

Office of the City Treasurer  
Honorable Stephanie D. Neely, Treasurer  
Budget Hearing Testimony  
Committee on Budget and Government Operations  
City Council Chambers  
October 21, 2014 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 eighth AND FINAL budget address as Treasurer of the City of Chicago. It has truly been an honor to serve as Treasurer dutifully for nearly 8 wonderful years. I have taken this Office to heights and accomplishments it has never seen, and I am confident that the staff, processes and procedures I have put in place will ensure continued great things coming out of Room 106.

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: 1st, ensuring the safety of principal, 2nd, maintaining adequate liquidity, 3rd, maximizing investment returns, and 4th, utilizing investments to promote economic development throughout 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. My Office sits at the center of the City's financial management structure. I truly believe that with 24 employees and a total budget of 2.3 million dollars, my Office provides an amazing return on investment for the citizens of Chicago.

Despite these historically low interest rates, my Office was able to earn nearly \$40 million to date in 2014. Looking back over the 8 years I have been Treasurer, my Office has earned \$850 million in investment returns. You heard me right, EIGHT HUNDRED AND FIFTY MILLION DOLLARS.

It has not been easy. Through the years I have asked Council for your help to update and revamp our investment policy to change with the times and enable my Office to diversify our investments and invest in other safe investment types. With your help, we not only diversified our investments, but we also increased our returns. I leave this Office delighted with the investment policy changes I shepherded. We now have one of the most diversified and progressive investment policies for municipalities across the country.

My Office manages investment portfolios totaling approximately \$6.5 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, reserve funds, and the Chicago Park District. As many of you know, 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 1.19%. Our returns are measured against the 90-day Treasury bill, which currently sits at 3 basis points. As another way to gauge ourselves, we track our investment returns against two other large and transparent cities, Los Angeles and Houston. Our rate of return is higher than both Los Angeles and Houston on the year.

The City Treasurer's Office is committed to executing trades through woman-, minority-, and disabled-veteran owned broker dealers with offices located in Chicago. When I started, I made a goal to conduct 60% of our trades with these disadvantaged firms. Throughout my tenure, we have consistently exceeded this goal!! 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 and returns for the City of Chicago.

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 four years by taking advantage of certain provisions of the Dodd-Frank financial reform bill and the banking environment that has followed.

2014 has been a year full of operational improvements and efficiencies. We completed an upgrade of our wiring system that will reduce transfer time and cut down on the number of hands a payment needs to touch before it is released while maintaining proper controls. We also have fully integrated our accounting system into the Oracle platform and it is now the system of record.

In each of the past five 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 our sixth consecutive clean audit. 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 our economic development initiatives. 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 literacy and promote small business and entrepreneurial activity in Chicago.

We know that an entrepreneurial spirit burns brightly across the City of Chicago. That's why I have made it priority to help our residents turn their business ideas into reality. Earlier this month we hosted our 13th Small Business Entrepreneur Expo and once again it was a great success. Nearly 3,300 attendees had the opportunity to meet with 135 exhibitors, learn from 30 workshop opportunities, and network with likeminded people seeking business success. And for the first

time, the Expo featured a new “Loan Pavilion” where entrepreneurs had the opportunity to speak directly with loan officers about their capital needs.

We also announced the winners of our innovative Business Plan and Elevator Pitch competitions that were chosen from over 600 unique submissions. Amazingly, this was all done through the hard work of two staff and one fantastic intern.

For the past six years, we have worked with Money Savvy Generation and Chicago Public Schools to offer a financial education curriculum to elementary students. In partnership with several financial sponsors, this past spring and summer programs reached nearly 12,000 students. In total, we have reached over 250,000 students with a high quality financial education program.

For adults, we have continued our efforts to reduce the un-banked and under-banked population through our Bank On Chicago Initiative by adding new banking partners and community organizations that can reach more people. This summer, we expanded the initiative through a partnership with the City’s One Summer Chicago summer youth employment program to ensure that youth were connected to low or no cost banking options.

In September, we officially launched the Office of Financial Inclusion (OFI) whose overarching mission is to create effective pathways for all Chicagoans, young and old, to reach the financial mainstream and improve their financial stability. The Office will build on the foundation of best practices that have been learned over the past seven years and increase our impact. Specifically, we will significantly expand financial education at all grade levels in Chicago Public Schools, improve youth banking habits through One Summer Chicago, and expand Chicago’s infrastructure to provide one-on-one financial coaching and credit building services to adults.

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 for this opportunity to showcase my Office and for 8 years. It has been an honor and a privilege to serve the citizens of the City of Chicago, my home, the BEST CITY IN THE WORLD!!

I am happy to answer any questions.

## 2015 Organization Chart by Title

