



THE STATE INSURANCE FUND

DAVID E. OURLIGHT
CHAIR
INVESTMENT COMMITTEE

June 1, 2018

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

Honorable Andrea Stewart-Cousins
Democratic Conf. Leader
New York State Senate
Albany, New York

Honorable John J. Flanagan
Temporary President and Majority Leader
New York State Senate
Albany, New York

Honorable Brian M. Kolb
Minority Leader
New York State Assembly
Albany, New York

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

Ms. Lourdes Zapata
Chief Diversity Officer
NYS Capitol Building
Albany, New York

Re: Report - MWBE Asset Management & Financial Institution Strategy

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

The following report details the utilization of Minority & Women-Owned Business Enterprises ("MWBE") for investment and financial services by the New York State Insurance Fund ("NYSIF").

I. MWBE Participation

In State Fiscal Year 2017-18 ("SFY 2017-18"), NYSIF, led by its Board of Commissioners and Executive Management team, continued to show its leadership in utilizing MWBE firms in investment and brokerage transactions.

During SFY 2010-11, NYSIF's Board of Commissioners, in accordance with Workers' Compensation Law §87-i, established a 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 (51%) percent** or more minority/women members.

In SFY 2017-18, the Office of the State Comptroller (OSC) entered into a Consulting Agreement with Lenox Park Solutions, Inc. The Agreement allows NYSIF to work with Lenox Park Solutions Inc., in conjunction with OSC and the New York State Teachers Retirement System (TRS), to assist

with the certification of MWBE firms providing investment-related services. With agency assistance, Lenox Park Solutions, Inc. has developed a concurrent listing of certified MWBE firms doing business with NYSIF, OSC and TRS. This Agreement replaces the previous Memorandum of Understanding with Altura Capital Group for these same services.

II. Comparative Analysis

- Total dollars paid for all MWBE certified and non-MWBE asset management (equity and fixed income securities), financial institutions (broker dealer and other financial services), and professional service providers (accounting and valuation services) for SFY 2017-18: **\$11,706,803**
- Total dollars paid for MWBE-certified asset management, financial institution participation and professional service providers for SFY 2017-18: **\$5,177,239 or 44% MWBE certified participation**
- Total dollars paid to non-MWBE asset management firms, financial institution participation and professional service providers for SFY 2017-18: **\$6,529,564 or 56% non-MWBE participation**

Asset Managers

- Total dollars paid to all MWBE certified and non-MWBE asset management firms for SFY 2017-18: **\$6,591,851**
- Total dollars paid to MWBE-certified asset management firms for SFY 2017-18: **\$4,890,340 or 74% MWBE-certified participation**
- Total dollars paid to non-MWBE asset management firms for SFY 2017-18: **\$1,701,511 or 26% non-MWBE participation**

Financial Institutions

- Total dollars paid to all MWBE-certified and non-MWBE financial institutions (**excluding Asset Management firms**) for SFY 2017-18: **\$793,970**
- Total dollars for MWBE-certified financial institutions for SFY 2017-18: **\$186,474 or 23% MWBE-certified participation**
- Total dollars for non-MWBE financial institutions for SFY 2017-18: **\$607,496 or 77% non-MWBE participation**
- If custodial banking financial institution services were excluded from the totals within this category, MWBE financial institution participation would stand at **47%**

Professional Service Providers

- Total dollars paid to all MWBE-certified and non-MWBE professional services providers for SFY 17-18: **\$4,320,982**
- Total dollars for MWBE-certified professional services providers for SFY 2017-18 **\$100,425 or 2% MWBE-certified participation**
- Total dollars for non-MWBE professional services providers for SFY 2017-18: **\$4,220,557 or 98% non-MWBE participation**
- If 'Sole Source' vendors are removed, total dollars for MWBE-certified professional services providers for SFY 2017-18: **\$100,425 or 4% MWBE-certified participation**

III. Agency Efforts to Achieve the Strategy

Progress of Outreach Efforts – NYSIF Procurement & Investments

NYSIF does extensive outreach to MWBE vendors. NYSIF advertises all competitive investment and financial services procurement opportunities on its website, in the New York State Contract Reporter (“NYSCR” - New York’s official publication of state 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 directory of Certified-Minority and Women-Owned Business Enterprises.

Current and new asset managers and financial services providers meeting the qualifications for MWBE certification have been informed about the certification processes. In addition, NYSIF has worked with Empire State Development Corporation and Lenox Park Solutions, Inc. to expedite certification of MWBEs. NYSIF continuously supports and participates in the following annual events:

- The New York State Black, Puerto Rican, Hispanic and Asian Legislative Caucus-Albany, NY
- The Competitive Edge Conference (New York, NY), sponsored by members of a consortium of public and private partners working to increase opportunities for MWBEs
- The New York State MWBE Forum – Albany, NY
- NYSIF MWBE Investment Symposium - New York, NY
- The Somos el Futuro Conference - Albany, NY
- Regional MWBE Outreach Events as sponsored by ESD
- Matchmaker Event sponsored by US Small Business Administration - Albany, NY
- Veterans in Economic Transition Conference, New York (VETCONNY), Albany, NY

NYSIF regularly participates in Empire State Development Corporation MWBE events. In February of 2018, NYSIF hosted its eighth annual MWBE Symposium with NYSIF’s Board of Commissioners, Executives, asset managers, and MWBE Broker-Dealers in efforts to continually educate asset managers to the types of services provided by MWBE Broker-Dealers; and, to increase the utilization of MWBE Broker-Dealers in investment and financial services. The event attracted thirty-five Broker-Dealers, creating opportunities for new business and networking between the Broker-Dealers and NYSIF’s Asset Managers with the goal of strengthening existing relationships.

In an effort to expand inclusion and diversity of MWBE’s participation in NYSIF’s asset management and financial services opportunities, NYSIF collaborates with the New York State Teachers Retirement Fund and the New York State Common Retirement Fund. Additionally, NYSIF collaborates with other entities to streamline the MWBE certification process.

IV. Conclusion - SFY 2017-18 NYSIF Goals

NYSIF continues to exceed the established MWBE participation goals set by the NYS Governor's Office and will continue offering procurement and contracting opportunities to MWBE vendors in 2018-19.

NYSIF will continue to annually report 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, or as providers of services for, NYSIF.

This report will be published on NYSIF's website for at least sixty (60) days following its release to the Governor, Legislature and the Chief Diversity Officer of the State of New York. It will document NYSIF's utilization of MWBE entities.

NYSIF is proud to be an active participant in New York State's efforts to provide MWBE firms with opportunities in asset management and financial services.

Respectfully submitted,



David E. Ourlicht, Commissioner and Chair
Investment Committee
New York State Insurance Fund

cc: Adam Zurofsky, Deputy Secretary for Energy and Financial Services
Kenneth R. Theobalds, Chairman of the Board of Commissioners
Eric Madoff, Executive Director & CEO