



CITY OF CHICAGO • OFFICE OF THE MAYOR



FOR IMMEDIATE RELEASE

October 23, 2024

CONTACT:

Mayor's Press Office

312.744.3334

press@cityofchicago.org

MAYOR BRANDON JOHNSON AND CITY OF CHICAGO ANNOUNCES PASSAGE OF \$1.5 BILLION BOND-REFINANCING PLAN TO LOWER DEBT COSTS AND ACHIEVE \$110 MILLION IN SAVINGS

Replacing high-interest debt with lower-rate bonds to build a stronger financial future

CHICAGO – With a 32-12 vote, Chicago's City Council has approved the issuance of \$1.5 billion in General Obligation (GO) bonds and for the Sales Tax Securitization Corporation (STSC) to issue STSC bonds to refinance or tender certain outstanding City GO bonds and STSC bonds. This transaction, aligned with Chicago's strategy for responsible debt management, is expected to generate approximately \$110 million in present value savings, thanks to lower interest rates and a tender process to buy back existing debt.

"This refinancing plan reflects our ongoing commitment to sound financial management," **Mayor Brandon Johnson** said. "With today's approval, we're taking another important step forward to lowering the City's costs and reducing pressures on the City's budget."

The plan involves replacing older, high-interest bonds with new bonds at lower rates, similar to refinancing a mortgage. Approximately \$850 million of the City's GO bonds will be callable (i.e.: eligible to be refinanced through a call option) on January 1, 2025, and the City will use a tender offer for approximately \$500 million of bonds. The plan is projected to reduce the average interest rate from 5.62 percent to approximately 3.75 percent, producing significant savings. The actual results will be market dependent.

"Our goal with every bond transaction is to be responsible stewards of taxpayer dollars," **Chief Financial Officer Jill Jaworski** said. "This refinancing will help us lower debt service costs, reduce the City's overall debt load, and directly reduce the City's budget deficit."



CITY OF CHICAGO • OFFICE OF THE MAYOR



This GO/STSC refinancing is one among several recent successful City refinancings, including transactions earlier this year that saved millions for the City's Midway Airport, O'Hare Airport, water system, and wastewater system.

The GO/STSC bonds are expected to take advantage of favorable market conditions and be issued in the fourth quarter of 2024. The inclusion of over 40 percent minority underwriter representation on the GO/STSC refinancing transaction reinforces Chicago's commitment to equitable financial practices and is comparable to previous City transactions.

###