

COOK COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2018

The bonds are subject to a tender date of March 1, 2019 at a purchase price equal to par plus accrued and unpaid interest at the end of the initial interest rate period. In the event the bank has not received the purchase price of the bonds on the tender date, the bonds will incur interest at the Term-out Rate. The Term-out Rate is the Base Rate plus 3%. The Base Rate is the higher of: 1) the one-month LIBOR plus 2.5%, or 2) the Prime Rate. At November 30, 2018, the Base Rate was 5.25%, which is the Prime Rate, and the Term-out Rate was 8.25%.

If the County's ratings adjust downwards, the applicable spread is set to increase by 15 basis points per notch with the default rate being applicable if the rating drops to BBB-/BBB-/Baa3 for Fitch, S&P and Moody's, respectively. In an event of default, the rate would be equal to the Base Rate plus 4%. The maximum allowable rate under the Master Bond Ordinance is 10% per annum. In accordance with the Trust Indenture, the County is required to comply with the agreed bank covenants; non-compliance would result in an event of default triggering a mandatory redemption of the bonds. In the event of a mandatory redemption of the bonds, all outstanding bonds shall be mandatorily redeemed on the 1st day of January following the 15th day of February following the first business day after the Bonds began to bear interest at the Term Out rate.

The table presented below compares the future principal and interest requirements assuming the current rate of 2.366%, compared to the future principal and interest requirements reflecting the Base Rate as defined above, for the period after the March 1, 2019 tender date.

(Amounts in thousands)				
Series 2012A				
FY	Under Term Out Provisions		As Presented in Tables 1 and 2	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ 9,865	\$ -	\$ 3,443
2020	-	12,006	-	3,443
2021	145,530	1,001	-	3,443
2022	-	-	-	3,443
2023	-	-	-	3,443
2024 - 2028	-	-	145,530,000	15,533
2029 - 2033	-	-	-	-
Total	\$ 145,530	\$ 22,873	\$ 145,530,000	\$ 32,748

Assume per annum interest at 2.37%

Assume base rate is prime rate at 5.25%

Assume term-out rate is 8.25% (base rate (5.25%) plus 3%)

Assume term-out rate begins March 1, 2019