



# OFFICE OF ILLINOIS STATE TREASURER

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FOR IMMEDIATE RELEASE

October 16, 2018

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## **Treasurer Frerichs Testifies Before Senate Special Committee on State and Pension Fund Investments on Strides to Increase Opportunity to Minority Investment Firms**

*Frerichs Says Assets Brokered by Diverse Firms Grew from \$603 Million to \$35 Billion in 4 Years; New Legislation to Set Goals for Investments Becomes Law*

**CHICAGO** – Illinois State Treasurer Michael Frerichs today testified before the Senate Special Committee on State and Pension Fund Investments about the improvements made in the treasurer’s office to help increase growth and opportunity for Illinois firms owned by Minorities, Women, Veterans and Persons with a Disability (MWVD).

“Our office has made it a priority to provide opportunities for MWVD firms to succeed in the investment space,” Frerichs said. “We are hosting more networking forums, providing more resources, and creating access to help diverse firms obtain more contracts and increase their bottom line.”

Since taking office in 2015, Frerichs has made tremendous strides to transform the culture, policies, and operations within the treasurer’s office to increase opportunities available to diverse investment firms.

In the brokerage program alone, the Illinois treasurer’s office has increased assets brokered by diverse firms from \$603 million in fiscal year 2014 to \$35 billion in fiscal year 2018, nearly 60 times more utilization of MWVD firms. For assets managed, diverse firms accounted for \$16 million in January 2015 and has grown to \$407 million, a 25-fold increase.

Additionally, all Requests for Proposals (RFP) within the treasurer’s office now provide additional points in the scoring process to MWVD applicants and require firms that submit an RFP to illustrate how they promote diversity and equal opportunity.

The treasurer’s office also has instituted the “Garcia Rule” to require mandatory inclusion of MWVD firms in investment searches. For every search for an external investment manager, our consultants must include at minimum one diverse-owned manager.

Frerichs also touted a new law that will help increase investment and procurement opportunities for MWVD firms. Senate Bill 2363, sponsored by Sen. James Clayborne (D- East St. Louis) and Rep. Will Davis (D- East Hazel Crest), became law on Aug. 19, 2018.

Under the new law, the treasurer's office must aspire to use businesses owned by Minorities, Women, Veterans and Persons with a Disability (MWVD) for no less than 25 percent of contracts and investment-related activities. It also authorizes the Treasurer's Office to incorporate preferences in the procurement process for MWVD firms, requires a review of a financial institution's Community Reinvestment Act (CRA) rating, and requires the State Treasurer to create and publish an annual report of the utilization of MWVD firms.

"We are very proud to see this legislation become law. It is important that government reflect the diversity of this state," Frerichs said. "Diversity continues to be a top priority for my administration, but this law helps to make sure these goals are met, and I hope exceeded, for many administrations to come."

Frerichs also serves as a member of the Midwest Investors Diversity Initiative, a 10-member investor coalition pushing for an increase in corporate board diversity. Since 2016, when the group was formed, the Midwest Initiative has engaged 16 companies that have adopted diverse candidate search policies and six of these companies have appointed women and minorities to their boards of directors.

### **About the Illinois Treasurer**

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$28 billion. The portfolio includes \$12 billion in state funds, \$10 billion in college savings plans and \$5.5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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