



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.

Alderman Proco Joe Mfreno, 1<sup>st</sup> Ward Alderman Brian Hopkins, 2<sup>nd</sup> Ward

Alderman Howard B. Brookins, Jr., 21<sup>st</sup> Ward

Alderman Willie B. Cochran, 20<sup>th</sup> Ward

Alderman Ricardo Munoz, 22<sup>nd</sup> Ward

Alderman Michael Zalewski, 23<sup>rd</sup> Ward

Alderman Gregory I. Mitchell, 7 Ward  
Alderman Roberto Maldonado, 26 Ward

Alderman Daniel S. Solis, 25<sup>th</sup> Ward

Alderman Walter Burnett, Jr., 27<sup>th</sup> Ward

Alderman Jason Ervin, 28<sup>th</sup> Ward

Alderman Christopher Taliaferro, 29 Ward

Alderman Arie J. E. Rios, 30<sup>th</sup> Ward

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Alderman Edward M. Burke, 14 Ward

Alderman Scott Waguespack, 32<sup>nd</sup> Ward

Alderman Deborah L. Mell, 33<sup>rd</sup> Ward

Alderman Carrie M. Austin, 34<sup>th</sup> Ward