



Office of the City Clerk

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Legislation Text

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Title:

Committee(s) Assignment:

Amendment of Municipal Code Title 2 by adding new Chapter 2-165 entitled "Debt Transactions Accountability Ordinance"
Committee on Finance

Committee_pn Finajjee April 13,2016 City
Council Meeting

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The Municipal Code of Chicago is hereby amended by adding a new Chapter 2-165 as follows::

CHAPTER 2-165 DEBT TRANSACTIONS - TRANSPARENCY, ACCOUNTABILITY AND PERFORMANCE

2-165-010 Purpose and intent.

This chapter shall be known and may be cited as the "Debt Transactions Accountability Ordinance." It is the purpose of this Chapter and the policy of the City : (i) to subject proposed Debt Transactions, as defined herein, to more rigorous evaluation and more meaningful public scrutiny; (ii) to ensure that Chicagoans receive appropriate benefit from Debt Transactions; and (iii) to provide .greater access to data reporting and other pertinent information regarding Debt Transactions.

2-165-020 Definitions.

Whenever used in this Chapter, the following words and phrases shall have the following meanings:

"CFO" means the Chief Financial Officer

"Debt Transaction" means an issuance by the City, acting in a non-conduit capacity, of any bond, note or other debt instrument, with a maturity of longer than 271 days, that does not bear interest at a fixed rate for its entire term. For purposes of this definition, "Debt Transaction" shall not include tax anticipation warrants or notes, or letters or lines of credit (and related notes).

"Post" means to post in a prominent, readily locatable and viewable location on the City's website for public review.

"Registered Advisor" means an "independent registered municipal advisor" as defined under 17 C.F.R 240.15Bal-l(d)(3)

(vi)(A) and retained by the CFO.

2-165-030 Debt Transaction requirements.

The City shall not enter into any Debt Transaction unless and until all of the following conditions have been met:

a) The CFO shall direct the Registered Advisor to prepare a report assessing the proposed Debt Transaction. The report shall evaluate: (i) whether the proposed Debt Transaction is in the best interests of the City and its residents; and (ii) what risk exists to the City and taxpayers should the Debt Transaction be completed. In preparing the report, the Registered Advisor shall provide information on the cost of the Debt Transaction as compared to standard fixed rate debt for the same revenue sources, and the potential financial risks associated with the Debt Transaction.

b) The City Council Office of Financial Analysis shall prepares report on the Debt Transaction. The report shall be distributed to the members of the City Council and posted at least 7 days before the Committee on Finance holds the hearing required by Section 2-165-040(b). The report shall evaluate: (i) whether the proposed Debt Transaction is in the best interests of the City and its residents; and (ii) what risk exists to the City" and taxpayers should the Debt Transaction be completed.

2-165-040 City council process; approval required.

Each Debt Transaction shall require approval by a vote of the City Council, and shall be subject to the following public review schedule:

a) At the time the CFO determines to engage in a Debt Transaction, he or she shall notify the members of the City Council. The notice must come at least 45 days prior to the City, Council vote on an ordinance approving a proposed Debt Transaction. The notice shall contain a plain-English summary of the proposed Debt Transaction, which shall include a description of the proposed Debt Transaction's purpose and potential public benefits and risks..

b) At least 7 days prior to the City Council vote on an ordinance approving a proposed Debt Transaction, the Committee on Finance shall hold a hearing on the proposed Debt Transaction. At least 23 days before that committee hearing takes place: (i) the CFO shall provide to the committee and post the report prepared pursuant to Section 2-165-030(a) and shall post a notice that includes: (1) a brief description of the public purpose(s) for the Debt Transaction; (2) an explanation of the risks underlying the Debt Transaction; (3) a summary of the report required by Section 2-165-030 (a), as well as a link to that posted report; and (4) an estimated timeline for the execution and closing of the Debt Transaction; and (ii) except with regard to Debt Transactions intended for refunding purposes, the Budget Director shall provide to the committee a document indicating, with as much specificity as practicable, the anticipated use of the funds to be received by the City from the Debt Transaction.

At such hearing, the CFO, the Registered Advisor and the Council Financial Analyst shall be present to answer questions from City Council members. City Council members may also, with 72 hours' notice to the Chairman of the Committee on Finance, present expert testimony at the hearing.

(c) Before the required City Council vote, in addition to the Committee on Finance hearing specified in subsection (b) of this section, the City shall convene a meeting at which interested members of the public can comment on the proposed Debt Transaction. This public meeting may be a committee meeting convened by the Committee on Finance, and may take place either directly before or directly after a regular meeting of that committee, including the meeting specified in subsection (b), and may consider more than one proposed Debt Transaction, so long as each such Transaction is separately noticed and addressed.

2-165-050 Indemnification limitations.

The City shall not indemnify any party to a Debt Transaction with regard to gross negligence, illegal acts, fraud, bad faith breach or willful misconduct.

2-165-060 Annual performance reports.

a) On or before December 31 of each year, the CFO shall post a report that describes the financial performance of each Debt Transaction over the past year, as well as over the elapsed life of the Debt Transaction, and how that performance compares to the anticipated benefits and risks of the Debt Transaction. The reports required by this subsection (a) shall render information fully searchable and machine-readable, and shall be nonproprietary.

b) The CFO shall post all standard federally required reports pertinent to each Debt Transaction at the time the reports are filed, except as otherwise prohibited by, and subject to such exclusions from disclosure as are contained in, federal or state law (e.g. F.O.I.A.).

2-165-070 Administration

The CFO is authorized to administer this Chapter and to adopt all necessary and reasonable rules and regulations therefor.

SECTION 2. This ordinance shall be effective upon passage and publication, and shall apply to Debt Transactions executed thereafter.

Alderman, 32nd Ward

Leslie Hairston Alderman, 5th Ward

Roderick Sawyer Alderman, 6th Ward

Toni Foulkes Alderman, 16th Ward

David Moore Alderman, 17th Ward

Chris Talliaferro Alderman, 29th Ward

Carlos Ramirez-Rosa Alderman, 35th Ward

Nick Sposato Alderman, 38th Ward