

Office of the City Treasurer  
Honorable Stephanie D. Neely, Treasurer  
Budget Hearing Testimony  
Committee on Budget and Government Operations  
City Council Chambers  
October 29, 2013 9:00A.M.

#### Opening Remarks:

Good morning Madame Chair Austin and members of the Committee on Budget and Government Operations. Once again it is an honor to sit here before you today to present what is now my seventh budget address as Treasurer of the City of Chicago. As an important profit center for the City, I understand the essential role my Office plays in maintaining the City's financial health.

I truly believe that with 23 employees and a total budget of 2.3 million dollars, my office provides an amazing return on investment for the citizens of Chicago. I very much intend on proving that to you all today. Before I get started, I would like to acknowledge some of my staff here in attendance.

As a refresher for any of you who are not familiar with my Office, the primary mission of the City Treasurer's Office is to manage the City's cash flows and investment portfolios while adhering to our investment objectives: 1<sup>st</sup>, ensuring the safety of principal, 2<sup>nd</sup>, maintaining adequate liquidity, 3<sup>rd</sup>, maximizing investment returns, and 4<sup>th</sup>, utilizing investments to promote economic development throughout the City of Chicago.

My Office manages investment portfolios totaling approximately 7.4 billion dollars made up of operating funds, TIF funds, bond proceeds, assets belonging to the Board of Education, small cash positions for some of the City's pension funds, and reserve funds. Debt limits and Washington infighting aside, the past few years have seen tremendous growth in the stock market, a recovering housing market, and a slowly improving labor market. As many of you know, however, the City's funds are limited to fixed income investments. These investments are dependent upon interest rates that continue to be at all-time lows. Our blended average rate of return for the year to date is 1.03%. Our returns are measured against the 90-day Treasury bill, which currently sits at 2 basis points. As another way to gauge ourselves, we track our investment returns against two other large and transparent cities, Los Angeles and Houston. We are in-line with Los Angeles and 13 basis points higher than Houston on the year. Despite these historically low interest rates, my Office

was able to earn nearly \$40 million to date in 2013. In the 7 years I have been Treasurer, my Office has earned \$800 million in investment returns.

The City Treasurer's Office is committed to executing trades through woman-, minority-, and disabled-veteran owned broker dealers with offices located in Chicago. We currently utilize an approved list of 20 firms and I am very proud to say that we have consistently executed over 60% of our trades with Women, Minority, and Disabled Veteran Firms on the list. Each firm has their own respective specialties and we use a bidding process that ensures that our brokers compete with each other to give us the best price.

My Office has one of the main financial reporting/accounting divisions in the City. Among other functions, this division manages and reconciles approximately 100 bank accounts, produces City-wide financial reports, handles compliance, and monitors banking fees and relationships. As we negotiate on behalf of our citizens, my Office aggressively continues to monitor these banking fees, and hold our banking partners to the highest standard. In fact, the Treasurer's Office has been able to reduce banking fees by close to 1 million dollars in each of the past three years by taking advantage of certain provisions of the Dodd-Frank financial reform bill and the banking environment that has followed.

2013 has been a year full of operational improvements and efficiencies. A great working relationship with Budget and Finance made it possible to close down over seventy segregate accounts whose purpose had long been fulfilled. In fact, 35 million was able to be swept from aging revenue and grant funds to help close the budget gap. We are currently upgrading our system of wiring funds that will reduce transfer time and cut down on the number of hands a payment needs to touch before it is released, but still maintain proper controls.

**Most importantly,** we have finally completed the migration from our 30-year-old mainframe accounting system to a new Oracle database system. I can see some iPad users in the Council Chambers today, so contrast that with using a 30-year old computer system on a daily basis, not fun. This new system not only reduces the inherent risks of using 30-year-old technology, but it will also greatly reduce expenses. DoIT will certainly get into specifics later today at their hearing, but they have estimated that the overall savings of the project will be into the millions once all City functions are off of the mainframe system.

In each of the past four years, I've had pleasure to announce that my Office received a clean audit. I am proud to once again sit before you as the recipient of yet another

clean outside opinion. In the opinion of the City's auditor, Deloitte & Touche, the City Treasurer's Office has fully complied with all GASB accounting standards and practices. This string of clean audits is unprecedented for the City Treasurer's Office in recent history, and is truly a testament to the great work of my staff.

Finally, I want to briefly discuss some of economic development efforts. With a small staff and a limited budget, I am proud of the thousands of people we have reached with our efforts to improve financial capability and promote small business and entrepreneurial activity in Chicago. For the past five years, we have worked with Money Savvy Generation and Chicago Public schools to offer a financial education curriculum to elementary students. The generosity of several financial supporters allowed us to reach over thirteen thousand students in four-hundred and sixty classrooms across Chicago this past spring. Teaching children about the importance of making smart decisions with money can never start too early so I will continue to expand this initiative as well as look for new ways to reach our children.

For adults, we are expanding efforts to reduce the un-banked and under-banked population through our Bank On Initiative by adding new banking partners and community organizations that can reach more people. We also continue to offer free financial education workshops around the city in partnership with several non-profit organizations.

Earlier this month, we had our 12<sup>th</sup> Free Small Business Entrepreneur Expo. Once again, it was bigger and better than the last. The one-day event featured 130 exhibitors and 30 workshops and drew nearly 4,000 aspiring entrepreneurs. Leading up to the expo, my staff organizes events and workshops throughout the year to teach people about business plan writing, social media, and elevator pitches all to give people the tools they need to be successful business owners.

Lastly, we have worked hard to provide access to affordable capital that many new businesses need to get off the ground or stay afloat. Our Small Business Development Fund micro-loan program concluded in February with great results. In two and half years, our partners lent nearly 2.6 million dollars to 161 businesses in 41 wards across the City. I recently partnered with the Mayor Emanuel put an additional 1 million dollars towards micro-lending next year because I have seen first-hand how successful these of loans can be.

These are just a few of the diverse programs my Office is working on to improve our community and economy. We strive to stay up-to-date on the latest ideas and innovations by talking to our peers around the country. I always look forward to

sharing our successes with you each year. Over the years, I have worked with many of you in your wards to meet our shared goals and my door is always open to reach more parts of the city.

Thank you Madame Chair Austin and members of the Committee on Budget and Government Operations. I am happy to answer any questions.

**CITY TREASURER'S OFFICE  
STAFF GENDER/ETHNICITY STATISTICS**

Office-wide Totals :

JOB TITLE	RACE/ETHNICITY								
	MALE				FEMALE				
	WHITE	HISPANIC	ASIAN	AFRICAN-AMERICAN	WHITE	HISPANIC	ASIAN	AFRICAN-AMERICAN	
CITY TREASURER								1	1
DEPUTY CITY TREASURER	1	1							2
DIRECTOR OF ACCOUNTING			1						1
DIRECTOR OF PUBLIC AFFAIRS						1			1
ASST. CITY TREASURER	1		2	1	1				5
ASST. DIRECTOR OF FINANCE						1			1
ASST. TO CITY TREASURER						1		1	2
ACCOUNTANT I								1	1
ACCOUNTANT III							1		1
ACCOUNTANT IV				1			1		2
AUDITOR IV	1								1
EXECUTIVE SECRETARY II						1			1
EXECUTIVE SECRETARY I						1			1
PORTFOLIO MANAGER	1	1							2
STAFF ASSISTANT				1					1
<b>TOTAL # OF EMPLOYEES</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>23</b>
<b>TOTAL % OF EMPLOYEES</b>	<b>17.4%</b>	<b>8.7%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>4.3%</b>	<b>21.7%</b>	<b>8.7%</b>	<b>13.0%</b>	<b>100.0%</b>
	<b>12 Employees</b>				<b>11 Employees</b>				
	<b>52.2%</b>				<b>47.8%</b>				

COMBINED ETHNICITY TOTALS		
	NUMBER	PCNT
WHITE	5	21.7%
HISPANIC	7	30.4%
ASIAN	5	21.7%
AFRICAN-AMERICAN	6	26.1%
<b>TOTAL</b>	<b>23</b>	<b>100.0%</b>

Management Staff Totals (detail is shaded area above):

	RACE/ETHNICITY								
	MALE				FEMALE				
	WHITE	HISPANIC	ASIAN	AFRICAN-AMERICAN	WHITE	HISPANIC	ASIAN	AFRICAN-AMERICAN	
<b>TOTAL # OF EMPLOYEES</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>13</b>
<b>TOTAL % OF EMPLOYEES</b>	<b>15.4%</b>	<b>7.7%</b>	<b>23.1%</b>	<b>7.7%</b>	<b>7.7%</b>	<b>23.1%</b>	<b>0.0%</b>	<b>15.4%</b>	<b>100.0%</b>
	<b>7 Employees</b>				<b>6 Employees</b>				
	<b>53.8%</b>				<b>46.2%</b>				

COMBINED MANAGEMENT ETHNICITY TOTALS		
	NO.	PCNT.
WHITE	3	23.1%
HISPANIC	4	30.8%
ASIAN	3	23.1%
AFRICAN-AMERICAN	3	23.1%
<b>TOTAL</b>	<b>13</b>	<b>100.0%</b>

## 2013 City Treasurer's Office Broker Dealer List

### Minority/Disabled Veteran Brokers

#### Asian

- Andes Capital

#### African American:

- Blaylock Robert Van
- CastleOak Securities
- Loop Capital
- MR Beal
- Rice Financial
- Williams Capital

#### Hispanic

- Great Pacific

#### Disabled Veteran

- Drexel Hamilton

#### Women Owned

- Siebert & Co.

### Non-Minority Brokers

- Bank of America
- Bank of New York Mellon
- BMO Harris
- Citigroup Capital
- JP Morgan
- D.A. Davidson
- Mesirov Financial
- Northern Trust
- Raymond James
- Stifel Nicolaus

# CTO TRADE VOLUME REPORT

	2011		2012		2013	
	Dollars (\$)	Pcnt. (%)	Dollars (\$)	Pcnt. (%)	Dollars (\$)	Pcnt. (%)
<b>Entire Portfolio</b>						
Minority Totals:	\$ 7,828,805,031	61.1%	\$ 5,995,948,004	60.7%	\$ 1,647,070,386	60.0%
Non-Minority Totals:	\$ 4,974,596,252	38.9%	\$ 3,887,005,001	39.3%	\$ 1,097,683,240	40.0%
<b>Total:</b>	<u>\$ 12,803,401,283</u>	<u>100.0%</u>	<u>\$ 9,882,953,006</u>	<u>100.0%</u>	<u>\$ 2,744,753,626</u>	<u>100.0%</u>
<b>Minority Breakdown</b>						
African-American:	\$ 4,416,503,167	56.4%	\$ 3,149,096,366	52.5%	\$ 973,189,841	59.1%
Hispanic:	\$ 1,091,410,319	13.9%	\$ 875,737,384	14.6%	\$ 224,178,041	13.6%
Asian:	\$ 989,184,002	12.6%	\$ 584,057,217	9.7%	\$ 140,347,498	8.5%
Woman:	\$ 803,299,683	10.3%	\$ 519,184,166	8.7%	\$ 187,354,477	11.4%
Disabled Veteran:	\$ 528,407,860	6.7%	\$ 867,872,871	14.5%	\$ 122,000,529	7.4%
<b>Total:</b>	<u>\$ 7,828,805,031</u>	<u>100.0%</u>	<u>\$ 5,995,948,004</u>	<u>100.0%</u>	<u>\$ 1,647,070,386</u>	<u>100.0%</u>

\*2013 numbers reflective through October 22, 2013

# 2014 Organization Chart by Title

