

INVESTING IN OUR CHICAGO 90 DAY ACTION PLAN



OFFICE OF THE CITY TREASURER,
CITY OF CHICAGO

DECEMBER 1, 2014



OFFICE OF THE CITY TREASURER

KURT A. SUMMERS, JR. • TREASURER • CITY OF CHICAGO

Dear Chicago,

I am deeply humbled by the opportunity to serve as your Treasurer. Serving as Treasurer is personal for me – as a Chicago native, a lifelong resident and product of our city's public schools, I am committed to protecting our cherished assets and investing in Our Chicago. I believe that the Treasurer's Office can have a great and measurable impact on the lives of every Chicagoan, young and old, neighborhood by neighborhood, working families and new entrepreneurs that all contribute to our vibrant economy.

Enclosed is my 90-day action plan. Before assuming office, I asked a team of experts to identify opportunities that would help strengthen our city. We interviewed over 70 people, visited dozens of Chicago communities and performed independent financial analysis. Through this process, we have identified a number of ways to positively impact the lives of every Chicagoan and this plan will guide our efforts and your participation with the Treasurer's office moving forward. This plan focuses on actions that safeguard our financial future, save taxpayer dollars, empower our residents, and drive investment in our neighborhoods and entrepreneurs.

The opportunities are significant and the actions are ambitious, but I believe that Chicagoans deserve nothing less.

This is only the beginning. You will continue to see quarterly reports that measure the progress of these goals so you can participate in these efforts directly and also hold this office accountable.

I would like to thank the team who supported this effort, the working people from around Chicago that contributed their thoughts and suggestions, and look forward to hearing more ideas from each of you. With your support, engagement and accountability, we can take action to create a stronger city and invest in Our Chicago.

Sincerely,

Kurt Summers



*“It will be my mission to **invest our financial capital in our future, in our youth, and in Our Chicago.** The innovations from this office that save taxpayers money and enhance our investments will allow us to **do more good for more people.** We can invest in the infrastructure and industries that will keep our city **vibrant and competitive** for generations to come. I hope you will join me in this mission of Investing in Our Chicago.”*

- Kurt Summers



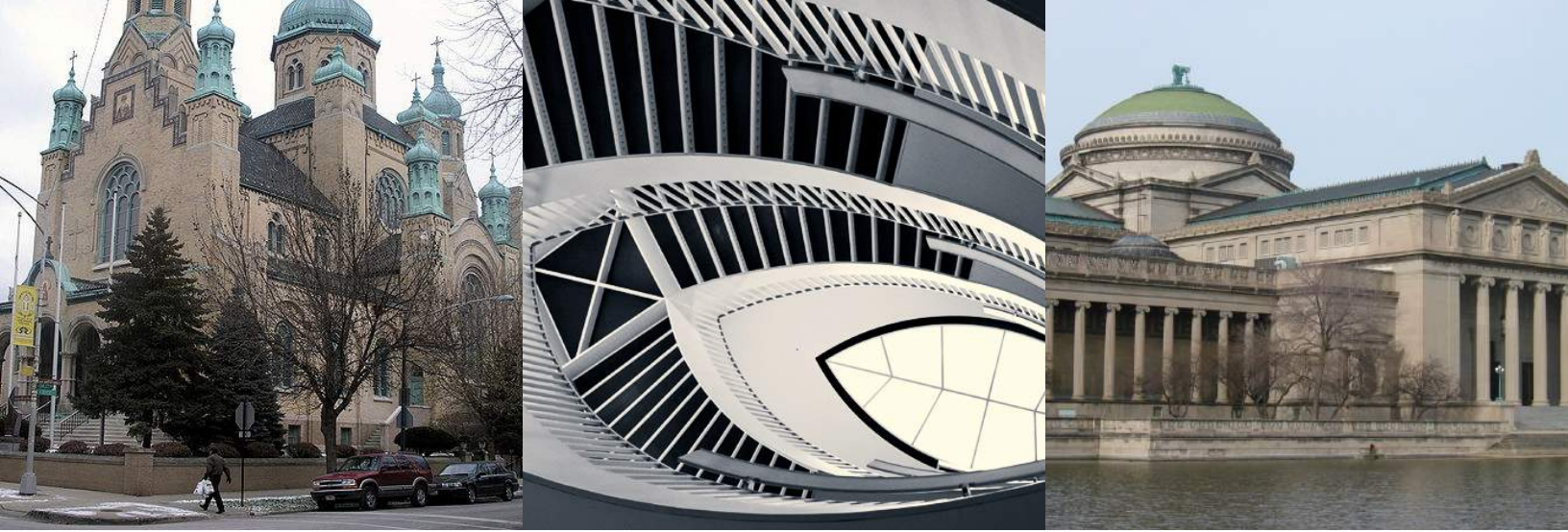
We would like to extend our appreciation and acknowledge those who provided their time and expertise in this process. From interviews to financial analysis, we are thankful to all those who played a role in crafting this action plan.

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INTRODUCTION

The City Treasurer is Chicago's financial steward – an independently elected official accountable to 2.7 million Chicagoans. The Treasurer serves the City's residents, businesses, and employees in three functions: as an investor, banker, and advocate.

INVESTOR

The Treasurer manages the City's approximately \$7 billion investment portfolio and is charged with appropriately balancing risk, returns, and liquidity needs for funding the City's day-to-day operations. Additionally, the Treasurer serves on five pension boards with nearly \$25 billion under management.

BANKER

By mandate, the Treasurer receives all money belonging to the City. The Treasurer is responsible for maintaining records and accounts and providing reports on the state of the City's finances. The Treasurer also serves as ex officio School Treasurer of the Board of Education of the City of Chicago.

ADVOCATE

The Treasurer serves as an advocate or organizer for programs that promote economic growth. The office conducts financial education and outreach programs, and has historically enacted programs that assist small businesses.

The Treasurer's Office has the ability to positively impact the lives of all Chicago residents. As an investor, it can leverage its portfolio to increase investment in Chicago and foster job creation in every community. As the City's banker, it can provide better services to the City and its agencies to save money – leaving more money for schools, economic development and public safety. And as an advocate, it can empower young people, workers, and small business owners with the tools they need for financial strength and success.

KURT'S VISION & PRINCIPLES

Kurt's vision for the office guides his plan for investment and growth:

With a commitment to safeguarding Chicago's financial future through transparent, responsible and sophisticated investment practices, the Treasurer's Office will be reinvented as our city's most trusted financial steward, focused on leveraging Chicago's economic power to increase investment in its residents, workers, businesses, and neighborhoods.

This document is meant to serve as a foundational roadmap to help achieve Kurt's vision. Its purpose is to help residents gain insight, establish accountability, and in future reports, evaluate performance. The report describes potential opportunities to better serve the people of Chicago, illustrates direct impact, and commits to concrete actions over the next 90 days.

The opportunities within this report are guided by five principles:

- Responsibly and actively investing in Our Chicago
- Securing maximum financial returns to protect retirement benefits and planning for workers and taxpayers
- Providing financial empowerment and education for Chicago residents and workers
- Enhancing services to the City of Chicago, sister agencies, and businesses to enable greater investment in our communities
- Establishing an open and transparent Office to serve as the City's trusted financial steward

The opportunities described in this report range from the extension of current practices to the creation of new and innovative programs. All of the opportunities will require the engagement of other leaders from across the region, including the 50-member City Council, the Mayor, the City Clerk, the City's sister agencies, and officials from the State, Cook County and other units of government. To that end, Kurt has begun meeting with many of these leaders, with several ideas reflected in this first report. To further this collaboration, Kurt is committed to establishing open channels of communications with all necessary leaders over the next 90 days.

Most importantly, Kurt is committed to hearing from residents from across the City. Kurt is visiting Chicago's 77 neighborhoods within 77 days to meet and speak with as many residents as possible. Chicagoans can count on quarterly reports and "earnings calls" that provide clear and transparent updates on progress and provide an opportunity for regular feedback. Thank you for taking the time to read this report and support this effort to Invest in Our Chicago.

A NOTE ON FINANCIAL OPPORTUNITIES

As the City's financial steward, the Treasurer is committed to identifying opportunities to save taxpayer money. Each dollar saved is a dollar that can be used to invest in education, spur economic development, improve public safety, provide higher quality health care, or secure our retirement funds.

Based on interviews with government officials and independent analysis, the Treasurer's team of experts has identified **tens of millions** in savings opportunities for the City of Chicago, its pension funds, and sister agencies. It can have an impact on more than half a billion dollars of unfunded pension liabilities in Chicago. And it has the potential to reach even more with the collaboration of other units of government.

Achieving substantial savings will require leadership, time, and significant collaboration. This report provides additional details on the actions necessary to achieve these savings and proposes concrete next steps to ensure that progress is made as quickly as possible. Kurt is committed to working with any and all stakeholders required and will update the public on these efforts through future quarterly reports.

1

Encourage investment in responsible and fiscally prudent local opportunities.

Goal: Support economic growth by launching a Chicago Targeted Investment Program that highlights local entrepreneurs and projects by leveraging our collective investment scale.

90-Day Actions:

- Develop metrics for retirement funds to measure local investment commitments
- Engage investment managers to identify approach on evaluations of local investment opportunities
- Announce a conference to convene current and prospective investors to highlight local opportunities
- Look for direct investment opportunities within the Treasurer's Office and local retirement plans

2

Actively seek to invest in city and sister agency debt offerings.

Goal: Reduce financing rates and fees by targeting City and sister agency debt offerings as part of the municipal debt portfolio.

90-Day Actions:

- Engage City & agency CFOs and City Council to review past and future offerings
- Review and create investment policies and parameters

3

Encourage financial institutions to invest in our communities and entrepreneurs.

Goal: Increase local investment by promoting businesses and entrepreneurs and ensuring transparency and accountability on local investment practices for financial institutions that do business with the City.

90-Day Actions:

- Announce a committee of community lenders, banks, investors, and small businesses to review opportunities and pool resources
- Develop community investment criteria for regular financial reporting and decision-making
- Review best practices and assess any necessary legislative and policy changes

Securing maximum financial returns to protect retirement benefits and planning for workers and taxpayers

4

Promote collaboration across local retirement plans to secure lower investment fees.

Goal: Reduce fees charged to local public pension funds and deferred compensation plans by pooling purchasing power on overlapping investments across funds.

90-Day Actions:

- Request and consolidate investment data across funds and begin analyzing specific opportunities
- Meet with investment managers that have overlapping investments from local funds

5

Develop the best practice approach to identify and invest in emerging investment managers.

Goal: Gain access to a wider breadth of qualified investment managers and deliver against our fiduciary obligation in an effort to achieve superior risk-adjust returns by fostering the growth of small-, women-, minority- and disabled-owned managers.

90-Day Actions:

- Undertake a national review of current investment policies and best practices
- Issue recommendations to enhance existing emerging manager programs and policies

6

Work to ensure the long-term security of our pension funds.

Goal: Assist in shoring up our pension system by increasing collaboration across funds and allocating resources towards analysis and advocacy.

90-Day Actions:

- Identify shared opportunities across pension boards on which the Treasurer serves
- Engage State of Illinois elected and legislative officials in an open dialogue on the financial health of local pensions funds
- Provide independent financial analysis and reporting on pension reform activities

7

Expand financial education efforts to reach more youth and adults and empower our workers and retirees.

Goal: Provide all City youth with access to financial education and increase Chicagoans' financial sophistication by reaching more adults, workers, and retirees.

90-Day Actions:

- Lead efforts to convene sister agencies and non-profits to inventory and assess existing financial education programs
- Announce a collaborative, including the civic community and labor unions, to develop and implement strategies focused on each stakeholder group

8

Provide residents with access to safe and responsible financial offerings.

Goal: Connect under- or un-banked residents to responsible financial services and improve the quality of life for more Chicagoans by developing new, tailored services.

90-Day Actions:

- Expand and augment the existing BankOn Chicago program
- Explore expanding services through agreements with government agencies and partnerships with service providers
- Review new product offerings in partnership with commercial banks, employers, advocacy groups, and City agencies

9

Rationalize banking and transaction fees.

Goal: Save taxpayer dollars by renegotiating banking and other financial services contracts and eliminating unnecessary costs.

90-Day Actions:

- Conduct an analysis of current banking and transaction fees and contracts
- Engage City departments and sister agencies to assess various financial services relationships

10

Explore opportunities to provide financial services to local governments and agencies.

Goal: Reduce costs by leveraging current capabilities (e.g. trading, banking, advisory) to eliminate duplication and evaluate new opportunities to access economies of scale.

90-Day Actions:

- Convene City, sister agency, and other local government financial officials to discuss capabilities and opportunities to collaborate
- Issue recommendations on shared services and collaboration opportunities

11

Enhance Chicago's attractiveness to small businesses.

Goal: Accelerate job creation by reducing the time and cost needed to start or expand a business in Chicago.

90-Day Actions:

- Engage small businesses and advocacy groups to prioritize current challenges and opportunities for value creation
- Perform national review of best practices and inventory existing support services for small business growth and development
- Provide recommendations and dedicated resources to leverage City of Chicago size, scale and relationships to lower total cost of doing business for entrepreneurs

12

Lower the cost of doing business with the City through vendor financing programs.

Goal: Identify opportunities to finance supplier payments, reducing vendor costs typically passed on to the City.

90-Day Actions:

- Work with City and sister agency procurement teams to validate opportunity
- Continue evaluating financing models against legal requirements and liability limitations

13

Foster development of innovative City programs that enhance services and save tax dollars.

Goal: Encourage innovation that improves quality of life and saves taxpayer dollars by enabling projects with a positive return on investment.

90-Day Actions:

- Begin discussions with City agencies, non-profits and service providers to understand opportunity areas
- Evaluate models to create and support various investment vehicles
- Identify opportunities for public-private partnerships

14

Publicly report and review key performance metrics on a quarterly basis.

Goal: Establish accountability by tracking the Treasurer's performance and create opportunities to collect feedback.

90-Day Actions:

- Develop and publish a scorecard on the Treasurer's website containing key metrics and goals
- Schedule the release of a quarterly report and "earnings call" where residents can provide feedback and ask questions

15

Provide clear, accessible, and timely information on the City's financial health.

Goal: Help residents understand real-time how their tax dollars are spent and provide independent analysis and reporting on critical policy issues and decisions.

90-Day Actions:

- Meet with City finance team to determine project scope
- Begin assessment of technical, process, and rule changes required for implementation of a new reporting system



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