

# Why Does Abu Dhabi Own All of Chicago's Parking Meters?

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The city of Chicago has 36,000 parking meters. In 2008, it sold them on a 75 year lease for over one billion dollars. The buyers were led by Morgan Stanley. But as Matt Taibbi reports in his forthcoming book Griftopia, [previewed in Rolling Stone](#), the state-owned investment arm of Abu Dhabi ended up owning a large share -- possibly a controlling majority -- in Chicago's parking meter system.

It was December 1, 2008. That morning would be the first time that the Chicago City Council would be formally notified that Mayor Richard Daley had struck a deal with Morgan Stanley to lease all of Chicago's parking meters for seventy-five years. The final amount of the bid was \$1,156,500,000, a lump sum to be paid to the city of Chicago for seventy-five years' worth of parking meter revenue.

...He then gave them the details: he had arranged a lease deal with Morgan Stanley, which put together a consortium of investors which in turn put a newly created company called Chicago Parking Meters LLC in charge of the city's meters. There was no mention of who the investors were or who the other bidders might have been. ... The council at this time has no idea who's actually behind the deal. "We were never informed," says Hairston. "Not even later."

But while the City of Chicago was deliberating on whether to sell their parking meter system to Morgan Stanley--which they ultimately decided to do--the Wall Street megabank was making plans to offload the parking meters to a third party.

[The investment] process involved [Morgan Stanley]'s Infrastructure group going on a road tour to ask people with lots of cash to pony up. It was these guys from Morgan's Infrastructure desk who took their presentation to the Middle East and pitched Chicago's parking meters to a room full of bankers and analysts in Abu Dhabi, the Abu Dhabi Investment Authority, who ultimately agreed to purchase a large stake.

Within two months of selling its parking meters to a coalition of U.S. and Western investors led by Morgan Stanley, Chicago's parking meters came under new, foreign ownership.

So basically Morgan Stanley found a bunch of investors, including themselves, to put up over a billion dollars in December 2008; a big chunk of those investors then bailed out to make way in February 2009 for this Deeside Investments, which was 49.9 percent owned by Abu Dhabi and 50.1 percent owned by a company called Redoma SARL, about which nothing was known except that it had an address in Luxembourg.

Taibbi calls this a "bait and switch" pulled by Morgan Stanley on Chicago. He explains why this is about more than just parking meters. Now if city officials want to do anything that might disrupt parking meter revenue -- let's say close down parking for a street festival or parade -- they need to get the approval of those meters' shadowy, foreign owners.

They also need approval to change parking hours or fees. The new ownership has already made unwelcome changes, ending the previous policy of allowing free parking on holidays. But not only did Chicago cede the operation of an entire segment of the city to mysterious private investors -- Taibbi says they could have gotten four times as much money for it, up to \$5 billion.

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