



New York State Insurance Fund

**MWBE Asset Management and Financial
Institution Strategy Report
Fiscal Year 2020-2021**

June 1, 2021



Kenneth R. Theobalds
Chairman
Board of Commissioners

June 1, 2021

Honorable Andrew M. Cuomo
Governor of New York State
NYS Capitol Building
Albany, New York

Honorable Carl E. Heastie
Speaker
New York State Assembly
Albany, New York

Honorable Crystal D. Peoples-Stokes
Majority Leader
New York State Assembly
Albany, New York

Honorable William A. Barclay
Minority Leader
New York State Assembly
Albany, New York

Honorable Andrea Stewart-Cousins
Temporary President and Majority Leader
New York State Senate
Albany, New York

Honorable Michael Gianaris
Deputy Majority Leader
New York State Senate
Albany, New York

Honorable Robert G. Ort
Minority Conference Leader
New York State Senate
Albany, New York

Julissa Gutierrez
Chief Diversity Officer
NYS Capitol Building
Albany, New York

Dear Governor Cuomo, Senate and Assembly Leaders, and Officer Gutierrez:

The New York State Insurance Fund ("NYSIF") continues to exceed the Minority & Women-Owned Business Enterprises ("MWBE") participation goals set by the New York State Governor's Office and NYSIF's Board of Commissioners. NYSIF is proud to be a leader in providing opportunities to MWBE firms in financial services to add value. In addition, we believe our utilization of qualified MWBE firms helps break down barriers for opportunities with other public and private sector firms. We will continue to innovate and expand opportunities for MWBE vendors, with a renewed focus on professional services.

The following report details the utilization of MWBE's for investment and financial services by NYSIF. This report will be simultaneously published on NYSIF's website for at least sixty (60) days following its release.

Respectfully submitted,

Chairman Kenneth R. Theobalds
Acting Chair, Investment Committee

cc: Niall O'Hegarty, Deputy Secretary for Financial Services
Barbara Rice, Assistant Secretary for Economic Development
Mary Beth Woods, Acting Executive Director & CEO

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NEW YORK STATE INSURANCE FUND (NYSIF)

NYSIF was established in 1914 as part of the original enactment of the New York State Workers' Compensation Law. NYSIF's mission is to guarantee the availability of workers' compensation insurance at the lowest possible cost to New York employers and to provide timely, appropriate indemnity and medical payments to injured workers, while maintaining a solvent fund.

Since inception, NYSIF has fulfilled the dual roles for which it was created: to compete with other carriers to ensure a fair marketplace and to be a guaranteed source of coverage for employers who cannot secure coverage elsewhere.

NYSIF Mission:

- Achieve the best health outcomes for injured workers by paying indemnity and medical benefits in a timely manner and facilitate appropriate medical care.
- Ensure that all New York businesses have a market for workers' compensation and disability benefits insurance available to them at a fair price.
- Maintain a solvent state insurance fund that is always available to New York businesses.
- Be a competitive force in the marketplace and an industry leader in price, quality, and service.

NYSIF is the largest workers' compensation carrier in New York State and among the top 10 largest workers' compensation carrier in the nation, insuring approximately 144,000 policyholders, with more than \$1.4 billion in annual premium and over \$20 billion in assets. NYSIF's operating income is derived solely from insurance premium and investments.

In addition to workers' compensation insurance, NYSIF provides disability benefits coverage for off-the-job injuries to more than 60,000 New York employers. In 2018, NYSIF added Paid Family Leave as a component of its disability benefits product, providing New Yorkers with job-protected, paid time away from work to care for their families.

NYSIF Financial Highlights as of March 31, 2021

	Value	Percentage
Total assets under management	21,275,493,291	100%
Total assets internally managed	17,699,021,359	83%
Total assets externally managed	3,576,471,932	17%

MWBE Assets Under External Management (by Asset Class)		
Asset Class	Market Value	Percent of Externally Managed
Fixed Income	0	0%
Equities	1,941,918,512	54%
External equity portfolio managed by MWBE firms		100%

Investment Staff Diversity		
Minority & Women Professionals	12 employees	71% of staff

HISTORY OF MWBE LEGISLATION

The New York State MWBE Asset Management and Financial Institution Strategy, Chapter 171 of the Laws of 2010, was established to codify and replicate best practices for the inclusion of MWBE asset managers, investment banks, and financial and professional service providers. The strategy encourages greater utilization of the services of MWBE's by fiduciary-controlled entities established by New York State law. Such entities include the Common Retirement Fund ("CRF") under the sole trusteeship of the Office of the State Comptroller ("OSC"), the New York State Deferred Compensation Plan ("NYSDCP"), the New York State Teachers Retirement System ("TRS") and NYSIF.

In State Fiscal Year ("SFY") 2010-2011, NYSIF's Board of Commissioners, in accordance with Workers' Compensation Law §87-i, established an MWBE Asset Management and Financial Institution Strategy ("the MWBE Strategy") aimed at increasing the utilization of MWBE investment and financial services firms. The MWBE strategy adopted an objective standard for reporting on MWBE usage, as required under Workers' Compensation Law §87-i for entities owned by fifty-one percent (51%) women or minority group members.

In SFY 2017-2018, OSC entered into a Consulting Agreement with Lenox Park Solutions, Inc. ("Lenox Park"). The Agreement allows NYSIF to work with Lenox Park, in conjunction with OSC and TRS, to assist with the certification of MWBE firms providing investment related services. With agency assistance, Lenox Park has developed a concurrent listing of certified MWBE firms doing business with NYSIF, OSC and TRS.

OVERVIEW OF NYSIF MWBE PARTICIPATION

Comparative Analysis

- Total dollars paid for all MWBE certified and non-MWBE asset management, financial institutions (broker dealer and other financial services), and professional service providers (accounting and valuation services) for SFY 2020-21: **\$12,587,483**
- Total dollars paid for MWBE-certified asset management, financial institution participation and professional service providers for SFY 2020-21: **\$5,530,265 or 44% MWBE certified participation**
- Total dollars paid to non-MWBE asset management firms, financial institution participation and professional service providers for SFY 2020-21: **\$7,057,218 or 56% non-MWBE participation**

Asset Managers

- Total dollars paid to all MWBE certified and non-MWBE asset management firms for SFY 2020-21: **\$7,233,189**
- Total dollars paid to MWBE-certified asset management firms for SFY 2020-21: **\$5,197,841 or 72% MWBE-certified participation**
- Total dollars paid to non-MWBE asset management firms for SFY 2020-21: **\$2,035,348 or 28% non-MWBE participation**

Financial Institutions

- Total dollars paid to all MWBE-certified and non-MWBE financial institutions (**excluding Asset Management firms**) for SFY 2020-21: **\$1,137,670**
- Total dollars for MWBE-certified financial institutions for SFY 2020-21: **\$287,424 or 25% MWBE-certified participation**
- Total dollars for non-MWBE financial institutions for SFY 2020-21: **\$850,246 or 75% non-MWBE participation**
- If custodial banking financial institution services were excluded from the totals within this category, MWBE financial institution participation would stand at **60%**

Professional Service Providers

- Total dollars paid to all MWBE-certified and non-MWBE professional services providers for SFY 2020-21: **\$4,216,624**
- Total dollars for MWBE-certified professional services providers for SFY 2020-21: **\$45,000 or 1% MWBE-certified participation**
- Total dollars for non-MWBE professional services providers for SFY 2020-21: **\$4,171,624 or 99% non-MWBE participation**
- If 'Sole Source' vendors are removed, total dollars for MWBE-certified professional services providers for SFY 2020-21: **\$1,816,000 or 2% MWBE-certified participation**

AGENCY EFFORTS TO ACHIEVE THE STRATEGY

NYSIF is committed to continuing to provide opportunities to MWBE firms. NYSIF's Investment department has Requests for Proposals in progress for which MWBE firms have applied, and more forthcoming during the year. NYSIF's Procurement department continues to incorporate diversity and inclusion queries into Best Value Procurement and continues to pursue innovative procurements to be more inclusive of MWBE firms to compete and be awarded contracts to provide new ideas and strategies in managing Investments.

PROGRESS OF OUTREACH EFFORTS – NYSIF PROCUREMENT & INVESTMENTS

Amid all the uncertainty surrounding the coronavirus, NYSIF continued extensive outreach to MWBE vendors and remained committed to achieving the statewide goal of expanding opportunities for MWBEs and the utilization of MWBE investment and financial services firms.

All competitive investment and financial services procurement opportunities are advertised on NYSIF's website; in the New York State Contract Reporter ("NYSCR"), which is New York State's official publication of procurement opportunities; and in Minority Commerce Weekly, a published journal in which procurement opportunities are advertised to MWBE providers.

In addition, NYSIF sends notices of all procurement opportunities directly to investment and financial providers listed on the Empire State Development Corporation (ESD) Directory of Certified-Minority and Women-Owned Business Enterprises.

Qualified MWBE asset managers and financial services providers have been informed about ESD certification process. Further, NYSIF has worked with both groups and ESD to utilize their expedited certification process of those MWBE eligible vendors currently engaged in NYSIF procurement and contractual opportunities.

In 2020-2021, NYSIF supported and participated in the following annual events:

- The New York State Black, Puerto Rican, Hispanic and Asian Legislative Caucus- Albany, NY
- The Somos el Futuro Conference - Albany, NY

In addition, during the midst of the coronavirus pandemic, NYSIF sponsored and participated in virtual programs and events including:

- The Competitive Edge Conference - NYSIF serves on the Advisory Board and Planning Committee; sponsored by members of a consortium of public and private partners working to create and increase procurement and contracting opportunities for MWBE's and small business enterprises.
- The New York State MWBE Forum
- NYSIF Investment Symposium

NYSIF envisions continuing its support and participation in other events such as Regional MWBE Outreach Events sponsored by ESD and the Veterans in Economic Transition Conference (VETCONNY).

In 2020-21, more than half of NYSIF Investment's equity commissions went to MWBE firms, and as of December 2020, all NYSIF's external equity assets were allocated to MWBE asset managers.

In 2021-2022 the Fund will continue to work to provide opportunity for MWBE firms to include allocations in sectors and asset classes where currently no MWBE firms have been awarded contracts.

To further efforts in expanding diversity of businesses utilized by NYSIF and New York State, NYSIF has collaborated with TRS, CRF and other related entities to streamline the MWBE certification process so that commerce transactions with qualifying MWBE's can become part of the agency MWBE utilization.

NYSIF and its Board of Commissioners are committed to diversity and have exceeded the Governor's targets for diversity and MWBE spending, both in Investments and in our overall spending. In 2021-2022 we look to continue to seek out MWBE firms who can provide outstanding services and solid returns.

Annual MWBE Investment Symposium

On February 24, 2021, NYSIF hosted our 11th Annual MWBE Investment Symposium with members of NYSIF's Board of Commissioners and Executives. The conference gives MWBE firms a chance to gain knowledge about NYSIF and to be introduced to the Fund as it continues to seek investment managers and providers to further not only its MWBE strategy; but provide overall value to the Fund. The Symposium also provides an open forum to discuss challenges, opportunities and receive constructive feedback from MWBE practitioners in the field. The NYSIF MWBE Investment Symposium agenda is included in this report as Appendix A.

CONCLUSION - NYSIF GOALS

NYSIF will continue to report annually to the Governor, Legislature, and the Chief Diversity Officer of the State of New York on the participation of MWBE Asset Managers, MWBE Financial Institutions and MWBE Professional Service Providers in investment and brokerage transactions with NYSIF, or as providers of services to NYSIF.

In financial services, with the challenges that a shift to Passive or Index Funds present to active MWBE firms, NYSIF will continue to seek innovation and expansion of economic opportunity and value. Across all our business, NYSIF will continue to maximize the utilization of top notch MWBE vendors in 2021-2022.

APPENDIX A: NYSIF MWBE Investment Symposium Agenda

New York State Insurance Fund

11th Annual MWBE Virtual Investment Symposium Wednesday, February 24, 2021

11:00 am – 5:30 pm EST

A Time to Pivot: Asset Gathering and Management in a Changing Environment

10:50 am – 11:00 am

Waiting Room

11:00 am – 11:15 am

Welcome Remarks

Eric Madoff, Executive Director & CEO, New York State Insurance Fund

Alexis Thomas, Commissioner, New York State Insurance Fund President, Preston Hollow Consultants

Kenneth R. Theobalds, Chairman of the NYSIF Board of Commissioners New York State Insurance Fund

11:15 am – 12:00 pm

Diversity and Inclusion in the New Environment

In the wake of major social and political changes, leading companies and organizations are taking steps to increase diversity, equity, and inclusion. Focusing on solutions to the diversity challenge remains tepid. Do we need “Programs” designed to increase diversity and inclusion in the workplace or do we just do it? Which is actually working?

Moderator

Sean Graham, Commissioner, New York State Insurance Fund Investment Officer, Cornell University

Speakers

Ms. Hester Agudosi, Esq., Chief Diversity Officer, State of New Jersey

Bhakti Mirchandani, Commissioner, New York State Insurance Fund Board Member, Trinity Church Wall Street's approach to diversity

Clarence Williams, President, National Association of Securities Professionals-New York Chapter

12:00 pm – 12:45 pm

Fireside Chat - Issues of Equity and Economic Opportunity

Corporate America’s commitment to diversity and efforts to move the ball forward to make concrete changes inside and outside their own institutions.

Moderator

Alexis Thomas, Commissioner, New York State Insurance Fund

Speaker

Debra Langford, Executive Director, Business Development, Advancing Black Pathways JPMorgan Chase & Co.

12:45 pm – 1:30 pm

Fireside Chat – Current State of New York State Insurance Fund Moderator

Alexis Thomas, Commissioner, New York State Insurance Fund President, Preston Hollow Consultants

Eric Madoff, Executive Director & CEO, New York State Insurance Fund Gregory Francis, Chief Investment Officer, New York State Insurance Fund

1:30 pm – 1:45 pm

Break

1:45 pm – 2:30 pm

Current Challenges for MWBE Asset Managers in the Current Environment

How has the current environment and the markets impacted you as a MWBE firm?

Moderator

Alexis Thomas, Commissioner, New York State Insurance Fund President, Preston Hollow Consultants

Speakers

James Haddon, Head of Marketing, Ramirez & Co

Degas A. Wright, CFA, Chief Investment Officer, Decatur Capital Management, Inc.

2:30 pm – 3:15 pm

Report Card on MWBE Hiring & Doing Business with Other MWBE Firms

An old conversation with a new spin

Moderator

Alexis Thomas, Commissioner, New York State Insurance Fund President, Preston Hollow Consultants

Speakers

Martin Cabrera, President, Cabrera Capital Markets

William Thompson, Jr., Chief Administrative Officer, Siebert Williams Shank & Co., LLC

3:15 pm

Symposium Adjournment

3:30 pm – 5:30 pm

Speed Dating

Corporate and Government Bond Brokers

Adam Gileski, CFA, Corporate Bond PM and Strategist, New York State Insurance Fund

Structured Products Brokers

Margarita Genis, CFA, FRM, Structured Products PM and Strategist, New York State Insurance Fund

Asset Managers: Room A

Gregory Francis, Chief Investment Officer, New York State Insurance Fund Kevin Leonard, Partner, NEPC

Asset Managers: Room B

Milci Artiga, CFA, External Manager Due Diligence, New York State Insurance Fund William Forde, CFA, CAIA, Principal, Senior Consultant, NEPC

Manager of Manager Asset Manager: Room C

Les Bond, Chief Executive Officer, Attucks Asset Management Vennie A. Lyons II, Managing Director, Attucks Asset Management

Manager of Manager Asset Manager: Room D

Benjamin Hymes, Research Analyst, Legato Capital Management, LLC Diana Tamhankar, Senior Research Analyst, Legato Capital Management LL