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## **CHICAGO HOUSING AUTHORITY RECEIVES “DEAL OF THE YEAR” AWARD**

**Innovative bond deal leverages funds for rehab work on senior and scattered site properties**

**December 11, 2002**

The Chicago Housing Authority (CHA), the nation’s third-largest public housing agency, has earned the “Deal of the Year” award from Bond Buyer magazine for pioneering the use of bond proceeds to pay for major rehabilitation of its properties.

CHA executed a \$298 million revenue bond sale in November 2001 to leverage its capital grants from the U.S. Department of Housing and Urban Development (HUD). The money raised from the bond sale is currently being used to finance a portion of the rehabilitation work on all of CHA’s senior and scattered site properties, both of which are on track to be completed by the end of 2003.

This deal by the public housing agency, which had to first be approved by HUD, took more than two years to assemble and was the first of its kind in the municipal market. For the deal to take place, CHA had to educate HUD officials on the needs of the bond market, which also included provisions for CHA to have more flexibility in its \$1.5 billion transformation plan with private developers on mixed-income housing.

In order to finance the deal, CHA pledged a portion of the federal public housing modernization funds that it receives annually from HUD for an 18-year period. The bonds were backed solely by future federal housing grants and received an impressive AA bond rating from all three ratings agencies (Fitch, S&P and Moody’s Investor’s Service).

This bond deal was the first ever to utilize the HUD capital fund program and has served as a model nationwide for similar transactions by other public housing agencies.

“We’re grateful to be acknowledged for our work to better leverage our capital funds,” said CHA CEO Terry Peterson. “The money raised from this bond sale has helped to drastically improve the living conditions for our senior and scattered site residents.”

CHA also recently approved the issue of another bond deal, worth \$20 million, to be used for the redevelopment of its Henry Horner Homes, a CHA development on Chicago's west side.