



City of Chicago Office of the City Clerk

City Hall
121 North LaSalle Street
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Referred to Committees at the Chicago City Council Meeting 2/10/2016 Section 4 - Re-Referred Legislation

File #	Title	Sponsor(s)	Committee Referral	
Amend Order				
1	Or2016-31	Department of Law directed to explore legal action concerning early termination penalties, loss recovery and repayment on all interest rate swap agreements	Ramirez-Rosa (35) Waguespack (32) Taliaferro (29) Munoz (22) Sadlowski Garza (10) Foulkes (16) Arena (45) Moore (17) Sawyer (6)	Finance
Tax Increment Financing				
2	R2016-21	Expression of support for use of Tax Increment Financing (TIF) surplus funds to offset budget deficit at Chicago Public Schools	Ramirez-Rosa (35) Munoz (22) Foulkes (16) Waguespack (32) O'Connor (40) Arena (45) Sawyer (6) Moreno (1) Scott, Jr. (24) Napolitano (41) Hopkins (2) Brookins (21) Sadlowski Garza (10) Taliaferro (29) Santiago (31) Tunney (44) Cappleman (46)	Finance



City of Chicago



Or2016-31

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 1/13/2016

Sponsor(s): Ramirez-Rosa (35)
Waguespack (32)
Taliaferro (29)
Munoz (22)
Sadlowski Garza (10)
Foulkes (16)
Arena (45)
Moore (17)
Sawyer (6)

Type: Order

Title: Department of Law directed to explore legal action concerning early termination penalties, recovering past losses and repayment on all interest rate swap agreements

Committee(s) Assignment: Committee on Finance

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CHICAGO, February 10, 2016

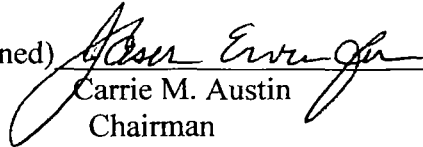
To the President and Members of the City Council:

Your Committee on the Budget and Government Operations, having had under consideration a proposed Order concerning interest rate swap agreements; and having had the same under advisement, begs leave to report and recommend that Your Honorable Body Refer the proposed Order and report transmitted herewith to the City Council Committee on Finance.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

0 members of the Committee with 0 dissenting vote(s).

(Signed)


Carrie M. Austin
Chairman

ORDER

WHEREAS, in 2015, Moody's Investors Service downgraded to Ba1 from Baa2 the rating on the City of Chicago's \$8.1 billion of outstanding general obligation debt; \$542 million of outstanding sales tax revenue debt; and \$268 million of outstanding and authorized motor fuel tax revenue debt.

WHEREAS, previous interest rate swap deals have resulted in over \$1.1 billion in payments from the City of Chicago and Chicago Public Schools to financial institutions.

WHEREAS, in December of 2015, several ordinances were submitted to the City Council of the City of Chicago that would issue over \$3 billion in bonds.

WHEREAS, included in these ordinances, is the early termination of several interest rate swap agreements.

WHEREAS, termination penalties for interest rate swap agreements are the net present value of all future payments on the swaps.

WHEREAS, the City of Chicago and Chicago Public Schools have already paid at least \$331 million in interest rate swap termination agreement penalties, and will be on the hook for another \$301 million in termination penalties if these additional swaps are terminated.

WHEREAS, the proposed payments will have the City of Chicago pay approximately \$402 million in interest rate swap agreement termination penalties.

WHEREAS, Chicago taxpayers will be forced to pay interest on the proposed bonds the City of Chicago would issue to make these payments

WHEREAS, in 2015, the City Council of the City of Chicago voted in favor of a budget that includes a record \$589 million increase in property tax payments.

WHEREAS, several of the banks that entered into interest rate swap agreements with the City of Chicago have admitted to illegally manipulating the variable interest rates on which the swaps were based, magnifying the City's losses on these deals, and have paid hundreds of millions in penalties and fines to federal and global banking regulators.

WHEREAS, the City of Chicago has previously signed agreements pertaining to some of its interest rate swaps giving up the City's right to take legal action and released financial institutions of any liabilities arising from their failure to fairly deal with the City.


WHEREAS, other public and private entities in the United States have taken legal action in similar cases and avoided or lowered termination penalties for interest rate swap agreements and were repaid payments previously made to financial institutions. **NOW THEREFORE**,

BE IT ORDERED, that the City Council of the City of Chicago does hereby direct the City of Chicago Department of Law to explore all possible legal action that would result in the lowering or termination of early termination penalties and the recovery of past losses on all outstanding interest rate swap agreements.

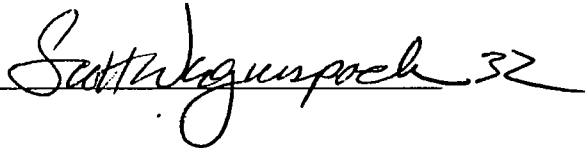
BE IT ORDERED, that the City Council of the City of Chicago does hereby direct the City of Chicago Department of Law to explore all possible legal action that would result in repayment of early termination penalties and past losses for previously terminated interest rate swap agreements.

BE IT ORDERED, that the City Council of the City of Chicago does hereby direct the City of Chicago Department of Law to explore all possible legal action that would result in an injunction against ongoing payments on all current interest rate swap agreements while legal action and negotiations with the counterparty financial institutions are ongoing.

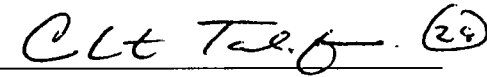
BE IT FURTHER ORDERED, that the City Council of the City of Chicago does hereby direct the City of Chicago Department of Law to publish its findings so they may be reviewed by third parties as recommended by the City Council of the City of Chicago.




Carlos Ramirez-Rosa
Alderman, 35th Ward

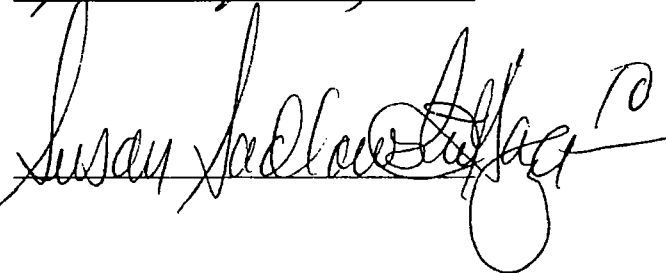


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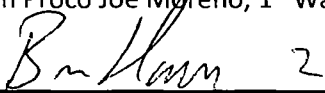
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TURN OVER

Alderman Proco Joe Moreno, 1st Ward



Alderman Brian Hopkins, 2nd Ward

Alderman Pat Dowell, 3rd Ward

Alderman Will Burns, 4th Ward

Alderman Leslie Hairston, 5th Ward

Alderman Roderick Sawyer, 6th Ward

Alderman Gregory I. Mitchell, 7th Ward

Alderman Michelle Harris, 8th Ward

Alderman Anthony Beale, 9th Ward

Alderman Susan Sadlowski Garza, 10th Ward

Alderman Patrick D. Thompson, 11th Ward

Alderman George A. Cardenas, 12th Ward

Alderman Marty Quinn, 13th Ward

Alderman Edward M. Burke, 14th Ward

Alderman Raymond Lopez, 15th Ward

Alderman Toni Foulkes, 16th Ward

Alderman David Moore, 17th Ward

Alderman Derrick Curtis, 18th Ward

Alderman Matt O'Shea, 19th Ward

Alderman Willie B. Cochran, 20th Ward

Alderman Howard B. Brookins, Jr., 21st Ward

Alderman Ricardo Muñoz, 22nd Ward

Alderman Michael Zalewski, 23rd Ward

Alderman Michael Scott, Jr., 24th Ward

Alderman Daniel S. Solis, 25th Ward

Alderman Roberto Maldonado, 26th Ward

Alderman Walter Burnett, Jr., 27th Ward

Alderman Jason Ervin, 28th Ward

Alderman Christopher Taliaferro, 29th Ward

Alderman Ariel E. Reboyras, 30th Ward

Alderman Milly Santiago, 31st Ward

Alderman Scott Waguespack, 32nd Ward

Alderman Deborah L. Mell, 33rd Ward

Alderman Carrie M. Austin, 34th Ward

TURN OVER

John D. Miller 1846

JS 45

June 17

Roll 75



City of Chicago



R2016-21

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 1/13/2016

Sponsor(s): Ramirez-Rosa (35)
Munoz (22)
Foulkes (16)
Waguespack (32)
O'Connor (40)
Arena (45)
Sawyer (6)
Moreno (1)
Scott, Jr. (24)
Napolitano (41)
Hopkins (2)
Brookins (21)
Sadlowksi Garza (10)
Taliaferro (29)
Santiago (31)
Tunney (44)
Cappleman (46)

Type: Resolution

Title: Expression of support for use of Tax Increment Financing (TIF) surplus funds to offset budget deficit at Chicago Public Schools

Committee(s) Assignment: Committee on Finance



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CHICAGO, February 10, 2016

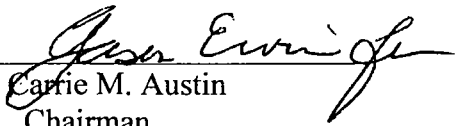
To the President and Members of the City Council:

Your Committee on the Budget and Government Operations, having had under consideration a proposed Resolution concerning Tax Increment Financing (TIF) surplus funds; and having had the same under advisement, begs leave to report and recommend that Your Honorable Body Refer the proposed Resolution and report transmitted herewith to the City Council Committee on Finance.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

1 members of the Committee with 0 dissenting vote(s).

(Signed)


Carrie M. Austin
Chairman

RESOLUTION

Whereas, the Chicago Public Schools face an immediate and wrenching crisis: a 2016 budget deficit of near \$500,000,000 along with the potential layoff of 5,000 teachers and staff; and

Whereas, the resulting disorder for hundreds of thousands of students and their families would be devastating to the educational experience of some of the state's most vulnerable children; and

Whereas, a sustainable long term revenue solution to avoid the disruption and resulting educational decline has not been agreed upon by state and city leaders; and

Whereas, Tax Increment Financing (TIF) is a tool intended by Illinois state law to encourage economic development by providing public support to encourage investment in targeted areas that meet certain conditions of blight, decay or underperformance; and

Whereas, a 2015 annual financial analysis by the City of Chicago's established that active TIF districts had an aggregate balance of \$1.38 billion dollars; and

Whereas, in light of the current economic circumstances for our school system, a short-term infusion of funds back into the Chicago Public School operating budget will offset drastic cuts, helping achieve the ultimate goal of preserving essential programs, alleviating potential mass layoffs, and thereby investing in our city's future generations; and

Whereas, 65 ILCS 5/11-74.4-7 requires that any monies held by a municipality and not required for the payment and securing of obligations of a tax increment financing district and/or redevelopment project costs shall be deemed to be "Surplus Funds"; and

Whereas, this surplus includes moneys not required, pledged, earmarked, or otherwise designated for payment and securing of the obligations and anticipated redevelopment project costs; therefore

Be it resolved, we the undersigned members of this Council, hereby support that it is in the best interest of our City, its public schools system, and the youth it serves that an immediate new TIF surplus action, in addition to the surplus declared in August 2015, be utilized to mitigate any program cuts, layoffs of staff, and reductions in services in the Chicago Public Schools.

Carlos Ramirez-Rosa
Carlos Ramirez-Rosa, 35th Ward

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[Signature] 41ST

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[Signature] 16th
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[Signature] 40th