

Chicago Board of Education:

*Bond Issue Notification Act (BINA) Hearing
October 26, 2022*



Bond Authorization - Process

- **The Purpose of today's hearing is to discuss CPS' request to authorize the issuance of up to \$1.8B in General Obligation Alternate Revenue Source Bonds**
- **Since 1988, Illinois State Statute prescribes the process for authorizing General Obligation Alternate Revenue Source Bonds for all school districts**
 - There are currently three steps in this process
 - The first two steps are being taken today
 - CPS must seek additional Board approval to take the third step

Step 1: Bond Issue Notification Act (BINA) Hearing

Public hearing to explain the proposed issuance and receive comments on the sale of the bonds.

Step 2: Bond Authorization

Board approves bond authorization that is good for 3-years and caps the amount of bonds

Step 3: Approval of Actual Bond Resolution

CPS must seek additional Board approval for specific bonds to be issued



Bond Authorization - Request

- **The authorization request is for approval to issue an amount of not to exceed \$1.8 billion in General Obligation Alternate Revenue Bonds**
- Additional approvals will then be needed for each specific series of bonds to be sold
 - No bonds can be sold until passing a specific bond resolution is completed
- All of the \$1.8 billion in authorization is not required to be used
- This authorization will cover future issuances of bonds for a period up to 3-years
- The next series of bonds (when issued in approx. February 2023) will finance capital project spending that occurs in CPS Fiscal Year's 2023 and 2024
 - Items financed will primarily consist of capital project items from recent previous year capital plans that remain to be paid
 - Capital projects are paid with bond proceeds as their completion process occurs and depending on their complexity often take multiple years to fully finish

Estimated Bond Authorization Use Example		
Series 2023	FY 2023 & 24 Capital Spending	\$600M~
Series 2024	FY 2024 & 25 Capital Spending	\$600M~
Series 2025	FY 2025 & 26 Capital Spending	\$600M~
Total Requested Authorization		\$1.8B



Connection Between CPS Capital Budgets & Bonds

- **CPS Capital Budgets fund physical investments in our District, such as the repairs and renovations to existing schools, and other major projects**
- CPS Capital Budgets are primarily paid by issuing long term bonds
- **A strong stable overall financial position contributes to the ability to access investors who purchase CPS bonds**
- CPS's Capital Budgets provide capital projects at over schools across our City
- Prioritized critical building needs that support academic initiatives often financed are:
 - Mechanical Systems (HVAC & Controls)
 - Building Envelope (Roof, Masonry, Windows)
 - Safety, ADA & Other
- Continued education investments also being financed often include:
 - State-of-the-Art High School Science Labs
 - High Speed Internet Access and Devices
 - Expansion of Full Day Pre-K
 - Accessibility Improvements
 - IB, Stem, Magnet and Classical Expansion

