



SCOTT E. WAGUESPACK

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Dear CFO Brown:

Thank you for taking the time to hold the briefing regarding the pension obligation bonds/Fund Stabilization Bonds. I appreciate that the due diligence and analysis required for a project such as this is involved and time consuming. As such, below is a list of outstanding questions and concerns regarding the project as your analysis moves forward that we would like answered before considering a vote on the pension obligation bonds package proposed by the Mayor:

- Will this potential structure consolidate debt into a single, tax exempt package? Will you have the authority to convert some portion of the issuance to taxable debt? What are the expected payment structure and amortization schedules?
- For years, we have argued that new, progressive revenue sources are needed, and this proposal will not negate that need, as pointed out by the CITI research report. What is the Mayor's plan to create new revenue sources to cover the new debt service this alone will generate?
- How will the administration sell this deal--how much of it will be competitive and/or negotiated?
- How many series will there be, and how far apart?
- What is the target annual interest rate?
- What refinancing provisions will the administration seek? Are they callable at any time during their term or must they reach maturity?
- If the market goes into a recession within the first years of the deal, what is the plan to fund the City's debt?
- Will the administration allocate the full amount of the pension obligation bonds to the pension funds, or will a portion be used to offset the prescribed ramp up in contributions from the annual general fund?
- It appears that these are GO bonds without a dedicated revenue source beyond the yearly budget, is there a plan to cut the current budget/raise revenue/or change the structure of the debt payments to afford in the immediate term the new debt service?

- This is the largest bond deal on the municipal level in recent memory and will double the city's debt service, what do you expect the market appetite will be for something this large?
- Will the Council will have the ability to review and either approve or deny the potential securitization of the issuance?

Thank you for your time and attention to this matter. We look forward to your responses.

Sincerely,

Scott Waguespack
32nd Ward Alderman