

# **State of Wisconsin Supplier Diversity Report**

**Fiscal Year 2015 Annual Report**

Department of Administration  
Division of Enterprise Operations  
Wisconsin Supplier Diversity Program  
May 2016

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## Executive Summary

**History of the Wisconsin Supplier Diversity Program.** The Wisconsin Supplier Diversity Program was created in 1983 when the Legislature passed Wisconsin Act 390 that set a five percent participation goal for state agencies and University of Wisconsin campuses for purchases of goods and services with certified Minority Businesses Enterprises (MBEs). The Act also established a *permissive* five percent bid preference for certified MBE firms responding to bids for State contracts.

In 2010, the Legislature enacted Wisconsin Act 299 that provided a participation goal of a portion of state contracts for Disabled-Veteran Owned Businesses (DVBs) certified by the State of Wisconsin. It also provided a *permissive* five percent bid preference to such firms. In 2014, the Legislature enacted an amendment under 2013 Wisconsin Act 192 to establish a one percent goal for DVBs.

**Fiscal Year 2015 Highlights.** Diverse suppliers accounted for \$120,164,409 of \$2,623,142,958 of state agency and University of Wisconsin spending in the areas of procurement, state highways, facilities construction and architectural/engineering services during Fiscal Year 2015 (FY15). Diverse supplier purchases represented 4.58% of total spend. FY15 highlights included:

- State agencies spent \$53,273,773 with MBE/DVB businesses on general procurement in FY15, or 6.15% of spend totaling \$866,906,185.
- The DOA Division of Facilities Development (DFD) spent \$316,640,291 on various state construction projects in FY15. MBEs accounted for \$12,403,733 of total expenditures and DVBs accounted for \$3,341,446 for a total of \$15,745,179, representing 4.97% of total spend.
- DFD spent \$32,328,033 for architectural/engineering services in FY15. Certified MBE firms accounted for \$1,350,222 and DVBs accounted for \$139,836 for a total of \$1,490,058, or 4.61% of total spend.
- The Wisconsin Department of Transportation (DOT) State Highway Program expended \$42,525,592 with MBEs/DVBs, or 5.18% of the \$821,598,986 spent in FY15.
- University of Wisconsin System campuses spent \$7,129,807 in the procurement of goods and services with certified MBE/DVB firms in FY15, or 1.22% of spend totaling \$585,669,463.

## Statutory Authority

**Annual Reporting Requirement.** Wis. Stat. § 16.75 (3m) (c) 4. requires the Department of Administration to annually report enterprise-wide participation by MBEs and DVBs on state contracts to the Governor and Legislature for distribution to the appropriate legislative committees.

**State of Wisconsin Diversity Business Goals.** Wis. Stat. § 16.75 (3m) (b) 1 provides that the department [DOA] and any state agency making purchases "shall attempt to ensure that 5% of the total amount expended under this subchapter in each fiscal year is paid to minority businesses." The statutes define the term "minority business" as a "business certified by the Department of Administration." (§16.287)

Wis. Stat. §16.75 (3m) (b) 2 provides that the department and any state agency making purchases "shall make efforts to ensure that 1% of the total expended under this subchapter in each fiscal year is paid to disabled veteran owned businesses." Disabled veteran-owned businesses are certified by the Department of Administration. (§16.283)

The Department of Administration (DOA) monitors these goals and undertakes the certification process through the Wisconsin Supplier Diversity Program in the Division of Enterprise Operations.

**Exceptions.** The five percent expenditure goals apply to all State purchases with the exception of the Department of Transportation (DOT) Federal Surface Transportation Assistance Act and the Department of Natural Resources Environmental Protection Agency (EPA) funds. In addition, the Supplier Diversity Program offers certification for women-owned businesses; however, statutes do not provide a goal or price preference for women-owned businesses participating in state purchasing.

**Business Bid Preference.** Wis. Stat. § 16.75 (3m) (b) 3. provides that agencies "may purchase materials, supplies, equipment and contractual services from any minority or disabled veteran owned business submitting a qualified responsible competitive bid that is no more than 5% higher than the apparent low bid or competitive proposal that is no more than 5% lower than the most advantageous proposal." The statute further provides that agencies "shall maximize the use of minority businesses or disabled veteran-owned businesses which are incorporated under Chap. 180 or which have their principal place of business in this state." The *permissive 5% low-bid preferences* are applicable to all state purchases except printing and stationery.

**Certification Program.** The Department of Administration certifies minority- and disabled veteran-owned businesses through processes governed by Wis. Stat. § 16.287 (2), Adm 84 and Adm 82. An application is submitted by the business and a review is conducted by the Department of Administration Supplier Diversity Program to ensure compliance with the statute and administrative code. Of an estimated 18,000 Wisconsin minority-owned businesses,<sup>1</sup> 653 were certified MBEs (including some domiciled outside of the State of Wisconsin).<sup>2</sup> The State began to certify DVBs in 2011. In FY15, twenty-six DVB firms were certified in the Wisconsin program.

In 2012, Executive Order #72 required the Department to waive certification application requirements from other state, federal, local or private businesses if their certification procedures are "substantially equivalent" to those of the State of Wisconsin. To streamline certification and reduce duplication, DOA entered into a Memorandum of Understanding (MOU) with the Wisconsin Department of Transportation Office of Business Opportunity and Equity Compliance and other entities in the Unified Certification Program in 2013. Through it, the DOA Supplier Diversity Program grants certification to firms that meet State of Wisconsin certification eligibility requirements using their UCP certification.

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<sup>1</sup> Source: 2002 Survey of Business Owners, U.S. Department of Commerce, Census Bureau

<sup>2</sup> Department of Administration Certification Report FY2015

## FY15 Results by Major Contracting Area

Four major areas of state purchasing account for the State’s supplier diversity goals. The areas, responsible agencies and relevant statutes are:

- **General Procurement.** All agencies and University of Wisconsin System campuses, Wis. Stat. § 16.75 (3m) (c).
- **Engineering and Architectural Services.** DOA Division of Facilities Development, Wis. Stat. § 16.87 (2).
- **Building Construction Services.** DOA Division of Facilities Development, Wis. Stat. §16.855 (10n).
- **State Highways Construction.** Wisconsin Department of Transportation, Wis. Stat. § 84.075.

The following summarizes spend by major state contracting areas during FY15:

Program	Total Spend	Diversity Spend	%
General Purchasing (Agencies and UW)	\$1,452,575,648	\$60,403,580	4.16%
DOA DFD Construction	316,640,291	15,745,179	4.97%
DOA DFD Architecture/Engineering	32,328,033	1,490,058	4.61%
DOT State Highway Program	<u>821,598,986</u>	<u>42,525,592</u>	<u>5.18%</u>
Total	\$2,623,142,958	\$120,164,409	4.58%

**General Procurement.** State statutes and administrative code govern purchasing activities conducted by agencies and campuses. The DOA State Bureau of Procurement (SBOP) oversees administration of all state procurement and sets policies and procedures to carry out procurement activities. In general, state laws and policies require competitive bidding as the preferred procurement method of contracting. Contracts are awarded to the lowest responsible bidder.

MBEs and DVBs compete for state contracts on the same basis as all other vendors. However, state agencies may make awards to an MBE or DVB “submitting the lowest qualified responsible competitive bid when the bid is not more than 5% higher than the apparent low bid or competitive proposal that is no more than 5% lower than the most advantageous proposal.”<sup>3</sup>

State agencies and campuses purchased general goods and services totaling \$1,452,575,585 in FY15. Of this amount, spend with diverse businesses totaled \$60,403,580 or 4.16% of all general purchases.<sup>4</sup>

Eleven agencies achieved or exceeded five percent general spending with certified diverse suppliers in FY15:

- |                                           |        |
|-------------------------------------------|--------|
| 1. Department of Financial Institutions   | 29.49% |
| 2. Investment Board                       | 29.12% |
| 3. Legislative Technology Services Bureau | 25.47% |

<sup>3</sup> Wis.Stat. §16.75(3m) (b) (3).

<sup>4</sup> FY15 general purchasing figures include spend through the State’s purchasing card program.

4. Government Accountability Board	15.00%
5. Department of Transportation	15.31%
6. Department of Administration	12.38%
7. Department of Workforce Development	8.57%
8. Employee Trust Funds	7.98%
9. Department of Children and Families	7.72%
10. Department of Corrections	5.49%
11. Department of Natural Resources	5.31%

General procurement activity includes both direct purchases from MBEs/DVBs and second-tier MBE/DVB participation on contracts awarded to non-MBE vendors.

**State Building Program: Construction Projects and Architectural/Engineering Service.** The DOA Division of Facilities Development (DFD) provides oversight of the State Building Program. Its services consist of new construction and building renovation for all agencies, including the University of Wisconsin System. In addition to construction related services, it serves as staff to the State Building Commission. It is through these major activities that DFD provides opportunities to minority businesses to participate in state contracts for construction, engineering and architectural services.

DFD has an integrated and proactive approach in its business practices to ensure there are many opportunities for diverse suppliers. This includes having the Supplier Diversity program director serve as a member of the Selection Committee for architectural and engineering services. DFD may also award to an MBE/DVB submitting the lowest qualified bid on contracts when that qualified bid is not more than 5% higher than the apparent low bid, a statutory price preference.

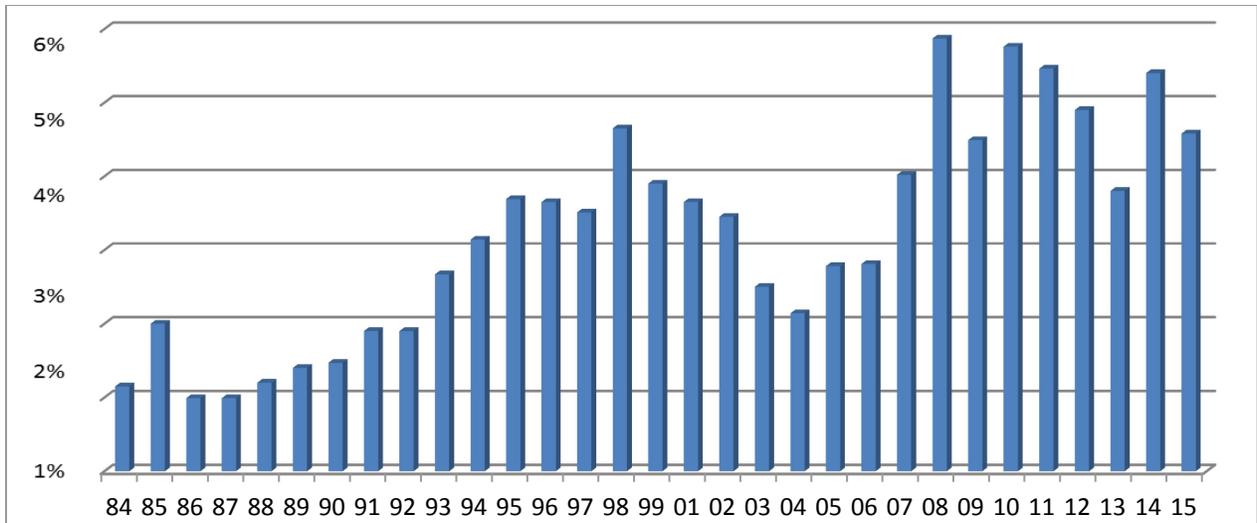
Thirty-four diverse firms (31 MBEs, 3 DVB) firms were involved in construction projects undertaken by DFD. FY15 construction expenditures totaled \$316,640,291 including MBE/DVB spend of \$15,745,179 for a participation rate of 4.97%.

Twelve diverse firms (11 MBEs, 1 DVB) provided consulting services to various architectural and engineering projects. Their participation was \$1,490,058, or 4.61%, on \$32,328,033 expended in FY15.

**DOT Spend: State Trunk Highways, Roads and Bridge Building.** The Department of Transportation (DOT) spent \$821,598,986 in FY15 on road and bridge building in the State Highway Construction Program. Diverse firm (mainly MBEs) participation totaled \$42,525,592, or 5.18% of FY15 spending.

## Historical Trends

The following graph shows percentages of diversity spending from the inception of the State Diversity Program in 1983 to 2015. The figures are primarily dollars spent with MBEs; spend with DVBs commenced in 2010.



The following table provides the percentages of diverse spend in each major purchasing area over the last nine years.

Fiscal Year	General Procurement	Construction	Architecture Engineering	State Trunk Highway	Total
2007	2.68%	7.76%	5.81%	5.07%	4.02%
2008	2.91%	19.07%	8.89%	6.34%	5.87%
2009	3.45%	5.27%	9.74%	5.84%	4.49%
2010	3.77%	8.31%	17.26%	7.73%	5.76%
2011	3.99%	4.26%	15.96%	7.13%	5.15%
2012	3.06%	5.05%	10.90%	9.82%	4.90%
2013	3.20%	7.40%	16.40%	11.70%	3.60%
2014	4.30%	6.00%	7.60%	7.01%	5.40%
2015	4.16%	4.97%	4.61%	5.18%	4.58%

### Other Statutory Diversity Spend

**State of Wisconsin Investment Board.** Statutes require the State of Wisconsin Investment Board (SWIB) to report on spend relating to financial and investment analysis and for common stock and convertible bond brokerage commissions. In FY15, SWIB expended \$199,127, or 2.8%, of its discretionary commission of \$7,004,381 with diverse brokerage firms.

**DOA Capital Finance.** DOA's Capital Finance Office supports the financing needs of the State's infrastructure through the sale of bonds and notes in the capital market. The State Building Commission sets a goal of ensuring that minority/disabled veteran-owned investment firms certified by the state underwrite 6% of the bonds. Diverse firms are encouraged to participate in the selling, advising and underwriting of State of Wisconsin bonds, notes, and other obligations in the capital market. In FY15, diversity firms underwrote 6.93% of Capital Finance's sales of State of Wisconsin's Building Commission

bonds and notes. Overall, diverse underwriters' participation totaled \$140,160,450 of obligations totaling \$2,023,020,000. Capital Finance also reported that while it has not utilized a Wisconsin certified disabled veteran-owned business, one such national firm had underwriting liability of nearly \$54 million on \$446 million of transactions.

**Wisconsin Health and Educational Facilities Authority.** The Wisconsin Health and Educational Facilities Authority (WHEFA) is an independent state authority that provides active capital financing assistance to Wisconsin's tax-exempt healthcare and higher educational industries. In FY15, WHEFA provided contracts totaling \$1,623, or 1.49%, of its discretionary purchases with diverse firms.

**Wisconsin Housing and Economic Development Authority.** The Wisconsin Housing and Economic Development Authority (WHEDA) is an independent state authority that works with lenders to provide low-cost financing for housing and small business development in Wisconsin. In FY15, WHEDA spent \$89,496, or 6.15%, of its total \$1,454,605 discretionary purchases with diverse firms. Due to limited bond issuance activity in FY15, there were no payments to diverse firms for bond issuance.

## Fiscal Year 2015 State of Wisconsin Diversity Spend

Agency General Procurement	Total Spend	Diversity Spend	% Diversity
Administration, Department of	\$90,625,493	\$11,221,088	12.38%
Aging, Board on	114,288	-	-
Agriculture, Trade and Consumer Protection, Department of	7,630,527	30,561	0.40%
Child Abuse & Neglect Prevention Board	49,928	-	-
Children and Families, Department of	37,103,861	2,863,683	7.72%
Circuit Courts	490,580	-	-
Corrections, Department of	146,818,652	8,055,696	5.49%
Court of Appeals	497,066	1,602	0.32%
District Attorneys (DOA)	433,222	353	0.08%
Educational Communications Board	2,391,425	-	-
Employee Trust Funds, Department of	12,025,413	959,825	7.98%
Employment Relations Commission	151,168	43	0.03%
Employment Relations, Office of State	116,662	-	-
Financial Institutions, Department of	2,621,064	772,856	29.49%
Government Accountability Board	1,382,066	207,273	15.00%
Governor, Office of the	145,334	-	-
Health Services, Department of	246,287,361	8,780,649	3.57%
Higher Educational Aids Board	78,498	-	-
Historical Society	3,400,767	11,002	0.32%
Insurance, Commissioner of	3,598,443	168,625	4.69%
Investment Board	1,909,798	556,185	29.12%
Judicial Commission	1,046	-	-
Judicial Council	4,371	-	-
Justice, Department of	20,715,437	876,674	4.23%
Legislative Tech Services Bureau	1,576,870	401,677	25.47%
Lieutenant Governor, Office of the	10,808	-	-
Lower WI State Riverway Board	5,122	-	-
Military Affairs, Department of	7,990,073	123,133	1.54%
Miscellaneous Appropriations	13,500	-	-
Natural Resources, Department of	60,795,031	3,227,691	5.31%
People with Dev. Disabilities, Board on	89,901	102	0.11%
Public Defender Board	1,780,031	9,540	0.54%
Public Instruction, Department of	28,549,103	575,391	2.02%
Public Lands, Board of Commissioners of	155,494	-	-
Public Service Commission	1,061,664	-	-
Revenue, Department of	36,305,191	1,706,571	4.70%
Safety and Prof. Services, Department of	3,144,239	21,555	0.69%
Secretary of State	11,655	-	-
State Fair Park Board	7,918,222	2,953	0.04%
State Treasurer	70,403	-	-
Supreme Court	5,528,309	52,456	0.95%
Tourism, Department of	10,804,055	110,075	1.02%
Transportation, Department of	53,278,062	8,154,259	15.31%
Veterans Affairs, Department of	18,096,887	94,057	0.52%
Wisconsin Technical College System Board	1,120,422	-	-
Workforce Development, Department of	<u>50,008,672</u>	<u>4,288,198</u>	8.57%
<b>Agency Total</b>	<b>\$866,906,185</b>	<b>\$53,273,773</b>	<b>6.15%</b>
<b>UW System</b>	<b>\$585,669,463</b>	<b>\$7,129,807</b>	<b>1.22%</b>
<b>Total General Procurement</b>	<b>\$1,452,575,648</b>	<b>\$60,403,580</b>	<b>4.16%</b>
<b>Architectural Engineering Services</b>	<b>\$32,328,033</b>	<b>\$1,490,058</b>	<b>4.61%</b>
<b>Building Construction</b>	<b>\$316,640,291</b>	<b>\$15,745,179</b>	<b>4.97%</b>
<b>DOT State Highway</b>	<b>\$821,598,986</b>	<b>\$42,525,592</b>	<b>5.18%</b>
<b>Grand Total</b>	<b>\$2,623,142,958</b>	<b>\$120,164,409</b>	<b>4.58%</b>



September 1, 2015

Honorable Scott Neitzel  
Secretary of Department of Administration  
101 East Wilson Street, 10<sup>th</sup> Floor  
Madison, WI 53703

Dear Mr. Secretary:

Section 25.185, Stats., requests that the State of Wisconsin Investment Board (SWIB) attempt to ensure that 5% of the funds expended each fiscal year (FY) for financial and investment analysis and for common stock and convertible bond brokerage commissions are spent for services of minority financial advisors or minority investment firms. This statute also requires SWIB to report annually to the Department of Administration the total amount expended for these services.

In attempting to meet the 5% goal, SWIB must still meet its fiduciary responsibility to select the broker that will achieve the best execution on each trade for the trust funds we manage. SWIB's trading staff must balance various trading objectives including trading with certain brokers that can provide the best execution of trades and also provide value-added company and market research used in managing trust fund assets. While meeting its fiduciary duty and working to meet the 5% goal, SWIB used the following minority brokers for stock transactions in FY 2015 and paid the commissions noted:

Guzman & Company	\$52,944
Ivy Securities	7,450
Penserra Securities	99,115
Topeka Capital Markets	5,684
Williams Capital Group	<u>33,934</u>
Total Minority Broker Commissions	\$199,127

As shown below, of the total discretionary commissions paid, minority brokers received 2.8%:

Total Domestic Stock Commissions	\$12,243,244
Less Non-Discretionary Commissions	<u>(\$5,238,863)</u>
Total Discretionary Commissions	\$7,004,381

Percent Paid to Minority Firms	2.8%
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Non-discretionary commissions include those that must be directed to a specific broker for specialized and specific trading services such as futures and options, program trades that are executed on electronic systems and trades that are directed to other commission goals such as Wisconsin brokers. The percentage of commissions paid to minority brokers as a percentage of total domestic stock commissions was 1.6%.

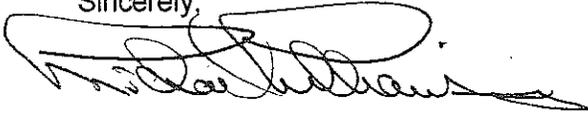
**International Stocks:** Participating minority brokers do not have institutional-quality international trading capabilities, and as a result, the total commissions eligible for direction to minority brokers include only domestic security brokerage transactions. Total international commissions for fiscal year 2015 were \$8,043,212.

Additionally, SWIB must report trading commissions paid to disabled veteran-owned financial advisors and investment firms that have a majority of their operations in Wisconsin. Section 25.185 (2)(b), Stats., states that the board shall attempt to ensure that at least 1 percent of the total funds expended for financial and investment analysis and for common stock and convertible bond brokerage commissions in each fiscal year is expended for the services of disabled veteran-owned financial advisors or disabled veteran-owned investment firms. The Wisconsin Department of Administration certifies Wisconsin disabled veteran-owned financial advisors and investment firms' eligibility per the requirements of Section 16.283 Stats. No such firms have been identified and no commissions were paid to Wisconsin disabled veteran-owned financial advisors or investment firms in FY 2015.

SWIB seeks to use only top performing brokers to meet its fiduciary obligation to obtain the best execution of its stock trades. To meet this objective, the performance of each broker, including minority and disabled veteran-owned, is continually evaluated. SWIB will continue to review the performance of its existing minority brokers and will make changes as needed to ensure best trade execution.

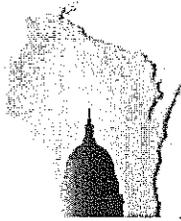
Please feel free to contact me if you have any questions.

Sincerely,



Michael Williamson  
Executive Director

cc: Godwin Amegashie, Wisconsin Supplier Diversity Program



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR

**SCOTT A. NEITZEL**  
SECRETARY

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November 24, 2015

State of Wisconsin Supplier Diversity Program  
Department of Administration  
101 East Wilson Street, 6<sup>th</sup> Floor  
Madison, WI 53707

**Re: Fiscal Year 2014-15 Underwriting and Other Participation  
Certified Minority-Owned and  
Disabled Veteran-Owned Investment Firms**

To Whom It May Concern:

During the 2014-15 fiscal year, the Capital Finance Office assisted the State of Wisconsin Building Commission (**Building Commission**) in the contracting and issuance of \$2.023 billion of State of Wisconsin obligations. ***Certified minority-owned investment firms underwrote 6.93% of these State of Wisconsin bonds and notes, or approximately \$140 million.*** The obligations issued in the 2014-15 fiscal year consisted of five negotiable sales, three competitive sales, one placement of bonds and notes, and one bank loan. The placement and bank loan did not involve any underwriting activity.

This report (i) summarizes participation of minority-owned firms in underwriting State of Wisconsin bond and notes, and (ii) describes on-going actions taken by the Capital Finance Office to encourage participation by certified minority-owned firms.

**Participation of Minority-Owned Firms.** There are three reporting requirements imposed by Wisconsin Statutes on the Building Commission regarding the participation of certified minority-owned investment firms in the underwriting of State of Wisconsin bond and note issues.

	<u>Amount</u>	<u>Percentage</u>
• <b>Section 18.16 (Public Indebtedness)</b>		
Total Obligations Issued	\$1,721,650,000	
Underwritten by Minority-Owned Firms	94,954,950	5.52%
• <b>Section 18.64 (Revenue Obligations)</b>		
Total Obligations Issued	\$301,370,000	
Underwritten by Minority-Owned Firms	45,205,500	15.00%
• <b>Section 18.77 (Operating Notes)</b>		
Total Obligations Issued	\$0	
Underwritten by Minority-Owned Firms	N/a	N/a
<b>BUILDING COMMISSION TOTALS</b>		
Total Obligations Issued	\$2,023,020,000	
<b>Underwritten by Minority-Owned Firms</b>	<b>140,160,450</b>	<b>6.93%</b>

While there are no reporting requirements imposed by law on the Department of Administration regarding the participation of minority-owned firms, the following is a summary of participation during the past fiscal year for an obligation issued through the Department of Administration.

**DEPARTMENT OF ADMINISTRATION TOTALS**

Total Obligations Issued	\$37,635,000	
<b>Underwritten by Minority-Owned Firms</b>	<b>5,645,250</b>	<b>15.00%</b>

The following is a summary that combines the participation of the Building Commission and the Department of Administration.

**TOTALS**

Total Obligations Issued	\$2,060,655,000	
<b>Underwritten by Minority-Owned Firms</b>	<b>145,805,700</b>	<b>7.08%</b>

In addition, during the 2014-15 fiscal year neither the Building Commission nor the Department of Administration paid any financial advisor fees to certified minority-owned financial advisors.

**On-Going Actions to Encourage Participation of Minority-Owned Firms.**

*Negotiated Sales*

In a negotiated sale, the State has direct control over the amount of participation by minority-owned firms. In addition, the Capital Finance Office is able to work with book-running managers to (i) encourage the involvement of certified minority-owned investment firms/underwriters, (ii) take into consideration orders placed by minority-owned underwriters, and (iii) use designation policies as a means of providing additional economic sharing of a transaction.

*Competitive Sales*

The State is not able to control the amount of participation by minority-owned firms in a competitive sale since the award is based solely on the lowest true interest cost rate to the State. The decrease in the percentage of participation of minority-owned firms in underwriting State of Wisconsin bond and notes in the 2014-15 fiscal year is the direct result of an increase in the number of competitive sales.

The State has taken certain actions to promote minority participation in the competitive sale process. First, bidding information provided on the State's website includes the list of minority-owned financial firms that have been certified by the State of Wisconsin Department of Administration. This list has a focus on firms that actually participate in public finance and underwriting of municipal bonds and notes. In addition, the bidding information includes information on how a firm can become a certified minority-owned investment firm.

Secondly, the Capital Finance Office also includes direct statements in its bidding documents. The following items appear in the Official Notice of Sale.

- “Official Bid Form and Award. In the event two or more bids result in the same lowest true interest cost rate, the award will be made to the one with the largest aggregate participation by certified minority investment firms participation . ....In the event two of more those bids have an equal amount of aggregate participation by certified minority investment firms, the award will be made to the bid that includes the greatest aggregate number of certificated minority investment firms in its selling group.....”
- “Minority Participation. It is the policy of the [Building] Commission to endeavor to ensure that at least 6% of the bonds are underwritten by minority investment firms certified by the State. The [Building] Commission urges prospective bidders to obtain from the Capital Finance Director a list of firms so certified and to include such firms as participants in the account formed to bid on the bonds and as members of any selling group formed for the account. The [Building] Commission further encourages certified minority investment firms to submit bids directly and to form accounts to bid on the bonds. Any firm that wishes to be certified by the State as a minority investment firm may contact the Wisconsin Department of Administration at 608.267.9550 or DOABDMBD@Wisconsin.gov.

*Minority-Owned Law Firms; Bond Counsel and Underwriters' Counsel*

Most of the contracts the State has with law firms to provide bond counsel services for bonds, notes, and other obligations issued by the State include provisions that no less than six percent (6%) of the amounts billed for professional fees be paid to and for the account of one or more certified minority-owned law firms. The respective law firm has the responsibility of identifying the appropriate qualified minority-owned law firm or firms to provide the services, identifying the division of legal services to be provided by the selected firm, and assuring compliance with these provisions.

**Participation of Disabled Veteran-Owned Firms.** As of June 30, 2015, the Department of Administration had not certified any disabled veteran-owned investment firms. The Building Commission, through the Capital Finance Office, did utilize a nationally recognized disabled veteran-owned firm in two transactions during the 2014-15 fiscal year. This firm had aggregate underwriting liability for nearly \$54 million in \$446 million of transactions.

Respectfully submitted,



David R. Erdman  
Capital Finance Director

Attachment

**MINORITY UNDERWRITER PARTICIPATION FOR 2014-15 FISCAL YEAR**  
**State of Wisconsin Building Commission/Department of Administration; Prepared by DOA Capital Finance Office**

ISSUE	PAR/ORIGINAL ISSUE AMOUNT	BOOK MANAGER/ SYNDICATE LEADER	CERTIFIED MINORITY-OWNED UNDERWRITERS	INITIAL LIABILITY (UNDERWRITING)
<b>SECTION 18.16, STATS.</b>				
G.O. Refunding Bonds of 2014, Series 3	N \$ 275,865,000	RBC Capital Markets	Loop Capital Markets	\$ 41,379,750
G.O. Refunding Bonds of 2014, Series 4	N 275,415,000	Morgan Stanley	Siebert Brandford Shank & Co., L.L.C.	33,049,800
G.O. Bonds of 2014, Series B	C 250,990,000	Morgan Stanley	None	0
G.O. Extendible Municipal Commercial Paper	P 105,075,000	J.P. Morgan Goldman Sachs & Co.	N/a - Not An Underwriting N/a - Not An Underwriting	0 0
G.O. Refunding Bonds of 2015, Series I	N 171,045,000	Morgan Stanley	Samuel A. Ramirez & Co.	20,525,400
G.O. Bonds of 2015, Series A	C 274,620,000	Jefferies LLC	None	0
G.O. Refunding Notes of 2014, Series A-E	L 279,810,000	J.P. Morgan Chase Bank, NA	N/a	0
G.O. Bonds of 2015, Series B	C 88,830,000	JP Morgan Securities	None	0
	<u>\$1,721,650,000</u>		Subtotal: Minority Owned:	<u>\$ 94,954,950</u>
				5.52%
<b>SECTION 18.77, STATS.</b>				
	\$ -		Subtotal: Minority Owned:	\$ -
				0.00%
<b>SECTION 18.64, STATS.</b>				
Transportation Revenue Bonds, 2014 Series 2	N \$ 94,130,000	JP Morgan Securities	Loop Capital Markets	\$ 14,119,500
Transportation Revenue Bonds, 2015 Series 1	N 207,240,000	Barclays	Loop Capital Markets	31,086,000
	\$ 301,370,000		Subtotal: Minority Owned:	\$ 45,205,500
				15.00%

<b>BUILDING COMMISSION TOTALS:</b>	<b>\$ 2,023,020,000</b>	<b>\$ 140,160,450</b>	<b>6.93%</b>
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# WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Dennis P. Reilly  
Executive Director

October 7, 2015

Godwin Amegashie  
Director of the State of Wisconsin's Diversity Program  
DOA, Division of Enterprise Operations  
101 East Wilson Street, 6th Floor  
Madison, WI 53703-3405  
608.267.7806  
[godwin.amegashie@wisconsin.gov](mailto:godwin.amegashie@wisconsin.gov)

Dear Godwin:

Subject to Chapter 231.27 Minority Financial Interests, I hereby submit the following report outlining the Wisconsin Health and Educational Facilities Authority (WHEFA or Authority) activity involving minority business firms for our fiscal year 2015 (July 1, 2014 – June 30, 2015).

WHEFA, created by the Legislature in 1973 (Chapter 231, Wisconsin Statutes), provides active capital financing assistance to Wisconsin's non-profit institutions.

## Minority Businesses

WHEFA operates with a staff of four. State funds are not used to finance WHEFA's operating budget; the budget is financed completely from user fees. WHEFA's fiscal year 2015 discretionary purchases totaled approximately \$108,766. The Authority expended approximately 1.49% of its discretionary purchases with the minority business partners listed below:

Tri-State Office Products	\$1,477.97
Wesley Insurance Agency	\$ 145.46
<b>Total</b>	<b>\$1,623.43</b>

The Authority provides interested minority firms, including minority legal firms, minority investment firms and minority financial advisers with a list of pending and active financing projects so that they can solicit their services (beyond bond counsel services) directly with the non-profit borrowers (all of the fees are paid by the non-profit borrowing institutions, not by WHEFA).

WHEFA routinely views the Wisconsin Minority-Owned Business Directory and we will continue to actively review it for other business opportunities. As always, if you have any questions about this report, please feel free to call us at 262-792-0466.

Sincerely,



Tatiana Bashell  
Manager of Finance

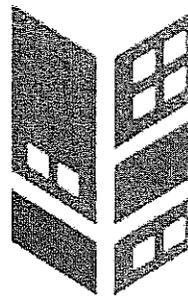
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Wisconsin Housing And Economic Development  
Authority  
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Suite 700 | P O Box 1728  
Madison, Wisconsin 53701-1728

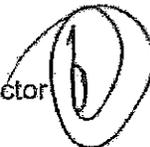
T 608 268.7884 | 800 334 6873  
F 608 267 1099



TO: Scott Neitzel, Secretary  
Department of Administration

FROM: Wyman Winston, Executive Director

DATE: August 19, 2015



#### WHEDA FY 2014-2015 Report on Minority Business

Pursuant to Chapter 234.35(2), Wisconsin Statutes, the Authority is required to report annually to the Department of Administration the total amount purchased from and contracted or subcontracted to minority businesses, the total amount of bonds and notes issued by the Authority with the underwriting services of minority investment firms and the total amount of moneys expended by the Authority for the services of minority financial advisers during the preceding state fiscal year.

#### Contracted Services

WHEDA's fiscal year 2015 discretionary purchases were \$1,454,605. The Authority expended \$89,496 or 6.15% of its discretionary purchases, with the minority business partners listed below:

Multicultural Entrepreneurial Institute	200
Cascade Asset Management LLC	603
SHI International Corp	2,537
Bob Lanier Enterprises Inc	6,135
Software House International	80,021
<b>Total Contracted Business</b>	<b>\$ 89,496</b>

#### Bonded Activity

Due to the limited bond issuance activity for Fiscal year 2015, there were no payments to minority firms for bond issuance.



WHEDA