

# **Bond Case Briefs**

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## **KBRA Comments on Chicago Public Schools Latest Transaction.**

Kroll Bond Rating Agency (KBRA) has released a public finance research report commenting on the Board of Education of the City of Chicago's recent issuance of Unlimited Tax General Obligation Bonds (Dedicated Revenues) Series 2017A & 2017B.

On July 10, the Board sold a limited offering of \$500 million General Obligation Bonds Series 2017A & Series 2017B. KBRA understands that, prior to delivery of the bonds, the Board intends to establish an additional security feature, the Post Default Security Mechanism, by entering into a State Aid Revenues Escrow Agreement. The Board has stated that it will authorize the state comptroller to intercept state-aid revenues into the escrow fund. In the event of a default, the escrow agent will be required transfer funds to the security account within the escrow fund until 100% of debt service is collected. It is our understanding that this additional security feature will apply only to Alternate Revenue Bonds payable from state aid. The Board has stated that this security feature is intended to apply to all alternate revenue bonds payable from state aid, subject to changes to the legal documents of existing bonds. The legal documents associated with the current issuance have not yet been made available to KBRA. KBRA will evaluate the credit implications of this transaction after we have completed a review of the legal documents.

Please click on the link below to access the full report:

[Chicago Public Schools' Latest Transaction](#)

If you have any difficulties accessing the report, please contact [info@kbra.com](mailto:info@kbra.com) or visit [www.kbra.com](http://www.kbra.com).