Bureau of Finance | Office of the Chief Financial Officer
AMMAR M. RIZKI
CHIEF FINANCIAL OFFICER
118 N. CLARK STREET ● Chicago, Illinois 60602 ● (312) 603-6846

TONI PRECKWINKLE
PRESIDENT
Cook County Board of Commissioners

BRANDON JOHNSON
1st District

DENNIS DEER
2nd District

BILL LOWRY
3rd District

STANLEY MOORE
4th District

DEBORAH SIMS
5th District

DONNA MILLER
6th District

ALMA E. ANAYA
7th District

LUIS ARROYO JR
8th District

PETER N. SILVESTRI
9th District

BRIDGET GAINER
10th District

JOHN P. DALEY
11th District

BRIDGET DEGNEN
12th District

LARRY SUFFREDIN
13th District

SCOTT R. BRITTON
14th District

KEVIN B. MORRISON
15th District

JEFFREY R. TOBOLSKI
16th District

SEAN MORRISON
17th District

MEMORANDUM

To: Cook County Board of Commissioners

From: Ammar Rizki, Chief Financial Officer
Jay Stewart, Chief, Bureau of Economic Development

Cc: Lanetta Haynes Turner, Chief of Staff

Subject: **Substitute Ordinance for Item #19-3122 Proposed Multifamily Housing Revenue Bonds (Plum Creek of Markham SLF Project), Series 2019**

Date: May 14, 2019

This memorandum is intended to provide additional information on the proposed Substitute Ordinance for Item #19-3122.

The Substitute Ordinance contains two changes:

1. Removing the co-managing underwriter, Estrada Hinojosa and Co., Inc., identified in the 13th Whereas clause.
2. Changing the maximum permissible redemption price in Section 3 from 100% to 105%.

The first change, removing the co-managing underwriter was necessitated due to Estrada Hinojosa and Co., Inc. ("Estrada") choosing to withdraw from the transaction. It is our understanding that Estrada was not as comfortable with the transaction as the lead underwriter, Dougherty & Co. ("Dougherty") is. Estrada expressed some concern regarding the risk they would be exposed to if they chose to continue in the transaction. That view is solely that of Estrada. The County looks forward to working with Estrada on a future transaction, but we understand that their view of the transaction differs from that of the rest of the transaction team.

The second change, changing the maximum permissible redemption price from 100% to 105% is necessitated to accommodate certain provisions of the Indenture. Two provisions of the Indenture specified redemption in excess of 100%. The first is Optional Redemption provided in Section 3.1(a)(i), which provides for early redemption prior to the call date, and Section 3.1(a)(ii), which provides for early redemption after the call date. Both provisions regarding Optional Redemption compensate the bondholders with a premium price (price in excess of 100% of the par value) in exchange for the early redemption, which deprives the bondholders of interest payments beyond the redemption date. The second provision in Section 3.1(c) is Mandatory Redemption Upon Determination of Taxability.

This provision gives assurance to bondholders in the unlikely event that the bonds are determined to fail to meet the requirements specified by the Internal Revenue Service regarding tax-exempt eligibility. Should this happen, bondholders would subsequently required to pay income taxes on the interest earned from the bonds. In lieu of that penalty being borne by the bondholders, there is the provision for mandatory redemption, which gives bondholders a premium redemption (at 105%), which also serves as a penalty to the borrower for failing to maintain tax-exempt eligibility on the bonds.

We hope that you will be in a position to support this initiative, and we remain available to furnish additional information at your request. Thank you very much in advance for your consideration.