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February 12, 2015

Honorable Scott Walker
Governor, State of Wisconsin
115 East State Capitol
Madison, WI 53702

Dear Governor Walker,

I am pleased to submit the State of Wisconsin Supplier Diversity Program Report for Fiscal Year 2014 (FY'14). This report is required by Wis. Stat. §16.75(3m) (c) 4. It focuses on purchases/contracts by state agencies, the University of Wisconsin System, state building program and highway construction with diverse suppliers certified by the Department of Administration.

In FY2014, state agencies and the campuses spent $128,673,547 in general procurement, architectural/engineering services, building and highway construction. The state recorded a spend of 5.4% of state dollars with diverse suppliers. This year's result exceeded the State of Wisconsin goal of 5%.

Fiscal year 2014 also marked a major milestone in Wisconsin. As a result of new Legislative enactment, a 1% goal was set for businesses owned by disabled veterans. As a result, Wisconsin's supplier diversity goal is now 6%, the first time the goal has been increased since the inception of the program in1983.

Your continued leadership is making a difference in creating opportunity for small businesses in Wisconsin. We assure you that the Department of Administration is committed to providing opportunities to diverse firms to sell their goods and services to the State and its agencies.

Sincerely,

Mike Huebsch
Secretary

cc: Jeffrey Renk, Chief Clerk, Wisconsin State Senate
Patrick E. Fuller, Chief Clerk, Wisconsin State Assembly

The State of Wisconsin Supplier Diversity Report

Fiscal Year 2014 Annual Report

Department of Administration
Division of Enterprise Operations
Wisconsin Supplier Diversity Program
February 2015

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Executive Summary

Annual Reporting Requirement: Wis. Stat. § 16.75 (3m) (c)(4) requires the Department of Administration to annually report enterprise-wide participation by Minority Business Enterprise and Disabled Veteran-Owned businesses on state contracts to the Governor and Legislature for distribution to the appropriate legislative committees.

Brief history of the Wisconsin Supplier Diversity Program

The Wisconsin Supplier Diversity Program began in 1983 when the Legislature passed Wisconsin Act 390 that set a 5% participation goal for state agencies and the University of Wisconsin campuses on procurements with Minority Businesses Enterprises (MBEs). The Act also established a *permissive* 5% bid preference for such certified MBE firms responding to bids for State contracts.

In 2006, the State enacted legislation to create a "Woman Business Enterprises" (WBEs) Certification Program. Today, there are more than 500 Woman-Owned Businesses certified in the State of Wisconsin.

In 2010, the Legislature enacted Wisconsin Act 299 that provided a participation goal of a "portion" of state contracts and a permissive 5% price preference to Disabled-Veteran Owned Businesses (DVBs) certified by the State of Wisconsin.

In 2014, the Legislature enacted 2013 Wisconsin Act 192, which, amended and established a contracting goal of 1% for Disabled Veteran-Owned businesses (DVBs) on state contracts.

The State of Wisconsin supplier diversity goal is now **6 %**(5% MBE and 1%DVB).

Fiscal 2014 Results

In Fiscal Year 2014 (FY'14), the State of Wisconsin spent $128,673,548 with state certified MBE and DVB businesses. This is a 3% increase over the FY'13 report. The FY'14 state MBE/DVB spend is 5.4% of the total spend of $2,404,473,505.

Below is a summary of the major areas of diversity spending:

- State agencies spent $50,196,693 with MBE/DVB businesses on general procurement.
- The Division of Facilities Development (DFD) at DOA spent $208,683,669 on various state construction projects in FY'14. MBEs accounted for $10,419,594 or 5% of that total expenditure. DVBs accounted for $2,187.804 or 1% of the amount spent.
- DFD also spent $39,248,322 for architectural/ engineering services in FY'14. Certified MBE firms accounted for $2,874,694 or 7.3% of the A/E dollars in FY'14. DVBs accounted for $116,220 of the contracts. **This marks the 27th year in a row that DFD has met or exceeded the state goal.**
- The Department of Transportation (DOT) State trunk highway contracting with MBE/DVBs was $53,074,192 or 7% of such expenditures in FY'14.
- The University of Wisconsin System and its various campuses spent $9,804,351 with certified MBE/DVB firms in FY'14.

General statutory authorization of diversity program and activities

Diversity Business Goal
Wis. Stat. § 16.75 (3m) (b) 1 provides that agencies of state government "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 (s. 16.287).

Wis. Stat. s.16.75 (3m) (b) 2 requires participation by Disabled Veteran Owned businesses and a 1% goal.

The Department of Administration (DOA) monitors these goals through the Wisconsin Supplier Diversity Program in the Division of Enterprise Operations. It manages the certification process of the targeted business groups and serves as a strong advocate for all certified firms.

Exception
The 5% of 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.

Business Bid Preference
Wis. Stat. § 16.75 (3m) (b) 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 offer." The statute further provides that agencies "shall maximize the use of minority 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 a process 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's Supplier Diversity Program to ensure compliance with the statute and administrative code. Of an estimated 18,000 Wisconsin minority-owned businesses[1], 674 were certified MBEs (including more than two hundred domiciled outside of the State of Wisconsin).[2] The State began to certify Disabled Veteran owned businesses in 2011. In FY'14, twenty-five such firms were certified.

Under Wis. Stat. §16.285 (1) and (2), the State maintains a Woman Owned Business directory. Administrative Code 83 governs the certifications of such businesses. There were more than 500 WBEs listed as certified in Wisconsin in FY'14.

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 that 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's Office of Business Opportunity and Equity Compliance in 2013. The DOA Supplier Diversity Program extends its certification to firms that meet the State of Wisconsin certification eligibility requirements with their DOT certification.

[1] Source: 2002 Survey of Business Owners, U.S. Department of Commerce, Census Bureau
[2] Department of Administration Certification Report 2014

Advocacy Role

The principal activity of the Wisconsin Supplier Diversity Program is to advocate for the inclusion of diverse suppliers, especially minority and disabled veteran businesses on all State of Wisconsin procurement, construction, architectural and engineering services contracts. The program director has a seat on the Architectural/Engineering Selection Committee that reviews subcontractor lists on construction projects. In addition, it works with the State Bureau of Procurement to identify subcontracting opportunities on statewide contracts. The Program staff also reviews agency procurements to insure MBE and DVB firms are notified of agency solicitations.

Specific Areas for State Contracting

There are specific Wisconsin Statutes that govern the inclusion of diverse firms on business goals for contracts. These are mainly in four areas as listed below.

In addition, there are other agencies, which are statutorily required to use diverse suppliers. Their performance is attached to this report.

The four main areas of State of Wisconsin purchasing/contracting goals with their relevant statutes are:

- **General Procurement,**
  All agencies and University of Wisconsin System under Wis. Stat. § 16.75 (3m) (c)

- **Engineering and Architectural Services**
  DOA Division of Facilities Development under Wis. Stat. § 16.87 (2)

- **Construction Services**
  DOA Division of Facilities Development under Wis. Stat. §16.855 (10n)

- **State Highways Construction**
  Wisconsin Department of Transportation under Wis. Stat. § 84.075.

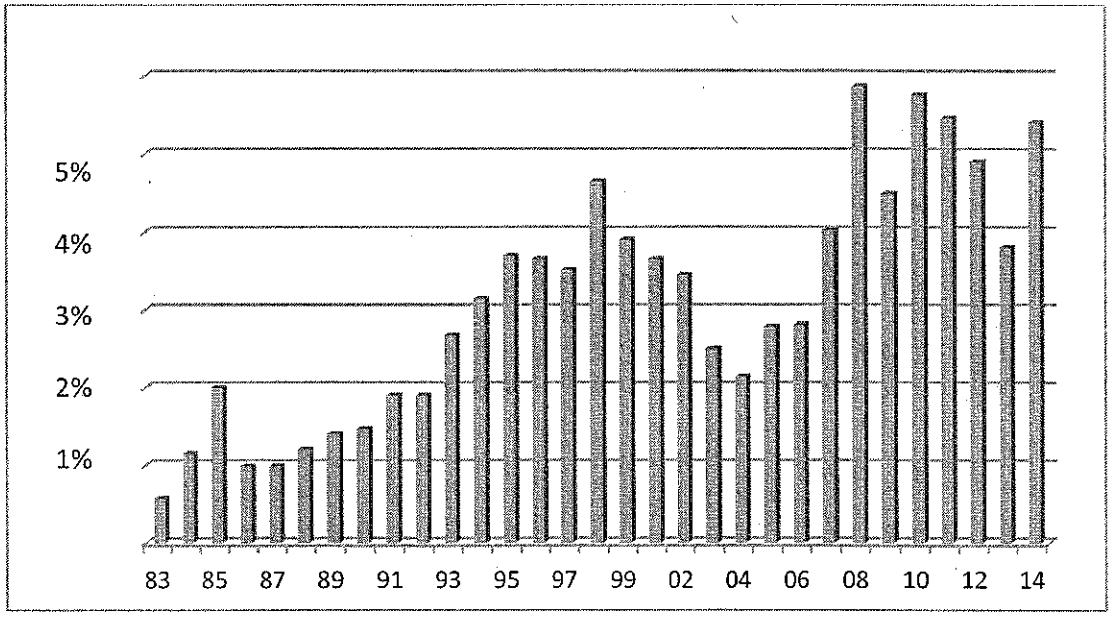
Below is the summary of the amount spent in these four areas for contracts in fiscal year 2014.

Summary of State of Wisconsin Purchasing from Certified Diverse Firms-FY'14

Program	Total Spend	Diversity Spend	%
General Purchasing (Agencies and UW)	$1,399,857,926	$60,001,044	4.30%
DOA DFD Construction	208,683,669	12, 607,398	6.00%
DOA DFD Architecture/Engineering	39,248,322	2,990,914	7.60%
DOT State Highway Program	756,683,588	53,074,192	7.01%
Total	$2,404,473,505	$128,673,548	5.40%

Historical Snapshot

The graph below shows the percentage of diversity spending from the inception of the State Diversity Program in 1983 to 2014. The figures are primarily dollars spent with minority owned businesses. The inclusion of Disabled Veteran-Owned business commenced in 2010.



The following graph demonstrates recent results that reflect the fluctuations of the national economy.

Historical Comparative Diversity Activity

The State of Wisconsin makes every effort to ensure that at least 5% of its annual spend is with diverse suppliers. Below is the percentage spending over the last eight years. It is noteworthy that the State has met or exceeded the goal of 5% on four occasions over this period.

Fiscal Year	General Procurement	Construction	Architecture Engineering	State Trunk Highways	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%

Activities of the major spending areas

General Procurement Activity

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. It 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. A few agencies have delegated authorization to purchase such items that are deemed fit for their normal agency and institution operations.

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."[3]

State agencies and campuses purchased general goods and services totaling $1,399,857,926 in FY'14. Of this amount, spend with diverse businesses totaled $60,001,044, or 4.32 % of all general purchases[4].

Nine agencies achieved or exceeded the 5% goal on general spending with Wisconsin certified diverse suppliers in FY'14:

1.	Department of Administration	11.10%
2.	Department of Children & Families	7.30%
3.	Employee Trust Funds	8.30%
4.	Financial Institution	36.00%
5.	Investment Board	30.50%
6.	Government Accountability Board	7.90%
7.	Department of Natural Resources	7.90%
8.	Department of Transportation	23.40%
9.	Department of Workforce Development	8.00%

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

State Building Program: Construction Projects and Architectural/Engineering Service

The Division of Facilities Development (DFD) in DOA 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 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.

In FY'14, 144 diverse firms were involved in 640 construction projects undertaken by DFD totaling $208,683,669. MBE/DVB participation on those contracts totaled $12,607,398, a participation rate of 6.0%.

[3] Wis.Stat. §16.75(3m) (b) (3).

[4] FY13 general purchasing figures include spend through the State's purchasing card program.

Thirteen diverse firms provided services in various architectural and engineering contracts to the State, earning $2,990,914 in fees in FY'14. This is a 7.60% participation rate on $39,248,322 expended for such services during the fiscal year. *This DFD achievement in architectural and engineering spend marks the twenty-seventh year in a row that it has met or exceeded the minimum statutory diversity goal.*

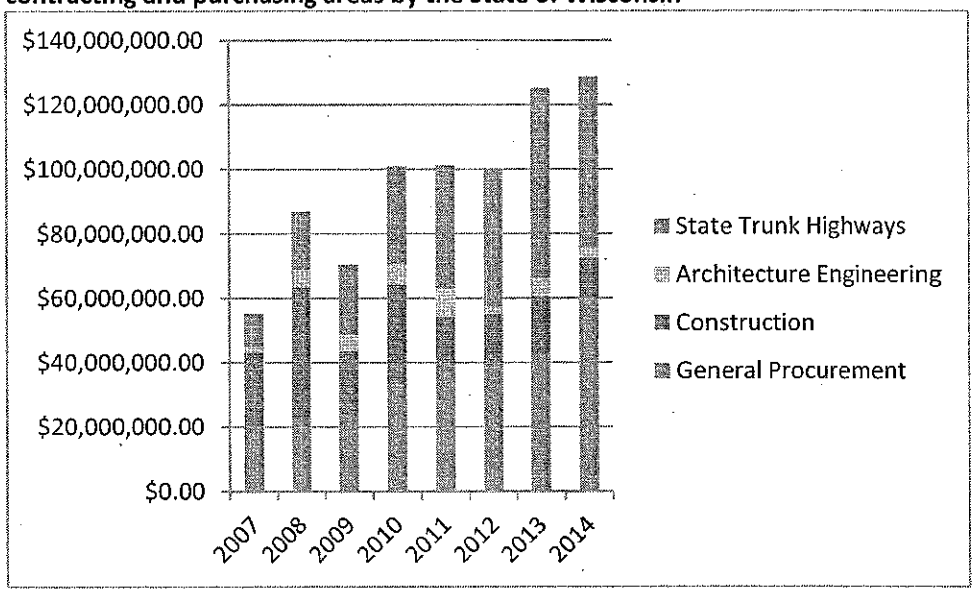
State Trunk Highways: Road and Bridge Building

The Department of Transportation (DOT) spent $756,683,588 in FY'14 on road and bridge building in the State Highway Construction Program. Diverse firms participation in the State Highway Construction Program totaled $53,074,192 or 7.01% of the total amount spent in FY'14.

In an effort to increase minority business participation in the State Highway Construction Program, DOT continues to expand the base of firms certified in the construction highway industry by including firms certified with the Department of Administration. In FY13, the Disadvantaged Business Enterprise program at the Wisconsin Department of Transportation certified more than 800 firms.

DOT's Minority Business Guarantee Loan Program continues to offer minority firms enhanced opportunities to participate in the road-building program by making working capital available to them while performing on state projects. During FY13, the program made eight loans totaling $205,000.

Historical graphic representation of dollars spent over the last eight fiscal years in the four major contracting and purchasing areas by the State of Wisconsin



(A detailed summary of FY'14 diversity spend by agencies is **Appendix I** of this report.)

Other statutorily required Diversity Business Spend Activities
Diversity spending by some state government programs and quasi-governmental agencies fall outside of the major reporting requirements of Wis. Stat. §16.75 (3m) (c) 4. However, such programs frequently contract with minority-owned businesses to provide goods and services under their statutes.

State of Wisconsin Investment Board
In addition to direct purchasing through the programs previously described, Wis. Stat. § 16.75 (3m) (c) 4, other statutes requires DOA to report on funds expended by the State of Wisconsin Investment Board (SWIB) for financial and investment analysis and for common stock and convertible bond brokerage commissions. According to Wis. Stat. § 25.185, SWIB shall attempt to ensure that 5% of its funds expended for financial and investment analysis are with minority-owned firms. In FY'14, SWIB expended 3.2% of its stock commissions to diverse firms for financial and investment services. This represented payments of $143,240 on total discretionary commissions of $4,526,043.

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 Policy sets a goal of ensuring that minority/disabled Veteran-owned investment firms certified by the state underwrite 6% of the bonds.* Diversity 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 FY'14, diversity firms underwrote 23.37% of Capital Finance's sales of State of Wisconsin's Building Commission bonds and notes. Overall, diverse underwriters' participation totaled $348,802,890 of obligations totaling $1,492,205,000. 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 $34 million of a $399 million transaction. A goal is to recruit a Wisconsin based underwriting firm for the opportunities that Capital Finance has to offer.

DOT Federal Highway Program
Federal highway projects undertaken by DOT feature expanded eligibility for small, disadvantaged businesses. The Disadvantaged Business Enterprise (DBE) Program seeks to increase participation of small companies owned by disadvantaged individuals including minorities, women and others as allowed under the Surface Transportation Assistance Acts of 1982 and 1987. The DOT administers the federal government's DBE participation standards. In FY'14, the DOT Federal Highway Program provided contracts on Wisconsin projects to DBEs totaling $53,074,192, a participation rate of 7.01%.

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 FY'14, WHEFA provided contracts totaling $1,530 or 1.39% of its discretionary purchases with diverse firms.

Wisconsin Housing and Economic Development Authority (WHEDA)
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 FY'14, WHEDA spent $156,953 or 9.74% of its total $1,610,602 discretionary purchases with MBE firms. Due to limited bond issuance activity in FY'14, there were no payments to diverse firms for bond issuance.

(Copies of the annual reports for these entities are included as additional appendices to this report.)

(Appendix I) **Spending Report by Agencies, Programs and the University System**

Agency Name	FY 14	MBE/DVB Spend	%*
ADMINISTRATION, DEPARTMENT OF	$80,575,503	8,982,914	11.1%
AGING, BOARD ON	$137,760	0	0.0%
AGRICULTURE, TRADE & CONSUMER PROTECTION, DEPARTMENT OF	$7,839,094	235,328.29	3.0%
CHILD ABUSE & NEGLECT PREVENTION BOARD	$29,090	0	0.0%
CHILDREN AND FAMILIES, DEPARTMENT OF	$33,309,374	2,434,693	7.3%
CORRECTIONS, DEPARTMENT OF	$139,442,804	6,449,641	4.6%
EDUCATIONAL COMMUNICATIONS BOARD	$3,642,848	431	0.0%
EMPLOYEE TRUST FUNDS, DEPARTMENT OF	$9,268,422	770,497	8.3%
EMPLOYMENT RELATIONS COMMISSION	$168,085	0	0.0%
EMPLOYMENT RELATIONS, OFFICE OF STATE	$98,869	1,137	1.2%
FINANCIAL INSTITUTIONS, DEPARTMENT OF	$2,391,697	861,999	36.0%
GOVERNMENT ACCOUNTABILITY BOARD	$1,573,228	123,921.00	7.9%
GOVERNOR, OFFICE OF THE	$226,954	70	0.0%
HEALTH SERVICES, DEPARTMENT OF	$237,238,235	5,176,407	2.2%
HIGHER EDUCATIONAL AIDS BOARD	$73,425	2804.39	3.8%
HISTORICAL SOCIETY	$2,974,432	2,804	0.1%
INSURANCE, COMMISSIONER OF	$4,109,607	182,288	4.4%
INVESTMENT BOARD	$1,514,533	462,106	30.5%
JUSTICE, DEPARTMENT OF	$11,929,456	43,192	0.4%
LEGISLATURE	$373,718	1,966	0.5%
LIEUTENANT GOVERNOR, OFFICE OF THE	$13,183	0	0.0%
LOWER WI STATE RIVERWAY BOARD	$10,008		0.0%
MILITARY AFFAIRS, DEPARTMENT OF	$8,542,134	248,894	2.9%
NATURAL RESOURCES, DEPARTMENT OF	$48,984,009	3,864,394	7.9%
PEOPLE WITH DEVELOPMENTAL DISABILITIES BOARD	$61,497		0.0%
PUBLIC DEFENDER BOARD	$1,733,545	14,066	0.8%
PUBLIC INSTRUCTION, DEPARTMENT OF	$39,200,358	269,465	0.7%
PUBLIC LANDS, BOARD OF COMMISSIONERS OF	$110,667		0.0%
PUBLIC SERVICE COMMISSION	$1,266,619	957	0.1%
REVENUE, DEPARTMENT OF	$37,909,986	1,646,997	4.3%
SAFETY AND PROFESSIONAL SERVICES, DEPT. OF	$3,124,966	46,912	1.5%
SECRETARY OF STATE	$12,992	0	0.0%
STATE FAIR PARK BOARD	$5,705,900	2,953	0.1%
STATE TREASURER	$47,500	0	0.0%
SUPREME COURT (Judicial branch)	$5,270,788	21502	0.4%
TOURISM, DEPARTMENT OF	$11,067,834	357,066	3.2%
TRANSPORTATION, DEPARTMENT OF	$60,458,117	14,131,300	23.4%
VETERANS AFFAIRS, DEPARTMENT OF	$18,246,222	246,894	1.4%
WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD	$790,736	140	0.0%
WORKFORCE DEVELOPMENT, DEPARTMENT OF	$45,057,991	3,612,954	8.0%
State Agencies Total spend	$824,532,188	50,196,692	6.1%
University of Wisconsin System campuses	$575,325,738	9,804,351	1.7%
State Procurement spending	$1,399,857,926	60,001,043.68	4.3%
State Architectural/Engineering	$39,248,322	2,990,914	7.6%
State Construction	$208,683,669	12,607,398	6.0%
State Highway program	$756,683,588	53,074,192	7.0%
Grand Total of Spending Targets	$2,404,473,505	$ 128,673,547	5.4%

**figures are rounded to the nearest tenth of a percent.*

SCOTT WALKER
GOVERNOR

MIKE HUEBSCH
SECRETARY

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WISCONSIN DEPARTMENT OF ADMINISTRATION

December 29, 2014

State of Wisconsin Minority Business Enterprise Program
Department of Administration
101 East Wilson Street, 6th Floor
Madison, WI 53707

Re: Fiscal Year 2013-14 Underwriting Participation Certified Minority-Owned and Disabled Veteran-Owned Investment Firms

To Whom It May Concern:

During the 2013-14 fiscal year, the Capital Finance Office assisted the State of Wisconsin Building Commission **(Building Commission)** in the contracting and issuance of $1.459 billion of State of Wisconsin obligations. ***Certified minority-owned investment firms underwrote 23.22% of these State of Wisconsin bonds and notes, or nearly $339 million.***

The obligations issued in the 2013-14 fiscal year consisted of one competitive sale, one placement of bonds and notes, and four negotiated sales. This report (i) summarizes participation of minority-owned firms in advising and underwriting State of Wisconsin bond and notes, and (ii) describes on-going actions taken by the Capital Finance Office to further 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.

	Amount	Percentage
• **Section 18.16 (Public Indebtedness)**		
Total Obligations Issued	$1,119,280,000	
Underwritten by Minority-Owned Firms	236,925,390	21.17%
• **Section 18.64 (Revenue Obligations)**		
Total Obligations Issued	$339,745,000	
Underwritten by Minority-Owned Firms	50,961,750	30.00%
• **Section 18.77 (Operating Notes)**		
Total Obligations Issued	$0	
Underwritten by Minority-Owned Firms	N/a	N/a
BUILDING COMMISSION TOTALS		
Total Obligations Issued	$1,459,025,000	
Underwritten by Minority-Owned Firms	**338,848,890**	**23.22%**

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	$33,180,000	
Underwritten by Minority-Owned Firms	**9,954,000**	**30.00%**

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

TOTALS		
Total Obligations Issued	$1,492,205,000	
Underwritten by Minority-Owned Firms	**348,802,890**	**23.37%**

During the 2013-14 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. However, 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, 2014, 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 one transaction during the 2014. That firm had underwriting liability for nearly $34 million of the $339 million transaction.

Respectfully submitted,

/S/ KEVIN TAYLOR

Kevin D. Taylor
Capital Finance Director

Attachment

MINORITY UNDERWRITER PARTICIPATION FOR 2013-14 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)	
SECTION 18.16, STATS.						
G.O. Refunding Bonds of 2013, Series 1	N	$405,470,000	Citigroup Global Markets	Samuel A. Ramirez & Co.	$52,711,100	
				M.R. Beal & Company	24,328,200	
				Siebert Brandford Shank & Co.	24,328,200	
G.O. CP of 2013, Series A	P	58,825,000	J.P. Morgan	N/a - Not An Underwriting	0	
			Merrill Lynch & Co.	N/a - Not An Underwriting	0	
G.O. Refunding Bonds of 2014, Series 1	N	181,595,000	Citigroup Global Markets	Samuel A. Ramirez & Co.	23,607,350	
				M.R. Beal & Company	10,895,700	
				Siebert Brandford Shank & Co.	10,895,700	
G.O. Bonds of 2014, Series A	C	231,405,000	Citigroup Global Markets	Samuel A. Ramirez & Co.	3,512,728	
				M.R. Beal & Company	3,512,728	
				Loop Capital Markets	3,512,728	
				Rice Financial Products company	3,512,728	
				Cabrera Capital Markets LLC	3,512,728	
G.O. Refunding Bonds of 2014, Series 2	N	241,985,000	Morgan Stanley	Samuel A. Ramirez & Co.	48,397,000	
				Cabrera Capital Markets LLC	24,198,500	
					0	
Subtotal (Public Indebtedness)		$ 1,119,280,000		Subtotal: Minority Owned:	$236,925,390	21.17%
SECTION 18.77, STATS.						
					0	
Subtotal (Public Indebtedness)		$ -		Subtotal: Minority Owned:	$ -	0.00%
SECTION 18.64, STATS.						
Transportation Revenue Bonds, 2014 Series 1	N	$339,745,000	Jefferies	Siebert Brandford Shank & Co.	$67,949,000	
				Loop Capital Markets	33,974,500	
Subtotal (Revenue Bonds)		$ 339,745,000		Subtotal: Minority Owned:	$101,923,500	30.00%
BUILDING COMMISSION TOTALS:		**$ 1,459,025,000**			**$ 338,848,890**	**23.22%**

SWIB State of Wisconsin Investment Board

September 4, 2014

Honorable Michael Huebsch
Secretary of Department of Administration
101 East Wilson Street, 10th 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 2014 and paid the commissions noted:

Guzman & Company	$13,735
Ivy Securities	12,183
Penserra Securities	90,541
Williams Capital Group	26,781
Total Minority Broker Commissions	$143,240

As shown below, of the total discretionary commissions paid, minority brokers received 3.2%:

Total Domestic Stock Commissions	$10,524,217
Less Non-Discretionary Commissions	($5,998,174)
Total Discretionary Commissions	$4,526,043
Percent Paid to Minority Firms	3.2%

Non-discretionary commissions include those that must be directed to a specific broker for specialized and specific trading services such as initial public offerings, futures and options. It also includes 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 1.4%.

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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 2014 were $9,360,549.

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 2014.

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

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WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Dennis P. Reilly
Executive Director

October 30, 2014

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

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 2014 (July 1, 2013 – June 30, 2014).

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 2014 discretionary purchases totaled approximately $110,099. The Authority expended approximately 1.39% of its discretionary purchases with the minority business partners listed below:

Great Impressions	$1,385.00
Wesley Insurance Agency	$ 145.46
Total	**$1,530.46**

Please note: WHEFA previously ordered office supplies totaling $10,862 for the last 5-years from Faison Office Products, a firm no longer listed in the Wisconsin Minority-Owned Business Directory. WHEFA will immediately begin purchasing office supplies from Tri State Office Products, a firm currently listed in the Directory. We look forward to reporting our activity with Tri State Office Products in next year's report.

The Authority continues to provide 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

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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

Tatiana Bashell
Manager of Finance

14minor.ltr

WHEDA
we do so you can.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
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TO: Mike Huebsch, Secretary
Department of Administration

FROM: Wyman Winston, Executive Director

DATE: August 19, 2014

WHEDA FY 2013-2014 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 2014 discretionary purchases were $1,610,602. The Authority expended $156,953 or 9.74% of its discretionary purchases, with the minority business partners listed below:

Radisson Hotel & Conference Center – Green Bay	132
Multicultural Entrepreneurial Institute	300
On-Site Inc	464
Copy N More Inc	770
Milwaukee Times Newspaper	1,200
Cascade Asset Management LLC	2,839
Bob Lanier Enterprises Inc	3,705
Software House International	147,543
Total Contracted Business	**$ 156,953**

Bonded Activity

Due to the limited bond issuance activity for Fiscal year 2014, there were no payments to minority firms for bond issuance.

Investments in Minority Owned Firms

North Milwaukee State Bank	300,000
Total Investments in Minority Owned Firms	**$300,000**