

**COMMITTEE ON FINANCE
MONTHLY RULE 45 REPORT
February 2021**

On February 22, 2021, at 10:04 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, Cardenas, Quinn, Burke, Lopez, Moore, Curtis, O'Shea, Brookins, Tabares, Scott, Burnett, Ervin, Taliaferro, Reboyras, Austin, Mitts, Sposato, Napolitano, Reilly, Smith, Tunney, Osterman, Silverstein, Vice Chairwoman Hairston, and Chairman Waguespack.

The following member was absent: Villegas.

The following additional aldermen were present: LaSpata, Sigcho-Lopez, Cardona, and Vasquez.

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

No members of the public signed up to speak during public comment.

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

On Item 1, Ald. Lopez moved do pass by the roll call taken to establish quorum. Motion carried on a voice vote.

2. O2021-420 A communication recommending the approval of the first amendment to the original ordinance revising the City of Joliet Water Supply Preliminary Agreement and establishing Advisory Council on Lake Michigan water supply agreements.

Chairman Waguespack invited Chicago Chief Finance Officer Jennie Bennett to speak regarding the ordinance, which she did.

Ald. Dowell thanked the CFO for her work and asked if the City retained any opt out rights. Bennett said there is a clause to renegotiate after 50 years, but only Joliet could opt out. Ald. O'Shea thanked the CFO and Department of Water Management for their work.

Ald. Ervin asked for a breakdown of water rates and how those rates would impact City water users, and Bennett provided the information. Ald. Ervin asked if Joliet water users would pay more, and Bennett said yes. Ald. Ervin asked if Joliet would pay the City more than City users pay. Bennett said there are many variables in that computation. Ald. Ervin asked how this transaction would benefit City users. Bennett said that it helps spread fixed costs among more users, benefiting City users. Ald. Ervin asked Bennett to provide, through the Chair, a breakdown of the fees charged to wholesale users.

Chairman Waguespack noted that water rates for the region are easy to find online. Bennett said that, were the City to charge more than the cost of providing the water, wholesale users would seek other water sources. Ald. Ervin clarified that he was seeking information on how this ordinance impacts residents.

Ald. Sposato thanked Bennett for her work.

Ald. Lopez asked how much the City is owed by bulk customers, and Bennett said roughly \$20 million. Ald. Lopez noted that the revenue from Joliet should offset some of the money due to the City from other municipalities. Bennett noted that this ordinance solidifies the City's dominance as a regional water solution. Ald. Lopez asked if other municipalities had access to Lake Michigan water, and Bennett explained the state and multinational process for allocating Lake Michigan water. Ald. Lopez asked if the City is looking at any type of water system mergers. Bennett said no, but the City is working to stay competitive as a water provider.

Ald. Smith asked at what capacity the City's water purification plants are running, and Bennett said one plant is running at 50 percent of total capacity. Ald. Smith said it is advantageous to diffuse the costs of that purification among more customers. Ald. Ervin, on a point of personal privilege, noted that, if a bulk user is getting a discount, City residents should as well.

Ald. Cardenas said City residents have to pay for City infrastructure such as City water mains, and the City of Joliet does not. Bennett said that is correct. Ald. Cardenas asked about the amounts other municipalities owe Chicago, and Bennett said the City continues to seek collection on those costs. Ald. Cardenas said this ordinance further limits any potential privatization of the City water system.

Ald. Osterman asked about the City's future ability to sell water, and Bennett explained the process and noted water conservation efforts. Chairman Waguespack thanked Bennett for her work.

On Item 2, Ald. Curtis moved do pass by the roll call taken to establish quorum. Motion carried on a voice vote.

3. O2020-6251 A communication recommending the approval of the designation of the 2021 Municipal Depositories for the City of Chicago.

Chairman Waguespack invited Comptroller Reshma Soni to speak regarding the ordinance, which she did. Ald. Osterman expressed concerns about lending in underserved communities and said he could not support the ordinance.

Ald. Austin asked if smaller banks had responded to the RFP, and Soni said a few had. Chairman Waguespack noted that a full list was provided to Committee members December 10.

Ald. Ervin noted the low response rate to the RFP due to low interest rates. Ald. Ervin asked what the City can do to spur more lending in underserved communities. Soni noted more banks may be interested in becoming municipal depositories once interest rates increase and cash balances improve. Ald. Ervin asked if the lack of small bank interest in the RFP is temporary, and Soni said she believes it is.

Ald. King asked how often this ordinance is approved, and Soni said they are required to issue the RFP every year, although the ordinance is not always approved by the Committee. Soni also noted they could do another RFP anytime. Ald. King asked if a list could be created of small banks so they could participate once interest rates improve, and Soni said yes. Ald. King also expressed concerns about the lack of lending in underserved communities and how it impacts minority wealth creation.

Ald. LaSpata asked Soni to provide a list of which banks have served as municipal depositories and what they have charged the City, and she agreed to provide it through the Chair. Ald. LaSpata echoed Ald. King's concerns regarding lending practices. Soni noted that the municipal depositories are needed for basic cash functions of the City, those functions cost the banks, and the banks are required to collateralize City deposits at 102 percent. Soni also noted several banks have reached out inquiring what they can do to better serve underserved communities. Ald. LaSpata thanked Soni for her efforts regarding equity and asked about the state's depository program and how it compares to the City's. Soni said that the City Treasurer's Office was unaware that they can deposit funds in a way similar to the state.

Ald. Mitchell echoed the comments of Aids. Osterman, King, and LaSpata and expressed concerns about lending disparities and banking consolidation. Ald. Mitchell said he would not support the ordinance.

Ald. Osterman noted a hearing he had scheduled for his committee on home lending practices.

Ald. Lopez asked if there was urgency in approving the ordinance. Soni said the list was finalized in December. Ald. Lopez asked if there was an expiration on the previous depository ordinance, and Soni said no. Ald. Osterman noted that his hearing was to start the conversation on structural change in lending practices. Ald. Lopez suggested holding the ordinance in Committee.

Ald. Tunney asked if the RFP had changed in the last five years and if there is a limit on the number of depositories. Soni said they have been discussing with the Department of Law what changes could be made in the RFP to further encourage changes to lending practices. Deputy Corporation Counsel Jim McDonald noted that the City does not have legal authority to regulate banks. Ald. Tunney asked to see the changes in the RFP and reiterated his question on the number of depositories. Soni said there is no minimum or maximum.

Chairman Waguespack asked which banks were new to the depository list, and Soni said she would provide that through the Chair.

Ald. Dowell asked Soni to explain other opportunities for small financial institutions to partner with the City, and Soni provided some details. Ald. Dowell asked Soni to continue to explore additional opportunities for smaller banks.

Chairman Waguespack asked if holding the ordinance would impair the City's cash management, and Soni said it would not. Chairman Waguespack asked if there was any urgency from the banks, and Soni said there were some among the smaller banks.

Ald. Burke noted that some banks on the list of depositories from three years ago might have changed their names. Soni provided the names of the new banks on the proposed list.

Chairman Waguespack said he would hold Item 3 in Committee and thanked Soni for her work.

4. O2020-5785 A communication recommending a proposed ordinance regarding the authority to issue free permits and associated fee waivers for all applications filed by the Chicago Board of Education or its contractors for buildings, facilities and projects used for public or governmental purposes with quarterly reporting of waivers to the Office of Budget and Management.

Chairman Waguespack invited Ivan Hanson with Chicago Public Schools to speak regarding the ordinance, which he did.

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

5. O2021-432 A communication recommending a proposed ordinance regarding the authority to enter into and execute an Intergovernmental Agreement with the Chicago Park District for the use of tax increment financing (TIF) funds for certain improvements to Austin Town Hall located at 5610 West Lake St.

Chairman Waguespack invited Beth Tomlins and Tiffany Sostrin with the Chicago Park District to speak regarding the ordinance, which they did.

Ald. Scott spoke in support of the ordinance and asked if this would cover basement repair needs. Tomlins said the project is still in design, so it might be included. Ald. Mitts spoke in support of the ordinance. Ald. Taliaferro spoke in support of the ordinance. Ald. Sposato spoke in support of the ordinance.

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

6. SO2021-441 A communication recommending a proposed ordinance regarding the authority to enter into and execute an Intergovernmental Agreement with the Chicago Park District for the use of tax increment financing (TIF) funds for certain improvements at West Pullman Park located at 401 West 123rd St.

Chairman Waguespack invited Beth Tomlins and Tiffany Sostrin with the Chicago Park District to speak regarding the item, which they did.

Ald. Austin spoke in support of the ordinance. Ald. Burke spoke in support of the ordinance and noted the historic connection between the park and Special Olympics. Ald. Beale spoke in support of the ordinance. Ald. Scott spoke in support of the ordinance. Ald. Harris spoke in support of the ordinance.

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

7. O2021-442 A communication recommending a proposed ordinance regarding the authority to enter into and execute an Intergovernmental Agreement with the Chicago Park District for the use of tax increment financing (TIF) funds for certain improvements at Donovan Park located at 3609 South Lituania Ave.

Chairman Waguespack invited Beth Tomlins and Tiffany Sostrin with the Chicago Park District to speak regarding the item, which they did.

Ald. Thompson spoke in support of the ordinance. Ald. Hopkins spoke in support of the ordinance.

On Item 7, Ald. Hopkins moved do pass by the roll call taken to establish quorum. Motion carried on a voice vote.

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

Chairman Waguespack said Item 8 would be placed on file with the Clerk. Ald. Lopez renewed a call for hearings on some of the repetitive settlements the Committee typically sees. Chairman Waguespack noted that the City is searching for a new Chief Risk Officer, but he would work to set up such a hearing.

Ald. Ervin echoed Ald. Lopez's request and asked if the amounts above \$100,000 had previously been approved by the Committee. First Assistant Corporation Counsel Renai Rodney confirmed that they had.

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

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

On Items 9 and 10, Chairman Waguespack said the items would be placed on the Omnibus Agenda at City Council. There was no objection.

Chairman Waguespack moved to the Supplemental Agenda.

1. Two proposed orders authorizing the Corporation Counsel to enter into and execute Settlement Orders in the following case:

- A. Franklin, et al. v. City of Chicago, et al., cited as 18 C 6281 (N.D. IL) (J. Seeger)
Amount: \$175,000

Chairman Waguespack invited First Assistant Corporation Counsel Renai Rodney to speak regarding the settlement, which she did.

Ald. Taliaferro asked if any other agencies are sharing in liability, and Rodney said they were not. Ald. Taliaferro asked if it was a City warrant or a federal warrant. Ald. Taliaferro said he objected to the amount of the settlement. Rodney said she would try to find out who issued the warrant, but Chicago Police were the ones to enter the wrong apartment. Additionally, she noted that the amount of the settlement was agreed to during a settlement conference with the court's participation. Ald. Taliaferro reiterated his objection to the amount of the settlement.

Ald. Ervin said the City Council should be more involved in settlements, and the settlement in this case might be too low. Ald. Ervin said such things could be discussed if they were heard in a closed session meeting.

Ald. Burke said that it was his recollection that when officers are assigned to a federal task force, there is an agreement that outlines each agencies' responsibilities and asked if that was the case here. Ald. Burke asked about tort appropriations in the 2021 budget and asked if this settlement would be paid from that. Deputy Corporation Counsel Jeff Levine said that particular line item was for settlements under \$100,000, as well as judgements ordered by a court, and the Department of Law brings settlements to the Committee when they believe it is in the best interests of the City. Ald. Burke noted that, in the past, the federal government shared in costs of joint operations. Levine said the Department of Law always seeks financial contributions of others when feasible. Levine also noted that plaintiff's legal fees in a case like this could far exceed the settlement cost.

Ald. Taliaferro, on a point of information, noted that he believed plaintiff's attorneys were working on a contingent fee basis. Levine said the settlement would include attorney's fees, and, while the City was not aware of the client agreement between the plaintiff and their lawyer, it was likely a contingent fee case. Ald. Taliaferro said that made the proposed settlement less advantageous for the City. Levine said the Department of Law is bringing the settlement forward in part due to the risk of losing at trial. Ald. Moore, on a point of information, asked if the court could award attorney's fees. Levine said that, because it is a federal suit, that was a possibility.

Ald. Sposato said bad searches are bothersome, but the City is getting better. Ald. Sposato said the settlement was both too much, due to the actual damages, and not enough, due to the post traumatic stress syndrome. Ald. Sposato said he would not support the settlement.

Chairman Waguespack noted that the plaintiff originally demanded more \$800,000, and the City offered \$20,000. Levine said the court urged a settlement at \$175,000. Ald. Sposato, on a point of information, said plaintiff's demands are often unreasonable. Chairman Waguespack said his point was the court assisted in negotiating this settlement.

Ald. Thompson asked what it would cost to litigate the case for the plaintiff. Levine said about \$300,000. Ald. Thompson asked how much it would cost the City to litigate, and Levine said roughly 300 to 400 labor hours. Ald. Thompson said winning a case could deter future lawsuits. Levine said the factual record here is not favorable to the City.

Ald. Smith asked how long officers were in the home, and Rodney said it was five minutes before they realized they were in the wrong apartment. Ald. Smith said the facts of this case are very bad for the City. Ald. Smith said a jury very easily could find the City liable since officers did not notice the apartment number on the door, and the City should settle this case.

Ald. Napolitano asked if the settlement could be held while Committee members learned who wrote the warrant. Chairman Waguespack noted that the City would be liable regardless of who wrote the warrant. Ald. Napolitano asked if there was shared liability, and if there is not, the City should not join with other agencies on warrants. Rodney said the City has task force agreements, but those agreements do not include indemnification for the City. Additionally, Rodney said, the decision to breach the door was made by a City police officer. Ald. Napolitano asked if the City

was serving the warrant on behalf of another agency. Levine said it was a joint operation. Rodney said the warrant had the correct information but officers went to the wrong apartment.

Chairman Waguespack asked if all officers were disciplined, or just the officer who breached the door. Rodney said all were found culpable, and that would impact how a jury would view the case because of the claim that the City failed to properly train the officers. Rodney also noted that it is a clear matter of law that one cannot enter a home when it is clearly the wrong home.

On Supplemental Item 1A, Ald. Smith moved do pass by the roll call used to establish quorum. Ald. Lopez requested a roll call. Motion carried, 21-7, with the following Committee members voting “yes” and “no:”

Yes: Hopkins, Dowell, Sawyer, Harris, Beale, Sadlowski-Garza, Thompson, Quinn, Burke, Moore, Curtis, Brookins, Tabares, Burnett, Ervin, Austin, Smith, Tunney, Osterman, Silverstein, Vice Chairwoman Hairston, and Chairman Waguespack.

No: Lopez, Tabares, Taliaferro, Reboyras, Sposato, Napolitano, Reilly.

B. Pamela Anderson v. City of Chicago, cited as 16 L 3346 (Cook County Cir. Ct.) (J. Roberts). Amount: \$400,000

Chairman Waguespack invited First Assistant Corporation Counsel Renai Rodney to speak regarding the settlement, which she did.

Ald. Brookins asked if the incident was caught on video, and Rodney said no. Ald. Brookins asked why the City should settle when the Civilian Office for Police Accountability found the shooting justified. Rodney said due to the cost of a second trial and a possible finding against the City.

On Supplemental Item 1B, Ald. Moore moved do pass by the roll call used to establish quorum. Ald. Reboyras requested a roll call. Motion carried 14-13, with the following Committee members voting “yes” and “no.”

Yes: Hopkins, Dowell, Sawyer, Harris, Sadlowski-Garza, Moore, Burnett, Ervin, Austin, Smith, Tunney, Osterman, Vice Chairwoman Hairston, Chairman Waguespack.

No: Thompson, Quinn, Burke, Lopez, Curtis, O’Shea, Brookins, Tabares, Taliaferro, Reboyras, Sposato, Napolitano, Reilly.

The Committee having no further business, on a motion by Ald. Lopez, the meeting was adjourned at 1:29 pm.

Respectfully submitted,



Scott Waguespack

Chairman, Committee on Finance