

2011

Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
Zenita Wickham Hurley, Special Secretary



REPORT ON THE USE OF MINORITY- AND WOMEN-OWNED BROKERAGE AND INVESTMENT MANAGEMENT FIRMS BY THE STATE OF MARYLAND

State Treasurer's Office
State Retirement & Pension System
Injured Workers' Insurance Fund
Maryland Automobile Insurance Fund

Message from Special Secretary Hurley

The Governor's Office of Minority Affairs (GOMA) is pleased to submit the 2011 Fiscal Year Report on the Utilization of Minority- and Women-Owned Brokerage and Investment Management Services. It illustrates the State's progress with the implementation of Senate Bill 606/House Bill 1277 – State Government – *Brokerage and Investment Management Services – Use of Minority Business Enterprises*, enacted in 2008 and codified under Chapter 600.

I believe opportunity was the motivation for this legislation. It set forth a framework for creating opportunities for minority- and women-owned management firms and brokers to get engaged in the State's investment practices. Although the program is just four years old, we are already making substantial progress. As of June 30, 2011, Maryland employed 72 minority investment management firms who oversaw \$4.2 billion in State assets. This represents an increase of \$1.2 billion or 40% from the prior fiscal year.

Implementing this legislation is a new frontier and we are continually developing innovative ways to monitor and track minority participation in the investment arena. It could not be done without the cooperation and collaboration of our partners at the State Treasurer's Office, Maryland Automobile Insurance Fund, Injured Workers' Insurance Fund, and the State Retirement and Pension System. I am very pleased to report that the program has been expanded to include the Department of Business and Economic Development (DBED), the Maryland Higher Education Commission (MHEC), the Department of Housing and Community Development (DHCD), and the Maryland Teachers' and State Employees Supplemental Retirement Plans (MSRP). I look forward to working with them as we promote the use minority- and women-owned brokerage and investment management services.

In Maryland, we recognize that diversity is one of our greatest strengths. The O'Malley-Brown Administration is committed to promoting **More Business for Everyone** by ensuring that minority- and women-owned firms have the opportunity to compete fully and fairly in State procurements and contracting. I encourage you to be a part of our success by encouraging diversity in both your personal and professional lives.

Sincerely,



Zenita Wickham Hurley
Special Secretary
Governor's Office of Minority Affairs

Executive Summary

The 2011 Fiscal Year Annual Report on the Utilization of Minority- and Women-Owned Brokerage and Investment Management Services documents the efforts and progress by the State Treasurer's Office (State Treasurer), Maryland Automobile Insurance Fund (MAIF), Injured Workers' Insurance Fund (IWIF), and the State Retirement and Pension System (SRPS) to utilize minority- and women-owned firms in providing brokerage and investment services from July 1, 2010 through June 30, 2011. Reported data is cumulative, in many respects, as it captures and compares data spanning the 2008 - 2011 fiscal years.

The report's primary objectives are (i) to document the efforts of the four State agencies to increase the usage of minority- and women-owned brokers (hereafter referred to as 'minority brokers') and minority- and women-owned investment and financial management firms (hereafter referred to as 'minority managers'), and (ii) to provide a conceptual framework for analysis in order to determine the level of progress made by the State of Maryland in regards to the mandating legislation – [Senate Bill 606/ House Bill 1277](#). Overall, the State's intent is to improve the transparency of government procurement activity and foster an inclusive atmosphere in investment management and brokerage procurements.

Pursuant to the authorizing legislation and submitted reports, the activities of all four agencies have been consistent with the applicable State purchasing standards and their respective fiduciary responsibilities. Whenever appropriate, GOMA collaborates with the agencies and advocate for inclusive best practices. Over the past three years, the State's efforts have consistently resulted in increases in assets managed by minority investment services providers. The State's efforts and accomplishments are summarized below.

State Treasurer

- All investment management decisions are handled in-house by its Investments Division. The State Treasurer's operational structure statutorily limits the agency's investment management to investment brokerage activity.
- In FY2011, minority investment brokers procured \$1,081.5 million of the \$6,342.5 million total brokered assets, a 17.1% utilization rate. In total, 18 minority investment brokers were utilized.
- In FY2010, minority investment brokers procured \$527.3 million of the \$5,111.3 million total brokered assets, a 10.3% utilization rate. In total, 14 minority investment brokers were utilized.

Maryland Automobile Insurance Fund (MAIF)

- In FY2011, \$66.5 million of MAIF's total \$293.6 million investment portfolio was managed by minority investment managers, a 22.6% minority utilization rate. Out of the six categorized asset classes (fixed income, large cap, mid cap, small cap, alternatives, international) within the MAIF investment portfolio, minority investment manager representation were present in two (fixed income and small cap) asset classes. In total, three minority investment managers were utilized.
- In FY2010, two minority investment managers were utilized comprising \$42.0 million of MAIF's total \$299.0 million investment portfolio. This represents a 14.0% minority investment manager utilization rate.
- FY2011 marked the first year since the passing of the legislation that the agency reported the usage of minority investment brokers. For this report, MAIF utilized 20 minority investment brokers.

Injured Worker's Insurance Fund (IWIF)

- In FY2011, \$113.9 million of IWIF's total \$1.6 billion investment portfolio was managed by minority investment managers, a 6.8% utilization rate. Out of the four categorized asset classes (domestic small-mid [smid] capitalization, core fixed income, corporate oriented, and convertible fixed income) within the IWIF investment portfolio, minority and women investment manager representation were present in two (domestic smid cap and core fixed income). In total, four minority and women investment managers were utilized.
- In FY2010, four minority and women investment managers were utilized – comprising \$92.4 million of IWIF's total \$1.6 investment portfolio; a 5.6% minority and women investment manager utilization rate.
- FY2011 is the first year that broker data was reported by IWIF. The agency utilized one minority and women investment broker.

State Retirement and Pension System (SRPS)

- In FY2011, \$4.1 billion of SRPS's total \$37.5 billion investment portfolio was managed by minority and women investment managers – a 10.9% utilization rate. Out of the nine available asset classes (U.S. equity, international equity, global equity, fixed income, credit opportunity, private equity, real estate, real return, absolute return) within the SRPS investment portfolio, minority and women investment manager representation was in all asset classes except for real estate. In total, 65 minority and women investment managers were utilized.
- In FY2010, 45 minority and women investment managers were utilized comprising \$2.9 billion of SRPS's total \$31.8 billion investment portfolio – a 9.1% minority and women investment manager utilization rate.
- In FY2011, 55 minority and women investment brokers were utilized as compared to 35 in FY2010.

Utilization Analysis

During FY2011, a total of 166 minority investment firms were retained by the State Treasurer, MAIF, IWIF, and SRPS. Of this total, 72 were minority managers and 94 were minority brokers. Ten of those firms were headquartered or had offices in Maryland – Brown Capital Management, Charter Financial Group, Credo Capital Management, New Century Advisors, Profit Investment Management, RLJ Equity Partners, Xavier Capital Management, FRS Securities, Loop Capital Management, and Percival Partners. Cumulatively, \$4.2 billion or 10.8% of State assets were managed by minority managers in FY2011. Investment data from FY2010 to FY2011 demonstrates a \$1.2 billion or 40.8% increase in funds managed by minority managers.

The State continues to support and promote the inclusion of minority investment firms in all areas within the financial services industry. When compared to other state investment programs over similar time spans, Maryland's performance remains impressive.

State Treasurer

Background

The State Treasurer is responsible for investing the unexpected or surplus funds over which it has custody in low-risk investment instruments such as treasury bills, repurchase agreements, commercial paper, and money market funds. As of June 30, 2011, the State Treasurer's investment portfolio totaled \$6.3 billion.

Every year the State Treasurer re-examines and signs the investment policy for the agency to determine the primary objectives for investment activities and the security type diversification of the investment portfolio. All investment management decisions are handled in-house by the Investment Division. The Investment Division primarily invests the cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed. The State Treasurer does not utilize any outside management consultants or investment advisors for its decision making. The Investment Division is responsible for a number of long-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes over 19-year periods. The Division manages the investment of general obligation bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency revenue bond indentures. [Sections 6-222](#) through [6-226](#) of the State Finance and Procurement govern the investment of the State's unexpected or surplus money.

Interest earnings on investments under the stewardship of the State Treasurer accrue to the General Fund unless State law or regulation directs that the interest should accrue to a specific fund. During the 1990 legislative session, the General Assembly enacted legislation, sponsored by the State Treasurer's Office, to allow all operating funds invested by the Treasurer to be invested in a common pool. Interest earned from this pool is allocated to the various State agencies and to the General Fund on a pro-rata basis. In 2010, this legislation was updated to recognize the fact that many of the individual funds were supported by the General Fund.

Under State law, investments by the State Treasurer are limited to secured bank accounts, full faith and credit obligations of the federal government, obligations of certain federal agencies repurchase agreements collateralized by those securities, certain money market funds and limited amounts of commercial paper.

U.S. government agency investment securities are procured competitively through approved brokerage firms. To be approved, a firm (i) must be a primary dealer reporting to the Federal Reserve or a registered member of the New York Stock Exchange, or (ii) file financial statements exhibiting financial resources considered adequate by the Investment Division and approved by the Treasurer, and (iii) provide competitive bids to the Investment Division on a regular basis.

The State Treasurer’s fiduciary responsibility to Maryland residents requires that it scrupulously seek the best prices for all investments. The State Treasurer’s policy is to make sure that local, regional, and minority brokerage firms have an opportunity to bid on a portion of the State’s investable funds. As part of its policies, the State Treasurer operates from a pre-approved list of brokerage firms comprised of primary and non-primary dealers. A primary dealer is a designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria. Among the criteria are capital requirements and meaningful participation in Treasury auctions. Non-primary dealers consist of all the other firms not considered as primary dealers. Inclusion on the pre-approved list grants the privilege to brokers of submitting bids and/or offers but does not guarantee a transaction/contract. One of the requirements for investment brokers to be eligible to do business with the State Treasurer, is that the firms must have a minimum net capitalization of \$25 million or greater in order to have the adequate capital to fulfill the State Treasurer’s commitments.

As of June 30, 2011, the total of all portfolios under active management by the State Treasurer was \$6.3 billion. The table below displays the portfolio composition of the State Treasurer. Within the portfolio 73.17% represented securities with U.S. Government Agencies, 21.79% in Repurchase Agreements, 5.02% in other investments, and .02% in U.S. Treasurers.

State Treasurer Portfolio Composition as of June 30, 2011

Investment Type	Dollar Amount (\$)	Percentage (%)
Repurchase Agreements	\$1,160,110,538	21.79%
U.S. Treasuries	\$895,000	.02%
U.S. Government Agencies	\$3,894,649,000	73.17%
Other Investments	\$267,288,742	5.02%
Total Portfolio	\$5,322,943,280	100.00%

Source: State Treasurer

As is typical with a portfolio containing a large number of securities, the State engages in a securities lending program. In this program, the State contracts with a third party securities lender that arranges to have specific securities in the portfolio loaned to investment brokers who need those securities for a short period of time. In return for borrowing the security, the investment broker posts cash collateral equal to 102% of the market value of the borrowed security. The securities lender invests the cash collateral for the period of the loan. At maturity, the State securities are returned and the interest earned is allocated between the State and the securities lender.

Minority Utilization

For this report, focus is placed on the utilization of minority investment brokers in the non-primary space.¹ For the past three fiscal years, the State Treasurer has achieved double digit percentages – 16.7% (FY2009), 10.3% (FY2010), and 17.1% (FY2011) utilization rates for minority brokers. Progressively from FY2008 through FY2011, the State Treasurer has significantly increased both the total of minority brokers utilized and the total assets procured. In

¹ The term “non-primary” refers to the all U.S. investment broker dealers that are not listed on the Federal Reserve Bank of New York’s primary dealer list. There are currently 21 listed primary brokers in the U.S.

FY2008, 5.4% of available brokered assets were managed by 10 minority brokers. In FY2011, those figures are 17.1% and 18, respectively.

**State Treasurer Assets Brokered from FY2008-FY2011
as of June 30, 2011**

	FY2008	FY2009	FY2010	FY2011
Total Assets Brokered (\$M)	\$8,592.0	\$6,417.7	\$5,111.3	\$6,342.5
Assets Brokered by Minority Firms (\$M)	\$464.7	\$1,070.0	\$527.3	\$1,081.5
Percentage (%)	5.4%	16.7%	10.3%	17.1%
Minority Brokers Utilized	10	14	14	18

Source: State Treasurer

**FY2011 Listing of Non-Primary Approved Minority- and Women-Owned Brokers
Utilized by the State Treasurer as of June 30, 2011**

Aladdin Capital Holdings	Loop Capital Markets
Blaylock Robert Van Securities	M.R. Beal & Company
Cabrera Capital Markets	Mesirow Financial
Castleoak Securities	Pacific American Securities
De La Rosa & Company	Quoin Capital
FRS Securities	Rice Financial
Greentreen Brokerage Services	Toussaint Capital Partners
GRW Capital Corporation	Williams Capital Group
Gryphon Asset Management	Wm Smith & Company

Source: State Treasurer

Minority Outreach Efforts

In FY2011, the State Treasurer remained steadfast in its minority broker outreach efforts. Currently, the State Treasurer's website publically discloses all the necessary documents for inclusion on its approved broker dealer list. The Investment Division contacts all of the minority brokers on this list regarding brokerage opportunities. Strategic alliances have been made and approved broker lists have been shared with the Government Investment Officers Association, Government Finance Officers Association, National Association of State Treasurers, and the National Association of Securities Professionals. "Cold callers" are instructed to use the agency's website where the procedures and forms necessary to apply for the agency's broker list are immediately available. All of these efforts have assisted the State Treasurer in creating an accessible and transparent environment for minority investment brokerage activity.

Maryland Automobile Insurance Fund (MAIF)

Background

MAIF is an independent State agency established in 1972 to provide automobile liability insurance to Maryland residents who are unable to obtain coverage in the private insurance market. MAIF's revenues come entirely from insurance premiums and investment income. As of June 30, 2011, MAIF's total investment portfolio was \$293.6 million - of which, roughly 75% is invested in fixed income and 25% in equities.

The MAIF Financial Management Committee determines the core investment decisions at the agency. The Committee consists of the Executive Director and two MAIF board members and it is complemented by an external

investment advisor – U.S. Institutional Investment Consultants². On an ongoing basis, the investment advisor attends all MAIF Financial Committee meetings; prepares monthly and quarterly portfolio performance; and makes recommendations regarding the retention of investment managers. The investment advisor is a full partner and complements the agency’s endeavors of creating an inclusionary procurement environment for minority and women investment firms.

MAIF uses the *Request for Proposal (RFP)* process when choosing new investment managers. All of MAIF’s investment manager RFPs are posted and made available on eMaryland Marketplace, Maryland’s electronic gateway for bidding opportunities.³ Once the RFPs have been submitted, the investment advisor completes a preliminary screening and creates a short list of viable candidates. The Financial Committee determines which investment managers should be interviewed and shoulders the ultimate responsibility for deciding which firms are chosen.

In order to effectively manage the acceptable level of investment risk, MAIF engages multiple institutional asset managers who possess specialized skills in each asset class. MAIF believes hiring managers with specialized skill sets provides best-in-class trading. While MAIF’s contracts do not allow it to select the brokers used by these managers, MAIF has informed its managers of the importance of working with minority brokers. MAIF provides information to the minority investment broker community about its managers, and refers any direct inquiries to the hired managers. MAIF’s policy is to make sure that all procurement opportunities are fostered in an inclusive environment representative of all the potentially-qualified firms in order for the agency to receive the best possible returns on investments.

Minority Utilization

Minority Investment Manager Activity

On June 30, 2011 MAIF’s investment portfolio was \$293.6 million. The table below displays the investment composition of the agency’s total portfolio. MAIF’s investment portfolio asset classes consist of fixed income, large cap, mid cap, small cap, alternatives, and international. Within the six categorized asset classes, minority investment managers were present in two classes, fixed income and mid cap. During FY2011, minority investment managers oversaw \$66.5 million or 22.6% of MAIF’s investment portfolio. In FY2010, minority investment managers accounted for 14.0%.

**MAIF Portfolio Composition
as of June 30, 2011**

Asset Class	Mkt Value (\$M)	Actual Allocation (%)	Strategic Allocation (%)	Minority Emerging (\$M)	Minority Emerged (\$M)
Fixed Income	\$211.4	72.0%	72.0%	\$58.9	-
Large Cap	\$40.9	13.9%	14.0%	-	-
Mid Cap	\$7.6	2.6%	2.5%	-	\$7.6
Small Cap	\$4.6	1.6%	1.5%	-	-
Alternatives	\$20.6	7.0%	7.05%	-	-
International	\$7.9	2.7%	3.0%	-	-
Cash & Liquidating Fund	\$0.6	0.2%	0.0%	-	-
Total	\$293.6	100.0%	100.0%	\$58.9	\$7.6

Source: MAIF

The utilization rate is determined by dividing total portfolio assets by assets managed by minority and women firms. For example, MAIF’s minority and women investment managers accounted for \$66.5 million and the agency’s total portfolio was \$293.6 million; $(66.5/293.6) = 0.226$ or a 22.6% utilization rate. The two tables below

² U.S. Institutional Investment Consulting Firm is a full-service institutional investment firm based in St. Louis, MO.

³ Maryland’s online electronic gateway to bidding opportunities for commodity, construction, architect and engineering, facility maintenance, human resources, information technology and related services (<https://emaryland.buyspeed.com/bs/>)

illustrate the amount of MAIF's assets managed from FY2008 through FY2011 in respect to minority and women investment managers and the breakdown of hired minority and women firms by categorization.

**MAIF Assets Managed by Minority and Women Investment Managers
from FY2008-FY2011as of June 30, 2011**

	FY2008	FY2009	FY2010	FY2011
Total Assets (\$M)	\$354.2	\$290.6	\$299.0	\$293.6
Assets Managed by Minority and Women Firms (\$M)	--	\$7.3	\$42.0	\$66.5
Percentage (%)	--	2.5%	14.0%	22.6%
Minority and Women Managers Utilized	--	1	2	3

Source: MAIF

**2011 Minority- and Women-Owned Investment Managers Utilized by MAIF
as of June 30, 2011**

Manager Name	AUM (\$M)	Investment Advisory Fee (\$M)	Asset Class	Classification
Emerging Managers				
The Swarthmore Group	\$50.6	\$0.10	Fixed Income	African American
Xavier Capital Management	\$8.3	\$0.02	Fixed Income	African American
Total Emerging Managers	\$58.9	\$0.12		
Emerged Manager				
Brown Capital Management	\$7.6	\$0.02	Mid Cap	African American
Total Emerged Managers	\$7.6	\$0.02		
Total	\$66.5	\$0.14		

Source: MAIF

In FY2011, MAIF increased the assets directly managed by minority investment managers. The FY2010-FY2011 year-over-year growth of assets increase from \$42.0 million to \$66.5 million is a direct result of Senate Bill 606/House Bill 1277 and the joint efforts of GOMA and MAIF. Since enactment of the 2008 legislation, MAIF has increased minority investment manager participation from a non-existent starting point to 22.6% by the end of FY2011. The results achieved exemplify that Senate Bill 606/House Bill 1277 continues to be a winning formula for MAIF and minority-owned managers. MAIF's total returns continue to exceed the benchmarks and over \$250,000 in fees have been paid to minority investment managers since the bill's passage.

MAIF remains proud that all of its minority and women investment managers are direct hires. There is no "manager of manager" within MAIF's procurement process. Instead, each manager is fully able to leverage the direct relationship with MAIF into other business relationships. With 30% of its managers now minorities and women, and with over \$66 million under management, the implementation effort for Senate Bill 606/House Bill 1277 is reaching a level of maturity. The success achieved at MAIF, along with the nurturing support of GOMA, is a source of pride throughout Maryland.

Minority Brokerage Activity

Organizationally, MAIF pays the management fees, while the brokerage fees are paid by the various managers. Although MAIF's contracts do not allow the agency to select the brokers used by these managers, it has clearly defined the importance of working with minority investment firms.

During FY2011, Xavier Capital Management traded \$1.7 million with Loop Capital Markets and \$1.2 million with Williams Capital Group. Collectively, these two firms represented 78.28% of the trades with minority managers.

Fellow manager, The Swarthmore Group, also executed trades with Loop Capital Markets. Legg Mason's subsidiary and fixed income manager, Western Asset Management, reported retained 18 approved minority brokers. Overall, MAIF retained 20 minority brokers in FY2011. The table below displays the Western Asset Management's listing of approved minority and women brokers.

**FY2011 Western Asset Management Approved Minority- and Women-Owned
Investment Broker List as of June 30, 2011**

Blaylock Robert Van	Lynch, Jones & Ryan
Butler Wick & Co.	M.R. Beal
Cabrera Capital Markets	Maria Fiorini Ramirez
Castle Oak Securities	Montrose Securities
Cheevers & Co.	Muriel Seibert & Co.
E. J. De la Rosa & Co.	Olmes Capital Markets
Guzman & Co.	Samuel A. Ramirez & Co.
Jackson Securities	Toussaint Capital Partners
Loop Capital Markets	Williams Capital Group

Source: MAIF

MAIF does not directly administer any of its brokerage portfolios. As the smallest investor covered under the legislation, MAIF has no direct relationship with brokers and none of its activity can indirectly be viewed as employing brokers on MAIF's behalf.

Injured Workers Insurance Fund (IWIF)

Background

IWIF is an independent agency established in 1914 to provide workers compensation insurance to Maryland-based businesses that do not wish, or are not allowed, to self-insure through private insurance vehicles. IWIF offers a fully integrated safety and benefits delivery system that provides safety information and quality medical care with an early return-to-work objective. The system includes several components designed to work in concert with policy holders and their injured employees. Financing for IWIF is derived solely from its premium and investment income. IWIF incorporates a hybrid approach to managing its investment portfolio, with roughly 80% managed internally and 20% managed externally. As of June 30, 2011, IWIF's investment portfolio totaled \$1.6 billion.

IWIF's Board of Directors has the responsibility of reviewing all matters relating to IWIF's investment program. The Board of Directors approves the Investment Policy Statement (IPS) and selects the managers based on recommendations from the investment consultant and the Chief Investment Officer. The Board-approved IPS includes investment guidelines for each individual investment strategy. Each internally-managed portfolio and third-party investment manager is provided with applicable investment guidelines developed by IWIF. Brokerage services are selected by the individual manager based upon best execution rules under the Securities Act of 1934. The investment consultant/advisor is chosen using the RFP process, recommendations and approval by the Board of Directors. The Board of Directors has the final decision on all investment management activity.

The investment consultant recommends asset allocation, investment policy, manager hiring and firing. The consultant also reports to the Board of Directors quarterly an analysis of the performance of all managers and performs any other projects requested by the Board of Directors or the Chief Investment Officer. The investment consultant does not have complete autonomy in choosing which firms are chosen to manage/invest the organization's funds. IWIF's Board of Directors has the final authority. The investment consultant is provided with the objectives, return requirements, risk tolerance and other related information regarding the investment strategy sought to implement.

IWIF's investment advisor is Asset Strategy Consultants. Manager searches are conducted through the RFP process. During IWIF's last search for emerging investment managers GOMA was solicited to provide a list of emerging managers. The RFP was also listed on IWIF's website and it was publically announced at the Legislative Black Caucus. Over 30 responses were received.

Minority Utilization

IWIF's investment portfolio asset classes consist of domestic smid, core fixed income, corporate oriented and convertible bonds. Of the four categorized asset classes within IWIF's portfolio, minority and women managers were represented in two categories – domestic smid cap and core fixed income.

IWIF Portfolio Composition as of June 30, 2011

Asset Class	Mkt Value (\$M)	Actual Allocation (%)	Strategic Allocation (%)	Minority Emerging (\$M)	Minority Emerged (\$M)
Domestic SMID Cap	\$65.3	3.9%	3.0%	\$24.9	\$40.4
Total Domestic Equity	\$65.3	3.9%	3.0%	\$24.9	\$40.4
Core Fixed Income	\$1,143.4	68.9%	72.0%	\$48.6	-
Corp. Oriented	\$255.9	15.4%	15.0%	-	-
Convertible Bonds	\$195.8	11.8%	10.0%	-	-
Total Domestic Fixed Income	\$1,595.3	96.1%	97.0%	\$48.6	-
Total	\$1,660.6	100.0%	100.0%	\$73.5	\$40.4

Source: IWIF

The following two tables illustrate the total IWIF assets managed from FY2008-FY2011 in respect to minority and women managers and the FY2011 listing of minority and women managers utilized. In FY2011, \$113.9 million of the total \$1.6 billion IWIF investment portfolio was managed by minority and women managers, representing a 6.8% utilization rate.

IWIF Assets Managed by Minority- and Women-Owned Investment Managers from FY2008-FY2011 as of June 30, 2011

	FY2008	FY2009	FY2010	FY2011
Total Assets (\$M)	\$1,679.0	\$1,700.0	\$1,643.7	\$1,660.6
Assets Managed by Minorities (\$M)	\$30.0	\$85.0	\$92.4	\$113.9
Percentage (%)	1.3%	4.9%	5.6%	6.8%
Minority Managers Utilized	1	4	4	4

Source: IWIF

FY2011 Minority- and Women-Owned Investment Managers Utilized by IWIF as of June 30, 2011

Manager Name	AUM (\$M)	Investment Advisory Fee (\$M)	Asset Class	Classification
Emerging Managers				
Black Knight Asset Management	\$23.9	\$0.04	Core Fixed Income	African American
Credo Capital Management	\$24.9	\$0.14	Domestic SMID Cap	African American
Xavier Capital Management	\$24.6	\$0.04	Core Fixed Income	African American
Total Emerging Managers	\$73.5	\$0.24		
Emerged Manager				
Brown Capital Management	\$40.4	\$0.33	Domestic SMID Cap	African American
Total Emerged Managers	\$40.4	\$0.33		
Total	\$113.9	\$0.57		

Source: IWIF

Minority Outreach Efforts

IWIF has positively responded to Senate Bill 606/House Bill 1277 legislation. In FY2011, IWIF retained four minority managers. IWIF's efforts in this initiative have provided a two-fold benefit for the State of Maryland, as three of the four firms are headquartered in the State of Maryland – Brown Capital Management, Credo Capital Management, and Xavier Capital Management. In addition, one minority broker – Blaylock Robert Van – was retained by IWIF.

State Retirement and Pension System (SRPS)

Background

SRPS administers death, disability, and retirement benefits on behalf of more than 350,000 members. Individual membership includes active and former State employees, teachers, State police, judges, law enforcement officers, correctional officers, and legislators. The agency services multiple employers and has over 100 local government agencies voluntarily participating. SRPS' assets come from the State of Maryland.

SRPS is guided by a Board of Trustees and is responsible for administering the State's retirement and pension system. Trustees act as fiduciaries, which require them to "invest assets in a prudent fashion solely for the benefit of members and beneficiaries." The Trustees' primary role and focus is to provide general and overall investment policy for SRPS while monitoring implementation. SRPS's current policies regarding the utilization of minority and businesses are set forth in its Investment Policy Manual. The Trustees determine the asset allocation.

SRPS' Executive Director is responsible for the operating performance of the agency, except for the investment performance. The CIO reports to the Executive Director and is accountable for the investment performance and the effective and efficient management of the operations of the Investment Division. SRPS utilizes external investment managers to invest the fund's assets. The CIO determines the hiring and firing of all external managers of the investment portfolio and is supported by SRPS' Investment Division staff and additional specialty investment consultants in private equity and real estate. The general investment consultant, Ennis Knupp⁴, provides advice to the Trustees regarding the SRPS investment program.

The Trustees, who evaluate and monitor the CIO's performance, have encouraged the inclusion of minority investment firms for some time. This is demonstrated through the implementation of an emerging managers program called Terra Maria: Developing Manager Program In Public Markets and Private Equity. The program consisted of seven firms selected to serve as 'Program Managers.' They act as extensions of staff, rather than as autonomously mandated fund-of-fund managers. Each of the program managers has responsibility for monitoring several external investment managers. The external investment managers create brokerage opportunities for minority brokers who may provide services to SRPS through direct executions or third-party step-outs.⁵

Program managers are responsible for recommending investment managers to participate in the Terra Maria Program whom they believe have the ability to generate alpha (excess investment returns) relative to their assigned benchmarks. There are typically two types of consultants in the SRPS governance structure.

- General Investment Consultants – In light of the primary function served by SRPS's general investment consultant, that is to provide advice to the Trustees regarding SRPS's investment program, the Trustees make the final hiring decision for this consultant based on a competitive procurement process. On a day-to-day basis, the staff of the SRPS administers the contract with the general investment consultant.
- Specialty Investment Consultants – In keeping with State law granting the CIO responsibility for hiring and firing external investment managers in all asset classes, the CIO is authorized to select, hire, and oversee the work of specialty investment consultants. There are two (2) specialty consultants currently assisting the

⁴ Ennis Knupp, a subsidiary of the Aon Company, is a global investment consultant firm headquartered in Lincolnshire, IL.

⁵ Step-outs refer to brokerage transactions involving three brokers. It occurs when a brokerage firm executes an order, but gives the other brokerage firm the credit and some of the commission of the trade.

Investment Division in identifying potential investments in the private equity – Altius Associates⁶ (private equity) and Pension Consultants Alliance⁷ (real estate).

As part of ongoing efforts to identify the most promising managers and innovative products for SRPS’s investment program, consultants, program managers and staff members are all strongly encouraged to consider smaller firms, many of which may be owned by minorities and women.

Minority Utilization

Minority Investment Manager Activity

On June 30, 2011, SRPS’s total investment portfolio was \$37.5 billion. SRPS’s assets are divided into nine asset classes: U.S. equity, international equity, global equity, fixed income, credit opportunity, private equity, real estate, real return, and absolute return. Minority managers were represented in all asset classes except real estate. Within SRPS’s investment portfolio, the largest asset allocations, 47.2%, are public equity consisting of 16.3% in U.S. equity, 18.7% in international equity, and 12.2% in global equity. Fixed income asset allocation is 20.3%. The table below illustrates the investment portfolio composition of SRPS by asset classes.

**SRPS Portfolio Composition
as of June 30, 2011**

Asset Class	Mkt Value (\$M)	Actual Allocation (%)	Strategic Allocation (%)	Minority Emerging (\$M)	Minority Emerged (\$)
US Equity	\$6,131.3	16.3%	-	\$681.0	\$363.5
International Equity	\$7,012.5	18.7%	-	\$252.8	\$849.3
Global Equity	\$4,571.8	12.2%	-	\$173.5	\$230.7
Total Public Equity	\$17,715.6	47.2%	36.0%	\$1,107.3	\$1,443.5
Fixed Income	\$7,623.9	20.3%	10.0%	\$254.1	\$149.9
Credit Opportunity	\$2,198.7	5.9%	10.0%	\$38.4	\$334.9
Private Equity	\$1,618.3	4.3%	10.0%	\$65.0	\$200.0
Real Estate	\$2,163.9	5.8%	10.0%	-	-
Real Return	\$3,900.7	10.4%	15.0%	-	\$84.9
Absolute Return	\$1,635.1	4.4%	7.0%	-	\$421.8
Cash	\$652.2	1.7%	2.0%	-	-
Total	\$37,508.4	100.0%	100.0%	\$1,464.8	\$2,635.0

Source: SRPS

From FY2008 through FY2011, the total number of minority and women managers utilized has increased from seven in FY2008 to 65 in FY2011. Minority and women managers oversaw 9.1% of SRPS’s investment portfolio in

⁶ Altius Associates is a global private equity advisory and funds of funds firm located in Richmond, VA. The firm began its relationship with SRPS in 2004.

⁷ Pension Consultants Alliance is an independent, full-service investment firm headquartered in Portland, OR. The firm began its relationship with SRPS in 2010.

FY2010. In FY2011, the utilization rate increased to 10.4%. The continual year-over-year uptick is attributed to SRPS hiring additional minority and women managers through the asset class identified as “separate mandates” in absolute return, credit opportunity, public equity, and private equity credit strategies.

Minority and women managers oversaw \$4.0 billion of SRPS assets in FY2011, an increase from the previous fiscal year at \$2.9 billion. SRPS utilized 65 minority managers and paid over \$17.8 million in management fees in FY2011. This represents a 41.0% increase in assets overseen by minority and women managers. The following charts illustrate the amount of assets managed from FY2008 through FY2011 in respect to minority investment managers and the firms utilized by SRPS in FY2011.

**SRPS Assets Managed by Minority- and Women-Owned Investment Managers
from FY2008-FY2011 as of June 30, 2011**

	FY2008	FY2009	FY2010	FY2011
Total Assets (\$M)	\$36,595.7	\$28,530.9	\$31,840.9	\$37,508.4
Assets Managed by Minorities (\$M)	\$326.5	\$1,258.8	\$2,906.4	\$4,099.8
Percentage (%)	0.9%	4.4%	9.1%	10.4%
Minority Managers Utilized	7	45	45^	65

Source: SRPS

^Revised number

**FY2011 Minority- and Women-Owned Investment Managers Utilized by SRPS
as of June 30, 2011**

Manager Name	AUM (\$M)	Investment Advisory Fee (\$M)	Asset Class	Classification
Emerging Managers				
Attucks Asset Mgmt	\$411.9*	\$0.757		
Charter Financial Group	\$10.8	\$0.060	US Equity	Female
Edgar Lomax Company	\$27.4	\$0.080	US Equity	African American
Hanseatic Mgmt Services	\$30.6	\$0.087	US Equity	Female
Holt-Smith Advisors	\$26.9	\$0.079	US Equity	Female
Mar Vista Investment Partners	\$18.4	\$0.081	US Equity	African American
Nicholas Investment Partners	\$14.1	\$0.001	US Equity	Female
Opus Capital Mgmt	\$16.4	\$0.139	US Equity	African American
Apex Capital Mgmt	\$11.1	\$0.001	International Equity	Asian American
Paradigm Asset Mgmt	\$10.5	\$0.001	International Equity	African American
Hughes Capital Mgmt	\$17.9	\$0.040	Fixed Income	African American
Xavier Capital Mgmt	\$20.4	\$0.049	Credit	African American
	\$204.5	\$1.375		
Bivium Capital Partners	\$334.4*	\$0.493		
Phocas Financial Corp	\$18.5	\$0.100	US Equity	Asian American
ARGA Investment Mgmt	\$28.4	\$0.003	International Equity	Asian American
Cheswold Lane Asset Mgmt	\$30.0	\$0.242	International Equity	Female
Terminated Managers	\$0.0	\$0.127		
	\$76.9	\$0.965		
Capital Prospects	\$411.6*	\$0.495		
AH Lisanti Capital Growth	\$21.1	\$0.151	US Equity	Female
Lesla Sroufe & Co	\$36.6	\$0.002	US Equity	Female
Paradigm Asset Mgmt	\$32.9	\$0.090	US Equity	African American
Profit Investment Mgmt	\$20.9	\$0.193	US Equity	African American
Redwood Investments	\$34.1	\$0.118	US Equity	Female

Manager Name		AUM (\$M)	Investment Advisory Fee (\$M)	Asset Class	Classification
Seacrest Investment Mgmt		\$15.7	\$0.122	US Equity	Asian/Hispanic
Terminated Managers		<u>\$0.0</u>	<u>\$0.111</u>		
FIS Group	\$366.2*		\$0.776		
Boston Common Asset Mgmt		\$17.7	\$0.073	US Equity	Asian/Female
Channing Capital Mgmt		\$8.0	\$0.080	US Equity	African American
Redwood Investments		\$12.0	\$0.036	US Equity	Female
Ativo Capital Mgmt		\$31.3	\$0.149	International Equity	Hispanic
Hanoverian Capital Mgmt		\$36.7	\$0.003	International Equity	Female
Victoria 1522 Investments		\$27.0	\$0.169	International Equity	Asian/Female
Greenfield Seitz Capital Mgmt		\$40.3	\$0.003	Global Equity	Female
Terminated Managers		<u>\$0.0</u>	<u>\$0.135</u>		
		\$173.0	\$1.424		
Leading Edge Investment Advisors	\$363.0*		0.733		
New Century Investment Mgmt		\$19.9	0.066	US Equity	Female
Nicholas Investment Partners		\$18.0	0.073	Credit	Female
Terminated Managers		<u>\$0.0</u>	<u>0.038</u>		
		\$37.9	\$0.910		
Northern Trust Global Advisors	\$698.0*		N/A		
Credo Capital Mgmt		\$31.2	\$0.123	US Equity	African American
Palisades Investment Partners		\$44.1	\$0.056	US Equity	African American
Profit Investment Mgmt		\$62.8	\$0.139	US Equity	African American
New Century Advisors		\$30.6	\$0.082	Fixed Income	Female
Strategic Global Advisors		<u>\$31.6</u>	<u>\$0.002</u>	International Equity	Female
		\$200.3	\$0.402		
Progress Investment Mgmt	\$714.8*		\$1.043		
Affinity Investment Advisors		\$37.4	\$0.002	US Equity	Asian American
Channing Capital Mgmt		\$35.4	\$0.101	US Equity	African American
Credo Capital Mgmt		\$57.5	\$0.269	US Equity	African American
Decatur Capital Mgmt		\$30.6	\$0.073	US Equity	African American
Boston Common Asset Mgmt		\$46.2	\$0.125	International Equity	Asian/Female
ARGA Investment Mgmt		\$43.0	\$0.002	Global Equity	Asian American
John HSU Capital Group		\$49.8	\$0.225	Global Equity	Asian American
San Juan Asset Mgmt		\$40.4	\$0.114	Global Equity	Hispanic
Ambassador Capital Mgmt		\$60.2	\$0.057	Fixed Income	African American
New Century Advisors		\$59.6	\$0.060	Fixed Income	Female
Pugh Capital Mgmt		\$85.8	\$0.151	Fixed Income	African American
Terminated Managers		<u>\$0.0</u>	<u>\$0.742</u>		
		\$545.9	\$2.965		
Private Equity					
Longitude Venture Partners		<u>\$65.0</u>	<u>\$0.562</u>	Private Equity	Female-
		\$65.0	\$0.562		
Total Emerging Managers	\$3,299.9	\$1,464.8	\$9.885		

Manager Name	AUM (\$M)	Investment Advisory Fee (\$M)	Asset Class	Classification
Emerged Managers				
Attucks Asset Mgmt				
GW Capital Inc	\$11.4	\$0.161	US Equity	Asian American
Globeflex Capital	\$21.5	\$0.120	International Equity	Female
Lombardia Capital Partners/Dean Chase Global Value	\$20.8	\$0.002	International Equity	Hispanic
LM Capital Group	\$20.2	\$0.056	Fixed Income	Hispanic
Advent Capital Mgmt	<u>\$23.0</u>	<u>\$0.122</u>	Credit	African American
	\$96.9	\$0.461		
Capital Prospects				
Piedmont Investment Advisors				
	<u>\$30.0</u>	<u>\$0.001</u>	Fixed Income	African American
	\$30.0	\$0.001		
FIS Group				
New Amsterdam Partners				
	<u>\$12.0</u>	<u>\$0.002</u>	US Equity	Female
	\$12.0	\$0.002		
Leading Edge Investment Advisors				
Herndon Capital Mgmt	\$41.2	\$0.177	International Equity	African American
Sit Investment Associates	\$14.4	\$0.120	International Equity	Asian American
Westwood Global Investments	\$78.0	\$0.507	International Equity	Female
Penn Capital Mgmt	<u>\$36.9</u>	<u>\$0.212</u>	Credit	Female
	\$170.5	\$1.016		
Northern Trust Global Advisors				
Herndon Capital Mgmt	\$43.1	\$0.062	US Equity	African American
Lombardia Capital Mgmt	\$7.9	\$0.192	US Equity	Hispanic
Sky Investment Council	\$48.2	\$0.181	International Equity	Asian/Female
Longfellow Investment Mgmt	<u>\$35.8</u>	<u>\$0.003</u>	Fixed Income	Female
	\$135.0	\$0.438		
Progress Investment Mgmt				
Ariel Investments				
	\$33.0	\$0.187	US Equity	African American
Garcia Hamilton	<u>\$63.9</u>	<u>\$0.002</u>	Fixed Income	Hispanic
	\$96.9	\$0.189		
Separate Mandate - Absolute Return				
Rock Creek Potomac Fund				
	<u>\$421.8</u>	<u>\$2.725</u>	Absolute Return	Female
	\$421.8	\$2.725		
Separate Mandate - Public Equity				
Zevenbergen Capital Investments				
	\$256.1	\$0.933	US Equity	Female
Brown Capital Mgmt	\$218.8	\$1.210	International Equity	African American
Earnest Partners	\$406.4	\$2.030	International Equity	African American
Brown Capital Mgmt (includes closed mandates)	<u>\$230.7</u>	<u>\$1.315</u>	Global Equity	African American
	\$1.112.0	\$5.488		

Manager Name	AUM (\$M)	Investment Advisory Fee (\$M)	Asset Class	Classification
Separate Mandate - Private Equity				
Asia Alternatives	\$200.0	\$0.000	Private Equity	Asian/Female
	\$200.0	\$0.000		
Separate Mandate - Master Limited Partnership				
Tortoise Capital	\$84.9	\$0.608	Master Limited Partnership	Native American
	\$84.9	\$0.608		
Separate Mandate - Credit Strategies^				
Advent Legacy Securities/Wellington Asset Mgmt	\$75.0	\$0.096	Credit Strategies	African American
Blaylock Robert Van/Marathon Asset Mgmt	\$50.0	\$0.125	Credit Strategies	African American
Castleoak Securities and Park Madison Partners/Anglo Gordon	\$50.0	\$0.500	Credit Strategies	African American/ Female
RLJ/Western Asset Mgmt	\$100.0	\$1.836	Credit Strategies	African American
	\$275.0	\$2.557		
Total Emerged Managers	\$2,635.0	\$7.997		
Total	\$4,099.8	\$17.882		

Source: SRPS

*Total Program Manager assets under management (including Majority Managers)

^The managers listed under "Credit Strategies" are joint ventures between large investment managers and MBEs. Some of the MBEs listed in this category may be providing services other than investment management.

Minority Brokerage Activity

SRPS documents minority broker progress through commissions paid. The total amount of commissions paid to minority brokers has increased over the past four fiscal years. In FY2008, \$1.0 million of commissions were paid and in FY2011 the total increased to \$1.6 million. The total commission paid to minority brokers is a combination of commissions paid from direct executions and step-outs. Out of the \$1.6 million commissions paid in FY2011, only \$4,267 was constituted as step-outs. SRPS utilized 55 minority brokers, representing 10.4% of the total investment brokerage commissions paid by SRPS in FY2011. Minority brokers received \$1.6 million of the total \$14.0 million in investment brokerage service commissions paid by the agency in FY2010. The following three tables illustrate the commissions paid amongst all brokers in respect to minority brokers from FY2008 through FY2011, the FY2011 list of SRPS minority brokers utilized from direct executions, and the FY2011 list of step-out commissions paid to minority brokers.

Commissions Paid to Investment Brokers by SRPS from FY2008 through FY2011 as of June 30, 2011

	FY2008	FY2009	FY2010	FY2011
Total Brokerage Commissions Paid (\$000)	\$9,619.0	\$9,498.8	\$14,068.5	\$15,892.2
Brokerage Commissions Paid to Minorities (\$000)	\$1,017.3	\$808.3	\$1,611.2	\$1,645.9
Percentage (%)	10.6%	8.5%	11.5%	10.4%
Minority Brokers Utilized	N/A	N/A	35	55

Source: SRPS

N/A = data not available

**FY2011 SRPS Minority- and Women-Owned Investment Brokers (Direct Executions)
as of June 30, 2011**

	Minority Investment Brokers	Classification	Commissions (\$)
1	Benchmark Company	African American	\$4,656.15
2	Blaylock Robert Van	African American	\$40,620.99
3	Bley Investment Group	Female	\$843.00
4	BOE Securities	African American	\$27,332.82
5	CL King & Associates	Female	\$21,263.09
6	Cabrera Capital Markets	Hispanic	\$219,491.02
7	Castleoak Securities	African American	\$16,820.36
8	Cheevers & Co	Female	\$14,875.19
9	Chicago Analytic Trading	Asian American	\$56,725.86
10	Direct Access Partners	Hispanic	\$16,662.51
11	Divine Capital Markets	African American	\$33,080.55
12	Drexel Hamilton	Disabled Veteran	\$15,238.00
13	FRS Securities	African American	\$43,529.79
14	Gardner Rich & Co	African American	\$35,369.50
15	Girard Securities	Female	\$222.00
16	Great Pacific Securities	Hispanic	\$64.21
17	Greentree Brokerage Services	African American	\$6,576.28
18	Guzman & Co	Hispanic	\$19,03.04
19	Haven Financial Services	African American	\$1,113.30
20	Island Trading	Female	\$409.44
21	Ivy Securities	Asian American	\$6,893.00
22	Jackson Partners	African American	\$10,114.38
23	Kaufman Brothers	African American	\$16,817.92
24	Lam Securities	Asian American	\$1,262.00
25	Loop Capital Markets	African American	\$212,435.71
26	M Ramsey King Securities	Native American	\$25,450.97
27	Melvin Securities	African American	\$201,225.91
28	Mischler Financial	Disabled Veteran	\$6,537.52
29	Mogavero, Lee & Co	Female	\$516.00
30	Montrose Securities	Asian American	\$38,502.95
31	MR Beal & Co	African American	\$101,696.58
32	Muriel Seibert & Co	Female	\$11,816.79
33	Nativeone Institutional Trading	Native American	\$501.00
34	Nomura Securities	Asian American	\$3,962.44
35	North South Capital	Female	\$4,561.85
36	Pacific American Securities	African American	\$124,231.36
37	PCS Dunbar	Female	\$3,345.00
38	Penserra Securities	African American	\$10,497.33
39	Percival Financial Partners	African American	\$163,506.60
40	Ramirez & Co	Hispanic	\$4,952.54
41	Roberts & Ryan Investments	Disabled Veterans	\$950.00
42	Sesila & Co	African American	\$3,547.74
43	Westrock Advisors	Native American	\$1,691.77
44	Williams Capital Group	African American	\$109,643.31
45	Wm Smith & Co	Female	\$1,973.10
	Total		\$1,641,690.66

Source: SRPS

**FY2011 Step-out Commissions Paid to Minority- and Women-Owned Investment Brokers
as of June 30, 2011**

Clearing Brokers		Commissions (\$)
1	Barclays Capital	\$267.40
2	Citigroup	\$140.98
3	Jefferies & Co	\$6.80
4	Merrill Lynch	\$233.40
5	Morgan Stanley	\$586.00
6	Oppenheimer	\$831.92
7	Pershing & Co	\$24.00
8	UBS	\$2,158.14
9	Wells Fargo	\$19.11
	Total	\$4,267.75

Source: SRPS

Minority Outreach Efforts

In its efforts to comply with requirements of Senate Bill 606/House Bill 1277, SRPS utilizes a number of outreach strategies, including the following:

- Questionnaires – A suite of questionnaires has been developed and posted on the SRPS website for use by all managers. These questionnaires are design to permit prospective minority managers to provide detailed information to the Investment Division about their firm and investment products. The Investment Division staff reviews every questionnaire submitted.
- Meetings with Managers – The Investment Division and the seven Program Managers (hired to serve as extensions of staff for the Terra Maria Program) regularly meet with prospective minority managers.
- Press Inquiries; Surveys; Other Requests for Information – SRPS receives and responds to an extensive array of inquiries regarding the agency’s investment program, including (i) questions from trade and popular press, (ii) requests to participate in surveys regarding investment-related topics, and (iii) other requests for information.
- Conferences/Education Programs – Members of the Board of Trustees and staff are, from time-to-time, asked to speak at investment conferences or other professional education programs. Trustees and staff also participate in conferences and continuing education programs where information about the investment program may be shared with others.

Investment managers who wish to pursue opportunities with SRPS can complete and submit an online form for each asset class. As part of an ongoing effort to identify the most promising investment managers and innovative products for SRPS’s investment program, all of the consultants and the Terra Maria Program managers are strongly encouraged to consider emerging minority managers.

Moving Forward

Since enactment of the 2008 legislation, the State of Maryland has facilitated over \$4.0 billion in procurement and financial transactions with minority investment managers and brokers. GOMA continues to advocate for the increased utilization of minority managers and brokers who offer quality services and safety comparable to other firms. Moving forward, GOMA recommends the following:

- Perform a capacity assessment of MBE investment management services within SRPS investment portfolio
– As with all State agencies mentioned above, significant progress has been made with minority manager and broker utilization and, as such, SRPS continues to carry the largest potential for participation expansion due to portfolio size.
- Implement legislation expanding the State’s efforts to be inclusive of minority- and women-owned investment managers and brokers to other State agencies responsible for investment portfolios – During the 2012 legislation session, Senate Bill 343/House Bill 277 added the Department of Business and Economic Development (DBED), the Maryland Higher Education Commission (MHEC), the Department

of Housing and Community Development (DHCD), and the Maryland Teachers' and State Employees Supplemental Retirement Plans (MSRP) to the group of agencies required to attempt to use minority- and women-owned business enterprises to the greatest extent feasible in providing brokerage and investment management services.

- Advance the State of Maryland's efforts as best practices beyond the borders of Maryland – Maryland's inclusionary procurement practices are revered as one the first of its kind in the country and stand as a gold standard in public administration. Dissemination of Maryland's success in regards to minority and investment manager and broker utilization only adds to the rich heritage of Maryland's existing MBE Program and provides a platform by which to promote such programs in other jurisdictions.
- Require agencies to collect and report details on outreach efforts of their independent consultants – Each entity should require detailed reports from their independent consultants on their outreach efforts to minority managers and brokers. MAIF, IWIF, and SRPS indicated that it is their practice to refer direct inquiries from potential managers and brokers to the consultants for vetting. The results of those referrals should also be captured in the outreach reporting.

Governor O'Malley and Lt. Governor Brown continue to support and promote the inclusion of small, minority- and women-owned businesses in all sectors. The State recognizes the strength of its diversity and the contributions these businesses bring to Maryland's economy. Small, minority- and women-owned businesses create jobs, save jobs, and expand opportunity. The O'Malley-Brown administration remains committed to supporting their success.

About the Governor's Office of Minority Affairs (GOMA)

GOMA is one of the Governor's Coordinating Offices and was created to promote the growth and participation of small, minority- and women-owned businesses in contracting and procurement opportunities with the State of Maryland. GOMA provides oversight for Maryland's Minority Business Enterprise (MBE) Program and the Small Business Reserve (SBR) Program and works with State Agencies to administer both programs. GOMA also serves as a primary advocate for small, minority- and women-owned firms who want to get engaged in government contracting and procurement opportunities.

Visit www.mdminoritybusiness.com to learn more about GOMA.