

STATE OF RHODE ISLAND TREASURY

ANNUAL TRANSACTIONS REPORT

FISCAL YEAR 2015

THE HONORABLE SETH MAGAZINER, GENERAL TREASURER





State of Rhode Island and Providence Plantations
General Treasurer
State House – 102
Providence, Rhode Island 02903

Seth Magaziner
General Treasurer

To the Honorable General Assembly:

I am pleased to submit a report summarizing the state's revenues and expenditures, cash investments, debt issues and payments, and activity involving state-administered retirement plans for fiscal year ending June 30, 2015, as required pursuant to Section 42-10-17 of the Rhode Island General Laws.

The information contained in this report of the state's financial position was prepared Treasury and Retirement System staff. In addition, members of both the State Investment Commission and State Retirement Boards have provided countless volunteer hours to improve accountability and disclosure for all the programs they oversee. Together, we are proud to devote ourselves to efficiently managing the state's finances on behalf of all Rhode Islanders.

Sincerely,

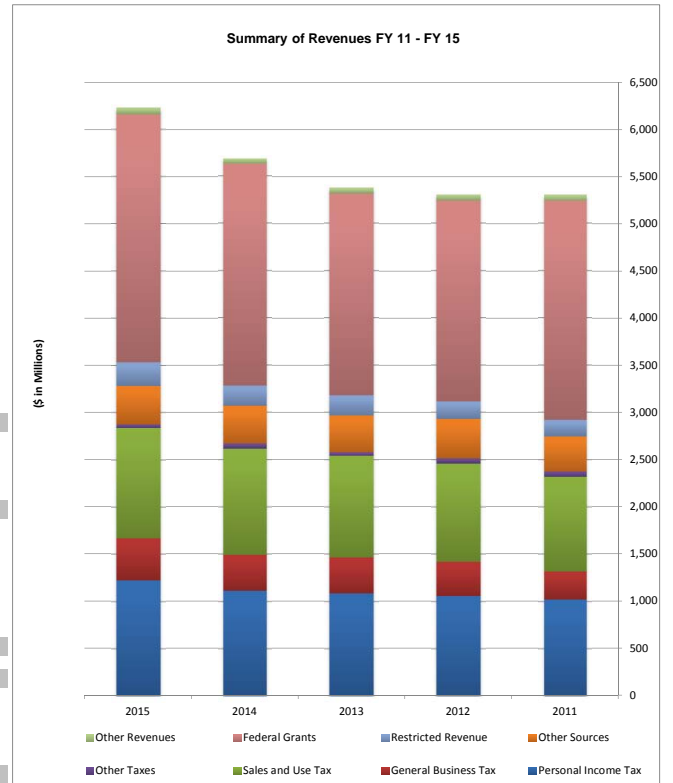
A handwritten signature in black ink, appearing to read "Kerri Baker".

Kerri Baker
Cash Manager

REVENUES AND EXPENDITURES

State of Rhode Island
Summary of Revenues
June 30, 2015

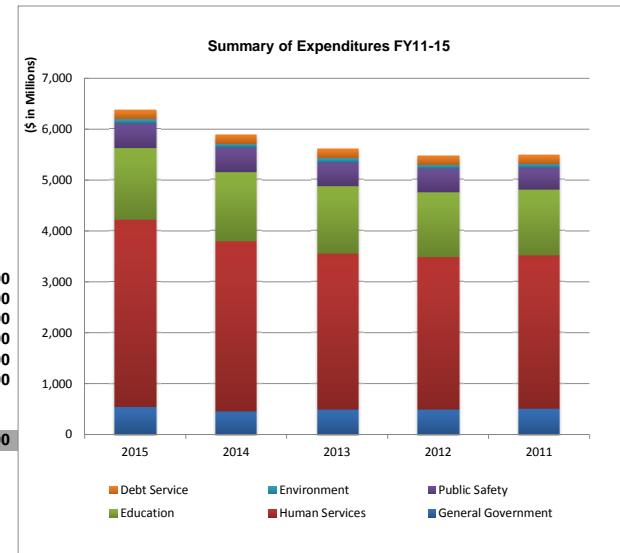
	2015	2014	2013	2012	2011
PERSONAL INCOME TAX	\$ 1,227,582,000	\$ 1,115,513,000	\$ 1,085,765,000	\$ 1,060,482,000	\$ 1,021,339,000
GENERAL BUSINESS TAXES:					
Business Corporations	\$ 147,979,000	\$ 114,215,000	\$ 131,828,000	\$ 123,054,000	\$ 84,510,000
Gross Earnings Tax-Public Utilities	\$ 103,950,000	\$ 101,382,000	\$ 99,641,000	\$ 100,631,000	\$ 103,744,000
Income Tax-Financial Institutions	\$ 22,743,000	\$ 16,611,000	\$ 12,595,000	\$ 3,558,000	\$ 2,459,000
Tax on Insurance Companies	\$ 120,265,000	\$ 102,357,000	\$ 92,745,000	\$ 89,488,000	\$ 60,590,000
Tax on Deposits-Banking Institutions	\$ 2,260,000	\$ 2,472,000	\$ 2,877,000	\$ 2,001,000	\$ 1,967,000
Health Care Provider Assessment	\$ 44,125,000	\$ 42,131,000	\$ 41,569,000	\$ 41,922,000	\$ 40,761,000
SALES AND USE TAXES:					
Sales and Use Tax	\$ 963,453,000	\$ 916,083,000	\$ 878,866,000	\$ 851,056,000	\$ 813,007,000
Motor Vehicle Tax	\$ 49,117,000	\$ 52,408,000	\$ 49,431,000	\$ 48,392,000	\$ 47,655,000
Gasoline Tax	\$ (125,000)	\$ 524,000	\$ 438,000	\$ 733,000	\$ 1,055,000
Cigarette Tax	\$ 138,046,000	\$ 139,462,000	\$ 132,516,000	\$ 131,086,000	\$ 134,060,000
Alcohol	\$ 18,363,000	\$ 18,252,000	\$ 12,176,000	\$ 11,874,000	\$ 11,683,000
OTHER TAXES:					
Inheritance and Gift	\$ 34,202,000	\$ 43,592,000	\$ 28,489,000	\$ 46,412,000	\$ 46,855,000
Racing and Athletics	\$ 1,107,000	\$ 1,177,000	\$ 1,171,000	\$ 1,327,000	\$ 1,325,000
Realty Transfer Tax	\$ 9,494,000	\$ 7,962,000	\$ 7,399,000	\$ 6,435,000	\$ 6,371,000
TOTAL TAXES	\$ 2,882,561,000	\$ 2,674,141,000	\$ 2,577,506,000	\$ 2,518,451,000	\$ 2,377,381,000
DEPARTMENTAL RECEIPTS	\$ 354,122,000	\$ 360,678,000	\$ 356,832,000	\$ 339,895,000	\$ 332,715,000
Total Taxes and Departmentals	\$ 3,236,683,000	\$ 3,034,819,000	\$ 2,934,338,000	\$ 2,858,346,000	\$ 2,710,096,000
OTHER SOURCES					
Gas Tax Transfer	\$ -	\$ -	\$ -	\$ -	\$ -
Other Miscellaneous	\$ 8,778,000	\$ 6,392,000	\$ 4,166,000	\$ 20,110,000	\$ 11,116,000
Lottery	\$ 381,936,000	\$ 376,327,000	\$ 379,225,000	\$ 377,706,000	\$ 354,861,000
Unclaimed Property	\$ 13,712,000	\$ 12,724,000	\$ 6,269,000	\$ 14,556,000	\$ 7,640,000
Total Other Sources	\$ 404,426,000	\$ 395,443,000	\$ 389,660,000	\$ 412,372,000	\$ 373,617,000
Total General Revenues	\$ 3,641,109,000	\$ 3,430,261,000	\$ 3,323,998,000	\$ 3,270,718,000	\$ 3,083,713,000
Restricted Revenue/Other	\$ 253,973,000	\$ 216,142,000	\$ 220,983,000	\$ 192,642,000	\$ 174,192,000
Federal Grants	\$ 2,619,412,000	\$ 2,345,942,000	\$ 2,129,847,000	\$ 2,119,476,000	\$ 2,314,100,000
Other Revenue	\$ 74,635,000	\$ 59,334,000	\$ 62,372,000	\$ 67,640,000	\$ 65,933,000
TOTAL	\$ 6,589,130,000	\$ 6,051,679,000	\$ 5,737,200,000	\$ 5,650,476,000	\$ 5,637,938,000



Source Data: This data is sourced from the Comprehensive Annual Financial Report prepared by the Office of Accounts and Controls, page titled Schedule of Revenues, Expenditures and Changes in Fund Balance, published at <http://controller.admin.ri.gov/Financial Reports/index.php>

State of Rhode Island
Summary of Expenditures
June 30, 2015

	2015	2014	2013	2012	2011
General Government	\$ 556,456,000	\$ 468,696,000	\$ 504,096,000	\$ 507,698,000	\$ 510,102,000
Human Services	\$ 3,661,964,000	\$ 3,325,539,000	\$ 3,042,755,000	\$ 2,969,166,000	\$ 3,009,098,000
Education	\$ 1,403,498,000	\$ 1,357,630,000	\$ 1,330,129,000	\$ 1,281,879,000	\$ 1,287,549,000
Public Safety	\$ 493,361,000	\$ 479,997,000	\$ 463,734,000	\$ 459,114,000	\$ 428,687,000
Environment	\$ 79,897,000	\$ 76,118,000	\$ 70,145,000	\$ 75,141,000	\$ 71,812,000
Debt Service	\$ 184,905,000	\$ 188,013,000	\$ 193,443,000	\$ 184,960,000	\$ 182,595,000
Total Expenditures	\$ 6,380,081,000	\$ 5,895,993,000	\$ 5,604,302,000	\$ 5,477,958,000	\$ 5,489,843,000



Source Data: This data is sourced from the Comprehensive Annual Financial Report prepared by the Office of Accounts and Controls published at <http://controller.admin.ri.gov/Financial Reports/index.php>

SHORT TERM CASH AND INVESTMENTS

**State of Rhode Island
Office of the General Treasurer
Schedule of Interest Earned
FY 2015**

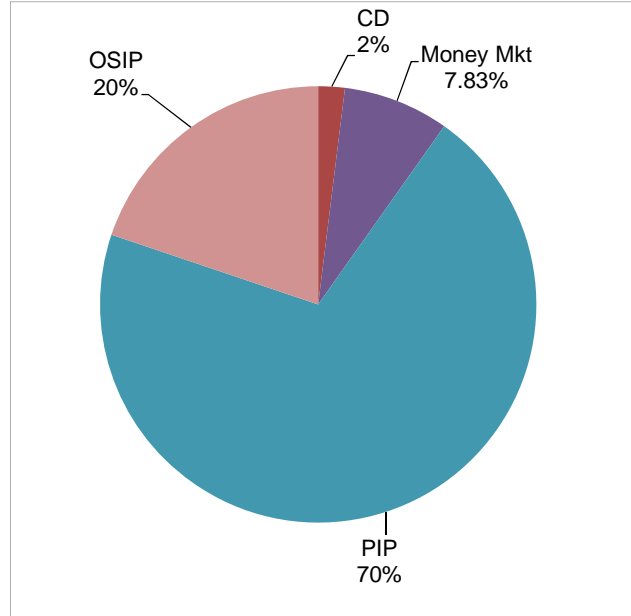
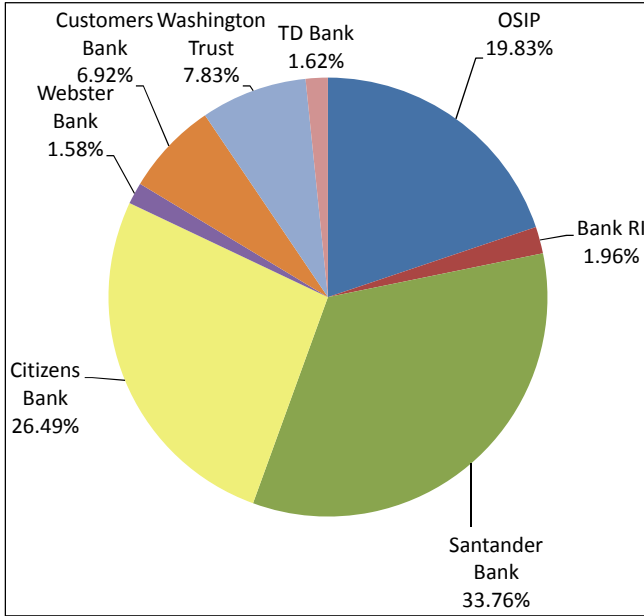
Fund	Beginning Balance	Ending Balance	Average Daily Balance	Earnings	Yield (Annual)
GENERAL FUND	372,328,055.63	515,106,460.18	223,900,932.34	778,404.55	0.35%
H.A.V.A	294.91	295.72	294.91	0.81	0.27%
GENERAL FUND (HIST PRES)	537,684.25	538,284.89	537,684.25	600.64	0.11%
HISTORIC TAX CREDITS	3,202,828.26	2,906,901.63	2,902,828.26	4,073.37	0.14%
HIGHWAY FUND	23,191,291.34	35,136,751.20	17,095,126.96	45,459.86	0.27%
T.D.I. RESERVE (DET)	106,561,731.02	103,803,829.88	105,689,128.27	242,098.86	0.23%
RICAP GL FUND 21	86,647,396.11	50,251,173.14	53,083,286.51	103,777.03	0.20%
BOND CAPITAL FUND	6,228,361.30	2,538,468.36	3,516,032.53	10,107.06	0.29%
R.I. CLEAN WATER ACT	3,180,693.90	3,185,700.09	3,180,693.90	5,006.19	0.16%
STATE LOTTERY FUND	17,648,054.13	19,254,563.42	42,592,985.64	106,509.29	0.25%
ASSESSED FRINGE BEN ADM	1,507,889.73	308,855.00	921,588.36	965.27	0.10%
AUTO EQUIPMENT SERVICE	1,243.82	1,247.28	1,243.82	3.46	0.28%
HEALTH INSURANCE FUND	29,083,621.04	24,821,898.24	34,124,716.93	38,277.20	0.11%
FLEET REVOLVING LOAN FUND	7,632,482.42	4,448,565.90	6,416,044.07	16,083.48	0.25%
EMPLOYEES RETIREMENT	1,448,575.53	110,251.94	16,462,342.66	46,676.41	0.28%
MUNICIPAL EMPLOYEES RET.	318,656.01	24,957.06	2,233,861.49	6,301.05	0.28%
RETIREE HEALTH FUND	2,275,614.38	3,937,349.93	1,459,066.43	1,735.55	0.12%
BOG RETIREE FUND	262,264.43	322,339.35	66,812.38	74.92	0.11%
RIPTA HEALTH FUND	685,666.24	35,761.97	101,282.68	95.73	0.09%
PERMANENT SCHOOL FUND	1,934,901.59	1,937,064.20	1,934,901.59	2,162.61	0.11%
TEACHER RETIREE HEALTH FUND	436,518.59	672,948.84	1,355,792.56	1,430.25	0.11%
RI ST POL RETIREE HEALTH	452,909.45	723,035.40	111,320.41	125.95	0.11%
RI LEG RETIREE HEALTH	55,196.69	200,299.97	40,662.44	103.28	0.25%
RI JUDICIAL RETIREE HEALTH	80,169.03	140,261.12	33,347.11	92.09	0.28%
UNIVERSITY COLLEGE	8,955.67	9,326.59	407,859.78	370.92	0.09%
HIGHER EDUCATION	7,370.88	208,623.34	1,174,494.17	1,252.46	0.11%
INDUS. BLDG. & MTG. INS.	2,855,846.16	2,508,733.75	2,607,490.00	2,887.59	0.11%
Total Short Term Investments	668,574,272.51	773,133,948.39	521,951,820.45	1,414,675.88	0.27%

Source: Data acquired from the State's Investment Management Software, APS2

**State of Rhode Island
Office of the General Treasurer
Short Term Investments**

**RI SIC Guideline Compliance Report
Investments as of:**

June 30, 2015



REPO = Repurchase Agreement
 CP = Commercial Paper
 GID = Government Insured Deposit
 MMKT = Money Market
 OSIP = Ocean State Investment Pool
 CD = Certificate of Deposit
 PIP = CoD Collateralized Deposit
 Agency = US Government Agency

Vendor	CP 25%/10%	CD 50%/20%	Agency 75%/35%	Money Mkt 75%/35%	PIP 75%/35%	Repo 100%/20%	CDP 75%/35%	OSIP 50%/50%	Total (\$)
OSIP	0	0	0	0	0	0	0	153,335,463	153,335,463
Bank RI	0	15,180,745	0	0	0	0	0	0	15,180,745
Santander Bank	0	0	0	0	260,973,201	0	0	0	260,973,201
Citizens Bank	0	0	0	0	204,801,118	0	0	0	204,801,118
Webster Bank	0	0	0	0	12,239,794	0	0	0	12,239,794
Customers Bank	0	0	0	0	53,524,964	0	0	0	53,524,964
Washington Trust	0	0	0	60,540,936	0	0	0	0	60,540,936
TD Bank	0	0	0	0	12,537,728	0	0	0	12,537,728
TOTALS	-	15,180,745	-	60,540,936	544,076,806	-	-	153,335,463	773,133,949
(%) PORTFOLIO	0.00%	1.96%	0.00%	7.83%	70.37%	0.00%	0.00%	19.83%	100.00%

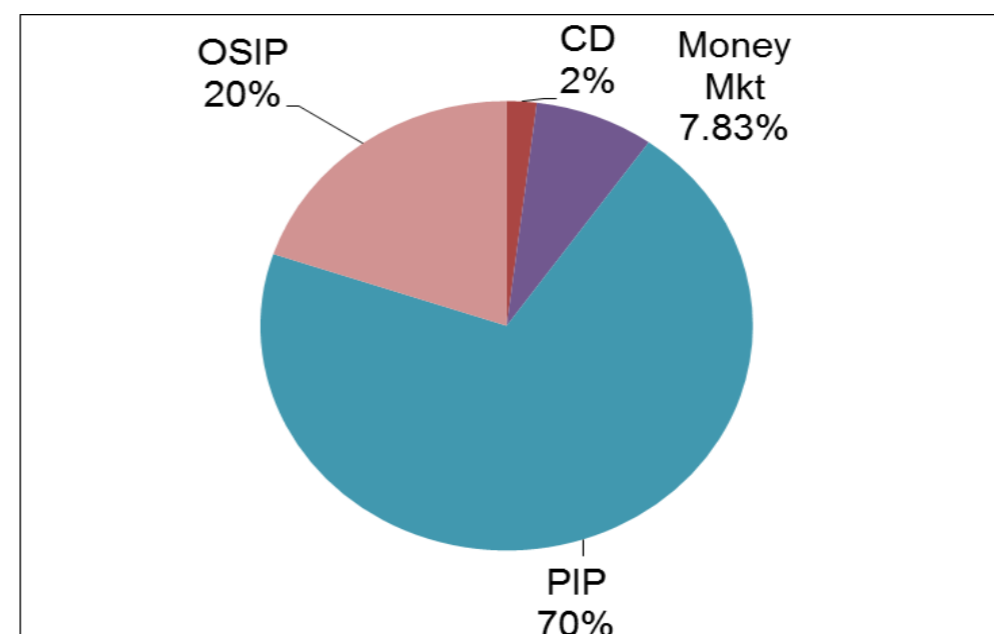
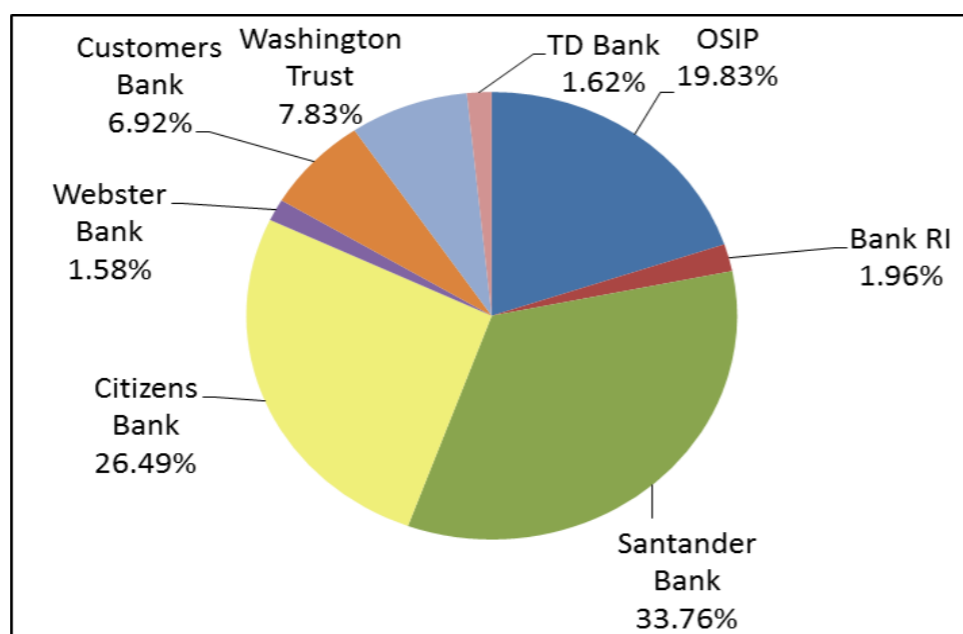
Note: PIP + CD must be under 75%.

Actual PIP + CD: 72.34%

**State of Rhode Island
Office of the General Treasurer
Short Term Investments**

**Issuer Credit Rating
June 30, 2015**

Issuer	Type of Instrument*	Month End % Portfolio	Issuer Ratings		S-T Debt Rating		L-T Debt Rating		Credit Outlook
			Moody's		Moody's	S&P	Moody's	S&P	S&P
Bank RI	3,4	1.96%	N/R		N/A	N/A	N/A	N/A	N/A
Santander Bank	3,4	33.76%	Baa1 *+		P-2 *+	A-2	Baa1	BBB	Stable
Bank of America		0.00%	Baa2 * +		P-2	A-2	Baa2	A-	Negative
JP Morgan Chase		0.00%	A3		P-2	A-1	A3	A	Negative
Fidelity		0.00%	N/R		N/A	N/A	N/A	N/A	N/A
State Street Bank & Trust Company		0.00%	Aa3 *-		P-1	A-1+	Aa3	AA-	Stable
RBS Citizens	3,4	26.49%	A3 *-		P-2 *+	A-2	A3	A-	Negative
Webster Bank	3,4	1.58%	A3 *-		P-2 *+	A-2	A3	BBB	Positive
Ocean State Investment Pool	6	19.83%	N/R		N/A	N/A	N/A	N/A	N/A
Washington Trust	3,7	7.83%	N/R		N/A	N/A	N/A	N/A	N/A
TD Bank	3	1.62%	Aa1		P-1	A-1+	Aa1	AA-	Negative
Customers Bank	4	6.92%	N/R		N/A	N/A	N/A	N/A	N/A



REPO = Repurchase Agreement	1*
CP = Commercial Paper	2*
CD = Certificate of Deposit	3*
CoD = Collateralized Deposit	4*
AG = US Government Agency Note	5*
MM = Government Money Market	6*
GID = Government Insured Deposit	7*

Ratings Definitions

Moody's Short-Term Debt Ratings:

P-1 - Prime-1 have a superior ability for repayment of sr. S-T debt obligations
P-2 - Prime-1 have a strong ability for repayment of sr. S-T debt obligations
P-3 - Prime-1 have an acceptable ability for repayment of sr. S-T debt obligations
NP - Not Prime

Moody's Issuer Rating Symbols:

Aaa - Offer exceptional financial security (high-grade)
Aa - Offer excellent financial security (high-grade)
A - Offer good financial security
Baa - Offer adequate financial security
Ba - Offer questionable financial security
B - Offer poor financial security
Caa - Offer very poor financial security
Ca - Offer extremely poor financial security
C - Lowest rated class, usually in default

Moody's Long-Term Debt Ratings:

Aaa - Best Quality
Aa - High Quality
A - Possess many favorable investment attributes
Baa - Medium-grade obligations
Ba - Possess speculative elements
B - Generally lack characteristics of desirable investments
Caa - Poor standing
Ca - Speculative in a high degree
C - Lowest rated class of bonds

Modifiers:

1 - Higher end of letter rating category
2 - Mid-range of letter rating category
3 - Lower end of letter rating category

S&P Short -Term Credit Ratings:

A-1 - Highest rated, strong capacity to meet obligations
A-2 - Somewhat more susceptible to adverse effects of changes in financial conditions; satisfactory
A-3 - Exhibits adequate protection parameters
B - Significant speculative characteristics, faces major ongoing uncertainties
C - Vulnerable to non-payment
D - Payment default
Modifiers:
+ or - show relative standing within the category.

S&P Outlook Definitions:

Positive - A rating may be raised
Negative - A rating may be lowered
Stable - A rating is not likely to change
Developing - May be raised or lowered
NM - Not meaningful

S&P Long-Term Debt Ratings:

AAA - Highest rating, extremely strong
AA - Differs slightly from highest rating, very strong
A - More susceptible to adverse effects of change in economic condition, strong
BBB - Exhibits adequate protection parameters
BB, B - Have significant speculative characteristics. BB least speculative
CCC, CC, C - C highest degree
D - Payment default
Modifiers:
+ or - show relative standing within the category.

State of Rhode Island
Office of the General Treasurer
Collateralization of State Bank Deposits
As of June 30, 2015

Bank	Account Name	Deposit Balance	Collateral Report Filed	VERIBANC Rating	Moody's L-T Bank Deposit/ Bank Financial Strength	S&P LT Local Issuer Rating
Bank of America			Y	GREEN/*	Baa1/N/R	A-
	Adult Correctional	2,077				
	Clerk of Superior Court	4,280				
	Dept of Human Svcs	13,050				
	General Fund	4,110,786				
	General Public Assistance	282,033				
	Imprest A	15,696				
	Imprest B	170,017				
	Imprest Cash	748,011				
	Imprest D	42,599				
	Payroll A Account	1,606,994				
	Pension Direct Deposit	1,055				
	Recreation Area Fund	381				
	RHODE ISLAND DEPT OF CHILDREN YOUTH AND	4,888				
	Rhode Island Dept of Children, Youth and Families	22,775				
	RI Community Living & Supports	4,191				
	RI Community Living & Supports	48,794				
	RI Community Living & Supports	217,758				
	RI Department of Employment	11,250,083				
	RI Dept Employment & Training	200				
	RI Prov Plan Empl and Training Div	179,820				
	RI Prov Plant Emp Training Div	3,933				
	RI Prov Plant TDI Benefit Fund	98,818				
	RI State Lottery Prize Fund	9,242				
	RIm State Police Confidential	18,613,444				
	Special Payroll Account	10,058				
	State Infrastructure Bank Fund	4,969				
	State Lottery Fund	9,081				
	State of Rhode Island	11,093				
	State of Rhode Island	324,978				
	State of Rhode Island	549,341				
	State of Rhode Island	731,698				
	State of Rhode Island Eleanor	9,942				
	State of Rhode Island Eleanor	1,258,943				
	State of RI & Prov Plant	6,277				
	STATE OF RI AND PROV PLANT	42,576				
	State of RI Cross States Tax Refund Offset	18,100				
	State of RI Dem Division Of	493,662				
	State of RI Dept For Children	141,829				
	State of RI Payroll	3,821,149				
	State of RI Prov Plantations	4,477				
	State University College Fund	80				
	Supportive Svcs Payroll	42,090				
	Taxation Portal	794				
	TOPS	86,988				
	University of Rhode Island	30,489				
	University of Rhode Island	1,491,692				
	University of Rhode Island	1,571,061				
	University of Rhode Island	3,850,715				
	URI Boss Operating	8				
	URI Loan Funds	451,191				
	URI Ryan Center Operations	29,784				
	URI-Fed Dist	9,523				
	URI-Research	14,972				
	William Davies Jr Voo Tech	30,434				
	WM M Davies Jr Career & Tech H	8,070				
	Total Deposits w/bank as of 6/30/15	52,506,987				
	Required Collateral / %	53,557,127	102.0%			
	Total Collateral Posted / %	75,000,000	142.8%			
	Excess (+) / Shortage (-)	21,442,873	40.8%			
Bank RI			Y	GREEN/**	N/R	N/R
	Internal Services Funds	3,446,558				
	Industrial Building & Mortgage Fund	47,245				
	Permanent School	266,994				
	Higher Education	350,207				
	CD Investment	15,180,745				
	Total Deposits w/bank as of 6/30/15	19,291,750				
	Required Collateral / %	19,677,585	102.0%			
	Total Collateral Posted / %	20,088,403	104.1%			
	Excess (+) / Shortage (-)	410,818	2.1%			
Citizens Bank			Y	GREEN/*	A1/C	A-
	Adult Correctional Institution	2,333				
	Assessed Fringe Investment	7,350				
	Auto Equipment	1,194,285				
	Auto Equipment Investment	1,247				
	Bond Capital	2,492,246				
	Bond Capital Investment	2,514,691				
	Child Support	4,642,144				
	Clean Water Invesment	877,134				
	Correctional Industries	559,996				
	COURTS ESCROW BALANCE	3,394,914				
	Dept of Human Services	3,233				
	DOT - Intersurface Transport Fund	4,533,254				
	Employee Retirement	4,369,516				
	Employment Security Benefit (DLT)	680,128				
	ERS Investment	101,037				
	Fleet Replacement Revolving Investment	2,502				

State of Rhode Island
Office of the General Treasurer
Collateralization of State Bank Deposits
As of June 30, 2015

Bank	Account Name	Deposit Balance	Collateral Report Filed	VERIBANC Rating	Moody's	
					L-T Bank Deposit/ Bank Financial Strength	S&P LT Local Issuer Rating
	General Fund Hava Investment	296				
	General Fund Investment	139,883,078				
	GF -COURTS-Merchant/Standard Deposit Account	137,016				
	Health Bog Retiree Investment	260,005				
	Health Fund Retiree Investmens	2,360,050				
	Health RIPTA Investment	2				
	HIF Active Investment	68				
	Higher Education Investment	0				
	Highway ISTEAs Investment	25,556,796				
	Historical Preservation Investment	7				
	Historical Tax Credit Investment	501,409				
	Judicial Retiree Health Investment	140,261				
	Judicial Retirement	117,201				
	Legislative Retiree Health Investment	200,300				
	Lottery Investment	749,138				
	MERS Investment	8,045				
	Municipal Employees Retirement	1,001,415				
	Permanent School Investment	696				
	Registry of Superior Court	431				
	RI Advisory Commission on Aging	38				
	RI Clean Water Act	202,847				
	RI Industrial Funds Investment	45				
	RICAP Investment	8,806,934				
	STATE OF RHODE ISLAND	38,229				
	STATE OF RHODE ISLAND	1,049,244				
	STATE OF RHODE ISLAND	1,199,970				
	STATE OF RHODE ISLAND	1,730,605				
	STATE OF RHODE ISLAND	4,743,241				
	State of RI	45,701				
	State of RI	47,693				
	State of RI	137,810				
	State of RI	787,064				
	State of RI	1,920,868				
	State of RI	6,638,505				
	State of RI	22,754				
	State Police Retiree Health Investment	620,010				
	State Police Retirement	135,238				
	Supreme Court	8,000				
	Tax Refund	1,449,638				
	Tax Refund_Direct Deposit	110,056				
	TDI Investment	22,074,945				
	Teachers Retiree Health Investment	135,011				
	University College Investment	61				
Total Deposits w/bank as of 6/30/15		248,196,731				
Required Collateral / %		253,160,665	102%			
Total Collateral Posted / %		256,463,380	103%			
Excess (+) / Shortage (-)		3,302,715	1%			

Customers Bank		Y	N/A	N/R	N/R
	State of Rhode Island Investment	53,524,963			
Total Deposits w/bank as of 6/30/15		53,524,963			
Required Collateral / %		54,595,463	102%		
Total Collateral Posted / %		55,002,000	103%		
Excess (+) / Shortage (-)		406,537	1%		

Santander Bank		Y	GREEN*	A2/C-	BBB
	DHS SSI Project Account	35,066			
	ERS INVESTMENT FUND	4,798			
	Fleet Replacement Revolving Loan Fund	1,246,311			
	GF INVESTMENT	259,842,011			
	Health Insurance - BOG Retirees	3,929			
	Health Insurance - Judicial Retirees	4,677			
	Health Insurance - Legislative Retirees	8,055			
	Health Insurance - RIPTA Actives and Retirees	1,443,723			
	Health Insurance - State Police Retirees	7,123			
	Health Insurance - Teacher Retirees	7,697			
	Health Insurance Active Employees	1,425,904			
	Health Insurance Retirees	(7,305)			
	LOTTERY INVESTMENT	759,664			
	RICAP INVESTMENT	265,895			
	State RI Disbursement Account	25,771,389			
	TDI INVESTMENT ACCT	45,188			
	Workers Comp/Assessed Fringe	721,673			
Total Deposits w/bank as of 6/30/15		291,585,798			
Required Collateral / %		297,417,514	102%		
Total Collateral Posted / %		410,059,878	141%		
Excess (+) / Shortage (-)		112,642,364	39%		

TD Bank		Y	N/A	Aa1/B	AA-
	State of Rhode Island Investment	27,725			
	TDI Investment Account	12,510,003			

State of Rhode Island
Office of the General Treasurer
Collateralization of State Bank Deposits
As of June 30, 2015

Bank	Account Name	Deposit Balance	Collateral Report Filed	VERIBANC Rating	Moody's L-T Bank Deposit/ Bank Financial Strength	S&P LT Local Issuer Rating
	Total Deposits w/bank as of 6/30/15	12,537,728				
	Required Collateral / %	12,788,483	102%			
	Total Collateral Posted / %	15,000,000	120%			
	Excess (+) / Shortage (-)	2,211,517	18%			
Washington Trust			Y	GREEN/***	N/R	N/R
	DBR Real Estate Escrow Account	632,425				
	Dredging Fund	702,074				
	RICAP Fund	550,487				
	Recreational Area	1,528,322				
	Total Deposits w/bank as of 6/30/15	3,413,309				
	Required Collateral / %	3,481,575	102%			
	Total Collateral Posted / %	4,054,075	119%			
	Excess (+) / Shortage (-)	572,500	17%			
Webster Bank			Y	GREEN/***/BB	A1/C	BBB
	Bond Capital Invst	23,777				
	DEM Lockbox	412				
	DMV Lockbox	2,114,951				
	ERS Inv Fund	4,415				
	Fleet Replacement Invst	4,446,064				
	General Fund Invst	65,679				
	Highway Fund Invst	59,115				
	Lottery Fund Invst	7,350,354				
	MERS Invst Fund	16,913				
	RI Public Rail Corporation Fund	90,074				
	RICAP Invst Fund	213,038				
	Taxation Credit	16,081,782				
	TDI Fund Invst	60,439				
	Total Deposits w/bank as of 6/30/15	30,527,012				
	Required Collateral / %	31,137,553	102%			
	Total Collateral Posted / %	30,627,553	100%			
	Excess (+) / Shortage (-)	(510,000)	-2% *			
	Total Deposits w/bank as of 6/30/15	658,059,315				
	Required Collateral / %	671,220,501	102%			
	Total Collateral Posted / %	811,293,289	123%			
	Excess (+) / Shortage (-)	140,072,788	21%			

* = Increased deposit activity at fiscal close caused collateral levels to fall under the 102% target in accounts at Webster Bank. However, collateral remained in excess of 100% of deposits and the bank immediately increased pledged securities to rectify the shortfall.
 † = In certain circumstances, Treasury may accept a letter of credit from a Federal Home Loan Bank covering 100% of deposits in lieu of pledged securities at 102% of deposits.

Moody's Long-Term Bank Deposit Ratings:

Aaa	Highest Rating, exceptional credit quality and smallest degree of risk.
Aa	Excellent credit quality, susceptibility of long term risks appear somewhat greater.
A	Good credit quality, could suggest a susceptibility to impairment over the long term.
Baa	Adequate credit quality, certain protective elements may be lacking over a great length of time.
Ba	Questionable credit quality, ability to punctually meet deposit obligations may be uncertain.
B	Poor credit quality, assurance of punctual payment deposit obligations over time is small.
Caa	Extremely poor credit quality, could be in default, danger with regard to financial capacity.
Ca	Usually in default on their deposit obligations.
C	Usually in default and potential recovery values are low.

Modifiers:
 1 = Bank is at higher end of its letter-rating category, 2- indicates a mid-range ranking, 3- indicates the bank is in the lower end of its letter-rating category, **Asterisk *** - indicates improving quality.

S&P Long-Term Debt Ratings:

AAA	Highest rating, extremely strong.
AA	Differs slightly from highest rating, very strong.
A	Somewhat more susceptible to adverse effects of change in economic condition, strong.
BBB	Exhibits adequate protection parameters.
BB, B	Have significant speculative characteristics. BB least speculative, B highest degree.
CCC, CC, C	Have significant speculative characteristics. CCC least speculative, C highest degree.
D	Payment default

Modifiers:
 + or - show relative standing within the category.

VERIBANC Ratings:

GREEN	The institution's equity exceeds a modest percentage of its assets and had positive net income during the most recent reporting period.
YELLOW	The institution's equity is at a minimal percentage of its assets or it incurred a net loss during the most recent reporting period.
RED	The institution's equity is less than a minimal percentage of its assets or it incurred a significant net loss during the most recent reporting period (or both).
Modifiers	
***	Very Strong
**	Strong
*	Moderate
No Stars	Poor
BB	Blue Ribbon Bank

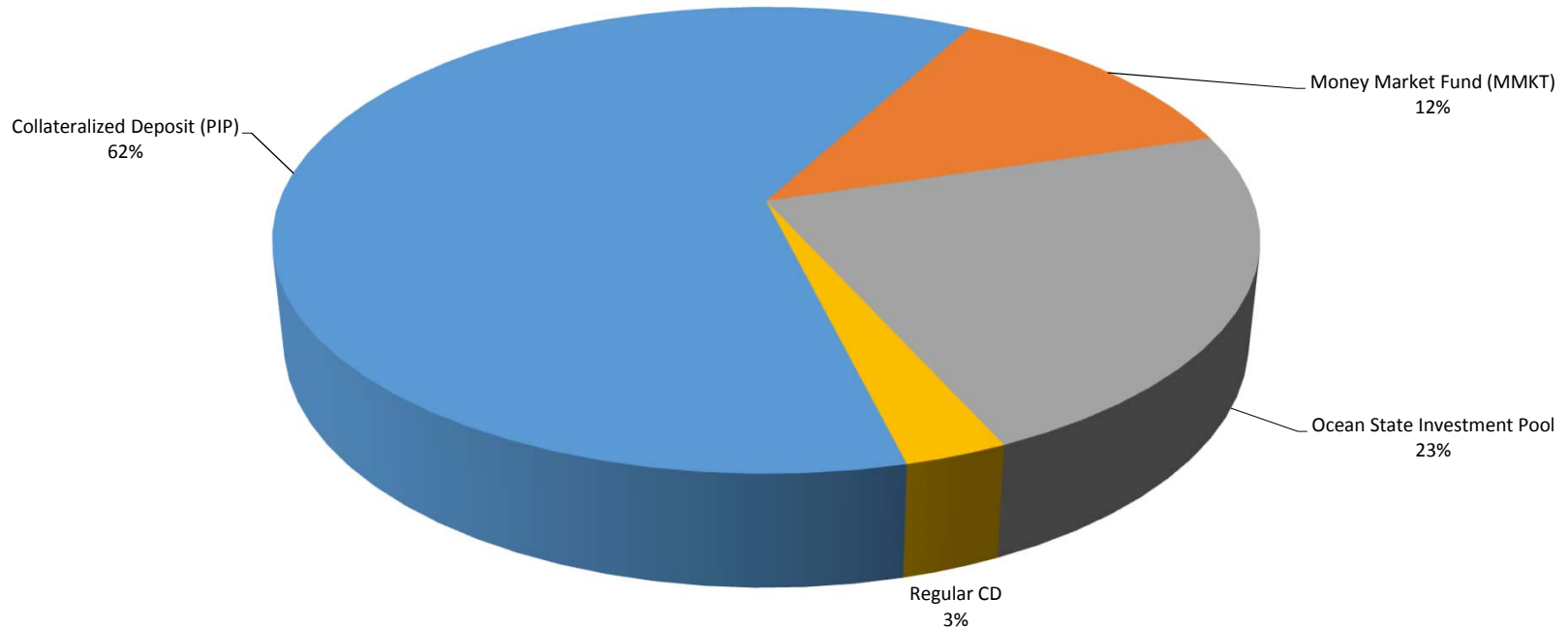
Moody's Bank Financial Strength Rating Definitions

A	Banks rated A possess superior intrinsic financial strength.
B	Banks rated B possess strong intrinsic financial strength.
C	Banks rated C possess adequate intrinsic financial strength.
D	Banks rated D display modest intrinsic financial strength, potentially requiring outside support.
E	Banks rated E display very modest intrinsic financial strength, with high likelihood of outside support.

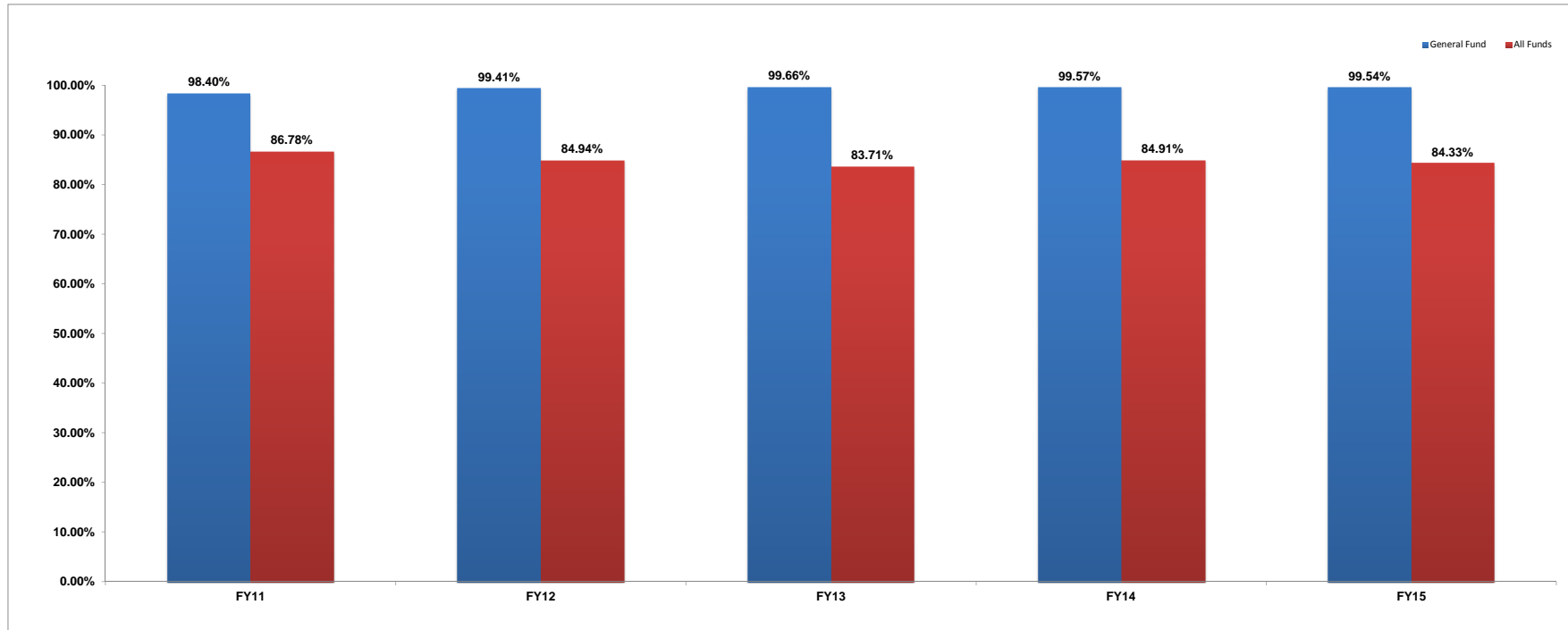
**State of Rhode Island
Short Term Cash Monthly Performance
Performance By Vehicle for
July 01, 2014 to June 30, 2015**

Investment Type	Beginning Balance	Ending Balance	Earnings	Yield(Annual)	ADB
Collateralized Deposit (PIP)	\$ 403,614,578.21	\$ 544,076,804.69	\$ 1,067,226.48	0.3305%	\$ 322,890,619.30
Money Market Fund (MMKT)	\$ 65,379,842.05	\$ 60,540,935.71	\$ 161,093.66	0.2503%	\$ 64,366,143.42
Ocean State Investment Pool	\$ 184,454,512.80	\$ 153,335,462.78	\$ 130,949.98	0.1095%	\$ 119,569,718.29
Regular CD	\$ 15,125,339.45	\$ 15,180,745.21	\$ 55,405.76	0.3663%	\$ 15,125,339.44
Grand Totals	\$ 668,574,272.51	\$ 773,133,948.39	\$ 1,414,675.88	0.271%	\$ 521,951,820.45

Short Term Investment ADB Allocation



State of Rhode Island
Office of the General Treasurer
Short-Term Percentage Invested
FY 2011 - FY 2015



Source Data: This data is derived by calculating the ratio of Invested Balances to Invested Balances + Cash Balances (obtained from bank account analysis and the APS2 investment software; net of Bond proceeds, inclusive of TANS).

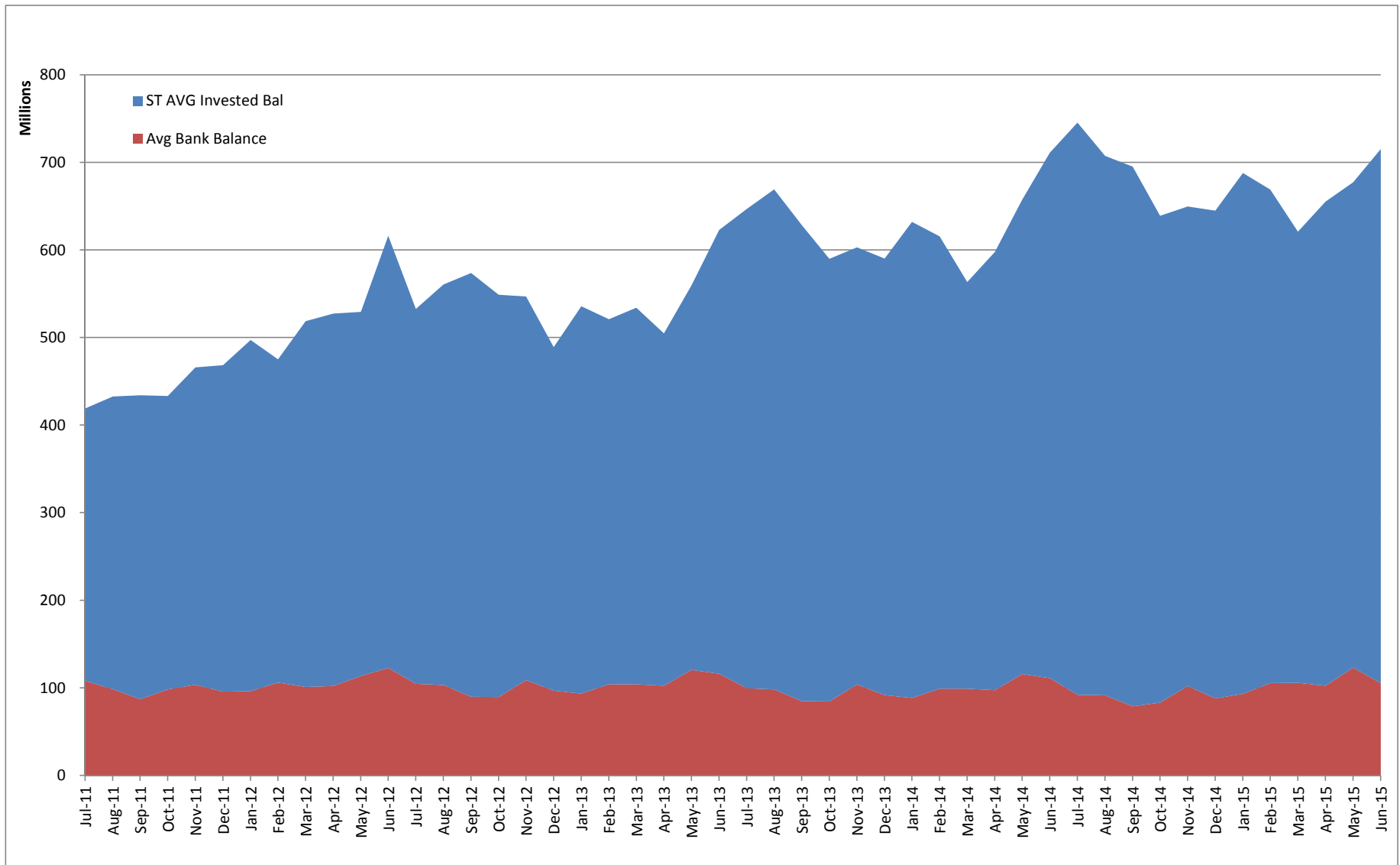
Commentary: The ratio of cash invested to cash on deposit has remained consistent over the last 5 years. Investments in All Funds throughout the last 5 years reflect a strategic effort by Treasury to leave balances on deposit to offset bank fees. As short-term interest rates remain at historic lows, Treasury utilized favorable negotiation of Earned Credit Rates as an offset to the lower interest rates in an effort to reduce overall bank fees. The gap in performance between the General Fund ratio vs. the All Funds ratio is largely the result of statutory provisions on the investment of certain funds. For example, certain allocations of Federal funds are prohibited from being invested by Cash Management. Therefore, All Funds Cash Invested cannot be regarded as a performance metric, but it is presented for illustrative purposes.

State of Rhode Island
Office of the General Treasurer

Short-Term Investment Portfolio by Fund
As of June 30, 2015

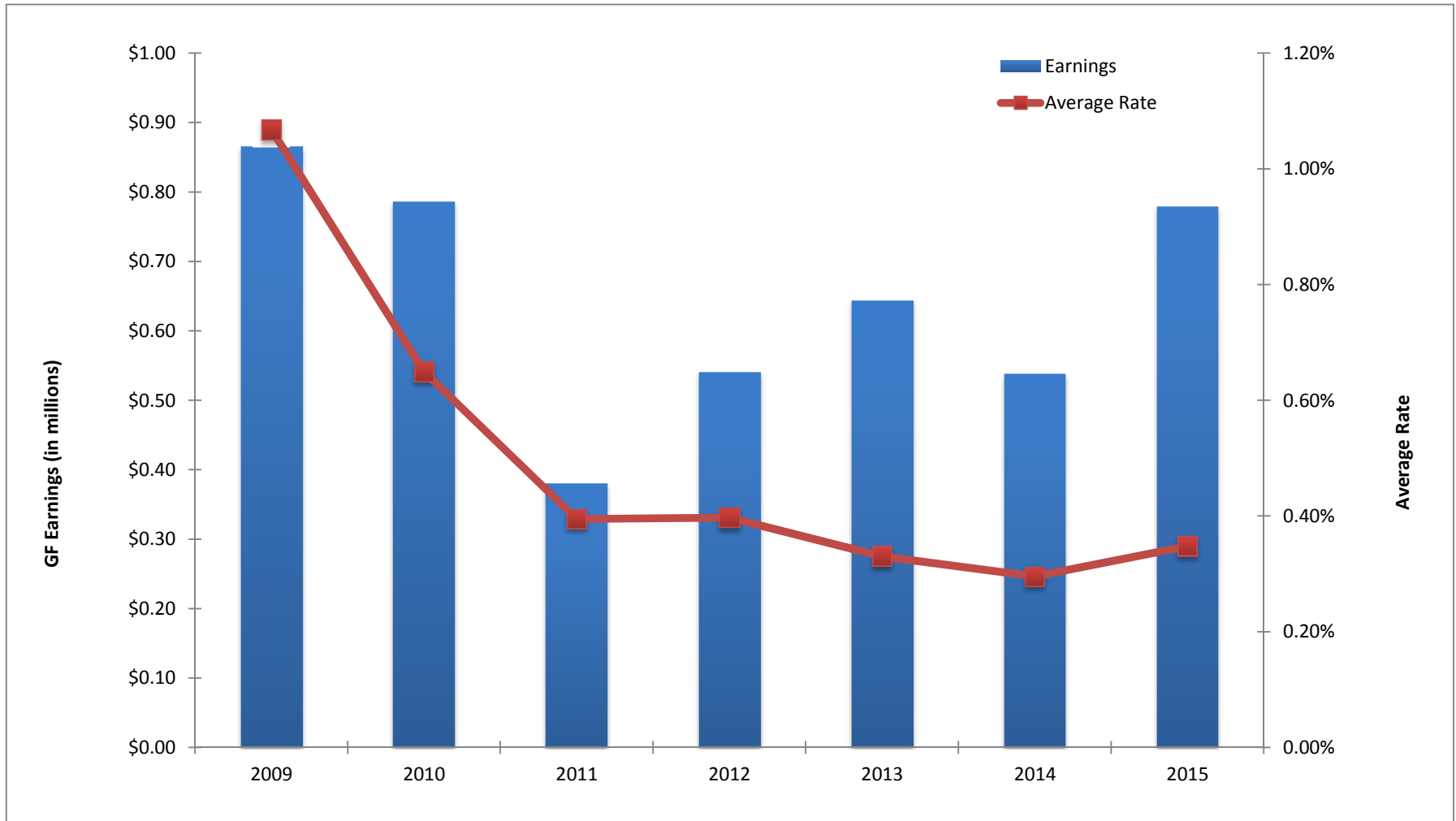
Fund	Principal	Cash Balance	Total
GENERAL FUND	\$ 515,106,460	\$ 11,250,083	\$ 526,356,543
H.A.V.A	\$ 296	\$	\$ 296
GENERAL FUND (HIST PRES)	\$ 538,285	\$	\$ 538,285
HISTORIC TAX CREDIT	\$ 2,906,902	\$	\$ 2,906,902
HIGHWAY FUND	\$ 35,136,751	\$ 4,533,254	\$ 39,670,005
T.D.I. RESERVE (DET)	\$ 103,803,830	\$ 4,110,786	\$ 107,914,616
EMPLOYER PENSION CONTRIBUTION	\$ -	\$	\$ -
RICAP GL FUND 21	\$ 50,251,173	\$ 550,487	\$ 50,801,661
BOND CAPITAL FUND	\$ 2,538,468	\$ 2,492,246	\$ 5,030,715
R.I. CLEAN WATER ACT	\$ 3,185,700	\$ 202,847	\$ 3,388,547
STATE LOTTERY FUND	\$ 19,254,563	\$ 493,662	\$ 19,748,225
ASSESSED FRINGE BEN ADM	\$ 308,855	\$ 721,673	\$ 1,030,528
AUTO EQUIPMENT SERVICE	\$ 1,247	\$ 1,194,285	\$ 1,195,532
HEALTH INSURANCE FUND	\$ 24,821,898	\$ 1,425,904	\$ 26,247,802
FLEET REVOLVING LOAN FUND	\$ 4,448,566	\$ 1,246,311	\$ 5,694,877
EMPLOYEES RETIREMENT	\$ 110,252	\$ 4,369,516	\$ 4,479,768
MUNICIPAL EMPLOYEES RET.	\$ 24,957	\$ 1,001,415	\$ 1,026,372
RETIREE HEALTH FUND	\$ 3,937,350	\$ (7,305)	\$ 3,930,045
BOG RETIREE FUND	\$ 322,339	\$ 3,929	\$ 326,269
RIPTA RETIREE HEALTH FUND	\$ 35,762	\$ 1,443,723	\$ 1,479,485
PERMANENT SCHOOL FUND	\$ 1,937,064	\$ 266,994	\$ 2,204,058
TEACHER RETIREE HEALTH FUND	\$ 672,949	\$ 7,697	\$ 680,646
RI ST POLICE RETIREE HEALTH FUND	\$ 723,035	\$ 7,123	\$ 730,158
RI LEGISLATIVE RETIREE HEALTH FUND	\$ 200,300	\$ 8,055	\$ 208,355
RI JUDICIAL RETIREE HEALTH FUND	\$ 140,261	\$ 4,677	\$ 144,938
UNIVERSITY COLLEGE	\$ 9,327	\$ 3,821,149	\$ 3,830,476
HIGHER EDUCATION	\$ 208,623	\$ 350,207	\$ 558,831
INDUS. BLDG. & MTG. INS.	\$ 2,508,734	\$ 47,245	\$ 2,555,979
JUDICIAL RETIREMENT FUND	\$ -	\$ 117,201	\$ 117,201
STATE POLICE RETIREMENT FUND	\$ -	\$ 135,238	\$ 135,238
CORRECTIONAL INDUSTRIES	\$ -	\$ 559,996	\$ 559,996
DET BENEFIT	\$ -	\$ 680,128	\$ 680,128
CHILD SUPPORT	\$ -	\$ 4,642,144	\$ 4,642,144
TAX REFUND	\$ -	\$ 1,449,638	\$ 1,449,638
MERCHANT DEPOSIT	\$ -	\$ 137,016	\$ 137,016
TAX REFUND/DIRECT DEPOSIT	\$ -	\$ 110,056	\$ 110,056
RITE CARE/RITE SHARE	\$ -	\$ 86,988	\$ 86,988
DISBURSEMENT ACCOUNT	\$ -	\$ 25,771,389	\$ 25,771,389
INTERNAL SERVICES	\$ -	\$ 3,446,558	\$ 3,446,558
PAYROLL A	\$ -	\$ 348,138	\$ 348,138
PENSION C	\$ -	\$ 1,606,994	\$ 1,606,994
ET CLEARANCE	\$ -	\$ 98,818	\$ 98,818
EMPLOYER TAX	\$ -	\$ 179,820	\$ 179,820
RECREATIONAL AREA	\$ -	\$ 9,081	\$ 9,081
RECORD CENTER	\$ -	\$ 9,081	\$ 9,081
DREGGING ACCOUNT	\$ -	\$ 702,074	\$ 702,074
Subtotal	\$ 773,133,948	\$ 79,636,320	\$ 852,770,268
CCDL1993A	\$ 7,386	\$ -	\$ 7,386
BOND CCDL 1994 SERIES A	\$ 15,002	\$ -	\$ 15,002
CAP DEV OF 1997 SERIES A	\$ 20,005	\$ -	\$ 20,005
CCDL1998A	\$ 1,696,042	\$ -	\$ 1,696,042
BOND CAPITOL CCDL2000A	\$ 92,837	\$ -	\$ 92,837
CCDL2001C	\$ 201,352	\$ -	\$ 201,352
CCDL 2004 SERIES A	\$ 2,357,717	\$ -	\$ 2,357,717
BOND CCDL 2005 SERIES C	\$ 2,227,233	\$ -	\$ 2,227,233
BOND CCDL 2005 SERIES E	\$ 1,264	\$ -	\$ 1,264
BOND CCDL 2006 SERIES C	\$ 1,269,802	\$ -	\$ 1,269,802
GO BND-NTAX 2007 SERIES A	\$ 3,036,650	\$ -	\$ 3,036,650
GO BND-NTAX 2008 SERIES B	\$ 74,513	\$ -	\$ 74,513
CCDL10B BOND CAPITAL COMPONENT	\$ 1,730,212	\$ -	\$ 1,730,212
CCDL10C	\$ 159,320	\$ -	\$ 159,320
CCDL10D	\$ 103,929	\$ -	\$ 103,929
CCDL2011A	\$ 8,990,783	\$ -	\$ 8,990,783
CCDL2012B	\$ 20,260,621	\$ -	\$ 20,260,621
GO CCDL 2013A	\$ 9,293,135	\$ -	\$ 9,293,135
GO CCDL 2013B	\$ 6,250,767	\$ -	\$ 6,250,767
GO CCDL 2014A	\$ 29,722,212	\$ -	\$ 29,722,212
GO CCDL 2014B	\$ 9,312,891	\$ -	\$ 9,312,891
CLEAN WATER 2004 SERIES A	\$ 179,543	\$ -	\$ 179,543
CCDL99A 1999A	\$ 206,595	\$ -	\$ 206,595
CLEAN WATER 2007 SERIES A	\$ 283,287	\$ -	\$ 283,287
CCDL2011A CLEAN WATER COMPONENT	\$ 1,236,152	\$ -	\$ 1,236,152
Bond Proceeds Total	\$ 98,729,247	\$ -	\$ 98,729,247
TANS PROCEEDS	\$ -	\$ -	\$ -
Grand Total	\$ 871,863,196	\$ 79,636,320	\$ 951,499,515

**State of Rhode Island
Office of the General Treasurer
Short-Term Average Bank Balance and Average Invested Balance
Actual FY2012-FY2015**



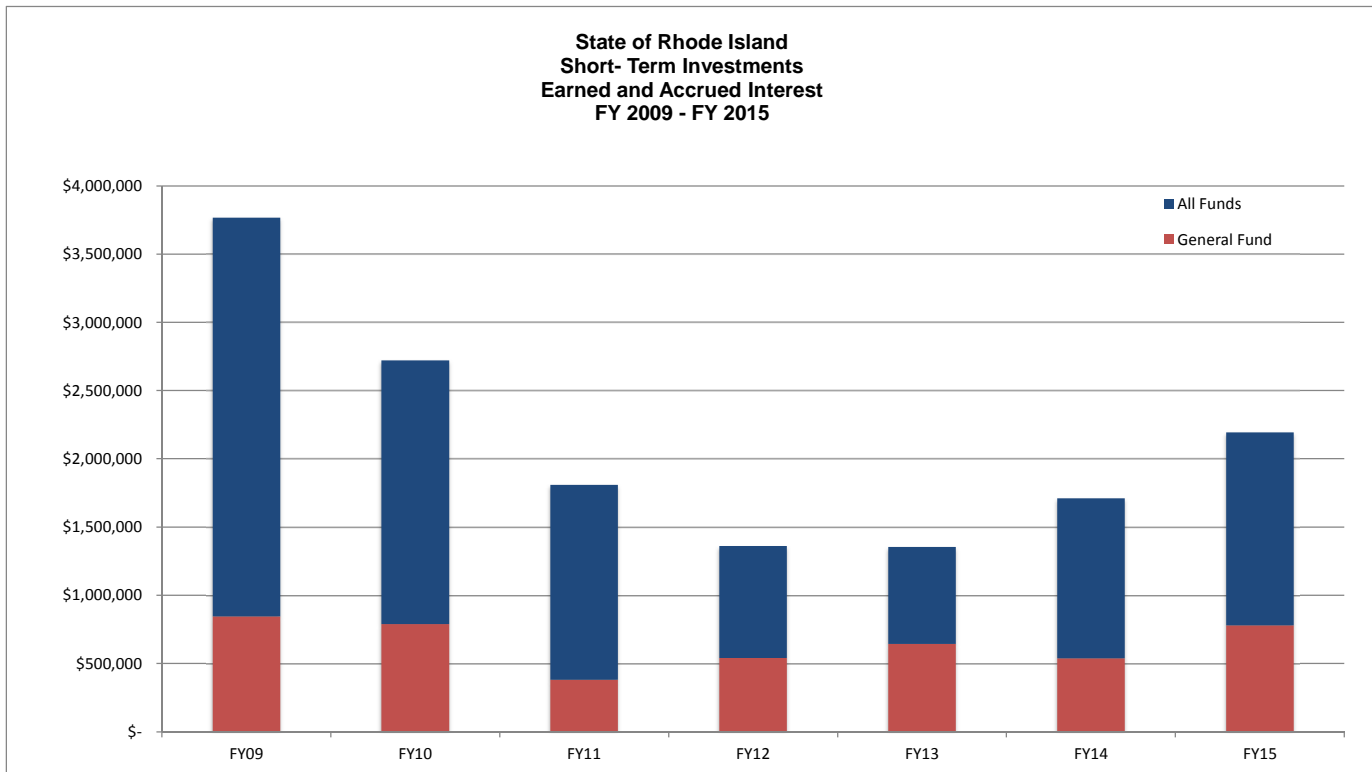
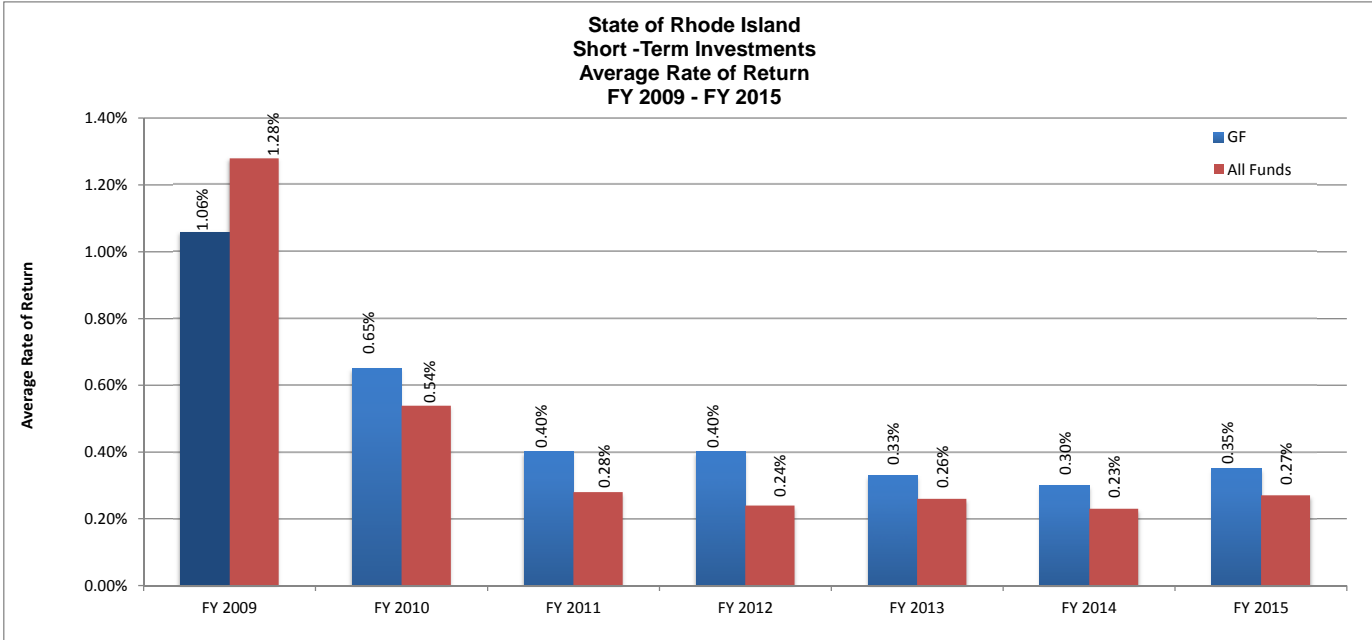
Commentary: This chart accurately reflects the cyclical pattern of the State's cash flow over the last 4 years, net of Bond proceeds and TANS. It also clearly demonstrates the increase in cash on deposit throughout that time as a result of the increased Earned Credit Rate and the decline in market interest rates.

State of Rhode Island
Office of the General Treasurer
General Fund Interest Earnings / Average Rate
FY 2009 - FY2015

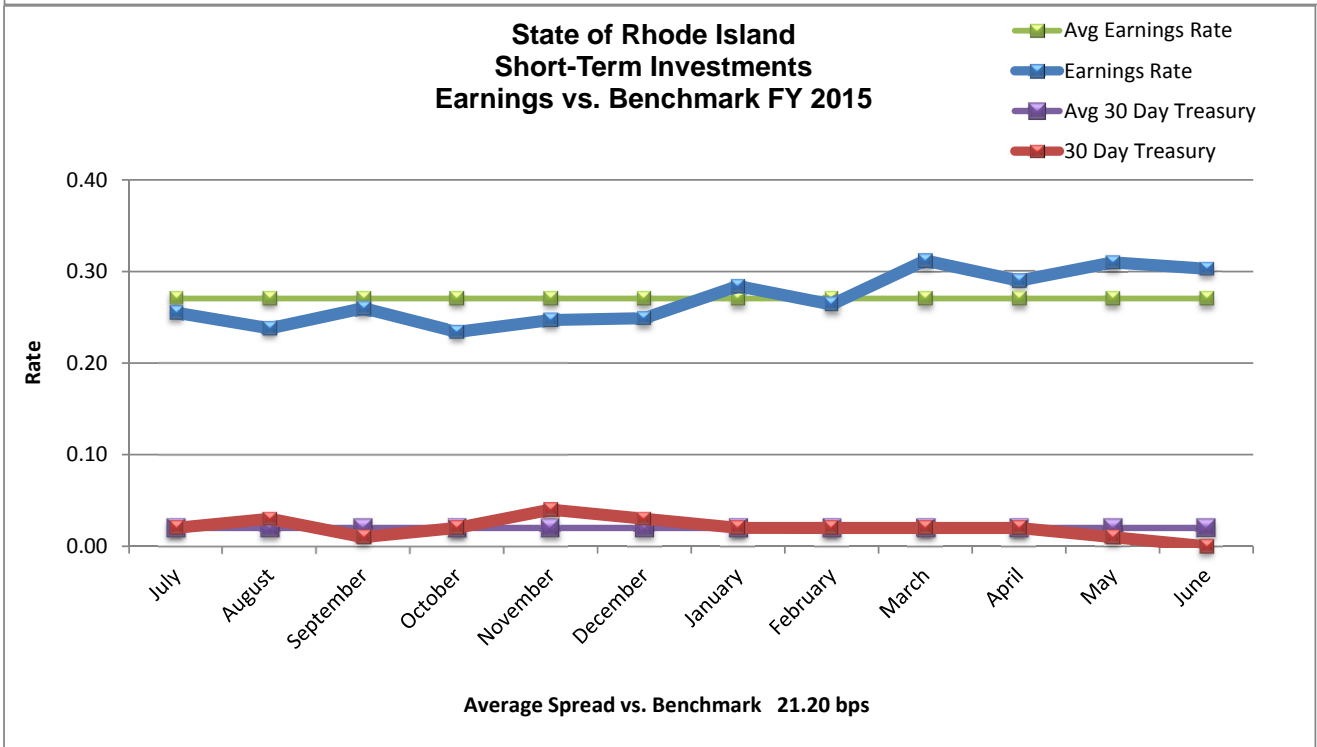
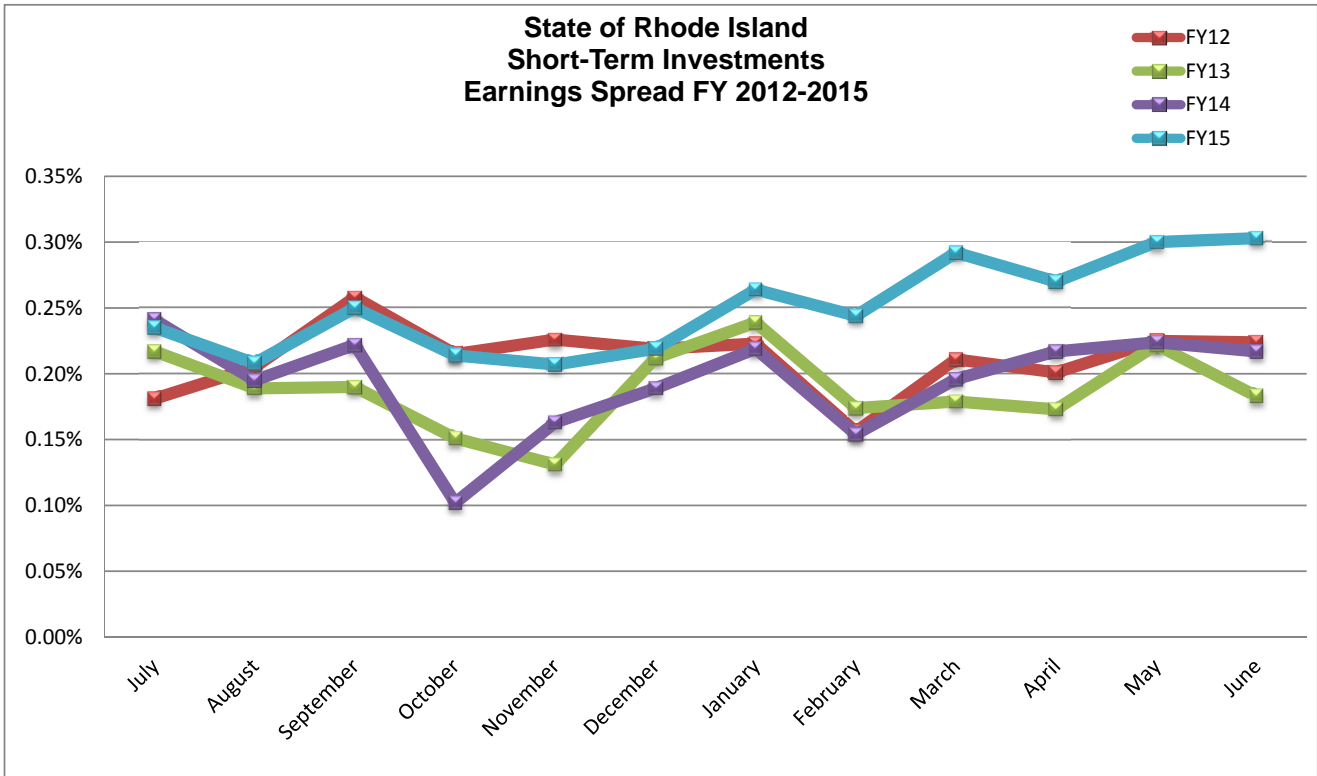


Source Data: Investment Earnings information and Average Rate information are obtained from the State Investment Software: APS2. The Average Rate is the Weighted Average interest rate for an entire fiscal year's short-term investments.

**State of Rhode Island
Office of the General Treasurer
Cash Management Summary
Fiscal Year 2015**



**State of Rhode Island
Office of the General Treasurer
FY2015**



Source Data: This Avg Earnings and Earnings Rate are derived from the State Investment System: APS2. The Benchmark is the 30 Day Treasury Bill. The Benchmark data is derived from the Federal Reserve Board Statistical release, H.15.

Commentary: The State's Short-Term Investments outperformed their benchmark, the 30-Day T-Bill, in 12 out of 12 months for FY2015, with an average spread over the benchmark of 25.0 basis points.

**State of Rhode Island
Office of the General Treasurer
Cash Management Summary
All Funds, FY 2011 - FY 2015**

	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY2012</u>	<u>FY2011</u>
Average Daily Cash Position	\$ 619,808,830	\$ 592,057,592	\$ 630,521,368	\$ 680,104,531	\$ 753,370,282
Average Daily Bank Balance	\$ 97,541,059	\$ 89,729,092	\$ 102,816,296	\$ 102,665,672	\$ 99,848,740
Percent of Cash Invested	84.33%	84.91%	83.71%	84.94%	86.78%
Percent of GF Cash Invested	99.54%	99.57%	99.66%	99.41%	98.40%
Spread to Benchmark	25.0 Basis Points	19.5 Basis Points	18.3 Basis Points	21.2 Basis Points	18.3 Basis Points
Average Rate of Return	0.27%	0.23%	0.26%	0.24%	0.28%

Note: "Cash Position" includes all operating fund investments, inclusive of TANS.

OSIP – OCEAN STATE INVESTMENT POOL

State of Rhode Island

OSIP Performance FY 2015

July 1, 2014 through June 30, 2015

Fund Name	Beginning Balance	Ending Balance	Average Daily Balance	Earnings	Yield
GENERAL FUND	\$ 52,523,706.36	\$ 61,737,214.41	\$ 11,586,172.11	\$ 13,508.05	0.1166%
GENERAL FUND (HIST PRES)	\$ 537,677.66	\$ 538,278.30	\$ 537,677.66	\$ 600.64	0.1117%
HISTORIC TAX CREDITS	\$ 2,402,808.02	\$ 2,405,492.17	\$ 2,402,808.02	\$ 2,684.15	0.1117%
HIGHWAY FUND	\$ 1,019,238.32	\$ 9,520,839.78	\$ 1,345,265.72	\$ 1,601.46	0.1190%
T.D.I. RESERVE (DET)	\$ 32,026,175.20	\$ 13,557,370.69	\$ 29,504,257.39	\$ 31,195.49	0.1057%
RICAP GL FUND 21	\$ 46,353,181.98	\$ 20,771,694.10	\$ 18,256,743.62	\$ 18,512.12	0.1014%
R.I. CLEAN WATER ACT	\$ 2,305,990.48	\$ 2,308,566.48	\$ 2,305,990.48	\$ 2,576.00	0.1117%
STATE LOTTERY FUND	\$ 7,782,418.74	\$ 10,393,367.61	\$ 9,382,966.69	\$ 10,948.87	0.1167%
ASSESSED FRINGE BEN ADM	\$ 1,500,560.31	\$ 301,505.21	\$ 914,258.94	\$ 944.90	0.1034%
HEALTH INSURANCE FUND	\$ 29,083,553.60	\$ 24,821,830.62	\$ 34,124,649.49	\$ 38,277.02	0.1122%
RETIREE HEALTH FUND	\$ 2,275,587.20	\$ 1,577,300.00	\$ 1,452,573.50	\$ 1,712.80	0.1179%
BOG RETIREE FUND	\$ 262,262.29	\$ 62,334.72	\$ 66,097.91	\$ 72.43	0.1096%
RIPTA HEALTH FUND	\$ 685,663.96	\$ 35,759.69	\$ 101,280.40	\$ 95.73	0.0945%
PERMANENT SCHOOL FUND	\$ 1,934,207.43	\$ 1,936,368.11	\$ 1,934,207.43	\$ 2,160.68	0.1117%
TEACHER RETIREE HEALTH FUND	\$ 436,508.95	\$ 537,937.90	\$ 1,355,413.06	\$ 1,428.95	0.1054%
RI ST POL RETIREE HEALTH	\$ 452,905.45	\$ 103,025.45	\$ 109,617.78	\$ 120.00	0.1095%
UNIVERSITY COLLEGE	\$ 8,894.72	\$ 9,265.48	\$ 407,798.83	\$ 370.76	0.0909%
HIGHER EDUCATION	\$ 7,370.82	\$ 208,623.28	\$ 1,174,494.11	\$ 1,252.46	0.1066%
INDUS. BLDG. & MTG. INS.	\$ 2,855,801.31	\$ 2,508,688.78	\$ 2,607,445.15	\$ 2,887.47	0.1107%

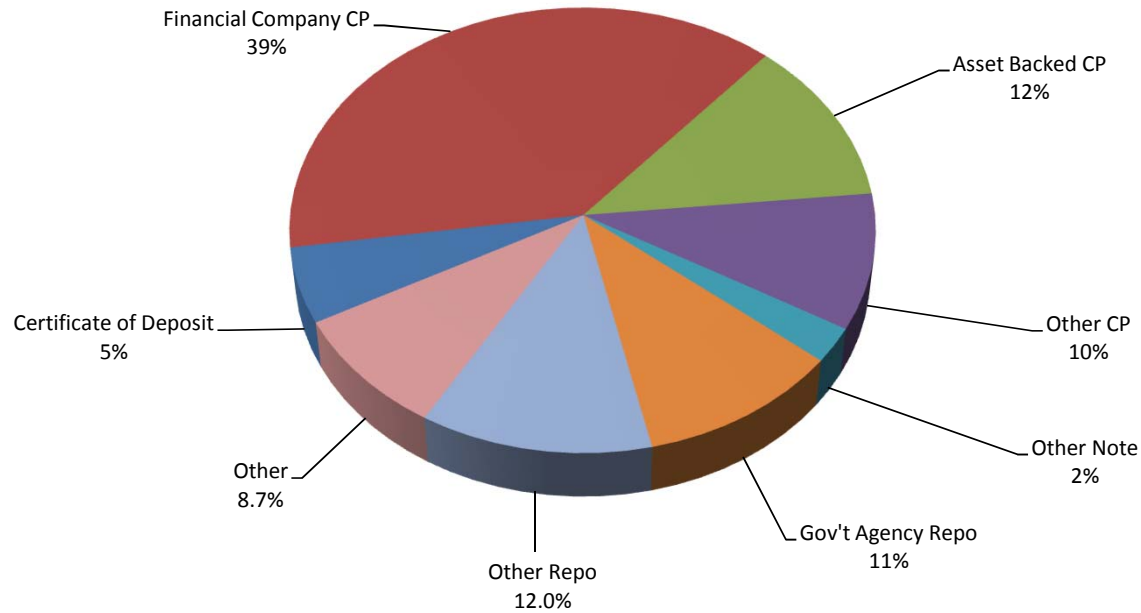
Operating Funds Totals	\$ 184,454,512.80	\$ 153,335,462.78	\$ 119,569,718.29	\$ 130,949.98	0.11%
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CCDL1993A	\$ 7,385.72	\$ 7,386.16	\$ 7,382.06	\$ 8.24	0.1116%
BOND CCDL 1994 SERIES A	\$ 15,000.96	\$ 15,001.84	\$ 14,993.52	\$ 16.75	0.1117%
CAP DEV OF 1997 SERIES A	\$ 41,014.96	\$ 20,004.96	\$ 40,937.05	\$ 45.72	0.1117%
CCDL1998A	\$ 1,695,941.93	\$ 1,696,041.56	\$ 1,695,100.62	\$ 1,893.42	0.1117%
BOND CAPITOL CCDL2000A	\$ 102,390.71	\$ 92,836.82	\$ 93,779.75	\$ 104.45	0.1114%
CCDL2001C	\$ 201,339.75	\$ 201,351.58	\$ 201,239.87	\$ 224.79	0.1117%
CCDL 2004 SERIES A	\$ 2,446,516.51	\$ 2,357,716.78	\$ 2,424,934.38	\$ 2,702.70	0.1115%
BOND CCDL 2005 SERIES C	\$ 6,996,341.15	\$ 2,227,232.98	\$ 2,997,478.26	\$ 3,120.56	0.1041%
BOND CCDL 2005 SERIES E	\$ 393,344.94	\$ 1,263.52	\$ 163,629.64	\$ 152.79	0.0934%
BOND CCDL 2006 SERIES C	\$ 1,416,839.81	\$ 1,269,801.64	\$ 1,398,807.21	\$ 1,560.60	0.1116%
GO BND-NTAX 2007 SERIES A	\$ 3,804,302.19	\$ 3,036,649.95	\$ 3,807,125.68	\$ 4,212.92	0.1107%
GO BND-NTAX 2008 SERIES B	\$ 349,807.70	\$ 74,512.87	\$ 265,177.67	\$ 268.71	0.1013%
CCDL10B BOND CAPITAL COMPONENT	\$ 1,730,110.66	\$ 1,730,212.30	\$ 1,729,252.39	\$ 1,931.59	0.1117%
CCDL10C	\$ 159,155.91	\$ 159,320.45	\$ 144,224.49	\$ 164.54	0.1141%
CCDL10D	\$ 103,922.59	\$ 103,928.69	\$ 103,871.04	\$ 116.01	0.1117%
CCDL2011A	\$ 16,921,223.07	\$ 8,990,782.75	\$ 13,323,696.93	\$ 14,495.37	0.1088%
CCDL2012B	\$ 55,255,103.50	\$ 20,260,620.89	\$ 41,529,765.48	\$ 43,698.03	0.1052%
GO CCDL 2013A	\$ 20,368,284.16	\$ 9,293,134.65	\$ -	\$ 16,224.40	0.1067%
GO CCDL 2013B	\$ 9,375,599.67	\$ 6,250,766.97	\$ -	\$ 7,830.68	0.1083%
GO CCDL 2014A	\$ -	\$ 29,722,212.39	\$ -	\$ 25,946.16	0.1241%
GO CCDL 2014B	\$ -	\$ 9,312,891.02	\$ -	\$ 9,475.40	0.1235%
CLEAN WATER 2004 SERIES A	\$ 187,033.17	\$ 179,543.24	\$ 180,417.84	\$ 201.23	0.1115%
CCDL99A 1999A	\$ 205,302.48	\$ 206,594.74	\$ 206,329.32	\$ 230.50	0.1117%
CLEAN WATER 2007 SERIES A	\$ 283,270.18	\$ 283,286.82	\$ 283,129.49	\$ 316.25	0.1117%
CCDL2011A CLEAN WATER COMPONENT	\$ 1,236,079.06	\$ 1,236,151.68	\$ 1,235,465.14	\$ 1,380.03	0.1117%

Bond Proceeds Fund Totals	\$ 123,295,310.78	\$ 98,729,247.25	\$ 71,846,737.83	\$ 136,321.84	0.11%
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Grand Totals	\$ 307,749,823.58	\$ 252,064,710.03	\$ 191,416,456.12	\$ 267,271.82	0.11%
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**STATE OF RHODE ISLAND
OFFICE OF THE GENERAL TREASURER
OSIP INVESTMENT ALLOCATION AT 06/30/2015**



* Above figures do not include cash, interest receivable, or liabilities at year end.

INVESTMENT TYPE	MATURITIES				TOTAL VALUE AT 6/30/15
	0-30	31-90	91-180	181-397	
Certificate of Deposit	15,000,000				\$ 15,000,000
Financial Company CP	19,799,207	51,376,137	34,977,297		\$ 106,152,641
Asset Backed CP	19,104,374	13,997,917			\$ 33,102,291
Other CP	16,999,535	-	9,985,525		\$ 26,985,060
Other Note	-	1,000,000	6,000,000		\$ 7,000,000
Gov't Agency Repo	29,281,000				\$ 29,281,000
Other Repo	20,000,000	11,000,000	2,000,000		\$ 33,000,000
Other	22,000,000			1,900,000	\$ 23,900,000

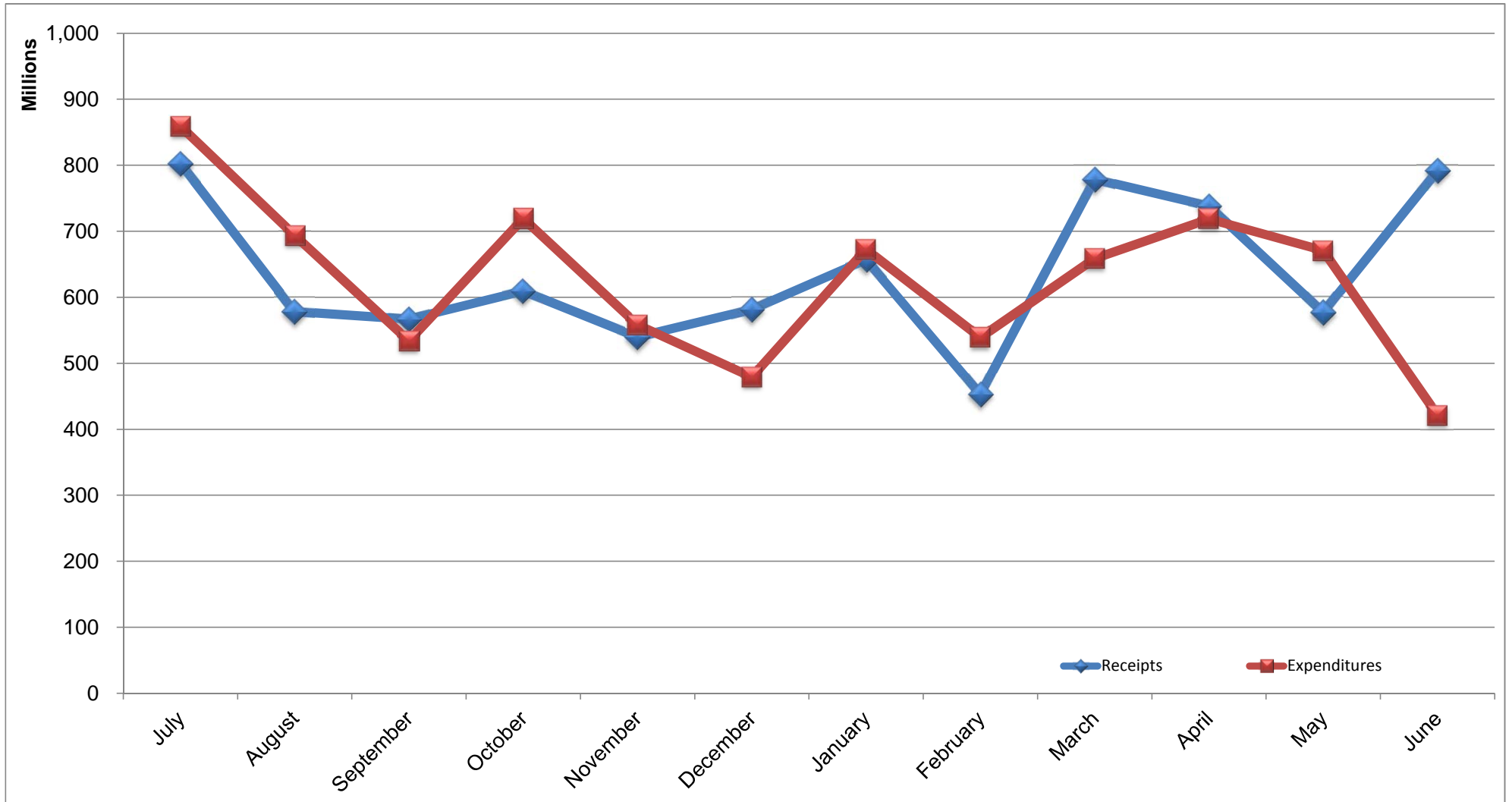
Source Data: Fidelity OSIP Annual Report FY2015.

CASH FLOW

State of Rhode Island
Office of the General Treasurer
Cash Flow Analysis Summary
Fiscal 2015

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	TOTAL 2015
Estimated Beginning Balance	375,164,407	318,727,758	203,173,251	235,725,929	125,903,821	107,508,964	209,808,222	193,972,721	107,518,081	227,700,521	247,392,091	153,460,247	375,164,407
Prior Day Deposits/Adjustments													
Taxation Check Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
Motor Vehicles	11,271,662	10,861,662	11,638,410	11,678,341	9,225,803	9,572,643	9,002,377	8,297,123	12,295,192	13,956,751	13,618,801	13,266,906	134,685,670
Eleanor Slater / MHRH	50,953	5,514	5,907	892	1,011	2,759	740	2,263	690	2,256	0	622	73,605
Dept Bus Reg	1,217,725	743,355	845,465	1,125,233	510,415	263,228	957,694	758,564	934,263	600,524	753,498	2,840,398	11,550,362
Secretary of State	263,703	254,759	319,585	381,959	251,290	268,099	300,026	349,444	419,526	311,479	263,335	349,444	3,640,715
DEM	810,569	1,082,218	623,284	744,476	791,776	1,125,877	894,330	1,128,006	649,160	659,030	871,287	638,226	10,018,238
Health	32,222	26,107	142,440	0	0	0	0	0	0	0	0	0	200,769
Miscellaneous Receipts	46,760,829	24,292,094	35,523,269	26,972,001	16,873,545	28,101,267	21,123,648	10,889,855	27,536,633	23,004,464	11,209,596	31,890,375	304,177,577
Federal Grants	332,028,770	227,615,457	165,108,728	243,263,040	215,400,081	188,869,290	263,499,359	143,888,362	272,719,900	235,903,972	245,144,812	168,509,235	2,701,951,006
Interest	55,749	71,427	71,572	65,358	53,592	38,543	38,345	65,730	54,393	64,006	77,138	66,819	722,672
Plus: Receipts/Wires Current Day													
Advance Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
Lottery	58,457	30,900,000	34,326,261	31,438,496	479,648	30,398,144	30,268,040	29,266,967	28,549,055	35,136,859	33,868,955	66,011,490	350,702,372
Payroll	21,453,330	23,576,907	19,593,086	21,386,625	51,291,963	20,713,400	11,658,251	8,853,876	7,921,672	8,572,544	8,735,968	7,691,223	211,448,846
Trsfr - DOT	5,232	4,377	3,952	11,523,803	3,622	7,946	0	4,317	11,522,300	2,238	2,624	5,300	23,085,711
Trsfr - University / College	28,481,012	43,082,625	37,259,611	30,905,848	29,895,355	30,511,575	56,171,947	30,627,211	30,069,779	29,887,580	30,039,639	27,627,301	404,559,484
Trsfr - Bond Capital	8,826	9,199	8,591	4,800,000	8,626	9,445	0	14,466	11,202	17,384	13,803	7,014,334	11,915,875
TANS Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Historic Tax Credit	179,857	85,391	66,281	1,097,168	1,043,490	0	0	0	0	551,086	0	500,000	3,523,271
Taxation EFT	352,208,748	202,501,268	255,661,650	213,229,002	204,185,861	266,538,455	253,433,083	210,375,248	376,133,789	382,771,612	220,064,985	439,876,507	3,376,980,209
Miscellaneous	7,616,261	13,447,789	5,381,883	10,775,752	9,857,863	5,036,476	9,474,239	8,149,212	10,083,805	6,807,240	12,332,638	25,742,352	124,705,511
Total Available Cash	1,177,668,312	897,287,905	769,753,226	845,113,921	665,777,761	688,966,112	866,630,302	646,643,364	886,419,442	965,949,545	824,389,171	945,398,846	8,049,106,300
Less: Disbursements													
TANF	2,548,663	2,726,614	2,582,023	2,516,195	2,527,599	2,629,121	2,467,689	2,389,291	2,399,297	2,266,844	2,251,101	2,244,296	29,548,734
Pension	14,058,080	11,787,322	17,213,419	18,879,170	10,826,646	17,593,645	17,599,245	9,765,750	8,970,939	9,907,026	9,676,334	10,484,562	156,762,139
SSI	2,946,937	1,503,636	1,511,431	1,522,312	1,376,623	1,611,003	1,493,434	1,478,544	1,499,932	1,518,624	1,507,315	0	17,969,789
Medicaid	275,985,664	273,174,944	150,140,946	273,187,155	218,200,421	132,178,556	275,748,685	112,044,928	210,298,536	223,456,690	289,064,419	100,379,826	2,533,860,772
Trsfr to Other Fd	250,000	16,734	2,809,919	27,019,082	5,373,400	5,771,259	3,409,130	0	1,700,000	50,806,755	8,103,820	6,661,947	111,922,045
Trsfr to Univ College	20,655,823	30,585,426	20,390,280	8,270,566	7,929,552	7,929,558	13,859,061	4,531,174	9,575,608	10,088,868	10,088,868	10,020,739	153,925,522
Personal / Corp. Income tax	5,925,431	5,722,905	4,858,096	4,637,646	11,701,839	4,334,937	2,825,068	61,988,287	61,896,635	65,581,142	24,504,606	11,089,420	265,066,010
Debt Service	15,319,330	48,599,319	14,862,445	54,498,258	5,398,611	200	791,642	22,295,979	28,158,972	23,172,175	24,095,458	4,100	237,196,490
TANS & TDI Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
DHS - Block Mothers	4,388,111	4,730,295	4,684,654	6,421,226	4,424,208	4,480,230	4,417,379	4,473,980	2,734,146	6,802,743	4,713,701	4,755,697	57,026,370
Payroll/ FICA/ Misc	71,401,365	96,001,887	86,681,654	71,528,839	71,772,890	73,061,881	97,690,354	72,823,466	80,922,283	69,901,823	70,614,741	75,193,839	937,594,823
Payroll/ Workers Comp	2,868,707	4,235,952	2,858,914	11,996,407	2,867,278	2,869,993	4,282,002	5,955,902	2,852,092	3,245,248	3,637,422	3,634,112	51,304,027
Payroll/ Health Insurance	23,434,910	31,583,522	21,158,662	12,055,896	21,235,550	21,198,841	31,767,619	20,393,393	20,318,092	20,506,172	20,251,196	12,825,062	256,728,914
Payroll/Retirement Contribution	17,662,939	25,876,749	17,368,404	17,521,350	17,504,284	17,719,009	26,498,094	17,518,837	17,572,953	17,561,341	17,543,718	17,565,789	227,913,469
Trsfr ISTEAs/Split Deposit	12,153,346	12,635,286	12,401,522	11,621,003	13,594,479	11,312,845	11,666,790	13,149,018	10,633,628	11,680,542	11,544,890	12,719,407	145,112,756
Other	156,567,173	10,364,890	35,192,609	11,626,535	10,740,791	12,084,646	11,743,028	12,885,091	19,142,757	28,835,835	10,019,286	13,823,652	333,026,291
Disbursements/ACH's State Mun/School Aid	232,774,076	134,569,173	139,312,319	185,908,460	152,794,628	164,382,366	166,398,362	177,431,643	180,043,051	173,225,625	163,312,046	139,955,237	2,010,106,986
Total Disbursements	858,940,554	694,114,654	534,027,298	719,210,100	558,268,796	479,157,890	672,657,581	539,125,283	658,718,921	718,557,453	670,928,924	421,357,685	7,525,065,139
Overall Cash Position	318,727,758	203,173,251	235,725,929	125,903,821	107,508,964	209,808,222	193,972,721	107,518,081	227,700,521	247,392,091	153,460,247	524,041,162	524,041,162

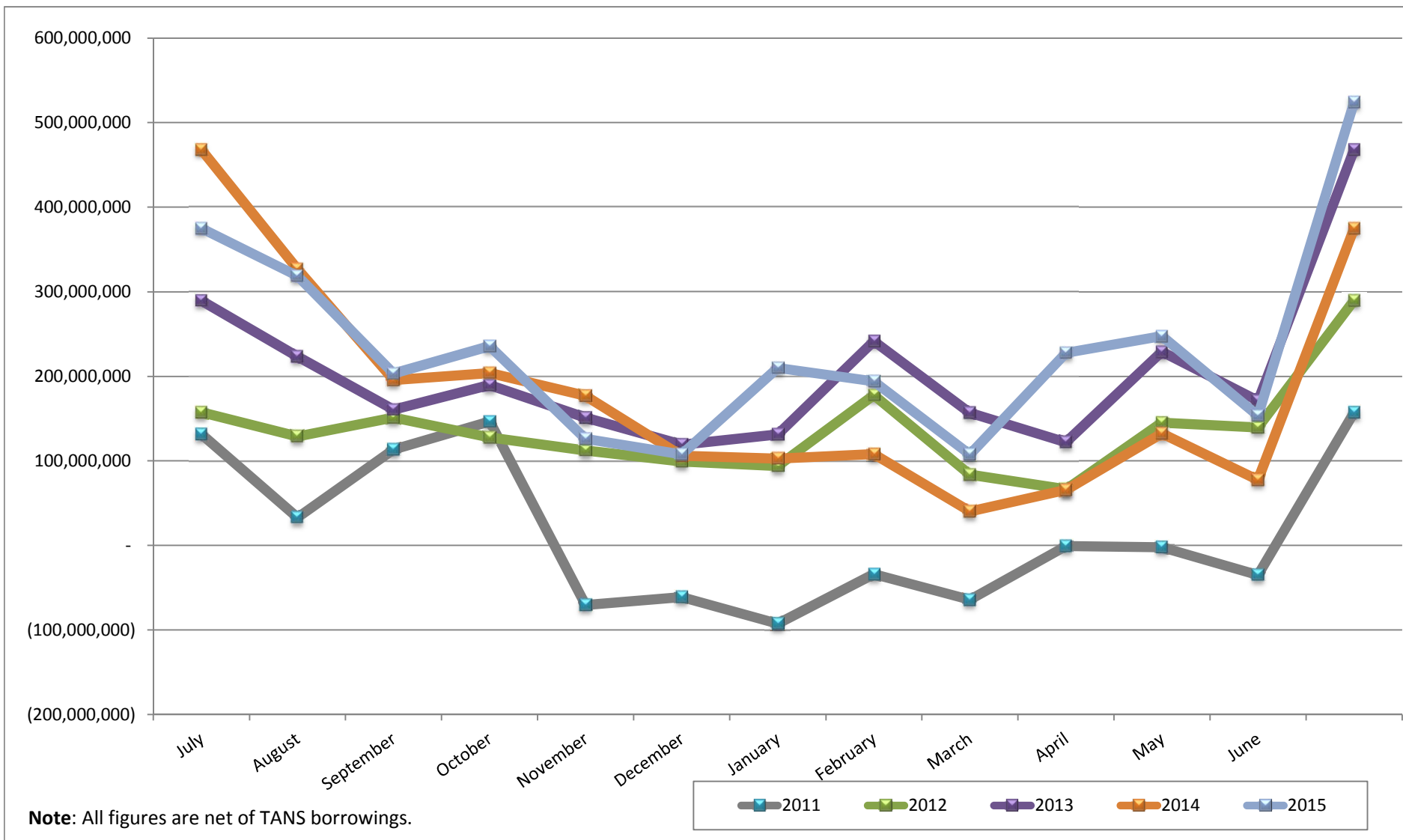
State of Rhode Island
Office of the General Treasurer
Monthly Receipts and Expenditures
General Fund FY2015



Source Data: Actual Cash Flow figures from daily Treasury operations.

Commentary: Though there is some divergence, this chart demonstrates the congruent nature of the State's General Fund Cashflow. The large increase in receipts during the month of June is attributable to an increase in tax revenue.

**State of Rhode Island
Office of the General Treasurer
General Fund Cash Flow
FY2011 - FY2015**



Source Data: Actual Cash Flow figures from daily Treasury operations. The Beginning Balance represents the Cash Balance at July 1st of each Fiscal Year; all other figures represent the balance at month-end.

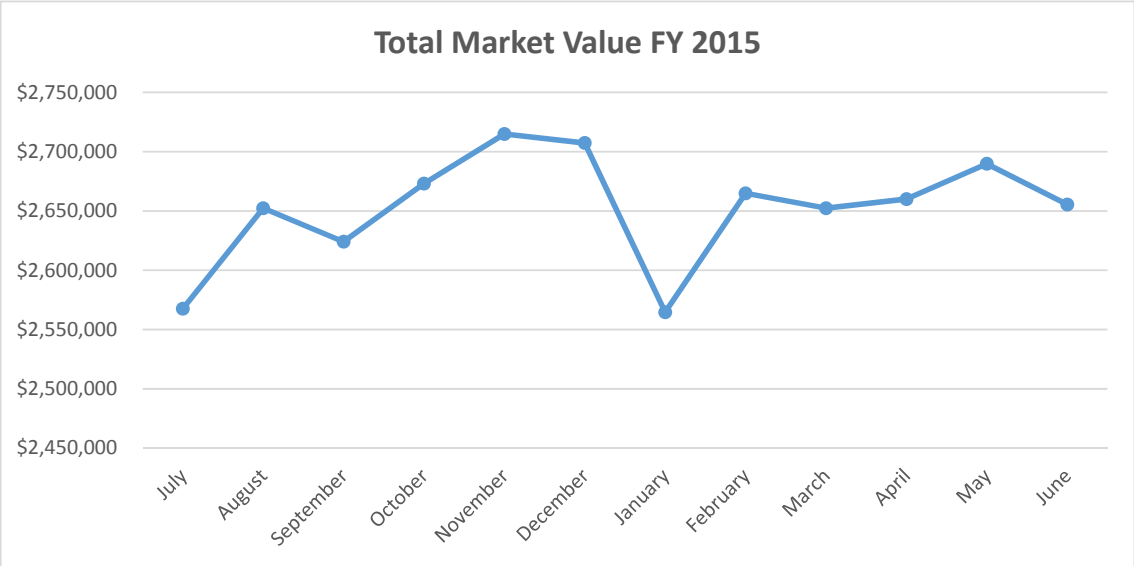
Commentary: Though there is some variance, this chart demonstrates the very cyclical nature of the State's cash flow. Any proceeds from TANS have been removed from the data to produce a more accurate history of cash flow as a function of revenue and expenditures. The chart clearly demonstrates the increased consistency and positive cash balance that has allowed the state to forego the issuance of Tax Anticipation Notes from fiscal year 2013 through the fiscal year 2015.

SPECIAL FUNDS

ABRAHAM TOURO FUND
Investment Summary
Fiscal Year 2015

Month End	Year	Total Market Value
July	2014	\$2,567,574
August	2014	\$2,652,363
September	2014	\$2,624,100
October	2014	\$2,673,128
November	2014	\$2,714,950
December	2014	\$2,707,320
January	2015	\$2,564,632
February	2015	\$2,664,893
March	2015	\$2,652,361
April	2015	\$2,660,037
May	2015	\$2,689,784
June	2015	\$2,655,461

*** 2015 FY Net Change \$87,887**



* Includes the annual withdrawal on January 2015 of \$112,618

ACCOUNTS RECEIVABLE

**State of Rhode Island
Office of the General Treasurer
Municipal Pension Contribution Delinquency
as of July 15 of 2015, 2014, 2013, 2012, 2011**

	July, 2015 Total Arrears	July, 2014 Total Arrears	July, 2013 Total Arrears	July, 2012 Total Arrears	July, 2011 Total Arrears
	*No delinquencies				
Teachers					
Barrington					
Burrillville					
Central Falls				\$ 14,539.81	
Chariho Regional					
Coventry		\$ 628,741.00			
East Greenwich				\$ 112,452.23	
East Providence					
Foster					
Gloucester					
Jamestown					
Johnston				\$ 13,222.62	
Lincoln					
Little Compton					
Newport				\$ 13,110.92	
N Providence					
N Smithfield		\$ 5,435.00			
N Kingston				\$ 907,465.14	
Providence (long term subs)				\$ 4,717,669.24	
Segue Institute			\$ 6,821.14		
Smithfield					
South Kingstown					
Southern RI Collaborative					
Tiverton					
Trinity Academy				\$ 17,181.37	
Urban Collaborative				\$ 28,299.56	
West Bay Collaborative					
Westerly					
Woonsocket					
Subtotal	\$ -	\$ 634,176.00	\$ 6,821.14	\$ 5,823,940.89	\$ -

Source Data: ERSRI Delinquency Statistics.

DEBT SERVICE

**State of Rhode Island
Office of the General Treasurer
Debt Service System Inventory by Maturity Date**

Amount of Original Issue	Description of Issue	Year	Series	Maturity Date	Principal Paid in FY 15	Interest Paid in FY 15	Principal Outstanding 6/30/2015	Interest Outstanding 6/30/2015
46,570,000.00	G.O. CCDL of 2008, Refunding Series A	2008	Refunding Series A	7/15/2014	5,555,000.00	138,875.00	0.00	0.00
8,360,000.00	G.O. CCDL of 2005, Refunding Series B	2005	Refunding Series B	8/1/2014	1,285,000.00	27,306.25	0.00	0.00
87,095,000.00	G.O. CCDL of 2005, Series C	2005	C	2/15/2015	2,795,000.00	139,750.00	0.00	0.00
65,830,000.00	G.O. CCDL of 2004, Refunding Series B	2004	Refunding Series B	8/1/2015	9,190,000.00	397,500.00	3,355,000.00	83,875.00
23,780,000.00	G.O. CCDL of 2011, Refunding Series B	2011	Refunding Series B	8/1/2015	7,310,000.00	419,000.00	4,725,000.00	118,125.00
2,230,000.00	LPC, Attorney General's Building - 2007 Refunding Series G	2007	Refunding Series G	10/1/2015	335,000.00	12,320.00	170,000.00	3,145.00
93,385,000.00	G.O. CCDL of 2005, Series E	2005	E	11/1/2015	2,285,000.00	275,375.00	4,365,000.00	109,125.00
12,380,000.00	LPC, Information Technology Project - 2009 Series A	2009	A	4/1/2016	1,860,000.00	146,750.00	1,925,000.00	77,000.00
20,680,000.00	G.O. CDL of 2006, Series B	2006	B	8/1/2016	900,000.00	222,056.25	1,335,000.00	65,700.00
13,375,000.00	LPC, Howard Center Improvements - 2007 Refunding Series E	2007	Refunding Series E	10/1/2016	1,840,000.00	177,625.00	2,865,000.00	100,687.50
21,420,000.00	LPC, Shepard's Building - 2007 Refunding Series F	2007	Refunding Series F	10/1/2016	2,610,000.00	350,750.00	5,710,000.00	289,750.00
98,105,000.00	G.O. CCDL of 2006, Series C	2006	C	11/15/2016	2,025,000.00	537,125.00	9,730,000.00	492,500.00
23,490,000.00	LPC, Information Technology Project - 2007 Series A	2007	A	5/1/2017	1,730,000.00	250,975.00	3,030,000.00	229,750.00
123,255,000.00	G.O. CCDL of 2007, Series A	2007	A	8/1/2017	4,830,000.00	2,335,870.00	11,115,000.00	1,050,625.00
8,500,000.00	G.O. CDL of 2007, Series B (Federally Taxable)	2007	B	8/1/2017	915,000.00	192,843.75	3,105,000.00	261,787.50
86,875,000.00	G.O. CCDL of 2008, Series B	2008	B	2/1/2018	3,500,000.00	2,129,712.50	8,020,000.00	841,850.00
8,500,000.00	G.O. CDL of 2008, Series C (Federally Taxable)	2008	C	2/1/2018	1,000,000.00	267,690.00	3,225,000.00	429,383.00
12,445,000.00	G.O. CCDL of 2008, Refunding Series D	2008	Refunding Series D	2/1/2018	1,575,000.00	309,675.00	5,145,000.00	505,575.00
56,315,000.00	G.O. CCDL of 2005, Refunding Series D	2005	Refunding Series D	7/15/2018	6,695,000.00	1,228,962.50	21,745,000.00	1,745,525.00
52,335,000.00	G.O. CCDL of 2005, Refunding Series A	2005	Refunding Series A	8/1/2018	3,460,000.00	2,453,231.26	47,700,000.00	4,341,809.41
23,800,000.00	G.O. CDL of 2010, Series D (Federally Taxable)	2010	D	4/1/2020	2,395,000.00	594,013.36	12,195,000.00	1,544,756.92
22,160,000.00	LPC, Central Power Plant - 2007 Refunding Series D	2007	Refunding Series D	10/1/2020	1,675,000.00	579,187.50	11,905,000.00	1,610,481.25
78,960,000.00	G.O. CCDL of 2010, Refunding Series A	2010	Refunding Series A	10/1/2020	15,645,000.00	2,079,475.00	39,390,000.00	6,718,575.00
11,805,000.00	LPC, Energy Conservation Project - 2009 Series B	2009	B	4/1/2021	940,000.00	381,062.50	7,500,000.00	1,335,150.00
74,835,000.00	G.O. CCDL of 2006, Refunding Series A	2006	Refunding Series A	8/1/2022	175,000.00	3,230,812.50	67,935,000.00	10,455,681.27
17,520,000.00	LPC, Energy Conservation Project - 2013 Series C	2013	C	4/1/2023	1,495,000.00	736,100.00	14,495,000.00	3,335,050.00
9,170,000.00	LPC, Information Technology Project - 2013 Series D	2013	D	4/1/2023	815,000.00	300,700.00	7,530,000.00	1,397,050.00
12,735,000.00	LPC, Energy Conservation Project - 2007 Series B	2007	B	5/1/2023	905,000.00	369,818.76	7,450,000.00	1,400,175.06
36,310,000.00	LPC, Kent County Courthouse Project - 2013 Refunding Series A	2013	Refunding Series A	10/1/2023	1,305,000.00	1,571,050.00	31,875,000.00	7,920,125.00
36,575,000.00	LPC, Training School Project - 2013 Refunding Series B	2013	Refunding Series B	10/1/2024	1,555,000.00	1,540,250.00	32,270,000.00	8,724,275.00
15,290,000.00	LPC, Traffic Tribunal Project - 2013 Refunding Series E	2013	Refunding Series E	10/1/2024	795,000.00	525,650.00	13,320,000.00	3,060,250.00
11,650,000.00	LPC, Pastore Center Energy Conservation Project - 2014 Series A	2014	A	11/1/2024	0.00	244,416.67	11,650,000.00	2,867,550.00
30,380,000.00	LPC, Information Technology Project - 2014 Series C	2014	C	11/1/2024	0.00	684,809.03	30,380,000.00	8,150,625.00
78,700,000.00	G.O. CCDL of 2014, Refunding Series A	2014	Refunding Series A	11/1/2025	2,565,000.00	3,515,480.84	76,135,000.00	18,296,025.00
31,980,000.00	LPC, Energy Conservation Project - 2011 Series A	2011	A	4/1/2026	2,920,000.00	875,850.00	21,585,000.00	3,385,150.00
122,950,000.00	G.O. CCDL of 2012, Refunding Series A	2012	Refunding Series A	8/1/2027	0.00	5,970,031.26	122,950,000.00	30,929,840.75
162,115,000.00	G.O. CCDL of 2014, Refunding Series D (Tax-Exempt)	2014	Refunding Series D	8/1/2027	935,000.00	1,895,858.05	161,180,000.00	70,043,425.00
30,425,000.00	LPC, School for the Deaf Project - 2009 Series C	2009	C	4/1/2029	1,180,000.00	1,300,250.00	24,005,000.00	10,739,437.52
7,465,000.00	LPC, R. I. College Energy Conservation Project - 2014 Series B	2014	B	11/1/2029	0.00	124,578.13	7,465,000.00	2,445,737.50
40,865,000.00	G.O. CCDL of 2010, Series B (Tax Exempt)	2010	B	4/1/2030	1,495,000.00	1,647,350.00	33,610,000.00	14,151,250.00
80,000,000.00	G.O. CDL of 2010, Series C	2010	C	4/1/2030	0.00	4,479,957.00	80,000,000.00	49,336,862.62
145,035,000.00	G.O. CCDL of 2011, Series A	2011	A	8/1/2031	4,825,000.00	7,013,787.50	132,590,000.00	68,670,856.25
81,400,000.00	G.O. CCDL of 2012, Series B	2012	B	10/15/2032	2,845,000.00	3,190,312.50	75,785,000.00	32,808,393.75
40,650,000.00	G.O. CCDL of 2013, Series A (Tax-Exempt)	2013	A	10/15/2033	1,255,000.00	1,871,087.50	39,395,000.00	20,312,518.77
12,500,000.00	G.O. CDL of 2013, Series B (Federally Taxable)	2013	B	10/15/2033	460,000.00	465,832.56	12,040,000.00	5,746,603.12
33,625,000.00	G.O. CCDL of 2014, Series B (Tax-Exempt)	2014	B	11/1/2034	0.00	779,435.56	33,625,000.00	19,380,350.00
12,500,000.00	G.O. CDL of 2014, Series C (Federally Taxable)	2014	C	11/1/2034	0.00	189,127.35	12,500,000.00	5,044,136.96
					107,875,000.00	58,169,676.08	1,258,025,000.00	420,556,544.15
					<u>58,169,676.08</u>			<u>1,258,025,000.00</u>
					<u>166,044,676.08</u>			<u>1,678,581,544.15</u>
					Total Principle and Interest Paid in FY 2015		Total outstanding debt @ 6/30/15	

State of Rhode Island - Office of the General Treasurer
Debt Service System Inventory of Matured or Retired Issues - Fiscal Year 2015

File #	Amount of Original Issue	Description of Issue	Paying Agent	Year	Series	Type	Bond Use	Specific Use	Maturity or Retirement Date
135	46,570,000.00	G.O. CCDL of 2008, Refunding Series A	Bank of New York	2008	Refunding Series A	CCDL	Direct	General Obligation	7/15/2014
111	8,360,000.00	G.O. CCDL of 2005, Refunding Series B	Bank of New York	2005	Refunding Series B	CCDL	Direct	General Obligation	8/1/2014
112	87,095,000.00	G.O. CCDL of 2005, Series C	Bank of New York	2005	C	CCDL	Direct	General Obligation	2/15/2015

Appendix C

Summary - All Outstanding and Projected Debt Service Payments (Including Performance Based Agreements)

Fiscal Year	Principal	Interest	Total Gross Debt Service	Less: Other Offsets	Less: Motor Fuel & Self Supporting ⁽²⁾	Net Debt Service Payable ⁽¹⁾
2014	146,982,898	96,461,882	243,444,781	(16,003,654)	1,208,190	228,649,317
2015	166,850,557	98,906,586	265,757,143	(6,899,519)	1,147,163	260,004,788
2016	174,238,438	97,865,854	272,104,292	(7,147,404)	1,089,606	266,046,494
2017	194,842,854	98,903,622	293,746,475	(7,047,274)	1,395,016	288,094,217
2018	185,306,326	95,670,793	280,977,119	(6,942,360)	1,332,653	275,367,412
2019	175,085,102	95,164,173	270,249,274	(8,510,110)	1,270,087	263,009,251
2020	179,644,076	95,625,263	275,269,339	(7,798,418)	1,216,019	268,686,941
2021	190,546,337	89,608,384	280,154,721	(6,376,557)	1,154,744	274,932,908
2022	166,055,147	83,551,910	249,607,058	(6,376,250)	1,111,524	244,342,332
2023	204,749,921	78,369,723	283,119,644	(36,432,060)	1,046,483	247,734,067
2024	157,434,183	70,771,093	228,205,276	(2,001,470)	986,178	227,189,984
2025	149,733,592	66,192,724	215,926,315	(1,615,181)	1,399,698	215,710,832
2026	138,190,772	61,854,840	200,045,612	(1,028,085)	1,336,965	200,354,492
2027	124,625,086	58,145,759	182,770,845	(4,050,406)	-	178,720,440
2028	101,512,398	54,733,259	156,245,658	-	-	156,245,658
2029	91,135,460	52,724,730	143,860,190	-	-	143,860,190
2030	94,935,442	50,986,014	145,921,456	-	-	145,921,456
2031	88,274,786	49,079,951	137,354,737	-	-	137,354,737
2032	93,837,317	47,662,737	141,500,054	-	-	141,500,054
2033	88,154,073	46,318,914	134,472,987	-	-	134,472,987
2034	88,139,754	45,103,182	133,242,936	-	-	133,242,936
2035	85,432,571	43,803,881	129,236,451	-	-	129,236,451
2036	75,517,690	42,506,892	118,024,582	-	-	118,024,582
2037	72,270,963	41,731,007	114,001,970	-	-	114,001,970
2038	77,699,066	41,117,459	118,816,525	-	-	118,816,525
2039	74,355,235	40,232,506	114,587,741	-	-	114,587,741
	3,385,550,044	1,743,093,136	5,128,643,180	(118,228,746)	15,694,326	5,026,108,760

(1) Reflects amounts payable on net tax supported debt, including vehicle lease payments, which are budgeted within the individual agencies rather than the debt service program within the Department of Administration.

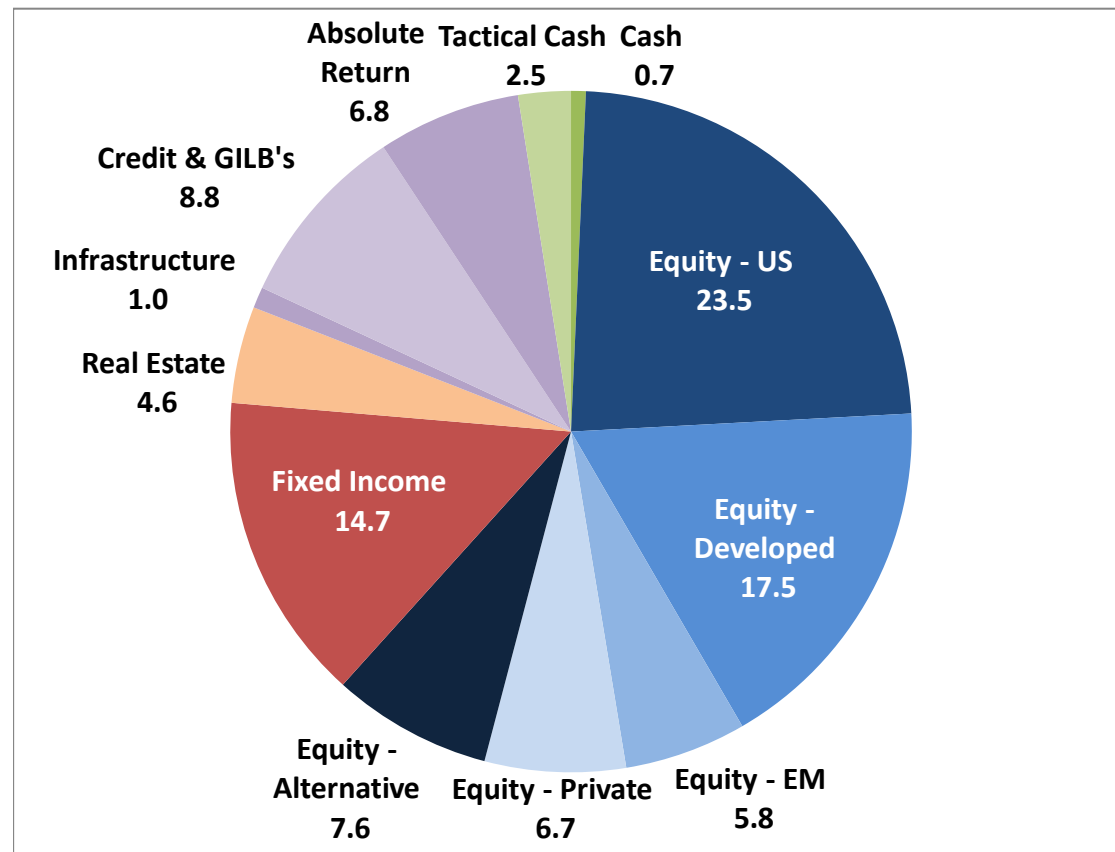
(2) Budget reflects dedication of two cent of gas tax to trustee for motor fuel bonds. Amount shown is the amount payable on the bonds but bond documents covenant that a full two cents of gas tax proceeds flow to the Trustee for coverage purposes. Transfer amounts based on Office of Revenue Analysis estimates.

RI EMPLOYEES RETIREMENT SYSTEM

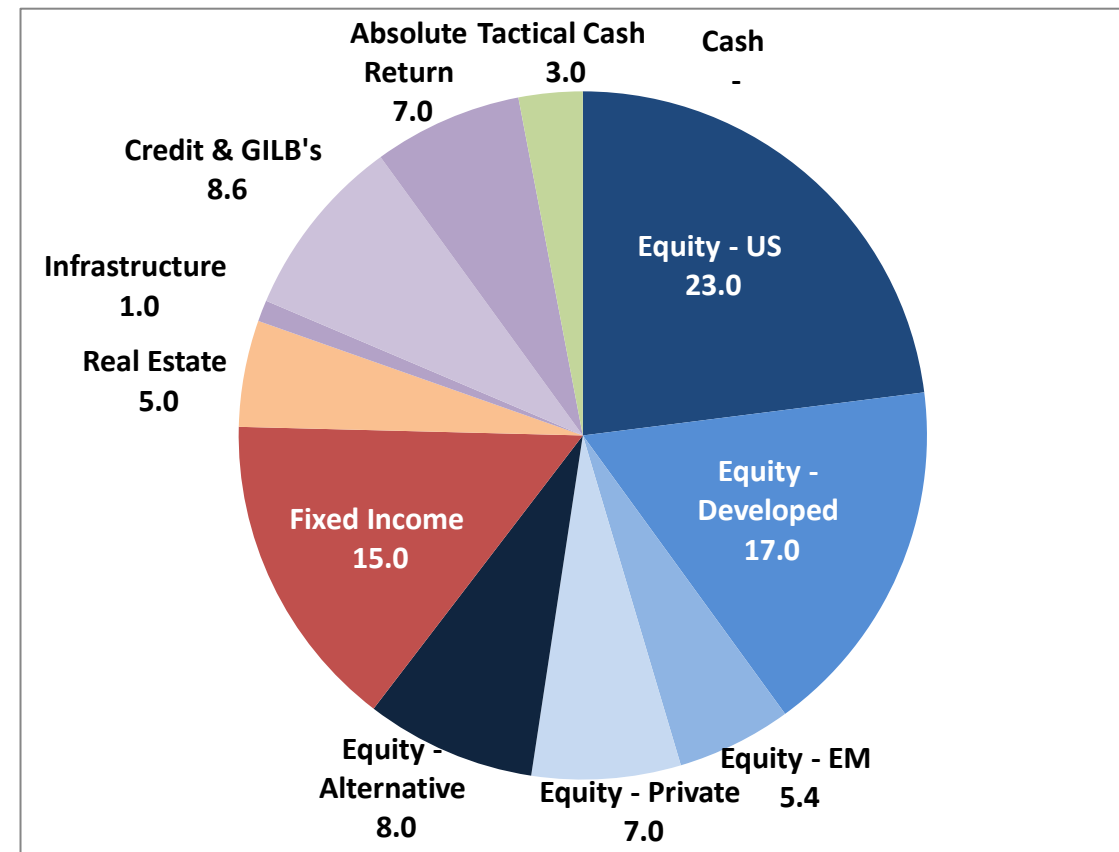
ERSRI Portfolio

%%% - as of June 30, 2015

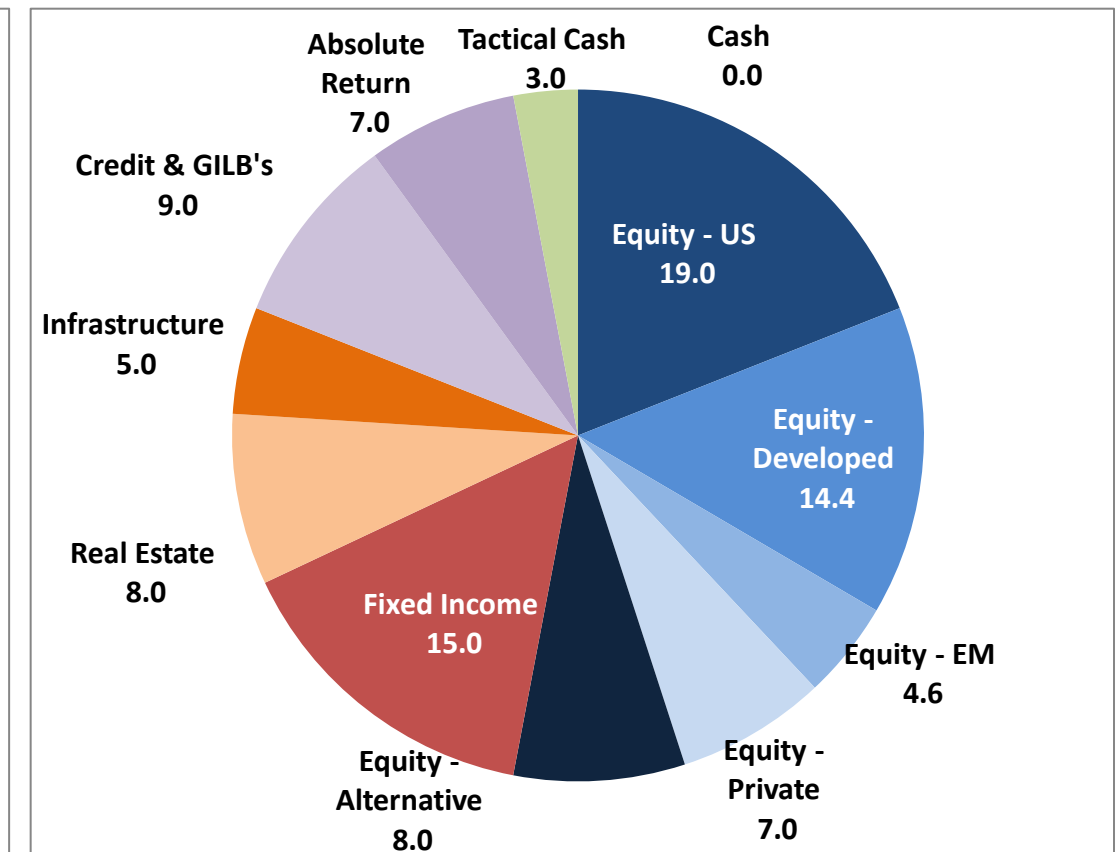
Actual Allocation



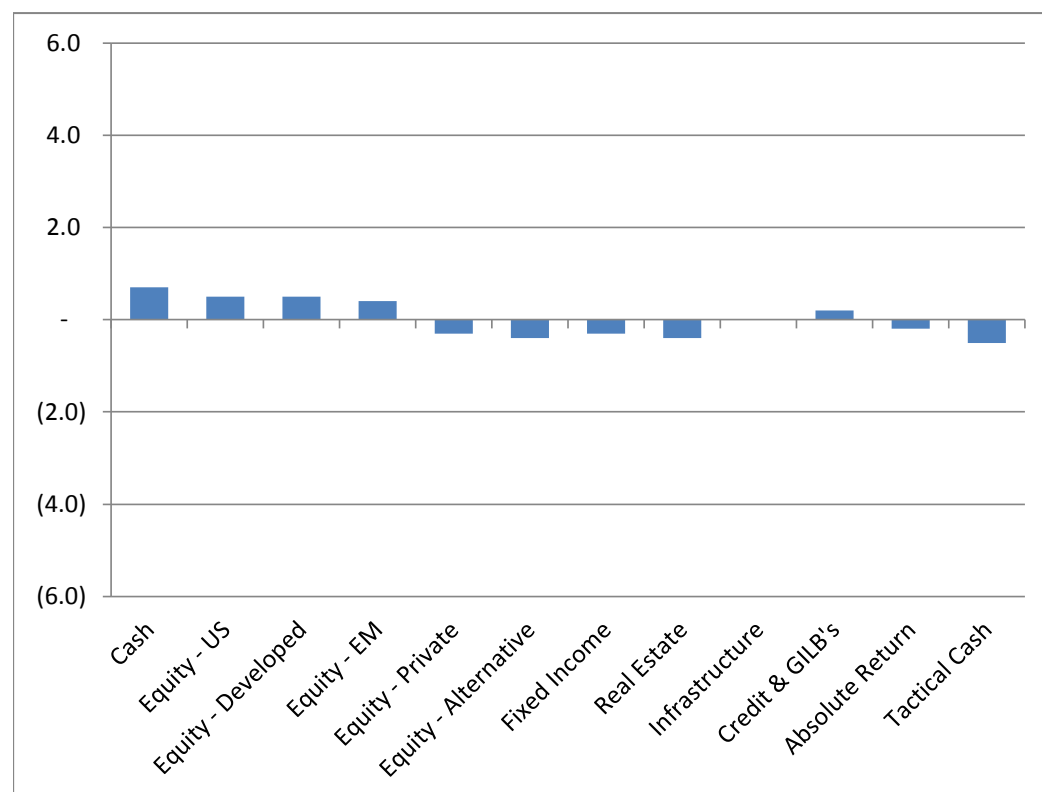
Tactical Allocation



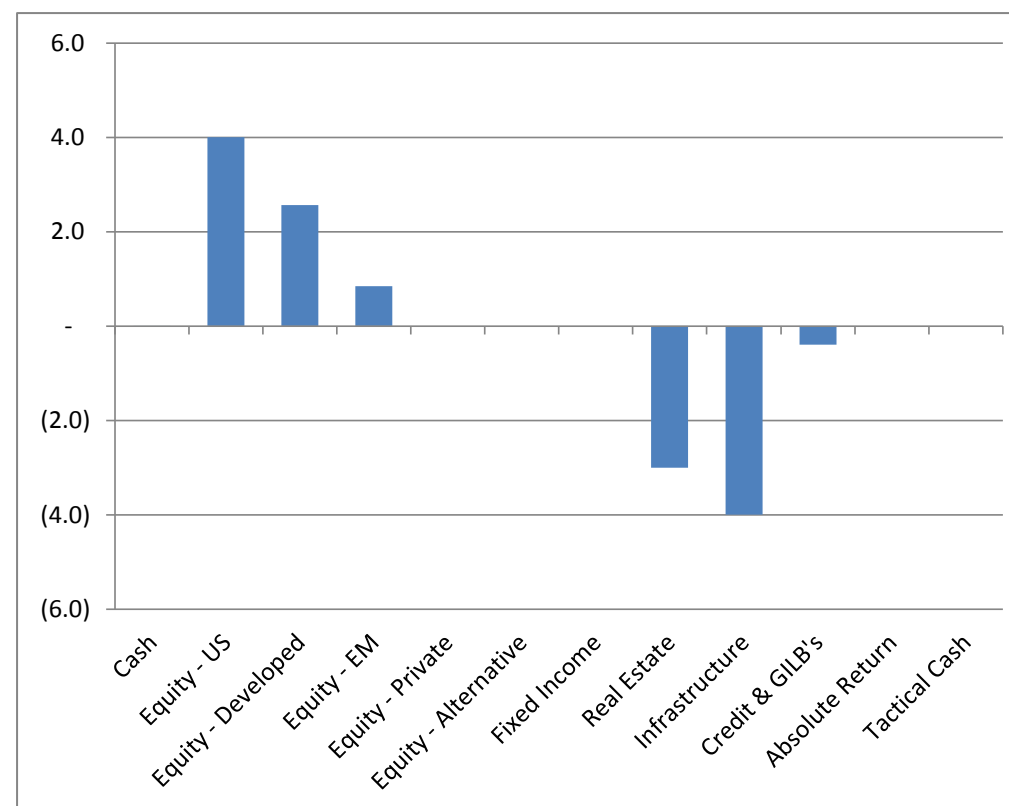
Policy Allocation



Actual vs. Tactical



Tactical vs. Policy



Notes:

Actual vs. Tactical: SIC policy allows for fluctuations of $\pm 2\%$ from Tactical to accommodate market movements while minimizing trading costs for rebalancing, and lags in rebalancing to less liquid asset classes.

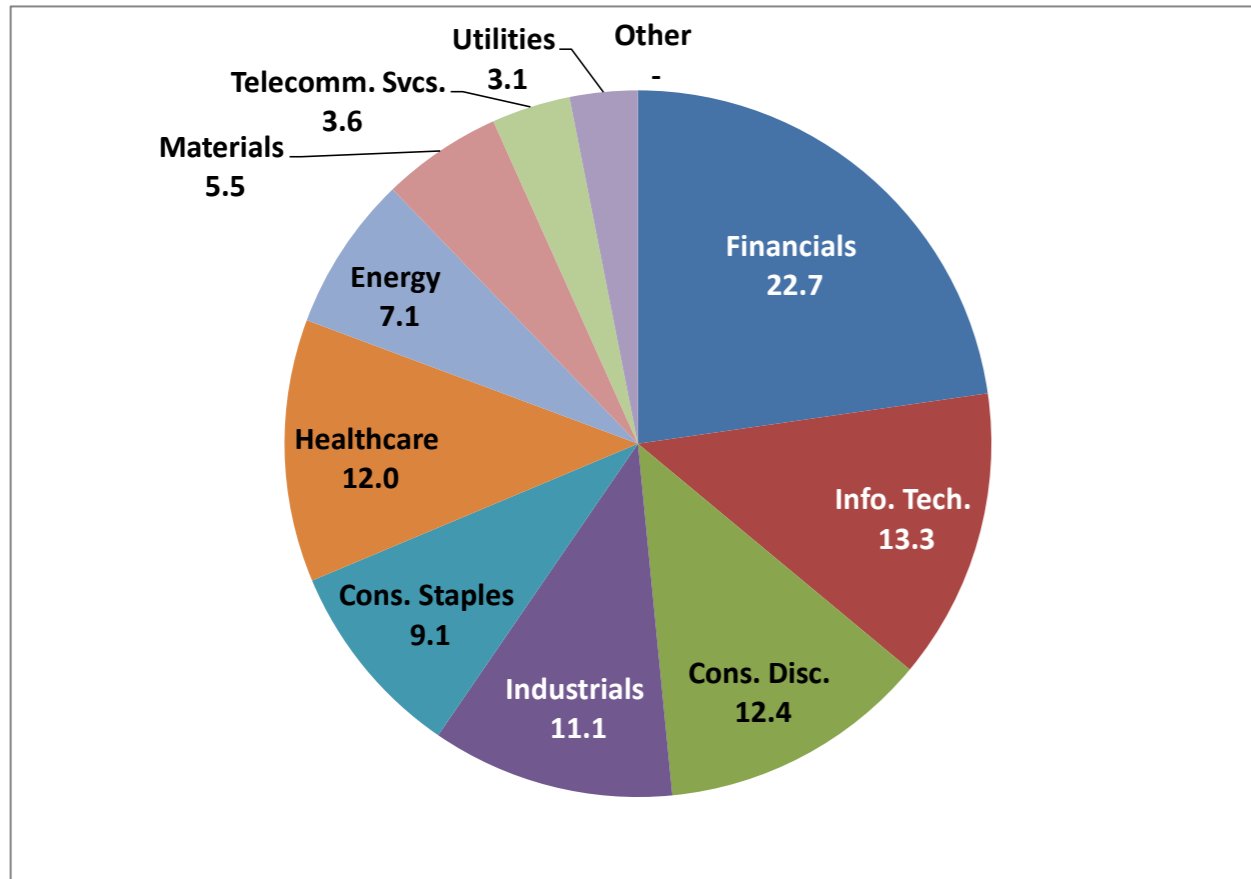
Tactical vs. Policy: Tactical allocations diverge from policy to allow time to vet third-party managers allowing prudent implementation of SIC policy decisions, and to diversify vintage-year exposure for drawdown funds (e.g., private equity, real estate, infrastructure).

Currently tactical allocations are (4) percentage points (pps) below policy on real estate and (5) pps on infrastructure & MLP's, due to timing required to deploy funds. An additional +9 pps in equity offers interim exposure to economic growth and protection from interest rate volatility, capturing similar macroeconomic exposures to underallocated asset classes.

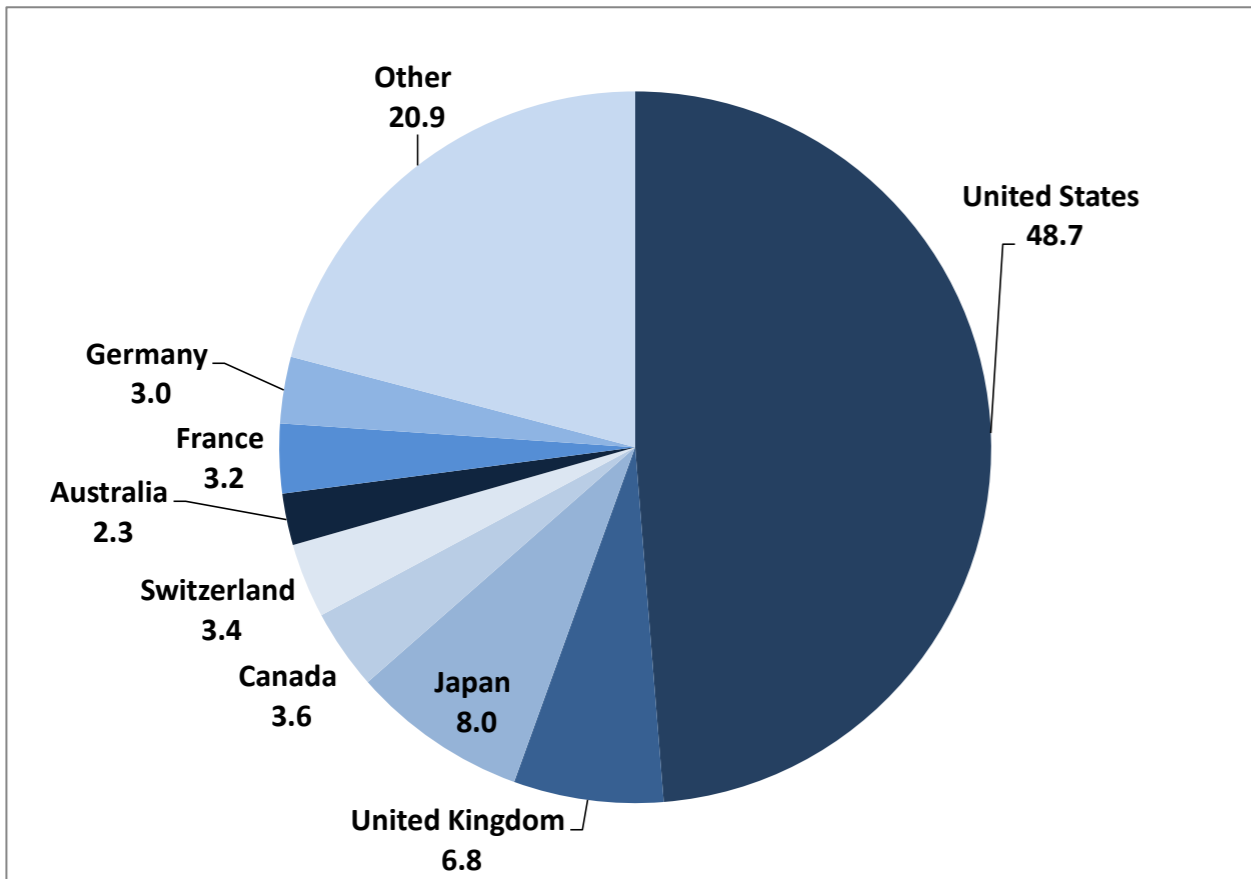
ERSRI Asset Allocation Public-Asset Portfolios

%%% - as of June 30, 2015

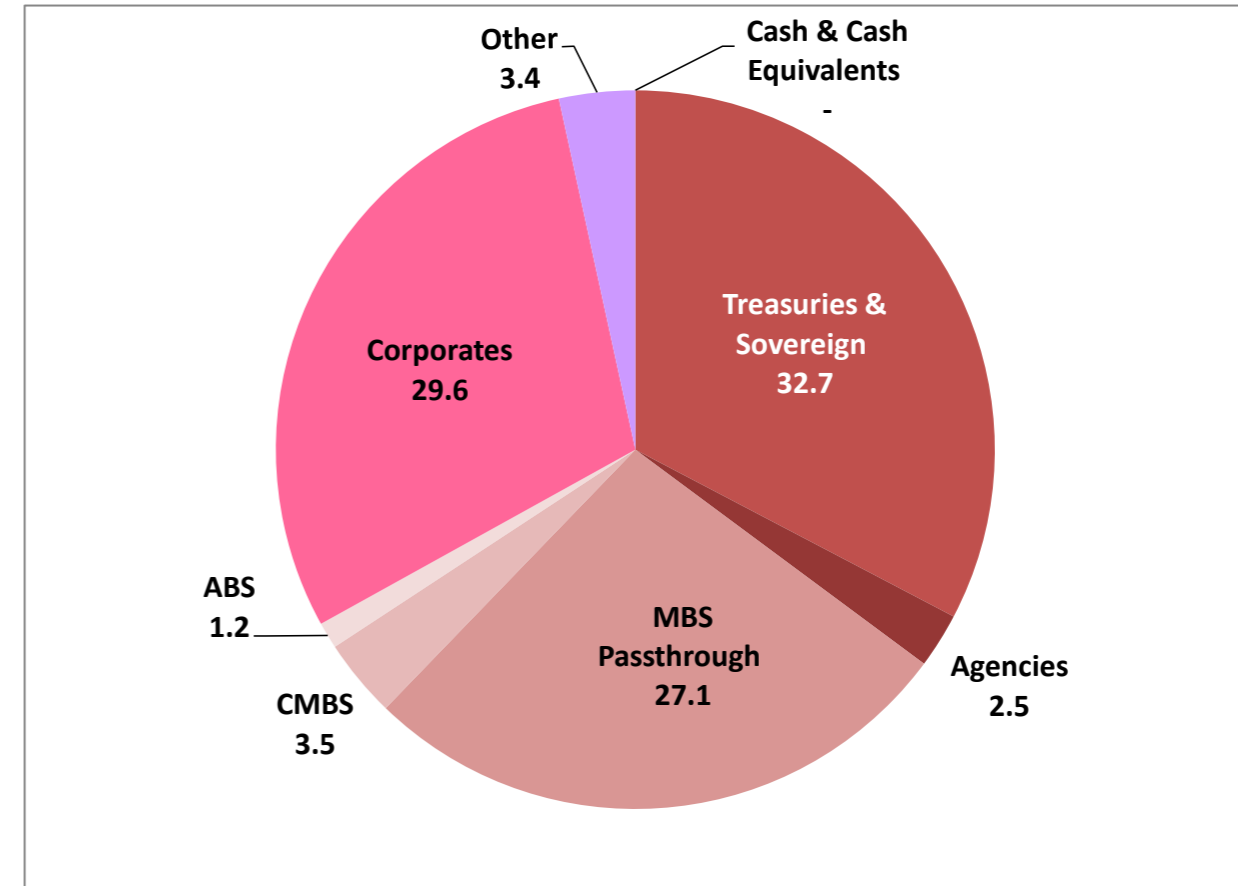
Global Public Equity - by Industry Sector



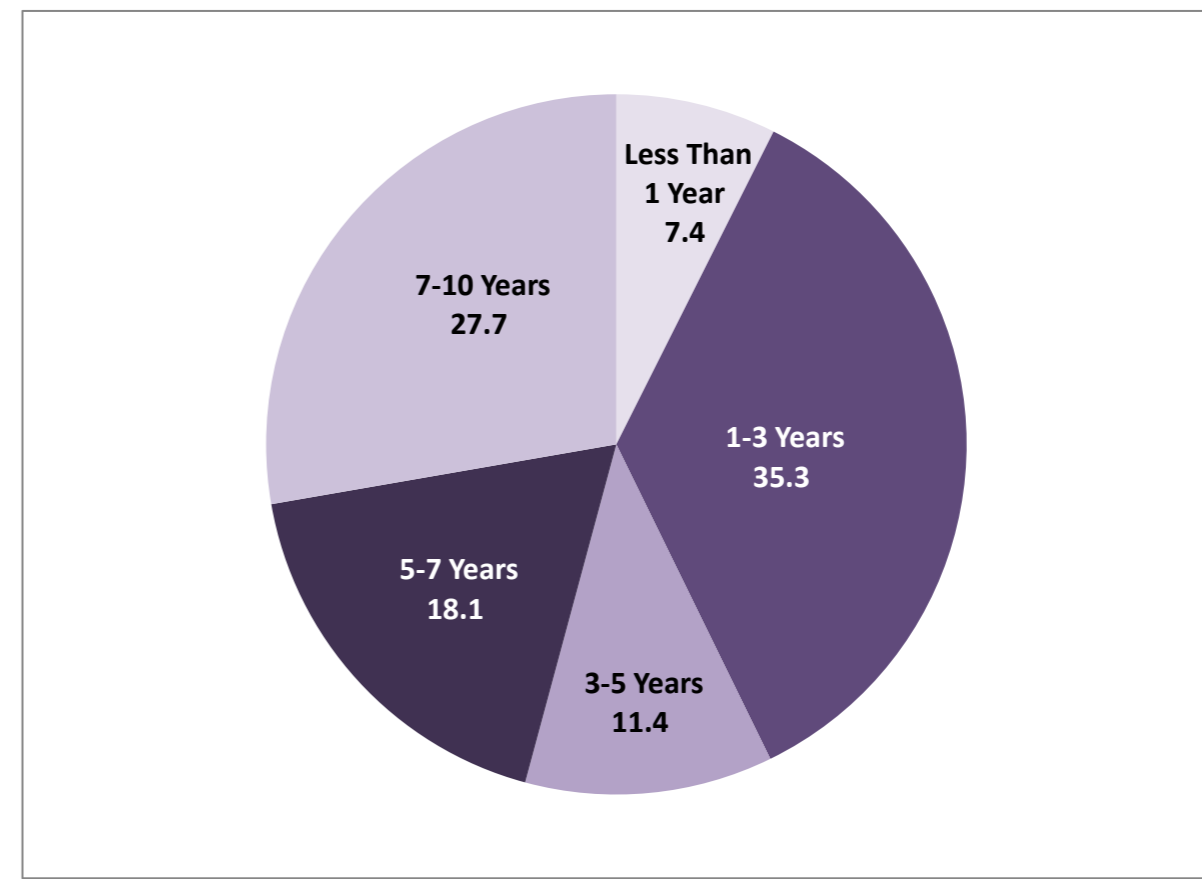
Global Public Equity - by Geography



Core Fixed Income - by Type



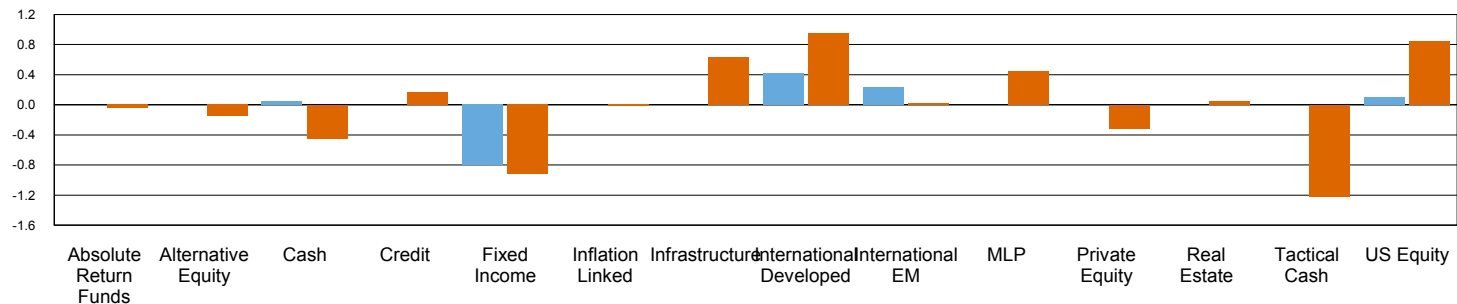
Inflation-Linked Bonds - by Duration



Asset Summary

<u>Asset Class</u>	<u>Physical Exposure</u>		<u>Synthetic Exposure</u>		<u>Net Position</u>		<u>Overlay Target</u>		<u>Policy Target</u>	
Total Market Value	7,970.3	100.0%	0.0	0.0%	7,970.3	100.0%	7,970.4	100.0%	7,970.4	100.00%
Cash	-35.8	-0.4%	36.0	0.5%	0.2	0.0%	-3.6	0.0%	0.0	0.00%
Cash	-35.8	-0.4%	36.0	0.5%	0.2	0.0%	-3.6	0.0%	0.0	0.00%
Equity	4,921.4	61.7%	-46.1	-0.6%	4,875.3	61.2%	4,815.4	60.4%	4,814.0	60.40%
Alternative Equity	625.6	7.8%	0.0	0.0%	625.6	7.8%	625.6	7.8%	637.6	8.00%
US Equity	1,900.0	23.8%	-39.6	-0.5%	1,860.4	23.3%	1,852.4	23.2%	1,833.1	23.00%
Private Equity	533.2	6.7%	0.0	0.0%	533.2	6.7%	533.2	6.7%	557.9	7.00%
International Developed	1,430.5	17.9%	-27.9	-0.4%	1,402.5	17.6%	1,369.2	17.2%	1,355.0	17.00%
International EM	432.1	5.4%	21.4	0.3%	453.5	5.7%	434.9	5.5%	430.4	5.40%
Fixed	1,122.0	14.1%	10.1	0.1%	1,132.1	14.2%	1,195.9	15.0%	1,195.6	15.00%
Fixed Income	1,122.0	14.1%	10.1	0.1%	1,132.1	14.2%	1,195.9	15.0%	1,195.6	15.00%
Other	1,962.7	24.6%	0.0	0.0%	1,962.7	24.6%	1,962.7	24.6%	1,960.8	24.60%
Real Estate	402.7	5.1%	0.0	0.0%	402.7	5.1%	402.7	5.1%	398.5	5.00%
Tactical Cash	142.0	1.8%	0.0	0.0%	142.0	1.8%	142.0	1.8%	239.1	3.00%
Infrastructure	50.8	0.6%	0.0	0.0%	50.8	0.6%	50.8	0.6%	0.1	0.00%
Absolute Return Funds	554.2	7.0%	0.0	0.0%	554.2	7.0%	554.2	7.0%	557.9	7.00%
MLP	115.1	1.4%	0.0	0.0%	115.1	1.4%	115.1	1.4%	79.7	1.00%
Credit	412.2	5.2%	0.0	0.0%	412.2	5.2%	412.2	5.2%	398.5	5.00%
Inflation Linked	285.6	3.6%	0.0	0.0%	285.6	3.6%	285.6	3.6%	286.9	3.60%

Deviations from Target Allocation





State of Rhode Island and Providence Plantations
Office of the General Treasurer

Seth Magaziner

General Treasurer

July 15, 2015

State Investment Commission
State of Rhode Island, State House
Providence, Rhode Island

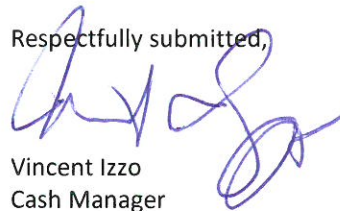
This is to certify that the amounts so listed below belong to the credit of the Employees' Retirement, Municipal Employees', State Police and Judicial Retirement Systems of the State of Rhode Island at the close of business on June 30, 2015.

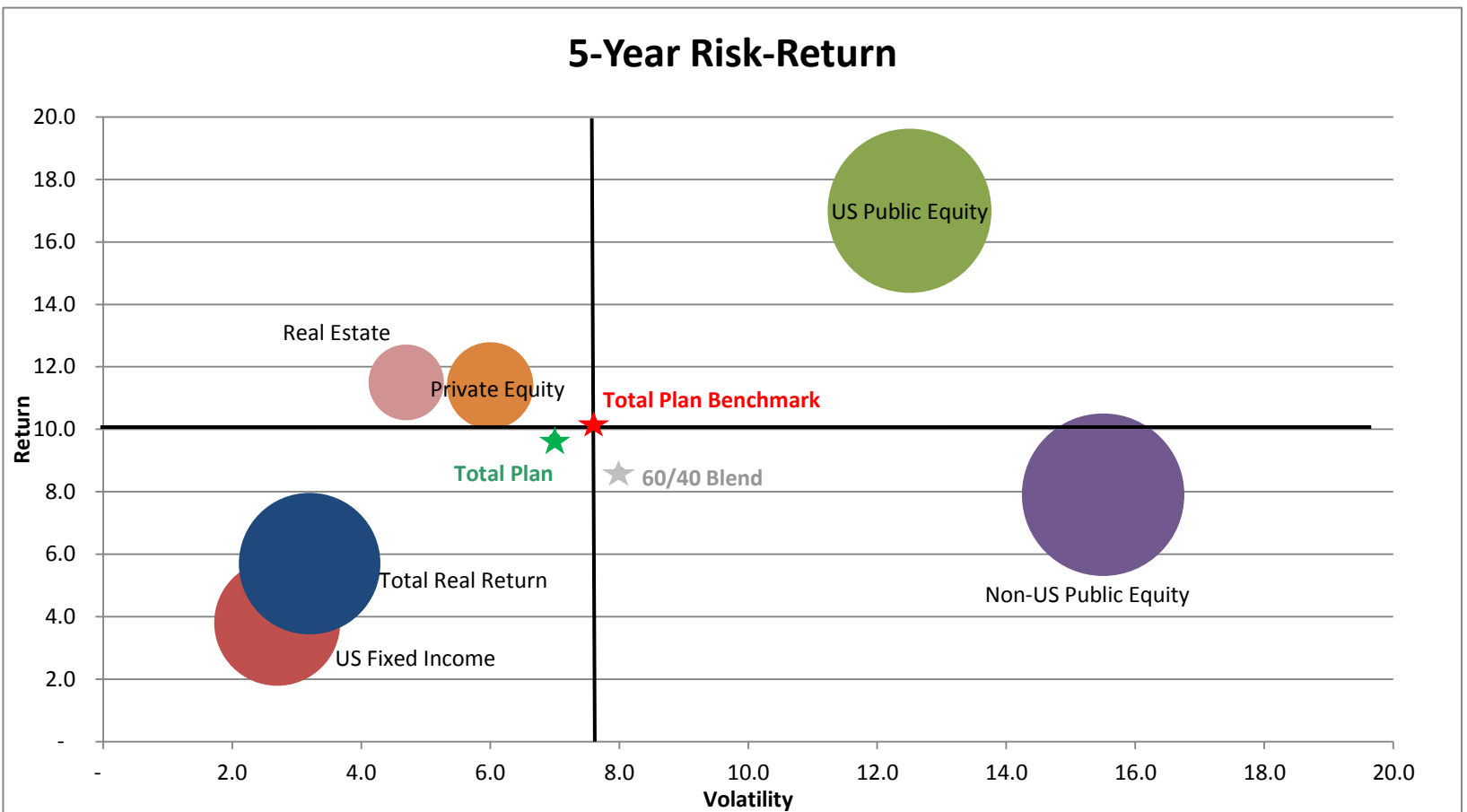
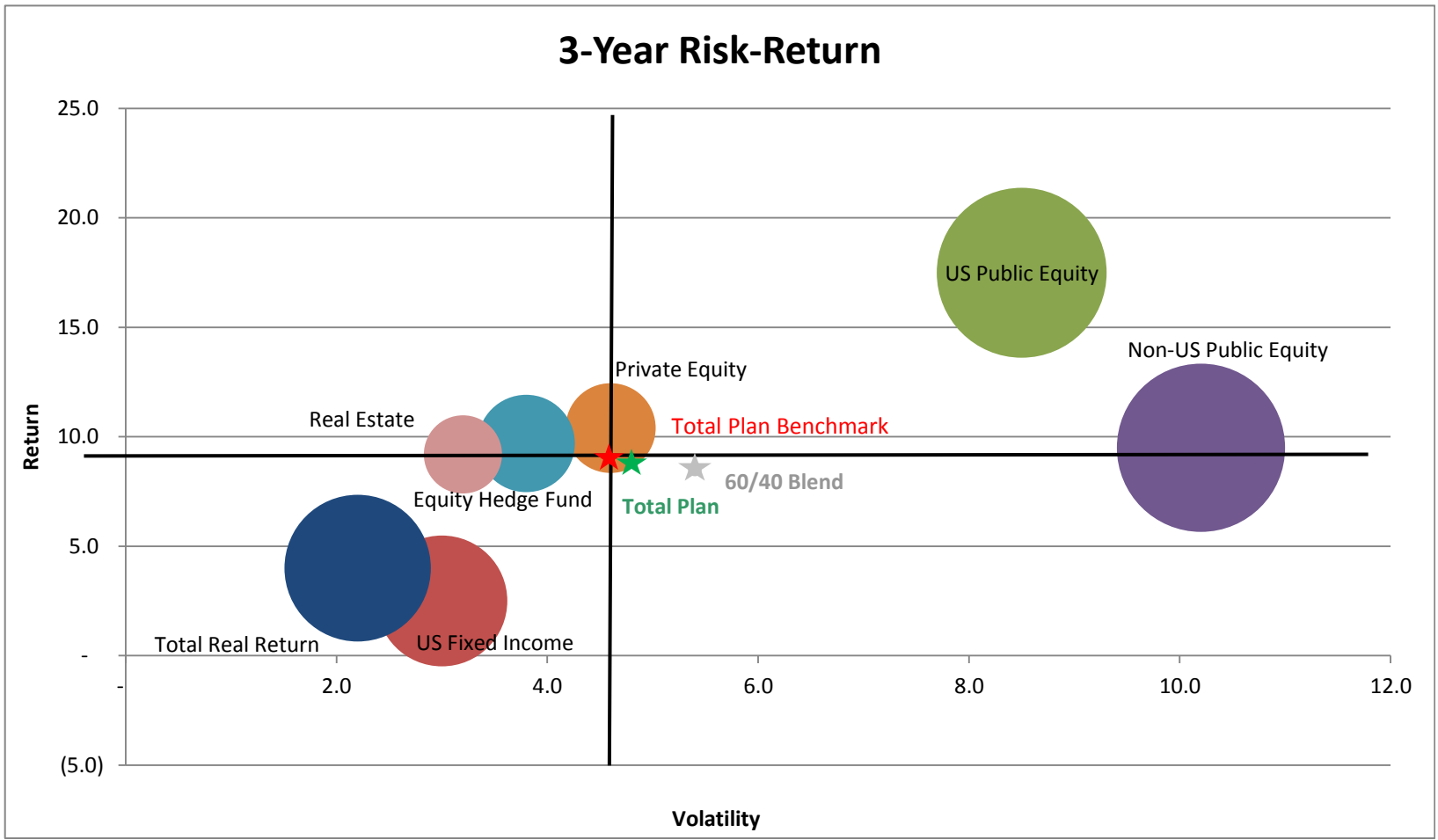
Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
June 30, 2015

Asset Class		
Total Fund Investments		7,967,118,455
CASH EQUIVALENT*		174,083,197
EQUITY HEDGE FUNDS**		624,131,472
GLOBAL PUBLIC EQUITY		3,762,295,015
CREDIT		397,193,978
INFLATION LINKED BONDS		263,580,731
PRIVATE EQUITY**		529,850,163
REAL ESTATE**		402,671,050
REAL RET HEDGE FUNDS**		547,212,876
INFRASTRUCTURE		164,948,352
US TRADITIONAL FIXED		1,101,151,619
Plan Allocation		
Total Fund Investments	100.00%	7,967,118,455
STATE EMP RET PLAN	76.86%	6,123,182,636
MUNI EMP RET PLAN	17.41%	1,387,192,340
TEACHER'S SURVIVOR BENEF	3.55%	282,596,898
STATE POLICE RET PL	1.44%	114,494,467
JUDICIAL RET PLAN	0.74%	59,207,965
NON-CONTRIB JUD RET	0.01%	444,149

* Cash & Short-Term Investments, as shown, also includes amounts available within specific active-manager mandates, and thus as aggregated will not tie directly to separate cash allocations as reported elsewhere.

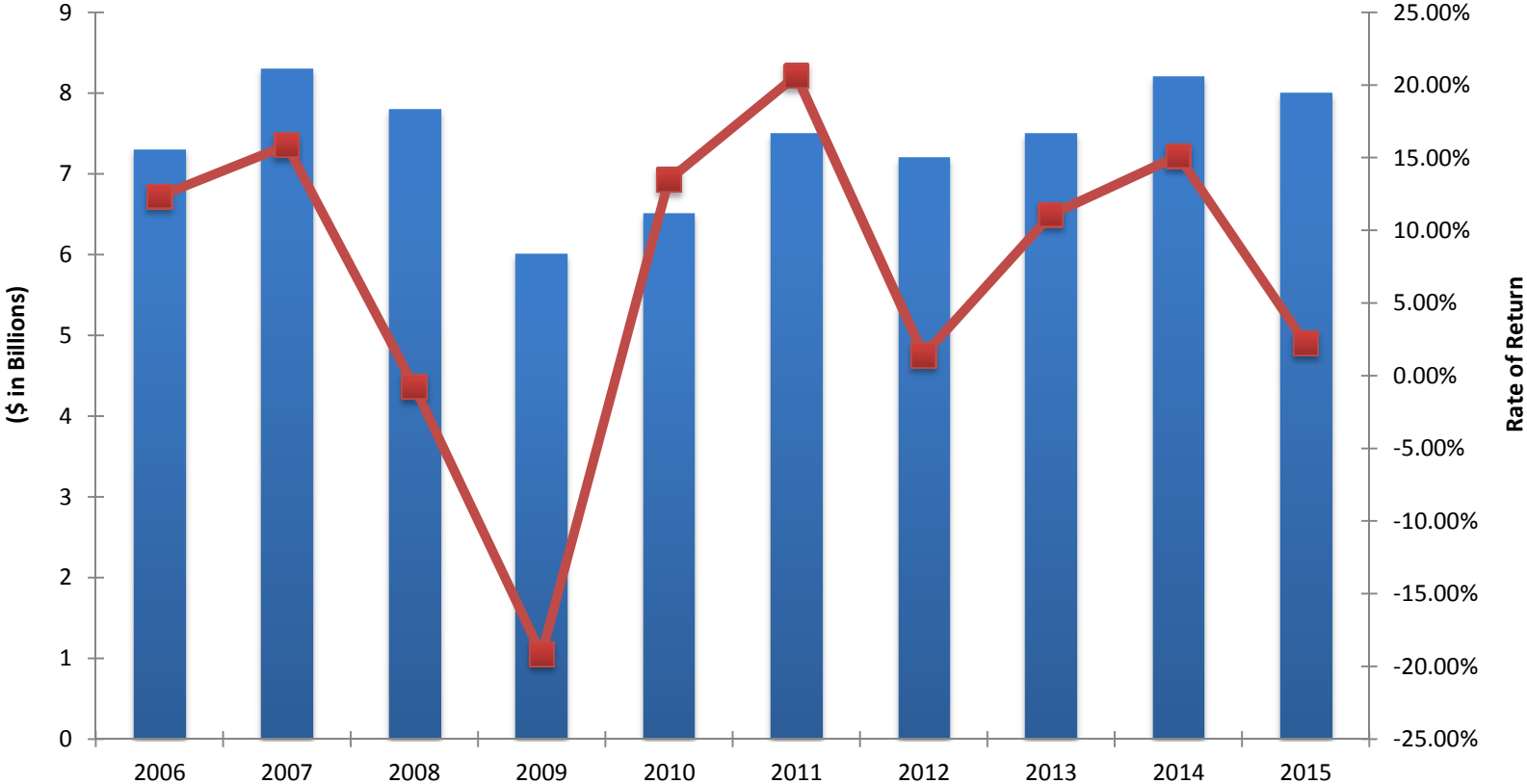
** Alternative Investments – comprising the four components as indicated – have varying degrees of liquidity and may not have readily determinable market values. As such, they may be based on appraisals only.

Respectfully submitted,

Vincent Izzo
Cash Manager

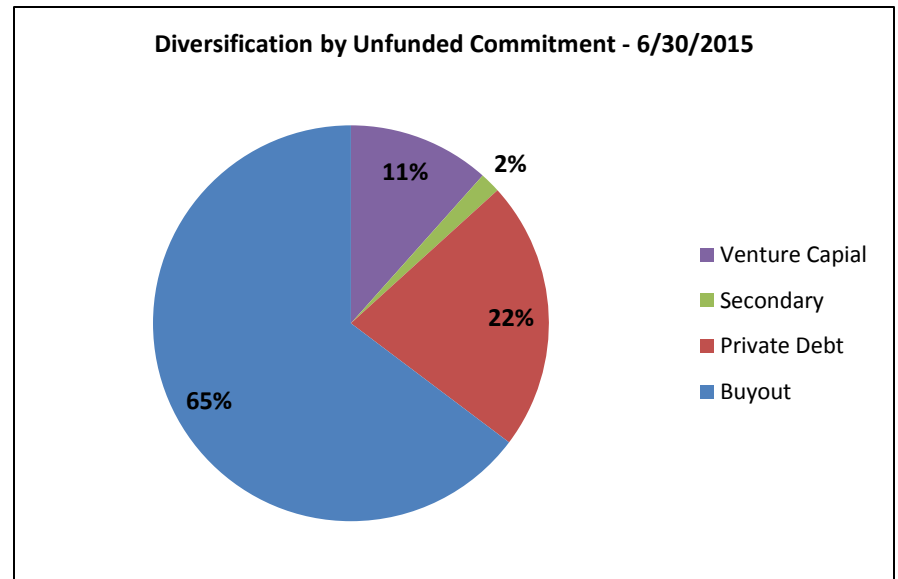
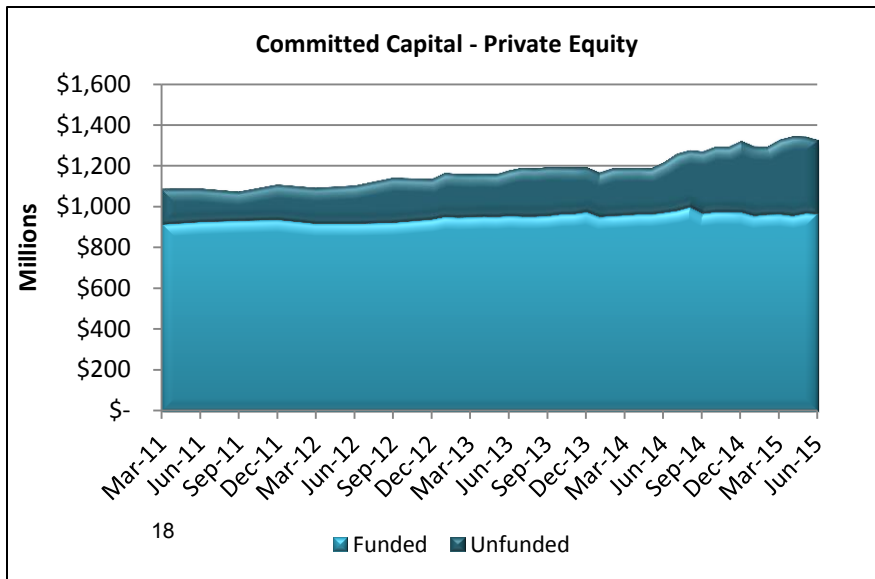
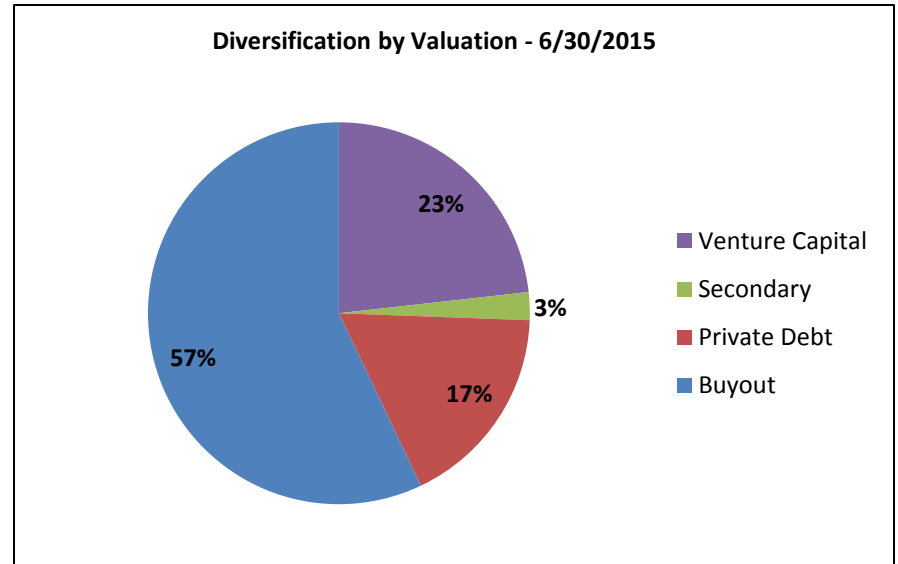
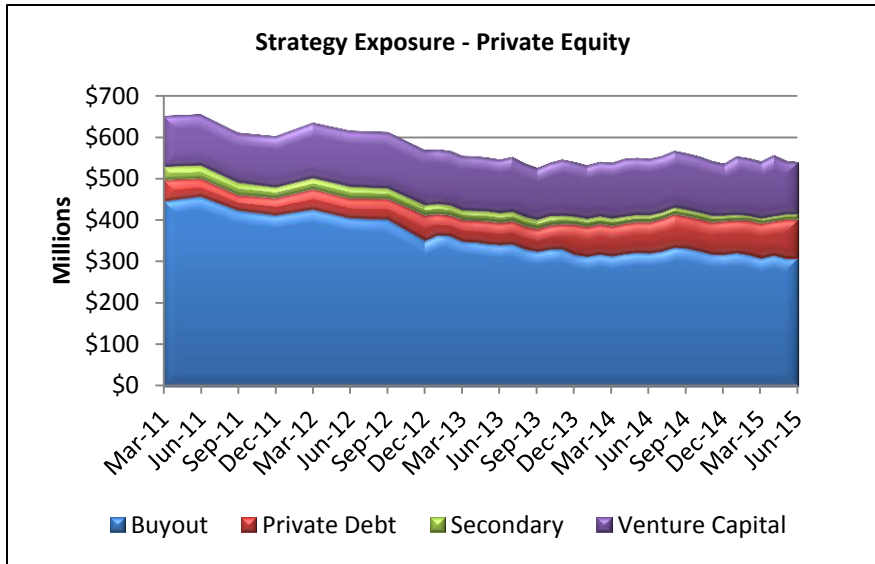


**State of Rhode Island
Employees Retirement System
Market Valuation and Rates of Return
FY06-FY15**

Valuation
Rate of Return



Strategy Exposure & Committed Capital – Private Equity



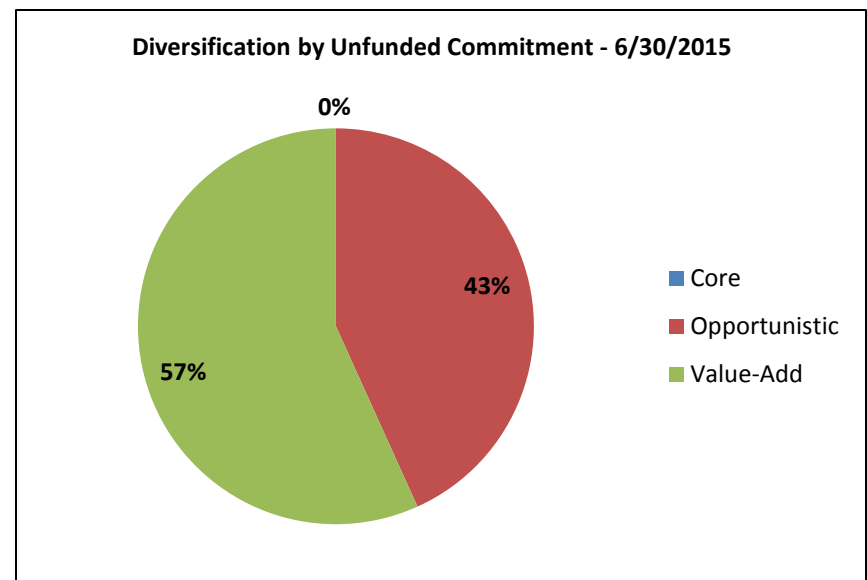
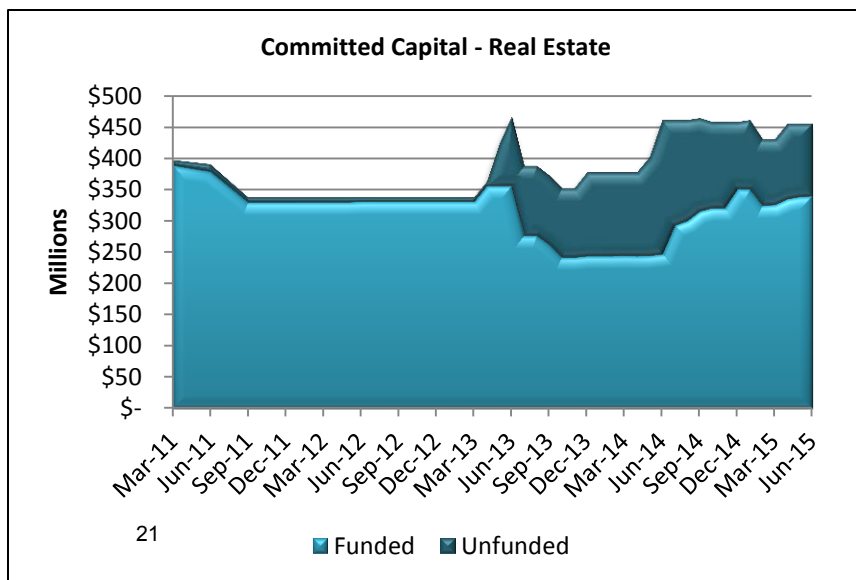
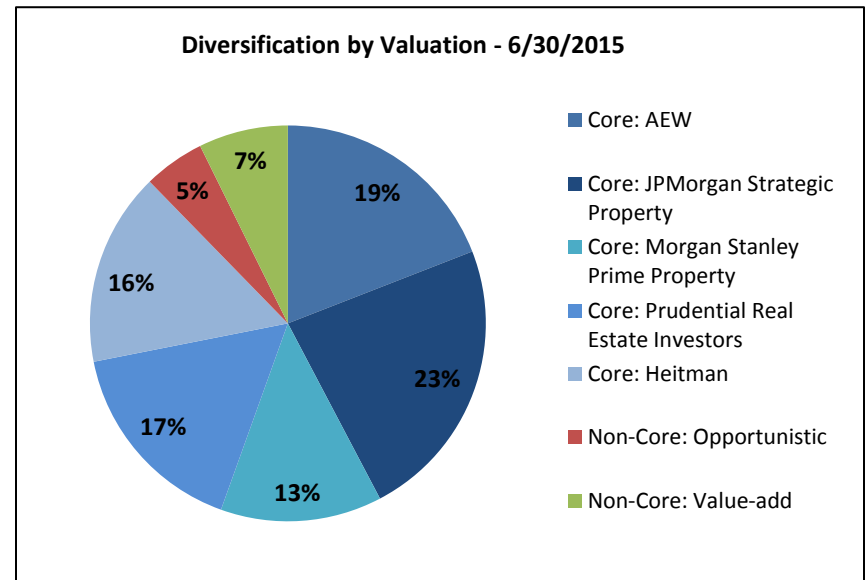
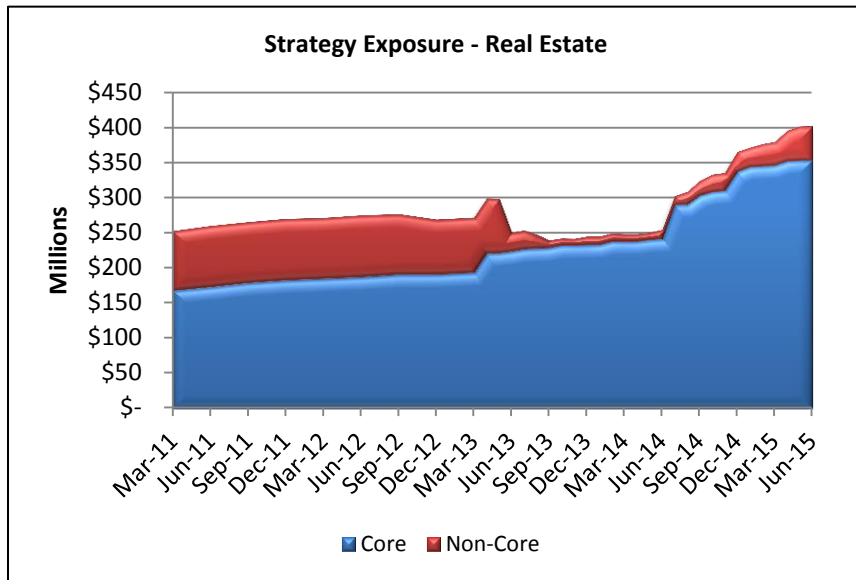
State of Rhode Island
Office of the General Treasurer
Private Equity
FY 2015

Investment	Closing Date	Investment Type	Commitment Amount	Unfunded Commitment	Total Funded	Total Distributed (A)	Fair Value at June 30, 2015 (B)	Total Value (A+B)
Advent International GPE VII-C, L.P.	06/29/12	Buyout	20,000,000	6,140,000	13,860,000	920,000	16,040,291	16,960,291
Alta BioPharma Partners III	11/19/03	Venture Capital	15,000,000	750,000	14,250,000	19,972,495	921,285	20,893,780
Alta Partners VIII	04/27/06	Venture Capital	15,000,000	-	15,000,000	15,196,402	18,110,905	33,307,307
Aurora Equity Partners III	10/13/04	Buyout	15,000,000	835,850	16,241,318	26,592,641	1,398,359	27,991,000
Avenue Special Situations Fund IV	11/09/05	Distressed Debt	20,000,000	-	25,179,595	32,706,000	184,338	32,890,338
Avenue Special Situations Fund V	08/08/07	Distressed Debt	20,000,000	-	20,329,267	26,322,021	146,728	26,468,749
Bain Capital Fund X, L.P.	10/19/07	Buyout	25,000,000	762,500	24,300,000	15,117,993	16,362,007	31,480,000
Birch Hill Equity Partners III	08/26/05	Buyout	14,485,406	344,857	18,817,803	18,192,873	16,797,855	34,990,728
Braemar Energy Ventures III	10/21/11	Venture Capital	10,000,000	4,982,945	5,353,724	332,955	5,311,679	5,644,634
Carlyle Asia Partners IV, LP	06/03/14	Buyout	30,000,000	20,943,338	9,109,690	11,618	8,511,272	8,522,890
Castile Ventures III	11/30/06	Venture Capital	5,000,000	-	5,009,730	1,350,518	1,812,798	3,163,316
Centerbridge Capital Partners, L.P.	06/30/06	Distressed Debt	15,000,000	1,095,594	23,493,604	32,379,995	10,422,970	42,802,965
Centerbridge Capital Partners III, L.P.	10/24/14	Buyout	25,000,000	23,411,221	1,588,779	-	1,625,286	1,625,286
Centerbridge Special Credit Partners II, L.P.	03/01/12	Distressed Debt	25,000,000	2,500,000	22,500,000	-	24,524,512	24,524,512
Charterhouse Capital Partners VIII LP	03/10/06	Buyout	16,772,482	632,767	18,183,957	13,473,764	4,972,684	18,446,448
Coller International Partners IV, L.P.	09/28/02	Secondary	15,000,000	600,000	13,294,667	17,311,995	823,867	18,135,862
Coller International Partners V, L.P.	12/01/06	Secondary	15,000,000	3,270,000	12,520,679	12,824,332	6,006,985	18,831,317
Constellation Ventures III	09/26/08	Venture Capital	15,000,000	1,166,261	16,116,750	3,405,627	8,151,911	11,557,538
CVC Capital Partners Fund VI L.P.	10/16/13	Buyout	16,772,482	15,534,843	1,774,566	256,526	1,006,763	1,263,289
CVC European Equity Partners III	06/07/01	Buyout	20,000,000	899,966	23,158,043	59,551,716	533,413	60,085,129
CVC European Equity Partners IV	07/29/05	Buyout	18,449,731	2,146,458	21,266,657	34,048,656	5,212,259	39,260,915
CVC European Equity Partners V	07/31/08	Buyout	22,363,310	1,312,359	28,410,626	21,362,351	17,669,776	39,032,127
EnCap Energy Capital Fund IX, L.P.	12/19/12	Energy	18,000,000	8,951,805	9,302,438	254,286	8,692,783	8,947,069
EnCap Energy Capital Fund X, L.P.	03/05/15	Energy	25,000,000	24,070,941	929,059	-	808,994	808,994
Fenway Partners Capital Fund II	07/09/98	Buyout	15,000,000	232,336	18,513,234	20,037,332	2,095,100	22,132,432
Fenway Partners Capital Fund III	10/31/07	Buyout	15,000,000	1,332,363	16,909,970	12,822,077	5,561,998	18,384,075
First Reserve Fund X, L.P.	12/23/03	Buyout	20,000,000	-	19,999,999	36,485,800	106,676	36,592,476
First Reserve Fund XI, L.P.	07/28/06	Buyout	20,000,000	-	22,125,580	13,702,274	5,140,387	18,842,661
Focus Ventures III	03/30/06	Venture Capital	15,000,000	-	15,000,000	5,411,619	6,081,804	11,493,423
Garrison Opportunity Fund IV, LLC	04/20/15	Opportunistic Credit	30,000,000	19,231,437	10,768,563	(498,315)	11,523,791	11,025,476
Granite Global Ventures II	11/11/04	Venture Capital	15,000,000	675,000	14,333,475	8,295,316	13,068,774	21,364,090
Granite Global Ventures III	10/05/06	Venture Capital	15,000,000	375,000	14,625,328	15,731,089	17,325,718	33,056,807
Green Equity Investors V	01/30/07	Buyout	20,000,000	1,731,092	20,422,385	23,039,506	14,259,797	37,299,303
Industry Ventures Partnership Holdings III, LP	08/07/14	Venture Capital	25,000,000	14,500,000	10,562,702	693,526	11,518,157	12,211,683
Kayne Anderson Energy Fund III, L.P.	11/23/04	Buyout	15,000,000	366,426	15,965,344	14,983,515	561,215	15,544,730
Kayne Anderson Energy Fund IV, L.P.	11/17/06	Buyout	15,000,000	-	16,605,519	15,128,431	3,769,588	18,898,019

State of Rhode Island
Office of the General Treasurer
Private Equity
FY 2015

Investment (cont'd)	Closing Date	Investment Type	Commitment Amount	Unfunded Commitment	Total Funded	Total Distributed (A)	Fair Value at June 30, 2015 (B)	Total Value (A+B)
Leapfrog Ventures II	09/16/04	Venture Capital	10,000,000	510,000	9,490,000	6,811,564	4,164,850	10,976,414
Leeds Weld Equity Partners IV	07/30/04	Buyout	10,000,000	1,099,639	10,209,327	10,606,829	2,933,792	13,540,621
Lighthouse Capital Partners V	04/28/03	Venture Capital	11,250,000	787,500	10,462,500	12,023,162	281,815	12,304,977
Lighthouse Capital Partners VI	02/22/07	Venture Capital	15,000,000	750,000	14,250,000	17,181,040	3,599,498	20,780,538
LNK Partners	03/28/06	Buyout	12,500,000	533,451	11,968,802	12,880,287	6,762,551	19,642,838
MatlinPatterson Global Opportunities Fund	12/17/01	Distressed Debt	15,000,000	-	15,504,941	26,338,476	7,317	26,345,793
MHR Institutional Partners III	09/07/06	Distressed Debt	20,000,000	7,244,396	20,530,000	18,053,831	12,523,345	30,577,176
Nautic Partners V, L.P.	03/30/01	Buyout	20,000,000	641,735	20,325,743	40,079,878	1,953,466	42,033,344
Nautic Partners VI, L.P.	11/16/06	Buyout	20,000,000	769,033	23,966,362	25,461,724	21,954,938	47,416,662
Nautic Partners VII, L.P.	08/02/12	Buyout	20,000,000	13,026,757	6,973,243	-	10,058,416	10,058,416
Nordic Capital Fund V	12/23/02	Buyout	16,342,604	-	21,434,529	57,592,520	1,352,751	58,945,271
Nordic Capital Fund VI	12/14/05	Buyout	16,772,482	-	22,422,359	18,891,903	13,980,504	32,872,407
Nordic Capital Fund VII	06/04/08	Buyout	16,772,482	2,947,021	18,857,937	2,897,577	19,010,629	21,908,206
Nordic Capital Fund VIII	02/20/13	Buyout	16,772,482	8,958,194	8,973,965	343,026	8,041,589	8,384,615
Oaktree European Principal Fund III (U.S.), L.P.	10/27/11	Distressed Debt	20,000,000	7,274,412	14,400,000	1,684,935	15,499,730	17,184,665
Paine & Partners Capital Fund IV	12/18/14	Buyout	30,000,000	26,461,586	3,545,273	-	2,534,059	2,534,059
Paladin III	05/31/07	Venture Capital	10,000,000	1,635,871	10,825,968	5,187,745	7,924,498	13,112,243
Parthenon Investors II, L.P.	01/31/01	Buyout	23,960,000	1,821,022	23,409,381	36,875,200	2,014,782	38,889,982
Point 406 Ventures I	02/28/08	Venture Capital	10,000,000	840,000	10,011,265	4,123,844	13,726,629	17,850,473
Point Judith Venture Fund II	10/12/07	Venture Capital	5,000,000	348,072	5,707,260	1,800,986	4,708,854	6,509,840
Providence Equity Partners III, L.P.	11/24/98	Buyout	15,000,000	-	16,497,650	25,219,351	16,087	25,235,438
Providence Equity Partners IV, L.P.	10/11/00	Buyout	25,000,000	1,997,256	35,967,348	67,603,201	984,586	68,587,787
Providence Equity Partners V, L.P.	09/09/04	Buyout	25,000,000	2,174,212	31,076,031	29,082,240	9,892,019	38,974,259
Providence Equity Partners VI, L.P.	01/31/07	Buyout	25,000,000	2,159,467	27,984,765	20,223,875	16,818,879	37,042,754
Providence Equity Partners VII, L.P.	08/02/12	Buyout	25,000,000	14,720,886	11,298,497	1,005,196	11,598,988	12,604,184
Riverside Capital Appreciation Fund VI, L.P.	05/10/13	Buyout	20,000,000	12,696,341	7,303,659	6,360	7,445,379	7,451,739
Riverside Micro-Cap Fund III, L.P.	06/30/14	Buyout	20,000,000	8,237,103	11,762,897	(4,719)	14,623,586	14,618,867
Sorenson Capital Partners III, L.P.	10/08/14	Buyout	30,000,000	23,559,060	6,576,992	-	4,678,907	4,678,907
Summit Partners Credit Fund II, L.P.	01/23/14	Direct Lending	25,000,000	19,275,000	5,725,000	-	5,830,896	5,830,896
Summit Partners Credit Fund, LP	10/14/11	Direct Lending	20,000,000	-	20,158,295	10,291,949	13,308,361	23,600,310
Thomas, McNerney & Partners II, L.P.	07/19/06	Venture Capital	15,000,000	1,162,500	13,837,500	23,795,995	8,218,289	32,014,284
Thomas, McNerney & Partners, L.P.	09/30/02	Venture Capital	15,000,000	300,000	14,700,000	5,252,354	4,282,582	9,534,936
TPG Partners IV, L.P.	01/21/04	Buyout	15,000,000	64,421	16,672,684	27,120,405	5,433,963	32,554,368
TPG Partners V, L.P.	05/18/06	Buyout	20,000,000	2,331,489	20,988,095	15,368,531	13,034,317	28,402,848
TPG Partners VI, LP	05/09/08	Buyout	10,000,000	1,047,861	13,376,947	8,587,439	9,248,888	17,836,327
Trilantic Capital Partners IV L.P.	05/08/07	Buyout	11,098,351	1,512,818	11,121,025	12,836,133	5,628,311	18,464,444
W Capital Partners	12/23/03	Secondary	15,000,000	802,500	14,197,500	10,062,238	1,573,794	11,636,032
W Capital Partners II	08/29/07	Secondary	15,000,000	1,596,691	14,896,718	16,133,252	4,802,569	20,935,821

Strategy Exposure & Committed Capital – Real Estate



**State of Rhode Island
Office of the General Treasurer
Real Estate Holdings
June 30, 2015**

Limited Partnership	Inception Date	Partnership Commitment	Net Funding Thru June 30, 2015	Unfunded Balance	Market Values at June 30, 2015
AEW Core Property Trust	December, 2007	\$ 60,000,000	\$ 60,000,000	\$ -	\$ 79,975,576
Crow Holdings Retail Fund, LP	June, 2015	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
Exeter Industrial Value Fund III	June, 2014	\$ 30,000,000		\$ 30,000,000	\$ 9,189,730
GEM Realty V	August, 2013	\$ 50,000,000	\$ 5,349,375	\$ 44,650,625	\$ 14,772,811
Heitman	May, 2013	\$ 60,000,000	\$ 60,000,000	\$ -	\$ 66,311,457
IC Berkeley Partners III	June, 2014	\$ 18,000,000	\$ 8,766,326	\$ 9,233,674	\$ 10,509,616
JPMorgan Strategic Property Fund	March, 2006	\$ 75,000,000	\$ 50,000,000	\$ 25,000,000	\$ 215,091
JPMorgan Alternative Property Fund	March, 2006	\$ 20,000,000	\$ 20,000,000	\$ -	\$ 94,849,702
Lone Star Real Estate Fund IV	April, 2015	\$ 24,260,817	\$ -	\$ 24,260,817	\$ -
Magna Hotel	September, 2008	\$ 4,000,000	\$ 3,332,455	\$ 667,545	\$ 3,774,495
Morgan Stanley Prime Property Fund	September, 2005	\$ 35,000,000	\$ 35,000,000	\$ -	\$ 54,833,631
Prudential Real Estate Investors (PRISA)	September, 2005	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 67,374,729
Tri Continental Fund VII	June, 2005	\$ 15,000,000	\$ 14,571,533	\$ 428,467	\$ 1,466,693
Waterton Venture Fund XII	May, 2014	\$ 35,000,000	\$ 9,963,304	\$ 25,036,696	\$ 10,749,271

State of Rhode Island
Office of the General Treasurer
Infrastructure Holdings
June 30, 2015

Investment	Inception Date	Partnership Commitment	Total Funded	Total Unfunded	Market Value at June 30, 2015
Harvest Fund Advisors	January, 2015	\$ 160,000,000	\$ 140,000,000	\$ 20,000,000	\$ 115,143,893
IFM Global Infrastructure, L.P.	July, 2013	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,596,938
ISQ Global Infrastructure Fund, L.P.	January, 2015	\$ 50,000,000	\$ 2,068,639	\$ 47,931,361	\$ 97,900

TOTAL NET OF FEES

6/30/2015

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	1 Year	Annualized			ITD	Inception Date
							3 Years	5 Years	10 Years		
SSGA R3000 INDEX <i>Russell 3000 Index</i>	1,899,731,458	24	-1.69 -1.67	1.96 1.94	7.36 7.29	7.36 7.29				16.90 16.90	10/1/2012 10/1/2012
US Public Equity <i>Russell 3000 Index</i>	1,899,731,533	24	-1.69 -1.67	1.96 1.94	7.36 7.29	7.36 7.29	17.52 17.73	16.97 17.54		7.09 7.11	8/1/2007 8/1/2007
SSGA MSCI EAFE <i>MSCI EAFE Net Dividend Index</i>	1,295,196,688	16	-2.81 -2.83	5.70 5.52	-4.05 -4.22	-4.05 -4.22				11.51 11.23	9/1/2012 9/1/2012
SSGA MSCI CANADA <i>MSCI Canada Net Dividend Index</i>	135,255,061	2	-2.88 -2.94	-6.63 -6.91	-14.79 -15.32	-14.79 -15.32				2.12 1.45	9/1/2012 9/1/2012
SSGA MSCI EM <i>MSCI Emerging Markets Net Dividend Index</i>	432,111,808	5	-2.75 -2.60	2.56 2.95	-5.49 -5.12	-5.49 -5.12				3.11 3.35	9/1/2012 9/1/2012
Non-US Public Equity <i>Total International Equity BM</i>	1,862,563,636	23	-2.80 -2.79	4.09 4.03	-5.16 -5.26	-5.16 -5.26	9.51 9.28	7.90 7.95		10.24 9.26	5/1/2009 5/1/2009
Global Public Equity <i>MSCI All Country World Net Index</i>	3,762,295,168	47	-2.24 -2.35	2.99 2.66	1.08 0.71	1.08 0.71	13.59 13.01	13.17 11.93	6.80 6.41	4.12	7/1/2000 7/1/2000
Private Equity <i>ILPA All Fds Custom BM 1Q Lag</i>	531,300,633	7	-0.06 -0.06	4.94 7.58	5.10 12.77	5.10 12.77	10.50 18.98	11.47 19.73	9.00 10.61	9.16	2/1/1989 2/1/1989
Equity Hedge Funds <i>HFRI Equity Hedge (Total) Index</i>	624,131,472	8	-0.24 -0.75	4.29 4.05	4.23 2.59	4.23 2.59	9.79 8.44			8.37 6.56	11/1/2011 11/1/2011
Total Equity	4,917,727,273	62	-1.76	3.38	1.90	1.90	12.70	12.54	6.87	9.35	6/1/1996
MACKAY SHIELDS <i>Barclays U.S. Aggregate Bond Index</i>	565,448,399	7	-1.12 -1.09	0.01 -0.10	1.83 1.86	1.83 1.86				1.57 1.38	11/1/2012 11/1/2012
PYRAMIS GLOBAL ADV <i>Barclays U.S. Aggregate Bond Index</i>	556,571,914	7	-1.06 -1.09	-0.12 -0.10	1.57 1.86	1.57 1.86				1.43 1.38	11/1/2012 11/1/2012
Traditional Fixed Income <i>Barclays U.S. Aggregate Bond Index</i>	1,122,022,941	14	-1.09 -1.09	-0.06 -0.10	1.70 1.86	1.70 1.86	2.52 1.83	3.84 3.35	4.60 4.44	5.55 5.42	7/1/2000 7/1/2000
Real Return Hedge Funds <i>HFRI Fund of Funds Composite Index</i>	547,212,876	7	-1.27 -1.16	2.64 2.61	5.09 3.86	5.09 3.86	6.32 6.24			5.43 4.92	11/1/2011 11/1/2011

TOTAL NET OF FEES

6/30/2015

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	1 Year	Annualized			ITD	Inception Date
							3 Years	5 Years	10 Years		
PIMCO 30%BoA1-3BB-BHY/70% JPMB/BLLI	207,774,826	3	-0.29 -0.27	2.74 2.96	2.09 2.68	2.09 2.68				2.82 3.81	5/1/2013 5/1/2013
WAMCO 30% BoA 1-3 BB-B HY/70% CS LLI	206,360,588	3	-0.86 -0.31	2.09 2.78	-0.23 2.18	-0.23 2.18				2.59 3.87	4/1/2013 4/1/2013
Credit Aggregate Credit Aggregate	414,135,413	5	-0.58 -0.29	2.41 2.96	0.91 2.67	0.91 2.67				2.59 3.81	5/1/2013 5/1/2013
30%BoA1-3BB-BHY/70% JPMB/BLLI			-0.27	2.96	2.68	2.68				4.17	3/1/2013
BROWN BROTHERS HARR BBH Inflation-Linked Custom BM	285,596,695	4	-0.58 -0.55	1.36 1.05	0.19 -0.23	0.19 -0.23				-0.13 -0.33	11/1/2012 11/1/2012
Inflation-Linked Bonds Total Inflation Linked Custom	285,596,695	4	-0.58 -0.55	1.36 1.05	0.19 -0.23	0.19 -0.23	0.85 0.69	4.31 4.20		4.70 4.58	11/1/2009 11/1/2009
Harvest Fund Advisor Alerian MLP Infrastructure Index (TR)	115,130,724	1	-5.27 -8.80	-5.05 -11.02						-5.05 -11.02	1/1/2015 1/1/2015
Priv Listed Infrastructure	49,817,628	1	-1.98							-5.91	3/1/2015
Total Real Return	1,411,893,338	18	-1.29	1.54	1.90	1.90	3.98	5.78	5.49	5.86	6/1/2004
Real Estate NFI-ODCE Index	402,671,050	5	0.32 0.32	6.06 6.02	11.83 12.45	11.83 12.45	9.20 12.05	11.58 13.50	2.12 9.27	1.82 9.69	1/1/2005 1/1/2005
ERSRI CASH BofA Merrill Lynch 3 Month US Treasury Bill G001	95,060,939	1	0.00 0.00	0.23 0.01	0.90 0.02	0.90 0.02	0.38 0.06	0.30 0.08	2.97 1.42	14.17 1.82	7/1/2000 7/1/2000
Total Cash	100,576,664	1	0.00	0.23	0.89	0.89	0.39	0.31	2.11	2.55	4/1/2004
Russell Overlay Fd	11,212,399	0	0.01	-0.04	-0.01	-0.01	0.08	-0.13		-0.09	9/1/2008
TOTAL PLAN Total Plan Benchmark 60/40 Blend	7,967,118,454	100	-1.45 -1.50 -1.85	2.63 2.59 1.63	2.22 2.47 1.27	2.22 2.47 1.27	9.33 9.48 8.51	9.77 10.14 8.68	6.05 6.18 5.98	4.80	7/1/2000 7/1/2000 7/1/2000
Total Plan ex PE,RE & Priv Inf Total Plan BM ex PE RE	6,983,329,143	88	-1.65 -1.72	2.29 2.00	1.57 1.11	1.57 1.11	8.79 8.80	9.28 9.59	5.87 5.82	6.46	4/1/1996 4/1/1996

TOTAL NET OF FEES

6/30/2015

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative				Inception Date		
				5/1/2015 - 5/31/2015	4/1/2015 - 4/30/2015	YTD	2014		2013	2012
SSGA R3000 INDEX <i>Russell 3000 Index</i>	1,899,731,458	24	-1.69	1.36	0.46	1.96	12.59	33.49		10/1/2012
			-1.67	1.38	0.45	1.94	12.56	33.55		10/1/2012
US Public Equity <i>Russell 3000 Index</i>	1,899,731,533	24	-1.69	1.36	0.46	1.96	12.57	33.48	15.66	8/1/2007
			-1.67	1.38	0.45	1.94	12.56	33.55	16.42	8/1/2007
SSGA MSCI EAFE <i>MSCI EAFE Net Dividend Index</i>	1,295,196,688	16	-2.81	-0.46	4.15	5.70	-4.64	23.08		9/1/2012
			-2.83	-0.51	4.08	5.52	-4.90	22.78		9/1/2012
SSGA MSCI CANADA <i>MSCI Canada Net Dividend Index</i>	135,255,061	2	-2.88	-4.49	6.99	-6.63	2.17	6.35		9/1/2012
			-2.94	-4.53	6.93	-6.91	1.51	5.63		9/1/2012
SSGA MSCI EM <i>MSCI Emerging Markets Net Dividend Index</i>	432,111,808	5	-2.75	-4.01	7.65	2.56	-2.34	-2.81		9/1/2012
			-2.60	-4.00	7.69	2.95	-2.19	-2.60		9/1/2012
Non-US Public Equity <i>Total International Equity BM</i>	1,862,563,636	23	-2.80	-1.54	5.15	4.09	-3.63	15.18	17.02	5/1/2009
			-2.79	-1.56	5.05	4.03	-3.87	15.29	16.52	5/1/2009
Global Public Equity <i>MSCI All Country World Net Index</i>	3,762,295,168	47	-2.24	-0.11	2.78	2.99	4.35	23.90	17.82	7/1/2000
			-2.35	-0.13	2.90	2.66	4.16	22.80	16.13	7/1/2000
Private Equity <i>ILPA All Fds Custom BM 1Q Lag</i>	531,300,633	7	-0.06	3.69	1.77	4.94	7.70	14.86	11.77	2/1/1989
			-0.06	3.69	1.77	7.58	16.38	25.14	19.44	2/1/1989
Equity Hedge Funds <i>HFRI Equity Hedge (Total) Index</i>	624,131,472	8	-0.24	1.43	-0.33	4.29	2.64	17.11	7.98	11/1/2011
			-0.75	1.04	1.72	4.05	1.81	14.28	7.41	11/1/2011
Total Equity	4,917,727,273	62	-1.76	0.48	2.28	3.38	4.48	21.95	15.88	6/1/1996
MACKAY SHIELDS <i>Barclays U.S. Aggregate Bond Index</i>	565,448,399	7	-1.12	-0.36	-0.30	0.01	6.00	-1.79		11/1/2012
			-1.09	-0.24	-0.36	-0.10	5.97	-2.02		11/1/2012
PYRAMIS GLOBAL ADV <i>Barclays U.S. Aggregate Bond Index</i>	556,571,914	7	-1.06	-0.36	-0.25	-0.12	5.83	-1.93		11/1/2012
			-1.09	-0.24	-0.36	-0.10	5.97	-2.02		11/1/2012
Traditional Fixed Income <i>Barclays U.S. Aggregate Bond Index</i>	1,122,022,941	14	-1.09	-0.36	-0.27	-0.06	5.91	-1.86	7.95	7/1/2000
			-1.09	-0.24	-0.36	-0.10	5.97	-2.02	4.21	7/1/2000
Real Return Hedge Funds <i>HFRI Fund of Funds Composite Index</i>	547,212,876	7	-1.27	0.83	-0.22	2.64	4.70	6.96	5.33	11/1/2011
			-1.16	1.01	0.27	2.61	3.37	8.96	4.79	11/1/2011

TOTAL NET OF FEES

6/30/2015

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative				Inception Date		
				5/1/2015 - 5/31/2015	4/1/2015 - 4/30/2015	YTD	2014		2013	2012
PIMCO 30%BoA1-3BB-BHY/70% JPMB/BLLI	207,774,826	3	-0.29 -0.27	0.06 0.25	0.71 0.80	2.74 2.96	1.22 2.11	5/1/2013 5/1/2013		
WAMCO 30% BoA 1-3 BB-B HY/70% CS LLI	206,360,588	3	-0.86 -0.31	0.30 0.29	0.88 0.88	2.09 2.78	0.10 2.03	4/1/2013 4/1/2013		
Credit Aggregate Credit Aggregate	414,135,413	5	-0.58 -0.29	0.17 0.27	0.79 0.80	2.41 2.96	0.66 2.11	5/1/2013 5/1/2013		
30%BoA1-3BB-BHY/70% JPMB/BLLI			-0.27	0.25	0.80	2.96	2.11	3/1/2013		
BROWN BROTHERS HARR BBH Inflation-Linked Custom BM	285,596,695	4	-0.58 -0.55	-0.32 -0.53	0.72 0.56	1.36 1.05	1.72 2.04	-5.03 -5.13	11/1/2012 11/1/2012	
Inflation-Linked Bonds Total Inflation Linked Custom	285,596,695	4	-0.58 -0.55	-0.32 -0.53	0.72 0.56	1.36 1.05	1.72 2.04	-5.03 -5.13	9.20 8.57	11/1/2009 11/1/2009
Harvest Fund Advisor Alerian MLP Infrastructure Index (TR)	115,130,724	1	-5.27 -8.80	-1.76 -2.88	4.71 5.91	-5.05 -11.02			1/1/2015 1/1/2015	
Priv Listed Infrastructure CPI + 4%	49,817,628	1	-1.98	-4.01 0.82	0.00 0.52				3/1/2015 3/1/2015	
Total Real Return	1,411,893,338	18	-1.29	0.07	0.65	1.54	2.74	3.39	6.55	6/1/2004
Real Estate NFI-ODCE Index	402,671,050	5	0.32 0.32	0.48 0.48	2.06 2.10	6.06 6.02	10.90 12.26	5.65 12.00	9.62 12.00	1/1/2005 1/1/2005
ERSRI CASH BofA Merrill Lynch 3 Month US Treasury Bill GOO1	95,060,939	1	0.00 0.00	0.00 0.00	0.01 0.00	0.23 0.01	0.75 0.03	0.14 0.07	0.11 0.11	7/1/2000 7/1/2000
Total Cash	100,576,664	1	0.00	0.00	0.01	0.23	0.74	0.13	0.18	4/1/2004
Russell Overlay Fd	11,212,399	0	0.01	-0.02	0.02	-0.04	-0.02	0.17	0.18	9/1/2008
TOTAL PLAN ¹ Total Plan Benchmark 60/40 Blend	7,967,118,454	100	-1.45 -1.50 -1.85	0.27 0.28 -0.17	1.61 1.79 1.60	2.63 2.59 1.63	4.49 5.04 4.96	14.06 14.47 12.32	12.49 11.81 11.48	7/1/2000 7/1/2000 7/1/2000
Total Plan ex Overlay Total Plan Benchmark	7,955,906,055	100	-1.46 -1.50	0.29 0.28	1.60 1.79	2.66 2.59	4.52 5.04	13.87 14.47	12.39 11.81	8/1/2008 8/1/2008

TOTAL NET OF FEES

6/30/2015

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative		YTD	2014	2013	2012	Inception Date
				5/1/2015 - 5/31/2015	4/1/2015 - 4/30/2015					
Total Plan ex PE,RE & Priv Inf	6,983,329,143	88	-1.65	0.02	1.57	2.29	3.98	14.33	11.25	4/1/1996
Total Plan BM ex PE RE			-1.72	0.00	1.78	2.00	3.90	14.57	12.08	4/1/1996

END NOTES

6/30/2015

1 RI6G23000000 TOTAL PLAN

Month - Current Month

Cumulative Months - Prior Month and Second Prior Month

Monthly Reporting for Private Equity and Real Estate skew performance on an actual and benchmark basis due to nature of valuations

2014, 2013, 2012 - Calendar Years

RI6G23000000 TOTAL PLAN

The current composition of the Total Plan Benchmark is as follows:

15.0% Barclays U.S. Aggregate Bond Index

44.5% MSCI All Country World Net Index

7.0% HFRI Fund of Funds Composite Index

3.0% BofA Merrill Lynch 3 Month US Treasury Bill

8.0% HFRI Equity Hedge (Total) Index

5.0% NFI-ODCE Index

4.0% Barclays U.S. Treasury Inflation Notes: 1-10 Year Index

5.0% Credit Aggregate Custom: 30% BoA1-3BB-B HY/35%CSInstLLI/35% JPM BB/B Leveraged Loan Index

7.0% ILPA All Funds Index

1.5% Alerian MLP Total Return Index

Employees' Retirement System of the State of Rhode Island

Hedge Fund Portfolio
 Portfolio Performance Summary
 Estimated as of June 30, 2015

Fund	Market Value	Actual %	Returns								Std Dev	Sharpe Ratio	Incep Date
			Jun	QTD	YTD	FYTD	1 Year	3 Year	5 Year	Incep			
Global Equities													
Ascend Partners Fund II LP	73,007,067	6.2%	-0.48%	0.08%	1.83%	3.76%	3.76%	6.12%	-	5.50%	2.57%	1.98	Nov-11
Davidson Kempner Institutional Partners, L.P.	75,519,926	6.4%	-0.41%	0.51%	1.58%	0.26%	0.26%	6.73%	-	6.48%	2.13%	2.81	Nov-11
Elliott Associates, L.P.	84,642,043	7.2%	1.00%	2.62%	2.87%	6.57%	6.57%	11.09%	-	9.84%	3.27%	2.80	Nov-11
ESG Cross Border Equity Fund LP	45,906,030	3.9%	-4.00%	-2.28%	-0.73%	-8.25%	-8.25%	-	-	-7.52%	7.08%	-1.10	Jun-14
Indus Asia Pacific Fund, LP	733,609	0.1%	0.02%	-1.90%	-1.30%	-13.96%	-13.96%	-2.61%	-	-2.15%	6.64%	-0.34	Jan-12
Luxor Capital Partners, LP	46,475,706	4.0%	1.12%	4.22%	4.46%	-5.41%	-5.41%	-	-	-6.07%	9.37%	-0.65	May-14
PFM Diversified Fund, L.P.	84,411,277	7.2%	-0.55%	3.37%	10.36%	13.71%	13.71%	14.78%	-	11.02%	9.01%	1.18	Mar-12
Samlyn Onshore Fund, L.P.	114,934,965	9.8%	0.56%	-0.12%	6.55%	13.20%	13.20%	14.23%	-	12.84%	5.59%	2.15	Jan-12
Viking Global Equities, LP	99,765,039	8.5%	0.20%	0.82%	5.62%	12.73%	12.73%	15.87%	-	15.25%	5.57%	2.53	Dec-11
Total Global Equities	625,395,660	53.3%	-0.14%	1.10%	4.49%	4.49%	4.49%	9.86%	-	8.37%	3.89%	2.01	Nov-11
MSCI AC World Index Free - Net			-2.35%	0.35%	2.66%	0.71%	0.71%	13.01%	-	11.21%	10.55%	1.03	Nov-11
Russell 3000 Index (DRI)			-1.67%	0.14%	1.94%	7.29%	7.29%	17.74%	-	17.28%	9.40%	1.72	Nov-11
HFRI Equity Hedge (Total) Index			-0.75%	2.01%	4.05%	2.59%	2.59%	8.44%	-	6.56%	5.74%	1.08	Nov-11
Real Return													
BlueCrest Capital LP	20,268,566	1.7%	-0.38%	3.53%	-2.79%	-3.39%	-3.39%	-0.33%	-	0.38%	4.26%	0.04	Jan-12
Brevan Howard LP	81,206,851	6.9%	-1.11%	-1.47%	1.57%	5.40%	5.40%	3.57%	-	2.19%	5.21%	0.38	Nov-11
Brigade Leveraged Capital Structures Fund LP	58,147,777	5.0%	-2.17%	0.79%	4.09%	-0.44%	-0.44%	4.65%	-	4.63%	3.58%	1.20	Mar-12
Capula Global Relative Value Fund Ltd.	60,790,737	5.2%	0.20%	0.80%	4.24%	8.96%	8.96%	7.09%	-	5.60%	2.03%	2.55	Dec-11
Claren Road Credit Fund, Ltd.	43,561,490	3.7%	-4.81%	-5.84%	-4.63%	-16.01%	-16.01%	-	-	-5.94%	8.05%	-0.75	Apr-13
DE Shaw Composite Fund LLC	84,751,328	7.2%		1.90%	8.69%	15.40%	15.40%	17.05%	-	15.48%	4.49%	3.17	Nov-11
Graham Global Investment Fund I SPC Ltd. - Discretionary Segregated Port	55,760,986	4.8%	-1.00%	-1.73%	0.45%	7.40%	7.40%	3.54%	-	3.16%	4.15%	0.70	Jan-12
OZ Domestic Partners II, L.P.	106,907,734	9.1%	-0.52%	0.30%	4.22%	8.08%	8.08%	10.83%	-	10.15%	3.61%	2.62	Nov-11
Winton Futures Fund Limited	35,817,406	3.1%	-3.12%	-6.37%	-1.92%	10.29%	10.29%	7.11%	-	5.07%	8.38%	0.60	Dec-11
Total Real Return	547,212,876	46.7%	-1.29%	-0.69%	2.62%	5.06%	5.06%	6.31%	-	5.42%	2.65%	1.89	Nov-11
ML 3-month T-Bills			0.00%	0.01%	0.01%	0.02%	0.02%	0.06%	-	0.06%	0.02%	-	Nov-11
HFRI Fund of Funds Composite Index			-1.16%	0.11%	2.61%	3.86%	3.86%	6.24%	-	4.92%	3.21%	1.41	Nov-11
Total Hedge Fund Portfolio	1,172,608,537	100.0%	-0.68%	0.26%	3.61%	4.70%	4.70%	8.21%	-	7.02%	3.06%	2.14	Nov-11
HFRI Fund of Funds Composite Index			-1.16%	0.11%	2.61%	3.86%	3.86%	6.24%	-	4.92%	3.21%	1.41	Nov-11
Market Indices													
Libor3Month			0.02%	0.07%	0.13%	0.25%	0.25%	0.27%	-	0.31%	0.03%	-	Nov-11
Barclays Aggregate Bond Index			-1.09%	-1.68%	-0.10%	1.84%	1.84%	1.83%	-	2.42%	2.83%	0.75	Nov-11
Barclays High Yield Credit Bond Index			-1.49%	0.00%	2.52%	-0.39%	-0.39%	6.82%	-	7.71%	4.79%	1.51	Nov-11
S&P 500 TR			-1.94%	0.28%	1.23%	7.42%	7.42%	17.31%	-	17.06%	9.21%	1.73	Nov-11
MSCI EAFE - Net			-2.83%	0.62%	5.52%	-4.22%	-4.22%	11.97%	-	8.80%	12.97%	0.69	Nov-11
MSCI EMF (Emerging Markets Free) - Net			-2.60%	0.69%	2.95%	-5.12%	-5.12%	3.71%	-	1.84%	15.11%	0.17	Nov-11

Employees' Retirement System of the State of Rhode Island

Hedge Fund Portfolio
 Portfolio Performance Summary
 Estimated as of June 30, 2015

Fund	Market Value	Actual %	Jun	QTD	YTD	Returns				Std Dev	Sharpe Ratio	Incep Date
						FYTD	1 Year	3 Year	5 Year			

Most recent month returns are based on manager estimates; prior months use final market values.

Hedge Fund Research, Inc. ("HFR") is the source and owner of the HFR data contained or reflected in this report. The HFR indices included in this report are revised by HFR for up to three months following their initial release. The revisions are reflected in the trailing period returns.

This report reflects information only through the date hereof. Our due diligence and reporting rely upon the accuracy and completeness of financial information (which may or may not be audited by the fund manager) and other information publicly available or provided to us by the fund manager, its professional staff, and references we have contacted and other third parties. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may not be disclosed except as required by applicable law.

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Employees' Retirement System of the State of Rhode Island

Hedge Fund Portfolio
Fund Level Performance Report
Estimated as of June 30, 2015

Fund	Trailing Returns					Calendar Year Returns					5 Yr Std Dev	Sharpe Ratio			Start Date			
	QTD	YTD	Jun	May	Apr	1 Year	3 Year	5 Year	2014	2013		2012	2011	2010		3 yr	5 yr	Incep.
Global Equities																		
Ascend Partners Fund II LP	0.08%	1.82%	-0.48%	0.41%	0.15%	3.74%	6.15%	4.45%	5.09%	12.22%	2.50%	-3.02%	2.94%	3.27%	2.06	1.25	1.12	Jan-04
Davidson Kempner Institutional Partners, LP	0.52%	1.54%	-0.41%	0.47%	0.46%	0.14%	6.15%	5.56%	4.19%	9.20%	6.87%	1.27%	9.17%	2.63%	2.62	1.96	1.55	Mar-96
Elliott Associates, L.P. (HFR98)	2.62%	2.61%	1.00%	1.00%	0.60%	6.11%	10.54%	8.45%	8.24%	12.44%	13.18%	3.94%	7.39%	2.87%	3.47	2.74	1.94	Jan-90
ESG Cross Border Equity	-2.28%	-0.73%	-4.00%	2.00%	-0.20%	-8.31%	2.73%	5.91%	-7.16%	13.59%	6.74%	9.45%	10.86%	6.24%	0.41	0.90	0.86	Jan-04
Luxor Capital Partners, LP	4.11%	4.21%	1.12%	2.81%	0.14%	-5.90%	5.00%	4.28%	-9.83%	19.53%	5.21%	-2.89%	8.27%	6.75%	0.67	0.61	0.97	Apr-02
PFM Diversified Fund, LP	3.31%	10.11%	-0.55%	3.72%	0.16%	13.35%	14.38%	8.38%	2.84%	22.17%	5.59%	-3.35%	4.36%	8.01%	1.58	1.01	1.03	Nov-04
Samlyn Capital - Composite	-0.24%	6.25%	0.56%	0.48%	-1.27%	12.74%	13.99%	9.78%	9.24%	18.93%	10.49%	-5.05%	1.98%	7.05%	2.45	1.32	1.28	Mar-07
Viking Global Equities	0.77%	5.67%	0.20%	2.10%	-1.50%	12.77%	15.77%	14.29%	13.47%	22.65%	12.75%	7.71%	3.67%	5.58%	2.48	2.38	1.56	Oct-99
Real Return																		
BlueCrest Capital International Limited	3.54%	-2.76%	-0.38%	1.16%	2.74%	-3.34%	-0.29%	2.12%	0.16%	-1.55%	5.82%	6.10%	12.80%	3.80%	-0.10	0.49	1.45	Dec-00
Brevan Howard L.P. (Series B)	-1.47%	1.56%	-1.11%	0.95%	-1.30%	5.38%	3.71%	3.73%	-0.78%	2.68%	3.91%	12.21%	0.98%	5.59%	0.64	0.63	1.09	Sep-05
Brigade Leveraged Capital Structures Fund	0.80%	4.09%	-2.17%	1.13%	1.88%	-0.44%	4.66%	4.69%	0.61%	6.13%	6.91%	2.55%	7.66%	3.31%	1.17	1.31	0.81	Jan-07
Capula Global Relative Value Fund Limited	0.75%	4.19%	0.20%	0.65%	-0.10%	8.91%	7.05%	5.82%	8.14%	7.60%	0.41%	6.19%	9.58%	2.12%	3.62	2.54	1.78	Oct-05
Claren Road Credit Master Fund	-5.97%	-4.91%	-4.87%	-1.46%	0.31%	-16.48%	-2.86%	-0.23%	-10.10%	5.43%	1.49%	6.88%	4.64%	6.19%	-0.39	-0.06	0.77	Jan-06
DE Shaw Composite International Fund	1.84%	8.45%				15.23%	15.25%	11.92%	15.46%	11.51%	13.94%	3.69%	1.56%	4.27%	3.20	2.60	1.55	Mar-01
Graham Discretionary - 6V Portfolio	-1.74%	0.45%	-1.00%	0.90%	-1.63%	7.45%	3.55%	3.56%	3.23%	3.62%	3.79%	3.59%	7.12%	3.72%	0.76	0.88	0.82	Jun-04
OZ Master Fund, Ltd	0.29%	4.12%	-0.52%	1.04%	-0.22%	7.68%	10.14%	8.55%	5.45%	14.20%	12.01%	0.17%	8.62%	3.66%	2.61	2.18	1.26	Jan-04
Winton Futures Fund - USD Class B	-6.37%	-1.92%	-3.12%	0.74%	-4.06%	10.30%	7.13%	6.07%	13.88%	9.43%	-3.56%	6.29%	14.47%	8.42%	0.79	0.71	0.71	Oct-97
Benchmarks																		
HFRI Fund of Funds Composite Index	0.09%	2.59%	-1.16%	1.01%	0.26%	3.85%	6.24%	4.08%	3.37%	8.96%	4.79%	-5.72%	5.70%	3.82%	1.99	0.99	0.66	Jan-90
HFRI Fund Weighted Composite Index	0.22%	2.44%	-1.30%	0.64%	0.89%	2.27%	6.37%	5.12%	2.98%	9.13%	6.36%	-5.25%	10.25%	4.92%	1.81	0.98	1.02	Jan-90
Market Indices																		
3 Month Libor - BOM	0.07%	0.13%	0.02%	0.02%	0.02%	0.26%	0.27%	0.31%	0.23%	0.26%	0.42%	0.35%	0.35%	0.03%				Mar-86
Barclays Aggregate Bond Index	-1.68%	-0.10%	-1.09%	-0.24%	-0.36%	1.84%	1.83%	3.36%	5.94%	-2.02%	4.23%	7.86%	6.56%	2.82%				Jan-76
Barclays High Yield Credit Bond Index	0.00%	2.52%	-1.49%	0.30%	1.21%	-0.39%	6.82%	8.62%	2.46%	7.46%	15.81%	4.98%	15.11%	6.00%				Jul-83
S&P 500 (TR)	0.28%	1.23%	-1.94%	1.29%	0.96%	7.42%	17.31%	17.34%	13.69%	32.39%	16.00%	2.11%	15.06%	12.00%				Jan-70
MSCI EAFE - Net - USD	0.62%	5.52%	-2.83%	-0.51%	4.08%	-4.22%	11.97%	9.54%	-4.90%	22.78%	17.32%	-12.14%	7.75%	15.73%				Dec-69
MSCI EM (EMERGING MARKETS) - Net - USD	0.69%	2.95%	-2.60%	-4.00%	7.69%	-5.12%	3.71%	3.68%	-2.19%	-2.60%	18.22%	-18.42%	18.88%	18.05%				Jan-99

Note: The above is manager composite history.

Portfolio Summary

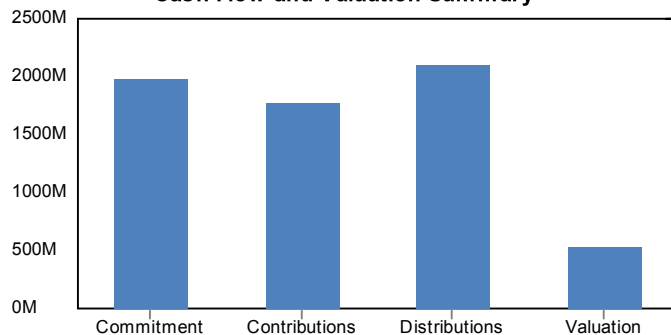
6/30/2015

All Portfolio Investments

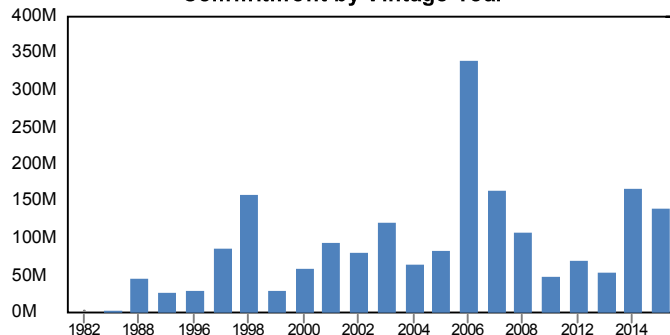
Performance Summary

Asset Class	Investment Type	Number of Investments	Commitment	Contributions	Distributions	Adjusted Valuation	Multiple of Cost	IRR	TWR	
Private Equity Funds	Agriculture	1	30,000,000	3,545,273	0	2,710,392	0.76	-85.56	-85.56	
	Buyout	72	1,171,813,567	1,090,671,677	1,369,172,476	286,443,961	1.52	12.97	13.05	
	Direct Lending	2	45,000,000	25,883,295	10,291,949	19,031,923	1.13	8.77	8.03	
	Distressed Debt	13	213,000,000	204,237,782	209,555,383	74,998,125	1.39	10.76	10.56	
	Energy	8	148,000,000	122,737,380	173,266,721	20,224,554	1.58	24.13	8.21	
	Fund of Funds	1	45,000,000	45,000,000	106,748,821	0	2.37	19.94	-100.00	
	Secondary	4	60,000,000	54,909,565	56,331,819	12,760,411	1.26	6.93	5.97	
	Venture Capital	21	271,250,000	234,748,723	180,759,928	125,859,597	1.31	5.56	2.11	
	Total: Private Equity Funds		122	1,984,063,567	1,781,733,696	2,106,127,098	542,028,963	1.49	13.52	10.94
	Total:		122	1,984,063,567	1,781,733,696	2,106,127,098	542,028,963	1.49	13.52	10.94

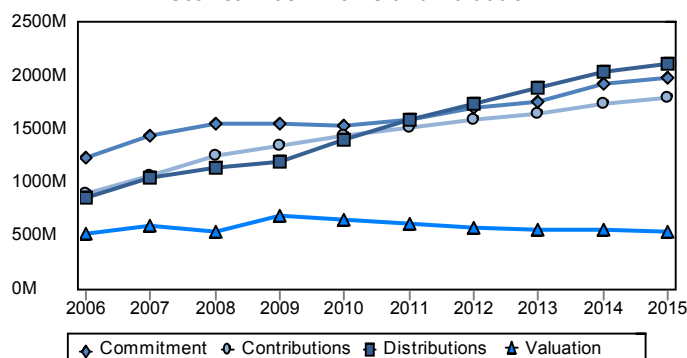
Cash Flow and Valuation Summary



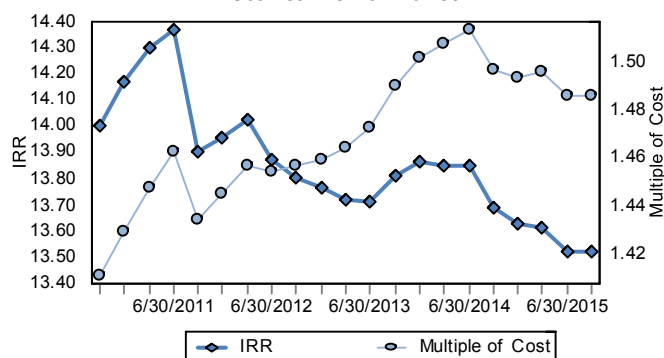
Commitment by Vintage Year



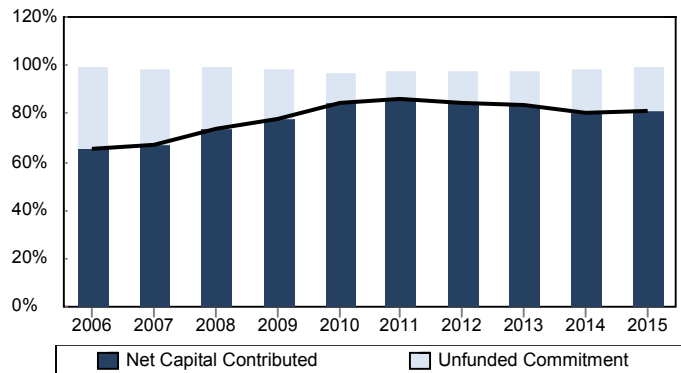
Historical Cash Flows and Valuation



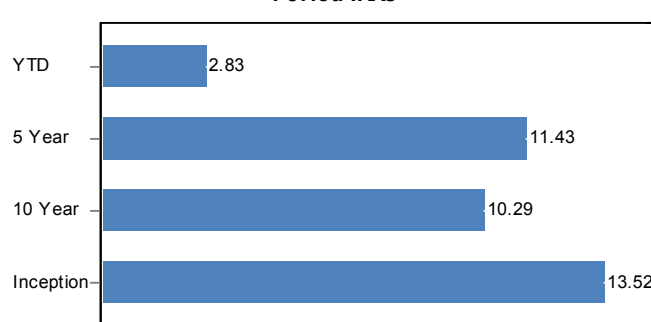
Historical Performance



Historical Percent Funded



Period IRRs



**MINUTES FROM FY2015
STATE INVESTMENT COMMISSION MEETINGS**



State Investment Commission
Monthly Meeting Minutes
Wednesday, July 23, 2014
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:04 a.m., Wednesday, July 23, 2014 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Robert Giudici, Ms. Faith LaSalle, Ms. Paula McNamara, Ms. Marcia Reback, Mr. Andrew Reilly, Mr. Frank Karpinski, and General Treasurer Gina Raimondo.

Also in attendance:

Mr. Steve Buckley and Mr. Kirk Kashevaroff of MacKay Shields; Mr. John Burns and Mr. David Glickman of Pension Consulting Alliance (PCA), general consultant; Ms. Christina Menard and Mr. Gregory Miller of ING/Voya Financial; Mr. Greg Balewicz of State Street Global Advisors (SSGA); Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff.

Treasurer Raimondo called the meeting to order at 9:04 a.m.

Mr. Thomas Fay and Mr. Thomas Mullaney were absent.

II. Approval of Minutes

On a motion by Ms. McNamara and seconded by Mr. Costello, it was unanimously

VOTED: to approve the draft of the minutes of the June 25, 2014 meeting of the State Investment Commission.

III. Fixed Income Annual Review

Mr. Kashevaroff talked about the role core bonds play in the portfolio. He noted the current yield on bonds is 2.2%. He reviewed the relative sensitivity of assets to movements in interest rates. If rates were to rise 1%, the index would lose 5%.

He reviewed the historical composition of the market going back to 1990 and explained that general allocations have not shifted significantly over time. He noted the investment grade market tends to be more correlated to interest rates relative to other parts of the market.

He reviewed the historical performance and said fixed income markets have had a thirty-year bull run with the decline of interest rates. It has been a tremendous performance history with some periods of outsized performance. There have been only three calendar years in the last thirty years in which there have been negative returns. Every time the equity market experienced a very sharp backup, when economic conditions start to turn, the core fixed income asset class tended to do pretty well.

Mr. Kashevaroff said the expectation is when the Fed is ready to start raising rates, credit spreads will continue to stay relatively unchanged. MacKay doesn't anticipate massive widening in the market.

They feel now that the markets' expectations have been more aligned with what the Fed is doing, they don't see the market dislocating like last May or June.

Ms. Fink asked if they believe credit spreads will grind tighter.

Mr. Kashevaroff said spreads are not near all-time tights. Companies don't have nearly the degree of leverage as during the financial crisis of 2008. He added that a slow-growth environment is one of the best environments for a bond investor.

He went on to review economic views. They believe that the economy will continue to recover. He would expect the rebound seen in Q2 to continue in Q3 and Q4.

He gave a brief overview of other markets to identify the potential risks to the United States. His firm believes the Fed is going to be very data dependent and will continue their tapering until the end of the year. At that point it could be 6-12 months until the Fed raises the rates. MacKay sees interest rates eventually moving higher but doesn't see them spiking. They expect them to move up gradually. Mr. Kashevaroff said he expects returns in fixed income to be very muted but not to have a steep decline like last year.

IV. OPEB Annual Review

Ms. Fink gave an annual review of the OPEB trust performance. Fiscal-year-to-date the portfolio had a very good year. The strong performance was largely due to the decision to reorient the portfolio away from fixed income.

She gave a brief overview of the actuarial report recently done for the OPEB board. The trust has approximately \$100 million. Looking at all plans in the trust, it is only about 8% funded, due to its recent start in 2011.

She reviewed the OPEB growth from contributions and investment performance. It is growing because the state contributes about \$2 million monthly. She added that the OPEB fund will be cash-flow positive for more than a decade.

She reviewed the allocation. 65% of the portfolio is in equity managed by SSGA and 35% is in fixed income managed by MacKay Shields. The OPEB board, on the advice of the actuary, continued the plan's discount rate and expected rate of return at 5%. The allocation is working so she recommended maintaining it.

V. Real Estate Pacing Plan

Mr. Glickman gave a review of the real estate performance as of the quarter ending in March. The net performance for the year was in excess of the benchmark. The three-year performance was very close to benchmark. And the five-year performance is beginning to improve as the strong impact of the global financial crisis is more distant. Last year, after fees, the portfolio generated approximately 13% in total return. Since most of the portfolio is invested in core funds, it has a better return on a risk-adjusted basis.

Mr. Glickman noted that overall by property type the portfolio is slightly underweight to retail, industrial and apartments and slightly overweight to hotel and office. The commitments made in the last 15 months will bring that much more into balance with the benchmark portfolio.

He gave a review of the markets. He said as the recovery is becoming less and less fragile, people are beginning to rent more space and companies are beginning to operate a little less leanly. In real estate, that translates into renewing leases, taking more space and willingness to pay higher rent in order to get good space. Leasing decisions that were deferred for several years are now being made. That is lifting occupancy levels in a lot of different markets.

Also the removal of some uncertainty about fiscal policy has made people a little more willing to move further afield than merely the top five or six metro areas. Core funds are beginning to invest money more quickly because they have more choices to pick from.

Mr. Glickman went on to review the pacing plan for the real estate portfolio. PCA would like to see the portfolio continue to invest towards an ultimate balance of about 75% core properties with current

income and about 25% non-core properties that generate more return from capital appreciation than from current income. With the commitments made over the past 18 months, the total ERSRI portfolio would be at about 5%-6% in real estate towards target of 8%.

Looking ahead to achieve 8%, he said there will be roughly another \$100 million committed to core in each of next two years and \$180 million to be invested in non-core over next two years.

Mr. Costello asked if PCA has identified current managers for the additional allocation or are they anticipating adding another whole group of managers. Mr. Glickman said they will work with the managers they currently have and may select a few others. A concern is ERSRI's small investment staff. They think it's important that there be a period of absorption and integration for new managers. He noted that in the next 6-9 months the portfolio shouldn't be adding many more names.

Looking forward, PCA believes there may be some opportunities to consider in senior housing and a little more retail to get the retail holdings closer to the benchmark. He noted a lot of the attractive retail is owned by publicly traded companies. Adding an allocation to publicly traded real estate could increase the percentage in real estate more quickly. The option would be to take the money currently in cash awaiting investment in real estate and put it into publically traded real estate investment trusts (REITs). If properly constructed, the REITs have the same property characteristics as the core properties in open-end funds. They will not have the same return characteristics in the short term because some of their short-term performance will be subject to daily stock market volatility. REITs are not as steady as private real estate. There are two ways of investing in REITs. One is active managers who make selections and charge an active-management fee. The other is a passive REIT vehicle. Down the road, he believed it might be worth thinking about REITs if it's important to get closer to the target allocation target a little faster.

The board asked questions and discussed.

VI. 457 Plans Annual Review

Mr. Rhoads gave a brief overview of the three 457 plans. The plans' administrators are Fidelity, ING (soon to be Voya Financial) and Valic.

In 2012 the SIC updated the 457 plans. During that process they added higher Morningstar-rated funds, streamlined the lineup, reduced expenses, and added more index options as well as target-date funds to two of the three plans. He noted that staff is constantly looking at fees on these plans.

He briefly reviewed the performance. He said most of the funds are in the top half for performance and are doing well over the course of 1, 3, and 5 years. He reviewed the contributions to each plan. Valic is a more mature plan. Of the \$55 million in the plan, Valic's participants over 50 years old make up \$32.5 million of the assets. Valic is aware of this dynamic and they have put a service rep on the account for outreach efforts.

He noted that Treasury staff has been working with Fidelity pushing for more outreach efforts.

He compared the three plans. He said Fidelity has a higher average account balance and higher equity allocation. He added that Valic's target-date fund assets have accumulated assets more rapidly, possibly because their pricing is more competitive.

He noted ING is in the process of rebranding to Voya Financial. Ms. Menard gave a brief update on the transition as they rebrand. She said they have been doing outreach with participants to make them aware of the name change.

Mr. Rhoads added that Voya's outreach efforts remain strong. They have a dedicated service rep. He noted that they did a share class review on the Voya plan. Voya has a daily asset charge which they are willing to lower from 0.25% to 0.15%.

On a motion by Mr. Costello and seconded by Ms. McNamara, it was unanimously

VOTED: to approve switching share classes in the 457 plan with Voya Financial and to lower fees from 0.25% to 0.15%.

VII. Defined Contribution Plan—S&P 500 Share Class Change

Mr. Rhoads said that the Vanguard S&P 500 surpassed the threshold of \$5.5M in the defined contribution plan. He requested a vote to switch the share class and lower the fees from 0.5% to 0.4%. Motion by Mr. Costello and seconded by Reilly, it was unanimously

VOTED: to approve switching the share class in the Vanguard S&P 500 of the defined contribution plan and lowering the fees from 0.5% to 0.4%.

VIII. Legal Counsel Report

There was no legal counsel report.

IX. CIO Report

Ms. Fink gave an update on performance for the month of June. The portfolio was up 1.23%. It was ahead of the bottom-up benchmark and 60/40 basic benchmark. Asset allocation and particularly non-US equity really helped.

Fiscal-year-to-date the fund was up 15.1%, twice the expected rate of return. The plan has better risk-adjusted return than 60/40 and continues to outperform on this metric on a three- and five-year basis. She believes it's going to be harder to generate as robust returns going forward. Having a portfolio that is well positioned and well diversified should serve the pool well in the future.

She gave an update of what she and Treasury staff are currently working on. She said that staff is working on RFP responses for the 529 investment consultants. They are currently going through the process of evaluating the responses. They have also put out an RFP for a Master Limited Partnerships (MLP) manager on a long-only basis. They are also continuing to work on the consolidated investment policy. They continue to seek opportunities for lower fees, and are gathering data for annual disclosures. As always, they are continuing to evaluate managers as well as new investment opportunities.

Treasurer Raimondo asked for an update on PIMCO.

Ms. Fink noted that PIMCO is at the top of the list for deeper evaluation. PIMCO points to the fact that they have a lower risk portfolio for their lack of performance. Over the year that the state has been invested in them, spreads have come down and assets have gone up. She and staff are looking into the impact of the quality bias as well as other impacts on performance. She said she may have a recommendation later this year.

The Treasurer asked if there was a way to quantify the level of risk reduction in the plan to account for the lag of the portfolio to the benchmarks.

Ms. Fink said they would need to look at performance over a longer period. An encouraging factor is that over 1, 3, and 5 years the portfolio is doing better than the 60/40 plan. The low risk approach takes time to show its value particularly in a period, like last fiscal year, where equity markets were up 25%. She reviewed the measure for standard deviation. She said it has come down dramatically over the last 5 years. It has come down about 30% over the last three years. This reduction is partially because the risk in the overall markets has come down, and also because of the SIC's changed asset allocation. The portfolio's risk-adjusted return has gone up. The alpha, which is a way to measure return excluding the basic risks, is also going up. She believed the portfolio is very well positioned going forward.

X. Treasurer Report

Treasurer Raimondo thanked the board and commended them for their continued work. She asked for a vote to cancel the August SIC meeting.

On a motion by Ms. Reback and seconded by Mr. Reilly, it was unanimously

VOTED: to cancel the August SIC meeting.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Reilly the meeting adjourned at 10:26 a.m.

Respectfully submitted,



Gina M. Raimondo
General Treasurer



State Investment Commission
Monthly Meeting Minutes
Wednesday, September 24, 2014
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:06 a.m., Wednesday, September 24 2014 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Robert Giudici, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Frank Karpinski, and General Treasurer Gina Raimondo. Mr. Andrew Reilly was absent.

Also in attendance: Mr. Larry Brown, Mr. Darren Lopes and Mr. David Iden of TIAA-CREF, defined contribution plan administrator; Mr. Thomas Lynch and Mr. Steve Nesbitt of Cliffwater, alternative investment consultant; Mr. John Burns, Ms. Judy Chambers and Mr. Alan Emkin of Pension Consulting Alliance (PCA), general consultant; Ms. Sally Dowling and Mr. John Lerner of Adler Pollock & Sheehan P.C., legal counsel; Ms. Maryfrances Metrick and William Rahm of Centerbridge Capital; Mr. Ron Mika of Sorenson Capital; Ms. Anne-Marie Fink, chief investment officer, employees and members of UniteHere, and members of the Senate Fiscal and Treasurer's staff.

II. Approval of Minutes

On a motion by Mr. Costello and seconded by Mr. Giudici, it was unanimously **VOTED: to approve the draft of the minutes of the July 23, 2014 meeting of the State Investment Commission.**

III. Defined Contribution Plan—Quarterly Update

Mr. Lopes reviewed the plan through August 31, 2014. As of that date, the plan had \$295 million in assets. He said the plan is growing very quickly. He reviewed the participant count. He said TIAA-CREF continues to have one-on-one conversations with participants as they see more traction in the plan. He gave an overview of the assets by fund and what they look like segmented by various age groups.

He gave an overview of employee engagement. In comparison to 2013, the number of interactions in 2014 has started to drop because the market has been doing so well. One-on-one meetings have also started to decrease. To date, they have engaged about 35% of the 32,000 participants in the plan either on the phone or one-on-one. They're trying to continue to go on-site but need the board's help in those efforts.

IV. FARP Investment Options Recommendation

Ms. Fink reminded the board that FICA Alternative Retirement Plan (FARP) is for seasonal and part-time employees. The role of the SIC, as set out in the statute, is to "review and evaluate the reasonableness of the selected financial institution's fees and the performance of the selected financial institution's funds."

Mr. Lopes reviewed the plan. Through August 31, 2014 the plan has \$251,000 in assets. The average account balance is about \$298 per participant. He noted that the plan has access to the collective investment trust at 0.11%, which is rare for a plan this size.

He reviewed the demographics. The bulk of the participants are under 25 years old. The plan has been in operation since July 1, 2013.

Mr. Mullaney went on to review the fees of the plan. The fees are \$45 per participant per year. The state is paying \$13 per year, so the employees pay \$32 per year, which is the same as what the state employees are paying in the defined contribution plan.

Ms. Fink also added that the fees at the fund level are much lower than what balances this size could get on their own.

Ms. Reback asked the Treasurer to submit legislation to repeal this statute or ask for the State to make a contribution as these employers have low pay.

Treasurer Raimondo said that the General Assembly had passed this bill and it would be up to the Retirement Board to submit any such motion. In the meantime, the duty of the SIC is to review the fees and the investment options as per statute.

Treasurer Raimondo also said that she and the SIC would encourage the Retirement Board to advocate repeal of the FARP legislation the General Assembly passed last session.

Mr. Brown reviewed the performance of the plan. Year to date through 8/31/14, the plan is in line with all relative benchmarks.

He said there are two changes forthcoming. The Vanguard 500 index fund is currently in the Signal share class and will move into the Institutional share class that will lower the expense ratio by 0.01%. The Signal share classes will change their name from Signal to Admiral but it's a change in the name only, not to the strategy or the fee structure.

He reviewed the peer-group rankings.

V. Private Equity Recommendations—Sorenson Capital Partners III & Centerbridge Capital Partners III

Mr. Mika gave a brief overview of Sorenson Capital Partners and their strategy. They target investments in the small end of the buyout market and in growth equity. They have a principal investment culture with a deep team. He then gave an overview of their team members.

Mr. Mika reviewed the Mountain West region. It's a vast geography. The GDP of those states combined is about a third that of California's so they have to be out in marketplace covering these states. He also reviewed a chart indicating how under-penetrated private equity is in their core states.

Mr. Mika left the room.

Mr. Lynch said this recommendation helps the overall private equity program to maintain the 7% strategic target. The plan for the next year is to do \$175 million to \$200 million in commitments. Currently the State has made about \$110 million in commitments into 5 funds, for vintage year 2014. The portfolio has been underweight in the small end of the buyout market. He said 7% of the private equity portfolio is in small and buyout funds. He said they would want to increase it and get to about 10%. This fund meets that strategy. He added that large-cap markets are competitive in the private equity market. This firm's strategy does well in its market because they can access proprietary deals and create value after their investment. He said Cliffwater recommends a \$30 million commitment. The board discussed the recommendation.

On a motion by Mr. Fay and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve a \$30 million commitment into Sorenson Capital Partners III.

Mr. Lynch introduced Centerbridge Capital Partners. He said ERSRI is already invested with Centerbridge in two previous funds. They have a value approach to investing that will serve them well in a competitive environment for deals.

Mr. Rahm gave a brief overview of the firm. They have one team that invests across two strategies in multiple sectors with offices in New York and London.

Ms. Metrick reviewed their strategies. She said having different strategies gives them a competitive edge. They acquire companies by buying the debt or the equity depending on the economic environment and where value can be found.

Ms. Metrick reviewed the returns on their previous funds. She gave an overview of companies where they gained control and made a difference in their performance. The first fund was mostly invested in North America but has a lot of diversity in terms of industry. She said 75% of the capital has been fully or materially realized. Returns on that fund are 31% gross IRR and a 23% net IRR. Their second fund is still being invested. She added that 73% of that fund is invested as of June, 30 2014. So far they have received returns of 1.2 times invested capital.

She reviewed the terms of the third fund. The fee structure is 1.5% on committed capital during the investment period and 1.25% on invested capital thereafter. She said the focus of the fund will remain predominantly on US and Europe. The fund is capped \$5.75 billion plus limited partner capital. Centerbridge left the room.

Mr. Lynch noted that this fund is a portfolio fit; its middle market transactions are a bit underweighted in the portfolio. In today's market where things are very competitive, this is very value-oriented investment approach. Centerbridge is very disciplined about the prices they're paying. Cliffwater recommended a commitment of \$30 million.

Ms. Fink noted that the firm's strategy is attractive because they have a full suite of options regardless of the business cycle. She believes they will find different opportunities and be able to generate value more than the average big buyout fund.

On a motion by Mr. Costello and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve a \$30 million commitment in Centerbridge Capital Partners III.

VI. General Consultant Review

Mr. Emkin reviewed Pension Consulting Alliance's current relationship with ERSRI. PCA has been working with ERSRI since 2008. They are the general consultant and also provide real estate consulting. They consult on investment policy, comment on investment managers, and deal with investment policy issues, strategy and structure.

He reviewed the areas in which they assist the State. Their goal is to provide Rhode Island with an independent source of what is happening in capital markets and among peers. Last year, PCA worked with Rhode Island to revitalize the real estate portfolio.

Almost all their clients are large public pension plans. He said their business is designed to be conflict-free. Therefore, they do no asset management or brokerage. They believe each plan is unique and strategies and advice should be equally unique.

He reviewed some of their clients. He said they currently have over \$1 trillion worth of assets under advisement.

He then reviewed their organizational structure and personnel. The Board asked questions.

Treasurer Raimondo noted that she is pleased with the work PCA has done.

Ms. Fink added that they talked to a few other competitors of PCA and they are very comfortable with what they do. She stated that having a group that is a bit more agnostic across the asset classes is very valuable.

VII. Review of Long Term Returns

Mr. Nesbitt reported on his study of the status of statewide pension systems, from an asset and performance point of view.

He said the study is strictly of state-wide pension systems over a ten-year period. There are approximately 95 state-wide pension systems. Most of the information obtained from these pension systems are from the Comprehensive Annual Financial Reports (CAFRs) that is required from each plan.

He reviewed the performance of 66 systems that have the same fiscal year. He said one limitation of the study is that the reporting of returns by pension systems is inconsistent, particularly as to whether the returns include fees or not. About 1/3 of state systems say they report net of fees. Another 1/3 say they report gross of fees and the remaining 1/3 don't disclose whether performance is gross or net.

Mr. Nesbitt also noted that the study did not include risk as every state's situation is different.

Ms. Fink quoted data from a Standard & Poors report based on 2012 CAFR data comparing ERSRI and the California pension system. California is 72% funded compared to Rhode Island's 58%. As a result they might have more risk tolerance. The study also looked at the unfunded accrued actuarial liability, which is a good measure of how able a state might be to fund a shortfall. ERSRI ratio's is 8.5% and for California the number was 4.6%. California's lower liability is a good indicator for why California might be able to take on more risk than Rhode Island.

Mr. Nesbitt went on to review the returns in the study. He said that over the ten-year period ending June 2013, the median state pension returned 7.2%. He noted that most state pension funds have an actuarial rate of 8%. He said the range of returns was from 5% to 8.8%. The average was about 7.2% compound annual return. A simple 60/40 portfolio would have returned 6.4% over this same period.

All the work state systems have done investing in alternatives contributed to overall performance.

Collectively, state systems have added value through the efforts of staff, advisors and managers over this period.

He reviewed RI's experience against these metrics. Rhode Island's return over this period is 7.4% net of fees. Rhode Island outperformed the 7.2% average reported for the ten-year period. He noted the ranking is understated as Rhode Island numbers include all fees whereas many other state plans do not.

Mr. Costello asked if the fees could be estimated and Mr. Nesbitt said they couldn't be. A major contributor was private equity. Generally, those state systems that have had meaningful allocations to private equity have outperformed over long periods of time, as have foundations and endowments, which also have greater alternatives allocations.

Mr. Nesbitt reviewed the fees of the five states that release full fee information. Rhode Island ranked in the middle. Mr. Costello noted that the fund with highest fees also had the best long-term returns.

In reviewing allocations, Mr. Nesbitt said Rhode Island's allocation to alternatives at June 30, 2013 was about 26%. This is in line with the 25% average among other state pension funds.

Ms. McNamara asked if the fact that endowments have a much smaller pay-out obligation correlates to their better performance.

Mr. Nesbitt said yes. Endowments don't have a fixed liability like state plans do. When assets fell in 2008, many endowments reduced benefit payouts. State plans don't have the luxury of reducing benefits when assets fall.

He said there are 18 state funds that have hedge fund allocations above 10% of assets. Those funds have done well over the last ten years.

He said that most state funds outperformed the 60/40 portfolio and only a few funds outperformed the average actuarial rate of 8% for that period. He noted the ten year period was a good period to study performance because it included bear and bull markets.

He noted ERSRI has done a great job of measuring and reporting fees, which is a task that most state pension systems basically ignore. Most of those that do report fees only do partial reporting.

Treasurer Raimondo asked if any other pension fund is as transparent in fees as Rhode Island. Mr. Lynch said the only other fund they have found that is as transparent is the Missouri Employees' pension plan.

Mr. Nesbitt reviewed asset allocation trends among state pension systems. He said plans have mostly moved out of equity in an effort to manage risk.

A number of states are endowment-like in their allocation. States at the bottom of performance rankings have very low, if any, allocation to alternatives. Some states have statutory limitations preventing them from investing in alternatives.

VIII. Short-Term Cash Investment Policy Recommendation

Mr. Vin Izzo, the state's cash manager, reviewed the proposed short-term investment policy. He said the last time the policy was formally revised was in 2009. Changes since then have been incorporated into the current policy.

He said the policy is structured differently from that of the pension fund. Everything is done to manage operating funds so they cannot take any losses. One of the changes in the revised policy recommended is to give further diversification options. He asked the Board to remove the restriction on the use of commercial paper.

Ms. Fink noted a few other changes to the policy. One is that the policy previously required AAA-rated banks. There are no AAA banks currently and the policy was updated to cite AA rating requirements. Also, on the brokerage side, the previous policy required only \$2.5 million in capital for a broker. That was changed to \$250 million in capital.

On a motion by Ms. Reback and seconded by Ms. McNamara, it was unanimously **VOTED: to approve the updated version of the short-term investment policy.**

IX. Master Limited Partnership Briefing

Ms. Fink said the state is relatively new to infrastructure. There are two forms of infrastructure: private and publicly traded. The state made an allocation to private infrastructure with IFM and is looking to bring in a few more funds. The other area where the policy target has an allocation is to master limited partnerships (MLPs), which are a form of publicly traded infrastructure.

Ms. Chambers explained that a Master Limited Partnership is a publicly traded partnership that owns and operates energy and natural resource assets and projects. The key characteristics of the asset class are that they generate significant cash flow and pay out quarterly dividends to investors.

She gave an overview of the partnership structure.

She said MLPs have performed very well after the global financial crisis. Their annualized returns look good in the last five years, but MLPs were down 36.9% when the markets were down 37% in 2008.

Because of their market beta, if the markets turn MLPs most likely will also have a large downturn.

Treasurer Raimondo asked how big the MLP space is in today's market.

Ms. Chambers said currently there are about 117 MLPs in the public market with about \$600 billion in value. In 2009, there were 66 MLPs in the market worth about \$160 billion. She doesn't foresee a lot more coming into the marketplace. She does see institutional investors starting to put more money in the asset class.

She then gave an update on the RFP done in August. The RFP was for potentially investing up to \$160 million into MLPs. The RFP received 27 responses. In the first round PCA and staff narrowed the pool of contenders from 27 to 11 managers. In the second round they have identified five short-listed managers. They will have conference calls with the finalists and then hopefully do on-site visits to two to three. She said they would potentially bring a manager before the Board in the October meeting.

Ms. Fink added that the fact that they're moving toward recommending a manager does not oblige the SIC to put the money to work. Part of the purpose of this briefing was to get feedback from the Board. Mr. Costello noted that the Board should be careful making such decisions around the time when a new treasurer will be transitioning in. He also expressed some concern over the asset class, its pricing after a strong run-up, and its risks.

Ms. Fink suggested moving slowly and bringing a manager to approve in November and no investment decision until February or January.

X. Legal Counsel Report

There was no legal counsel report.

XI. CIO Report

Ms. Fink reviewed the returns for July and August. In July US equity markets fell almost 2%, global equities dropped 1.2% and bonds lost 0.25%. In this environment, the portfolio with its risk-controlled approach outperformed. The portfolio was down 0.7% compared to -0.9% for the bottom-up benchmark and -0.8% for the 60/40 basic allocation. Alternatives led the outperformance, with hedge funds down 0.5%, private equity up 1% and real estate positive 1.2%. Risk remained at 7.3% which is well below the benchmark's risk at 7.9% and the 60/40's at 8.4%. The risk-controlled approach generated better returns in tougher markets.

August performance was the opposite of July's, as sentiment turned more positive with the Fed remaining accommodative. US equity markets rose 4%, global equities were up 2.25% and fixed income rallied with Barclays aggregate up 1.1%. She noted that usually fixed income and equities move in the opposite directions giving correlation benefits. She believes it will be somewhat challenging to find things that can give diversification benefits going forward. For August the portfolio was up 1.55% ahead of the benchmark and a bit behind the 60/40. The portfolio had 7% risk compared the benchmark at 7.5% and the 60/40 at 8%. She said equities, private equity and core fixed income were the best performers in the month.

Ms. Fink told the Board that Brown Brothers Harriman received a fine of \$120,000 from the SEC for filing required forms late. They also received a fine from FINRA related to careless procedures of anti-money laundering. In both cases she, PCA and the SEC have attributed the shortfall to oversights rather than manipulative intent. Brown Brothers Harriman has increased their compliance staff by 57% and has instituted more rigorous procedures to avoid these mistakes. Therefore, she is not recommending any changes.

She said she and staff are currently working on two RFPs. One is the MLP RFP and the other is for a 529 investment consultant. She said the 529 investment consultant RFP is in its final stages and she expects to bring a recommendation to the October meeting.

Considering recent news of the California pension fund exiting hedge funds, she asked Cliffwater to do an analysis on the liquidity of the ERSRI hedge fund portfolio. She said questions have been raised about whether there will be a run on hedge fund as a result of the Californians exit. She noted hedge funds are still very much a vibrant asset class. In the last quarter of 2014, \$30.5 billion went into the asset class and there is no evidence of a large wave of exits. To the extent there is a run on hedge funds, the concern would be with the liquidity of the assets that hedge funds own. She asked Cliffwater to tell us what the exposure is to the different levels of liquidity.

Mr. Lynch reviewed the hedge fund portfolio in terms of liquidity. He said 6.6% of the portfolio is in Level 3 assets, which have the least liquidity. The portfolio has limited exposure to illiquid assets. If there were to be a run on hedge funds, he would not expect to see any problem with liquidity due to underlying securities in the portfolio.

XII. Treasurer Report

Treasurer Raimondo thanked the Board and commended them for their continued work. There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Fay the meeting adjourned at 11:55 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gina Raimondo".

Gina M. Raimondo
General Treasurer



State Investment Commission
Monthly Meeting Minutes
Wednesday, October 22, 2014
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:04 a.m., Wednesday, October 22, 2014 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Robert Giudici, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Andrew Reilly, Mr. Frank Karpinski, and General Treasurer Gina Raimondo.

Also in attendance: Mr. Joe Bill Wiley and Ms. Tiffany Spudich of Capital Cities; Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. Kosmo Kalliareko of Baring Private Equity Asia; Mr. John Burns, Mr. Alan Emkin and Mr. David Glickman of Pension Consulting Alliance (PCA), general and real estate consultants; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Gail Mance-Rios of Rhode Island Higher Education Assistance Authority (RIHEAA); Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff.

II. Approval of Minutes

On a motion by Mr. Fay and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve the draft of the minutes of the September 24, 2014 meeting of the State Investment Commission.

III. 529 Consultant Recommendation

Ms. Fink said the RFP process for 529 investment consultant was successful. She introduced Capital Cities as the recommended consultant.

Mr. Wiley gave a brief review of the firm. Their sole focus is the institutional, tax-exempt marketplace. They are completely independent and evaluate investments from a third-party perspective. They focus clients on customized solutions.

They work with 30 clients and are a full-service firm. They provide a full spectrum of services that an investing consulting firm would provide. Their main goal is to fulfill fiduciary obligations and exceed client expectations.

Ms. Spudich gave an overview of their current clients, particularly their other 529 clients, and what the firm has accomplished with them.

Mr. Wiley added that they are continually working behind the scenes for their clients.

The board asked questions.

Ms. Fink noted that the current program manager AllianceBernstein has to be notified in 2015 whether their contract will be terminated or renewed. In the event that an RFP process is initiated, the consultant would be able to conduct a more complete process. She added that the state does not have sufficient staff resources to do such a process justice.

Mr. Wiley and Ms. Spudich left the room.

The board discussed the recommendation.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously

VOTED: to approve Capital Cities as investment consultant to the 529 plan, for a term of no less than one year subject to contract negotiations.

IV. Private Equity Recommendation—The Baring Asia Private Equity Fund VI

Mr. Kalliarekos introduced the firm and explained they have seven offices throughout Asia. They have had 71 historical portfolio companies and several successful IPOs. They have a seventeen year track record through several local and global business cycles. Their past funds have consistently been top quartile performers.

He gave a brief overview of their strategy. He reviewed their performance. He said their realized and unrealized performance is significantly higher than the S&P 500 or the Asian equity index. Their main measure of success is distributions to their limited partners.

He reviewed the presence of the firm in Asia and went on to review the team. The firm is a global, Asian-focused organization bringing us institutional-oriented culture to investing in Asia.

He noted that they don't have a top-down allocation. They focus on regions where there are opportunities. He added that their investments are fairly well distributed across ASIA Pacific including South Asia, which is often underrepresented in Asian funds. As far as investment types, they are balanced between minority, growth and buyouts.

He went on to review the terms for the current fund.

The board asked questions.

Mr. Kallariekos left the room.

Mr. Lynch explained how this fund fits into the overall private equity strategy. He said allocation to non-US in the private equity portfolio is approximately 23%, but the exposure to Asia is only 3%. This allocation would increase diversification internationally. Cliffwater believes Baring is a top-tier firm that should continue to produce top-tier results. He recommended a \$30 million investment. The board discussed.

On a motion by Mr. Reilly and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve a \$30 million investment in the Baring Asia Private Equity Fund VI.

V. Real Estate Investment Trust (REIT) Briefing

Mr. Glickman explained the structure of Real Estate Investment Trusts (REITs). REITs are corporations or trusts that are taxed like partnerships rather than corporations.

The underlying business of REITs is very similar to open-end core private real estate funds in the portfolio. The investments are not developmental or value-add assets. REITs would be another way to participate in lower-risk real estate that provides diversification from equities and other fixed income securities. It also allows for current income and the prospect for appreciation.

Mr. Glickman explained that there are periods of time when REITs performance will behave like small and mid-cap stocks. Those tend to be shorter periods of time. Beyond two or three years, REITs will perform more like the benchmark index of real estate holdings.

He added that parts of the real estate market are dominated by REITs, which ERSRI would not have access to by only investing in private real estate. The portfolio also would not have access to management teams who are highly skilled and whose interests are highly aligned with performance. He added that the broad REITs index is fairly priced. He reviewed the pricing process of REITs nationally and globally.

He said that though there is more volatility with REITs, it is worth the risk to achieve less correlated returns. He said it is reasonable to include some REITs in the portfolio along with private real estate. He noted that the portfolio has been consistently underinvested to the target in real estate. He said the board may want to consider putting the money in the REITs to get real estate exposure quickly, and liquidate the REITs as private real estate commitments are called. He said this is one way to get closer to the target asset allocation. He said another possibility is to make a dedicated investment to a passive index. The third possibility is to invest in an active manager who could add some extra return and reduce risk.

The board asked questions.

Ms. Fink asked for direction from the board as to how to proceed with REITs. She asked if the board would want to accelerate reaching the target allocation to real estate with a more volatile asset. Treasurer Raimondo suggested the board continue to consider this option and present it to the incoming treasurer in the beginning of next year.

Mr. Emkin suggested that PCA present a concrete recommendation to the board at a later meeting.

VI. MLP Briefing Part 2

This presentation was postponed.

VII. Legal Counsel Report

There was no legal counsel report.

VIII. CIO Report

Ms. Fink reviewed the performance of the portfolio and each asset class. In September, the portfolio fell 1.8%, but outperformed the 60/40 benchmark which was down 2.2%. She noted that over the last three years, the portfolio is up 11.9% with 6.3% risk compared to the 60/40 up 10.9% with 7.3% risk.

The overweight to equities was the biggest detractor for the month. The best performers were the absolute return hedge funds, which were up 1.2%. The equity hedge funds were up 0.5%.

She informed the board that staff and consultants are assessing the situation at PIMCO as the founder has left the firm. Staff has been spending time determining the impact this will have on investments. She noted the largest exposure to the manager, the \$200M in loans and short dated high yield, was not managed by the individual who left. She also noted other portfolios have limited exposure to PIMCO. They will continue to monitor the situation to determine if any changes are warranted.

IX. Treasurer Report

Treasurer Raimondo thanked the Board and commended them for their continued work.

There being no other business to come before the Board, on a motion by Mr. Costello and seconded by Mr. Mullaney the meeting adjourned at 11:09 a.m.

Respectfully submitted,



Gina M. Raimondo
General Treasurer



State Investment Commission
Monthly Meeting Minutes
Wednesday, November 19, 2014
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:00 a.m., Wednesday, November 19, 2014 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Robert Giudici, Ms. Faith LaSalle, Ms. Paula McNamara, Mr. Thomas Mullaney, and Mr. Mark Dingley as designee for General Treasurer Gina Raimondo.

Also in attendance: Ms. Jennifer Delong, Mr. Christopher Nikolich and Ms. Patricia Roberts of AllianceBernstein, 529 fund manager for the State; Mr. John Burns, Ms. Judy Chambers and Mr. Alan Emkin of Pension Consulting Alliance (PCA), general consultant; Mr. Anthony Sibia of Neuberger Berman; Mr. Larry Brown, Mr. Darren Lopes and Mr. David Iden TIAA-CREF, defined contribution plan administrator; Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Gail Mance-Rios of Rhode Island Higher Education Assistance Authority (RIHEAA); Gregory Balewicz of State Street Global Advisors, index manager; Kerri Hepburn of Invesco, Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff.

Ms. Marcia Reback and Mr. Andrew Reilly were absent. Ms. Paula McNamara and Mr. Frank Karpinski arrived at 9:01 a.m. Mr. J. Michael Costello left at 9:58 a.m.

II. Approval of Minutes

On a motion by Mr. Costello and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve the draft of the minutes of the October 22, 2014 meeting of the State Investment Commission.

Ms. McNamara was not present for this vote.

A motion was then made by Mr. Mullaney and seconded by Mr. Fay, and it was unanimously

VOTED: to move the Treasurer Report to second on the agenda

Ms. McNamara was not present for this vote.

III. Treasurer Report

Mr. Dingley said that due to scheduling conflicts the December SIC Meeting would need to be rescheduled to Tuesday, December 16, 2014 at 2 p.m.

On a motion by Mr. Fay and seconded by Mr. Mullaney, it was unanimously

VOTED: to reschedule the SIC meeting to Tuesday, December 16, 2014 at 2 pm.

IV. CollegeBoundfund Review

Ms. Roberts reviewed the changes made in the plan over the last year. She gave an overview of the current statistics of the plan. The plan remains one of the largest advisor-sold programs in the nation.

Mr. Nikolich reviewed the performance of the plan as of September 30, 2014. He noted that performance versus peers gets progressively better. The fact that the plan is well-diversified has contributed to some relative underperformance in the short-term. He gave an overview of the different portfolio options. He reviewed how the plan compares to competitor plans over the long-term. The board asked questions.

V. CollegeBound*baby* Account Default Option

Mr. Mark Rhoads, of the Treasurer's Office, gave a brief overview of the CollegeBound*baby* program. Under the program, Rhode Island families who open an account receive a \$100 start-up grant. This is part of the current contract with AllianceBernstein and funds have been allocated specifically for these grants. He said RIHEAA along the Treasurer's Office have worked on a more streamlined for parents to sign up for the grant as part of filling out forms at the hospital after a child is born. The funds will be held by RIHEAA in an escrow account that will need to be invested. The Treasurer's Office recommended the funds be invested in the Morningstar glide path, which is a low-fee option with competitive performance. He asked the SIC for approval of this investment selection. The board asked questions and discussed.

On a motion by Mr. Mullaney and seconded by Mr. Fay, it was unanimously
VOTED: to approve the Morningstar Age-Based Glide Path as the default investment option for the RIHEAA CollegeBound*baby* program.

VI. MLP Briefing Part 2

Ms. Chambers introduced Mr. Sibiliala, a research analyst, to give an overview of the Master Limited Partnership (MLP) sector.

Mr. Sibiliala said in general, the market believes that the outlook for MLPs is very robust. He reviewed the growth and performance of MLPs.

He noted that the best MLPs are midstream pipelines with guaranteed contracted projects. Ms. Chambers said Rhode Island will be focusing more on the midstream MLPs because there is a more favorable risk-reward balance.

Mr. Sibiliala agreed with this strategy. He went on to review how MLPs work. One benefit of MLPs is of their growing backlogs of projects mean they are able to consistently grow their annual distributions.

He reviewed the current yield of MLPs. He noted that distributions have grown well ahead of inflation.

Historically the dividend yield has been around 7%. The average return has been about 7.14%

He went on to review the risks of MLPs. A capital market crisis is the biggest long-term risk. Another big risk would be changes to the tax status of MLPs. As far as regulatory risks, some MLPs have regulated assets and have seen that the regulated rates have fallen as interest rates have come down.

He explained the structure of MLPs and how distributions are made. He noted that the backlog of new projects and the spending outlook are robust.

The board asked questions.

Ms. Fink added that she believes this is a growth opportunity. She noted there will be volatility because they are publicly traded assets. As long as SIC is comfortable with the volatility, she recommends moving forward.

Ms. Chambers said she and staff finalized the RFP process for MLPs and are planning to bring an MLP manager for approval to the next meeting.

VII. Defined Contribution Plan—Quarterly Update

Mr. Lopes reviewed the engagement metrics of the plan. As of September 30, there was \$290 million in assets. He said most of the assets are in Vanguard target-date funds. Account balances continue to trend upwards.

He went on to review the FICA alternative plan. As of September 30, there was \$265,000 in the plan. Account balances are small.

Mr. Brown reviewed the performance of the plan as of September 30. All the portfolios sit atop their respective benchmarks. He reviewed the peer group ranking for all the options. All the options are in the top half of their respective peer groups with one exception being the bond index.

Mr. Brown said the S&P 500 Index in the Admiral Share class moved to the institutional level. That generated a decrease in fees from 0.05% to 0.04% and is reflected in performance.

VIII. Hedge Fund Portfolio Review

Mr. Lynch said the hedge fund portfolio continues to work as intended. The strategic purpose of the hedge fund allocation is to improve the overall ratio of return to risk in the portfolio. He reviewed the current structure of the hedge fund portfolio and the different sub-strategies.

He reviewed the performance through September 30. All allocations exceeded their respective benchmarks. Since inception, the portfolios have outperformed the HFRI Index with a return of 7.53% versus 5.05% for the benchmark. They have also produced that return at a better ratio of return to risk than the benchmark. The equity hedge fund portfolio produced a return of 9.03% and the real return hedge fund portfolio produced 5.74% return. Both allocations outperformed their respective benchmarks at a better ratio of return to risk. He went on to review the alpha, beta and risk-free rate components of return for each allocation. The board asked questions.

A motion was then made by Mr. Mullaney and seconded by Ms. McNamara to convene into executive session pursuant to Rhode Island General Law §42-46-5 (a) (7) as the discussion may relate to the investment of public funds, the premature disclosure of which may adversely affect the public interest. A roll call vote was taken to enter executive session and the following members were present and voted Yea: Mr. Thomas Fay, Mr. Robert Giudici, Ms. Faith Lasalle, Ms. Paula McNamara, Mr. Thomas Mullaney, and Mr. Mark Dingley

It was then unanimously

VOTED: To convene into executive session pursuant to Rhode Island General Law §42-46-5 (a) (7) as the discussion may relate to the investment of public funds, the premature disclosure of which may adversely affect the public interest.

On a motion made by Mr. Mullaney and seconded by Mr. Fay, to exit executive session pursuant to Rhode Island General Law §42-46-5 (a) (7). A roll call vote was taken and it was unanimously

VOTED: To exit executive session and return to open session.

It was reported to the public that one vote was taken, and a vote to seal the minutes pursuant to Rhode Island General Law §42-46-5 (a) (7).

Mr. Costello was not present for these votes.

IX. Private Equity Portfolio Review

Mr. Lynch reviewed the performance of the Private Equity Portfolio as of June 30, 2014. The portfolio has an annualized net IRR of 13.9% since inception.

He summarized the commitments made over the past year. Strategically, the plan has been to increase geographic diversification with exposure to Asia and do more smaller-oriented buy-out funds.

He notified the board that the previously approved commitment to Bearings Asia was reduced to by the firm to \$15 million instead of \$30 million due to oversubscription. He recommended that the investment for \$15 million should still be made because they are a quality manager and the allocation would provide more exposure to Asia.

He went on to review the performance of the portfolio by vintage year. For the most part the portfolio has outperformed the benchmark. He talked about the positive and negative drivers of performance. He reviewed distribution and contribution activity. He noted that there is a high volume of distributions from older funds. He said the portfolio is well diversified by fund and by manager as well as by economic sector.

X. Addition to List of Short-Term Investment Providers: Customers Bank

Mr. Izzo said there is an opportunity for short-term investments with Customer's Bank. Customer's Bank meets all the criteria in the investment policy. They have offered three different investment products: CDARs, image cash sweep accounts, and guaranteed overnight deposit. They are offering rates of 0.50%. The investments would be fully collateralized.

He then asked the board for approval to add Customer's Bank to the short-term investment line-up.

On a motion by Mr. Mullaney and seconded by Ms. McNamara, it was unanimously

VOTED: to approve the addition of Customer's Bank to the short-term investment line-up.

Mr. Costello was not present for this vote.

XI. Legal Counsel Report

Mr. Dingley updated the board on a securities class action lawsuit against British Petroleum. He said Rhode Island has agreed to be lead plaintiff, because the court had adjusted the timeframe, which excluded the previous lead plaintiff. There are no expenses to Rhode Island on this action.

Ms. Malone gave an update on the Royal Bank of Scotland foreign securities action. The estimated trial date is 2015 and the plaintiffs' counsel believes their position has strengthened. There is no liability at this point to Rhode Island with respect to the litigation.

XII. CIO Report

Ms. Fink reviewed the performance of the portfolio and the market environment for the month of October. The portfolio was up 0.5% which was better than the bottom-up benchmark. The portfolio is performing as expected on a long-term basis, performing in line with the benchmark and better than the 60/40 and with less risk than both. She reviewed the performance by asset class.

She noted that there was a change in the fees with PIMCO. Given the portfolio's recent underwhelming performance staff has negotiated a reduction in fees. The fees will go from 0.43% to a new structure that is 0.25% plus 25% of their outperformance relative to an index.

There being no other business to come before the Board, on a motion by Mr. Mullaney and seconded by Mr. Fay the meeting adjourned at 11:17 a.m.

Respectfully submitted,



Gina M. Raimondo
General Treasurer



State Investment Commission
Monthly Meeting Minutes
Tuesday, December 16, 2014
2:00 p.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 2:03 p.m., Tuesday, December 16, 2014 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Robert Giudici, Ms. Faith LaSalle, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Andrew Reilly, Mr. Frank Karpinski and Governor-Elect Gina Raimondo.

Also in attendance: Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. Chuck Bauer and Mr. Doug Swanson of EnCap Energy Capital; Mr. Dexter Paine and Ms. Natasha Sunderam of Paine & Partners, LP; Mr. John Burns and Ms. Judy Chambers of Pension Consulting Alliance (PCA), general consultant; Mr. Eric Conklin and Mr. Anthony Merhige of Harvest Fund Advisors, LLC; Mr. Andreas Moon and Mr. Adil Rahmathulla of ISQ Global Infrastructure Fund, LP; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Mr. Gregory Balewicz of State Street Global Advisors, index manager; Mr. Seth Magaziner, Rhode Island Treasurer-Elect; Mr. Jeffrey Padwa, General Counsel to Treasurer-Elect Magaziner; Mr. Robert Bromley, of the Senate Fiscal Office; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff.

Ms. Paula McNamara was absent.

II. Approval of Minutes

On a motion by Mr. Costello and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve the draft of the minutes of the November 19, 2014 meeting of the State Investment Commission.

III. Private Equity Recommendations—EnCap Energy Capital Fund X & Paine & Partners Food and Agribusiness Fund IV

Mr. Lynch introduced EnCap Energy Capital, a firm that focuses on upstream energy investments.

Mr. Bauer gave an overview of the firm. He said over the course of their 26-year history they have raised a combination of 18 funds. He said ERSRI has invested in their prior Fund IX.

Mr. Doug Swanson reviewed the performance of their previous funds. EnCap has had very consistent returns across their funds. The team focuses on capital preservation and have a very limited loss history.

He reviewed the fund being raised and their strategy. He noted that managing risk is critically important.

They maintain a very limited use of leverage in their portfolio companies. They have the ability to start small and grow organically. He said with oil prices declining, they currently see tremendous opportunity to invest.

The board asked questions.

Mr. Bauer and Mr. Swanson left the room.

Mr. Lynch added that Cliffwater recommends a \$30 million investment.

The board discussed.

On a motion by Mr. Reilly and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve a \$30 million investment in EnCap Energy Capital Fund X.

Ms. Reback wanted the record to reflect that she voted yes with the representation they are good stewards and follow environmental best practices.

Then Ms. Fink introduced the next fund by noting changes happening in the agricultural sector. Demand for agricultural products is rising, leading to investments in research and technological breakthroughs in the space.

She introduced Paine & Partners and said they have deep expertise in the agricultural sector. Their strategy is to invest in profitable companies and to capitalize on the changes affecting the sector. They are one of, if not the only, private equity fund specializing in the agricultural space or “farm to fork” as they call it.

Mr. Paine gave an overview of the firm. They are the leaders investing in the food and agricultural space. He noted that it is a very high growth area.

He described their personnel structure. He went on to review some of their previous investment funds. Since 2010, they have been exclusively focused on the agricultural space and have provided more returns in this area than any other firm. Fund IV will be the largest fund in the space and the only one to make investments exclusively in food and agricultural business.

He reviewed some of the investments they have made in the agricultural sector. They have invested in excess of \$1 billion and have no realized losses.

He gave an outlook for the industry. He went on to review the terms of Fund IV.

The board asked questions.

Paine & Partners left the room.

Mr. Lynch explained that the recommendation for investment is up to \$30 million. He noted that the fund is oversubscribed so it's not certain how much they will take.

On a motion by Mr. Costello and seconded by Mr. Reilly, it was

VOTED: to approve an investment of up to \$30 million in Paine & Partners Fund IV.

Ms. Reback voted nay.

IV. Master Limited Partnership Manager—Harvest Fund Advisors LLC

Ms. Chambers introduced the proposed MLP manager identified by responses to the RFP issued by the Treasurer's office. She said Harvest is a firm that focuses on mid-stream energy infrastructure.

Mr. Merhige gave an overview of the firm. They currently manage over \$7 billion exclusively for institutions in public-market infrastructure equities. He briefly reviewed some of their clients and gave an overview of the team.

Mr. Conklin reviewed the portfolio and the opportunity in the market. He noted MLPs have a tremendous growth rate due to the lack of energy infrastructure in the country. He noted there is relatively lower correlation among MLPs and other asset classes, which increases returns and lowers overall risk when MLPs are added to a broader portfolio.

He reviewed what they're seeing in terms of production growth. He went on to talk about Harvest's investment process. They populate models with best-in-class data and seek the best risk-adjusted returns. He gave some insight into the overall portfolio. They are able to achieve high growth rates because they invest in companies that have the best growth profiles.

Mr. Merhige reviewed the terms of the fund.

The board asked questions.

Harvest left the room.

Ms. Fink noted that there is a 2% allocation to MLPs in the pension fund's strategy allocation that has not been fulfilled. She mentioned this may be a good time to invest in MLPs because of the recent disruption in the energy markets.

The board discussed.

Some members of the board expressed concern over investing the entire 2% allocation into one manager.

Mr. Burns noted that these are publically traded equities and there is limited manager risk.

Mr. Costello said he would be more comfortable if the allocation was not given to the manager all at once but rather over the course of the year.

The board discussed the options for investing over a one-year period.

The board invited the firm back into the room to share their concerns and get their input.

Mr. Conklin said right now there is a good dislocation and tax considerations keep many from investing in MLPs at the end of the calendar year. His preference would be to try to capture as much of the dislocation as soon as possible. He believed it was a very good time and a rare year in that there are a lot of MLPs that are down.

On a motion by Ms. Reback and seconded by Mr. Fay, it was unanimously

VOTED: to commit \$160 million to Harvest Fund Advisors with up to \$80 million upfront and the rest at the manager's discretion over the course of one year and with the fee locked in based on the total commitment amount.

V. ISQ Global Infrastructure Fund, L.P.

Ms. Chambers introduced ISQ, a private infrastructure firm focused on investing in global assets. She noted that they have a great management process in place.

Mr. Rahmathulla gave an overview of the firm. They invest in energy, utilities and transportation assets in North America, Europe and Asia.

He said two critical elements to their strategy are downside protection and value creation. They focus on operations and policy considerations. They look for investments to add explicit or implicit linkage to inflation.

He said to date they have made 8 investments and have deployed over \$700 million in their current fund. He gave an overview of the team.

He talked about their overall track record. Over the team's history they have invested about \$14 billion in 21 investments and their experience has been truly global. He reviewed their risk model.

He gave a summary of the fund's current portfolio. Their target is to have 80% in US assets and 20% invested across India and China. He gave some examples of their investments.

In terms of opportunistic investments in India and China, they only make investments in which the risk-adjusted returns are higher than what they see in the US. They don't venture into large investments in these geographies.

Mr. Moon talked about the terms of the fund and the fee structure.

The board asked questions.

ISQ left the room.

The board discussed.

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve a \$50 million investment in ISQ Global Infrastructure Fund L.P.

VI. Legal Counsel Report

There was no legal counsel report.

VII. CIO Report

Ms. Fink said that the redemption for Mason Capital has been submitted and ERSRI will be out as of December 31, 2014. ERSRI also declined to roll over its investment in Perseus, a 2006 private equity fund. The firm's CEO passed away and investors were given an opportunity to either exit the fund or to invest in a new recapitalized fund for an additional eight years.

Ms. Fink went on to review the performance for the month of November. The portfolio was up 1% and 0.6% fiscal year-to-date. She reviewed the performance of each asset class. Hedge funds returned 1.3% in line with the 60/40. Since inception, the hedge funds have returned 7.4% which is 0.2% better than the 60/40. She said the overall portfolio has strong returns with less volatility than the benchmark and the 60/40 over the 3 and 5 year time frame.

Ms. Fink reviewed the performance of the portfolio for the last 3 years and 11 months or the term of the current administration. The portfolio has averaged 8.4% annual gain which compared to 8.3% for the bottom-up benchmark and 7.2% for the 60/40 basic allocation.

VIII. Treasurer Report

Governor-Elect Raimondo thanked the board for the last four years. She commended the board for all their work and contributions to the board.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Mullaney the meeting adjourned at 4:27 p.m.

Respectfully submitted,



Gina M. Raimondo

Governor-Elect

RHODE ISLAND STATE INVESTMENT COMMISSION

The meeting of the Rhode Island State Investment Commission
scheduled for Wednesday, January 28, 2015 was cancelled.



State Investment Commission
Monthly Meeting Minutes
Wednesday, February 25, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:11 a.m., Wednesday, February 25, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Robert Giudici, Ms. Faith LaSalle, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Andrew Reilly, Mr. Frank Karpinski and Treasurer Seth Magaziner.

Also in attendance: Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. John Burns and Mr. Alan Emkin of Pension Consulting Alliance (PCA), general consultant; Mr. David Iden and Mr. Lawrence Brown of TIAA-CREF; Mr. Joe Bill Wiley and Ms. Tiffany Spudich of Capital Cities, 529 plan consultant; Mr. Jeff Schoenfeld and Mr. John Ackler of Brown Brothers; Ms. Gail Mance-Rios of RIHEAA; Ms. Patricia Roberts and Mr. Vadim Zlotnikov of AllianceBernstein; Mr. Roland Reynolds of Industry Ventures; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Mr. Gregory Balewicz of State Street Global Advisors, index manager; Ms. Maura Martinelli of Nixon Peabody; Mr. Jeffrey Padwa, General Counsel to Treasurer Magaziner; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff. Treasurer Magaziner called the meeting to order at 9:11 a.m. Mr. Thomas Fay was absent. Mr. Giudici arrived at 9:17am. Mr. Mullaney departed at 10:30 and Ms. LaSalle departed at 11:45.

II. Treasurer Report

Treasurer Magaziner welcomed the board to the first meeting of 2015. He reminded members that the work of the commission is important to Rhode Islanders.

Treasurer Magaziner introduced treasury staff to the commission members. He then explained that he is excited to begin working with the commission and turned to the approval of minutes from December 2014.

III. Approval of Minutes

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously

VOTED: to approve the draft of the minutes of the December 16, 2014 meeting of the State Investment Commission.

Mr. Giudici was not in attendance for this vote.

IV. Defined Contribution Plan – Quarterly Report

Ms. Fink introduced Mr. Brown and Mr. Iden of TIAA-CREF. She explained that Mr. Iden would be replacing Mr. Darren Lopes in his former role.

Mr. Iden explained that as of December 31, 2014 there was approximately \$338m in assets combined in the 401(a) and FICA plans. Mr. Iden noted that a majority of these assets are in Vanguard target-date funds. Account balances are trending upwards.

Mr. Iden provided an overview of participant engagement efforts. 707 individual counseling sessions were offered in 2014.

Ms. Reback asked why there was a difference in offered sessions among counselors. Mr. Iden explained that some staff members provided sessions for longer periods during the year.

Treasurer Magaziner asked how TIAA-CREF initiates contact with participants to schedule counseling sessions. Mr. Iden explained that staff will plan a site visit and use email and other communication to encourage individuals to sign up for a session on that date.

Mr. Brown reviewed the performance of the plan as of December 31, 2014. He reviewed the peer group ranking for all the options. All the options are in the top half of their respective peer groups with one exception being the international index.

Mr. Costello asked about the similar rates of return on Vanguard 2020-2060 target date real estate funds. Mr. Brown and Ms. Fink explained that differences in domestic and international real estate returns resulted in similar expected returns.

Mr. Reilly asked if the total number of participants and the average account balance were in line with initial expectations. Mr. Iden and Ms. Fink agreed that the plan has met expectations.

V. 529 Plan Review – Capital Cities

Treasurer Magaziner introduced Mr. Wiley and Ms. Spudich of Capital Cities, the consultant reviewing AllianceBernstein.

Mr. Wiley began by noting that the 529 Collegeboundfund provides a comprehensive menu of investment choices. He noted that a majority of the individual funds perform well at an individual and peer group basis.

A fee assessment found some funds that were eligible for fee reductions by moving into new share classes. These changes have been implemented and will result in a cost savings of \$270,000 to participants.

Ms. Spudich provided an overview of the individual funds provided in the portfolio. She also compared the various investment options available to participants, which Capital Cities approved of. Ms. Spudich noted that the plan's quarterly updates to the age-based glide paths are a good benefit for participants.

Mr. Wiley concluded by reviewing management fees within the plan. He described the 529 program fees as similar to national averages. A draft Investment Policy Statement was provided to members by Capital Cities.

Mr. Costello asked if Morningstar's rating of the 529 has changed. Ms. Spudich explained that because the plan now utilizes a Morningstar index, the group would no longer be rating the Collegeboundfund. Treasurer Magaziner asked why past Morningstar analyses were negative. Ms. Spudich said she could not speak to ratings made previously, but that a number of recent positive changes were made by the Commission that could have altered Morningstar's future ratings.

Ms. LaSalle asked how many other plans are not ranked due to Morningstar index use. Ms. Spudich explained that no other states encounter this; Rhode Island is the only state currently using the Morningstar index.

Mr. Costello asked how advisors sell the Collegeboundfund product. Ms. Spudich noted that advisors have a strong relationship with AllianceBernstein. Ms. Roberts added that advisors know the needs of their clients best, and have a strong understanding of the product.

Treasurer Magaziner has asked if there has been any analysis of state-to-state comparisons by year.

Ms. Roberts has noted that the plan has performed well compared to other states according to AllianceBernstein analysis. Because an independent comparison has not been made, Ms. Fink suggested that Capital Cities conduct a review of performance compared to other states.

Treasurer Magaziner asked why AllianceBernstein was not aware of the cheaper share classes sooner, and proposed looking at whether participants could be reimbursed for this period. Mr. Zlotnikov

explained that the delay was unacceptable and that measures have been put in place to make future changes immediate. AllianceBernstein is examining a potential process for reimbursing participants.

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously

VOTED: to approve moving multiple Collegeboundfund share classes into the cheaper Z share class.

On a motion by Mr. Reilly and seconded by Ms. Reback, it was unanimously

VOTED: to approve discontinuing the small-cap growth fund and map those assets into the discovery growth fund.

VI. Recommendation on Inflation-Linked Bonds

Ms. Fink introduced Mr. Schoenfeld and Mr. Ackler of Brown Brothers. Mr. Schoenfeld provided an overview of the firm and its activities. Mr. Ackler described recent state performance since a more international focus was implemented in 2012.

Mr. Schoenfeld explained that with recent developments in Europe, Brown Brothers considers the U.S. TIPS market to be a better value for clients today.

Treasurer Magaziner asked how quickly Brown Brothers could move into a more domestic focused plan. Mr. Schoenfeld explained that it could be done quickly – as soon as one or two days.

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously

VOTED: to approve moving from a global inflation-linked index to a U.S. intermediate TIPS index.

VII. Hedge Fund Review – Samlyn & BlueCrest

Treasurer Magaziner asked Ms. Dowling to review the requirements and practices of entering executive session. Treasurer Magaziner noted that he would like the commission to discuss topics in open session unless it is clear that executive session is necessary.

Treasurer Magaziner introduced Mr. Lynch. Mr. Lynch reviewed the hedge fund portfolio performance in 2014. Equity and real return portfolios have outperformed their respective benchmarks, and noted that long-term results are as expected.

Ms. Reback asked how the hedge fund portfolio compares to other states' portfolios. Mr. Lynch explained that he could only speak to other Cliffwater clients, but that Rhode Island's performance is in line with other public funds.

Mr. Lynch provided an overview of the Samlyn fund. He shared Cliffwater's recommendation that the state accept Samlyn's offer to change share class in exchange for a fee reduction. The state would move from a six month "lock-up" to a one year agreement. Ms. Fink explained that the state was comfortable with this manager, and that the trade-off of liquidity for reduced fees was advantageous.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously

VOTED: to approve reducing fees in the Samlyn fund by moving from a six-month to an annual lock-up agreement.

Mr. Lynch shared Cliffwater's recommendation to redeem from the BlueCrest fund. The long-term performance has not met expectations. He explained that this recommendation is not the result of a single event, but rather an overall projection of risk management and performance.

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously

VOTED: to redeem from BlueCrest, effective June 30, 2015.

VIII. Private Equity Recommendation – Industry Ventures Partnership Holdings III Overage Fund

Mr. Lynch introduced Mr. Reynolds, Managing Director of Industry Ventures. Mr. Reynolds provided an overview of the firm, its venture capital strategy, and the fund Rhode Island is invested in, Industry Ventures Partnership Holdings III (main fund). A majority of Industry Venture’s clients are public pension plans that invest in venture capital.

Mr. Reynolds noted that early returns in the main fund are as expected. He went on to provide details on the current status of the venture capital investment climate.

Mr. Reilly asked what the distribution “lag” is from when Industry Ventures receives notice from a fund manager. Mr. Reynolds answered that distributions are typically done on a quarterly basis.

Mr. Reynolds explained that there is an opportunity for the State to invest in an overage fund. The overage fund is a separately managed account that will have the opportunity to invest in deals that have gone over the concentration limits in the main fund at half the fee and half the carry interest charge.

Mr. Costello asked if a decision was made as to which funds will be invested in. Ms. Fink explained that discretion would be with Industry Ventures, and that limitations have been established as to how much is allotted per fund.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously

VOTED: to approve investing in the Industry Ventures Partnership Holdings III Overage Fund.

IX. Legal Counsel Report

There was no legal counsel report.

X. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio and the market environment for the month of December. The portfolio outperformed the 60/40 blend for the month of December.

For the calendar year, the portfolio is up 4.5%, ahead of the bottom-up benchmark. January was a challenging month, with the portfolio down .3%. Fiscal year to date the portfolio is down .7%.

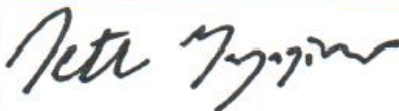
Portfolio risk is as expected and is lower than both the 60/40 blend and the bottom-up benchmark. On a three year look-back, the portfolio is generating good performance with low levels of risk.

Ms. Fink noted that the allocation schedule for the Harvest fund has been completed since the previous commission meeting. \$20 million will be allocated to Harvest per quarter, for a total of \$80 million.

Additionally, the bottom-up benchmark has been adjusted following the inclusion of the Harvest MLP.

There being no other business to come before the Board, on a motion by Mr. Reilly and seconded by Ms. Reback the meeting adjourned at 11:58 a.m.

Respectfully submitted,



Seth Magaziner,
General Treasurer



State Investment Commission
Monthly Meeting Minutes
Wednesday, March 25, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03 a.m., Wednesday, March 25, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Ms. Faith LaSalle, Mr. Thomas Mullaney, Mr. Thomas Fay, Ms. Paula McNamara, Mr. Frank Karpinski and Treasurer Seth Magaziner.

Also in attendance:

Mr. Alan Emkin, Mr. David Glickman and Ms. Christy Fields of Pension Consulting Alliance (PCA), general consultant; Mr. Nick Beevers of Lone Star Funds; Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Mr. Joe Tansey and Mr. Evan DiPaolo of Garrison Investment Group; Mr. Steve Johnson, Ms. Joyce Marsilia and Ms. Margie Vose of Fidelity, custodian for the Ocean State Investment Pool; Mr. Greg Balewicz, Mr. Scott Conlon, Ms. Tia Wang and Ms. Jennifer Bender of State Street Global Advisors; Ms. Sally Dowling of Adler Pollock Sheehan; Mr. Jeffrey Padwa, General Counsel to Treasurer Magaziner; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff. Ms. Tiffany Spudich of Capital Cities, 529 plan consultant, joined via conference call. Treasurer Magaziner called the meeting to order at 9:03 a.m.

II. Approval of Minutes

On a motion by Mr. Mullaney and seconded by Mr. Fay, it was unanimously

VOTED: to approve the draft of the minutes of the February 25, 2015 meeting of the State Investment Commission.

III. Real Estate Recommendation – Lone Star Real Estate Fund IV

Ms. Fields introduced Lone Star. She said PCA recommends a \$30 million commitment. Fund IV is an opportunistic closed-end real estate vehicle that will target investments primarily in distressed commercial real estate and related debt opportunities in U.S, Europe and Japan. She noted that the firm has a very strong track record.

She added that this would be the first vehicle that has off-shore U.S exposure in ERSRI in recent years so it is subject to currency and regulatory risks.

Mr. Beevers gave an overview of the firm and its strategy. He expressed the firm's focus on returning capital to investors quickly and efficiently as they are investing in distressed assets. They employ a number of strategies in order to minimize risk in the markets in which they invest. They acquire large portfolios and liquidate them very quickly. They pay down debt in the fund extremely quickly which reduces the leverage in the portfolio and reduces absolute dollar commitment in that market.

He said they are disciplined in their purchases with a focus on large scale transactions where there is limited competition. Lone Star has been active in US Europe and Asia over the past 15 years. They have multi-jurisdictional European operation and Europe is where they anticipate deploying around 80% of the fund. He said the European market has been very transactional in the last 8-12 months. They have benefited from those transactions.

He went on to review the terms of the fund. The fund has a \$5 billion target with a final close in April ,2015. They expect the fund to be largely committed to by existing investors. He reviewed the fee structure. The fund charges management fees of 1.1% during the investment period, reducing to 0.6% thereafter. Until the preferred return is achieved in the fund, there is no incentive fee to the General Partner; all equity return goes to investors. The General Partner, the asset management operations and their chairman are committing \$375 million on top of the fund target, which means great alignment of interests and they are highly incentivized to perform.

The board asked questions.

Lone Star left the room.

Ms. Fink said the recommendation is a \$30 million allocation to the fund. She believes it gives the portfolio some diversification in real estate.

Ms. Fields said it fits well within the portfolio and it highlights a very clear market opportunity.

The board discussed.

On a motion by Mr. Mullaney and seconded by Ms. LaSalle, it was unanimously

VOTED: to approve a \$30m allocation to the Lone Star Real Estate Fund IV.

IV. Private Equity Recommendation – Garrison Opportunity Fund IV

Mr. Lynch introduced Garrison Investment group indicating how the fund fits into the allocation strategy. They are a private debt, special opportunity credit fund.

Mr. Tansey gave an overview of the firm. They focus on smaller, lower-middle market companies and specialty finance opportunities, finding opportunities where the banks have retreated. He reviewed the performance of previous funds and gave an overview of their team. He said they have a very diversified investment pool and presented an example of an investment.

The board asked questions.

Treasurer Magaziner asked how they are positioned to handling regulatory risk in areas of their business that could become more heavily regulated over time.

Mr. Tansey said the segment they focus on that has regulatory pressure is consumer lending. They are not a sub-prime consumer lender. They do credit card consolidation debt for the most part. All the regulatory pressure is really in the deep sub-prime interest rates and lack of disclosure. A big part of their due-diligence is to determine if the disclosures to consumers are appropriate.

The board asked questions.

Garrison left the room.

The board discussed.

Treasurer Magaziner said he feels comfortable that they are well-diversified and they would be able to adjust their strategy accordingly.

Ms. Fink said the fund is positioned very well regardless of whether or not there is a distressed cycle in the U.S.

Mr. Lynch added that from a portfolio position perspective, it is a shorter term at 6 years and a 3 year investment period. They would be putting money to work at a reasonable rate and with the expectation of getting capital back rather quickly.

On a motion by Mr. Fay and seconded by Mr. Costello, it was unanimously

VOTED: to approve a \$30m allocation to the Garrison Opportunity Fund IV.

Ms. Fink asked Mr. Lynch if Luxor Capital was on Cliffwater's watch list.

Mr. Lynch said no funds are currently on watch list and they are seeing a good rebound in the portfolio performance.

V. Ocean State Investment Pool Extension & Fee Reduction

Ms. Fink gave a brief overview of the Ocean State Investment Pool. She said it has been a good vehicle in a challenging time for banks. She added that given the environment it does not seem like an appropriate time to adjust it so she would recommend a contract extension.

Ms. Marsilia gave an overview of the group that manages OSIP and the overall presence of Fidelity in Rhode Island.

Mr. Johnson gave a review of asset management. He said institutional money market is key to Fidelity from fixed income stand point. He noted that Fidelity is the largest money manager in the country. They have a team- oriented approach among, research analysts, traders and portfolio managers. They continue to bring that approach to bring safety to the OSIP. The advantage of OSIP is the great level of expertise of the team. Ms. Vose talked about the marketing approach of the pool and the local events they attend for outreach. She reviewed some of the interactions they have had with agency heads across the state. She highlighted the benefits of the pool are safe and liquid investments with a market-rate of return and the diversification of the pool. It also keeps other banks competitive with interest rates they provide.

Ms. Marsilia reviewed the proposed terms for a contract extension. The new fee schedule for the next three years would be 0.01% reduction in pricing. As we move into an environment where interest rates are expected to rise, they would expect money market funds to deliver higher performance.

Fidelity left the room.

Ms. McNamara noted that she had previously worked with Fidelity so she would recuse herself from voting.

On a motion by Mr. Costello and seconded by Mr. Mullaney, it was

VOTED: to approve a three year contract extension with Fidelity for the Ocean State Investment Pool.

VI. Approval of 529 Plan Investment Policy

Ms. Fink reminded the board that at the previous meeting Capital Cities distributed a draft of an investment policy statement for the 529 plan. She said minor changes were made and a final draft had been distributed to the board prior to the meeting. She asked the board for approval of the draft.

The board discussed the changes.

Mr. Costello asked if AB (AllianceBernstein) would have to sign off on the document.

Ms. Spudich said that although AB had reviewed it they do not need to sign off on it. She added that they are already operating within the parameters of the policy

On a motion by Mr. Costello and seconded by Ms. LaSalle, it was unanimously

VOTED: to approve the draft 529 Plan Investment Policy Statement.

VII. Briefing on Equity Factor Tilts

Mr. Conlon said the passive investment landscape is evolving and this is creating exciting opportunities for investors. In recent years a number of beta strategies have emerged. These involve building passive portfolios using different weighting methodologies in order to identify or favor certain factors or themes. These strategies bring elements of passive and active investments. They have a high level of transparency, are very consistent and the cost is very similar to a traditional passive cap-weighted strategies. The performance expectations are more in line with active investments.

He said these strategies offer opportunity to enhance return over traditional cap-weighted indices and reduces volatility over those strategies. There is a lot of compelling interests in the marketplace in elements of quality and low volatility. These investment factors tend to do very well in a rapidly falling market environment.

He added that the decision comes down to investors and which factors make the most sense for them. Some of their clients are considering looking to combine factors together that offer good diversification. He concluded by saying that this is very interesting area that provides potentially strong return benefits for investors without straying from the traditional characteristics of the indexing strategies. They continue to see investors consider these types of portfolios and allocate to them in their investment portfolios.

Ms. Bender added that institutional investors with long horizons are uniquely positioned to harvest these long-term premiums because they already have the governing structures in place to withstand the shorter term periods of volatility.

Mr. Emkin added that a lot of institutional investors are looking at these strategies because of their dissatisfaction with traditional active management.

Treasurer Magaziner noted that this is something worth looking further into. In the coming months, staff along with SSGA will look to see if there are compelling factors worth discussing. He expressed the benefits of staying passive but also understanding that the decision is an active decision on the board's part.

The board discussed and asked questions.

VIII. Treasurer's General Comments

Treasurer Magaziner thanked the board for their work and reminded everyone that the focus is on the long-term and that should guide decisions.

IX. Legal Counsel Report

There was no legal counsel report.

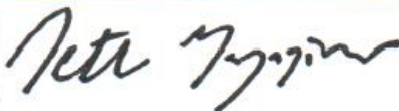
X. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio and the market environment for the month of February. The fund was up 3% edging out the benchmark and the 60/40 plan. Fiscal-year-to-date the fund was up 2.3% and a tad behind both the benchmark and the 60/40 plan. The 3 year performance is ahead of both the benchmark and the 60/40 with considerably less risk. The strategy and diversification is really working in the long term.

She followed up on discussion from the previous meeting with Capital Cities and AB. As they went back to implement changes to the share class, they realized that the plan is not eligible for the share class. They agreed to change to the lower fee share class but they are not giving a rebate for retro compensation.

There being no other business to come before the Board, on a motion by Mr. Fay and seconded by Mr. Mullaney the meeting adjourned at 10:51 a.m.

Respectfully submitted,



**Seth Magaziner,
General Treasurer**



State Investment Commission
Monthly Meeting Minutes
Wednesday, April 29, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:08 a.m., Wednesday, April 29, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Robert Giudici, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, Mr. Andrew Reilly, Mr. Frank Karpinski and Treasurer Seth Magaziner.

Also in attendance:

Mr. Dan Feeney and Mr. Coe Juracek of Crow Holdings; Mr. Alan Emkin and Mr. David Glickman of Pension Consulting Alliance (PCA), general consultant; Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Ms. Sally Dowling of Adler Pollock Sheehan; Mr. Jeffrey Padwa, General Counsel to Treasurer Magaziner; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff. Ms. Tiffany Spudich of Capital Cities, 529 plan consultant, joined via conference call. Treasurer Magaziner called the meeting to order at 9:08 a.m. Ms. Faith LaSalle arrived at 9:11 a.m.

II. Approval of Minutes

On a motion by Mr. Fay and seconded by Mr. Reilly, it was unanimously

VOTED: to approve the draft of the minutes of the March 25, 2015 meeting of the State Investment Commission.

III. Crow Holdings Retail Fund LP

Mr. Juracek gave a brief overview of the firm and its background. He went on to review the firm's investment history. The Crow family has co-invested almost \$800 million alongside investors, which brings great alignment of interest for their limited partners. The team has achieved an average IRR of 25% on realized investments.

Mr. Feeney reviewed the opportunity the fund is targeting. The fund is focusing on small retail transactions. He went on to review the opportunity in the space and Crow's strategy. He also gave an overview of their historic track record in the small retail space and of the team that specializes in the space for Crow Holdings.

Mr. Juracek reviewed some of the performance of the firm through market cycles in the retail space and how it highlights their experience in the space.

Mr. Feeney added that they have a large and experienced team with an institutional investment approach to the asset class that traditionally hasn't had institutional owners. They have a deep expertise in the value-add space.

The committee asked questions.

Representatives from Crow Holdings left the room.

The board asked questions and discussed.

On a motion by Mr. Reilly and seconded by Mr. Costello it was unanimously

VOTED: to approve a \$25 million commitment in Crow Holdings Retail Fund.

IV. Real Estate Review –Pension Consulting Alliance

Mr. Glickman reviewed the Real Estate portion of the portfolio. The real estate target allocation is roughly 8%. Roughly three-quarters is to be invested in core properties that are lower risk and roughly one quarter is to be invested in riskier and more rewarding non-core properties. Over the last 12 months the committee has made several commitments, primarily to non-core funds.

He gave an overview of the current investment structure. He believes the 8% allocation will be achieved by the end of 2016 and doing so would have the proportions between the core and the non-core in place.

He talked about the expected allocations for the next two years. PCA recommends another \$75 million in commitments to core. Most core commitments recommended will be re-ups to existing managers. In order to reach the non-core allocation, ERSRI would have to invest roughly \$94 million. About half of those targeted commitments have been made for 2015.

Mr. Costello asked if investing in public markets was an alternative to reach the targeted allocation. Mr. Glickman said that it is something they continually look at and the current consensus is that the public markets are just as fully valued and expensive as the core properties are and there is no huge opportunity that we can seize in the public markets. To the extent that the core money isn't being called as committed, an option would be to invest in some public securities and get closer to the target and then when money is called, to liquidate the securities and use proceeds to fund the draws.

Mr. Emkin noted that publicly traded real estate trades more like stocks than real estate and it takes away the diversification from holding direct real estate. He highlighted the need for balance between diversification efforts and reaching the target allocation.

Mr. Glickman also noted the volatility risk associated with publicly traded real estate.

Ms. Fink added that it is something PCA and staff will continue to look at and will try to be strategic about it.

The committee asked questions.

V. Quarterly Private Equity Review –Cliffwater

Mr. Lynch gave a review of the private equity portfolio for the quarter ending December 2014. He noted that not all partnerships had produced 4th quarter reports so some of the numbers were estimates.

The long-term performance of the portfolio has been good. It's a high risk asset class seeking to produce returns that exceed public equities. In the near-term, performance has not been great due to significant exposure to partnerships from 2005, 2006 and 2007. The portfolio also does not have any investments in 2009 and 2010 and those were some of the best performing vintage years.

Since 2011, ERSRI has upgraded the quality of manager relationships and have enough commitments that it's not necessary to be aggressive to achieve the 7% allocation.

Mr. Lynch reviewed the performance of the portfolio and commitments made since inception. The portfolio has generated a 13.62% return. He said over the history, private equity has been the best performers in the portfolio.

He went on to review commitments that closed in 2014. Some of those commitments increased diversification by adding Asia and exposure to the smaller end of the buyout market.

He gave an overview of the performance for 2014. Among the best performers were life sciences venture capital funds. The disappointing drivers were the decline of the Euro, the decline in energy prices, and some technology venture capital funds.

He reviewed returns and commitments by vintage years. He said the portfolio is well-diversified by sector and, in general, maintaining good vintage year diversification.

Looking ahead, the goal is to attain and maintain the target allocation of 7% in private equity. Cliffwater's recommendation is to keep commitments around \$110 to \$120 million. He added that Cliffwater has Luxor Capital on their watch list due to performance in 2014. So far in 2015, they are pleased with what Luxor Capital is doing in risk control and performance but will continue to monitor the fund. The committee asked questions.

VI. Defined Benefit Investment Policy Statement Review

Ms. Fink said she and staff have been working to create a comprehensive investment policy. The goal is to add roles and expectations for each asset class to make sure everything is working in conjunction to create the best performance for the overall portfolio.

She reviewed a draft of the roles and expectations for the core fixed income, inflation linked bonds, and credit portfolios that had been previously distributed to the committee. She welcomed feedback and any suggestions from the committee.

The committee asked questions and discussed.

VII. Legal Counsel Report

There was no legal counsel report.

VIII. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio and the market environment for the month of March. The fund was down less than 0.5% which was a bit better than the bottom-up benchmark and considerably better than the 60/40 basic allocation. Fiscal-year-to-date, the fund was up 1.8% and a bit ahead of both the benchmark and the 60/40 allocation. She highlighted that the results in the portfolio were achieved by lowering the risk of the plan through diversification. The 3-year performance is ahead of both the benchmark and the 60/40 with less risk. She noted that the best performance in the month were the two categories of hedge funds both up about 0.9%. Also, the MLP manager has substantially outperformed the index even though the allocation is down 2.6%.

Treasurer Magaziner noted the first quarter's performance was great and it was because the strategy is working. He urged the committee to continue to focus on long-term returns.

Ms. Fink added that the allocation to infrastructure manager IFM Global was called. Also, the sale of interest in Wellspring IV has been executed at a good price and it will close on June 30th.

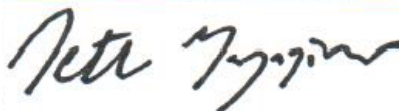
She noted some new initiatives she and staff are working on. One is to continue replenishing the hedge fund allocations and find funds that are additive to the portfolio. Additionally, the analysis of factor tilts looks promising so far so they look forward to coming back with more concrete information at a later meeting.

IX. Treasurer's General Comments

Treasurer Magaziner thanked the board for their time and their continued work.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Costello the meeting adjourned at 10:38 a.m.

Respectfully submitted,



**Seth Magaziner,
General Treasurer**



State Investment Commission
Monthly Meeting Minutes
Wednesday, May 27, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:04 a.m., Wednesday, May 27, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Thomas Mullaney, Ms. Faith LaSalle, Mr. Frank Karpinski and Treasurer Seth Magaziner.

Also in attendance:

Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Ms. Sally Dowling of Adler Pollock Sheehan; Mr. Greg Balewicz, Mr. Scott Conlon and Ms. Jennifer Bender of State Street Global Advisors; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff. Treasurer Magaziner called the meeting to order at 9:04 a.m.

II. Approval of Minutes

On a motion by Mr. Thomas Fay and seconded by Mr. Thomas Mullaney, it was unanimously **VOTED: to approve the draft of the minutes of the April 29, 2015 meeting of the State Investment Commission.**

III. Review of Equity Factor Tilts – State Street Global Advisors

Mr. Conlon reviewed the investment philosophies around advanced beta. He described the factors that represent advanced beta within the equity space. SSgA believes advanced beta returns can be captured in a very transparent low-cost investment vehicle. Portfolios can be constructed in a manner aligned with investors' beliefs and objectives. He said the most successful investors with the strategies are those who have reasonable long-term investments horizons, who recognize that single factor performance is cyclical, and look to allocate across multiple factors. He gave some examples of multi-factor portfolios and how they are built. The factors should have low or negative correlation to each other.

He added that over the recent years, investors are taking a harder look at ways to improve their traditional passive portfolios. He believes investors will continue to increase allocations to these types of portfolios in the coming years.

He said in developing a factor portfolio for ERSRI they have incorporated value, quality and momentum as the diversifying factors.

Ms. Bender said she sees value, quality and momentum as being a good diversifying mix. Value and momentum, in particular, are natural offsets. Their approach to the implementation is to keep it straightforward and simple. She stated there are two main decisions to make, how much of the portfolio to put into the factor-weighted allocation and how to weight the stocks chosen. They like the approach where they tilt away from market cap.

Ms. Fink explained why they focused on the three factors, value, quality and momentum. She said the question to the SIC is how much tracking error they would be comfortable with.

The board asked questions and discussed.

Ms. Fink said she sees the equity allocation being half in market-cap weighted and half in factor weighted. She believes the portfolio would then get the benefits of the factor performance and also the advantages of the diversification.

Treasurer Magaziner asked about how quality might be defined.

Ms. Bender said there are a few of different measures in play. Return on equity, return on assets and returns on invested capital are all very highly correlated, so they are focusing on return on equity. Earnings variability and the use of leverage are the other components of the quality measure. What they are recommending is to down-weight leverage because they don't want to offset value.

Treasurer Magaziner said that the board would continue to discuss this topic.

IV. Cliffwater Hedge Fund Recommendation - Ascend Capital

Ms. Fink said in an effort to increase alpha return while not increasing fees, Cliffwater and staff have found a couple opportunities with some existing funds.

Mr. Lynch said the recommendations are for the hedge fund portfolio. Both hedge fund portfolios have been exceeding their benchmarks since their inceptions and fulfilling the role they have. Staff and Cliffwater have been looking at ways to enhance the program. They have identified two opportunities for enhancement. The enhancement would be taking two existing funds and altering the strategy to get more expected alpha return for the same level of fee. In both cases, the funds' leverage would also be increasing. Cliffwater believes the level of risk is appropriate for the funds' strategies as well as for the ERSRI portfolio.

Through ongoing monitor of all the hedge funds, Cliffwater has identified Ascend Partners II as one opportunity. ERSRI currently has \$73 million invested with Ascend. The fund is part of the global equity portfolio.

Mr. Lynch reviewed the performance of the fund. He said the strategy is designed to run at low leverage with gross exposure averaging about 125%. That's low relative to other long-short managers who average gross exposure of 177%. Ascend Capital has offered ERSRI a product that follows the same strategy but with 1.5 times the positions as the current fund.

He went on to give a brief overview of the firm and the fund. The fund had an annualized return of 7% with a level of risk of 4%. In terms of risk, it's lower than 96% of equity long-short managers.

Ascend Capital is offering this option at the same level of fees, a management fee of 1.5% and a performance fee of 20%. They offer a fund-of-one structure that provides all the same terms, operating expenses and liquidity as ERSRI's current Ascend fund. Cliffwater recommends transferring the entire investment in Ascend Partners II to this new fund.

The board asked some questions and discussed.

On a motion by Mr. Thomas Mullaney and seconded by Mr. Thomas Fay, it was unanimously **VOTED: to approve a new structure of the Ascend Partners investment.**

V. Cliffwater Hedge Fund Recommendation - Graham Capital

Mr. Lynch said Graham Capital is offering a similar option as Ascend Capital. He gave some background on ERSRI's current Graham Capital investment. The strategy is in the absolute return portfolio and basically

has no beta. As of April 30, ERSRI has an investment of \$56 million in the Graham Capital Discretionary 6V fund. Graham is offering ERSRI the opportunity to switch into the Absolute Return fund, which is a strategy with higher expected risk and returns.

Mr. Lynch described the difference in strategy. In the current fund Graham targets approximately 6% volatility. The target volatility in the Absolute Return portfolio is approximately 11%. The higher volatility comes primarily through larger positions and additional leverage.

He gave a brief overview of the firm and their strategy. He mentioned Cliffwater measures leverage for this type of strategy through the margin-to-equity ratio. Graham's Discretionary fund has about 25% margin-to-equity ratio while the Absolute Return portfolio has averaged 50% since inception.

Since inception, the Absolute Return fund has produced an annualized return of 13.67% with risk of 9.8%. It ranks in the top 10% among similar strategies. It has generated much higher returns than the Discretionary fund with a higher risk level. He noted that it has a reasonable-to-low level of risk for this strategy.

Mr. Lynch reviewed the investment terms. Graham Capital is offering the new strategy at the same fees. The fees are 1.75% management fee and a performance fee of 20%. New investors into this fund would pay a management fee of 2.5% and a performance fee of 25%.

He added that about half the capital in the Absolute Return fund is the manager's capital so there is good alignment of interest. Cliffwater recommends transferring the entire amount in the discretionary fund to the absolute return fund.

The board asked questions and discussed.

Ms. Fink added that she liked the alignment of interest. She believes the fund would get more diversification as there are a few more underlying portfolio managers and strategies in the Absolute Return fund. Also, ERSRI would be taking higher leverage but not paying any more fees for it.

On a motion by Mr. Thomas Mullaney and seconded by Ms. Faith LaSalle, it was unanimously **VOTED: to approve a fund change with Graham Capital from the Graham Discretionary Strategies Fund to the Graham Absolute Return Fund.**

VI. Consideration of Defined Benefit Investment Policy Statements – Core Fixed, Inflation-Linked & Credit

Ms. Fink reviewed the Investment Policy statement drafts. She noted the draft had been distributed at the previous meeting and asked the board for their approval.

On a motion by Mr. Michael Costello and seconded by Ms. Faith LaSalle, it was unanimously **VOTED: to approve the Core-Fixed, Inflation-Linked and Credit Investment Policy Statements.**

VII. Transparency Pledge Recommendation

Treasurer Magaziner noted the national and local debate about disclosures that public pension funds should make about performance and fund managers. He said he doesn't want ERSRI to disclose any manager information that would have a detrimental impact on the performance of the portfolio. On the other hand, there is certain basic information that the public ought to know such as who fund managers are, their performance, liquidity, and fees and expenses paid.

He said he feels comfortable that disclosure of this basic level of information will not have a detrimental impact on performance. National discussion on disclosure has really shifted in the past few years.

In an attempt to codify a basic level of disclosure, it is good to have a policy in place. He said this policy

would apply to new fund managers going forward. Staff will also ask existing managers to voluntarily allow these disclosures. ERSRI would ask managers to sign a pledge understanding that they have the right to publish this information.

The board asked questions and discussed.

On a motion by Mr. Thomas Mullaney and seconded by Mr. Thomas Fay, it was unanimously **VOTED: to approve the Transparency Pledge.**

VIII. Legal Counsel Report

Sally Dowling stated she had nothing to report.

IX. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio and the market environment for the month of April. The fund had a 1.6% return on the month, which was in line with the 60/40 basic allocation and about 0.20% less than the bottom-up benchmark. That underperformance was due mostly to hedge funds because the beta in the bottom-up benchmarks is higher. She reviewed the performance by asset class. The portfolio continues to have better return and less risk than the benchmarks.

She added that she and staff will continue spend a lot of time looking at factor tilts. Also, as part of the transparency initiative, Treasurer Magaziner has announced that they are looking to do a governance review in the next few months. They will also continue to work on the consolidated investment policy statement.

X. Treasurer's General Comments

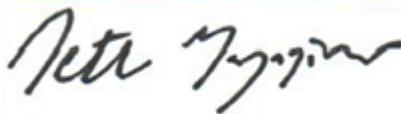
Treasurer Magaziner noted that as part of the transparency effort various new web pages have been launched containing investment information and performance data.

He announced that there will be a few member changes as Mr. Bob Giudici and Mr. Drew Reilly will be retiring from the commission. The State Senate will confirm replacements in the coming weeks.

He thanked the members for their time and their efforts.

There being no other business to come before the Board, on a motion by Mr. Costello and seconded by Mr. Fay the meeting adjourned at 10:29 a.m.

Respectfully submitted,



**Seth Magaziner,
General Treasurer**



State Investment Commission
Monthly Meeting Minutes
Wednesday, June 24, 2015
9:00 a.m.
Room 205, State House

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:04 a.m., Wednesday, June 24, 2015 in Room 205, State House.

I. Roll Call of Members

The following members were present: Mr. J. Michael Costello, Ms. Faith LaSalle, Mr. Thomas Mullaney, Ms. Paula McNamara, and Treasurer Seth Magaziner.

Also in attendance: Mr. John Burns and Mr. Allan Emkin from Pension Consulting Alliance, general consultant; Mr. Greg Balewicz and Ms. Rakhi Kumar of State Street Global Advisors, index manager; Mr. Thomas Lynch of Cliffwater, alternative investment consultant; Ms. Sally Dowling of Adler Pollock Sheehan; Mr. Robert Benson and Ms. Marie Langlois; Ms. Anne-Marie Fink, chief investment officer, and members of the Treasurer's staff; Ms. Tiffany Spudich and Mr. Joe Bill Wiley of Capital Cities, 529 plan consultant, joined via phone.

Mr. Thomas Fay, Mr. Robert Giudici and Mr. Andrew Reilly were absent.

Treasurer Magaziner called the meeting to order at 9:04 a.m.

II. Approval of Minutes

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously

VOTED: to approve the draft of the minutes of the May 27, 2015 meeting of the State Investment Commission.

III. 529 Plan Quarterly Review & RFP

Ms. Spudich gave a brief summary of the program. The plan ended the quarter with \$7.4 billion in assets. It was up \$36 million from the previous year's end. She went on to review the performance of the program. She said Capital Cities is continuing to monitor the age-based and fixed-allocation portfolios given the volatility-management strategy. They have also implemented quarterly calls with AB to make sure they're comfortable with AB's positioning and management.

She said since the last meeting, the plan has moved to the least expensive investment share classes, which saved participants roughly \$300,000 annually in management fees. They are currently working with AB to replace the small-cap growth plan, as previously approved. The 529 plan's investment policy has been finalized and executed.

Ms. Spudich added that they identified some funds that were misclassified in Savingsforcollege.com and they have worked with the rating service to fix that. Those corrections will help with the program's rankings going forward. Additionally, they have started fee discussions with AB and have also created a program manager RFP draft.

Ms. Fink noted that AB has been the program administrator since inception. She thinks it would be a great time to issue an RFP. She asked for the SIC's permission to do so.

The commission asked questions and discussed.

On a motion by Ms. LaSalle and seconded by Mr. Mullaney, it was unanimously

VOTED: to give notice to AB that the current contract will not automatically renew and would terminate in June 2016.

An additional motion was made by Ms. LaSalle and seconded by Mr. Mullaney, and it was unanimously **VOTED: to issue an RFP for the 529 program administrator**

IV. Legislative Mandate Research Consultant RFP

Treasurer Magaziner said that the General Assembly has imposed certain restrictions on investments in scrutinized companies that do business in Sudan, Iran and Northern Ireland. He asked the SIC for a vote to issue an RFP for a consultant to provide research to help comply with all statutory reporting requirements with respect to these laws. The consultant would develop a list of scrutinized companies as required by statute.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously **VOTED: to issue an RFP for a research consultant for the Sudan, Iran and Northern Ireland legislative mandates.**

V. Investment Policy Statement Review

Ms. Fink introduced a draft of the investment policy for real estate, private and public infrastructure asset classes.

Treasurer Magaziner said the SIC would continue to review and would vote on adopting the policy at the next meeting.

VI. Briefing: Equity Factor Tilts Policy—Pension Consulting Alliance

Mr. Burns reviewed the current publicly traded equity portfolio. He gave a summary of the proposed factor-tilt (a.k.a. enhanced-beta) portfolio. The portfolio will focus on developed market equities. The targeted tracking error for the portfolio is 2.0-2.5%. He went on to review the investment managers' role in the portfolio.

Mr. Costello asked how the performance would compare versus a market-cap-weighted index.

Ms. Fink said that based on the work done, the proposed portfolio is outperforming the MSCI World by about 1.5% and featured 0.75% less volatility.

Mr. Burns reviewed the objectives of the portfolio. The goal is to obtain higher return for lower volatility and add diversification. Ultimately, the main objective of the portfolio is to perform better in a bad market. This strategy is consistent with the emphasis on a good risk-return ratio and it diversifies the portfolio further. He reviewed the construction approach of the portfolio. Combining three factors would make the portfolio less volatile and less vulnerable to underperform in specific market environment. Additionally, the proposed solution would be in a separately managed account which is very transparent. He gave an overview of some of the risks involved. He said turnover is higher than with market-cap-weighted index funds and as a result transaction costs will be higher. He cautioned the SIC to remember that the back-tested returns will be different than actual returns.

He added that the SIC will need to decide how much of the portfolio to put in the strategy, what factors to use, and how much tracking error they would be comfortable with.

Treasurer Magaziner said the SIC would do a more detailed deep dive on the specific factors and will continue to discuss next month.

VII. Briefing: Review of 2015 Proxy Season—State Street Global Advisors

Ms. Fink introduced State Street Global Advisors to review how they are extracting value out of proxy votes on behalf of ERSRI.

Ms. Kumar reviewed SSGA's stewardship program. Their goal is to identify outliers and maintain a risk-based approach to the program. They have developed priorities that help their team identify in a systematic manner companies to focus on. Additionally each year they select a sector in which to do a deep dive. This year they focused on global pharmaceuticals and fast-moving consumer goods. In terms of priorities they continue to review board refreshment practices and gender diversity on boards.

She said their focus has been to identify long-term underperforming companies, with the goal of increasing engagement and overall performance. This approach aligns SSGA's stewardship practices with their indexed approach to holdings.

She gave a review of the 2015 proxy season. Proxy access, or the ability of minority shareholders to propose directors for a board through company-issued proxy statements, was a big focus. Also DuPont had a high profile proxy contest this season. The CEO had been streamlining the conglomerate but an activist shareholder wanted her to move faster and proposed their own slate of directors. In combating the activist, DuPont recognized a significant difference between the way long-term index funds and the way activists were voting. The CEO also managed to get 50% of the retail investor shareholders to vote. By having retail investors and long-time shareholders support management, the management slate won. This season SSGA has also seen a trend with increased engagement with independent directors.

Ms. Kumar talked about how they implemented their board refreshment policy, targeting long-serving board members of underperforming companies. This year they found that companies are voluntarily looking at board tenure. She went on to talk about some of the votes they took this season.

The commission asked a few questions.

After Ms. Kumar finished her presentation, , Mr. Balewicz, the relationship manager from State Street Global Advisors, informed the SIC that State Street had received a "Wells" notice from the Securities and Exchange Commission related to the State Street Custody division's use of consultants and lobbyists and the solicitation of business from public pension plans. He explained a "Wells" notice is issued by the SEC staff when they intend to seek permission from their board to move forward with an enforcement action. He reiterated that the notice pertains to the Custody Division and not to the Investment Management Division of State Street, which he represents and which is a vendor to the SIC.

VIII. Rescheduling of July SIC Meeting

Ms. Fink said that the July meeting would be a full-day off-site. She asked for the SIC's vote to reschedule the meeting from July 22 to July 21.

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously

VOTED: to approve the reschedule the July Meeting of the State Investment Commission to Tuesday, July 21.

IX. Legal Counsel Report

There was no legal counsel report.

X. Chief Investment Officer Report

Ms. Fink reviewed the performance of the portfolio and the market environment for the month of May. The fund was up 0.3% , which was well above the performance of a basic 60/40 allocation. This return puts the fund at 4.1% for calendar year-to-date and 3.7% for fiscal year-to-date. She noted that it's highly unlikely that the fund will reach its 7.5% target by the end of this fiscal year. On a three- and five-year basis, the fund is up 10.8% and 9.6%, respectively. On a ten-year basis, the return is 6.4%. The emphasis remains on long-term returns and controlled risk. She noted that the fund continues to have lower risk than the 60/40, which has led to stronger returns. She reviewed the performance by asset class.

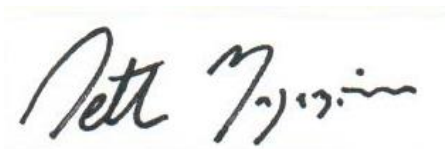
She added that she and staff will continue to work on factor tilts. Additionally, they will begin working on drafting the two RFPs approved by the SIC.

XI. Treasurer's General Comments

Treasurer Magaziner welcomed Mr. Benson and Ms. Langlois who were in attendance as guests, and will be officially joining the Commission as of July 1. He noted that the commission maintains a well-balanced mix of members. On performance, he stated that one of the biggest performance drivers this year has been Europe. The SIC will be watching for news coming out of Greece. He also mentioned that Treasury has gotten a very positive response on the action that the SIC took around the new transparency policy. He added that the pension reform legislation had been finalized by the General Assembly, which is a big positive for the state. He thanked the members for their work and their commitment.

There being no other business to come before the Board, on a motion by Mr. Mullaney and seconded by Mr. Costello the meeting adjourned at 10:58 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner". The signature is written in a cursive style with a horizontal line underneath.

**Seth Magaziner,
General Treasurer**