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Chicago City Council Passes Controversial $830 Million Bond Plan.

- **Aldermen last week delayed vote on bonds for infrastructure**
- **Critics question why payments for principal delayed until 2045**

Chicago's City Council on Wednesday approved Mayor Brandon Johnson's controversial proposal to sell $830 million in bonds for infrastructure costs despite concerns about the debt's delayed repayment schedule and who would get to use the proceeds.

The ordinance passed 26 to 23.

The finance committee had approved the proposal earlier this month but last week aldermen delayed the full City Council vote given criticism of a plan to start principal payments on the debt in about two decades.

The bond is the first the city is seeking to issue after S&P Global Ratings downgraded its credit one notch to BBB last month. S&P said the cut was due to a "sizable structural budgetary imbalance" that will make aligning costs and revenue "more challenging" in the coming years.

"There's nothing wrong with them needing to borrow the money for their capital plans," Lisa Washburn, a managing director at Municipal Market Analytics, said in an interview before the vote. "The issue is that the debt structure is aggressive and expensive, and pushes the costs well into future."

While some Chicago officials defended the structure of the bonds, Washburn said that such back-loaded debt payment schedules aren't typical in the public finance industry. Plus, the structure as laid out by the administration could make future budgets more challenging, she added.

The City Council narrowly passed a budget for 2025 that closed a nearly $1 billion deficit but questions still remain about how the city will account for $175 million it needs for its underfunded municipal employee pension that it expected to receive from the Chicago Public Schools. The school district has been contributing toward the municipal employee pension for the last few years because its non-teacher employees participate in that plan.

Given deficits for both the school district and the city, that payment has become a source of conflict between the mayor and CPS Chief Executive Officer Pedro Martinez.

Bloomberg Markets

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February 26, 2025

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