

**RESCIND BOARD REPORT 96-1023-PO1 DEBT MANAGEMENT POLICY
AND ADOPT A NEW DEBT MANAGEMENT POLICY**

THE CHIEF EXECUTIVE OFFICER RECOMMENDS:

the Board may deem it necessary to finance cash flow requirements under certain conditions. To the extent a borrowing finances a revolving fund such as a working cash fund that may be used to finance several years of operating costs, a longer maturity schedule may be appropriate.

- **Short-Term Debt:** Debt with maturities less than one year from the date of issuance. The Board may issue short-term debt when such instruments allow the Board to meet its

term debt may include, but is not limited to, tax anticipation warrants, lines of credit,

III. Debt Issuance Methodology

A. Establishing Financing Priorities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] in large part through the issuance of various types of debt instruments.

[REDACTED]

[REDACTED]

[REDACTED]

credit rating agencies, the Government Finance Officer's Association, or other similar sources:

- *Ratio of Net Bonded Debt to Estimated Full Value.* The formula for this computation is Net Bonded Debt, which is the total outstanding debt

divided by the current Estimated Full Value.

- *Net Bonded Debt Per Capita.* The formula for this computation is Net Bonded Debt divided by the population of the City of Chicago, based

Bureau of the Census.

- *Ratio of Annual Debt Service to General Funds Expenditures.* The formula for this computation is annual debt service expenditures divided

increased proceeds established to compensate for the risks identified below

Modeling different stress case scenarios may quantify this impact. The transaction analysis should provide assumptions for potential increased costs

associated with the risks identified below. Potential costs could be mitigated by

of interperiodic strength downgrades provisions, and rights to receive the payment

The Board should diversify its exposure to counterparties.

- d) **Interest Rate Risk.** Interest rate movements over time could adversely affect the market value of derivative instruments. The market valuation at any point in time will identify whether a termination event would result in a payment by or to

the Board. The Board shall monitor derivative transaction market values, and disclose them as provided for according to generally accepted accounting principles.

F. Financial Advisors

The Board should employ Financial Advisors when practicable to assist in managing the Board's

generally representing and acting in the Board's best interests.

The Board has an on-going fiduciary responsibility to actively manage the proceeds of debt issued for public purposes in a manner that is consistent with Illinois statutes governing the investment of public funds, and with the covenants of related bond documents.

maintain in accordance with the Internal Revenue Code and applicable

related applicable United States Treasury regulations.

D. Rating Agency Relations

The Board shall maintain effective relations with the rating agencies. The Chief Financial Officer
along with the Board's financial advisors shall communicate with the rating agencies on a