per annum, and with respect to any of the Series 2017F Notes for which an Event of Taxability has occurred, 13.5% per annum.

*“Note Purchase Agreement”* means that certain Contract of Purchase, dated January 10, 2018 between the Board and the Purchaser, as initial purchaser of the Series 2017F Notes.

*“Owner”* means any person who shall be the registered owner of any Series 2017F Note or Notes, or, if the Series 2017F Notes are held in book-entry form, the beneficial owner.

*“Purchase Date”* means the date any Series 2017F Notes are purchased pursuant to Sections 211 and 212 hereof.

*“Purchaser”* means Barclays Capital Inc., and its successors, assigns and affiliates, provided if there is more than one Owner of the Series 2017F Notes, the Purchaser shall be the Owner or Owners of a majority of the Outstanding principal amount of the Series 2017F Notes.

*“Rate Reset Date”* means the date of issuance of the Series 2017F Notes and, thereafter, the first Business Day of each calendar month.

*“Redemption Date”* means the date any Series 2017F Notes are redeemed pursuant to Sections 205, 206 and 207 hereof.

*“Supplemental Indenture”* means this Sixth Supplemental Indenture, dated as of January 1, 2018, by and between the Board and the Trustee, as from time to time amended and supplemented.

*“Taxable Date”* means the date as of which interest on the Series 2017F Notes is first includable in the gross income of the Owner (including, without limitation, any previous Owner) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

*“Taxable Rate”* means an interest rate per annum at all times equal to the product of the Variable Rate then in effect multiplied by the Taxable Rate Factor, but in no case shall such rate exceed the Maximum Interest Rate.

*“Taxable Rate Factor”* means for each day that the Taxable Rate is determined, the quotient of (i) one divided by (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

*“Variable Rate”* means, upon the date of issuance of the Series 2017F Notes and thereafter, the per annum variable interest rate borne by the Series 2017F Notes, equal to the lesser of: (i) the sum of (A) the product of (I) 0.70 multiplied by (II) the LIBOR Rate, as determined on each Variable Rate Determination Date for effect on the next succeeding Rate Reset Date (except that the initial Variable Rate Determination Date and the initial Rate Reset Date shall both be the date of issuance of the Series 2017F Notes), plus (B) 3.30%; and (ii) the Maximum Interest Rate.

*"Variable Rate Determination Date"* means the date of issuance of the Series 2017F Notes and thereafter, the second London Banking Day immediately preceding the first Business Day of each calendar month.

**Section 102. Interpretations.** As used herein, and unless the context shall otherwise indicate, the words "Note," "Owner" and "Person" shall include the plural as well as the singular number.

As used herein, the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Supplemental Indenture.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this Supplemental Indenture as originally executed.

Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this Supplemental Indenture, nor do they affect its meaning, construction or effect.

## ARTICLE II

### Authorization and Issuance of Series 2017F Notes

**Section 201. Authorization of Series 2017F Notes.** The Series 2017F Notes, entitled to the benefit, protection and security of the Indenture and this Supplemental Indenture, are hereby authorized in the aggregate principal amount of \$147,365,000 to finance the payment of general expenses and other payment obligations of the School District and to pay costs in connection with the issuance of the Series 2017F Notes. The Series 2017F Notes shall be designated as, and shall be distinguished from the Notes of all other Series, by the title "Educational Purposes Tax Anticipation Notes, Series 2017F."

**Section 202. General Provisions for Issuance.** The Series 2017F Notes shall be issued pursuant to Section 202 of the Indenture and shall be executed by the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of each of the items listed in clauses (1), (2), (3) and (4) of Section 202(a) of the Indenture.

**Section 203. Terms of Series 2017F Notes.** (A) The Series 2017F Note shall be in registered form and shall be initially dated January 11, 2018.

(B) (i) Upon issuance, each Series 2017F Note shall bear interest from its date at the rate per annum equal to the Variable Rate. The Variable Rate shall be rounded to the second decimal place. The Calculation Agent shall determine the Variable Rate on each Variable Rate Determination Date to become effective on the immediately succeeding Rate Reset Date (except that the initial Variable Rate Determination Date and the initial Rate Reset Date shall both be the date of issuance of the Series 2017F Notes), and interest shall accrue at such rate for each day



during the period commencing on, and including, the related Rate Reset Date to, but excluding, the next succeeding Rate Reset Date. The Calculation Agent shall calculate and communicate the Variable Rate as effective from time to time for the Series 2017F Notes to the Board and the Trustee, which calculations shall be deemed to be conclusive in the absence of manifest error. Interest on each 2017F Note shall be computed on the basis of the actual number of days elapsed over a 360 day year (actual/360). Interest on each 2017F Note shall be payable on each Interest Payment Date.

(ii) From and after any Taxable Date, the interest rate on such Series 2017F Notes shall be established at the Taxable Rate.

(iii) If either (a) an Event of Default or (b) an event of default under the Continuing Covenant Agreement shall occur and shall not have been remedied, then the Series 2017F Notes shall bear interest at the Default Rate.

(C) The Series 2017F Notes shall mature on the Maturity Date.

(D) The Series 2017F Notes shall be in Authorized Denominations and shall be numbered consecutively but need not be authenticated or delivered in consecutive order. The Series 2017F Notes and the Trustee's Certificate of Authentication shall be in substantially the form set forth in Exhibit A attached hereto and by reference made a part hereof with such variations, omissions or insertions as are required or permitted by the Indenture.

(E) The principal of the Series 2017F Notes shall be payable at the designated corporate trust offices of the Trustee, in the City of Chicago, Illinois, as Paying Agent, and at such offices of any co-Paying Agent or successor Paying Agent or Paying Agents for the Series 2017F Notes appointed pursuant to the Indenture. Interest on the Series 2017F Notes shall be payable by check or bank draft mailed or delivered by the Trustee to the Owners as the same appear on the registration books of the Board maintained by the Registrar as of the Record Date or, for any Owner of \$1,000,000 or more in aggregate principal amount of Series 2017F Notes, by wire transfer of current funds to such bank in the continental United States as said Owner shall request in writing to the Registrar.

(F) The Series 2017F Notes shall be initially issued in the form of a separate single fully registered Series 2017F Note for each maturity. Upon initial issuance, the ownership of each such Series 2017F Note shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, and except as hereinafter provided, the ownership of all of the outstanding Series 2017F Notes shall be registered in the name of Cede & Co., as nominee of DTC.

(G) With respect to Series 2017F Notes registered in the name of Cede & Co., as nominee of DTC, the Board and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Series 2017F Notes. Without limiting the immediately preceding sentence, the Board and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in any Series 2017F Note, (ii) the delivery to any DTC Participant or any other Person, other than the Owner

of any Series 2017F Note, of any notice with respect to such Series 2017F Note, (iii) the payment to any DTC Participant or any other Person, other than the Owner of any Series 2017F Note, of any amount with respect to principal or Redemption Price of or interest on such Series 2017F Note or (iv) any allocation method for the redemption, including any pro-rata redemption, of Series 2017F Notes among DTC Participants and the beneficial owners of the Series 2017F Notes. The Board, the Trustee and each other Paying Agent, if any, shall be entitled to treat and consider the Person in whose name each Series 2017F Note is registered as the absolute owner of such Series 2017F Note for the purpose of payment of principal and interest with respect to such Series 2017F Note, for the purpose of giving notices of redemption, for the purpose of registering transfers with respect to such Series 2017F Note and for all other purposes whatsoever. The Trustee and each other Paying Agent, if any, shall pay all principal of and interest on the Series 2017F Notes only to or upon the order of the respective Owners thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the Board's obligations with respect to payment of principal of and interest on the Series 2017F Notes to the extent of the sum or sums so paid. No Person other than an Owner of a Series 2017F Note shall receive a Series 2017F Note certificate evidencing the obligation of the Board to make payments of principal of and interest on the Series 2017F Notes pursuant to this Supplemental Indenture.

(H) The Owners of the Series 2017F Notes have no right to the appointment or retention of a depository for such Series 2017F Notes. DTC may resign as securities depository under the conditions provided in the Letter of Representations. In the event of any such resignation, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer or cause the transfer of one or more separate Series 2017F Note certificates to such successor securities depository or (ii) notify DTC of the availability through DTC of Series 2017F Note certificates and transfer or cause the transfer of one or more separate Series 2017F Note certificates to DTC Participants having Series 2017F Notes credited to their DTC accounts. In such event, the Series 2017F Notes shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving Series 2017F Notes shall designate, in accordance with the provisions of this Indenture.

(I) The Board has heretofore executed and delivered the Letter of Representations to DTC. So long as DTC, or its designee, is the Owner of all Series 2017F Notes, the provisions set forth in the Letter of Representations shall apply to the redemption of any Series 2017F Notes and to the payment of principal or Redemption Price of and interest on the Series 2017F Notes, including without limitation, that: (1) presentation of Series 2017F Notes to the Trustee at maturity shall be deemed made to the Trustee when the right to exercise ownership rights in the Series 2017F Notes through DTC or DTC's Participants is transferred by DTC on its books; and (2) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Owners of Series 2017F Notes under this Indenture on a fractionalized basis on behalf of some or all of those Persons entitled to exercise ownership rights in the Series 2017F Notes through DTC or DTC's Participants.

(J) So long as the Series 2017F Notes are registered in the name of Cede & Co., as nominee of DTC, the Trustee agrees to comply with the terms and provisions of the Letter of Representations.

**Section 204. Application of Proceeds.** \$0 of the net proceeds of sale of the Series 2017F Notes shall be deposited into the Program Expense Fund to pay costs of issuance of the Series 2017F Notes. All of the remaining \$147,365,000 net proceeds of sale of the Series 2017F Notes shall be paid to the Board.

**Section 205. Optional Redemption.** (A) The Series 2017F Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day occurring on or after July 15, 2018, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date and without premium. Any redemption of less than all of the Series 2017F Notes Outstanding shall be made in such a manner that all Series 2017F Notes Outstanding after such redemption are in Authorized Denominations and any redemption funded from Pledged Tax Receipts shall be made on a pro rata basis among all Outstanding Notes.

(B) The Series 2017F Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination), on any Business Day occurring on or after the Purchaser has provided the Board and the Trustee with notice of the occurrence of an Event of Default, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date and without premium. Any redemption of less than all of the Series 2017F Notes Outstanding shall be made in such a manner that all Series 2017F Notes Outstanding after such redemption are in Authorized Denominations and redemptions funded from Pledged Tax Receipts shall be made on a pro rata basis among all Outstanding Notes.

(C) The Series 2017F Notes may be called for redemption by the Trustee pursuant to Section 209, upon receipt by the Trustee at least 25 days prior to the Redemption Date (or such shorter period as shall be acceptable to the Trustee) of a written request of the Board requesting such redemption.

**Section 206. Reserved.**

**Section 207. Redemption at the Election or Direction of the Board.** In the case of any redemption of Series 2017F Notes at the election or direction of the Board, the Board shall give written notice to the Trustee of its election or direction to redeem, of the date fixed for redemption, and of the principal amounts of the Series 2017F Notes to be redeemed. Such notice shall be given at least 25 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 209 provided, there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Government Obligations maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Series 2017F Notes to be redeemed on the specified redemption date at their Redemption Price plus interest accrued and unpaid to the date

fixed for redemption. Such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the Series 2017F Notes so called for redemption.

**Section 208. Selection of Series 2017F Notes to Be Redeemed.** If less than all the Series 2017F Notes shall be called for redemption under any provision of this Supplemental Indenture permitting or requiring such partial redemption and such redemption is funded from Pledged Tax Receipts, the Series 2017F Notes or portions thereof to be redeemed shall be redeemed on a pro rata basis among all Outstanding Series 2017F Notes, and the portion of any Series 2017F Note to be redeemed shall be in a principal amount equal to an Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2017F Note is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Owner of such Series 2017F Note may surrender such Series 2017F Note to the Trustee for (a) payment to such Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Owner of a new Series 2017F Note or new Series 2017F Notes of such sub-Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2017F Note. If any such Series 2017F Notes are surrendered, new Series 2017F Notes representing the unredeemed balance of the principal amount of such Series 2017F Note shall be issued to the Owner thereof without charge therefor. If all Series 2017F Notes are held in book-entry only form, the particular Series 2017F Notes or portions thereof to be redeemed shall be selected by DTC in such manner as DTC shall determine, provided, however, that in no event shall any redemption result in unredeemed Series 2017F Notes of a denomination less than the minimum Authorized Denomination.

**Section 209. Notice of Redemption.** (A) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Series 2017F Notes to be redeemed shall be given by first class mail, postage prepaid, or by facsimile transmission, not less than twenty (20) days prior to the date fixed for redemption. Such notice shall specify the Series 2017F Notes to be redeemed, the Redemption Date, the redemption price, the place and manner of payment, and that from the Redemption Date interest will cease to accrue on the Series 2017F Notes which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard.

(B) In addition to the requirements of Section 209(A), notice of the redemption of Series 2017F Notes or any portion thereof identifying the Series 2017F Notes or portions thereof to be redeemed shall specify (i) the Series designation and certificate numbers of Series 2017F Notes being redeemed, (ii) the principal amount of Series 2017F Notes being redeemed and the redeemed amount for each certificate (for partial calls), (iii) the Redemption Date, and (iv) the redemption price.

(C) Failure to give notice in the manner prescribed in Section 209(A) and Section 209(B) with respect to any Series 2017F Note, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2017F Note with respect to which notice was properly given.

(D) If any Series 2017F Note is transferred or exchanged on the note register after notice has been given calling such Series 2017F Note for redemption, the Trustee will attach a copy of such notice to the Series 2017F Note issued in connection with such transfer or exchange.

**Section 210. Payment of Redeemed Series 2017F Notes.** Notice having been given in the manner provided in Section 209, the Series 2017F Notes or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof at any place specified in such notice, such Series 2017F Notes, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Series 2017F Note and if the Owner thereof elects to surrender such Series 2017F Note, the Board shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Series 2017F Note, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Series 2017F Note so surrendered, fully registered Series 2017F Notes of like maturity and interest rate in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Series 2017F Notes or portions thereof, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Series 2017F Notes or portions thereof of such maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Series 2017F Notes or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

**Section 211. Purchase of Series 2017F Notes for Cancellation.** The Board, acting through an Authorized Officer, reserves the right to direct the Trustee to cause the purchase for immediate cancellation, on any Business Day (but solely after July 15, 2018), of any Series 2017F Notes or beneficial interests therein from any Owner or Beneficial Owner of such Series 2017F Notes agreeing at its sole discretion to sell such Series 2017F Notes or beneficial interests therein. Each such purchase (i) shall be made in Authorized Denominations, (ii) shall be made in a principal amount of \$5,000,000 or greater and (iii) if made using Pledged Tax Receipts, shall be purchased on a pro rata basis among all Outstanding Notes, if an Event of Default has occurred. Such direction from the Board shall be evidenced by a written notice delivered to the Trustee not later than the third Business Day preceding the Purchase Date (i) directing the Trustee to cause DTC to process such purchase of Series 2017F Notes or beneficial interests therein and (ii) stating the principal amount of and purchase price for such Series 2017F Notes or beneficial interests therein to be so purchased and the Purchase Date. Any such purchase shall be at a price of not more than par plus accrued interest to the Purchase Date and shall be made from funds on deposit in the Debt Service Fund. Upon such purchase, the Series 2017F Notes or beneficial interests therein shall be immediately cancelled and shall no longer be deemed to be Outstanding for purposes of the Indenture and this Supplemental Indenture. On the date fixed for purchase pursuant to any exercise of such option, the Board shall pay or cause to be paid the purchase price of the Series 2017F Notes then being purchased to the Trustee in immediately available funds not later than 10:00 a.m. Chicago Time on the purchase date, and the Trustee shall pay the same to such Owners against delivery thereof.

**Section 212. Reserved.**

**Section 213. Investor Letter.** (A) Concurrently with the issuance and delivery of the Series 2017F Notes, the Purchaser shall execute and deliver to the Board an Investor Letter substantially in the form attached hereto as *Exhibit B*.

(B) Each subsequent Owner or beneficial owner of any Series 2017F Note must be either (a) a "qualified institutional buyer", as defined in Rule 144A promulgated under the Securities Act of 1933 (a "*QIB*") or (b) an "accredited investor", as defined in Rule 501 of Regulation D under the Securities Act of 1933, or (c) a special purpose arrangement established by the Purchaser or an affiliate of the Purchaser such as a tender option trust or similar vehicle and whose members are *QIBs* or accredited investors.

(C) No sale or other transfer of a Series 2017F Note shall be made to an "accredited investor" unless in conjunction therewith such "accredited investor" shall execute, and shall deliver to the selling or transferring Owner and to the Board, an Investor Letter substantially in the form attached hereto as *Exhibit B*.

### ARTICLE III

#### Particular Covenants of the Board

**Section 301. Authority for Supplemental Indenture.** This Supplemental Indenture is executed and delivered by the Board by virtue of and pursuant to the School Code, the Act and the Note Resolution. The Board has ascertained and hereby determines and declares that the execution and delivery of this Supplemental Indenture is necessary to meet the public purposes and obligations of the Board, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of the Board and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Series 2017F Notes and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the Board.

**Section 302. Indenture to Constitute Contract.** In consideration of the purchase and acceptance of Series 2017F Notes by those who shall hold the same from time to time, the provisions of the Indenture and this Supplemental Indenture shall be a part of the contract of the Board with the Owners of the Series 2017F Notes and shall be deemed to be and shall constitute a contract among the Board, the Trustee and the Owners from time to time of the Series 2017F Notes. The Board covenants and agrees with the Owners of the Series 2017F Notes and the Trustee that it will faithfully perform all of the covenants and agreements contained in the Indenture, this Supplemental Indenture and in the Series 2017F Notes.

**Section 303. Limited Obligations.** The Series 2017F Notes are limited obligations of the Board payable from amounts on deposit in the Debt Service Fund and secured by a pledge of, lien on and security interest in the Trust Estate pledged for their payment in accordance with the Indenture and this Supplemental Indenture. Neither the full faith and credit nor the general

taxing power of the Board is pledged to, or otherwise available for, the payment of any Series 2017F Note.

**Section 304. Tax Covenants.** The Board shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Series 2017F Note to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2017F Note is subject on the date of original issuance thereof. The Board shall not permit any of the proceeds of the Series 2017F Notes, or any facilities financed with such proceeds, to be used in any manner that would cause any Series 2017F Note to constitute a "private activity bond" within the meaning of Section 141 of the Code. The Board shall not permit any of the proceeds of the Series 2017F Notes or other moneys to be invested in any manner that would cause any Series 2017F Note to constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code. The Board shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

## ARTICLE IV

### Miscellaneous

**Section 401. Trustee Acceptance of Duties.** The Trustee hereby accepts and agrees to the trusts hereby created, but only upon the additional terms set forth in Article VIII of the Indenture, to all of which the Board agrees and the respective Owners of the Series 2017F Notes, by their purchase and acceptance thereof, agree. Except during the continuance of an Event of Default, the Trustee undertakes such duties and only such duties as are specifically set forth in the Indenture and this Supplemental Indenture.

**Section 402. Appointment of Fiduciaries.** The Trustee is hereby appointed Paying Agent and Registrar for the Series 2017F Notes. The Trustee accepts the duties and obligations imposed upon it as Paying Agent and Registrar by the Indenture and this Supplemental Indenture. The Board may at any time or from time to time appoint one or more other Paying Agents for the Series 2017F Notes.

**Section 403. Amendment or Modifications.** This Supplemental Indenture may not be amended or modified without the written consent of the Board, the Trustee and the Purchaser.

**Section 404. Defeasance.** If the Board shall pay to the Owners of the Series 2017F Notes, or provide for the payment of the principal, interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in Section 1101 of the Indenture, then this Supplemental Indenture shall be fully discharged and satisfied.

**Section 405. Preservation and Inspection of Documents.** All documents received by any Fiduciary under the provisions of this Supplemental Indenture, shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Board, any other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

**Section 406. Parties Interested Herein.** Nothing in this Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Board, the Fiduciaries and the Owners of the Series 2017F Notes, any right, remedy or claim under or by reason of this Supplemental Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Supplemental Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Fiduciaries and the Owners of the Series 2017F Notes.

**Section 407. Successors and Assigns.** Whenever in this Supplemental Indenture the Board is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Supplemental Indenture contained by or on behalf of the Board shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

**Section 408. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Supplemental Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Supplemental Indenture and the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with legal, valid and enforceable provisions, the economic effect of which comes as close as possible to that of the provisions being replaced.

**Section 409. Notices.** Any notice, demand, direction, request or other instruments authorized or required by this Supplemental Indenture to be given to, delivered to or filed with the Board or the Trustee shall be deemed to have been sufficiently given, delivered or filed for all purposes of this Supplemental Indenture if and when sent by registered mail, return receipt requested:

To the Board, if addressed to: Board of Education of the City of Chicago  
42 West Madison Street, 2nd Floor  
Chicago, Illinois 60602  
Attention: Senior Vice President of Finance

With a copy to: Board of Education of the City of Chicago  
42 West Madison Street, 2nd Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

and

Board of Education of the City of Chicago  
1 N. Dearborn  
Chicago, Illinois 60602  
Attention: General Counsel

or to such other address as may be designated in writing by the Board to the Trustee; and

To the Trustee, if addressed to: Zions Bank



111 West Washington Street, Suite 1860  
Chicago, Illinois 60602  
Attention: Corporate Trust Department


or at such other address as may be designated in writing by the Trustee to the Board.

**Section 410. Construction.** This Supplemental Indenture shall be construed in accordance with the provisions of State law.


**Section 411. Multiple Counterparts.** This Supplemental Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Sixth Supplemental Indenture to be executed in its name and on its behalf by its Senior Vice President of Finance and attested by its Secretary and ZB, National Association dba Zions Bank, as Trustee, has caused this Sixth Supplemental Indenture to be executed on its behalf and attested by its authorized officers, all as of the day and year first above written.

BOARD OF EDUCATION OF THE CITY  
OF CHICAGO

By:   
Its: Senior Vice President of Finance, Board  
of Education of the City of Chicago

Attest:

By:   
Its: Secretary, Board of Education  
of the City of Chicago

ZB, NATIONAL ASSOCIATION DBA  
ZIONS BANK

By: \_\_\_\_\_  
Its: Authorized Officer

Attest:

By: \_\_\_\_\_  
Its: Authorized Officer

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Sixth Supplemental Indenture to be executed in its name and on its behalf by its Senior Vice President of Finance and attested by its Secretary and ZB, National Association dba Zions Bank, as Trustee, has caused this Sixth Supplemental Indenture to be executed on its behalf and attested by its authorized officers, all as of the day and year first above written.

BOARD OF EDUCATION OF THE CITY  
OF CHICAGO

By: \_\_\_\_\_  
Its: Senior Vice President of Finance, Board  
of Education of the City of Chicago

Attest:

By: \_\_\_\_\_  
Its: Secretary, Board of Education  
of the City of Chicago

ZB, NATIONAL ASSOCIATION DBA  
ZIONS BANK

By: *Harry Romyala*  
Its: Authorized Officer



Attest: \_\_\_\_\_  
By: *[Signature]*  
Its: Authorized Officer

**EXHIBIT A**  
**FORM OF SERIES 2017F NOTES**

**FORM OF SERIES 2017F NOTE**

No. R-1

\$147,365,000

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
BOARD OF EDUCATION OF THE CITY OF CHICAGO  
EDUCATIONAL PURPOSES TAX ANTICIPATION NOTES, SERIES 2017F

Issue Date: January 11, 2018

CUSIP: 167505 TS5

Registered Owner: Cede & Co.

Principal Amount: ONE HUNDRED FORTY-SEVEN MILLION THREE HUNDRED SIXTY-FIVE THOUSAND DOLLARS

The Board of Education of the City of Chicago (the “*Board*”), a school district organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the registered owner identified above, or registered assigns, on the maturity date specified herein, unless this Series 2017F Note shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, the Principal Amount specified above, and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal sum from time to time remaining unpaid from and including the Issue Date specified above, until payment of said Principal Amount has been made or duly provided for.

Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Indenture (as hereinafter defined).

*Payments.* Upon issuance, each Series 2017F Note shall bear interest from its date and shall be computed on the basis of the actual number of days elapsed over a 360 day year (actual/360). Principal and interest due on each 2017F Note shall be payable on the earliest of its (i) Maturity Date, (ii) Interest Payment Date, (iii) Purchase Date or (iv) Redemption Date.

The principal and interest on the Series 2017F Notes shall be payable (i) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts and (ii) by check or bank draft mailed or delivered by ZB, National Association dba Zions Bank, as trustee (the “*Trustee*”) to the Owners as the same appear on the registration books of the Board maintained by the Registrar as of the Record Date or, for any Owner of \$1,000,000 or more in aggregate principal amount of Series 2017F Notes, by wire transfer of immediately available funds to such bank in the continental United States as said Owner shall request in writing to the Registrar no later than the Record Date.

*Interest Rates.* The Series 2017F Notes shall bear interest at the Variable Rate as provided in the Indenture (as hereinafter defined). Under circumstances specified in the Indenture, the Series 2017F Notes may bear interest at a Taxable Rate or a Default Rate.

*General.* This Series 2017F Note is one of a duly authorized issue of not to exceed \$147,365,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017F, of the Board (the "*Series 2017F Notes*"). The Series 2017F Notes are issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, including the School Code and the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Act*"), a Master Trust Indenture dated as of September 1, 2017 (the "*Master Indenture*"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "*Trustee*"), as supplemented by a Sixth Supplemental Indenture, dated as of January 1, 2018 between the Board and the Trustee (the "*Supplemental Indenture*" and, together with the Master Indenture as supplemented, the "*Indenture*"). The Series 2017F Notes are being issued in anticipation of property taxes levied by the Board for educational purposes for the year 2017.

*Limited Obligations.* The Series 2017F Notes are limited obligations of the Board and are payable solely from Pledged Tax Receipts (as defined in the Master Indenture), *provided* that the pledge of Pledged Tax Receipts with respect to the Series 2017F Notes is on a parity with the pledge thereof as security for the payment of other Tax Anticipation Notes of the Board. Neither the full faith and credit nor the taxing power of the Board is pledged to the payment of the principal of or interest on the Series 2017F Notes.

*Maturity Date.* The maturity date of this Series 2017F Note is the earlier of (i) December 14, 2018 or (ii) the 60th day following the Tax Penalty Date.

*Redemption and Prepayment.* The Series 2017F Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day occurring on or after July 15, 2018, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date. The Board reserves the right to direct the Trustee to purchase on any Business Day for immediate cancellation, any Series 2017F Notes or beneficial interests therein from the registered owner of any Series 2017F Notes or from the Beneficial Owner of any Series 2017F Notes, as provided in the Indenture.

*Registration.* This Series 2017F Note is transferable by the registered owner hereof in person or by such registered owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture.

*Defeasance.* Provision for payment of all or any portion of the Series 2017F Notes may be made, and the Indenture may be discharged, prior to payment of the Series 2017F Notes in the manner provided in the Indenture.

*Miscellaneous.* The registered owner of this Series 2017F Note shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Copies of the Indenture are on file at the designated office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing the Series 2017F Notes, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Series 2017F Notes, and the limitations on such rights and remedies.

Terms used in this Series 2017F Note shall have the same meanings as set forth in the Indenture.

It is hereby certified, recited and declared that this Series 2017F Note is issued in part pursuant to Act and that all acts and conditions required to be done, exist and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2017F Note have been performed in due time, form and manner as required by law; that the indebtedness of the Board, including the issue of Series 2017F Notes of which this is one, does not exceed any limitation imposed by law.

This Series 2017F Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Educational Purposes Tax Anticipation Note to be signed in its name and on its behalf by the manual or duly authorized facsimile signature of its President and its Chief Education Officer and attested by the manual or duly authorized facsimile signature of its Secretary, all as of the Issue Date identified above.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By: \_\_\_\_\_  
President, Board of Education of the City  
of Chicago

By: \_\_\_\_\_  
Chief Education Officer,  
Board of Education of the City of Chicago

ATTEST:

\_\_\_\_\_  
Secretary, Board of Education of the  
City of Chicago



[Form of Certificate of Authentication]

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Series 2017F Note is one of the Series 2017F Notes described in the within-mentioned Sixth Supplemental Indenture.

Date of Authentication and Delivery: ZB, National Association dba Zions Bank, as  
Trustee

January \_\_, 2018

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common		UNIF GIFT MIN ACT – Custodian
		_____ (Cust)                      _____ (Minor)
TENANT – as tenants by the entirety		under Uniform Gifts to Minors Act
JT TEN – as joint tenants with right of survivorship and not as tenants in common		_____ (State)

Additional abbreviations may also be used  
though not in the above list

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Name and Address of Assignee)

this Series 2017F Note of the Board of Education of the City of Chicago and does hereby  
irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_ to transfer said Series 2017F Note on the books kept for registration thereof with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of this Series 2017F Note in every particular, without alteration or enlargement or any change whatever.

**EXHIBIT B**  
**TO**  
**SIXTH SUPPLEMENTAL INDENTURE**  
**FORM OF INVESTOR LETTER**

## FORM OF INVESTOR LETTER

\_\_\_\_\_, 20\_\_

Board of Education of the City of Chicago  
Office of Senior Vice President of Finance  
42 West Madison Street  
Second Floor  
Chicago, IL 60602

Re: \$147,365,000  
Board of Education of the City of Chicago  
Educational Purposes Tax Anticipation Notes, Series 2017F

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of all or a portion of the above-referenced Series 2017F Notes (the “Notes”). The Notes are issued under and secured in the manner set forth pursuant to a Master Trust Indenture dated as of September 1, 2017 (the “*Master Indenture*”), by and between the Board of Education of the City of Chicago (the “*Board*”) and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the “*Trustee*”), as supplemented by a Sixth Supplemental Indenture, dated as of January 1, 2018 between the Board and the Trustee (the “*Series Indenture*,” and together with the Master Indenture, the “*Indenture*”). Barclays Capital Inc. (the “*Purchaser*,” the “*undersigned*,” “*us*” or “*we*,” as applicable) is purchasing the Notes in the principal amount identified above, and in connection with such purchase, we hereby represent and warrant to you and agree with you as follows:

1. We understand that the Notes have not been registered pursuant to the Securities Act of 1933, as amended (the “*1933 Act*”) or the securities laws of any state, nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Notes (i) are not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any of the Notes by means of any form of general solicitation or general advertising, and we are not an underwriter of the Notes within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Notes.

4. We have authority to purchase the Notes and to execute this letter and any other instruments and documents required to be executed by us in connection with the purchase of the Notes.

5. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

6. The undersigned is either (a) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (a “*QIB*”) or (b) an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (an “*Accredited Investor*”) and, as such, is able to bear the economic risks, and an entire loss, of such investment in the Notes. The Purchaser understands that, in certain circumstances, it may be required to hold the Notes until the maturity thereof.

7. The undersigned understands that a Limited Offering Memorandum was delivered by the Board as required pursuant to the terms of the Note Purchase Agreement, which Limited Offering Memorandum will not be updated after its delivery.

8. We understand and acknowledge that the Notes are limited obligations of the Board payable solely from the tax revenue collected from the tax levy of the Board for educational purposes for the year 2017, provided, however, such “tax revenue collected” shall not include any Tax Increment Revenue paid or payable to the Board pursuant to Section 8 of the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, as amended, and that neither the full faith and credit nor the taxing power of the Board is pledged to the payment of the principal of or interest on the Notes.

9. The undersigned acknowledges that it is familiar with the condition, financial or otherwise, of the Board and it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Board and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Board, the Notes and the security therefor, so that it has been able to make its decision to purchase the Notes. The undersigned acknowledges that it does not require further information from the Board for purposes of purchasing the Notes.

10. The Purchaser has made its own inquiry and analysis with respect to the Board, the Notes and the security therefor, and other material factors affecting the security and payment of the Notes. The Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Notes. The Purchaser is aware that the business of the Board involves certain economic variables and risks that could adversely affect the security for the Notes.

11. The Notes are being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution of the Notes other than to an affiliate of the Purchaser or a funding entity or other special purpose arrangement established by the Purchaser or an affiliate of the Purchaser such as a tender option trust or similar vehicle, provided that all of the beneficial owners of such tender option trust or

similar vehicle are QIBs or Accredited Investors; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute its ownership in the Notes, subject to the provisions of the Indenture, and agrees that any such sale, transfer or distribution by the Purchaser shall be in accordance with the Indenture. If the Notes are sold by or transferred from the tender option trust or similar vehicle, the Notes may only be sold or otherwise transferred to QIBs or Accredited Investors.

12. The Purchaser acknowledges that no sale or other transfer of a Note shall be made to a transferee or purchaser who is an accredited investor unless in conjunction therewith such transferee or purchaser shall execute, and shall deliver to the selling or transferring Owner and to the Board, an Investor Letter substantially in the form attached as Exhibit B to the Series Indenture.

13. The Purchaser agrees to comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Notes by it, and further acknowledges that any current exemption from registration of the Notes does not affect or diminish such requirements. The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange a Note (or any legal or beneficial interest therein) in accordance with the transfer restrictions set forth in the Indenture.

Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Indenture.

Very truly yours,

BARCLAYS CAPITAL INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

---

EIGHTH SUPPLEMENTAL INDENTURE

by and between

BOARD OF EDUCATION OF THE CITY OF CHICAGO

and

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK  
as Trustee

Dated as of February 1, 2018

SECURING BOARD OF EDUCATION OF THE CITY OF CHICAGO  
EDUCATIONAL PURPOSES TAX ANTICIPATION NOTES

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THIS EIGHTH SUPPLEMENTAL INDENTURE dated as of February 1, 2018 (the "*Supplemental Indenture*"), by and between the Board of Education of the City of Chicago, a school district organized and existing under the laws of the State of Illinois (the "*Board*"), and ZB, National Association dba Zions Bank, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, as Trustee (the "*Trustee*") under the Master Trust Indenture dated as of September 1, 2017, by and between the Board and the Trustee securing Board of Education of the City of Chicago Educational Purposes Tax Anticipation Notes (the "*Indenture*").

WITNESSETH:

WHEREAS, on August 28, 2017, the Board adopted Resolution 17-0828-RS5 (the "*Note Resolution*") authorizing the issuance, from time to time, in one or more series, of its Educational Purposes Tax Anticipation Notes in an aggregate principal amount not to exceed \$1,550,000,000 (the "*Tax Anticipation Notes*"); and

WHEREAS, this Supplemental Indenture is entered into pursuant to clause (1) of Section 901 of the Indenture and the Note Resolution to authorize the issue of Tax Anticipation Notes as a Series of Notes under the Indenture (each as herein defined) and to specify, determine and authorize any matters and things concerning each such Series which are not contrary to or inconsistent with the Indenture; and

WHEREAS, each Series of Tax Anticipation Notes, when issued, will be secured by a pledge of, lien on and security interest in the Trust Estate as defined in the Indenture; and

WHEREAS, the Board has determined to issue a Series of Tax Anticipation Notes in the aggregate principal amount of \$105,270,000 (the "*Series 2017H Notes*"), pursuant to Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, as amended (the "*Act*"), the Note Resolution and the Indenture; and

WHEREAS, ZB, National Association dba Zions Bank, as Trustee under the Indenture has accepted its appointment as Trustee and does hereby acknowledge and accept the powers, duties and obligations of the Trustee under this Supplemental Indenture; and

WHEREAS, all things necessary to make the Series 2017H Notes, when authenticated by the Trustee and issued as in the Indenture and in this Supplemental Indenture provided, the valid, binding and legal limited obligations of the Board according to the import thereof, and to constitute the Indenture and this Supplemental Indenture as a valid pledge of and grant of a lien on the Trust Estate for the purpose of securing the payment of the principal of, premium, if any, and interest on the Series 2017H Notes have been done and performed, in due form and time, as required by law; and

WHEREAS, the execution and delivery of this Supplemental Indenture and the execution and issuance of the Series 2017H Notes, subject to the terms hereof, have in all respects been duly authorized;

## GRANTING CLAUSES

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to secure the payment of the principal of, premium, if any, and interest on the Series 2017H Notes under the Indenture, according to the import thereof, and the performance and observance of each and every covenant and condition herein and in the Series 2017H Notes contained, and for and in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Series 2017H Notes by the Owners (as hereinafter defined) thereof, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the Series 2017H Notes shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, the Board does hereby confirm the pledge of and lien on the following Trust Estate to the Trustee and its successors in trust and assigns, for the benefit of the Owners, to the extent provided in the Indenture:

(a) The Pledged Tax Receipts, provided that the pledge of the Pledged Tax Receipts to the Series 2017H Notes is on a parity with the pledge of the Pledged Tax Receipts to any other Tax Anticipation Notes; and

(b) All moneys and securities and earnings thereon held in the Escrow Account maintained under the Tax Escrow Agreement (as defined herein), provided that such pledge to the Series 2017H Notes is on a parity with the pledge of the moneys and securities held in the Escrow Account for the benefit and security of any other Tax Anticipation Notes and is subject to the allocation of the moneys and securities in said Escrow Account in accordance with the terms and provisions of the Tax Escrow Agreement; and

(c) All moneys and securities and earnings thereon in all funds, accounts and sub-accounts established pursuant to the Indenture and this Supplemental Indenture; and

(d) Any and all other moneys, securities and property furnished from time to time to the Trustee by the Board or on behalf of the Board or by any other persons to be held by the Trustee under the terms of this Supplemental Indenture.

THIS SUPPLEMENTAL INDENTURE FURTHER WITNESSETH that, in addition to the terms, conditions and covenants of the Indenture, the Board, the Trustee and the Owners of the Series 2017H Notes, hereby agree to be bound by the terms, conditions and covenants of this Supplemental Indenture, as follows:

## ARTICLE I

### Definitions and Construction

**Section 101. Definitions.** All capitalized terms used in this Supplemental Indenture, unless otherwise defined, shall have the same meaning as set forth in Section 101 of the Indenture. In addition, the following terms shall, for all purposes of this Supplemental Indenture, have the following meanings unless a different meaning clearly appears from the context:

"*Authorized Denominations*" means \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

"*Calculation Agent*" means, initially, ZB, National Association dba Zions Bank, and thereafter any other Calculation Agent designated from time to time by the Board, with the approval of the then Owners of not less than a majority in principal amount of the Outstanding Series 2017H Notes, which approval shall not be unreasonably withheld.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

"*Continuing Covenant Agreement*" means that certain Continuing Covenant Agreement, dated February 16, 2018 between the Board and the Purchaser, as initial purchaser of the Series 2017H Notes.

"*Default Rate*" means 9% per annum.

"*Determination of Taxability*" means, with respect to the Series 2017H Notes, and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Board files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred with respect to the Series 2017H Notes;

(ii) on the date when the Board notifies any Owner of the Series 2017H Notes or any former Owner thereof that it has requested and received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Owner of such Series 2017H Notes or any former Owner thereof of such notification from the Board, the Board shall deliver to the Owner of such Series 2017H Notes and any former Owner thereof a ruling or determination letter issued to or on behalf of the Board by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Board shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government

official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Board, or upon any review or audit of the Board or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on that date when the Board shall receive notice from any Owner of the Series 2017H Notes or any former Owner thereof that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Owner of such Series 2017H Notes or any former Owner thereof the interest on the Series 2017H Notes due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Board has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from an Owner of the Series 2017H Notes or any former Owner thereof, the Board shall promptly reimburse, but solely from payments made by the Board, such Owner of the Series 2017H Notes or any former Owner thereof for any payments, including any taxes, interest, penalties or other charges, such Owner of the Series 2017H Notes or any former Owner thereof shall be obligated to make as a result of the Determination of Taxability. In the event that the contest by the Board shall be unsuccessful, the Determination of Taxability and the Taxable Date shall be deemed to have occurred on the original date of the occurrence of the event set forth in subparagraph (iii) or (iv), as applicable.

"DTC" means The Depository Trust Company, as securities depository for the Series 2017H Notes.

"DTC Participant" shall mean any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing Series 2017H Notes with DTC.

"Event of Taxability" means a (i) a change in law or judicial or administrative interpretation thereof, the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Board, or the failure to take any action by the Board, or the making by the Board of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Series 2017H Notes) which has the effect of causing interest paid or payable on such Series 2017H Notes to become includable, in whole or in part, in the gross income of the Owner of such Series 2017H Notes or any former Owner thereof for federal income tax purposes, whether as a result of a claim by the Internal Revenue Service that interest on such Series 2017H Notes is includable in the gross income of the Owner of such Series 2017H Notes or any former Owner thereof for federal income tax purposes, or an opinion of Bond Counsel, or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Series 2017H Notes to become includable, in whole or in part, in the gross income of the Owner of such Series 2017H Notes or any former Owner thereof for federal income tax purposes with respect to the Series 2017H Notes.

"*Indenture*" means the Master Trust Indenture, dated as of September 1, 2017, by and between the Board and the Trustee, securing Board of Education of the City of Chicago Educational Purposes Tax Anticipation Notes, as from time to time amended and supplemented.

"*Interest Payment Dates*" mean September 17, 2018, the Maturity Date, any Redemption Date and any Purchase Date.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations dated March 15, 2002, between the Board and DTC, relating to the book-entry only system for the Series 2017H Notes.

"*LIBOR Rate*" means the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) based on the rate for United States dollar deposits for delivery on the first Business Day of each calendar month for a period equal to three months as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Calculation Agent in its reasonable discretion) at approximately 11:00 a.m., London time, on the Variable Rate Determination Date. In the event that such rate does not appear on such page (or on any such successor or substitute page), the LIBOR Rate shall be determined by reference to such other publicly available service for displaying interest rates for dollar deposits in the London interbank market as may be selected by the Calculation Agent in its reasonable discretion and is approved in writing by both the Board and the then Owners of not less than a majority in principal amount of the Outstanding Series 2017H Notes, in each case, which approval shall not be unreasonably withheld, or, in the absence of such availability, by reference to such other information source that establishes interest rates for dollar deposits in the London interbank market as may be selected by the Calculation Agent in its reasonable discretion and is approved in writing by both the Board and the then Owners of not less than a majority in principal amount of the Outstanding Series 2017H Notes, in each case, which approval shall not be unreasonably withheld. If the LIBOR Rate as so determined is ever less than zero, then for purposes of determining the Variable Rate, the LIBOR Rate shall be deemed to be zero.

"*London Banking Day*" means any day on which commercial banks are open for general business, including dealings in U.S. dollars and foreign exchange and foreign currency, in London, England.

"*Maturity Date*" means the earlier of (i) December 14, 2018 or (ii) the 60th day following the Tax Penalty Date.

"*Maximum Federal Corporate Tax Rate*" means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day.

“*Maximum Interest Rate*” means, with respect to any of the Series 2017H Notes for which an Event of Taxability has not occurred, 9.00% per annum, and with respect to any of the Series 2017H Notes for which an Event of Taxability has occurred, 13.5% per annum.

“*Note Purchase Agreement*” means that certain Contract of Purchase, dated February 15, 2018 between the Board and the Purchaser, as initial purchaser of the Series 2017H Notes.

“*Owner*” means any person who shall be the registered owner of any Series 2017H Note or Notes, or, if the Series 2017H Notes are held in book-entry form, the beneficial owner.

“*Purchase Date*” means the date any Series 2017H Notes are purchased pursuant to Sections 211 and 212 hereof.

“*Purchaser*” means Barclays Capital Inc., and its successors, assigns and affiliates, provided if there is more than one Owner of the Series 2017H Notes, the Purchaser shall be the Owner or Owners of a majority of the Outstanding principal amount of the Series 2017H Notes.

“*Rate Reset Date*” means the date of issuance of the Series 2017H Notes and, thereafter, the first Business Day of each calendar month.

“*Redemption Date*” means the date any Series 2017H Notes are redeemed pursuant to Sections 205, 206 and 207 hereof.

“*Supplemental Indenture*” means this Eighth Supplemental Indenture, dated as of February 1, 2018, by and between the Board and the Trustee, as from time to time amended and supplemented.

“*Taxable Date*” means the date as of which interest on the Series 2017H Notes is first includable in the gross income of the Owner (including, without limitation, any previous Owner) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

“*Taxable Rate*” means an interest rate per annum at all times equal to the product of the Variable Rate then in effect multiplied by the Taxable Rate Factor, but in no case shall such rate exceed the Maximum Interest Rate.

“*Taxable Rate Factor*” means for each day that the Taxable Rate is determined, the quotient of (i) one divided by (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

“*Variable Rate*” means, upon the date of issuance of the Series 2017H Notes and thereafter, the per annum variable interest rate borne by the Series 2017H Notes, equal to the lesser of: (i) the sum of (A) the product of (I) 0.70 multiplied by (II) the LIBOR Rate, as determined on each Variable Rate Determination Date for effect on the next succeeding Rate Reset Date (except that the initial Variable Rate Determination Date and the initial Rate Reset Date shall both be the date of issuance of the Series 2017H Notes), plus (B) 3.30%; and (ii) the Maximum Interest Rate.

“*Variable Rate Determination Date*” means the date of issuance of the Series 2017H Notes and thereafter, the second London Banking Day immediately preceding the first Business Day of each calendar month.

**Section 102. Interpretations.** As used herein, and unless the context shall otherwise indicate, the words "Note," "Owner" and "Person" shall include the plural as well as the singular number.

As used herein, the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Supplemental Indenture.

Unless the context shall otherwise indicate, references herein to articles, sections, subsections, clauses, paragraphs and other subdivisions refer to the designated articles, sections, subsections, clauses, paragraphs and other subdivisions of this Supplemental Indenture as originally executed.

Any headings preceding the texts of the several Articles and Sections hereof, and any Table of Contents appended to copies hereof, are solely for convenience of reference and do not constitute a part of this Supplemental Indenture, nor do they affect its meaning, construction or effect.

## ARTICLE II

### Authorization and Issuance of Series 2017H Notes

**Section 201. Authorization of Series 2017H Notes.** The Series 2017H Notes, entitled to the benefit, protection and security of the Indenture and this Supplemental Indenture, are hereby authorized in the aggregate principal amount of \$105,270,000 to finance the payment of general expenses and other payment obligations of the School District and to pay costs in connection with the issuance of the Series 2017H Notes. The Series 2017H Notes shall be designated as, and shall be distinguished from the Notes of all other Series, by the title "Educational Purposes Tax Anticipation Notes, Series 2017H."

**Section 202. General Provisions for Issuance.** The Series 2017H Notes shall be issued pursuant to Section 202 of the Indenture and shall be executed by the Board and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Board or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of each of the items listed in clauses (1), (2), (3) and (4) of Section 202(a) of the Indenture.

**Section 203. Terms of Series 2017H Notes.** (A) The Series 2017H Note shall be in registered form and shall be initially dated February 16, 2018.

(B) (i) Upon issuance, each Series 2017H Note shall bear interest from its date at the rate per annum equal to the Variable Rate. The Variable Rate shall be rounded to the second decimal place. The Calculation Agent shall determine the Variable Rate on each Variable Rate Determination Date to become effective on the immediately succeeding Rate Reset Date (except that the initial Variable Rate Determination Date and the initial Rate Reset Date shall both be the date of issuance of the Series 2017H Notes), and interest shall accrue at such rate for each day

during the period commencing on, and including, the related Rate Reset Date to, but excluding, the next succeeding Rate Reset Date. The Calculation Agent shall calculate and communicate the Variable Rate as effective from time to time for the Series 2017H Notes to the Board and the Trustee, which calculations shall be deemed to be conclusive in the absence of manifest error. Interest on each Series 2017H Note shall be computed on the basis of the actual number of days elapsed over a 360 day year (actual/360). Interest on each Series 2017H Note shall be payable on each Interest Payment Date.

(ii) From and after any Taxable Date, the interest rate on such Series 2017H Notes shall be established at the Taxable Rate.

(iii) If either (a) an Event of Default or (b) an event of default under the Continuing Covenant Agreement shall occur and shall not have been remedied, then the Series 2017H Notes shall bear interest at the Default Rate.

(C) The Series 2017H Notes shall mature on the Maturity Date.

(D) The Series 2017H Notes shall be in Authorized Denominations and shall be numbered consecutively but need not be authenticated or delivered in consecutive order. The Series 2017H Notes and the Trustee's Certificate of Authentication shall be in substantially the form set forth in Exhibit A attached hereto and by reference made a part hereof with such variations, omissions or insertions as are required or permitted by the Indenture.

(E) The principal of the Series 2017H Notes shall be payable at the designated corporate trust offices of the Trustee, in the City of Chicago, Illinois, as Paying Agent, and at such offices of any co-Paying Agent or successor Paying Agent or Paying Agents for the Series 2017H Notes appointed pursuant to the Indenture. Interest on the Series 2017H Notes shall be payable by check or bank draft mailed or delivered by the Trustee to the Owners as the same appear on the registration books of the Board maintained by the Registrar as of the Record Date or, for any Owner of \$1,000,000 or more in aggregate principal amount of Series 2017H Notes, by wire transfer of current funds to such bank in the continental United States as said Owner shall request in writing to the Registrar.

(F) The Series 2017H Notes shall be initially issued in the form of a separate single fully registered Series 2017H Note for each maturity. Upon initial issuance, the ownership of each such Series 2017H Note shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, and except as hereinafter provided, the ownership of all of the outstanding Series 2017H Notes shall be registered in the name of Cede & Co., as nominee of DTC.

(G) With respect to Series 2017H Notes registered in the name of Cede & Co., as nominee of DTC, the Board and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Series 2017H Notes. Without limiting the immediately preceding sentence, the Board and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in any Series 2017H Note, (ii) the delivery to any DTC Participant or any other Person, other than



the Owner of any Series 2017H Note, of any notice with respect to such Series 2017H Note, (iii) the payment to any DTC Participant or any other Person, other than the Owner of any Series 2017H Note, of any amount with respect to principal or Redemption Price of or interest on such Series 2017H Note or (iv) any allocation method for the redemption, including any pro-rata redemption, of Series 2017H Notes among DTC Participants and the beneficial owners of the Series 2017H Notes. The Board, the Trustee and each other Paying Agent, if any, shall be entitled to treat and consider the Person in whose name each Series 2017H Note is registered as the absolute owner of such Series 2017H Note for the purpose of payment of principal and interest with respect to such Series 2017H Note, for the purpose of giving notices of redemption, for the purpose of registering transfers with respect to such Series 2017H Note and for all other purposes whatsoever. The Trustee and each other Paying Agent, if any, shall pay all principal of and interest on the Series 2017H Notes only to or upon the order of the respective Owners thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the Board's obligations with respect to payment of principal of and interest on the Series 2017H Notes to the extent of the sum or sums so paid. No Person other than an Owner of a Series 2017H Note shall receive a Series 2017H Note certificate evidencing the obligation of the Board to make payments of principal of and interest on the Series 2017H Notes pursuant to this Supplemental Indenture.

(H) The Owners of the Series 2017H Notes have no right to the appointment or retention of a depository for such Series 2017H Notes. DTC may resign as securities depository under the conditions provided in the Letter of Representations. In the event of any such resignation, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer or cause the transfer of one or more separate Series 2017H Note certificates to such successor securities depository or (ii) notify DTC of the availability through DTC of Series 2017H Note certificates and transfer or cause the transfer of one or more separate Series 2017H Note certificates to DTC Participants having Series 2017H Notes credited to their DTC accounts. In such event, the Series 2017H Notes shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving Series 2017H Notes shall designate, in accordance with the provisions of this Indenture.

(I) The Board has heretofore executed and delivered the Letter of Representations to DTC. So long as DTC, or its designee, is the Owner of all Series 2017H Notes, the provisions set forth in the Letter of Representations shall apply to the redemption of any Series 2017H Notes and to the payment of principal or Redemption Price of and interest on the Series 2017H Notes, including without limitation, that: (1) presentation of Series 2017H Notes to the Trustee at maturity shall be deemed made to the Trustee when the right to exercise ownership rights in the Series 2017H Notes through DTC or DTC's Participants is transferred by DTC on its books; and (2) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Owners of Series 2017H Notes under this Indenture on a fractionalized basis on behalf of some or all of those Persons entitled to exercise ownership rights in the Series 2017H Notes through DTC or DTC's Participants.

(J) So long as the Series 2017H Notes are registered in the name of Cede & Co., as nominee of DTC, the Trustee agrees to comply with the terms and provisions of the Letter of Representations.

**Section 204. Application of Proceeds.** \$100,000 of the net proceeds of sale of the Series 2017H Notes shall be deposited into the Program Expense Fund to pay costs of issuance of the Notes. All of the remaining \$105,170,000 net proceeds of sale of the Series 2017H Notes shall be paid to the Board.

**Section 205. Optional Redemption.** (A) The Series 2017H Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day occurring on or after July 15, 2018, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date and without premium. Any redemption of less than all of the Series 2017H Notes Outstanding shall be made in such a manner that all Series 2017H Notes Outstanding after such redemption are in Authorized Denominations and any redemption funded from Pledged Tax Receipts shall be made on a pro rata basis among all Outstanding Notes.

(B) The Series 2017H Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination), on any Business Day occurring on or after the Purchaser has provided the Board and the Trustee with notice of the occurrence of an Event of Default, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date and without premium. Any redemption of less than all of the Series 2017H Notes Outstanding shall be made in such a manner that all Series 2017H Notes Outstanding after such redemption are in Authorized Denominations and redemptions funded from Pledged Tax Receipts shall be made on a pro rata basis among all Outstanding Notes.

(C) The Series 2017H Notes may be called for redemption by the Trustee pursuant to Section 209, upon receipt by the Trustee at least 25 days prior to the Redemption Date (or such shorter period as shall be acceptable to the Trustee) of a written request of the Board requesting such redemption.

**Section 206. Reserved.**

**Section 207. Redemption at the Election or Direction of the Board.** In the case of any redemption of Series 2017H Notes at the election or direction of the Board, the Board shall give written notice to the Trustee of its election or direction to redeem, of the date fixed for redemption, and of the principal amounts of the Series 2017H Notes to be redeemed. Such notice shall be given at least 25 days prior to the specified redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 209 provided, there shall be paid on or prior to the specified redemption date to the Trustee an amount in cash or Government Obligations maturing on or before the specified redemption date which, together with other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem all of the Series 2017H Notes to be redeemed on the specified redemption date at their Redemption Price plus interest accrued and unpaid to the date

fixed for redemption. Such amount and moneys shall be held in a separate, segregated account for the benefit of the Owners of the Series 2017H Notes so called for redemption.

**Section 208. Selection of Series 2017H Notes to Be Redeemed.** If less than all the Series 2017H Notes shall be called for redemption under any provision of this Supplemental Indenture permitting or requiring such partial redemption and such redemption is funded from Pledged Tax Receipts, the Series 2017H Notes or portions thereof to be redeemed shall be redeemed on a pro rata basis among all Outstanding Series 2017H Notes, and the portion of any Series 2017H Note to be redeemed shall be in a principal amount equal to an Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Series 2017H Note is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Owner of such Series 2017H Note may surrender such Series 2017H Note to the Trustee for (a) payment to such Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Owner of a new Series 2017H Note or new Series 2017H Notes of such sub-Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2017H Note. If any such Series 2017H Notes are surrendered, new Series 2017H Notes representing the unredeemed balance of the principal amount of such Series 2017H Note shall be issued to the Owner thereof without charge therefor. If all Series 2017H Notes are held in book-entry only form, the particular Series 2017H Notes or portions thereof to be redeemed shall be selected by DTC in such manner as DTC shall determine, provided, however, that in no event shall any redemption result in unredeemed Series 2017H Notes of a denomination less than the minimum Authorized Denomination.

**Section 209. Notice of Redemption.** (A) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Series 2017H Notes to be redeemed shall be given by first class mail, postage prepaid, or by facsimile transmission, not less than twenty (20) days prior to the date fixed for redemption. Such notice shall specify the Series 2017H Notes to be redeemed, the Redemption Date, the redemption price, the place and manner of payment, and that from the Redemption Date interest will cease to accrue on the Series 2017H Notes which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard.

(B) In addition to the requirements of Section 209(A), notice of the redemption of Series 2017H Notes or any portion thereof identifying the Series 2017H Notes or portions thereof to be redeemed shall specify (i) the Series designation and certificate numbers of Series 2017H Notes being redeemed, (ii) the principal amount of Series 2017H Notes being redeemed and the redeemed amount for each certificate (for partial calls), (iii) the Redemption Date, and (iv) the redemption price.

(C) Failure to give notice in the manner prescribed in Section 209(A) and Section 209(B) with respect to any Series 2017H Note, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Series 2017H Note with respect to which notice was properly given.

(D) If any Series 2017H Note is transferred or exchanged on the note register after notice has been given calling such Series 2017H Note for redemption, the Trustee will attach a copy of such notice to the Series 2017H Note issued in connection with such transfer or exchange.

**Section 210. Payment of Redeemed Series 2017H Notes.** Notice having been given in the manner provided in Section 209, the Series 2017H Notes or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof at any place specified in such notice, such Series 2017H Notes, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Series 2017H Note and if the Owner thereof elects to surrender such Series 2017H Note, the Board shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Series 2017H Note, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Series 2017H Note so surrendered, fully registered Series 2017H Notes of like maturity and interest rate in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Series 2017H Notes or portions thereof, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Series 2017H Notes or portions thereof of such maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Series 2017H Notes or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

**Section 211. Purchase of Series 2017H Notes for Cancellation.** The Board, acting through an Authorized Officer, reserves the right to direct the Trustee to cause the purchase for immediate cancellation, on any Business Day (but solely after July 15, 2018), of any Series 2017H Notes or beneficial interests therein from any Owner or Beneficial Owner of such Series 2017H Notes agreeing at its sole discretion to sell such Series 2017H Notes or beneficial interests therein. Each such purchase (i) shall be made in Authorized Denominations, (ii) shall be made in a principal amount of \$5,000,000 or greater and (iii) if made using Pledged Tax Receipts, shall be purchased on a pro rata basis among all Outstanding Notes, if an Event of Default has occurred. Such direction from the Board shall be evidenced by a written notice delivered to the Trustee not later than the third Business Day preceding the Purchase Date (i) directing the Trustee to cause DTC to process such purchase of Series 2017H Notes or beneficial interests therein and (ii) stating the principal amount of and purchase price for such Series 2017H Notes or beneficial interests therein to be so purchased and the Purchase Date. Any such purchase shall be at a price of not more than par plus accrued interest to the Purchase Date and shall be made from funds on deposit in the Debt Service Fund. Upon such purchase, the Series 2017H Notes or beneficial interests therein shall be immediately cancelled and shall no longer be deemed to be Outstanding for purposes of the Indenture and this Supplemental Indenture. On the date fixed for purchase pursuant to any exercise of such option, the Board shall pay or cause to be paid the purchase price of the Series 2017H Notes then being purchased to the Trustee in immediately available funds not later than 10:00 a.m. Chicago Time on the purchase date, and the Trustee shall pay the same to such Owners against delivery thereof.

**Section 212. Investor Letter.** (A) Concurrently with the issuance and delivery of the Series 2017H Notes, the Purchaser shall execute and deliver to the Board an Investor Letter substantially in the form attached hereto as *Exhibit B*.

(B) Each subsequent Owner or beneficial owner of any Series 2017H Note must be either (a) a "qualified institutional buyer", as defined in Rule 144A promulgated under the Securities Act of 1933 (a "*QIB*") or (b) an "accredited investor", as defined in Rule 501 of Regulation D under the Securities Act of 1933, or (c) a special purpose arrangement established by the Purchaser or an affiliate of the Purchaser such as a tender option trust or similar vehicle and whose members are QIBs or accredited investors.

(C) No sale or other transfer of a Series 2017H Note shall be made to an "accredited investor" unless in conjunction therewith such "accredited investor" shall execute, and shall deliver to the selling or transferring Owner and to the Board, an Investor Letter substantially in the form attached hereto as *Exhibit B*.

(D) With respect to a sale or other transfer of any Series 2017H Note to a QIB, such QIB, by virtue of such transfer or purchase, shall be deemed to have made all of the acknowledgments, representations and agreements contained in the Investor Letter as of the date of such transfer and purchase as if such QIB had executed an Investor Letter.

### ARTICLE III

#### Particular Covenants of the Board

**Section 301. Authority for Supplemental Indenture.** This Supplemental Indenture is executed and delivered by the Board by virtue of and pursuant to the School Code, the Act and the Note Resolution. The Board has ascertained and hereby determines and declares that the execution and delivery of this Supplemental Indenture is necessary to meet the public purposes and obligations of the Board, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate such purposes of the Board and to carry out its powers and is in furtherance of the public benefit, safety and welfare and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Series 2017H Notes and are contracts or agreements necessary, useful or convenient to carry out and effectuate the corporate purposes of the Board.

**Section 302. Indenture to Constitute Contract.** In consideration of the purchase and acceptance of Series 2017H Notes by those who shall hold the same from time to time, the provisions of the Indenture and this Supplemental Indenture shall be a part of the contract of the Board with the Owners of the Series 2017H Notes and shall be deemed to be and shall constitute a contract among the Board, the Trustee and the Owners from time to time of the Series 2017H Notes. The Board covenants and agrees with the Owners of the Series 2017H Notes and the Trustee that it will faithfully perform all of the covenants and agreements contained in the Indenture, this Supplemental Indenture and in the Series 2017H Notes.

**Section 303. Limited Obligations.** The Series 2017H Notes are limited obligations of the Board payable from amounts on deposit in the Debt Service Fund and secured by a pledge of, lien on and security interest in the Trust Estate pledged for their payment in accordance with the Indenture and this Supplemental Indenture. Neither the full faith and credit nor the general taxing power of the Board is pledged to, or otherwise available for, the payment of any Series 2017H Note.

**Section 304. Tax Covenants.** The Board shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Series 2017H Note to become subject to federal income taxes in addition to federal income taxes to which interest on such Series 2017H Note is subject on the date of original issuance thereof. The Board shall not permit any of the proceeds of the Series 2017H Notes, or any facilities financed with such proceeds, to be used in any manner that would cause any Series 2017H Note to constitute a "private activity bond" within the meaning of Section 141 of the Code. The Board shall not permit any of the proceeds of the Series 2017H Notes or other moneys to be invested in any manner that would cause any Series 2017H Note to constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code. The Board shall comply with the provisions of Section 148(f) of the Code relating to the rebate of certain investment earnings at periodic intervals to the United States of America.

## ARTICLE IV

### Miscellaneous

**Section 401. Trustee Acceptance of Duties.** The Trustee hereby accepts and agrees to the trusts hereby created, but only upon the additional terms set forth in Article VIII of the Indenture, to all of which the Board agrees and the respective Owners of the Series 2017H Notes, by their purchase and acceptance thereof, agree. Except during the continuance of an Event of Default, the Trustee undertakes such duties and only such duties as are specifically set forth in the Indenture and this Supplemental Indenture.

**Section 402. Appointment of Fiduciaries.** The Trustee is hereby appointed Paying Agent and Registrar for the Series 2017H Notes. The Trustee accepts the duties and obligations imposed upon it as Paying Agent and Registrar by the Indenture and this Supplemental Indenture. The Board may at any time or from time to time appoint one or more other Paying Agents for the Series 2017H Notes.

**Section 403. Amendment or Modifications.** This Supplemental Indenture may not be amended or modified without the written consent of the Board, the Trustee and the Purchaser.

**Section 404. Defeasance.** If the Board shall pay to the Owners of the Series 2017H Notes, or provide for the payment of the principal, interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in Section 1101 of the Indenture, then this Supplemental Indenture shall be fully discharged and satisfied.

**Section 405. Preservation and Inspection of Documents.** All documents received by any Fiduciary under the provisions of this Supplemental Indenture, shall be retained in its

possession and shall be subject at all reasonable times to the inspection of the Board, any other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

**Section 406. Parties Interested Herein.** Nothing in this Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Board, the Fiduciaries and the Owners of the Series 2017H Notes, any right, remedy or claim under or by reason of this Supplemental Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Supplemental Indenture contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Fiduciaries and the Owners of the Series 2017H Notes.

**Section 407. Successors and Assigns.** Whenever in this Supplemental Indenture the Board is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in this Supplemental Indenture contained by or on behalf of the Board shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

**Section 408. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Supplemental Indenture on the part of the Board or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Supplemental Indenture and the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with legal, valid and enforceable provisions, the economic effect of which comes as close as possible to that of the provisions being replaced.

**Section 409. Notices.** Any notice, demand, direction, request or other instruments authorized or required by this Supplemental Indenture to be given to, delivered to or filed with the Board or the Trustee shall be deemed to have been sufficiently given, delivered or filed for all purposes of this Supplemental Indenture if and when sent by registered mail, return receipt requested:

To the Board, if addressed to: Board of Education of the City of Chicago  
42 West Madison Street, 2nd Floor  
Chicago, Illinois 60602  
Attention: Senior Vice President of Finance

With a copy to: Board of Education of the City of Chicago  
42 West Madison Street, 2nd Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

and

Board of Education of the City of Chicago  
1 N. Dearborn  
Chicago, Illinois 60602  
Attention: General Counsel

or to such other address as may be designated in writing by the Board to the Trustee; and

To the Trustee, if addressed to:

Zions Bank  
111 West Washington Street, Suite 1860  
Chicago, Illinois 60602  
Attention: Corporate Trust Department

or at such other address as may be designated in writing by the Trustee to the Board.

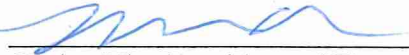
**Section 410. Construction.** This Supplemental Indenture shall be construed in accordance with the provisions of State law.

**Section 411. Multiple Counterparts.** This Supplemental Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.




IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Eighth Supplemental Indenture to be executed in its name and on its behalf by its Senior Vice President of Finance and attested by its Secretary and ZB, National Association dba Zions Bank, as Trustee, has caused this Eighth Supplemental Indenture to be executed on its behalf and attested by its authorized officers, all as of the day and year first above written.

BOARD OF EDUCATION OF THE CITY  
OF CHICAGO

By:   
Its: Senior Vice President of Finance, Board  
of Education of the City of Chicago

Attest:

By:   
Its: Secretary, Board of Education  
of the City of Chicago

ZB, NATIONAL ASSOCIATION DBA  
ZIONS BANK

By: \_\_\_\_\_  
Its: Authorized Officer

Attest:

By: \_\_\_\_\_  
Its: Authorized Officer

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Eighth Supplemental Indenture to be executed in its name and on its behalf by its Senior Vice President of Finance and attested by its Secretary and ZB, National Association dba Zions Bank, as Trustee, has caused this Eighth Supplemental Indenture to be executed on its behalf and attested by its authorized officers, all as of the day and year first above written.

BOARD OF EDUCATION OF THE CITY  
OF CHICAGO

By: \_\_\_\_\_  
Its: Senior Vice President of Finance, Board  
of Education of the City of Chicago

Attest:

By: \_\_\_\_\_  
Its: Secretary, Board of Education  
of the City of Chicago

ZB, NATIONAL ASSOCIATION DBA  
ZIONS BANK

By: *Amy Kankala*  
Its: Authorized Officer



Attest:

By: *[Signature]*  
Its: Authorized Officer

**EXHIBIT A**  
**FORM OF SERIES 2017H NOTES**

**FORM OF SERIES 2017H NOTE**

No. R-1

\$105,270,000

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
BOARD OF EDUCATION OF THE CITY OF CHICAGO  
EDUCATIONAL PURPOSES TAX ANTICIPATION NOTES, SERIES 2017H

Issue Date: February 16, 2018

CUSIP: 167505 \_\_\_\_

Registered Owner: Cede & Co.

Principal Amount: ONE HUNDRED FIVE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS

The Board of Education of the City of Chicago (the “*Board*”), a school district organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the registered owner identified above, or registered assigns, on the maturity date specified herein, unless this Series 2017H Note shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, the Principal Amount specified above, and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal sum from time to time remaining unpaid from and including the Issue Date specified above, until payment of said Principal Amount has been made or duly provided for.

Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Indenture (as hereinafter defined).

*Payments.* Upon issuance, each Series 2017H Note shall bear interest from its date and shall be computed on the basis of the actual number of days elapsed over a 360 day year (actual/360). Principal and interest due on each Series 2017H Note shall be payable on the earliest of its (i) Maturity Date, (ii) Interest Payment Date, (iii) Purchase Date or (iv) Redemption Date.

The principal and interest on the Series 2017H Notes shall be payable (i) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts and (ii) by check or bank draft mailed or delivered by ZB, National Association dba Zions Bank, as trustee (the “*Trustee*”) to the Owners as the same appear on the registration books of the Board maintained by the Registrar as of the Record Date or, for any Owner of \$1,000,000 or more in aggregate principal amount of Series 2017H Notes, by wire transfer of immediately available funds to such bank in the continental United States as said Owner shall request in writing to the Registrar no later than the Record Date.

*Interest Rates.* The Series 2017H Notes shall bear interest at the Variable Rate as provided in the Indenture (as hereinafter defined). Under circumstances specified in the Indenture, the Series 2017H Notes may bear interest at a Taxable Rate or a Default Rate.

*General.* This Series 2017H Note is one of a duly authorized issue of not to exceed \$105,270,000 aggregate principal amount Educational Purposes Tax Anticipation Notes, Series 2017H, of the Board (the "*Series 2017H Notes*"). The Series 2017H Notes are issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, including the School Code and the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Act*"), a Master Trust Indenture dated as of September 1, 2017 (the "*Master Indenture*"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "*Trustee*"), as supplemented by a Eighth Supplemental Indenture, dated as of February 1, 2018 between the Board and the Trustee (the "*Supplemental Indenture*" and, together with the Master Indenture as supplemented, the "*Indenture*"). The Series 2017H Notes are being issued in anticipation of property taxes levied by the Board for educational purposes for the year 2017.

*Limited Obligations.* The Series 2017H Notes are limited obligations of the Board and are payable solely from Pledged Tax Receipts (as defined in the Master Indenture), *provided* that the pledge of Pledged Tax Receipts with respect to the Series 2017H Notes is on a parity with the pledge thereof as security for the payment of other Tax Anticipation Notes of the Board. Neither the full faith and credit nor the taxing power of the Board is pledged to the payment of the principal of or interest on the Series 2017H Notes.

*Maturity Date.* The maturity date of this Series 2017H Note is the earlier of (i) December 14, 2018 or (ii) the 60th day following the Tax Penalty Date.

*Redemption and Prepayment.* The Series 2017H Notes shall be subject to redemption prior to their Maturity Date at the option of the Board, in whole or in part (and, if in part, in an Authorized Denomination) on any Business Day occurring on or after July 15, 2018, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the Redemption Date. The Board reserves the right to direct the Trustee to purchase on any Business Day for immediate cancellation, any Series 2017H Notes or beneficial interests therein from the registered owner of any Series 2017H Notes or from the Beneficial Owner of any Series 2017H Notes, as provided in the Indenture.

*Registration.* This Series 2017H Note is transferable by the registered owner hereof in person or by such registered owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture.

*Defeasance.* Provision for payment of all or any portion of the Series 2017H Notes may be made, and the Indenture may be discharged, prior to payment of the Series 2017H Notes in the manner provided in the Indenture.

*Miscellaneous.* The registered owner of this Series 2017H Note shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Copies of the Indenture are on file at the designated office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing the Series 2017H Notes, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Series 2017H Notes, and the limitations on such rights and remedies.

Terms used in this Series 2017H Note shall have the same meanings as set forth in the Indenture.

It is hereby certified, recited and declared that this Series 2017H Note is issued in part pursuant to Act and that all acts and conditions required to be done, exist and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2017H Note have been performed in due time, form and manner as required by law; that the indebtedness of the Board, including the issue of Series 2017H Notes of which this is one, does not exceed any limitation imposed by law.

This Series 2017H Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Educational Purposes Tax Anticipation Note to be signed in its name and on its behalf by the manual or duly authorized facsimile signature of its President and its Chief Executive Officer and attested by the manual or duly authorized facsimile signature of its Secretary, all as of the Issue Date identified above.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By: \_\_\_\_\_  
President, Board of Education of the City  
of Chicago

By: \_\_\_\_\_  
Chief Executive Officer,  
Board of Education of the City of Chicago

ATTEST:

\_\_\_\_\_  
Secretary, Board of Education of the  
City of Chicago

[Form of Certificate of Authentication]

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Series 2017H Note is one of the Series 2017H Notes described in the within-mentioned Eighth Supplemental Indenture.

Date of Authentication and Delivery: ZB, National Association dba Zions Bank, as  
Trustee

February \_\_, 2018

By: \_\_\_\_\_  
Authorized Signatory



ASSIGNMENT

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UNIF GIFT MIN ACT –  
Custodian

\_\_\_\_\_

(Cust)

\_\_\_\_\_

(Minor)

TENANT – as tenants by the entirety

under Uniform Gifts to Minors Act

JT TEN – as joint tenants with right  
of survivorship and not as  
tenants in common

\_\_\_\_\_

(State)

Additional abbreviations may also be used  
though not in the above list

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

(Name and Address of Assignee)

this Series 2017H Note of the Board of Education of the City of Chicago and does hereby  
irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_

to transfer said Series 2017H Note on the books kept for registration thereof with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears  
upon the face of this Series 2017H Note in every particular, without alteration or  
enlargement or any change whatever.

**EXHIBIT B**  
**TO**  
**EIGHTH SUPPLEMENTAL INDENTURE**  
  
**FORM OF INVESTOR LETTER**

**FORM OF INVESTOR LETTER**

\_\_\_\_\_, 20\_\_

Board of Education of the City of Chicago  
Office of Senior Vice President of Finance  
42 West Madison Street  
Second Floor  
Chicago, IL 60602

Re: \$105,270,000  
Board of Education of the City of Chicago  
Educational Purposes Tax Anticipation Notes, Series 2017H

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of all or a portion of the above-referenced Series 2017H Notes (the “Notes”). The Notes are issued under and secured in the manner set forth pursuant to a Master Trust Indenture dated as of September 1, 2017 (the “*Master Indenture*”), by and between the Board of Education of the City of Chicago (the “*Board*”) and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the “*Trustee*”), as supplemented by a Eighth Supplemental Indenture, dated as of February 1, 2018 between the Board and the Trustee (the “*Series Indenture*,” and together with the Master Indenture, the “*Indenture*”). Barclays Capital Inc. (the “*Purchaser*,” the “*undersigned*,” “*us*” or “*we*,” as applicable) is purchasing the Notes in the principal amount identified above, and in connection with such purchase, we hereby represent and warrant to you and agree with you as follows:

1. We understand that the Notes have not been registered pursuant to the Securities Act of 1933, as amended (the “*1933 Act*”) or the securities laws of any state, nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Notes (i) are not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.
2. We have not offered, offered to sell, offered for sale or sold any of the Notes by means of any form of general solicitation or general advertising, and we are not an underwriter of the Notes within the meaning of Section 2(11) of the 1933 Act.
3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Notes.
4. We have authority to purchase the Notes and to execute this letter and any other instruments and documents required to be executed by us in connection with the purchase of the Notes.

5. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

6. The undersigned is either (a) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (a “*QIB*”) or (b) an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (an “*Accredited Investor*”) and, as such, is able to bear the economic risks, and an entire loss, of such investment in the Notes. The Purchaser understands that, in certain circumstances, it may be required to hold the Notes until the maturity thereof.

7. The undersigned understands that a Limited Offering Memorandum was delivered by the Board as required pursuant to the terms of the Note Purchase Agreement, which Limited Offering Memorandum will not be updated after its delivery.

8. We understand and acknowledge that the Notes are limited obligations of the Board payable solely from the tax revenue collected from the tax levy of the Board for educational purposes for the year 2017, provided, however, such “tax revenue collected” shall not include any Tax Increment Revenue paid or payable to the Board pursuant to Section 8 of the Tax Increment Allocation Redevelopment Act, 65 Illinois Compiled Statutes 5/11-74.4, as amended, and that neither the full faith and credit nor the taxing power of the Board is pledged to the payment of the principal of or interest on the Notes.

9. The undersigned acknowledges that it is familiar with the condition, financial or otherwise, of the Board and it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Board and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Board, the Notes and the security therefor, so that it has been able to make its decision to purchase the Notes. The undersigned acknowledges that it does not require further information from the Board for purposes of purchasing the Notes.

10. The Purchaser has made its own inquiry and analysis with respect to the Board, the Notes and the security therefor, and other material factors affecting the security and payment of the Notes. The Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Notes. The Purchaser is aware that the business of the Board involves certain economic variables and risks that could adversely affect the security for the Notes.

11. The Notes are being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution of the Notes other than to an affiliate of the Purchaser or a funding entity or other special purpose arrangement established by the Purchaser or an affiliate of the Purchaser such as a tender option trust or similar vehicle, provided that all of the beneficial owners of such tender option trust or

similar vehicle are QIBs or Accredited Investors; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute its ownership in the Notes, subject to the provisions of the Indenture, and agrees that any such sale, transfer or distribution by the Purchaser shall be in accordance with the Indenture. If the Notes are sold by or transferred from the tender option trust or similar vehicle, the Notes may only be sold or otherwise transferred to QIBs or Accredited Investors.

12. The Purchaser acknowledges that no sale or other transfer of a Note shall be made to a transferee or purchaser who is an accredited investor unless in conjunction therewith such transferee or purchaser shall execute, and shall deliver to the selling or transferring Owner and to the Board, an Investor Letter substantially in the form attached as Exhibit B to the Series Indenture, and Section 212(D) of the Series Indenture provides that any QIB that is a transferee or purchaser of all or any portion of the Notes or any beneficial interest therein, by such transfer or purchase will be deemed to have made all the acknowledgements, representations and agreements contained in the Investor Letter substantially in the form attached to the Series Indenture as Exhibit B as of the date of such transfer or purchase as if such transferee or purchaser had executed the Investor Letter.

13. The Purchaser agrees to comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Notes by it, and further acknowledges that any current exemption from registration of the Notes does not affect or diminish such requirements. The Purchaser agrees that it will only offer, sell, pledge, transfer or exchange a Note (or any legal or beneficial interest therein) in accordance with the transfer restrictions set forth in the Indenture.

Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Indenture.

Very truly yours,

[PURCHASER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX B**  
**TAX ESCROW AGREEMENT**

## TAX ESCROW AGREEMENT

This Tax Escrow Agreement, dated as of September 1, 2017 (the or this "*Agreement*"), by and between the Board of Education of the City of Chicago (the "*Board*") and ZB, National Association dba Zions Bank, a national banking association, as escrow agent (the "*Escrow Agent*"), in consideration of the mutual promises and agreements herein set forth:

WITNESSETH:

### ARTICLE I

#### DEFINITIONS

All capitalized terms used in this Agreement, unless otherwise defined, shall have the same meaning as set forth in the Master Indenture. In addition, the following words and terms used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning:

"*Act*" means Section 34-23.5 of the School Code of the State of Illinois, as amended, and the Local Government Debt Reform Act.

"*Additional Notes*" means any Series of Notes authorized and delivered on original issuance pursuant to Section 203 of the Master Indenture.

"*Agreement*" means this Tax Escrow Agreement.

"*Board*" means the Board of Education of the City of Chicago governed by the Chicago Board of Education.

"*Business Day*" means any day other than a Saturday, a Sunday or any day on which banking institutions located in the city in which the designated office of the Escrow Agent or the designated office of the Trustee is located.

"*Collector*" means the County Treasurers acting as the County Collectors of The Counties of Cook and DuPage, Illinois.

"*District*" means the school district administered by the Board.

"*Escrow Account*" means the special account created by Section 2.01 hereof for the purpose of holding and disbursing the Pledged Tax Receipts.

"*Escrow Agent*" means ZB, National Association dba Zions Bank, as escrow agent, and any successor thereto as Escrow Agent.

"*Exchange Notes*" mean the Notes to be issued in exchange for the 2017 GANS.

"*Holder*" means any entity that has a beneficial ownership interest in any Series of Notes exchanged for any 2017 GANS.

"*Local Government Debt Reform Act*" means the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350, as amended.

"*Master Indenture*" means that certain Master Trust Indenture, dated as of September 1, 2017, by and between the Board and ZB, National Association dba Zions Bank, as from time to time amended and supplemented.

"*Note Resolution*" means Resolution No. 17-0828-RS-5 adopted by the Board on August 28, 2017, authorizing the issuance of the Notes and the execution of this Agreement, as the same may be supplemented or amended.

"*Notes*" means any Tax Anticipation Notes issued pursuant to the Act and the Note Resolution and authenticated and delivered under and pursuant to the Master Indenture and a Supplemental Indenture, including any Additional Notes and the Exchange Notes, *provided*, that the total amount of Notes issued and secured hereunder may not exceed the lesser of (1) \$1,550,000,000 on or before April 2, 2018 or \$950,000,000 on or after April 3, 2018 and (2) eighty percent (80%) of the Uncollected Pledged Taxes; *further provided, however*, while the 2017 GANS are outstanding, the Board shall not issue any Notes, other than Exchange Notes, if such issuance would cause the sum of (i) the principal amount of then outstanding Notes, (ii) the principal amount of then outstanding 2017 GANS and (iii) the principal amount of then authorized but unissued 2017 GANS, to exceed the lesser of (1) \$1,550,000,000 on or before April 2, 2018 or \$950,000,000 on or after April 3, 2018 and (2) eighty percent (80%) of the Uncollected Pledged Taxes.



“*Outstanding*” shall have the same meaning as the defined term “*Outstanding*” in the Master Indenture.

“*Permitted Investments*” means (a) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, (b) certificates of ownership of the principal of or interest on obligations of the type described in clause (a) of this definition, (i) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian, (ii) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations, and (iii) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated and (c) any investments in a money market fund which at the time of purchase is rated “AAAm” or “AAAm-G” or better by S&P, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise.

“*Pledged Tax Receipts*” means all of the money derived from the collection of the Pledged Taxes, to the extent such money has not been released to the Board free and clear of the lien of the Indenture pursuant to the provisions of the Indenture; *provided, however*, such “Pledged Taxes Receipts” shall not include any Tax Increment Revenue paid or payable to the School District pursuant to Section 8 of the TIF Act.

“*Pledged Taxes*” means the annual ad valorem tax levied by the Board upon all taxable property located in the School District for educational purposes for the year 2017.

“*Purchaser*” means any entity that (i) purchases a beneficial ownership interest in a Series of Notes from the Board or (ii) makes a loan to the Board in exchange for ownership of a Series of Notes and, with respect to a Series of Notes, shall have the meaning further ascribed to such term in the Supplemental Indenture relating to such Series of Notes.

“*Series*” means all of the Notes designated as a series and authenticated and delivered on original issuances in a simultaneous transaction, and any Notes thereafter authenticated and delivered in lieu of or in substitution for such Notes pursuant to the Master Indenture.

“*State*” means the State of Illinois.

“*Supplemental Indenture*” means any Supplemental Indenture between the Board and the Trustee authorized pursuant to Article IX of the Master Indenture.

“*Tax Anticipation Notes*” means any tax anticipation note, tax anticipation warrant or similar indebtedness issued by the Board in anticipation of the collection of the Pledged Tax Receipts.

“*Tax Increment Revenue*” means the portion, if any, of taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in any transit facility improvement area established by the City of Chicago, over and above the initial equalized assessed value of such property existing at the time tax increment financing was adopted, minus the total current homestead exemptions pertaining to each piece of property provided by Article 15 of the Property Tax Code, 35 Illinois Compiled Statutes 200, as amended, in the transit facility improvement area.

“*Tax Penalty Date*” means the last day on which the second installment of the Pledged Taxes may be paid without penalty with respect to taxable property located in The County of Cook, Illinois.

“*Trustee*” means ZB, National Association dba Zions Bank, and any successor trustee appointed pursuant to the Master Indenture and the Supplemental Indentures.

“*Uncollected Pledged Taxes*” means, as of any date of calculation, an amount equal to the difference between (i) \$2,432,832,483 and (ii) the aggregate amount of the Pledged Taxes deposited in the Escrow Account pursuant to this Agreement as of such date of calculation.

“*2017 GANS*” means any of the Grant Anticipation Revenue Notes, Series 2017A and the Grant Anticipation Revenue Notes, Series 2017B, of the Board.

## ARTICLE II

### CREATION OF THE ESCROW ACCOUNT

2.01. *Establishment of the Escrow Account.* The Escrow Account is hereby established with the Escrow Agent pursuant to the Note Resolution, the Master Indenture and this Agreement, separate and segregated from all other funds and accounts of the Board.

2.02. *Pledged Tax Receipts.* Pursuant to the Note Resolution and for the purpose of providing the funds required to pay the principal of and interest on the Notes when and as the same falls due, all of the Pledged Tax Receipts shall be paid to the Escrow Agent for deposit in the Escrow Account for the equal and ratable benefit of the holders of the Notes, provided that such amounts shall be allocated pursuant to Section 3.02 hereof.

Pursuant to Section 13 of the Local Government Debt Reform Act, the Pledged Tax Receipts deposited or to be deposited into the Escrow Account, are irrevocably pledged as security for the payment of the principal of and interest on the Notes until the principal and interest on the Notes are paid in full and the Notes are no longer Outstanding. In accordance with Section 13 of the Local Government Debt Reform Act such Pledged Tax Receipts and the moneys held in the Escrow Account shall immediately be subject to the lien of such pledge without any physical delivery or further act and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board irrespective of whether such parties have notice thereof.

## ARTICLE III

### OPERATION OF THE ESCROW ACCOUNT

3.01. *Amounts Held in the Escrow Account.* Moneys deposited in the Escrow Account shall be used solely and only for the purpose of paying principal and interest on the Notes and shall not be used for any other purpose so long as the Notes remain Outstanding and unpaid. The holders of the Notes shall have a first and prior lien upon all present and future Pledged Tax

Receipts when deposited in the Escrow Account until the principal and interest on the Notes are paid in full and the Notes are no longer Outstanding.

3.02. *Allocation of Moneys.* On each Business Day, the Escrow Agent shall transfer all of the moneys in the Escrow Account to the Trustee so that the Trustee can allocate such moneys to be held for the payment of the Notes pursuant to the terms of the Master Indenture and any Supplemental Indentures. The Board shall provide to the Escrow Agent and the Trustee information concerning the Outstanding principal amount of each Series of the Notes on each date of issuance of any Note and each date of payment, redemption, purchase or defeasance of any Note.

3.03. *Investment of Moneys in the Escrow Account.* Pending the transfer of moneys in the Escrow Account as provided in Section 3.02 hereof, said moneys may be invested by the Escrow Agent in Permitted Investments only in accordance with the written directions of the Senior Vice President of Finance of the Board or the Chief Financial Officer of the Board.

3.04. *Monthly Reports.* The Escrow Agent will submit to the Senior Vice President of Finance of the Board, the Chief Financial Officer of the Board, the Holder and each Purchaser on or before the 5th day of each calendar month, commencing in the month of February 2018, a statement, as of the last day of the prior calendar month, itemizing (i) all moneys received by it and all payments made by it under the provisions of this Agreement during such prior calendar month and (ii) the balances in the Escrow Account as of the end of such prior calendar month, and also listing the Permitted Investments on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the Permitted Investments. The Escrow Agent shall, with reasonable promptness, provide such additional information regarding the Pledged Taxes and the Escrow Account as the Board may request on behalf of the Holder and each Purchaser.

3.05. *Daily Reports on Tax Receipts and Distributions.* On each Business Day that Pledged Tax Receipts are received by the Escrow Agent, the Escrow Agent shall provide to the Senior Vice President of Finance of the Board, the Chief Financial Officer of the Board, the Holder and each Purchaser a report detailing the amount of Pledged Tax Receipts received by the Escrow Agent. On each Business Day that Pledged Tax Receipts are required to be allocated and distributed pursuant to Section 3.02, the Escrow Agent shall provide to the Chief Financial Officer of the Board, the Holder and each Purchaser a report detailing the amounts of Pledged Tax Receipts allocated and distributed to the Trustee for each Series of Notes then Outstanding.

3.06. *Payment of Fees.* The fees of the Escrow Agent shall be paid by the Board upon receipt of appropriate statements therefor.

#### ARTICLE IV

#### COVENANTS

The Board and the Escrow Agent covenant and agree as follows:

The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals herein (except those relating to its own organization); (b) the performance of or compliance with any covenant, condition, term or provision of the Notes, the Note Resolution, or the Master Indenture and any Supplemental Indentures thereto; and (c) any undertaking or statement of the Board hereunder or under the Notes, the Note Resolution, or the Master Indenture and any Supplemental Indentures. The Escrow Agent is not serving as a trustee for the Holder and the Purchasers pursuant to this Agreement and has no obligation in its capacity as Escrow Agent to enforce the rights of the Holder or the Purchasers under this Agreement. On the date of execution and delivery of this Agreement, ZB, National Association dba Zions Bank is also serving as the Trustee and its rights, duties and obligations in connection with those roles are governed by the Master Indenture and the Supplemental Indentures.

The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own gross negligence or willful misconduct, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be a defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall it be deemed to have failed to take any such action, unless and until it shall have been indemnified by the Board to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees (provided notice is given to the Board of such costs and outlays within a reasonable time after they are incurred), and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

The Escrow Agent, in its separate capacity as a banking institution, may, at the direction of the Senior Vice President of Finance of the Board or the Chief Financial Officer of the Board as provided in Section 3.03 hereof, invest for the Escrow Account in Permitted Investments purchased from itself.

All payments to be made by, and all acts, and things required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the Board except as expressly provided herein.

The Escrow Agent shall not be personally liable for any act taken or omitted hereunder if taken or omitted by it in good faith and in the exercise of its own best judgment. The Escrow Agent shall also be fully protected in relying upon any written notice, demand, certificate or document which it in good faith believes to be genuine.

The Escrow Agent shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of any securities now or hereafter deposited hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein,

nor shall it be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement or this Escrow Agreement. The Escrow Agent shall not be liable for any depreciation or change in the value of such investments.

If the Escrow Agent reasonably believes it to be necessary to consult with counsel concerning any of its duties in connection with this Agreement, or in case it becomes involved in litigation on account of being Escrow Agent hereunder or on account of having received property subject hereto, then in either case, its costs, expenses, and reasonable attorneys' fees shall be paid by the Board, and upon timely notice thereof having been given.

This Agreement shall be construed, enforced, and administered in accordance with the laws of the State, and shall inure to, and be binding upon, the respective successors and assigns of the parties hereto.

To the extent that this Agreement confers upon or gives or grants to the Trustee any right, remedy or claim under or by reason of this Agreement, the Trustee is explicitly recognized as being a third-party beneficiary under this Agreement and may enforce any such remedy or claim conferred, given or granted under this Agreement.

## ARTICLE V

### RESIGNATION OR REMOVAL OF THE ESCROW AGENT

The Escrow Agent may at any time resign as escrow agent under this Agreement by giving thirty days written notice to the Board and each Purchaser, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the Board. The Board may select as successor Escrow Agent any financial institution located within the State which is authorized to maintain trust accounts under Federal or State law with capital stock and surplus aggregating at least \$250,000,000.

If at any time the Escrow Agent is no longer legally authorized or qualified (by reason of any Federal or State law or any other law or regulation) to act as escrow agent hereunder, then

the Board may remove the Escrow Agent and may select as successor Escrow Agent any financial institution which is authorized to maintain trust accounts under Federal or State law.

## ARTICLE VI

### ALTERATION AND TERMINATION OF AGREEMENT

The Board and the Escrow Agent may change and alter the terms of this Agreement for the following purposes: (A) to correct errors, resolve ambiguities or insert inadvertently omitted material; or (B) to alter the procedures of Article II of this Agreement and definitions pertaining thereto necessitated by changes in State law and procedures thereunder with respect to the collection and distribution of taxes; *provided, however*, that such changes and alterations shall not materially affect the protections provided by this Agreement to the holders of any of the Notes; and provided further that the Board shall provide the Holder and each Purchaser with not less than ten (10) days prior written notice of any such proposed changes or alterations pursuant to clauses (A) and (B) above.

It is understood and agreed that the Holder and each Purchaser is an express and intended third party beneficiary of this Agreement, and that the benefits of this Agreement are conferred upon the Holder and each Purchaser to the extent applicable; *provided, however*, that enforcement of this Agreement shall require the action of not less than a majority in aggregate principal amount of the Notes, as provided in Section 702 of the Master Indenture.

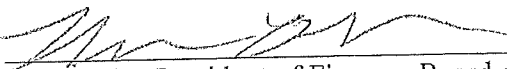
This Agreement shall be binding on any successor to the Board during the term of this Agreement.

Upon the retirement or defeasance of all of the Notes and the filing with the Escrow Agent of a certificate of the Board signed by its Senior Vice President of Finance of the Board or Chief Financial Officer of the Board that no Notes will be issued or Outstanding from and after the date specified in such certificate, the Escrow Agent, as of the date so specified in such certificate, will transfer any balance remaining in the Escrow Account to the Board, and thereupon this Agreement shall terminate.




IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Agreement to be executed by the Senior Vice President of Finance of the Board and attested by the Assistant Secretary of the Board and ZB, National Association dba Zions Bank, in its capacities as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and to be attested by one of its officers, all as of the 28th day of September, 2017.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By   
Senior Vice President of Finance, Board of  
Education of the City of Chicago

Attest:

  
Assistant Secretary, Board of Education of the  
City of Chicago

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK

By \_\_\_\_\_  
Authorized Officer

Attest:

\_\_\_\_\_  
Authorized Officer

IN WITNESS WHEREOF, the Board of Education of the City of Chicago has caused this Agreement to be executed by the Senior Vice President of Finance of the Board and attested by the Assistant Secretary of the Board and ZB, National Association dba Zions Bank, in its capacities as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and to be attested by one of its officers, all as of the 28th day of September, 2017.

BOARD OF EDUCATION OF THE CITY  
OF CHICAGO

By: \_\_\_\_\_  
Its: Senior Vice President of Finance, Board  
of Education of the City of Chicago

Attest:

By: \_\_\_\_\_  
Its: Assistant Secretary, Board of Education  
of the City of Chicago

ZB, NATIONAL ASSOCIATION DBA  
ZIONS BANK

By: *Amy Kungala*  
Its: Authorized Officer

Attest: \_\_\_\_\_  
By: \_\_\_\_\_  
Its: Authorized Officer



## APPENDIX C

### OPINIONS OF CO-BOND COUNSEL

*On January 11 2018 and February 16, 2018, Ice Miller LLP, Chicago, Illinois and Pugh, Jones & Johnson, P.C., Chicago, Illinois, (“Co-Bond Counsel”) issued their respective approving opinions which stated that, subject to compliance by the Board with certain covenants, under law existing on the date of issuance of such opinions, interest on the Series 2017F Notes and Series 2017H is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Notes is not exempt from present State of Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion.*

January 11, 2018

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated January 10,  
2018

Board of Education of the City of Chicago  
Chicago, Illinois

Re: Board of Education of the City of Chicago  
Educational Purposes Tax Anticipation Notes, Series 2017F

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 10(f)(iv) of the Contract of Purchase, dated January 10, 2018 (the "*Agreement*"), and Section 4.01(c) of the Continuing Covenant Agreement dated January 11, 2018 (the "*Continuing Covenant Agreement*"), each between the Board of Education of the City of Chicago (the "*Board*") and Barclays Capital Inc. (the "*Initial Purchaser*"). The Agreement and the Continuing Covenant Agreement relates to the loan being made to the Board by the Initial Purchaser in connection with the purchase by the Initial Purchaser of the fully registered Educational Purposes Tax Anticipation Notes, Series 2017F in the aggregate principal amount outstanding at any time of not to exceed \$147,365,000 (the "*Series 2017F Notes*"). We have issued our approving opinion, dated the date hereof, related to the validity and tax-exempt status of the Series 2017F Notes (the "*Approving Opinion*"). The Series 2017F Notes have on this date been issued by the Board and delivered to the Initial Purchaser pursuant to the terms of the Agreement. Terms used and not defined herein shall have the meanings ascribed to them in the Agreement.

Based upon our examination of a certified copy of a record of the proceedings of the Board related to the issuance of the Series 2017F Notes, as described in the Approving Opinion, and such matters of law as we have deemed relevant in connection with the offering and sale of the Series 2017F Notes under the circumstances described in the Agreement, we are of the opinion that, under existing law, (i) the Agreement and the Continuing Covenant Agreement have each been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Initial Purchaser, each of the Agreement and the Continuing Covenant Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and (ii) the Series 2017F Notes constitute exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*Securities Act*") and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") and it

is not necessary to register the Series 2017F Notes under the Securities Act or to qualify the Indenture or the Note Resolution under the Trust Indenture Act in connection with the public offering and sale of the Series 2017F Notes.

This opinion is furnished by us as Co-Bond Counsel to the Board. No attorney-client relationship has existed or exists between our firm and the Initial Purchaser in connection with the Series 2017F Notes or by virtue of this opinion. This opinion is solely for the benefit of the Initial Purchaser and the Board and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Series 2017F Notes from the Initial Purchaser) without our prior written consent.

Very truly yours,

Ice Miller LLP



**Pugh, Jones & Johnson, P.C.**  
ATTORNEYS AT LAW

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Suite 1700  
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212.682.0278 - fax

January 11, 2018

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated January 10,  
2018

Board of Education of the City of Chicago  
Chicago, Illinois

Re: Board of Education of the City of Chicago  
Educational Purposes Tax Anticipation Notes, Series 2017F

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 10(f)(iv) of the Contract of Purchase, dated January 10, 2018 (the "*Agreement*"), and Section 4.01(c) of the Continuing Covenant Agreement dated January 11, 2018 (the "*Continuing Covenant Agreement*"), each between the Board of Education of the City of Chicago (the "*Board*") and Barclays Capital Inc. (the "*Initial Purchaser*"). The Agreement and the Continuing Covenant Agreement relate to the loan being made to the Board by the Initial Purchaser in connection with the purchase by the Initial Purchaser of the fully registered Educational Purposes Tax Anticipation Notes, Series 2017F in the aggregate principal amount outstanding at any time of not to exceed \$147,365,000 (the "*Series 2017F Notes*"). We have issued our approving opinion, dated the date hereof, related to the validity and tax-exempt status of the Series 2017F Notes (the "*Approving Opinion*"). The Series 2017F Notes have on this date been issued by the Board and delivered to the Initial Purchaser pursuant to the terms of the Agreement. Terms used and not defined herein shall have the meanings ascribed to them in the Agreement.

Based upon our examination of a certified copy of a record of the proceedings of the Board related to the issuance of the Series 2017F Notes, as described in the Approving Opinion, and such matters of law as we have deemed relevant in connection with the offering and sale of the Series 2017F Notes under the circumstances described in the Agreement, we are of the opinion that, under existing law, (i) the Agreement and the Continuing Covenant Agreement have each been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Initial Purchaser, each of the Agreement and the Continuing Covenant Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable

principles, whether considered at law or in equity, including the exercise of judicial discretion, and (ii) the Series 2017F Notes constitute exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*Securities Act*") and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") and it is not necessary to register the Series 2017F Notes under the Securities Act or to qualify the Indenture or the Note Resolution under the Trust Indenture Act in connection with the public offering and sale of the Series 2017F Notes.

This opinion is furnished by us as Co-Bond Counsel to the Board. No attorney-client relationship has existed or exists between our firm and the Initial Purchaser in connection with the Series 2017F Notes or by virtue of this opinion. This opinion is solely for the benefit of the Initial Purchaser and the Board and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Series 2017F Notes from the Initial Purchaser) without our prior written consent.

Very truly yours,

*Pugh, Jones & Johnson, P. C.*

January 11, 2018

Board of Education of the City of Chicago  
Chicago, Illinois

Zions Bank, as trustee  
Chicago, Illinois

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated January 10,  
2018

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings (the "*Proceedings*") of the Board of Education of the City of Chicago (the "*Board*") passed preliminary to the issue by the Board of its fully registered Educational Purposes Tax Anticipation Notes, Series 2017F in the aggregate principal amount outstanding at any time of not to exceed \$147,365,000 (the "*Series 2017F Notes*"), being issued pursuant to that certain Master Trust Indenture dated as of September 1, 2017 (the "*Master Indenture*"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "*Trustee*"), as supplemented by a Sixth Supplemental Indenture, dated as of January 1, 2018 (the "*Supplemental Indenture*"), between the Board and the Trustee (the Master Indenture as so supplemented, the "*Indenture*"), dated the date hereof and maturing, bearing interest and being subject to redemption prior to maturity as provided in the Supplemental Indenture.

The Series 2017F Notes are being issued pursuant to Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), in lieu of the tax anticipation warrants authorized by Section 34-23 of the School Code, Resolution 17-0828-RS5 adopted by the Board on August 28, 2017 (the "*Note Resolution*") and the Indenture.

The Series 2017F Notes are being issued in anticipation of the collection of the taxes levied by the Board for educational purposes for the year 2017 (the "*2017 Educational Fund Levy*"). Pursuant to Section 34-23.5 of the School Code, the principal amount of all notes, bonds or other obligations issued in lieu of tax anticipation warrants may not exceed 85% of the amount of the 2017 Educational Fund Levy (the "*Statutory Limitation*"). The Board may hereafter authorize and issue "Additional Notes" as defined and as provided in the Indenture.

The Board and ZB, National Association dba Zions Bank, as escrow agent (the "*Escrow Agent*"), have executed and delivered a Tax Escrow Agreement dated as of September 1, 2017 (the "*Tax Escrow Agreement*") with respect to the application of receipts of the 2017 Educational Fund Levy.

In our capacity as co-bond counsel, we have examined, among other things, the following:



(a) certified copies of the Proceedings of the Board adopting the Note Resolution and authorizing, among other things, the execution and delivery of the Master Indenture, the Supplemental Indenture, the Tax Escrow Agreement and the issuance of the Series 2017F Notes;

(b) a certified copy of the Note Resolution;

(c) an executed counterpart of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The Board has full power and authority and has taken all necessary corporate action to authorize the execution and delivery of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement and the issuance of the Series 2017F Notes.

2. The Indenture has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Indenture is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Tax Escrow Agreement has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Escrow Agent, the Tax Escrow Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Series 2017F Notes have been duly and validly authorized and have been issued in accordance with law. The Series 2017F Notes are valid and legally binding limited obligations of the Board payable, together with any Additional Notes when issued, exclusively from the receipts derived from the levy and collection of the Pledged Tax Receipts (as defined in the Master Indenture), and enforceable in accordance with their terms and the terms of the Indenture, except that the rights of the owners of the Series 2017F Notes and the enforceability of the Series 2017F Notes may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

5. The Series 2017F Notes are entitled to the benefit and security of the Note Resolution, the Indenture and the Tax Escrow Agreement.

6. The Indenture creates the valid pledge which it purports to create of the Trust Estate pledged, held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

7. The form of Series 2017F Note prescribed for said issue is in due form of law.

8. The Board has taken all necessary action to cause the County Collectors of the Counties of Cook and DuPage, Illinois, to deposit the respective portions of the Pledged Tax Receipts directly with the Escrow Agent for application pursuant to the Tax Escrow Agreement.

9. Subject to the Board's compliance with certain covenants, under present law, interest on the Series 2017F Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Board covenants could cause interest on the Series 2017F Notes to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017F Notes. Ownership of the Series 2017F Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2017F Notes. Interest on the Series 2017F Notes is not exempt from present State of Illinois income taxes.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2017F Notes.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

*Ice Miller LLP*



**Pugh, Jones & Johnson, P.C.**  
ATTORNEYS AT LAW

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212.682.0278 - fax

January 11, 2018

Board of Education of the City of Chicago  
Chicago, Illinois

Zions Bank, as trustee  
Chicago, Illinois

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated January 10,  
2018

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings (the "*Proceedings*") of the Board of Education of the City of Chicago (the "*Board*") passed preliminary to the issue by the Board of its fully registered Educational Purposes Tax Anticipation Notes, Series 2017F in the aggregate principal amount outstanding at any time of not to exceed \$147,365,000 (the "*Series 2017F Notes*"), being issued pursuant to that certain Master Trust Indenture dated as of September 1, 2017 (the "*Master Indenture*"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "*Trustee*"), as supplemented by a Sixth Supplemental Indenture dated as of January 1, 2018 (the "*Supplemental Indenture*"), between the Board and the Trustee (the Master Indenture as so supplemented, the "*Indenture*"), dated the date hereof and maturing, bearing interest and being subject to redemption prior to maturity as provided in the Supplemental Indenture.

The Series 2017F Notes are being issued pursuant to Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), in lieu of the tax anticipation warrants authorized by Section 34-23 of the School Code, Resolution 17-0828-RS5 adopted by the Board on August 28, 2017 (the "*Note Resolution*"), and the Indenture.

The Series 2017F Notes are being issued in anticipation of the collection of the taxes levied by the Board for educational purposes for the year 2017 (the "*2017 Educational Fund Levy*"). Pursuant to Section 34-23.5 of the School Code, the principal amount of all notes, bonds or other obligations issued in lieu of tax anticipation warrants may not exceed 85% of the amount of the 2017 Educational Fund Levy (the "*Statutory Limitation*"). The Board may hereafter authorize and issue "Additional Notes" as defined and as provided in the Indenture.

The Board and ZB, National Association dba Zions Bank, as escrow agent (the "*Escrow Agent*"), have executed and delivered a Tax Escrow Agreement dated as of September 1, 2017 (the "*Tax Escrow Agreement*"), with respect to the application of receipts of the 2017 Educational Fund Levy.

In our capacity as co-bond counsel, we have examined, among other things, the following:

(a) certified copies of the Proceedings of the Board adopting the Note Resolution and authorizing, among other things, the execution and delivery of the Master Indenture, the Supplemental Indenture, the Tax Escrow Agreement and the issuance of the Series 2017F Notes;

(b) a certified copy of the Note Resolution;

(c) an executed counterpart of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The Board has full power and authority and has taken all necessary corporate action to authorize the execution and delivery of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement and the issuance of the Series 2017F Notes.

2. The Indenture has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Indenture is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Tax Escrow Agreement has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Escrow Agent, the Tax Escrow Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Series 2017F Notes have been duly and validly authorized and have been issued in accordance with law. The Series 2017F Notes are valid and legally binding limited obligations of the Board payable, together with any Additional Notes when issued, exclusively from the receipts derived from the levy and collection of the Pledged Tax Receipts (as defined in the Master Indenture), and enforceable in accordance with their terms and the terms of the Indenture, except that the rights of the owners of the Series 2017F Notes and the enforceability of the Series 2017F Notes may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

5. The Series 2017F Notes are entitled to the benefit and security of the Note Resolution, the Indenture and the Tax Escrow Agreement.

6. The Indenture creates the valid pledge which it purports to create of the Trust Estate pledged, held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

7. The form of Series 2017F Note prescribed for said issue is in due form of law.

8. The Board has taken all necessary action to cause the County Collectors of the Counties of Cook and DuPage, Illinois, to deposit the respective portions of the Pledged Tax Receipts directly with the Escrow Agent for application pursuant to the Tax Escrow Agreement.

9. Subject to the Board's compliance with certain covenants, under present law, interest on the Series 2017F Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Board covenants could cause interest on the Series 2017F Notes to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017F Notes. Ownership of the Series 2017F Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2017F Notes. Interest on the Series 2017F Notes is not exempt from present State of Illinois income taxes.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2017F Notes.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

*Pugh, Jones & Johnson, P. C.*

February 16, 2018

Board of Education of the City of Chicago  
Chicago, Illinois

Zions Bank, as trustee  
Chicago, Illinois

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated February 15,  
2018

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings (the "*Proceedings*") of the Board of Education of the City of Chicago (the "*Board*") passed preliminary to the issue by the Board of its fully registered Educational Purposes Tax Anticipation Notes, Series 2017H in the aggregate principal amount outstanding at any time of not to exceed \$105,270,000 (the "*Series 2017H Notes*"), being issued pursuant to that certain Master Trust Indenture dated as of September 1, 2017 (the "*Master Indenture*"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "*Trustee*"), as supplemented by a Eighth Supplemental Indenture, dated as of February 1, 2018 (the "*Supplemental Indenture*"), between the Board and the Trustee (the Master Indenture as so supplemented, the "*Indenture*"), dated the date hereof and maturing, bearing interest and being subject to redemption prior to maturity as provided in the Supplemental Indenture.

The Series 2017H Notes are being issued pursuant to Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), in lieu of the tax anticipation warrants authorized by Section 34-23 of the School Code, Resolution 17-0828-RS5 adopted by the Board on August 28, 2017 (the "*Note Resolution*") and the Indenture.

The Series 2017H Notes are being issued in anticipation of the collection of the taxes levied by the Board for educational purposes for the year 2017 (the "*2017 Educational Fund Levy*"). Pursuant to Section 34-23.5 of the School Code, the principal amount of all notes, bonds or other obligations issued in lieu of tax anticipation warrants may not exceed 85% of the amount of the 2017 Educational Fund Levy (the "*Statutory Limitation*"). The Board may hereafter authorize and issue "Additional Notes" as defined and as provided in the Indenture.

The Board and ZB, National Association dba Zions Bank, as escrow agent (the "*Escrow Agent*"), have executed and delivered a Tax Escrow Agreement dated as of September 1, 2017 (the "*Tax Escrow Agreement*") with respect to the application of receipts of the 2017 Educational Fund Levy.

In our capacity as co-bond counsel, we have examined, among other things, the following:

(a) certified copies of the Proceedings of the Board adopting the Note Resolution and authorizing, among other things, the execution and delivery of the Master Indenture, the Supplemental Indenture, the Tax Escrow Agreement and the issuance of the Series 2017H Notes;

(b) a certified copy of the Note Resolution;

(c) an executed counterpart of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The Board has full power and authority and has taken all necessary corporate action to authorize the execution and delivery of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement and the issuance of the Series 2017H Notes.

2. The Indenture has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Indenture is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Tax Escrow Agreement has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Escrow Agent, the Tax Escrow Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Series 2017H Notes have been duly and validly authorized and have been issued in accordance with law. The Series 2017H Notes are valid and legally binding limited obligations of the Board payable, together with any Additional Notes when issued, exclusively from the receipts derived from the levy and collection of the Pledged Tax Receipts (as defined in the Master Indenture), and enforceable in accordance with their terms and the terms of the Indenture, except that the rights of the owners of the Series 2017H Notes and the enforceability of the Series 2017H Notes may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

5. The Series 2017H Notes are entitled to the benefit and security of the Note Resolution, the Indenture and the Tax Escrow Agreement.

6. The Indenture creates the valid pledge which it purports to create of the Trust Estate pledged, held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

7. The form of Series 2017H Note prescribed for said issue is in due form of law.

8. The Board has taken all necessary action to cause the County Collectors of the Counties of Cook and DuPage, Illinois, to deposit the respective portions of the Pledged Tax Receipts directly with the Escrow Agent for application pursuant to the Tax Escrow Agreement.

9. Subject to the Board's compliance with certain covenants, under present law, interest on the Series 2017H Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such Board covenants could cause interest on the Series 2017H Notes to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017H Notes. Ownership of the Series 2017H Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2017H Notes. Interest on the Series 2017H Notes is not exempt from present State of Illinois income taxes.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2017H Notes.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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February 16, 2018

Board of Education of the City of Chicago  
Chicago, Illinois

Zions Bank, as trustee  
Chicago, Illinois

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated February 15,  
2018

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings (the "*Proceedings*") of the Board of Education of the City of Chicago (the "*Board*") passed preliminary to the issue by the Board of its fully registered Educational Purposes Tax Anticipation Notes, Series 2017H in the aggregate principal amount outstanding at any time of not to exceed \$105,270,000 (the "*Series 2017H Notes*"), being issued pursuant to that certain Master Trust Indenture dated as of September 1, 2017 (the "*Master Indenture*"), by and between the Board and ZB, National Association dba Zions Bank, Chicago, Illinois, as trustee (the "*Trustee*"), as supplemented by a Eighth Supplemental Indenture, dated as of February 1, 2018 (the "*Supplemental Indenture*"), by and between the Board and the Trustee (the Master Indenture as so supplemented, the "*Indenture*"), dated the date hereof and maturing, bearing interest and being subject to redemption prior to maturity as provided in the Supplemental Indenture.

The Series 2017H Notes are being issued pursuant to Article 34 of the School Code, 105 Illinois Compiled Statutes 5/34, as amended (the "*School Code*"), in lieu of the tax anticipation warrants authorized by Section 34-23 of the School Code, Resolution 17-0828-RS5 adopted by the Board on August 28, 2017 (the "*Note Resolution*") and the Indenture.

The Series 2017H Notes are being issued in anticipation of the collection of the taxes levied by the Board for educational purposes for the year 2017 (the "*2017 Educational Fund Levy*"). Pursuant to Section 34-23.5 of the School Code, the principal amount of all notes, bonds or other obligations issued in lieu of tax anticipation warrants may not exceed 85% of the amount of the 2017 Educational Fund Levy (the "*Statutory Limitation*"). The Board may hereafter authorize and issue "Additional Notes" as defined and as provided in the Indenture.

The Board and ZB, National Association dba Zions Bank, as escrow agent (the "*Escrow Agent*"), have executed and delivered a Tax Escrow Agreement dated as of September 1, 2017 (the "*Tax Escrow Agreement*") with respect to the application of receipts of the 2017 Educational Fund Levy.

In our capacity as co-bond counsel, we have examined, among other things, the following:

(a) certified copies of the Proceedings of the Board adopting the Note Resolution and authorizing, among other things, the execution and delivery of the Master Indenture, the Supplemental Indenture, the Tax Escrow Agreement and the issuance of the Series 2017H Notes;

(b) a certified copy of the Note Resolution;

(c) an executed counterpart of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing we are of the opinion that:

1. The Board has full power and authority and has taken all necessary corporate action to authorize the execution and delivery of the Master Indenture, the Supplemental Indenture and the Tax Escrow Agreement and the issuance of the Series 2017H Notes.

2. The Indenture has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Trustee, the Indenture is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

3. The Tax Escrow Agreement has been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Escrow Agent, the Tax Escrow Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

4. The Series 2017H Notes have been duly and validly authorized and have been issued in accordance with law. The Series 2017H Notes are valid and legally binding limited obligations of the Board payable, together with any Additional Notes when issued, exclusively from the receipts derived from the levy and collection of the Pledged Tax Receipts (as defined in the Master Indenture), and enforceable in accordance with their terms and the terms of the Indenture, except that the rights of the owners of the Series 2017H Notes and the enforceability of the Series 2017H Notes may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

5. The Series 2017H Notes are entitled to the benefit and security of the Note Resolution, the Indenture and the Tax Escrow Agreement.

6. The Indenture creates the valid pledge which it purports to create of the Trust Estate pledged, held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

7. The form of Series 2017H Note prescribed for said issue is in due form of law.

8. The Board has taken all necessary action to cause the County Collectors of the Counties of Cook and DuPage, Illinois, to deposit the respective portions of the Pledged Tax Receipts directly with the Escrow Agent for application pursuant to the Tax Escrow Agreement.

9. Subject to the Board's compliance with certain covenants, under present law, interest on the Series 2017H Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such Board covenants could cause interest on the Series 2017H Notes to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017H Notes. Ownership of the Series 2017H Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2017H Notes. Interest on the Series 2017H Notes is not exempt from present State of Illinois income taxes.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Series 2017H Notes.

In rendering this opinion, we have relied upon certifications of the Board with respect to certain material facts within the Board's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

*Rugh, Jones & Johnson, P.C.*

February 16, 2018

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated February 15,  
2018

Board of Education of the City of Chicago  
Chicago, Illinois

Re: Board of Education of the City of Chicago  
Educational Purposes Tax Anticipation Notes, Series 2017H

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 10(f)(iii) of the Contract of Purchase, dated February 15, 2018 (the "*Agreement*"), and Section 4.01(c) of the Continuing Covenant Agreement dated February 16, 2018 (the "*Continuing Covenant Agreement*"), each between the Board of Education of the City of Chicago (the "*Board*") and Barclays Capital Inc. (the "*Initial Purchaser*"). The Agreement and the Continuing Covenant Agreement relates to the loan being made to the Board by the Initial Purchaser in connection with the purchase by the Initial Purchaser of the fully registered Educational Purposes Tax Anticipation Notes, Series 2017H in the aggregate principal amount outstanding at any time of not to exceed \$105,270,000 (the "*Series 2017H Notes*"). We have issued our approving opinion, dated the date hereof, related to the validity and tax-exempt status of the Series 2017H Notes (the "*Approving Opinion*"). The Series 2017H Notes have on this date been issued by the Board and delivered to the Initial Purchaser pursuant to the terms of the Agreement. Terms used and not defined herein shall have the meanings ascribed to them in the Agreement.

Based upon our examination of a certified copy of a record of the proceedings of the Board related to the issuance of the Series 2017H Notes, as described in the Approving Opinion, and such matters of law as we have deemed relevant in connection with the offering and sale of the Series 2017H Notes under the circumstances described in the Agreement, we are of the opinion that, under existing law, (i) the Agreement and the Continuing Covenant Agreement have each been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Initial Purchaser, each of the Agreement and the Continuing Covenant Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and (ii) the Series 2017H Notes constitute exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*Securities Act*") and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") and it

is not necessary to register the Series 2017H Notes under the Securities Act or to qualify the Indenture or the Note Resolution under the Trust Indenture Act in connection with the public offering and sale of the Series 2017H Notes.

This opinion is furnished by us as Co-Bond Counsel to the Board. No attorney-client relationship has existed or exists between our firm and the Initial Purchaser in connection with the Series 2017H Notes or by virtue of this opinion. This opinion is solely for the benefit of the Initial Purchaser and the Board and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Series 2017H Notes from the Initial Purchaser) without our prior written consent.

Very truly yours,

*Ice Miller LLP*



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February 16, 2018

Barclays Capital Inc.,  
as Initial Purchaser pursuant to  
a Contract of Purchase dated February 15,  
2018

Board of Education of the City of Chicago  
Chicago, Illinois

Re: Board of Education of the City of Chicago  
Educational Purposes Tax Anticipation Notes, Series 2017H

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 10(f)(iii) of the Contract of Purchase, dated February 15, 2018 (the "*Agreement*"), and Section 4.01(c) of the Continuing Covenant Agreement dated February 16, 2018 (the "*Continuing Covenant Agreement*"), each by and between the Board of Education of the City of Chicago (the "*Board*") and Barclays Capital Inc. (the "*Initial Purchaser*"). The Agreement and the Continuing Covenant Agreement relates to the loan being made to the Board by the Initial Purchaser in connection with the purchase by the Initial Purchaser of the fully registered Educational Purposes Tax Anticipation Notes, Series 2017H in the aggregate principal amount outstanding at any time of not to exceed \$105,270,000 (the "*Series 2017H Notes*"). We have issued our approving opinion, dated the date hereof, related to the validity and tax-exempt status of the Series 2017H Notes (the "*Approving Opinion*"). The Series 2017H Notes have on this date been issued by the Board and delivered to the Initial Purchaser pursuant to the terms of the Agreement. Terms used and not defined herein shall have the meanings ascribed to them in the Agreement.

Based upon our examination of a certified copy of a record of the proceedings of the Board related to the issuance of the Series 2017H Notes, as described in the Approving Opinion, and such matters of law as we have deemed relevant in connection with the offering and sale of the Series 2017H Notes under the circumstances described in the Agreement, we are of the opinion that, under existing law, (i) the Agreement and the Continuing Covenant Agreement have each been duly and lawfully authorized, executed and delivered by the Board and, assuming the due authorization, execution and delivery by, and the binding effect on, the Initial Purchaser, each of the Agreement and the Continuing Covenant Agreement is a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and by equitable

principles, whether considered at law or in equity, including the exercise of judicial discretion, and (ii) the Series 2017H Notes constitute exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*Securities Act*") and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") and it is not necessary to register the Series 2017H Notes under the Securities Act or to qualify the Indenture or the Note Resolution under the Trust Indenture Act in connection with the public offering and sale of the Series 2017H Notes.

This opinion is furnished by us as Co-Bond Counsel to the Board. No attorney-client relationship has existed or exists between our firm and the Initial Purchaser in connection with the Series 2017H Notes or by virtue of this opinion. This opinion is solely for the benefit of the Initial Purchaser and the Board and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Series 2017H Notes from the Initial Purchaser) without our prior written consent.

Very truly yours,

*Rugh, Jones & Johnson, P.C.*

## APPENDIX D

### THE REAL PROPERTY TAX SYSTEM

#### Real Property Assessment, Tax Levy and Collection Procedures

General. Information in this Appendix provides a general summary of the current procedures for real property assessment, tax levy and tax collection in Cook County (the “**County**”) and that are applicable to the School District. The following is not an exhaustive discussion, nor is there any assurance that the procedures described in this Appendix will not be changed either retroactively or prospectively. The Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (35 ILCS 200) (the “**Property Tax Code**”).

Substantially all (approximately 99.99%) of the “**Equalized Assessed Valuation**” (as herein defined) of taxable property in the School District is located in the County. The remainder is located in DuPage County. Accordingly, unless otherwise indicated, the information set forth in this Appendix and elsewhere in this Limited Offering Memorandum with respect to taxable property of the School District does not reflect the portion situated in DuPage County.

Assessment. The Cook County Assessor (the “**Assessor**”) is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control equipment assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by the Assessor. The real property within the School District was reassessed in 2015.

Real property in the County is separated into various classifications for assessment purposes. After the Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the “**Assessed Valuation**”) for the parcel. Beginning with the 2009 tax year, the classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualifies for certain incentives for reduced rates. For prior years, the classification percentages ranged from 16 to 38 percent.

The Cook County Board of Commissioners has adopted various amendments to the County’s Real Property Assessment Classification Ordinance (the “**Classification Ordinance**”), pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain renewal periods of classifications and created new property classifications.

The Assessor has established procedures enabling taxpayers to contest the Assessor’s tentative Assessed Valuations. Once the Assessor certifies final Assessed Valuations, a taxpayer can seek review of its assessment by the Cook County Board of Review (the “**Board of Review**”). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor. Owners of property are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “**PTAB**”), a state-wide administrative body, or to the Circuit Court of Cook County (the “**Circuit Court**”). The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Based on the amount of the proposed change in assessed valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court or the Illinois Appellate Court under the Illinois Administrative Review Law.



In a series of PTAB decisions, the PTAB reduced the assessed valuations of certain commercial and industrial property in the County based upon the application of median levels of assessment derived from Illinois Department of Revenue sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful. The Board believes that the impact of any such case on the Board would be minimal, as the Board's ability to levy or collect real property taxes would be unaffected.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. In addition, a Circuit Court decision upheld the right of the City (and presumably other taxing districts) to intervene in certain of these proceedings. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct the Assessed Valuation, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

Equalization. After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year, including any revisions made by the Board of Review, the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "**Equalization Factor**"), commonly called the "*multiplier*," for each county. The purpose of equalization is to bring the aggregate assessed value of all real property, except farmland, wind turbines with a nameplate capacity of at least 0.5 megawatts and undeveloped coal, in each county to the statutory requirement of 33-1/3% of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "**Equalized Assessed Valuation**" or "**EAV**").

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "**Assessment Base**"). The Equalization Factor for a given year is used in computing the taxes extended for collection in the following year. In addition, the Equalized Assessed Valuation used to determine any applicable tax limits is the one for the immediately preceding year and not the current year. See the discussion under the heading "**Property Tax Extension Limitation Law**" below. For a listing of the Equalization Factors for the eleven years ended December 31, 2016, see the section of the Limited Offering Memorandum entitled "**CHICAGO PUBLIC SCHOOLS – Assessed, Equalized Assessed and Estimated Value of All Taxable Property within the School District for Years 2006-2016.**"

Exemptions. The Illinois Constitution allows homestead exemptions for residential property. Pursuant to the Property Tax Code, property must be occupied by the owner as a principal residence on January 1 of the tax year for which the exemption will be claimed.

The annual general homestead exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used exclusively for residential purposes by the amount of the

increase over the 1977 EAV, currently up to a maximum reduction of \$7,000 in the County and \$6,000 in all other counties. There is an additional homestead exemption for senior citizens (individuals at least 65 years of age), for whom the Assessor is authorized to reduce the EAV by \$8,000. There is also an exemption available for homes owned and exclusively used for residential purposes by disabled veterans or their spouses, for whom the Assessor is authorized to annually exempt up to \$70,000 of the Assessed Valuation. An additional exemption is available for disabled persons, for whom the Assessor is authorized to reduce the EAV by \$2,000. An exemption is available for homestead improvements by an owner of a single family residence of up to \$75,000 of the increase in the fair cash value of a home due to certain home improvements to an existing structure for at least four years from the date the improvement is completed and occupied. Senior citizens whose household income is \$65,000 or less, and who are either the owner of record or have a legal or equitable interest in their residential property, qualify to have the EAV of their property frozen in the year in which they first qualify for the so-called “freeze” and each year thereafter in which the qualifying criteria are maintained.

Aside from homestead exemptions, upon application, review and approval by the Board of Review, or upon an appeal to the Illinois Department of Revenue, there are exemptions generally available for properties of religious, charitable (including qualifying not-for-profit hospitals), and educational organizations, as well as units of federal, state and local governments.

In 2001, the County enacted the “*Longtime Homeowner Exemption Ordinance*,” which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners: (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner’s triennial assessment does not exceed 115 percent of the “*Chicago Primary Metropolitan Statistical Area*” median income as defined by the United States Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150 percent of the current average assessed value for properties in the assessment district where the property is located, (iv) whose property has a market value for assessment purposes of \$300,000 or less in the current reassessment year, and (v) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property’s fair cash value in excess of the \$45,000 allowance set forth in the Property Tax Code.

Tax Levy. There are over 800 units of local government (the “**Units**”) located in whole or in part in the County that have taxing power. There are six major units of local government located in whole or in part within the boundaries of the School District which are: the City; the Chicago Park District; Community College District Number 508; the County; the Forest Preserve District of Cook County; and the Metropolitan Water Reclamation District of Greater Chicago.

As part of the annual budgetary process of the Units, each year in which the determination is made to levy real property taxes, proceedings are adopted by the governing body of each Unit. Typically, real property taxes are levied in one calendar year and collected in the following calendar year. The tax levy proceedings impose the Units’ respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk’s Office. The remaining administration and collection of the real property taxes is statutorily assigned to the County Clerk and the County Treasurer, who is also the County Collector (the “**County Collector**”).

The Local Government Debt Reform Act (30 ILCS 350/16) includes special provisions applicable to tax levies to pay debt service on general obligation bonds, including Alternate Revenue Bonds. A governmental unit may levy a tax for the payment of principal of and interest on general obligation bonds, including Alternate Revenue Bonds, at any time prior to March 1 of the calendar year during which the

tax will be collected. The County Clerk is required to accept the filing of the ordinance levying such tax notwithstanding that such time is subsequent to the end of the calendar year next preceding the calendar year during which such tax will be collected. (30 ILCS 350/16).

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law. Pursuant to the Local Government Debt Reform Act (30 ILCS 350/16) In extending taxes for general obligation bonds, including Alternate Revenue Bonds, the County Clerk is required to increase the levy for debt service on such bonds to provide an allowance for loss in collections, in an amount sufficient, in view of all losses and delinquencies in tax collection, to produce tax receipts adequate for the prompt payment of such debt service.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all the Units having jurisdiction over the particular parcel. The County Clerk enters in the books prepared for the County Collector (the “**Warrant Books**”) the tax (determined by multiplying that total tax rate by the Equalized Assessed Valuation of that parcel), along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. The Warrant Books are the County Collector’s authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law (the “**Truth in Taxation Law**”) contained within the Property Tax Code imposes procedural limitations on a Unit’s real estate taxing powers and requires that a notice in a prescribed form must be published if the aggregate annual levy is estimated to exceed 105 percent of the levy of the preceding year, exclusive of levies for debt service (including debt service on Alternate Revenue Bonds), levies made for the purpose of paying amounts due under public building commission leases and election costs. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year’s levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures. The Truth in Taxation Law does not impose any limitations on the rate or amount of the levy to pay principal of and interest on the Unit’s general obligations bonds and notes (including payment of debt service on Alternate Revenue Bonds).

### **Property Tax Extension Limitation Law**

The Property Tax Code specifically limits the annual growth in property tax extensions for certain Units pursuant to the provisions of the Property Tax Extension Limitation Law (35 ILCS 200/18-185) (the “**Limitation Law**”). The Limitation Law was extended in 1995 (effective as of the 1994 assessment year) to non-home rule taxing districts in the County, including the Board. The Limitation Law limits the annual growth in certain property tax extensions by the Board to the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant tax levy year. Generally, extensions can be increased beyond this limitation only due to increases in the Equalized Assessed Valuation attributable to new construction and referendum approval of tax or limitation rate increases. The Limitation Law requires the County Clerk in extending taxes to use the Equalized Assessed Valuation of all property within the taxing district for the levy year prior to the levy year for which taxes are then being extended.

The effects of the Limitation Law are to limit or retard the growth in the amount of property taxes that can be extended for a non-home rule taxing body and to impose direct referendum requirements upon the issuance of certain types of general obligation bonds by such non-home rule taxing bodies.

The Limitation Law does not limit the rate or amount of taxes extended by the Board to pay its Alternate Revenue Bonds.

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