

ORDINANCE NO. 008-85

ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TRUST INDENTURE, A FIRST SUPPLEMENTAL INDENTURE AND A SECOND SUPPLEMENTAL INDENTURE UNDER WHICH THE CHICAGO TRANSIT AUTHORITY MAY ISSUE LIMITED OBLIGATIONS, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$1,348,550,000 SALES AND TRANSFER TAX RECEIPTS REVENUE BONDS, TAXABLE SERIES 2008A (PENSION FUNDING) AND NOT TO EXCEED \$639,680,000 SALES AND TRANSFER TAX RECEIPTS REVENUE BONDS, TAXABLE SERIES 2008B (RETIREE HEALTH CARE FUNDING), OF THE AUTHORITY, PROVIDING THE SECURITY FOR THE REPAYMENT OF SAID BONDS AND MAKING OF OTHER PROVISIONS WITH RESPECT TO SAID BONDS

WHEREAS, The Chicago Transit Authority is a political subdivision, body politic and municipal corporation of the State of Illinois (the "*Authority*") organized and existing under the Metropolitan Transit Authority Act, 70 Illinois Compiled Statutes 3605 (the "*Act*"); and

WHEREAS, The Authority operates a Transportation System, as defined in the Act; and

WHEREAS, Pursuant to Section 12c of the Act, the Authority is authorized to issue its bonds for (i) the purposes of providing for the Authority to make deposits to the Retirement Plan for Chicago Transit Authority Employees (the "*Retirement Plan*") maintained under Section 22-101 of the Illinois Pension Code, 40 Illinois Compiled Statutes 5 (the "*Pension Code*"), and the Retiree Health Care Trust (the "*Retiree Health Care Trust*") maintained under Section 22-101B of the Pension Code, and (ii) the purposes of paying costs of issuance, obtaining bond insurance or other credit enhancement or liquidity facilities, paying costs of obtaining related swaps as authorized by the Bond Authorization Act, 30 Illinois Compiled Statutes 305 (the "*Bond Authorization Act*"), providing a debt service reserve fund, paying Debt Service (as defined in Section 12c(i) of the Act) and paying all other costs related to any such bonds; and

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WHEREAS, Pursuant to Section 13 of the Local Government Debt Reform Act, 30 Illinois Compiled Statutes 350 (the "*Local Government Debt Reform Act*"), the Authority may pledge as security for the payment of its bonds moneys deposited or to be deposited in any special fund of the Authority; and

WHEREAS, Pursuant to Section 12c(e) of the Act, the Authority may provide that bonds issued pursuant to Section 12c of the Act may have a claim for payment from particular sources of funds, including, without limitation, amounts to be paid to the Authority or a bond trustee; and

WHEREAS, The Authority anticipates the receipt from time to time from the Regional Transportation Authority (the "*RTA*") of amounts representing the Authority's share (in accordance with the Regional Transportation Authority Act, 70 Illinois Compiled Statutes 3615 (the "*RTA Act*"), including Section 4.03.3 thereof) of (i) the tax receipts derived from taxes imposed by the RTA pursuant to the RTA Act; (ii) amounts paid to the RTA by the State of Illinois (the "*State*") from transfers to (a) the Regional Transportation Authority Occupation and Use Tax Replacement Fund, (b) the Public Transportation Fund and (c) the Regional Transportation Authority tax fund created by Section 4.03(n) of the RTA Act from the County and Mass Transit District Fund and (iii) funds derived by RTA from any other source designated by law as a replacement source of funds for all or a portion of the RTA tax receipts described in clause (i), or the State payments described in clause (ii) (the "*Sales Tax Receipts*"); and

WHEREAS, The Authority anticipates the receipt from time to time from the City of Chicago (the "*City*") of amounts received by the Authority from the City pursuant to an Intergovernmental Agreement dated March 26, 2008, and constituting the net receipts, after fees for costs of collection, derived from the tax on the privilege of transferring title to real estate in the City in the amount of \$1.50 per \$500 of value or fraction thereof imposed under the provisions of Section 8-3-19 of the Illinois Municipal Code, 65 Illinois Compiled Statutes 5, and Chapter 3-33 of the Municipal Code of Chicago (the "*Transfer Tax Receipts*"); and

WHEREAS, The Authority has entered into a Lease Agreement dated March 31, 2003, with the Public Building Commission of Chicago, as amended by the Amendment to Lease Agreement dated October 25, 2006, under which the Authority's payment obligations are secured by a pledge of the sales tax revenues it receives from the RTA pursuant to Section 4.03.3 of the RTA Act; and

WHEREAS, Pursuant to and in accordance with the provisions of the Act and the Local Government Debt Reform Act, the Authority now desires to authorize the

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execution and delivery of a master Trust Indenture (the "*Master Indenture*") between the Authority and US Bank National Association, as trustee (the "*Trustee*"), to provide for the issuance from time to time of the Bonds (as hereinafter defined) and to permit the issuance from time to time, after obtaining all necessary Board (as hereinafter defined) approvals, of other Parity Obligations (as hereinafter defined) secured by a pledge of amounts on deposit in the Sales Tax Receipts Fund held by the Authority and established in the Master Indenture (subject however to the PBC Parity Pledge Rights, as defined in the Master Indenture, and any parity pledge or lien created with respect to Corporate Purpose Debt Obligations, as defined in the Master Indenture), amounts on deposit in the Transfer Tax Receipts Fund held by the Authority and established in the Master Indenture and the moneys, securities and funds held under or pursuant to the Master Indenture (collectively, the "*Trust Estate*"); and

WHEREAS, Pursuant to the Master Indenture, the Authority reserves the right to issue additional bonds from time to time in the future after obtaining all necessary Board approvals, provide for the ability of the Authority to enter into agreements to provide credit support and/or liquidity support for such additional bonds, and provide for the ability of the Authority to enter into swap agreements and similar hedge agreements pursuant to Section 7 of the Bond Authorization Act, the payments of the principal of, premium, if any, and interest on such additional bonds and certain payments under such support agreements and hedge agreements to be payable from and secured by the Trust Estate on a parity with the Bonds (the Bonds, any such additional bonds and any such agreements collectively the "*Parity Obligations*") to the extent provided in the Master Indenture; and

WHEREAS, Pursuant to and in accordance with the provisions of the Act, the Local Government Debt Reform Act and the Master Indenture, the Authority now desires to authorize the execution and delivery of a First Supplemental Indenture (the "*First Supplemental Indenture*") between the Authority and the Trustee, to provide for the issuance of not to exceed \$1,348,550,000 aggregate principal amount of its "Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008A (Pension Funding)" (the "*Series 2008A Bonds*"), being bonds authorized by Section 12c(b)(1) of the Act, as bonds under the Master Indenture which Series 2008A Bonds may be issued at one time or from time to time and in one or more series, and shall be secured by the Trust Estate and income from the temporary investment thereof, as provided in the Master Indenture and the First Supplemental Indenture, and shall be used primarily to make deposits to the Retirement Plan and for the other purposes permitted by the Act and the Local Government Debt Reform Act; and

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WHEREAS, Pursuant to and in accordance with the provisions of the Act, the Local Government Debt Reform Act and the Master Indenture, the Authority now desires to authorize the execution and delivery of a Second Supplemental Indenture (the "*Second Supplemental Indenture*" and, together with the Master Indenture and the First Supplemental Indenture, the "*Indenture*") between the Authority and the Trustee, to provide for the issuance of not to exceed \$639,680,000 aggregate principal amount of its "Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008B (Retiree Health Care Funding)" (the "*Series 2008B Bonds*" and, together with the Series 2008A Bonds and any additional Parity Obligations, the "*Bonds*"), being bonds authorized by Section 12c(b)(2) of the Act, as bonds under the Master Indenture which Series 2008B Bonds may be issued at one time or from time to time and in one or more series, and shall be secured by the Trust Estate and income from the temporary investment thereof, as provided in the Indenture, and shall be used primarily to make deposits to the Retiree Health Care Trust and for the other purposes permitted by the Act and the Local Government Debt Reform Act; and

WHEREAS, The Bonds are limited obligations of the Authority payable from the moneys, securities and funds pledged to the payment of the Bonds under the Indenture; and the Bonds are not, and shall not be or constitute an indebtedness of the RTA, the State, or of any other political subdivision of or municipality within the State, except the Authority; and

WHEREAS, In anticipation of the issuance of the Bonds in one or more series, the Board desires to authorize and direct any of the Authorized Officers to act on behalf of the Board and the Authority to take certain actions necessary to permit the Authority to offer the proposed Bonds for sale pursuant to the Preliminary Official Statement, as defined herein, and take all other necessary actions relating to the offer, sale and delivery of the Bonds; and

WHEREAS, The Authority has satisfied all conditions or, in the event that the time for the performance of any such condition has not yet occurred, will satisfy all such conditions, stated in the Act and the Indenture as prerequisites to the issuance of the Bonds, including, without limitation, the provisions of Section 12c(j) of the Act regarding the adoption of a procurement program with respect to contracts relating to service providers enumerated in said Section in connection with the issuance of the Bonds and the submission of a report to the General Assembly of the State with respect thereto; and

WHEREAS, The offer, sale, issuance and delivery of the Bonds is subject to the prior approval of the Auditor General of the State and, in connection with the

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Authority's request for such approval, the Authority submitted on May 20, 2008 a report regarding its plans for the sale, issuance and delivery of the Bonds as required by the provisions of Section 3-2.3(a) of the Illinois State Auditing Act, 30 Illinois Compiled Statutes 5 (the "*Auditing Act*"); and

WHEREAS, The Authority has caused to be prepared and presented to the Board certain documents relating to the offer, sale, issuance and delivery of the Bonds; and

WHEREAS, The Authority desires to authorize obtaining one or more policies of bond insurance with respect to the Bonds if determined to be desirable in connection with the sale of the Bonds; and

WHEREAS, It appears that each of the documents or instruments referred to herein which is now before the Board is in appropriate form and is an appropriate document or instrument to be executed and delivered for the purposes intended; now, therefore:

BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD
OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. Definitions. In this Ordinance, each of the terms defined in the above recitals shall have the meanings ascribed to such terms and the following terms shall have the meanings ascribed to such terms, unless the context otherwise requires:

(a) "*Authorized Officers*" means the Chairman of the Board, the President or the Treasurer of the Authority, or any other officer or employee of the Authority or member of the Chicago Transit Board authorized to perform specific acts or duties hereunder by ordinance duly adopted by the Authority.

(b) "*Board*" means the Chicago Transit Board, as governing body of the Authority.

(c) Terms not defined herein shall have the meaning given thereto in the Indenture.

SECTION 2. Findings and Determinations. The Board hereby makes the following findings and determinations:

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(a) All of the recitals contained in the preamble to this Ordinance are incorporated in full as part of this Ordinance.

(b) Pursuant to Section 12c(j) of the Act, the Authority has established a procurement program with respect to contracts relating to the service providers for the issuance of the Bonds which includes the following providers: underwriters, bond counsel, financial advisors and accountants. Consistent with the Act and the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 Illinois Compiled Statutes 575, the Authority has established in its procurement program a goal of thirty percent (30%) of the total expected fees from these contracts to minority- and women-owned businesses. In order to meet the established goal and following the requirements of the Act, the Authority has conducted an outreach effort which included but was not limited to requests for proposals, advertising and personal contacts to providers of the aforementioned services. The Authority expects these efforts to result in the achievement of the 30% minority- and women-owned business participation goal. Service providers were selected pursuant to an evaluation process which included Authority officials, culminating with a recommendation from the Authority's Treasurer. The actions of the Authority with respect to the development of its procurement program and the selection of service providers thereunder is hereby ratified and authority is hereby delegated to any Authorized Officer to submit a report of the results of its procurement program to the General Assembly as required by the Act.

(c) Columbia Capital Management, LLC and Scott Balice Strategies (collectively, the "*Financial Advisors*"), have been appointed as financial advisors to the Authority, have assisted the Authority in the preparation and development of a plan for the sale and structuring of the Bonds and such plan is hereby approved.

(d) Mesirov Financial and Peralta Garcia Solutions have been appointed as independent financial advisors to the Authority for the purpose of the delivery of financial analyses required by Sections 3-2.3(4) and 3-2.3(8) of the Auditing Act in connection with the submission described in the succeeding subsection.

(e) The submission by the Authority of the aforesaid financing plan, together with such other certificates and documentation as required by Section 3-2.3(a) of the Auditing Act, is hereby ratified.

(f) The Bonds authorized by this Ordinance are to be issued to finance a portion of the costs of providing for the Authority to make deposits to the Retirement Plan maintained under Section 22-101 of the Illinois Pension Code in the amount of not

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less than \$1,110,500,000 and the Retiree Health Care Trust maintained under Section 22-101B of the Pension Code in the amount of not less than \$528,800,000.

(g) Portions of the proceeds of sale of the Series 2008A Bonds may be applied to fund capitalized interest on the Series 2008A Bonds for a period not to exceed two years, to fund a Debt Service Reserve Account established and maintained pursuant to the Indenture with respect to the Series 2008A Bonds and to fund certain costs of issuance of the Series 2008A Bonds. Remaining portions of the proceeds of sale of the Series 2008A Bonds may be applied to pay costs of issuance and make necessary deposits to funds and accounts with respect to debt service for the Series 2008B Bonds.

(h) Portions of the proceeds of sale of the Series 2008B Bonds may be applied to fund capitalized interest on the Series 2008B Bonds for a period not to exceed two years, to fund a Debt Service Reserve Account established and maintained pursuant to the Indenture with respect to the Series 2008B Bonds and to fund certain costs of issuance of the Series 2008B Bonds. Remaining portions of the proceeds of sale of the Series 2008B Bonds may be applied to pay costs of issuance and make necessary deposits to funds and accounts with respect to debt service for the Series 2008A Bonds.

(i) The total amount of the costs of issuance to be paid from the proceeds of the Bonds as authorized in this Ordinance (excluding any costs related to the payment for one or more policies of bond insurance as authorized in this Ordinance) shall not exceed two percent (2%) of the aggregate principal amount of the Bonds.

(j) Pursuant to Section 13 of the Local Government Debt Reform Act, amounts on deposit in the Sales Tax Receipts Fund held by the Authority and established in the Indenture (subject however to the PBC Parity Pledge Rights, as defined in the Indenture, and any parity pledge or lien created with respect to Corporate Purpose Debt Obligations, as defined in the Indenture), and amounts on deposit in the Transfer Tax Receipts Fund held by the Authority and established in the Indenture, to the extent and in the manner provided herein and in the Indenture, shall be and are pledged as security for the payment of the Bonds and any additional Parity Obligations that may be issued or entered into in the future under the terms of the Indenture.

(k) The Authority has been advised by its Financial Advisors that the Bonds should be offered to investors by the means of one or more negotiated sales to the Representative named in the hereinafter defined Bond Purchase Agreement or Bond Purchase Agreements, on behalf of a group of underwriters (which firms are identified in Exhibit A attached hereto and which may be modified by the Authorized Officer executing the Bond Purchase Agreement or Bond Purchase Agreements and

collectively referred to herein as the “*Underwriters*”) and, pursuant to one or more Bond Purchase Agreements between the Authority and the Underwriters (each a “*Bond Purchase Agreement*”), the Underwriters will agree to offer the Bonds for sale pursuant to one or more bona fide public offerings. Pursuant to Section 10 of the Local Government Debt Reform Act, the Board determines that the Bonds shall be sold by means of one or more negotiated sales to the Underwriters pursuant to the terms and provisions of each Bond Purchase Agreement and that the manner of sale will accommodate current market practices and will provide an opportunity to sell the Bonds under the most favorable terms to the Authority, as determined by the Authorized Officer or Officers executing the related Bond Purchase Agreement or Agreements.

(l) The Treasurer of the Authority (and if such Treasurer is not available, any other Authorized Officer) is hereby authorized to sell the Bonds at one time or from time to time to the Underwriters pursuant to one or more Bond Purchase Agreements as provided in Section 11 of this Ordinance, provided that the underwriting discount of the Underwriters shall not exceed 1% of the aggregate principal amount of the Bonds being sold at such time. The authority delegated to the Authorized Officers pursuant to this Ordinance with respect to the sale of the Bonds shall terminate on December 31, 2008.

SECTION 3. Authorization of the Bonds for the Purposes
Authorized by this Ordinance.

(a) Pursuant to Section 12c(b)(1) of the Act and the Local Government Debt Reform Act, the Authority hereby authorizes the issuance of the Series 2008A Bonds at one time or from time to time and in one or more series, in an aggregate principal amount not to exceed \$1,348,550,000, and for the purchase price or prices as specified in the applicable Bond Purchase Agreement. The proceeds of the Series 2008A Bonds shall be used primarily for the purpose of financing a portion of the costs of providing for the Authority to make deposits to the Retirement Plan maintained under Section 22-101 of the Illinois Pension Code.

(b) Pursuant to Section 12c(b)(2) of the Act and the Local Government Debt Reform Act, the Authority hereby authorizes the issuance of the Series 2008B Bonds at one time or from time to time and in one or more series, in an aggregate principal amount not to exceed \$639,680,000, and for the purchase price or prices as specified in the applicable Bond Purchase Agreement. The proceeds of the Series 2008B Bonds shall be used primarily for the purpose of financing a portion of the costs of providing for the Authority to make deposits to the Retiree Health Care Trust maintained under Section 22-101B of the Illinois Pension Code.

SECTION 4. Certain Terms of the Bonds; Execution and Delivery of the Bonds.

(a) The Chairman of the Board, President or such other Authorized Officer designated by the Chairman is authorized to execute the Bonds on behalf of the Authority, and the Secretary or Assistant Secretary shall attest thereto, in each case by manual or facsimile signatures, and the seal (or a facsimile thereof) of the Authority shall be impressed, imprinted, engraved or otherwise reproduced thereon, and the Bonds shall be delivered to the Trustee under the Indenture for authentication and delivery to the Underwriters.

(b) The Series 2008A Bonds shall be in the form and denominations set forth in the First Supplemental Indenture, shall be dated and numbered as provided in the First Supplemental Indenture, shall mature on the dates, shall be issued in the principal amounts and in the designated Series, shall bear interest payable at the times and at the rates per annum and shall be subject to redemption prior to maturity upon the terms and conditions to be specified in the applicable Bond Purchase Agreement, the First Supplemental Indenture and the Official Statement, subject to the limitations set forth in subsection (d) hereof.

(c) The Series 2008B Bonds shall be in the form and denominations set forth in the Second Supplemental Indenture, shall be dated and numbered as provided in the Second Supplemental Indenture, shall mature on the dates, shall be issued in the principal amounts and in the designated Series, shall bear interest payable at the times and at the rates per annum and shall be subject to redemption prior to maturity upon the terms and conditions to be specified in the applicable Bond Purchase Agreement, the Second Supplemental Indenture and the Official Statement, subject to the limitations set forth in subsection (e) hereof.

(d) The Series 2008A Bonds shall be designated "Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008A (Pension Funding)" and include such further appropriate designation as to series as is set forth in the First Supplemental Indenture. The Series 2008A Bonds shall bear interest at the rate or rates as provided in the First Supplemental Indenture, but in no event shall such rate or rates exceed 7.5% per annum. Interest on the Series 2008A Bonds shall be payable on each interest payment date as provided in the First Supplemental Indenture (as executed and delivered by the Authority). The Series 2008A Bonds shall mature on such dates as provided in the First Supplemental Indenture, but in no event later than December 31, 2040. The Series 2008A Bonds shall be subject to redemption as provided in the First Supplemental Indenture. The Series 2008A Bonds may be redeemable prior to maturity

at the option of the Authority, in whole or in part on any date, at such redemption prices as shall be determined pursuant to the First Supplemental Indenture. The Series 2008A Bonds may be made subject to sinking fund redemption, at par and accrued interest to the date fixed for redemption, as determined by an Authorized Officer at the time of the sale thereof. The First Supplemental Indenture may provide for the establishment of a Debt Service Reserve Account.

(e) The Series 2008B Bonds shall be designated "Sales and Transfer Tax Receipts Revenue Bonds, Taxable Series 2008B (Retiree Health Care Funding)" and include such further appropriate designation as to series as is set forth in the Second Supplemental Indenture. The Series 2008B Bonds shall bear interest at the rate or rates as provided in the Second Supplemental Indenture, but in no event shall such rate or rates exceed 7.5% per annum. Interest on the Series 2008B Bonds shall be payable on each interest payment date as provided in the Second Supplemental Indenture (as executed and delivered by the Authority). The Series 2008B Bonds shall mature on such dates as provided in the Second Supplemental Indenture, but in no event later than December 31, 2040. The Series 2008B Bonds shall be subject to redemption as provided in the Second Supplemental Indenture. The Series 2008B Bonds may be redeemable prior to maturity at the option of the Authority, in whole or in part on any date, at such redemption prices as shall be determined pursuant to the Second Supplemental Indenture. The Series 2008B Bonds may be made subject to sinking fund redemption, at par and accrued interest to the date fixed for redemption, as determined by an Authorized Officer at the time of the sale thereof. The Second Supplemental Indenture may provide for the establishment of a Debt Service Reserve Account.

(f) The Bonds are limited obligations of the Authority payable solely from the Sales Tax Receipts, the Transfer Tax Receipts and the moneys, securities and funds pledged to the payment of the Bonds under the Indenture; and the Bonds are not, and shall not be or constitute an indebtedness of the RTA, the State, or of any other political subdivision of or municipality within the State, except the Authority.

SECTION 5. Pledge of Sales Tax Receipts Fund and Transfer Tax Receipts Fund to Secure Parity Obligations. The Board hereby confirms the pledge by the Authority, as part of the trust estate established by the Indenture, of (i) all amounts on deposit in the Sales Tax Receipts Fund held by the Authority and established in the Master Indenture (subject however to the PBC Parity Pledge Rights, as defined in the Master Indenture, and any parity pledge or lien created with respect to Corporate Purpose Debt Obligations, as defined in the Master Indenture), (ii) all amounts on deposit in the Transfer Tax Receipts Fund held by the Authority and established in the Master Indenture, (iii) all moneys, securities and earnings thereon in

all Funds, Sub-Funds, Accounts and Sub-Accounts established under the Indenture or any Supplemental Indenture, subject however to the right of the Authority to make periodic withdrawals from the Sales Tax Receipts Fund, the Transfer Tax Receipts Fund and the Debt Service Fund as permitted by the Indenture, and (iv) any and all other moneys and securities furnished from time to time to the Trustee by the Authority or on behalf of the Authority or by any other persons to be held by the Trustee under the terms of the Indenture; all as security for the payment of the principal of, redemption premium, if any, and interest on, the Bonds and any additional Parity Obligations as the Authority may issue or enter into in the future. Parity Obligations, including the Bonds, are limited obligations of the Authority, payable solely from the sources pledged for their payment in accordance with the Indenture, and are not, and shall not constitute an indebtedness of the RTA or the State or of any other political subdivision of or municipality within the State, except the Authority.

SECTION 6. Application of the Bond Proceeds.

(a) The proceeds of the sale of the Series 2008A Bonds shall be deposited with the Trustee and applied by the Trustee as provided under the First Supplemental Indenture. The Trustee is hereby authorized to hold, invest and disburse the proceeds of the Series 2008A Bonds held under the Indenture for the account of the Authority in accordance with the Indenture.

(b) The proceeds of the sale of the Series 2008B Bonds shall be deposited with the Trustee and applied by the Trustee as provided under the Second Supplemental Indenture. The Trustee is hereby authorized to hold, invest and disburse the proceeds of the Series 2008B Bonds held under the Indenture for the account of the Authority in accordance with the Indenture.

SECTION 7. Approval of the Master Indenture. To provide for the details of and to prescribe the terms and conditions upon which the Bonds are to be issued, secured, executed, authenticated and held, the Authorized Officers are hereby authorized to execute and deliver the Master Indenture in the name and on behalf of the Authority in substantially the form attached hereto as Exhibit B and hereby approved, with such other or further changes in the Master Indenture as may be approved by any Authorized Officer executing the same. The execution of the Master Indenture by any Authorized Officer shall constitute conclusive evidence of the approval by such Authorized Officer, the Authority and the Board of any and all such changes from the form of the Master Indenture presented to this meeting and approved hereby.

SECTION 8. Approval of the First Supplemental Indenture.

To provide for the details of and to prescribe the terms and conditions upon which the Series 2008A Bonds are to be issued, secured, executed, authenticated and held, the Authorized Officers are each hereby authorized to execute and deliver the First Supplemental Indenture in the name and on behalf of the Authority in substantially the form attached hereto as Exhibit C, with such other or further changes in the First Supplemental Indenture as may be approved by any Authorized Officer executing the same. The execution of the First Supplemental Indenture by any Authorized Officer shall constitute conclusive evidence of the approval by such Authorized Officer, the Authority and the Board of any and all such changes from the form of the First Supplemental Indenture presented to this meeting and approved hereby.

SECTION 9. Approval of the Second Supplemental

Indenture. To provide for the details of and to prescribe the terms and conditions upon which the Series 2008B Bonds are to be issued, secured, executed, authenticated and held, the Authorized Officers are each hereby authorized to execute and deliver the Second Supplemental Indenture in the name and on behalf of the Authority in substantially the form attached hereto as Exhibit D, with such other or further changes in the Second Supplemental Indenture as may be approved by any Authorized Officer executing the same. The execution of the Second Supplemental Indenture by any Authorized Officer shall constitute conclusive evidence of the approval by such Authorized Officer, the Authority and the Board of any and all such changes from the form of the Second Supplemental Indenture presented to this meeting and approved hereby.

SECTION 10. Approval of Use and Distribution of the Preliminary Official

Statement. The Authorized Officers are each hereby authorized to use and distribute a Preliminary Official Statement for the Bonds (the "*Preliminary Official Statement*") in substantially the form of Preliminary Official Statement attached hereto as Exhibit E, presented to the Board and hereby approved, which Preliminary Official Statement shall also include such information as shall be deemed necessary or appropriate by any Authorized Officer to approve such Preliminary Official Statement, including information concerning the Retirement Plan, the Retiree Health Care Trust, the bond insurer and bond insurance policy relating to any Bonds that are insured, information conforming to the form of the Master Indenture, the First Supplemental Indenture and the Second Supplemental Indenture and such other information as such officer deems necessary or appropriate under the circumstances. Upon the determination of any Authorized Officer that the Preliminary Official Statement is deemed final, the Representative, on behalf of the Underwriters, is hereby authorized to publish and distribute the Preliminary Official Statement for use, together with the form of the Master Indenture, the First

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Supplemental Indenture and the Second Supplemental Indenture, in connection with a public offering of the Bonds in an aggregate original principal amount not to exceed the amounts described in Section 3 hereof.

SECTION 11. Approval of One or More Bond Purchase Agreements. The Authorized Officers are each hereby authorized to execute and deliver one or more Bond Purchase Agreements in the name and on behalf of the Authority in substantially the form of the Bond Purchase Agreement attached to this Ordinance as Exhibit F and hereby approved, with such changes as may be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of the approval of such Authorized Officer, the Authority and the Board of any and all changes from the form of Bond Purchase Agreement presented to this meeting and approved hereby.

SECTION 12. Approval of the Continuing Disclosure Undertaking. The Authorized Officers are each hereby authorized to execute and deliver the Continuing Disclosure Undertaking in the name and on behalf of the Authority in substantially the form of the Continuing Disclosure Undertaking attached to this Ordinance as Exhibit G and hereby approved, with such changes as may be approved by any Authorized Officer executing the same, with such execution to constitute conclusive evidence of the approval of such Authorized Officer, the Authority and the Board of any and all changes from the form of Continuing Disclosure Undertaking presented to this meeting and approved hereby.

SECTION 13. Official Statements. The Authorized Officers are each hereby authorized to prepare, execute and distribute one or more final Official Statements (each an "*Official Statement*"), which shall reflect the final terms and conditions of the Bonds as established by a Bond Purchase Agreement, the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and other documents and instruments approved and authorized hereby. Each such Official Statement shall be in the form of the Preliminary Official Statement deemed final pursuant to Section 10 hereof with such changes therein as shall be necessary to conform to this Ordinance and such other changes therein as shall be approved by any Authorized Officer executing the same, with such execution to constitute conclusive evidence of the approval of such Authorized Officer, the Authority and the Board of any and all changes from the form of the Preliminary Official Statement presented to this meeting and approved hereby.

SECTION 14. Authorization of the Purchase of Municipal Bond Insurance Policy. In connection with any sale of one or more series of the Bonds, any one of the Authorized Officers is authorized to obtain one or more policies of bond insurance from recognized bond insurers selected by such Authorized Officer if such Authorized Officer determines such bond insurance to be desirable in connection with such sale of the Bonds. The Authorized Officer may, on behalf of the Authority, make covenants with such bond insurer that are in the best interest of the Authority and execute and deliver such documents and agreements as are necessary to carry out the purposes of this Ordinance. Any of the Authorized Officers is further authorized to request one or more of the Financial Advisors to solicit proposals from recognized bond insurers for one or more policies of bond insurance. The Board hereby determines that competitive bidding for such bond insurance is not required under Section 54.3-2 of the Chicago Transit Authority Regulations Governing Purchases and Sales Transactions inasmuch as the services required are for a professional, technical or artistic skill and, as a result, any of the Authorized Officers is authorized to determine whether under then current market conditions it is most advantageous to the Authority to select one or more of such bond insurers or bond insurance policies pursuant to a competitive process or a negotiated process. If such Authorized Officer so determines that a negotiated process is most advantageous, any of the Authorized Officers is further authorized to select one or more of such bond insurers or bond insurance policies based upon a determination of what is in the best interest of the Authority and to negotiate and execute all required agreements with such selected bond insurer(s).

SECTION 15. Investment of Proceeds. Notwithstanding the Authority's current investment policy, any one of the Authorized Officers is authorized to direct the investment and reinvestment of monies held by the Trustee under the Indenture in Investment Securities (as defined in the Indenture). In connection with the issuance, sale and delivery of the Bonds, any of the Authorized Officers is further authorized to request one or more of the Financial Advisors to solicit proposals from qualified financial institutions for one or more investment agreements relating to the Investment Securities, including identification of the type, maturity and yield of all securities and investment vehicles proposed. The Board hereby determines that competitive bidding for such contracts or agreements is not required under Section 54.3-2 of the Chicago Transit Authority Regulations Governing Purchases and Sales Transactions inasmuch as the services required are for a professional, technical or artistic skill and, as a result, any of the Authorized Officers is authorized to determine whether under then current market conditions it is most advantageous to the Authority to select one or more of such contracts, agreements or counterparties pursuant to a competitive process or a negotiated process. If such Authorized Officer so determines that a negotiated process is most advantageous, any of the Authorized Officers is further authorized to select one

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or more of such contracts, agreements and counterparties based upon a determination of what is in the best interest of the Authority and to negotiate and execute all required agreements and certificates with such selected financial institution(s).

SECTION 16. Continuing Appropriation of Sales Tax Receipts and Transfer Tax Receipts. This Ordinance shall constitute a continuing appropriation of all Sales Tax Receipts and Transfer Tax Receipts, which shall be used for the purposes specified in and permitted by the Indenture so long as any Parity Obligations remain outstanding thereunder.

SECTION 17. Issuance of Bonds Subject to Approval of Auditor General. The issuance of the Bonds is conditioned upon the receipt by the Authority of the report from the Auditor General of the State approving said issuance as required by Sections 3-2.3(b) and 3-2.3(c) of the Auditing Act (the "*Auditor General Report*"). The Bonds shall be issued not later than 120 days after the issuance date of the Auditor General Report.

SECTION 18. Appointment of Bond Trustee. US Bank National Association is hereby appointed as trustee for the Bonds under the Indenture. The Trustee shall accept and agree to the trusts created by the Indenture, including, without limitation, the duties and responsibilities of Paying Agent and Registrar (as such terms are defined in the Indenture). Additionally, the Trustee shall hold in trust, invest and use amounts in funds and accounts created as provided by the Indenture with respect to the Bonds in accordance with Section 12c of the Act for the benefit of the Authority and the protection of the owners of the Bonds.

SECTION 19. State Pledge and Agreement. Pursuant to Section 12c(h) of the Act, the State has pledged to and agreed with the owners of the Bonds that it will not limit the powers vested in the Authority by the Act to pledge and assign its revenues and funds as security for the payment of the Bonds, or vested in the RTA by the RTA Act or the Act, so as to materially impair the payment obligations of the Authority under the terms of any contract made by the Authority with those owners or to materially impair the rights and remedies of those owners until the Bonds, together with interest and any redemption premium, and all costs and expenses in connection with any action or proceedings by or on behalf of such owners are fully met and discharged. The Authority is authorized to include these pledges and agreements of the State in any contract with owners of the Bonds, as issued pursuant to Sections 12c(b)(1) and 12c(b)(2) of the Act, including, without limitation, in the Indenture.

SECTION 20. Prior Actions Ratified and Confirmed. The prior actions of the Authorized Officers and all other authorized officers and agents of the Authority in

doing any and all acts necessary in connection with the offer, issuance and sale of the Bonds are hereby approved, ratified and confirmed.

SECTION 21. Ratification and Continued Effectiveness of Actions of Any Authorized Officer Who, For Any Reason, Ceases to be an Authorized Officer. In the event that any Authorized Officer executes or delivers any document or other instrument approved hereunder and later ceases to be such an Authorized Officer before the delivery or performance of the document or instrument so executed, whether by reason of resignation, death or otherwise, any such document or instrument so executed or delivered and any such other action taken in connection therewith shall be and continue to be authorized by this Ordinance and valid, binding and enforceable against the Authority and the Board.

SECTION 22. Authorization and Ratification of Subsequent Acts. The Authorized Officers are each hereby authorized to do all such acts and showings and to execute or accept all such documents as may be necessary to carry out and comply with the provisions of this Ordinance, and the documents attached hereto as Exhibit B through Exhibit G, inclusive, and all of the acts and doings of the Authorized Officers of the Authority which are in conformity with the intent and purposes of this Ordinance, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved. Without limiting the generality of the foregoing, the Authorized Officers of the Authority are hereby each also authorized to execute, acknowledge and deliver such certificates, agreements and documents which, in the opinion of the Authority's General Counsel and co-bond counsel, Katten Muchin Rosenman LLP, Burke Burns & Pinelli, Ltd. and Gonzales Saggio Harlan LLP, are necessary to effectuate the provisions of this Ordinance, including the issuance of the Bonds.

SECTION 23. Conflicting Ordinances Amended. All ordinances in conflict herewith are, to the extent of such conflict, hereby amended to conform to this Ordinance.

SECTION 24. Severability. If any section, paragraph or provisions of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions.

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SECTION 25. Effective Date. This Ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

Assistant Secretary

June 11, 2008

June 11, 2008

(SEAL)

ATTEST:

(Assistant Secretary)

ORDINANCE NO. 008-85

EXHIBIT A

UNDERWRITERS

Cabrera Capital Markets LLC
Citigroup Global Markets Inc.
DEPFA First Albany Securities LLC
Estrada Hinojosa & Company Inc.
Goldman, Sachs & Co.
Grigsby & Associates
J.P. Morgan Securities, Inc.
Loop Capital Markets LLC
Morgan Stanley & Co., Incorporated
Samuel A. Ramirez & Co., Inc.
Rice Financial Products Company
Siebert Brandford Shank & Co., LLC
UBS Securities LLC
William Blair & Company, L. L. C.