



# BPA Focus 2028

## Managing for Financial Health

### **Rob Shelley**

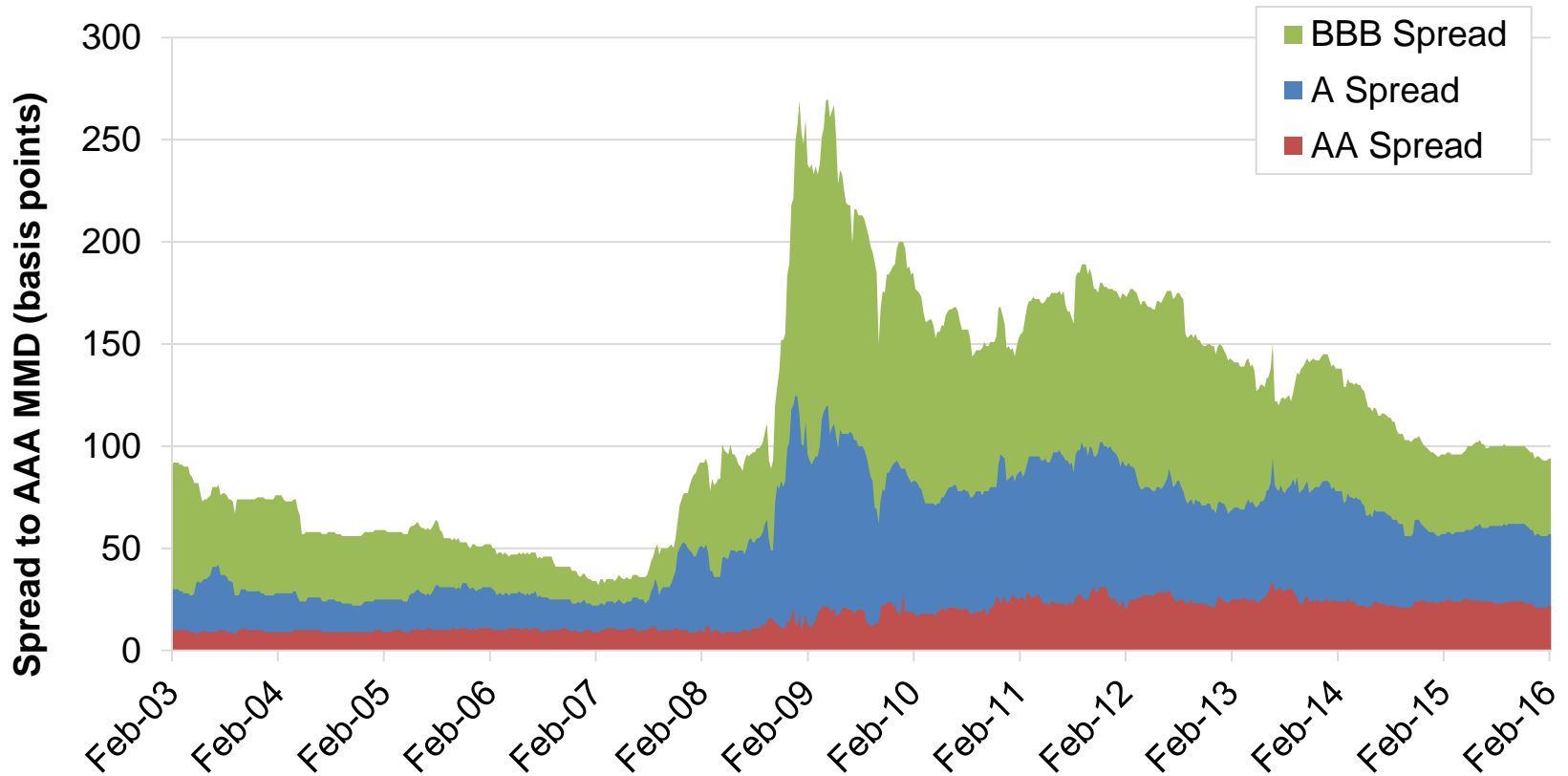
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# What is the Cost of Poor Financial Health?

## Credit Spreads for Tax-Exempt Bonds 20-Year Maturity



# Chicago Board of Education

## Borrowing entity for Chicago Public Schools (CPS)

- \$6.9 Billion in outstanding debt
- CPS serves approximately 400,000 students
- Bond ratings of B1/B+/B+ are below investment grade

## Comments from recent rating reports:

### Moody's –

- *“Precarious liquidity position”*
- *“Debt and Pension Burdens are well above average”*

### Standard & Poor's –

- *“Reliance on market access to meet operating and debt service obligations in 2016”*

### Fitch –

- *“Severe operating imbalance”*
- *“Little to no independent ability to raise revenues”*
- *“Poor Labor History”*

**DTC Bond**

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: See “RATINGS” herein

Subject to compliance by the Board with certain covenants, in the respective opinions of Chapman and Cutler LLP and Charity & Associates, P.C., Co-Bond Counsel, under present law, interest on the Series 2016A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2016A Bonds is not exempt from present State of Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion.



\$725,000,000  
BOARD OF EDUCATION OF THE CITY OF CHICAGO  
UNLIMITED TAX GENERAL OBLIGATION BONDS  
(DEDICATED REVENUES)  
SERIES 2016A



Dated: Date of Delivery

Due December 1, as shown on the inside cover

The Unlimited Tax General Obligation Bonds (Dedicated Revenues), Series 2016A will be issued by the Board of Education of the City of Chicago (the “Board”) in the aggregate principal amount of \$725,000,000 (the “Series 2016A Bonds”). The Series 2016A Bonds will be issued under a Trust Indenture, dated as of February 1, 2016 (the “Indenture”), by and between the Board and Amalgamated Bank of Chicago, Chicago, Illinois, as trustee, registrar and paying agent for the Series 2016A Bonds (the “Trustee”). The proceeds of the Series 2016A Bonds will be used as described herein. See “PLAN OF FINANCE.”

The Series 2016A Bonds will be issued as fully registered bonds in denominations of \$100,000 and any multiple of \$5,000 in excess thereof. The Series 2016A Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2016A Bonds. Purchasers of the Series 2016A Bonds will not receive certificates representing their interests in the Series 2016A Bonds purchased. Principal of and interest on the Series 2016A Bonds will be paid by the Trustee under the Indenture to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2016A Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2016A Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See APPENDIX I – BOOK-ENTRY ONLY SYSTEM.”

The Series 2016A Bonds are general obligations of the Board. The full faith and credit and the taxing power of the Board are pledged to the punctual payment of the principal of and interest on the Series 2016A Bonds. The Series 2016A Bonds are payable from, and secured under the Indenture by a pledge of and lien on, the Pledged State Aid Revenues (as defined herein) and the Pledged Taxes (as defined herein). To the extent that the Pledged State Aid Revenues are insufficient to pay the principal of and interest on the Series 2016A Bonds, the Series 2016A Bonds will be payable from the Pledged Taxes consisting of ad valorem taxes levied by the Board without limitation as to rate or amount, against all taxable property in the school district governed by the Board, the boundaries of which are coterminous with the boundaries of the City of Chicago. The Series 2016A Bonds are also payable from all Funds, Accounts and Sub-Accounts pledged as security for the payment of the Series 2016A Bonds under the Indenture. See “SECURITY FOR THE 2016 BONDS.”

The maturity dates, principal amounts, interest rates, yields, prices, and CUSIP numbers of the Series 2016A Bonds are set forth on the inside cover. The Series 2016A Bonds are subject to redemption prior to maturity as described herein.

INVESTMENT IN THE SERIES 2016A BONDS INVOLVES CERTAIN RISKS, AND PROSPECTIVE PURCHASERS SHOULD READ THE INFORMATION UNDER THE HEADING “BONDHOLDERS’ RISKS” FOR A DISCUSSION OF SOME, BUT NOT NECESSARILY ALL, OF THE POSSIBLE RISKS THAT SHOULD BE CAREFULLY EVALUATED PRIOR TO PURCHASING ANY SERIES 2016A BONDS. THE SERIES 2016A BONDS ARE NOT SUITABLE INVESTMENTS FOR ALL PERSONS, AND PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS AND SHOULD BE ABLE TO BEAR THE RISK OF LOSS OF THEIR INVESTMENT IN THE SERIES 2016A BONDS BEFORE CONSIDERING A PURCHASE OF THE SERIES 2016A BONDS. See “BONDHOLDERS’ RISKS” and “RATINGS.”

This cover page contains information for quick reference only and is not a summary of the Series 2016A Bonds. Prospective purchasers must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2016A Bonds are being offered when, as and if issued and received by the Underwriters, subject to the delivery of the approving legal opinions of Co-Bond Counsel. In connection with the issuance of the Series 2016A Bonds, certain legal matters will be passed upon for the Board by its General Counsel, Ronald Marmer, by its special co-counsel, Katten Muchin Rosenman LLP, Chicago, Illinois, and Quintáros, Prieto, Wood & Boyer, P.A., Chicago, Illinois, and in connection with the preparation of this Official Statement by its Co-Disclosure Counsel, Thompson Coburn LLP, Chicago, Illinois, and Burke Burns & Pnelli, Ltd., Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer Brown LLP, Chicago, Illinois.

Delivery of the Series 2016A Bonds is expected to be made through the facilities of DTC in New York, New York, on or about February 8, 2016.

J.P. Morgan

Loop Capital Markets

Barclays

Blaylock Beal Van, LLC      Cabrera Capital Markets, LLC      CIGroup      Estrada Hinojosa & Company, Inc.  
M&B & Company      Morgan Stanley      Ramirez & Co., Inc.      Siebert Brandford Shank & Co., L.L.C.      The Williams Capital Group, L.P.

Dated: February 8, 2016

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# Disclosure

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