

Remarks for FY2023 Budget Proposal
Treasurer Melissa Conyears-Ervin

When I spoke to you last year, I began by noting the tremendous challenges that the pandemic had imposed on our city—but also of the unprecedented opportunities for change it had created by opening up a space for real conversations about inequity. I am pleased this year to share with you some of the incredible gains we have made on that road to greater equity for all Chicagoans.

The Office of the Treasurer has remained fixed on our objectives to ensure the preservation of principal, to strategically set thresholds for maintaining adequate liquidity of cash flow, ensuring the City can pay its bills, and to obtain the highest risk-adjusted return using all of the available tools in our financial toolbox, including all investments and strategies allowable under statute.

I am proud to say that over the last year, we were able to generate investment income of more than \$116 million in 2021 after making \$134 million in 2020. This year, I am equally proud to say that our financial performance has continued strong and we are on track to get back to that \$134 Million level this year. The CTO now holds more than \$10.2 billion in assets.

Since I took office, in addition to protecting taxpayer investments, the CTO has also focused heavily on financial empowerment and issues of economic justice, and these are issues that are important to residents of the city. As I remind my staff daily, we can make money but our real impact is the change we bring to our residents' lives.

Today I would like to call your attention to three key areas in which we made significant progress toward our goals over the last year.

First, I am pleased to say that we have partnered with the Department of Finance on the Municipal Depository RFP process aimed at improving this process for the good of all. The Municipal Depository Task Force—made up of the comptroller, myself, select aldermen, and an experienced but independent facilitator, have studied the current process and recommended ways to improve it to ensure the process does not create undue hardship, including examining the application itself, which is surprising in its length and complexity—particularly when compared with the efficient and streamlined application for becoming a state depository. After hearing that the city's application was so cumbersome that it acted as a barrier to smaller, community-based financial institutions who could help to balance out the larger banks on the approved list of municipal depositories, we set out to streamline it. We also examined capitalization requirements, making them more attainable for smaller institutions that we would like to invite into the process. With the help of Alderman Osterman and Alderman Waguespack—and indeed all here today who supported this process, we have made great strides toward greater equity in the way our city does business.

In 2022, we took a significant step forward when we completed full divestment from the top 224 fossil fuel companies. This process happened over 18 months, through the divestiture of more than \$70 million through sales and maturities. Chicago is a member of C40, a global group of 96

cities, representing 700+ million people, looking to address the climate crisis, and divestment from fossil fuels is a key step that puts us among some of the most forward-thinking—and forward-acting—cities in the world. I was motivated to divest because of the clear consensus in the scientific community that the time to act is now. I have often said that our investments as a city must reflect the values of the people we represent, and this action better aligns our investments with the prevailing values of Chicagoans. It is equally important, however, to acknowledge that moving away from fossil fuels is simply smarter investing and a part of upholding my fiduciary responsibility to the taxpayers of this city. I am proud that we have taken action for the people of Chicago, for the investments we must protect, and for the generations who will come after us. I would like to thank Alderman Cardenas, Alderman Hadden, Alderman Waguespack, and Alderman La Spata for their support in this effort.

In May, my office announced that we are working with Morningstar Indexes to provide the City with a customized fixed income policy benchmark to optimize the City's future investment strategy. The alignment with the indexes division of Morningstar allows my office to improve the tracking and measurement of past performance as we design future investment strategies to deliver better results for Chicago and its residents. Utilizing the Morningstar US Core Bond Select Index will allow us to better measure the success of our investments, improve our strategy, and make sure the billions of dollars under my care are working for the city's residents. Historically, we have utilized peer benchmarking to measure investment performance and dictate future strategy. After recently outperforming key peers, we decided to seek a more suitable benchmark to further enhance development of asset allocation strategies. The Morningstar US Core Bond Select Index is customized to more closely reflect the investment universe mandated in the City's investment policy and has the flexibility to change as investment policy evolves. By optimizing our investments, we can help build a safer, more prosperous Chicago for everyone who calls our city home.

I am pleased to share that we continued our partnership with Operation HOPE, the largest nonprofit provider of financial literacy and economic empowerment services for both adults and young. Through our partnership with the HOPE Inside initiative, we launched a program that offers credit and money management resources to all Chicagoans—for free. In Financial Literacy Development workshops, Chicagoans have been able to create a budget, learn to understand and fix errors on their credit reports, and start planning for homeownership. In Complimentary Coaching Sessions, counselors have helped people make a plan for getting out of debt and raising their credit scores. In 2020, when we started "The 700 Credit Score Initiative," participants had the opportunity to receive 18 months of continuous counseling that could raise their credit scores by 120 points. So far, this program has provided 916 financial empowerment services, including credit counseling enrollments, bank referrals, credit and money management workshops, disaster preparedness workshops, and more. Many individuals sought to and were able to increase their credit scores for wealth management opportunities. A testimonial from a recent homebuyer using this program said, the Credit & Money Management Program helped increase her credit score to 670 and she was approved for a mortgage loan. Today, she's officially a homeowner. Her mortgage loan was approved in the amount of \$266,000.00. She stated that this would not have been possible without her Hope Inside coach.

In addition, just this past weekend, we held a two-day Financial Empowerment Summit and Career Fair titled "Building Wealth Today for Tomorrow," to help residents continue building wealth. It was an amazing and impactful event. Our goals to eliminate systemic racism in banking was further realized by the over 60 financial services firms and many other corporations, which included banks, investment firms, employers, resource providers, and celebrities on both days, who walked through the doors exited with a heart filled with humbleness. We must continue to break down barriers to eliminate systemic racism in the financial services industry as it pertains to hiring, lending, and community investment. Chicago is the right place to get your education, live, invest, and grow your career. The accolades are still coming in from our residents and corporations. Thank you for your support in making this happen!

Another amazing outcome at the Summit was that almost 200 migrants received their City Key cards, allowing them to be afforded housing and employment opportunities.

We are looking forward to closing the year strong in both financial performance and the valuable resources and programming we provide for the residents of Chicago. We look forward to working with all of you in the months and years ahead as we invest in Chicago's communities.

Thank you.