



Bond Update

10/25/17



CPS is Financially Stronger

- **CPS is on better financial footing thanks to the efforts of the Board, CPS students and families, the Mayor, Aldermen and State Legislators**
- **Eliminated \$1.1B deficit in 2 years**
 - \$900M in new revenue over 2 years
 - \$200M in management efficiencies in FY17
- **Historic Education Funding Reform**
 - New legislation puts the Chicago students on a path toward being funded more equitably
- **Cash improved due to education funding reform**
 - Reduced reliance on short-term borrowing
- **CPS has good market access and lower interest rates**
 - Long-term bonds are trading over 200 basis points lower



Proposed Bond Overview

- **CPS proposes the sale of \$900 - 930M of bonds**
 - 1. \$630M Refinancing Existing Bonds**
 - \$175M of total Savings
 - \$12M FY18; average \$10M/year thru FY35
 - Replacing 9% bonds with new 5% bonds
 - 2. \$290M New Money Bonds to net proceeds of \$250M for Capital Projects**
 - \$225M Bonds repaid from operating funds to net \$190M of proceeds
 - \$65M Bonds repaid from Capital Improvement Taxes (CIT) which will net \$60M of proceeds
- **Bonds will be priced during the week of November 13th subject to market conditions**

\$250M Proceeds to fund Capital Projects



Project Description	Amount
Roof and Window Replacement Projects	\$133.0M
Mechanicals and Maintenance Priorities	\$36.0M
IT & Security Investments	\$7.3M
Capital Project Support Services	\$19.9M
Emergency and Other Capital Projects	\$53.8M
TOTAL	\$250.0M

CPS Cash Improved – Less Short-Term Borrowing



- **Cash improved due to Education Funding Reform**
 - Maximum TANs outstanding will be \$1.3B in FY18 vs. \$1.55B in FY17
- **CPS has locked in a reduced TAN interest rate**
 - Initial \$350M TAN draws closed at 3.60% rate
 - Additional \$200M will close on Friday at same rate
- **Strong market interest**
 - 2 new investors for a total of 5 lenders
- **Grant Anticipation Notes fully repaid due to the State catching up on most of the FY17 block grant payments**