



Chicago Park District

Legislation Text

File #: 19-1042-0410, **Version:** 1

ORDINANCE AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$50,000,000 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 \$50,000,000 under a line of credit for the purpose of paying and reimbursing a part of the cost of building, maintaining, and improving parks as part of the District’s capital program and the payment of capitalized interest and the costs of issuing the BANs.

The ordinance also authorizes the execution of a line of credit agreement and other documents in connection with the issuance of BANs as well as the security for repayment of the BANs by the issuance of bonds in the near future. 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 June 23, 2017, the District issued a Request for Proposal for a Revolving Line of Credit/Direct-Pay Letter of Credit (the “RFP”), which was forwarded to 15 banks and/or financial institutions with a response due date of July 28, 2017.

The District received six responses. After analysis of the proposals by the District’s financial advisor, the District chose PNC Bank, National Association based on competitive pricing on rates as well as the risks associated with bond ratings as well as the ability to renew the line of credit for one additional year.

I. Recommendation (continued)

B. Key Terms and Conditions

PNC Bank National Association

Maximum Amount	\$50,000,000
Term	1 year, with a subsequent 180 day loan for the current balance
Tax-Exempt Rate - Used	70% LIBOR + 0.65%
Unused	0.10%

Taxable Rate - Used	LIBOR + 1.00%
Unused	0.10%

Minimum Draw	\$2,000,000
---------------------	-------------

Governing Law	Illinois
----------------------	----------

II. Transaction Team

Special Tax Counsel:	Katten Muchin Rosenman LLP 525 W. Monroe Street Chicago, IL 60661
-----------------------------	--

Issuer's Counsel:	Hardwick Law Firm, LLC 20 South Clark Street Suite 2120 Chicago, Illinois 60660
--------------------------	---

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
---	--

II. Transaction Team (continued)

Paying Agent:	BNY Mellon 2 N. LaSalle Street, 7 th Floor Chicago IL 60602
----------------------	---

PNC Bank National Association's Counsel(s):	Thompson Colburn LLP 55 E. Monroe Street, 37 th Floor Chicago, Illinois 60603
--	---

III. Budget and Financial Information

A. Use of Proceeds

Budget Classification:	Capital Funds
------------------------	---------------

Fiscal Year(s):	2018 and 2019 Capital Improvement Plans
Source of Funds:	Draw-downs from Line of Credit

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
- Meets 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.