



## SCOTT E. WAGUESPACK

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### **Ald. Waguespack cautions City Council to slow process on pension bonds, ensure thorough examination**

CHICAGO (August 27, 2018)--Ald. Scott Waguespack (32), chair of the Chicago City Council Progressive Reform Caucus, issued the following statement on Monday in light of the news that the Emanuel administration is proposing \$10 billion in bonds to support the City's pension obligation:

"It is our responsibility as aldermen to fully vet the Mayor's massive pension obligation bond (POB) proposal and all of its potential repercussions for taxpayers before we rush to a vote. One set of briefings, called with little notice in late August, won't cut it. Taxpayers deserve an open and honest discussion about this new deal and the direction of the City's finances.

"Before we allow this plan to be rushed through, I urge my colleagues to slow down and demand answers from the fifth floor to some basic questions, the answers to which will determine if it is fiscally responsible to move forward, such as:

- Will this potential structure consolidate debt into a single, tax exempt package? What are the expected payment structure and amortization schedules?
- For years, we have argued that new, progressive revenue sources are needed, and this proposal will not negate that need, as pointed out by the CITI research report. What is the Mayor's plan to raise revenue to cover the new debt service this alone will generate?
- How will the Emanuel administration sell this deal--how much of it will be competitive and/or negotiated?
- How many series will there be, and how far apart?
- What is target annual interest rate?
- What refinancing provisions will the Emanuel administration seek? Like the structure of the parking meter deal, will the City be stuck with a potentially bad deal for taxpayers for decades? Are they callable at any time during their term or will the City be stuck with them until maturity?
- If the market goes into a recession within the first years of the deal, what is the Mayor's plan to fund the City's debt?
- Will the administration allocate the full amount of the pension obligation bonds to the pension funds, or will a portion be used to supplement the ramps?

"Without answers to these questions and many more, the City Council must do the responsible thing and turn down the Mayor's request for a blind yes vote."

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