



## THE STATE INSURANCE FUND

**DAVID E. OURLICHT**

CHAIR

INVESTMENT COMMITTEE

June 1, 2016

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

Honorable John J. Flanagan  
Temporary President of the Senate  
New York State Senate  
Albany, New York

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

Ms. Rose Rodriguez  
Chief Diversity Officer  
NYS Capitol Building  
Albany, New York

Honorable Jeffrey D. Klein  
Independent Democratic Conf. Leader  
New York State Senate  
Albany, New York

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

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

Re: Report - MWBE Asset Management & Financial Institution Strategy

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

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 2015-16 ("SFY 2015-16"), 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 group members and/or women.

In SFY 2014-15, NYSIF re-signed a Memorandum of Understanding (MOU) with the Office of the State Comptroller (OSC). This MOU allows NYSIF to work with Altura Capital Group, 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, Altura has developed a concurrent listing of certified MWBE firms doing business with NYSIF, OSC and TRS.

## **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 2015-16: **\$11,649,909.25**
- Total dollars paid for MWBE-certified asset management, financial institution participation and professional service providers for SFY 2015-16: **\$7,310,797.16, or 62.75% MWBE-certified participation**
- Total dollars paid to non-MWBE asset management firms, financial institution participation and professional service providers for SFY 2015-16: **\$4,339,112.09, or 37.25% non-MWBE participation**

### **Asset Managers**

- Total dollars paid to all MWBE-certified and non-MWBE asset management firms for SFY 2015-16: **\$7,947,869.93**
- Total dollars paid to MWBE-certified asset management firms for SFY 2015-16: **\$6,740,018.21 or 84.80% MWBE-certified participation**
- Total dollars paid to non-MWBE asset management firms for SFY 2015-16: **\$1,207,851.72, or 15.20% non-MWBE participation**

### **Financial Institutions**

- Total dollars paid to all MWBE-certified and non-MWBE financial institutions (**excluding Asset Management firms**) for SFY 2015-16: **\$1,310,444.48**
- Total dollars for MWBE-certified financial institutions for SFY 2015-16: **\$420,141.45 or 32.06% MWBE-certified participation**
- Total dollars for non-MWBE financial institutions for SFY 2015-16: **\$890,303.03 or 67.94% non-MWBE participation**
- If custodial banking financial institution services were excluded from the totals within this category, MWBE financial institution participation would stand at **59.86%**

### **Professional Service Providers**

- Total dollars paid to all MWBE-certified and non-MWBE professional services providers for SFY14-15: **\$2,391,594.84**
- Total dollars for MWBE-certified professional services providers for SFY 2015-16: **\$150,637.50 or 6.30% MWBE-certified participation**
- Total dollars for non-MWBE professional services providers for SFY 2015-16: **\$2,240,957.34 or 93.70% non-MWBE participation**
- If 'Sole Source' vendors are removed, total dollars for MWBE-certified professional services providers for SFY 2015-16: **\$150,637.50 or 15.73% 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 directory of Certified-Minority and Women-Owned Business Enterprises.

Current and new asset managers and financial services providers meeting the qualifications for NYS MWBE certification have been informed about the certification process and NYSIF has worked with Empire State Development to develop a process to expedite certification of MWBEs currently engaged in procurement and contractual opportunities with NYSIF. NYSIF continuously supports and participates in the following annual events:

- Events coordinated and presented by the New York State Association of Black and Puerto Rican Legislators, Inc. (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 MWBE service providers and create procurement and contracting opportunities for qualified firms.
- The Statewide MWBE Forum (Albany, NY)
- NYSIF MWBE Investment Symposium (New York, NY)
- SOMOS EL Futuro Conference (Albany, NY)
- NYS ESD-sponsored regional MWBE outreach events throughout NYS
- 2015 Matchmaker Expo (Albany, NY)

NYSIF regularly participates in Empire State Development programs. In February of 2016, NYSIF developed and hosted its sixth annual MWBE Symposium with NYSIF’s Board of Commissioners, Executives, asset managers, and MWBE Broker-Dealers in an effort to introduce its asset managers to the types of services MWBE Broker-Dealers provide and to increase the utilization of MWBE Broker-Dealers for investment and financial services. The event attracted over thirty Broker-Dealers, creating new business relationships between the Broker-Dealers and NYSIF’s asset managers, and strengthening existing ties between the Broker-Dealers and asset managers.

NYSIF also participates in the New York State MWBE Forum, an annual conference and exposition for Minority and Women-owned Business Enterprises sponsored by the Governor’s Office in which MWBE firms across many product lines, including those investment-related, can interface and form business relationships with a variety of entities including NYS Government Agencies.

In an effort to further expand the diversity of businesses utilized by NYSIF and New York State, NYSIF collaborates with the New York State Teachers Retirement Fund and the New York State Common Fund to advance MWBE-related legislation within the financial area intended to broaden the scope of businesses that are eligible for MWBE status. Additionally, NYSIF collaborates with other entities to streamline the MWBE certification process so firms qualifying for MWBE designation can expeditiously commence transacting business with New York State.

#### **IV. Conclusion - SFY 2015-16 NYSIF Goals**

NYSIF continues to exceed the MWBE participation goals set by the NYS Governor's Office and NYSIF's Board of Commissioners and will continue its usage of MWBE vendors in 2016-17. Though some functions currently have only a single provider of services ("sole source providers"), NYSIF continues to watch for MWBE firms' forays into such areas.

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.

The report will include:

1. A comparative analysis of such activity relative to such activity with all asset managers, financial institutions, and professional service providers for the relevant period; and
2. Information on the progress and success of the efforts undertaken during such period to achieve the goals of the strategy.

The report will be simultaneously 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 at the forefront of New York State's efforts to level the playing field by reducing barriers to the MWBE certification process and providing opportunities for MWBE firms to demonstrate their qualifications, skills, and expertise.

Respectfully submitted,



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

cc: Brendan Fitzgerald, Deputy Secretary for General Government and Financial Services  
Kenneth R. Theobalds, Chairman of the Board of Commissioners  
Eric Madoff, Executive Director/CEO