



Chicago Park District

Legislation Details (With Text)

File #:	15-2216-0114	Name:	Short Term Financing for a line of credit
Type:	Action Item	Status:	Passed
File created:	1/5/2015	In control:	Board of Commissioners
On agenda:	2/11/2015	Final action:	
Title:	ORDINANCE AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$40,000,000 UNDER A LINE OF CREDIT		
Sponsors:	Chief Financial Officer, Treasurer		
Indexes:	Financing		
Code sections:			
Attachments:	1. Signed Ordinance		

Date	Ver.	Action By	Action	Result
2/11/2015	1	Board of Commissioners	approved	Pass

ORDINANCE AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$40,000,000 UNDER A LINE OF CREDIT

To: The Honorable Board of Commissioners of the Chicago Park District

I. Recommendation

It is recommended that the Board of Commissioners (the "Board") of the Chicago Park District (the "District") adopt an ordinance authorizing the District to issue Bond Anticipation Notes (the "BANs") in an amount not to exceed \$40,000,000 under a line of credit for the purpose of paying and reimbursing a part of the cost of building, maintaining, and improving parks; and the execution of a line of credit agreement (the "Agreement") and other documents in connection with the issuance. The ordinance also authorizes the repayment of BANs by the issuance of bonds in the near future and the costs associated with entering into the Agreement. The General Superintendent and authorized officers of the District are delegated the authority to do, or cause to be done, all things necessary for the execution and establishment of a line of credit program.

A. Background

On November 19, 2014, the District issued a Request for Proposal for a Revolving Line of Credit/Direct-Pay Letter of Credit (the "RFP"), which was forwarded to 18 banks and/or financial institutions with a response due date of December 10, 2014.

The District received three responses back. Two of the banks were responsive to the RFP (Barclays and PNC Bank) and the other bank offered an alternative mode of financing (JPMorgan Chase). Some of the reasons for the low number of responses to the RFP from the banks and/or financial institutions are below:

- The aggregated credit capacity in the Chicago market is saturated due in part to lines of credit issued to the City of Chicago and the Chicago Public Schools;
- One of the banks would only entertain requests for \$50M or above;
- One of the banks would only entertain requests for \$40M or below; and
- Interest rate concerns.

I. Recommendation (continued)

B. Key Terms and Conditions

PNC Bank National Association

Maximum Amount:	\$40,000,000
Term:	1 year, with a subsequent 180 day loan for the current balance
Tax-Exempt Rate - Used:	70% LIBOR + 0.90%
Unused:	0.15%
Taxable Rate - Used:	LIBOR + 1.4%
Unused:	0.15%
Minimum Draw:	\$2,000,000
Governing Law:	Illinois

II. Transaction Team

Special Tax Counsel: **Katten Muchin Rosenman**
525 W. Monroe Street
Chicago, Illinois 60661

Issuer's Counsel: **Hardwick Law Firm**
100 North LaSalle Street
Suite 501
Chicago, Illinois 60602

II. Transaction Team (continued)

**Independent Registered
Municipal Advisor for the
District:** **Speer Financial, Inc.**
One North LaSalle Street, Suite 4100
Chicago, Illinois 60602

**Bank and/or
Financial Institution:** **PNC Bank National Association**
PNC Centre, One North Franklin, Suite 2800
Chicago, Illinois 60606

PNC Bank National Association's

Counsel(s): **Thompson Colburn LLP**
55 E. Monroe Street, 37th Floor
Chicago, Illinois 60603

III. Budget and Financial Information

A. Use of Proceeds

Budget Classification: Capital Funds
Fiscal Year(s): 2013, 2014 and 2015 Capital Improvement Plans
Source of Funds: Draw-downs from Line of Credit

III. Budget and Financial Information (continued)

B. Repayment Information

Budget Classification: General Funds
Fiscal Year(s): NA
Note Interest Payments: Capitalized Interest
Source of Funds for
Payment at Maturity: Issuance of bonds which will result in a Debt Service Expense-Property
Tax Levy

IV. Explanation

A. Authorization

The District is authorized to issue BANs under and pursuant to Section 20b of the Chicago Park District Act, 70 ILCS 1505 and the Local Government Debt Reform Act, 30 ILCS 350.

B. Utilization of the BANs Under the Line of Credit

- Eliminates the need to go into the market twice in a calendar year to issue long-term debt
- Interest only until maturity
- Modest costs of issuance and related time management savings
- Interest savings with a refinancing risk
- Meet the timeline needs of District's capital program

V. General Conditions

1. *Conflicts*: No agreement authorized herein shall be legally binding on the Chicago Park District if entered into in violation of the provisions of the Public Officer Prohibited Activities Act, 50 ILCS 105/0.01 *et seq.*

2. *Ethics*: The Chicago Park District's Ethics Code, Chapter III of the Code of the Chicago Park District, shall be incorporated into and made part of all agreements authorized herein.