

**COMMITTEE ON FINANCE
MONTHLY RULE 45 REPORT
October 2020**

On October 5, 2020, at 10:00 am, the Committee on Finance held a remote meeting pursuant to applicable law.

The following members were present: Hopkins, Dowell, King, Sawyer, Mitchell, Harris, Beale, Sadlowski-Garza, Thompson, Quinn, Burke, Lopez, Moore, Curtis, O’Shea, Brookins, Tabares, Scott, Burnett, Ervin, Taliaferro, Reboyras, Austin, Villegas, Mitts, Sposato, Napolitano, Reilly, Smith, Tunney, Osterman, Silverstein, Vice Chairwoman Hairston, and Chairman Waguespack.

The following member was absent: Cardenas.

The following additional aldermen were present: Coleman, Sigcho-Lopez, Cardona, Nugent, Vasquez.

Chairman Waguespack opened the meeting with a statement regarding the impracticability to meet in person. Chairman Waguespack took a roll call to establish a quorum, as reflected above.

Pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, Chairman Waguespack opened a hearing regarding multi-family housing revenue notes for HPR Preservation LP, HRP GP LLC, Center for Changing Lives and LUCHA for the properties located at 1152-58 North Christiana Ave., 3339-41 West Division St and 1146 North Christiana Ave. at 10:04 am. Chairman Waguespack read the legal notice and introduced it into the record as Exhibit 1. Chairman Waguespack opened the floor for written and oral public comment. There was none.

Chairman Waguespack closed the hearing at 10:10 am and returned to the regular agenda.

Chairman Waguespack opened the floor for public comment. There was none.

The Committee addressed the following items:

1. Approval of Rule 45 Report of the previous meetings of the Committee on Finance.

Ald. Lopez noted that he had previously requested documents from the Department of Planning and Development through the Chair, and he had not received them yet. Ald. Lopez moved do pass by the roll call taken to establish quorum. Motion carried on a voice vote.

2. SO2020-4596 A communication recommending a proposed ordinance concerning the authority to issue Multi-Family Program bonds, to enter into and execute a restructuring agreement, and the issuance of Tax Increment Financing (TIF) financing assistance with HPR Preservation LP, HRP GP LLC, Center for Changing Lives and LUCHA for the properties located at 1152-58 North Christiana Ave., 3339-41 West Division St and 1146 North Christiana Ave.

Amount: \$7,000,000.00

Chairman Waguespack introduced Dinah Wayne from the Department of Housing to speak regarding the ordinance, which she did. Ald. Burnett commended the project and asked for clarification on the funding, which Wayne provided. Ald. Burnett moved to accept the substitute by the same roll call used to establish quorum. Motion carried on voice vote.

Ald. Thompson asked for details about project costs, and Wayne provided the information. Ald. Thompson asked if the developer was current on their existing loan payments. Charlene Andreas with LUCHA indicated they are. Ald. Thompson asked for rents at the property. Andreas said \$520 to \$850, depending on the subsidy.

Ald. Lopez asked for the timeline of the TIF request. Wayne said it was submitted 12-18 months ago. Ald. Lopez asked if all the TIF funds were being drawn from the local TIF, and Wayne said they were.

Ald. King asked about the amount of developer fees, and Wayne provided the information. Ald. King asked about the MBE/WBE goals on the project. Wayne said it was 26 percent MBE and 6 percent WBE. Ald. King asked about the soft costs associated with the project, and Wayne provided the information. Ald. King asked for a detailed budget through the Chair, and Wayne agreed to provide it.

Ald. Burnett asked about the Chicago Housing Authority funding, and Andreas said it was only a rental based subsidy. Ald. Smith asked how many units total will be in the project, and Wayne said it will have 65. Ald. Smith asked for pre-unit costs, and Wayne said \$218,000. Ald. Smith asked what the largest driver of those costs was, and Andreas said it was for bathrooms and a sprinkler system. Ald. Smith asked about how the land was acquired in 1994, and Andreas said it was a City donation of land.

Ald. Hopkins moved do pass by the roll call taken to establish quorum. Motion carried on a voice vote.

3. A2020-120 A communication recommending the appointment of Gordan R. Hawkes as a member of the Northwest Home Equity Commission.

4. A2020-121 A communication recommending the appointment of Laura M. Sayan as a member of the Northwest Home Equity Commission.

5. A2020-122 A communication recommending the re-appointment of Pablo R. Medina as a member of the Northwest Home Equity Commission.

Chairman Waguespack introduced Ivy Ellis, Executive Director of the Northwest Home Equity Commission, to explain the commission and introduce the appointees, which she did. Chairman Waguespack invited Gordan Hawkes, Laura Sayan and Pablo Madina to present their credentials, which they did.

Ald. Hopkins said he supports the appointments and asked how many claims have been paid. Ellis said there have been two since 2008. Ald. Dowell asked about the claims history of the commission and about the commission's loan program. Ellis said seven claims had been filed since 1989, and the loan funds come from the commission's accrued reserves. Ald. Dowell asked how many housing units are in the program, and Ellis said she would provide that through the Chair.

Ald. Villegas noted the history of the program and asked for future hearings regarding the commission. Chairman Waguespack agreed. Ald. Taliaferro asked about the appointment process, and Ellis provided that information. Ald. Villegas, on a point of information, said that each aldermen whose ward overlaps with the commission's boundaries gets to recommend an appointment. Ellis explained who the current commission members are and which wards they represent. Ald. Sposato, on a point of information, reiterated Ald. Villegas's comments.

Ald. Austin asked how long one is appointed to the commission. Ellis said terms are three years. Ald. Austin asked if Medina intended to remain a City resident. Medina said he would eventually move from the City but intends to remain during his term. Ald. Austin asked which ward Medina would represent, and Ellis said the 30th Ward.

Ald. Reboyras noted that a similar loan program exists on the Southwest Side and spoke in support of Medina's appointment. Vice Chairwoman Hairston asked about the appointment process, and Ellis provided the information. Ald. Sposato expressed his support for the appointments and the commission.

Ald. Moore, on a point of order, asked if Ald. Taliaferro intended to vote against the appointments. Ald. Taliaferro said he did not.

Ald. Reboyras moved do pass on Item 3 by the roll call taken to establish quorum. Motion carried on a voice vote.

Ald. Curtis moved do pass on Item 4 by the roll call taken to establish quorum. Motion carried on a voice vote.

Ald. Villegas moved do pass on Item 5 by the roll call taken to establish quorum. Motion carried on a voice vote.

6. A2020-123 A communication recommending the re-appointment of Diane Reyes as a member of the Northwest Home Equity Commission.

Ald. Austin moved do pass on Item 6 by the roll call taken to establish quorum. Motion carried on a voice vote.

7. O2020-4567 A communication recommending a proposed ordinance concerning the authority to enter into and execute an Intergovernmental Agreement between the City of Chicago and the Chicago Transit Authority for Tax Increment Financing assistance for improvements of the CTA Lake Street Bridge infrastructure and tracks.

Amount: \$7,000,000.00

Chairman Waguespack introduced Chicago Transit Authority Chief of Infrastructure William Mooney and Tim Jeffries, Deputy Commissioner with the Department of Planning and Development, to speak regarding the ordinance, which they did.

Ald. Lopez asked when the project was presented to the TIF Investment Committee. Mooney said October 2019. Ald. Lopez asked the size of CTA's capital budget. Mooney said it is about \$800 million, excluding federal funding. Ald. Lopez asked if that includes City TIF money. Mooney said roughly \$700 million of the capital budget is from state funds, with the remainder in various grants and TIF funding. Ald. Lopez asked how much of the CTA five-year plan requires TIF. Mooney said it was a small amount. Ald. Lopez asked for the CTA to provide a list of projects where TIF funds are expected. Mooney said he would provide that.

Ald. Thompson asked if Ald. Reilly supported the project. Chairman Waguespack said Ald. Reilly would address the project last. Ald. Thompson asked how much money remains in the LaSalle Street TIF. Jeffries said \$63 million before any surplussing. Ald. Villegas asked if aldermen are part of the TIF Investment Committee and when aldermen are engaged in that process. Jeffries said projects are not reviewed until the sister agency has engaged any alderman whose ward has more than 7.5 percent of the TIF. Ald. Villegas countered that he believed aldermen were engaged later in the process, and TIF investments of a lower amount happen without any engagement. Ald. Villegas also requested more transparency in the process of review and expressed concerns that TIF was being used on infrastructure by sister agencies in a way that does not generate additional tax revenue.

Ald. Lopez questioned that aldermen can make TIF requests. Jeffries said anyone can. Ald. Lopez asked through whom that request would be sent. Jeffries said it would depend on the agency fulfilling the project request. Ald. Lopez said that would mean that the TIF request would not be directly from an alderman. Jeffries said that, for example, if there was a request from an alderman concerning a school, DPD would then reach out to Chicago Public Schools to figure

out scoping and pricing. Ald. Dowell, on a point of information, noted that the process, on a street project, for example, would go through the Chicago Department of Transportation. Ald. Curtis, on a point of information, reiterated Ald. Dowell's point.

Ald. Lopez said he was trying to learn what had changed since May 2019, and that the process Jeffries outlined allows a department to halt a project before it ever gets to DPD. Ald. Lopez asked that the TIF Investment Committee be provided to members of the Committee. Chairman Waguespack requested DPD provide that through the Chair. Ald. Vasquez, on a point of information, said he had experienced the process similarly to Ald. Dowell.

Ald. Reilly said this item was not at his request, but he does support the request. Ald. Reilly also said that, in the times he has tried to use TIFs for small improvements, he has been turned down, and the process needs to be made more transparent.

Ald. Dowell moved do pass by the roll call taken to establish quorum. Motion carried on a voice vote with Ald. Lopez voting no.

8. O2020-4570 A communication recommending a proposed ordinance concerning the authority to enter into and execute an Intergovernmental Agreement between the City of Chicago and the Chicago Transit Authority for Tax Increment Financing assistance for life safety improvements of the CTA Blue Line Dearborn St subway between West Arcade Place and West Marble Street.

Amount: \$2,083,000.00

Chairman Waguespack introduced Chicago Transit Authority Chief of Infrastructure William Mooney and Tim Jeffries, Deputy Commissioner with the Department of Planning and Development, to speak regarding the ordinance, which they did.

Ald. Villegas asked if CTA was using the City's MBE/WBE program for this and the previous project. Mooney said they use the federal standards. Ald. Villegas said some firms in the City program would not qualify under the federal standards, and CTA should use the City standards when using City money. Chairman Waguespack asked Mooney to provide information on doing that through the Chair.

Ald. Lopez asked when the project was presented to the TIF Investment Committee. Mooney said October 2019. Ald. Lopez asked how much of the project costs would be funded by TIF. Mooney said 100 percent. Ald. Lopez said bureaucrats should not be making decisions on projects without oversight by the TIF Investment Committee and aldermen.

Ald. Thompson asked for clarification on the CTA's DBE program and if there would be a clause in the intergovernmental agreement concerning it. Jeffries said the intergovernmental agreement

specifies that they need to spend the funds based on their DBE policy, not the City's. Ald. Thompson asked if the Committee was trying to amend the intergovernmental agreement to change that. Chairman Waguespack asked what the differences are between the CTA's DBE and the City's MBE/WBE. Mooney said that their policy has a lower revenue cap on the firms that would qualify for DBE.

Ald. Villegas said that the City standards should apply since the project is using City money. Ald. Thompson asked if the Committee intended to amend the agreement on its face or if the Committee intended to vote on this item and make changes in the future. Chairman Waguespack said he was attempting to reach out to the Department of Law on amending the document on its face.

Vice Chairwoman Hairston said she believed the use of City money would trigger the City's MBE/WBE, and she requested a list of the CTA's DBE-certified firms through the Chair. Ald. Villegas requested a list of CTA projects funded through TIF. Ald. Lopez, on a point of information, asked about Item 7 and whether that should also be amended. Chairman Waguespack said he would return to Item 7. Ald. Reilly noted that the Chairman had the ability to not report out Item 7. Chairman Waguespack said he was considering that.

Ald. Ervin asked if it was possible to apply both the City's and the CTA's policies to the ordinance. Jeffries said he would need to check with the DoL, but in the past, the City deferred to the sister agencies on their policy. Ald. Ervin said that, since it is City money, the City's policy should apply.

Chairman Waguespack invited Jim McDonald from the Department of Law to speak regarding the technical aspects of changing the intergovernmental agreement, which he did. Ald. Reilly moved to amend both Items 7 and 8 to change the agreement to apply the City's MBE/WBE standards. Ald. Thompson, on a point of information, noted that the City's requirements also include veteran-owned businesses and wanted to clarify that those businesses would also be included. Ald. Thompson also noted that it might not be possible to make such a change to Item 7 due to the project's other funding source

Ald. Burnett said the City should stop acquiescing to sister agencies. Chairman Waguespack asked where the other money was coming from on Item 7, and Mooney said it was CTA money from the ground transportation tax. McDonald noted that, if there are multiple funding sources, the more restrictive contracting program would apply. Ald. Ervin asked if federal money and City money could be segregated, or if the entire project would be under one set of rules. McDonald said it depends. Chairman Waguespack invited Jeff Levine with the Department of

Law to speak. Levine noted that any amendment of the items would require some time to draft the amendments due to the Rules of Order of the City Council.

Ald. King said the City standard should prevail anytime City money is used and there are no federal funds. Ald. Reilly said he would have the Legislative Reference Bureau start working on an ordinance. Chairman Waguespack said he would hold Item 8 while waiting for an amendment to be fully drafted. Ald. Dowell noted that the Committee on Budget and Government Operations also had a meeting scheduled in the afternoon.

9. Direct Introduction A communication transmitting reports of cases in which judgments or settlements were entered into for the month of September 2020.

Chairman Waguespack said Item 9 would be placed on file with the Clerk. Ald. Tunney asked that information be provided on two lawsuits through the Chair.

10. Direct Introduction A proposed order authorizing the payment of various small claims against the City of Chicago.

11. Direct Introduction A proposed order denying the payment of various small claims against the City of Chicago.

Chairman Waguespack said, without objection, Items 10 and 11 would be placed on the City Council omnibus agenda. There was no objection.

Chairman Waguespack, at 12:18 pm, recessed the meeting to 12:45 pm.

Chairman Waguespack reconvened the meeting at 12:54 pm. Chairman Waguespack said that the issues are complex, and in the interest of making sure any change is correct, the Committee would stand in recess until Tuesday, Oct. 6, at 3:30 pm. Ald. Lopez asked if the Committee would need to vote to reconsider Item 7. Chairman Waguespack said that might happen when the meeting reconvened again. Chairman Waguespack thanked Committee members for their understanding.

Chairman Waguespack reconvened the meeting at 4:33 pm Tuesday, October 6, 2020. Ald. Lopez issued a quorum call.

The following members were present: Hopkins, Dowell, King, Mitchell, Harris, Beale, Sadlowski-Garza, Thompson, Quinn, Lopez, Moore, O'Shea, Scott, Taliaferro, Villegas, Tunney, Vice Chairwoman Hairston, and Chairman Waguespack.

There being 18 members present, Chairman Waguespack noted the presence of a quorum.

Chairman Waguespack returned to Items 7 and 8, and noted that future hearings would be held with sister agencies on their contracting standards. Vice Chairwoman Hairston noted the presence of legal counsel for the CTA and Department of Law, but not aldermen. Chairman

Waguespack said the lawyers on the meeting would explain state law issues. Vice Chairwoman Hairston asked why these items were urgent.

Ald. Hopkins, on a point of order, asked if the Committee was considering both Items 7 and 8, or just Item 8. Chairman Waguespack said both items are similar in the issues concerning Committee members. Ald. Beale asked how the project was happening without having all the funding in place. Chairman Waguespack noted that, on Item 7, CDOT is already working on a separate portion.

Mooney refreshed the Committee's memory on Item 8 and clarified that work has not begun. Mooney said work on Item 7 has not started, but CTA was looking for their work at the same time as CDOT.

McDonald explained that the CTA is not a home rule unit of government and is governed by state law. McDonald said that the state law requires CTA to use the DBE program for all projects. McDonald also explained the differences between the City's MBE/WBE and the CTA's DBE programs.

Chairman Waguespack noted that Aids. Austin, Burnett, and Ervin joined the meeting. Ald. King asked if the MBE/WBE programs could coexist with the DBE program. McDonald said there are differing requirements between the program, mainly that DBE does not differentiate between the various types of disadvantage.

Chairman Waguespack invited Juan Pablo Prieto from CTA to explain their DBE program, which he did. Ald. King asked if the City's MBE/WBE goals could still be implemented within the DBE program. Prieto said they regularly try to recruit MBE/WBE firms for their DBE program.

Chairman Waguespack invited CTA General Counsel Karen Seimetz to speak to the issue, which she did. Ald. Moore asked about the interplay between CDOT, with their MBE/WBE requirements, and CTA, with its DBE program, on Item 7. Mooney said that they are two different projects that would occur simultaneously.

Ald. King said she did not believe her previous question was answered and would like to know the contracting on the Red Line work. Vice Chairwoman Hairston said Ald. Austin might be able to shed light on the Red Line contracting. Ald. Austin said that her recollection was that minority participation was very high. Ald. King said she would assume those were DBE vendors.

Ald. Dowell said CTA should be able to address Red Line minority participation. Mooney said those firms were DBE, and there was substantial outreach. Prieto said that MBE/WBE firms can often be certified as DBE, but CTA has never had a project that required conforming to both programs.

Seimetz said that state law requires CTA use the DBE requirement. Ald. Lopez asked if we could mandate CTA follow a regulation when using our funds. McDonald said the issue is the CTA enabling legislation, which requires the DBE program, which does not differentiate between various disadvantaged groups. Ald. Lopez asked what alternative, other than not funding the

project, the City Council had to require they follow City standards. McDonald said not funding the projects was an option.

Ald. Villegas said the state law needs to be changed so the City can force sister agencies to follow City rules. Ald. Villegas said he also believed MBE/WBE could coexist with DBE, as they do at the airport, if the state law were changed.

Vice Chairwoman Hairston said she would not support Item 8 and noted that DBE includes no residency requirement. Chairman Waguespack said he would be willing to hold the item if it was the will of the Committee.

Ald. Lopez moved to defer Item. Chairman Waguespack asked to allow others to be heard first. Ald. Beale asked Chairman Waguespack if he would hold Items 7 and 8. Chairman Waguespack said he would if it was the will of the Committee. Ald. Dowell noted that reviews on this topic should also occur for the Chicago Park District, Chicago Public Schools, and others. Ald. Villegas said his staff is working on obtaining a date for that meeting. Levine asked if there was any time sensitivity to the projects, especially in light of legislative uncertainty.

Mooney said, on Item 7, the timeframe is driven by the reconstruction of the Lake Street Bridge, and Item 8 is using in-house construction.

Ald. Lopez renewed his motion. Ald. Beale, on a point of clarification, reiterated Vice Chairwoman Hairston's point on the City Council having lawyers separate from the Department of Law. Motion carried by the following roll call:

Voting yes: Hopkins, Dowell, King, Mitchell, Harris, Beale, Sadlowski-Garza, Thompson, Quinn, Lopez, Moore, Curtis, Scott, Taliaferro, Austin, Villegas, Vice Chairwoman Hairston, and Chairman Waguespack.

Voting no: None

The Committee having no further business, on a motion by Ald. Moore, the meeting was adjourned at 5:27 pm.

Respectfully submitted,



Scott Waguespack

Chairman, Committee on Finance