



Board of Commissioners of Cook County

118 North Clark Street
Chicago, IL

Legislation Details (With Text)

| | | | | | |
|----------------------|------------------------------|----------------------|---|----------------------|-----------------------|
| File #: | 14-3645 | Version: | 1 | Name: | Master Bond Ordinance |
| Type: | Ordinance Amendment | Status: | | Status: | Approved |
| File created: | 6/6/2014 | In control: | | In control: | Finance Committee |
| On agenda: | 6/18/2014 | Final action: | | Final action: | 7/23/2014 |
| Title: | PROPOSED ORDINANCE AMENDMENT | | | | |

AN ORDINANCE AMENDING MASTER BOND ORDINANCE NUMBER 11-O-69 ADOPTED ON THE 27TH DAY OF JULY, 2011, AS PREVIOUSLY AMENDED, TO AUTHORIZE THE COUNTY TO ENTER INTO A REVOLVING LINE OF CREDIT TO FINANCE CAPITAL PROJECTS AND APPROVING A FORM OF INDENTURE FOR SUCH FINANCING

WHEREAS, the Board of Commissioners (the "Board") of The County of Cook, Illinois (the "County"), heretofore adopted on the 27th day of July, 2011, Ordinance Number 11-O-69 entitled, "An Ordinance providing for the issuance of one or more series of General Obligation Bonds of The County of Cook, Illinois" (the "Bond Ordinance"); and

WHEREAS, the Board amended the Bond Ordinance on the 7th day of September, 2011, pursuant to amending Ordinance Number 11-O-70 (the "First Amending Ordinance") entitled, "An Ordinance Amending Ordinance Number 11-O-69 adopted on the 27th day of July, 2011, by the Board of Commissioners of The County of Cook, Illinois"; and

WHEREAS, the Board further amended the Bond Ordinance on the 1st day of May, 2012, pursuant to amending Ordinance Number 12-O-21 (the "Second Amending Ordinance") entitled, "An Ordinance Amending Ordinance Number 11-O-69 adopted on the 27th day of July, 2011, as previously amended, to make technical clarifications and revisions regarding credit facilities and other variable rate debt instruments"; and

WHEREAS, the Board further amended the Bond Ordinance on the 16th day of October, 2012, pursuant to amending Ordinance Number 12-O-45 (the "Third Amending Ordinance") entitled, "An Ordinance Amending Ordinance Number 11-O-69 adopted on the 27th day of July, 2011, as previously amended, by the Board of Commissioners of The County of Cook, Illinois", and

WHEREAS, the Board further amended the Bond Ordinance on the 13th day of November, 2013, pursuant to amending Ordinance Number 13-1961 (the "Fourth Amending Ordinance") entitled, "An Ordinance amending Master Bond Ordinance Number 10-O-69 adopted on the 27th day of July, 2011, as previously amended, to name additional financing teams and authorize the issuance of certain refunding bonds" (the Bond Ordinance, as amended by the First Amending Ordinance, the Second Amending Ordinance, the Third Amending Ordinance and the Fourth Amending Ordinance, being the "Master Bond Ordinance"); and

WHEREAS, the Master Bond Ordinance authorizes the issuance of one or more series of general obligation bonds to finance Capital Projects (the "Capital Project Bonds") in a not to exceed aggregate principal amount of \$295,000,000, for such Capital Projects as are expressly approved by the Board; and

WHEREAS, traditionally the County has financed its Capital Projects primarily through long-term borrowing; and

WHEREAS, the County has determined that tax-exempt, revolving lines of credit (each, a "Revolver") issued by a bank or banks will provide a cost efficient means to finance its Capital Projects on a tax-exempt basis and that such Revolvers are expected to ultimately be refinanced with tax-exempt long-term bonds; and

WHEREAS, under the Master Bond Ordinance, any amounts drawn under a Revolver ("Advances") are Variable Rate Bonds and are Direct Purchase Bonds purchased by the bank providing such Revolver; and

WHEREAS, the County has determined that a Revolver will assist the County in achieving its goals of eliminating negative arbitrage in project funds, minimizing costs associated with undrawn balances, achieving the lowest rate available in the current short-term market and mitigating structural, credit,

liquidity and operational risk; and

WHEREAS, in order to achieve the County's aforementioned goals, it may be necessary and desirable for the County to issue additional Variable Rate Bonds by entering into an agreement or agreements with a bank or banks (each a "Revolver Bank") to provide a Revolver or Revolvers to the County; and

WHEREAS, in order to clarify that Advances are Variable Rate Bonds and Direct Purchase Bonds under the Master Bond Ordinance which may be directly purchased by a Revolver Bank and that such Advances are also Capital Project Bonds under the Master Bond Ordinance, the Board has heretofore and it hereby expressly is determined that it is advisable and necessary to amend the Master Bond Ordinance, for the purposes stated herein; and

WHEREAS, the County has determined to enter into an agreement with PNC Bank, National Association ("PNC") pursuant to which PNC will provide a Revolver to the County (the "PNC Revolver"); and

WHEREAS, any Advances drawn pursuant to the PNC Revolver will be secured by a Trust Indenture by and between the County and a trustee to be selected by the County, securing \$125,000,000 General Obligation Bonds, Series 2014B (the "2014B Indenture") in accord with such financial policies as are approved by the Board and contained within the annual budget resolution; and

WHEREAS, the Board has heretofore and it hereby expressly is determined that it is advisable and necessary to (a) enter into the 2014B Indenture, the form of which has been prepared and is present at this meeting and (b) to enter into an agreement with PNC and execute any related documents (collectively, the "PNC Revolver Agreement") in forms approved by the Chief Financial Officer of the County (the "Chief Financial Officer") pursuant to which PNC will provide the PNC Revolver to the County.

NOW THEREFORE BE IT ORDAINED, by the Board of Commissioners of The County of Cook, Illinois, as follows:

Sec. 1. Definitions in Master Bond Ordinance.

Section 1.B of the Master Bond Ordinance is amended to include the following defined terms:

"Advances" means amounts drawn under a Revolver. Advances are Variable Rate Bonds and Direct Purchase Bonds.

"Revolver" means a tax-exempt revolving line of credit issued by a bank or banks to the County.

"2014B Indenture" means a Trust Indenture by and between the County and a trustee to be selected by the County securing \$125,000,000 General Obligation Bonds, Series 2014B.

Sec. 2. Bond Details in Master Bond Ordinance.

The first and second paragraphs of Section 3 of the Master Bond Ordinance are hereby amended and restated as follows:

To pay the cost of the Purposes, the Bonds shall be issued from time to time in one or more Series, all as may be determined by the Chief Financial Officer, provided that (i) the aggregate principal amount of any Refunding Bonds issued pursuant to this Ordinance shall not exceed \$1,400,000,000; (ii) the aggregate principal amount of the Insurance Reserve Project Bonds, if any, issued pursuant to this Ordinance shall not exceed \$125,000,000; (iii) the aggregate principal amount of the Restructuring Project Bonds, if any, issued pursuant to this Ordinance shall not exceed \$120,000,000; and (iv) the aggregate principal amount of the Capital Project Bonds, if any, issued pursuant to this Ordinance shall not exceed \$295,000,000, provided (a) such authorized aggregate amount of Capital Project Bonds, if any, shall be subject to reduction to the amount necessary to pay the costs of the Capital Projects as may be hereafter approved by the Corporate Authorities for the Capital Projects, plus capitalized interest, if any, and costs of issuance; and (b) for any Revolvers, the total amount outstanding of Revolvers on any given date is the amount included for purposes of the not to exceed \$295,000,000 limit for Capital Projects Bonds described in this clause (iv). The Bonds shall be designated substantially as "[Taxable] General Obligation [Variable Rate Demand][Refunding][Capital Appreciation] Bonds, Series [____]," with such additions or modifications as shall be determined to be necessary by the Chief Financial Officer at the time of the sale of the Bonds to reflect the purpose of the issue, the order of sale of the Bonds, whether the Bonds are Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds or Convertible CABs, and any other authorized features of the Bonds determined by the Chief Financial Officer as desirable to be reflected in the title of the

Bonds being issued and sold.

Provided that no Bond (except for debt issued pursuant to the 2014B Indenture) shall be dated later than November 30, 2014, (i) any Bonds issued as Current Interest Bonds shall be dated as of August 1, 2011, or such later date at or prior to the date of issuance thereof as may be provided in the relevant Bond Order, (ii) any Bonds issued as Capital Appreciation Bonds shall be dated the date of issuance thereof, and (iii) any Bonds issued as Variable Rate Bonds shall be dated such date not earlier than August 1, 2011, and not later than the date of issuance thereof, as shall be provided in the relevant Indenture (any such date for any Bonds being a "Dated Date").

Sec. 3. Direct Purchase Bonds Section in Master Bond Ordinance.

Section 11.I. of the Master Bond Ordinance is hereby amended and restated as follows:

In connection with any Series of Bonds issued or to be issued pursuant to this Ordinance or any other bonds of the County previously issued by the County, the President or the Chief Financial Officer is hereby authorized, notwithstanding the other provisions of this Ordinance or any previous ordinance of the County, to issue or remarket all or any portion of such bonds as Direct Purchase Bonds, without the participation of an Underwriter, with or without the use of a placement agent arrangement or bank loan agreement, and with or without the use of an offering document with respect to such bonds, all to the extent permitted hereunder and by applicable law. The President and the Chief Financial Officer are each authorized to do all such things and to execute and deliver all such additional documents, agreements and certificates as shall be necessary in connection with the issue or remarketing of Direct Purchase Bonds. Direct Purchase Bonds may also include Advances. Further, with respect to Direct Purchase Bonds, the provisions of the Master Bond Ordinance and any other bond ordinance of the County relating to book-entry, forms of bonds, retention of a bond trustee or use of a trust indenture, redemptions, tenders, establishment of interest rates, and any other provisions not deemed appropriate for Direct Purchase Bonds by the President or the Chief Financial Officer may be modified and other provisions, related or unrelated, may be agreed to as determined by the President or the Chief Financial Officer prior to the issue or remarketing of such bonds.

Sec. 4. Revolvers, Advances and the PNC Revolver Agreement.

The final maturity date for any Revolver including any renewals of any such Revolver shall not be later than July 1, 2024 and the interest rate borne on any Advance shall not exceed 10%.

The Chief Financial Officer is hereby authorized, on behalf of the County to approve the final provisions of the PNC Revolver Agreement consistent with this Sec. 4 which may include, but are not limited to provisions on fees, covenants, indemnification of PNC and its related entities and each of their respective directors, officers and employees, events of default, remedies, interest rates on Advances, repayment terms for Advances and conditions precedent to Advances. The PNC Revolver shall have a maximum principal stated amount of not to exceed \$125,000,000 and shall have the terms as set forth in the PNC Revolver Agreement. The Chief Financial Officer is hereby authorized, on behalf of the County, to execute and deliver, and the County Clerk is hereby authorized, on behalf of the County, to attest and impress the official seal of the County upon, the PNC Revolver Agreement.

The President, the Chief Financial Officer, the Deputy Chief Financial Officer of the County, the Comptroller of the County and the Deputy Comptroller of the County (each, an "Authorized Officer") are each authorized to execute on behalf of the County any documents relating to Advances, the PNC Revolver, the 2014B Indenture and the PNC Revolver Agreement; provided however, that any requests for Advances and other documents relating to requests for Advances (including, but not limited to the forms as set forth as Exhibits B-D to the 2014B Indenture) must be signed by any two of the Authorized Officers.

Sec. 5. Indenture.

The Chief Financial Officer is hereby authorized, on behalf of the County to execute and deliver, and the County Clerk is hereby authorized, on behalf of the County, to attest and impress the official seal of the County upon, the 2014B Indenture. The 2014B Indenture shall be in substantially the form present at this meeting and attached as Exhibit A and hereby approved. The Chief Financial Officer's execution of the 2014B Indenture will constitute conclusive evidence that the executed

2014B Indenture is in substantially the form present at this meeting.
Sec. 6. Prior Inconsistent Proceedings.

All ordinances, resolutions, motions or orders, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict hereby repealed.

Effective date: This ordinance shall be in effect immediately upon adoption

Sponsors: TONI PRECKWINKLE (President)

Indexes: (Inactive) IVAN SAMSTEIN, Chief Financial Officer, Bureau of Finance

Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|-----------|------|------------------------|------------------------|--------|
| 7/23/2014 | 1 | Board of Commissioners | approve | |
| 7/23/2014 | 1 | Finance Committee | recommend for approval | Pass |
| 6/18/2014 | 1 | Board of Commissioners | refer | Pass |

PROPOSED ORDINANCE AMENDMENT

AN ORDINANCE AMENDING MASTER BOND ORDINANCE NUMBER 11-O-69 ADOPTED ON THE 27TH DAY OF JULY, 2011, AS PREVIOUSLY AMENDED, TO AUTHORIZE THE COUNTY TO ENTER INTO A REVOLVING LINE OF CREDIT TO FINANCE CAPITAL PROJECTS AND APPROVING A FORM OF INDENTURE FOR SUCH FINANCING

WHEREAS, the Board of Commissioners (the “*Board*”) of The County of Cook, Illinois (the “*County*”), heretofore adopted on the 27th day of July, 2011, Ordinance Number 11-O-69 entitled, “An Ordinance providing for the issuance of one or more series of General Obligation Bonds of The County of Cook, Illinois” (the “*Bond Ordinance*”); and

WHEREAS, the Board amended the Bond Ordinance on the 7th day of September, 2011, pursuant to amending Ordinance Number 11-O-70 (the “*First Amending Ordinance*”) entitled, “An Ordinance Amending Ordinance Number 11-O-69 adopted on the 27th day of July, 2011, by the Board of Commissioners of The County of Cook, Illinois”; and

WHEREAS, the Board further amended the Bond Ordinance on the 1st day of May, 2012, pursuant to amending Ordinance Number 12-O-21 (the “*Second Amending Ordinance*”) entitled, “An Ordinance Amending Ordinance Number 11-O-69 adopted on the 27th day of July, 2011, as previously amended, to make technical clarifications and revisions regarding credit facilities and other variable rate debt instruments”; and

WHEREAS, the Board further amended the Bond Ordinance on the 16th day of October, 2012, pursuant to amending Ordinance Number 12-O-45 (the “*Third Amending Ordinance*”) entitled, “An Ordinance Amending Ordinance Number 11-O-69 adopted on the 27th day of July, 2011, as previously amended, by the Board of Commissioners of The County of Cook, Illinois”, and

WHEREAS, the Board further amended the Bond Ordinance on the 13th day of November, 2013, pursuant to amending Ordinance Number 13-1961 (the “*Fourth Amending Ordinance*”) entitled, “An Ordinance amending Master Bond Ordinance Number 10-O-69 adopted on the 27th day of July, 2011, as previously amended, to name additional financing teams and authorize the issuance of certain refunding bonds” (the Bond Ordinance, as amended by the First Amending Ordinance, the Second Amending Ordinance, the Third Amending Ordinance and the Fourth Amending Ordinance, being the “*Master Bond Ordinance*”); and

WHEREAS, the Master Bond Ordinance authorizes the issuance of one or more series of general obligation bonds to finance Capital Projects (the “*Capital Project Bonds*”) in a not to exceed aggregate principal amount of \$295,000,000, for such Capital Projects as are expressly approved by the Board; and

WHEREAS, traditionally the County has financed its Capital Projects primarily through long-term borrowing; and

WHEREAS, the County has determined that tax-exempt, revolving lines of credit (each, a “*Revolver*”) issued by a bank or banks will provide a cost efficient means to finance its Capital Projects on a tax-exempt basis and that such Revolvers are expected to ultimately be refinanced with tax-exempt long-term bonds; and

WHEREAS, under the Master Bond Ordinance, any amounts drawn under a Revolver (“*Advances*”) are Variable Rate Bonds and are Direct Purchase Bonds purchased by the bank providing such Revolver; and

WHEREAS, the County has determined that a Revolver will assist the County in achieving its goals of eliminating negative arbitrage in project funds, minimizing costs associated with undrawn balances, achieving the lowest rate available in the current short-term market and mitigating structural, credit, liquidity and operational risk; and

WHEREAS, in order to achieve the County’s aforementioned goals, it may be necessary and desirable for the County to issue additional Variable Rate Bonds by entering into an agreement or agreements with a bank or banks (each a “*Revolver Bank*”) to provide a Revolver or Revolvers to the County; and

WHEREAS, in order to clarify that Advances are Variable Rate Bonds and Direct Purchase Bonds under the Master Bond Ordinance which may be directly purchased by a Revolver Bank and that such Advances are also Capital Project Bonds under the Master Bond Ordinance, the Board has heretofore and it hereby expressly is determined that it is advisable and necessary to amend the Master Bond Ordinance, for the purposes stated herein; and

WHEREAS, the County has determined to enter into an agreement with PNC Bank, National Association (“*PNC*”) pursuant to which PNC will provide a Revolver to the County (the “*PNC Revolver*”); and

WHEREAS, any Advances drawn pursuant to the PNC Revolver will be secured by a Trust Indenture by and between the County and a trustee to be selected by the County, securing \$125,000,000 General Obligation Bonds, Series 2014B (the “*2014B Indenture*”) in accord with such financial policies as are approved by the Board and contained within the annual budget resolution; and

WHEREAS, the Board has heretofore and it hereby expressly is determined that it is advisable and necessary to (a) enter into the 2014B Indenture, the form of which has been prepared and is present at this meeting and (b) to enter into an agreement with PNC and execute any related documents (collectively, the “*PNC Revolver Agreement*”) in forms approved by the Chief Financial Officer of the County (the “*Chief Financial Officer*”) pursuant to which PNC will provide the PNC Revolver to the County.

NOW THEREFORE BE IT ORDAINED, by the Board of Commissioners of The County of Cook, Illinois, as follows:

Sec. 1. Definitions in Master Bond Ordinance.

Section 1.B of the Master Bond Ordinance is amended to include the following defined terms:

“*Advances*” means amounts drawn under a Revolver. Advances are Variable Rate Bonds and Direct Purchase Bonds.

“*Revolver*” means a tax-exempt revolving line of credit issued by a bank or banks to the County.

“*2014B Indenture*” means a Trust Indenture by and between the County and a trustee to be selected by the County securing \$125,000,000 General Obligation Bonds, Series 2014B.

Sec. 2. Bond Details in Master Bond Ordinance.

The first and second paragraphs of Section 3 of the Master Bond Ordinance are hereby amended and restated as follows:

To pay the cost of the Purposes, the Bonds shall be issued from time to time in one or more Series, all as may be determined by the Chief Financial Officer, provided that (i) the aggregate principal amount of any

Refunding Bonds issued pursuant to this Ordinance shall not exceed \$1,400,000,000; (ii) the aggregate principal amount of the Insurance Reserve Project Bonds, if any, issued pursuant to this Ordinance shall not exceed \$125,000,000; (iii) the aggregate principal amount of the Restructuring Project Bonds, if any, issued pursuant to this Ordinance shall not exceed \$120,000,000; and (iv) the aggregate principal amount of the Capital Project Bonds, if any, issued pursuant to this Ordinance shall not exceed \$295,000,000, provided (a) such authorized aggregate amount of Capital Project Bonds, if any, shall be subject to reduction to the amount necessary to pay the costs of the Capital Projects as may be hereafter approved by the Corporate Authorities for the Capital Projects, plus capitalized interest, if any, and costs of issuance; and (b) for any Revolvers, the total amount outstanding of Revolvers on any given date is the amount included for purposes of the not to exceed \$295,000,000 limit for Capital Projects Bonds described in this clause (iv). The Bonds shall be designated substantially as “[Taxable] General Obligation [Variable Rate Demand][Refunding][Capital Appreciation] Bonds, Series [____],” with such additions or modifications as shall be determined to be necessary by the Chief Financial Officer at the time of the sale of the Bonds to reflect the purpose of the issue, the order of sale of the Bonds, whether the Bonds are Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds or Convertible CABs, and any other authorized features of the Bonds determined by the Chief Financial Officer as desirable to be reflected in the title of the Bonds being issued and sold.

Provided that no Bond (except for debt issued pursuant to the 2014B Indenture) shall be dated later than November 30, 2014, (i) any Bonds issued as Current Interest Bonds shall be dated as of August 1, 2011, or such later date at or prior to the date of issuance thereof as may be provided in the relevant Bond Order, (ii) any Bonds issued as Capital Appreciation Bonds shall be dated the date of issuance thereof, and (iii) any Bonds issued as Variable Rate Bonds shall be dated such date not earlier than August 1, 2011, and not later than the date of issuance thereof, as shall be provided in the relevant Indenture (any such date for any Bonds being a “Dated Date”).

Sec. 3. Direct Purchase Bonds Section in Master Bond Ordinance.

Section 11.I. of the Master Bond Ordinance is hereby amended and restated as follows:

In connection with any Series of Bonds issued or to be issued pursuant to this Ordinance or any other bonds of the County previously issued by the County, the President or the Chief Financial Officer is hereby authorized, notwithstanding the other provisions of this Ordinance or any previous ordinance of the County, to issue or remarket all or any portion of such bonds as Direct Purchase Bonds, without the participation of an Underwriter, with or without the use of a placement agent arrangement or bank loan agreement, and with or without the use of an offering document with respect to such bonds, all to the extent permitted hereunder and by applicable law. The President and the Chief Financial Officer are each authorized to do all such things and to execute and deliver all such additional documents, agreements and certificates as shall be necessary in connection with the issue or remarketing of Direct Purchase Bonds. Direct Purchase Bonds may also include Advances. Further, with respect to Direct Purchase Bonds, the provisions of the Master Bond Ordinance and any other bond ordinance of the County relating to book-entry, forms of bonds, retention of a bond trustee or use of a trust indenture, redemptions, tenders, establishment of interest rates, and any other provisions not deemed appropriate for Direct Purchase Bonds by the President or the Chief Financial Officer may be modified and other provisions, related or unrelated, may be agreed to as determined by the President or the Chief Financial Officer prior to the issue or remarketing of such bonds.

Sec. 4. Revolvers, Advances and the PNC Revolver Agreement.

The final maturity date for any Revolver including any renewals of any such Revolver shall not be later than July 1, 2024 and the interest rate borne on any Advance shall not exceed 10%.

The Chief Financial Officer is hereby authorized, on behalf of the County to approve the final provisions of the

PNC Revolver Agreement consistent with this Sec. 4 which may include, but are not limited to provisions on fees, covenants, indemnification of PNC and its related entities and each of their respective directors, officers and employees, events of default, remedies, interest rates on Advances, repayment terms for Advances and conditions precedent to Advances. The PNC Revolver shall have a maximum principal stated amount of not to exceed \$125,000,000 and shall have the terms as set forth in the PNC Revolver Agreement. The Chief Financial Officer is hereby authorized, on behalf of the County, to execute and deliver, and the County Clerk is hereby authorized, on behalf of the County, to attest and impress the official seal of the County upon, the PNC Revolver Agreement.

The President, the Chief Financial Officer, the Deputy Chief Financial Officer of the County, the Comptroller of the County and the Deputy Comptroller of the County (each, an “*Authorized Officer*”) are each authorized to execute on behalf of the County any documents relating to Advances, the PNC Revolver, the 2014B Indenture and the PNC Revolver Agreement; provided however, that any requests for Advances and other documents relating to requests for Advances (including, but not limited to the forms as set forth as Exhibits B-D to the 2014B Indenture) must be signed by any two of the Authorized Officers.

Sec. 5. Indenture.

The Chief Financial Officer is hereby authorized, on behalf of the County to execute and deliver, and the County Clerk is hereby authorized, on behalf of the County, to attest and impress the official seal of the County upon, the 2014B Indenture. The 2014B Indenture shall be in substantially the form present at this meeting and attached as *Exhibit A* and hereby approved. The Chief Financial Officer’s execution of the 2014B Indenture will constitute conclusive evidence that the executed 2014B Indenture is in substantially the form present at this meeting.

Sec. 6. Prior Inconsistent Proceedings.

All ordinances, resolutions, motions or orders, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict hereby repealed.

Effective date: This ordinance shall be in effect immediately upon adoption