



CITY OF CHICAGO • OFFICE OF THE MAYOR



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MAYOR LIGHTFOOT ANNOUNCES \$1.2 BILLION DEBT REFINANCING TO SAVE \$200 MILLION IN 2020 BUDGET

CHICAGO – Mayor Lori E. Lightfoot today announced the City's plans to refinance existing debt, which are expected to generate \$200 million in savings, representing nearly 25 percent of the \$838 million Fiscal Year (FY) 2020 gap. The City will issue General Obligation (GO) and Sales Tax Securitization Corporation (STSC) bonds to refinance \$1.3 billion in outstanding callable City GO and Motor Fuel Tax (MFT) bonds for savings.

To address the City's growing cost of debt and other liabilities, the FY 2020 budget proposal, presented later this week, will prioritize sustainable solutions for the long-term. Importantly, the budget will not include any of the following one-time solutions: borrowing for settlements and judgments, scoop and toss restructuring, a significant draw down of reserves, or pension obligation bonds.

"Since my first day in office I have made responsible stewardship of taxpayer dollars a priority in every financial and budgetary action we have taken," said Mayor Lightfoot. "Today's announcement represents the latest step in creating millions of dollars in smart savings for Chicago's residents, allowing us to strengthen our financial footing and better focus on delivering the investments and services that will allow our city to grow and thrive."

Much like a homeowner refinancing a mortgage, the City's refinancing will issue new bonds at lower interest rates to replace higher interest bonds that are currently outstanding in order to achieve cost savings.

"These savings are a result of the City's proactive efforts to take advantage of a low interest rate environment, as well as the approach by Mayor Lightfoot's administration to create a financial plan that is reform-based, fiscally responsible and long-term sustainable," said Jennie Huang Bennett, Chief Financial Officer. "Instead of looking to one-time measures of the past, we are focused on prudent measures for addressing outstanding debt that will achieve significant near-term savings to the taxpayer without sacrificing the long-term financial health of the City."

The refinancing is pending approval by the City Council. The City and STSC anticipate issuing bonds as early as December 2019. Importantly, the minority underwriter representation on the transaction is targeted to be over 50% which is a significant increase from previous transactions.



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Today's announcement represents further progress the City has made toward finding savings and efficiencies to address the financial challenges in the 2020 budget while also continuing to provide essential services to the neighborhoods. Other steps being taken by the City to reduce operational costs include improved revenue collection procedures which saves \$25 million and the termination of \$1.4 billion of costly and unused lines of credit which saved \$22 million. The City's 2020 Budget will be presented by Mayor Lightfoot during the annual budget address, scheduled on October 23.

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