

ORDINANCE NO. 008-118

ORDINANCE AUTHORIZING THE
CHICAGO TRANSIT AUTHORITY TO
ENTER INTO INTEREST RATE HEDGE
AGREEMENTS WITH RESPECT TO
BONDS ISSUED BY THE AUTHORITY

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 12 and Section 12c of the Act, the Authority has the continuing power to issue its bonds (the "*Bonds*") for various purposes including for the purpose of acquiring, constructing, reconstructing, extending or improving its Transportation System and to make deposits to the Retirement Plan for Chicago Transit Authority Employees maintained under Section 22-101 of the Illinois Pension Code, 40 Illinois Compiled Statutes 5 (the "*Pension Code*") and the Retiree Health Care Trust maintained under Section 22-101B of the Pension Code; and

WHEREAS, Section 7 of the Bond Authorization Act, 30 ILCS 305/7, authorizes the Authority, with respect to all or part of any currently outstanding or proposed issue of its Bonds and without prior appropriation, to enter into agreements or contracts with any necessary or appropriate person (the counterparty) that will have the benefit of providing to the Authority (i) an interest rate basis, cash flow basis or other basis different from that provided in the Bonds for the payment of interest or (ii) with respect to a future delivery of Bonds, one or more of a guaranteed interest rate, interest rate basis, cash flow basis or purchase price; and

WHEREAS, Such agreements or contracts include without limitation agreements or contracts commonly known as interest rate swap, collar, cap or interest rate hedge agreements, forward payment conversion agreements, interest rate locks, forward bond purchase agreements, bond warrant agreements or bond purchase option agreements and also include agreements or contracts providing for payments based on levels of or changes in interest rates, including a change in an interest rate index, to exchange cash flows or a series of payments, or to hedge payment, rate spread or similar exposure; and

WHEREAS, The Authority hereby determines that it is in its best interests to facilitate the use by the Authority of hedge agreement contracts ("Hedge Agreements") and to authorize the Chairman of the Chicago Transit Board upon the recommendation of the President and Treasurer of the Authority to enter into one or

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more Hedge Agreements with respect to its Bonds in accordance with the provisions of Section 7 of the Bond Authorization Act; now, therefore:

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

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

2. *Authorization of Hedge Agreements.* Pursuant to Section 7 of the Bond Authorization Act, the Authority is authorized to enter into one or more Hedge Agreements with one or more counterparties with respect to (i) any issue of its outstanding Bonds; (ii) any issue of its Bonds heretofore or hereafter proposed to be issued; and (iii) any issue of its Bonds that is issued and outstanding subsequent to the effective date of this Ordinance.

3. *Delegation.* The Chairman of the Chicago Transit Board, upon the recommendation of the President and Treasurer of the Authority, is hereby authorized to enter into and execute one or more Hedge Agreements with one or more counterparties. The authority delegated to the Chairman pursuant to this Ordinance shall expire on December 31, 2013.

4. *General Terms of Agreements.* Each Hedge Agreement shall conform to all of the requirements of Section 7 of the Bond Authorization Act and any such Hedge Agreement, to the extent practicable, shall be in substantially the form of either the "Local Currency – Single Jurisdiction" version or the "Multicurrency – Cross Border" version of the current "ISDA Master Agreement" accompanied by the "U.S. Municipal Counterparty Schedule" published by the International Swap Dealers Association (the "ISDA") or any successor form to either published by the ISDA, and in the appropriate confirmations of transactions governed by that agreement, with such insertions, completions and modifications thereof as shall be approved the Chairman executing the same, such execution to constitute conclusive evidence of Authority's approval of such insertions, completions and modifications thereof.

5. *Source of Payments.* Payments made by the Authority pursuant to a Hedge Agreement may be made from any one or more payment sources permitted under Section 7 of the Bond Authorization Act as determined by the Chairman and specified in the Hedge Agreement (including any one or more of the payment sources pledged as security for the payment of the related Bond issue) and such payment

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source or sources may be pledged or assigned as security for the payment of the payment obligations under such Hedge Agreement.

6. *Further Acts.* The Chairman, the President and the Treasurer, together with any other official or officer authorized by the Authority, are hereby authorized to execute and deliver such other documents and agreements and perform such other acts as may be necessary or desirable in connection with this Ordinance and any Hedge Agreement.

7. *Severability.* The provisions of this Ordinance are hereby declared to be severable; and if any section, phrase, or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases, or provisions.

8. *Repealer and Effective Date.* All ordinances or parts of ordinances in conflict herewith are, to the extent of such conflict, hereby repealed, provided, however, that nothing herein contained shall constitute a repeal or limitation upon any prior authority delegated to the Designated Officials, officials or officers of the Authority concerning Hedge Agreements.

9. This Ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

August 13, 2008

Assistant Secretary

August 13, 2008