

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

new debt and the old debt was approximately \$92.6 million and the present value amount (economic loss) was (\$1.8) million.

Current Refunding and Defeased Debt

On February, 1 2018, the County issued \$101.8 million in General Obligation Bonds with an average interest rate of 4.98 percent to refund \$108.7 million of outstanding 2006B Series bonds with an average interest rate of 5.00 percent. The net proceeds of \$110.1 million (after payment of \$0.9 million in underwriting fees and other issuance costs) were remitted by the Series 2018 trustee to the Series 2006B trustee for the redemption of the refunded bonds. The trustee serves as an escrow agent to provide for all future debt service payments on the 2018 Series bonds. As a result, the 2006B Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The cash flow requirements on the refunded debt prior to the advance refunding was \$125,309,500 from November 15, 2018 to November 15, 2022. The cash flow requirements on the 2018 Series bonds are \$147,488,371 from November 15, 2018 to November 15, 2035. The difference in cash flows between the new debt and the old debt was approximately \$22.2 million. The County refunded the 2006B Series bonds to reduce its total debt service payments by a percentage savings of 2.97% of refunded bonds and to obtain an economic gain (difference between the net present values of the debt service payments on the old and new debt) of \$3.2 million.

Section 108 Guaranteed Notes (Notes Payable)

The County's Bureau of Economic Development has 3 contracts with the Secretary of Housing and Urban Development (HUD) under the Section 108 Guaranteed Loan Program as of November 30, 2018. The outstanding note balance at November 30, 2018 is \$8,383,000 due in various annual amounts not exceeding \$2,005,000 through August 1, 2035. The interest rate for the note is reset monthly and is equal to 0.2% above the LIBOR rate. The proceeds have been loaned to secondary authorized representatives under the guidelines of the County and HUD contract, for capital infrastructure projects, for the acquisition of equipment for the Cermak Fresh Market Grocery Store, and for the acquisition of equipment for the Alsip MiniMill Paper Mill to aid in the creation and retention of new jobs.

Taxable Line of Credit

On February 25, 2016, the County closed on a \$100 million Line of Credit Agreement with BMO Harris Bank NA. The Line of Credit is a General Obligation of the County and the full faith and credit of the County is pledged to the repayment of its principal and interest. It is issued on a taxable basis and is envisioned to be largely undrawn to provide the County flexibility for unforeseen contingencies. It carries an interest cost of LIBOR plus 0.575% on any outstanding principal and 0.25% on any unused principal portion, and is for a three-year agreement set to expire in February 2019. As of November 30, 2018, the line was completely undrawn.