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The City Treasurer's Office Creates a Scorecard for Broker Dealer Selection Process to Effect Change in Diversity, Equity and Inclusion and Corporate Social Responsibility

Chicago, IL – January 11, 2021 – In her first year, Chicago City Treasurer Melissa Conyears-Ervin's office revolutionized the way cities invest in, and contract with, financial institutions. Her office became the first in the nation to create a scorecard entitled the *Chicago City Treasurer Broker Dealer Diversity Scorecard* (Scorecard) that was designed to measure a firm's leadership efforts in Diversity, Equity and Inclusion (DE&I) as well as Corporate Social Responsibility (CSR) to assist in the Broker Dealer selection process.

This year, the process is enhanced with Version 2.0 that will assess 30% of the selection based on the firm's DE&I and CSR efforts. "Chicago is the third-largest city in the U.S. with 2.7 million residents; 30% of our population is Black and 30% is Hispanic," explains Chicago City Treasurer Melissa Conyears-Ervin. "Our Scorecard is about leveraging our taxpayer dollars for impact. My mission is to have all firms we do business with to care about and improve their diversity, equity, and inclusion. This office is not about just making money, we are also about changing lives."

Version 2.0 of the Scorecard upped the ante for broker dealers. "We did a much broader assessment of a firm's market capabilities and execution metrics based on inventories held, new issue banking activity, market specialty, and access to research. Firms were grouped by cohorts determined by their size so they could be evaluated fairly, and the scoring was weighted to address our specific buying needs," says Craig A. Slack, Deputy Treasurer, Chief Investment Officer, Office of the City Treasurer. "We also asked more in-depth questions around diversity programming and CSR."

The scoring of the firms was broken down as follows:

- 70% of the score is assigned to market capabilities and execution metrics across 9 asset classes.
- 20% of the score is based on Diversity Programming efforts, demographics and policies.
- 10% of the score is based on firm efforts related to Corporate Social Responsibility and Philanthropy.

An example of questions posed to the firms:

- Is the percentage of underrepresented, racial minorities in **all roles** within your U.S. Enterprise above 20%?

(more)

- Is the percentage of underrepresented, racial minorities in **executive roles** within your U.S. Enterprise above 10%?
- Is the percentage of women in **executive roles** within your U.S. Enterprise above 30%?

The Scorecard initiative by the Chicago City Treasurer's Office is starting to gain interest in the investment community after being discussed at two global panels on diversity, equity, and inclusion by the Deputy Treasurer, Chief Investment Officer.

"When you have a constituency like ours it's important for us to establish ourselves as a thought leader in the areas of diversity, equity, and inclusion. I think driving a stake in the ground and saying these are the things that are important to us and this is what we expect from the brokers we do business with is the right place to start," states Slack at the PRI Digital Forum.

Because of the new Scorecard, some broker dealers were not allowed to return. "We have really tried to make the process as objective as possible, but, in general, firms that are laggards in the area of DE&I and CSR are taken out of consideration to become approved broker dealers. In this past year, we went from 58 approved brokers to 33 and this year we are at 28. This year, 43% of the firms we approved qualified as MBE, WBE, and DBE status, but more importantly, we believe that all the firms we are approved to do business with have established themselves as industry leaders in diversity programming. We now have established a watermark by which we can measure improvement and deterioration," states Slack.

It is vital to the Treasurer's Office that the firms they do business with understand the importance of this effort.

Others have expressed interest in this *Chicago Model* for diversity, equity, and inclusion. "I really need partnerships. I need more people like me to start implementing the Scorecard so we can help drive that metric and that conversation across a broader platform, so that's what we're really going to look to push with this particular RFI," says Slack.

For more information and to see a list of the approved Broker Dealers, visit Chicago City Treasurer's website at: [Broker Dealer](#)

About the Chicago City Treasurer's Office

The City Treasurer's Office is the custodian and manager of all cash and investments for the City of Chicago, the four City employee pension funds, and the Chicago Teacher's Pension Fund. Additionally, the Treasurer's Office manages a number of programs that promote financial education and small business growth in Chicago's neighborhoods. The Treasurer is one of three city-wide elected officials in the City of Chicago, with the Mayor and the Clerk being the others.

In May 2019, Melissa Conyears-Ervin made history when she was sworn in as City Treasurer for the City of Chicago, the first African-American woman ever to hold the position without prior appointment. As City Treasurer, she is committed to using a positive, results-oriented approach with city departments. She will work to restore the public's trust in government—good government—that works for the people and applies an equity lens to all of the office's programs and outreach. She will audit every department every year to cut waste, root out fraud and mismanagement, and recommend modernization tactics and best practices that could result in millions of dollars of savings annually.