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Exit by Trump Foe Emanuel Raises Concerns for Corporate Chicago.

- **Former Obama chief of staff has led the city since 2011**
- **He was facing an expanding field of challengers in 2019**

President Donald Trump won't have Rahm Emanuel to kick around anymore, but corporate leaders in Chicago may not be as happy with the mayor's decision not to seek a third term.

In a move that promises to trigger a political free-for-all and could rattle investors in bonds tied to the nation's third-most-populated city, Emanuel, 58, announced Tuesday that he won't run for re-election next year.

Rahm Emanuel
Photographer: Scott Olson/Getty Images

The news comes as Chicago's population growth has stalled, the city faces massive pension liabilities, and it's routinely used by Trump as a synonym for urban decay and crime. Emanuel's announced departure also creates uncertainty just as he has helped stabilize the city's finances and led its bid to attract Amazon.com Inc.'s second headquarters, with its 50,000 jobs. Chicago is one of 20 finalists in the competition.

"This is a big moment for Chicago, which is now at a crossroads," said Jack Lavin, president and chief executive officer of the Chicagoland Chamber of Commerce. "Mayor Emanuel has been good for the growth and development of the city, and the business community needs stability to continue creating jobs and opportunities for people."

Wooing Corporations

Emanuel has had success wooing corporations: more than 50 companies have relocated their headquarters to Chicago during his tenure. And others like Chicago-based United Continental Holdings Inc., one of the city's largest private employers, have added jobs to the city.

"We are proud of the productive partnership we've built with the mayor and his team, working together toward a common goal of creating greater economic opportunity for all Chicagoans," United CEO Oscar Munoz said in a statement. "Particularly, the mayor's focus on building 21st century infrastructure, especially forging a landmark agreement to modernize O'Hare, will support Chicago's economic competitiveness and success long into the future."

The city's fiscal challenges remain daunting, with pensions still only 27 percent funded. Chicago plans to contribute \$1.18 billion to the retirement funds in fiscal year 2019 with payments ramping up in the coming years, according to an annual financial analysis. Chief Financial Officer Carole Brown has also been considering issuing pension-obligation bonds to further stabilize the massive debt.

"They have before them one of the most serious fiscal problems in America right now, and that is the huge liabilities," said Richard Ciccarone, president of Merritt Research Services LLC, which

analyzes municipal finance. "They're going to have to be paid for by taxes and new revenues without disturbing economic stability in the city of Chicago."

Chicago's fiscal picture improved under Emanuel, said Laurence Msall, president of the non-partisan Civic Federation, which tracks the city's finances. He cited Emanuel's move to end the borrowing for operations and selling bonds to pay off maturing debt.

Who's Next?

"It will remain to be seen whether the next mayor will continue to embrace these practices or slip into such financial lapses," Msall said. "It's difficult to know who the next mayor will be or whether they will be able to match Mayor Emanuel's persona and dedication to economic development. But many of the structural improvements that Mayor Emanuel can rightfully take credit for will continue beyond his administration."

An adviser close to Emanuel said he thinks the announcement was made now so that candidates more to the mayor's liking still had enough time to enter the race and that the decision to leave the job was more personal than political.

His decision came on the eve of a murder trial where a white Chicago police officer is accused of repeatedly shooting a black teenager — a case that encapsulated Emanuel's struggle to both improve public safety and community relations with police in a city Trump has ridiculed for its crime problems.

"Chicago Police have every right to legally protest against the mayor and an administration that just won't let them do their job," Trump tweeted in May. "The killings are at a record pace and tough police work, which Chicago will not allow, would bring things back to order fast...the killings must stop!"

In fact, Chicago's murder rate is down this year. But the city still suffered nearly twice as many homicides as New York City, which has more than three times the population. Chicago recorded 375 murders this year through Sept. 2, down 19 percent from last year, according to police department data. New York has recorded 188 murders as of Aug. 26.

The city's bloodshed has drawn national attention. After a single weekend saw about 70 wounded last month, Rudy Giuliani, Trump's lawyer and the former mayor of New York, tweeted about the crisis, blaming the city's Democratic rule and expressing support for one of Emanuel's challengers: Garry McCarthy, a former New York City police official who the mayor hired to lead Chicago's force.

Police Shooting

McCarthy was fired by Emanuel in 2015 in the wake of the release of a video showing the fatal police shooting of 17-year-old Laquan McDonald. The incident brought calls for Emanuel's resignation. The murder trial of the police officer accused of killing McDonald, Jason Van Dyke, is scheduled to start this week.

Emanuel's departure also raises uncertainty for investors who have praised his work to right the junk-rated city's finances. For years, Chicago hadn't paid enough into its four retirement funds, and the strain had been weighing on the city's ability to provide services to residents.

As mayor, Emanuel enacted higher property taxes and utility levies as part of a series of steps to shore up Chicago's retirement funds. Moody's Investors Service, which had cut Chicago's rating to below investment grade in 2015, raised the city's outlook to stable in July, citing some of the work of

Emanuel's administration. S&P Global Ratings and Fitch Ratings consider the city's bonds investment-grade.

Daley Successor

Emanuel's tenure was relatively brief, at least by Chicago standards. Before his election, a Daley had run Chicago for 43 of the previous 55 years.

"This has been the job of a lifetime, but it is not a job for a lifetime," Emanuel told reporters during a City Hall news conference on Tuesday, flanked by his wife, Amy Rule.

In his 2011 win, Emanuel beat a field that included five other candidates to become Chicago's first Jewish chief executive. While in office, he generally remained composed in public, not showing what he has acknowledged to be a sometimes expletive-laced, explosive personal style.

The mayoral election is scheduled for Feb. 26. If a single candidate doesn't receive more than 50 percent of the vote, the two contenders with the most votes will compete in a run-off on April 2, according to the city's Board of Election Commissioners.

Emanuel, former President Barack Obama's first chief of staff and a former Chicago congressman, had been raising money ahead of next year's election. In the second quarter alone, his campaign took in more than \$6 million, according campaign finance disclosures.

Emanuel had \$7.5 million in his campaign account at the start of July, disclosure reports show. While he's not obligated to do so, Illinois law would allow him to give any amount of that total to a political party committee or even a mayoral candidate.

Among the dozen challengers he was facing were McCarthy and former Chicago Public Schools chief Paul Vallas. There's no clear frontrunner now.

Emanuel's departure has left the city with a "political free for all" where candidates will be forced to address issues rather than attack the incumbent, said Michael Pagano, dean of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago.

"They're going to have to start proposing solutions," Pagano said. "It really has to be based on who has the proposal that can appear to move us away from those two major issues: financial issues and gun violence."

Bloomberg Markets

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September 5, 2018, 2:00 AM PDT