

**STATE OF RHODE ISLAND TREASURY**

**ANNUAL TRANSACTIONS REPORT**

**FISCAL YEAR 2017**

**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, 2017, 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 by 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,

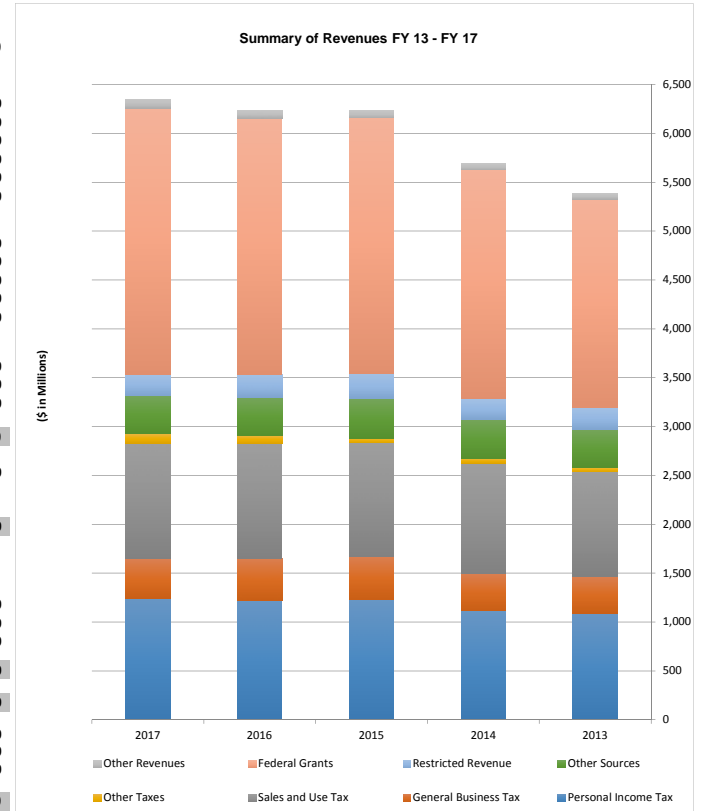
A handwritten signature in blue ink, appearing to read "Kerri Baker".

Kerri Baker  
Cash Manager

## **REVENUES AND EXPENDITURES**

State of Rhode Island  
Summary of Revenues  
June 30, 2017

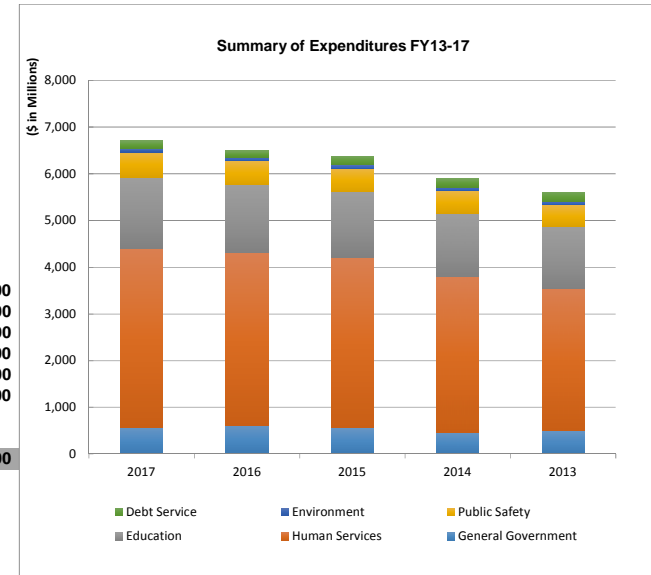
	2017	2016	2015	2014	2013
<b>PERSONAL INCOME TAX</b>	\$ 1,243,807,000	\$ 1,217,430,000	\$ 1,227,582,000	\$ 1,115,513,000	\$ 1,085,765,000
<b>GENERAL BUSINESS TAXES:</b>					
Business Corporations	\$ 119,290,000	\$ 134,909,000	\$ 147,979,000	\$ 114,215,000	\$ 131,828,000
Gross Earnings Tax-Public Utilities	\$ 90,405,000	\$ 103,062,000	\$ 103,950,000	\$ 101,382,000	\$ 99,641,000
Income Tax-Financial Institutions	\$ 22,189,000	\$ 21,096,000	\$ 22,743,000	\$ 16,611,000	\$ 12,595,000
Tax on Insurance Companies	\$ 121,094,000	\$ 130,344,000	\$ 120,265,000	\$ 102,357,000	\$ 92,745,000
Tax on Deposits-Banking Institutions	\$ 2,972,000	\$ 2,556,000	\$ 2,260,000	\$ 2,472,000	\$ 2,877,000
Health Care Provider Assessment	\$ 43,486,000	\$ 43,236,000	\$ 44,125,000	\$ 42,131,000	\$ 41,569,000
<b>SALES AND USE TAXES:</b>					
Sales and Use Tax	\$ 998,197,000	\$ 971,873,000	\$ 963,453,000	\$ 916,083,000	\$ 878,866,000
Motor Vehicle Tax	\$ 26,024,000	\$ 39,692,000	\$ 49,117,000	\$ 52,408,000	\$ 49,431,000
Gasoline Tax	\$ 101,000	\$ (208,000)	\$ (125,000)	\$ 524,000	\$ 438,000
Cigarette Tax	\$ 140,263,000	\$ 142,783,000	\$ 138,046,000	\$ 139,462,000	\$ 132,516,000
Alcohol	\$ 19,741,000	\$ 19,630,000	\$ 18,363,000	\$ 18,252,000	\$ 12,176,000
<b>OTHER TAXES:</b>					
Inheritance and Gift	\$ 85,429,000	\$ 70,029,000	\$ 34,202,000	\$ 43,592,000	\$ 28,489,000
Racing and Athletics	\$ 1,163,000	\$ 1,059,000	\$ 1,107,000	\$ 1,177,000	\$ 1,171,000
Realty Transfer Tax	\$ 12,589,000	\$ 10,432,000	\$ 9,494,000	\$ 7,962,000	\$ 7,399,000
<b>TOTAL TAXES</b>	\$ 2,926,750,000	\$ 2,907,923,000	\$ 2,882,561,000	\$ 2,674,141,000	\$ 2,577,506,000
<b>DEPARTMENTAL RECEIPTS</b>	\$ 370,066,000	\$ 367,641,000	\$ 354,122,000	\$ 360,678,000	\$ 356,832,000
<b>Total Taxes and Departmentals</b>	\$ 3,296,816,000	\$ 3,275,564,000	\$ 3,236,683,000	\$ 3,034,819,000	\$ 2,934,338,000
<b>OTHER SOURCES</b>					
Gas Tax Transfer	\$ -	\$ -	\$ -	\$ -	\$ -
Other Miscellaneous	\$ 12,122,000	\$ 4,102,000	\$ 8,778,000	\$ 6,392,000	\$ 4,166,000
Lottery	\$ 362,697,000	\$ 369,761,000	\$ 381,936,000	\$ 376,327,000	\$ 379,225,000
Unclaimed Property	\$ 12,725,000	\$ 14,167,000	\$ 13,712,000	\$ 12,724,000	\$ 6,269,000
<b>Total Other Sources</b>	\$ 387,544,000	\$ 388,030,000	\$ 404,426,000	\$ 395,443,000	\$ 389,660,000
<b>Total General Revenues</b>	\$ 3,684,360,000	\$ 3,663,594,000	\$ 3,641,109,000	\$ 3,430,261,000	\$ 3,323,998,000
Restricted Revenue/Other	\$ 217,258,000	\$ 241,872,000	\$ 253,973,000	\$ 216,142,000	\$ 220,983,000
Federal Grants	\$ 2,726,644,000	\$ 2,610,735,000	\$ 2,619,412,000	\$ 2,345,942,000	\$ 2,129,847,000
Other Revenue	\$ 85,290,000	\$ 89,369,000	\$ 74,635,000	\$ 59,334,000	\$ 62,372,000
<b>TOTAL</b>	\$ 6,713,552,000	\$ 6,605,571,000	\$ 6,589,130,000	\$ 6,051,679,000	\$ 5,737,200,000



**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, 2017

	2017	2016	2015	2014	2013
General Government	\$ 575,943,000	\$ 611,011,000	\$ 556,456,000	\$ 468,696,000	\$ 504,096,000
Human Services	\$ 3,831,634,000	\$ 3,694,123,000	\$ 3,661,964,000	\$ 3,325,539,000	\$ 3,042,755,000
Education	\$ 1,525,626,000	\$ 1,467,236,000	\$ 1,403,498,000	\$ 1,357,630,000	\$ 1,330,129,000
Public Safety	\$ 534,584,000	\$ 504,217,000	\$ 493,361,000	\$ 479,997,000	\$ 463,734,000
Environment	\$ 77,556,000	\$ 78,270,000	\$ 79,897,000	\$ 76,118,000	\$ 70,145,000
Debt Service	\$ 164,384,000	\$ 134,410,000	\$ 184,905,000	\$ 188,013,000	\$ 193,443,000
<b>Total Expenditures</b>	<b>\$ 6,709,727,000</b>	<b>\$ 6,489,267,000</b>	<b>\$ 6,380,081,000</b>	<b>\$ 5,895,993,000</b>	<b>\$ 5,604,302,000</b>



**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 2017**

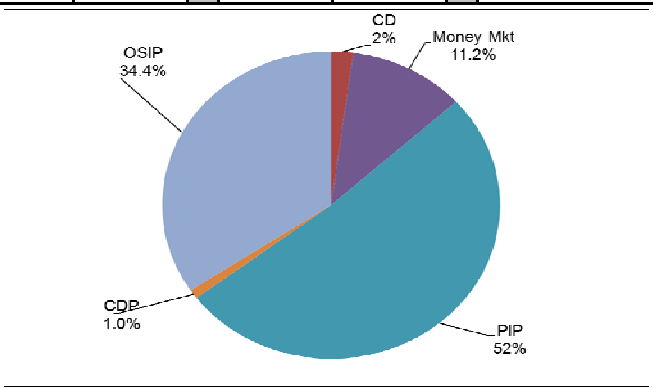
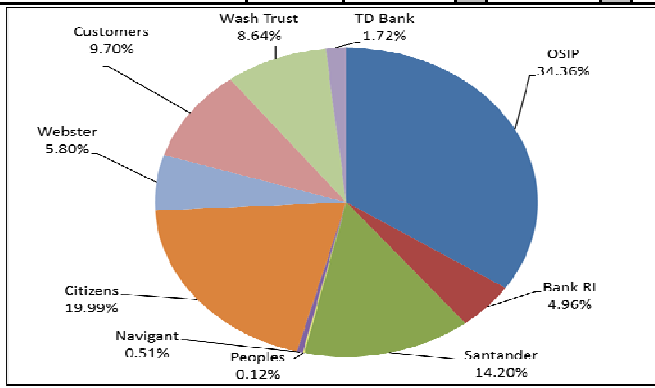
<b>Fund</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>	<b>Average Daily Balance</b>	<b>Earnings</b>	<b>Yield (Annual)</b>
GENERAL FUND	579,414,025	392,124,494	304,262,563	1,898,242	0.62%
H.A.V.A	297	298	297	2	0.56%
GENERAL FUND (HIST PRES)	540,211	544,479	540,211	4,267	0.79%
HISTORIC TAX CREDITS	2,917,366	6,939,440	2,936,545	22,073	0.75%
HIGHWAY FUND	52,654,449	89,751,342	53,674,449	396,893	0.74%
T.D.I. RESERVE (DET)	100,850,394	104,614,331	106,291,722	564,046	0.53%
RICAP GL FUND 21	60,776,529	60,375,225	61,732,967	398,696	0.65%
BOND CAPITAL FUND	961,825	330,174	1,343,414	8,348	0.62%
R.I. CLEAN WATER ACT	3,197,208	3,220,396	3,197,208	23,187	0.73%
STATE LOTTERY FUND	19,817,937	21,123,357	43,653,553	305,420	0.70%
ASSESSED FRINGE BEN ADM	1,813,976	4,417,984	600,277	4,009	0.67%
AUTO EQUIPMENT SERVICE	1,252	1,259	1,252	7	0.55%
HEALTH INSURANCE FUND	19,121,139	20,882,500	21,687,988	161,362	0.74%
FLEET REVOLVING LOAN FUND	3,761,713	2,272,189	2,260,343	10,476	0.46%
EMPLOYEES RETIREMENT	30,282	11,637,049	19,390,474	106,766	0.55%
MUNICIPAL EMPLOYEES RET.	83,791	447,051	2,488,996	13,260	0.53%
RETIREE HEALTH FUND	640,576	2,905,986	866,987	5,410	0.62%
BOG RETIREE FUND	62,785	956	27,624	171	0.62%
RIPTA HEALTH FUND	35,890	1,039,418	575,616	3,528	0.61%
PERMANENT SCHOOL FUND	1,943,997	1,959,352	1,943,997	15,355	0.79%
TEACHER RETIREE HEALTH FUND	578,945	582,483	578,945	3,538	0.61%
RI ST POL RETIREE HEALTH	123,742	124,436	123,742	694	0.56%
RI LEG RETIREE HEALTH	100,680	832	30,324	152	0.50%
RI JUDICIAL RETIREE HEALTH	40,419	40,643	40,419	224	0.55%
UNIVERSITY COLLEGE	12,205	8,518,460	617,684	6,256	1.01%
INDUS. BLDG. & MTG. INS.	1,715,778	1,226,712	1,432,216	10,934	0.76%
<b>Total Short Term Investments</b>	<b>851,197,410</b>	<b>735,080,846</b>	<b>630,299,814</b>	<b>3,963,318</b>	<b>0.63%</b>

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

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

**Issuer Credit Rating  
June 30, 2017**

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 of America		0.0%	Baa1		P-2	A-2	Baa1	BBB+	Stable	
Bank RI	3,4	5.0%	N/R		N/R	N/R	N/R	N/R	N/R	
Citizens Bank	4	20.0%	Baa1		P-2	A-2	A1	A-	Stable	
Customers Bank	4	9.7%	N/R		N/R	N/R	N/R	N/R	N/R	
Webster Bank	4	5.8%	Baa1		P-1	A-2	A1	BBB+	Stable	
Washington Trust	4,7	8.6%	N/R		N/R	N/R	N/R	N/R	N/R	
Santander Bank	4	14.2%	Baa2		P-1	A-2	A2	BBB+	Stable	
TD Bank	4	1.7%	Aa1		P-1	A-1+	Aa1	AA-	Stable	
Ocean State Investment Pool	6	34.4%	N/R		N/R	N/R	N/R	N/R	N/R	
People's Credit Union	4	0.1%	N/R		N/R	N/R	N/R	N/R	N/R	
Navigant Credit Union	4	0.5%	N/R		N/R	N/R	N/R	N/R	N/R	



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:**

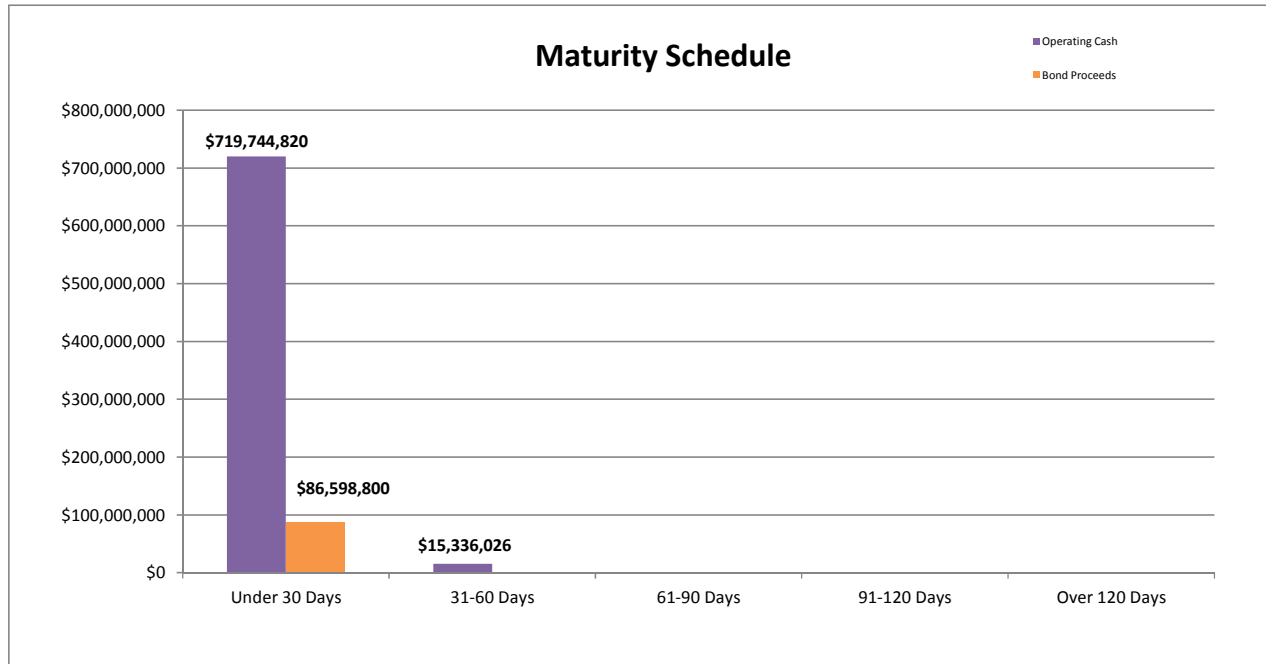
**AAA** - Highest rating, extremely strong  
**AA** - Differs slightly from highest rating, very strong  
**A** - More susceptible to adverse effects of change in economic condition, strong  
**BBB** - Exhibits adequate protection parameters  
**BB, B** - Have significant speculative characteristics.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

**Modifiers:**

+ or - show relative standing within the category.



**Short-Term Investment Maturity Schedule & SIC Compliance Report at June 30, 2017**



Vendor	CD	CDARS	Money Mkt	CoD	OSIP	Total (\$)
Guidelines-Total/Vendor	50%/20%	50%/20%	75%/35%	75%/35%	50%/50%	
OSIP	0 0%	0 0%	0 0%	0 0%	252,589,341 34%	252,589,341 34.4%
Bank RI	15,336,026 2%	0 0%	21,113,751 3%	0 0%	0 0%	36,449,777 5.0%
Santander Bank	0 0%	0 0%	0 0%	104,377,640 14%	0 0%	104,377,640 14.2%
People's Credit Union	0 0%	0 0%	0 0%	879,711 0%	0 0%	879,711 0.1%
Navigant Credit Union	0 0%	0 0%	0 0%	3,777,104 1%	0 0%	3,777,104 0.51%
Bristol County Savings Bk	0 0%	0 0%	0 0%	0 0%	0 0%	0 0.00%
Centreville Bank	0 0%	0 0%	0 0%	0 0%	0 0%	0 0.00%
Citizens Bank	0 0%	0 0%	0 0%	146,949,101 20%	0 0%	146,949,101 20.0%
Webster Bank	0 0%	0 0%	0 0%	42,599,516 6%	0 0%	42,599,516 5.8%
Customers Bank	0 0%	0 0%	0 0%	71,324,273 10%	0 0%	71,324,273 9.7%
Washington Trust	0 0%	60,924,459 8%	0 0%	2,598,073 0%	0 0%	63,522,532 8.6%
TD Bank	0 0%	0 0%	0 0%	12,611,852 2%	0 0%	12,611,852 1.7%
<b>TOTALS</b>	<b>15,336,026</b>	<b>60,924,459</b>	<b>21,113,751</b>	<b>385,117,269</b>	<b>252,589,341</b>	<b>735,080,846</b>
<b>(%) PORTFOLIO</b>	<b>2.1%</b>	<b>8.3%</b>	<b>2.9%</b>	<b>52.4%</b>	<b>34.4%</b>	<b>100.0%</b>



State of Rhode Island  
Office of the General Treasurer  
Collateralization of State Bank Deposits  
As of June 30, 2017

Bank	Account Name	Deposit Balance	Collateral Amount	Percentage of Collateral	Term	Collateral Report Filed	VERIBANC Rating	Moody's Long Term Debt Rating	S&P Long Term Debt Rating
<b>Customers Bank</b>									
	State of Rhode Island Investment	71,324,272	71,902,000	101%	DDA	Y	GREEN*	N/R	N/R
	Total	71,324,272	71,902,000	101% I					
<b>Navigant Bank</b>									
	State of Rhode Island Investment	2,571,805	2,623,241	102%	DDA	Y	GREEN***	N/R	N/R
	Total	2,571,805	3,000,000	129%					
<b>Peoples Bank</b>									
	State of Rhode Island Investment	704,548	718,639	102%	DDA	Y	GREEN***	N/R	N/R
	Total	704,548	1,500,000	330%					
<b>Santander Bank</b>									
	DHS SSI Project Account	327,883	334,441	102%	DDA	Y	GREEN*	A3	A-
	ERS INVESTMENT FUND	18,633	19,006	102%	DDA				
	Fleet Replacement Revolving Loan Fund	1,210,703	1,234,917	102%	DDA				
	GF INVESTMENT	79,102,409	80,684,457	102%	DDA				
	Health Insurance - BOG Retirees	734,484	749,174	102%	DDA				
	Health Insurance - Judicial Retirees	370,819	378,235	102%	DDA				
	Health Insurance - Legislative Retirees	120,618	123,030	102%	DDA				
	Health Insurance - RIPITA Actives and Retirees	1,079,175	1,100,759	102%	DDA				
	Health Insurance - State Police Retirees	965,598	985,930	102%	DDA				
	Health Insurance - Teacher Retirees	930,955	949,574	102%	DDA				
	Health Insurance Active Employees	831,791	848,427	102%	DDA				
	Health Insurance Retirees	1,969,960	2,009,359	102%	DDA				
	LOTTERY INVESTMENT	89,453	91,242	102%	DDA				
	RICAP INVESTMENT	21,284,528	21,710,219	102%	DDA				
	State RI Disbursement Account	17,353,661	17,700,734	102%	DDA				
	TDI INVESTMENT ACCT	3,813,602	3,889,874	102%	DDA				
	Workers Comp/Assessed Fringe	1,185,045	1,208,746	102%	DDA				
	Total	131,390,317	259,117,731	198%					
<b>TD Bank</b>									
	State of Rhode Island	27,848	28,405	102%	DDA	Y	GREEN***	Aa1	AA-
	State of Rhode Island-TDI Account	12,584,004	12,835,684	102%	DDA				
	Total	12,611,852	14,000,000	113%					
<b>Washington Trust</b>									
	DBR Real Estate Escrow Account	459,525	468,716	102%	DDA	Y	GREEN***	N/R	N/R
	Dredging Fund	539,748	550,543	102%	DDA				
	RICAP Fund	461,700	470,934	102%	DDA				
	Recreational Area	2,242,560	2,287,411	102%	DDA				
	Total	3,703,533	4,940,550	143%					
<b>Webster Bank</b>									
	Bond Capital Invest	23,968	24,447.78	102%	DDA	Y	GREEN***	A1	BBB+
	Childrens Health Acct CHAR1	6,198	6,321.54	102%	DDA				
	Courts Cash Vault	22,094	22,535.88	102%	DDA				
	DEM Lockbox	252	257.04	102%	DDA				
	DMV Lockbox	48,518	49,488.40	102%	DDA				
	ERS Inv Fund	4,451	4,539.91	102%	DDA				
	Fleet Replacement Invest	1,269,641	1,295,034.11	102%	DDA				
	General Fund Invest	40,887,722	41,705,476.00	102%	DDA				
	Highway Fund Invest	59,592	60,783.36	102%	DDA				
	Lottery Fund Invest	60,610	61,822.35	102%	DDA				
	MERS Invest Fund	17,850	18,207.23	102%	DDA				
	RI Public Rail Corporation Fund	120,064	122,465.58	102%	DDA				
	RICAP Invest Fund	214,755	219,050.60	102%	DDA				
	RIVAP	6,367	6,494.23	102%	DDA				
	Taxation Credit	9,155,667	9,338,780.53	102%	DDA				
	TDI Fund Invest	60,926	62,144.73	102%	DDA				
	Total	51,958,676	70,377,921	136%					
<b>Grand Total</b>		<b>540,366,971</b>	<b>694,336,238</b>	<b>128%</b>					

I = Collateralization with letters of credit require only 100% coverage due to the nature of the security)

**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

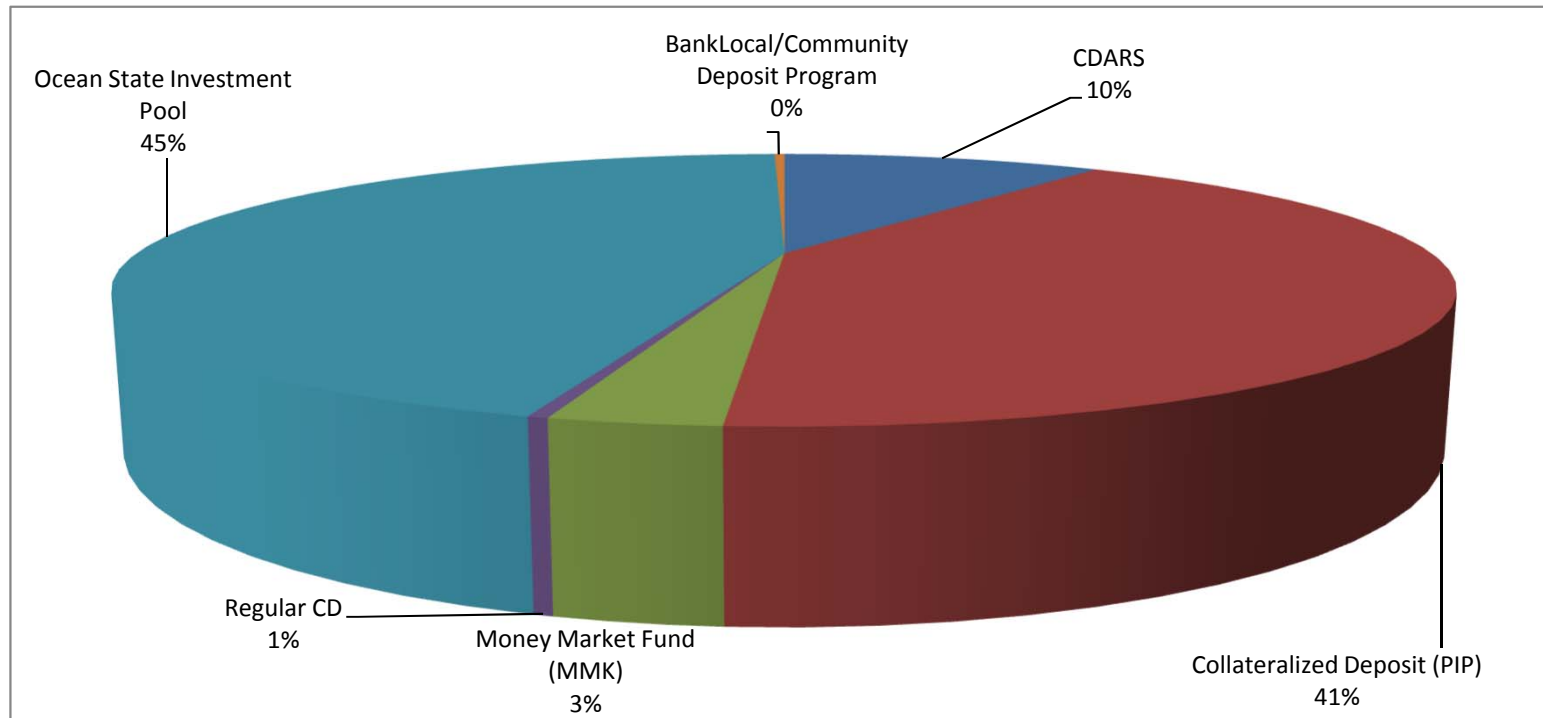
**Modifiers:**  
 \* or - show relative standing within the category.

**VERIBANC Ratings:**

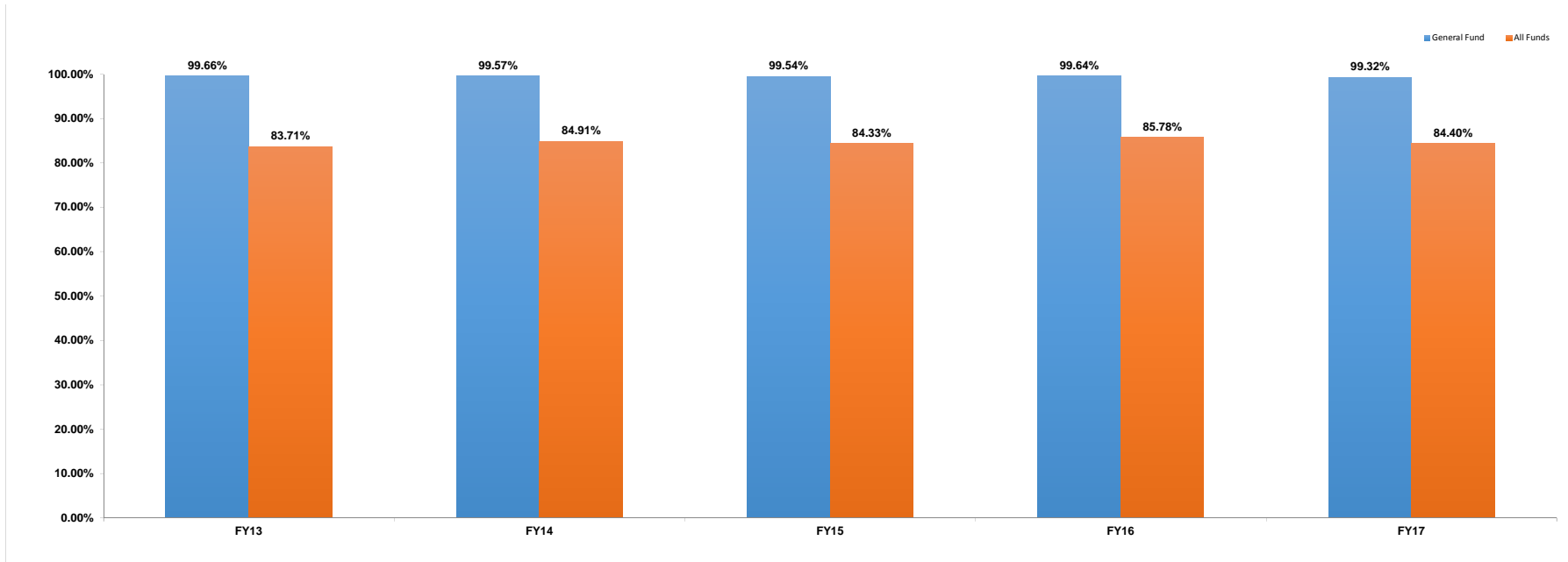
**GREEN** The institution's equity exceeds a modest percentage of its assets and had positive net income during the most recent reporting period.  
**YELLOW** The institution's equity is at a minimal percentage of its assets or it incurred a net loss during the most recent reporting period.  
**RED** 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

**State of Rhode Island**  
**Short Term Cash Monthly Performance**  
**Performance By Vehicle for**  
**July 01, 2016 to June 30, 2017**

<b>Investment Type</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>	<b>Earnings</b>	<b>Yield(Annual)</b>	<b>ADB</b>
Collateralized Deposit (PIP)	\$ 345,210,950.60	\$ 377,862,380.06	\$ 1,501,921.89	0.5774%	\$ 260,098,465.10
Money Market Fund (MMK)	\$ 15,078,661.92	\$ 21,113,751.23	\$ 35,089.31	0.4213%	\$ 20,521,901.99
Ocean State Investment Pool	\$ 414,963,219.47	\$ 252,589,341.05	\$ 2,168,121.58	0.7629%	\$ 284,197,263.31
CDARS	\$ 60,692,868.57	\$ 60,924,459.43	\$ 245,615.08	0.3898%	\$ 63,012,329.71
Regular CD	\$ 15,251,709.60	\$ 15,336,026.22	\$ 12,570.63	0.5090%	\$ 2,469,854.16
BankLocal/Community Deposit Prog	\$ -	\$ 7,254,887.56	\$ 8,737.56	0.4479%	\$ 1,950,749.31
<b>Grand Totals</b>	<b>\$ 851,197,410</b>	<b>\$ 735,080,846</b>	<b>\$ 3,963,318</b>	<b>0.630%</b>	<b>\$ 630,299,814</b>



State of Rhode Island  
Office of the General Treasurer  
Short-Term Percentage Invested  
FY 2013 - FY 2017



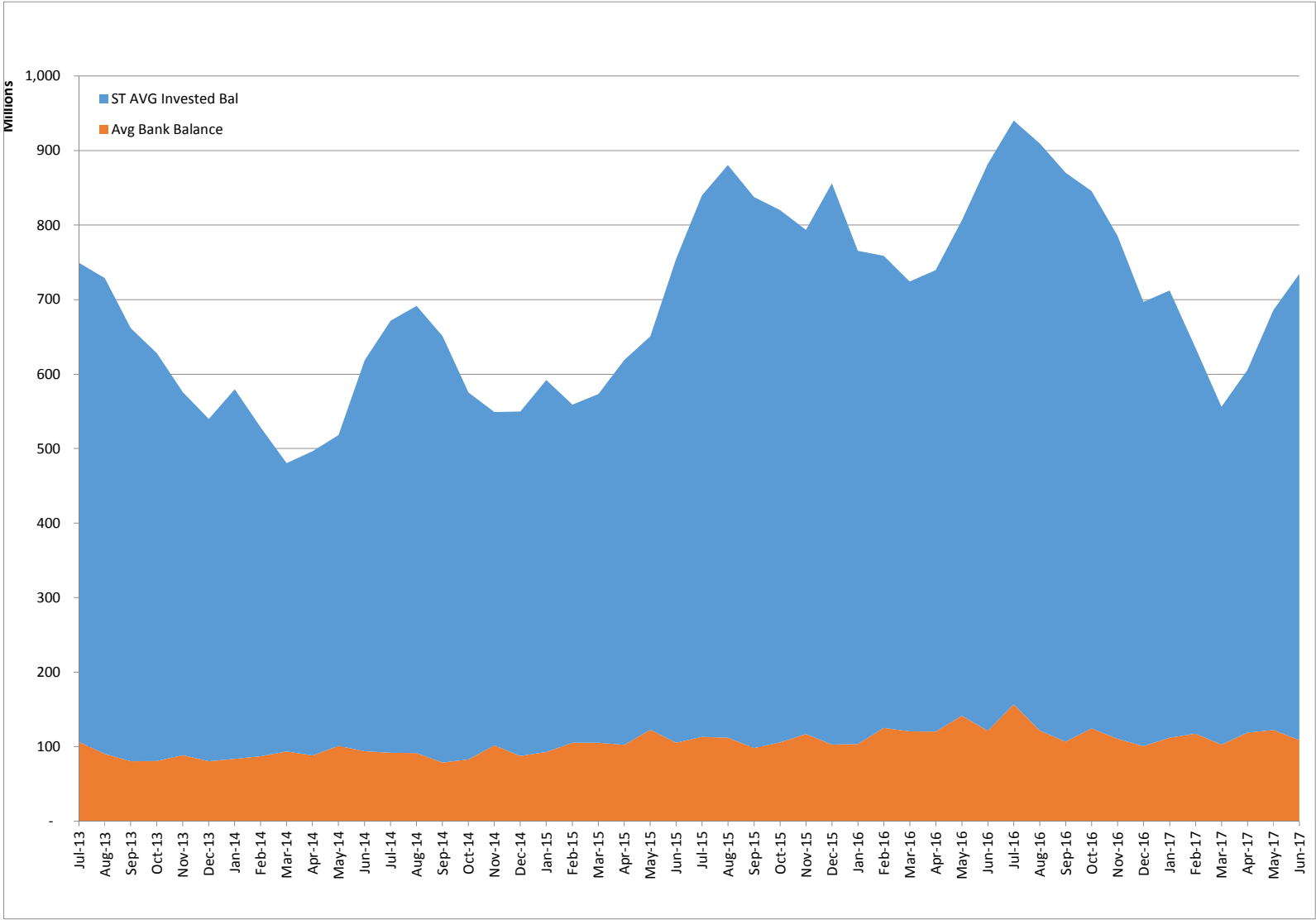
**Source Data:** This data is derived by calculating the ratio of Invested Balances to Invested Balances + Cash Balances (obtained from bank account analysis and the APS2 investment software; net of Bond proceeds, inclusive of TANS).

**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.

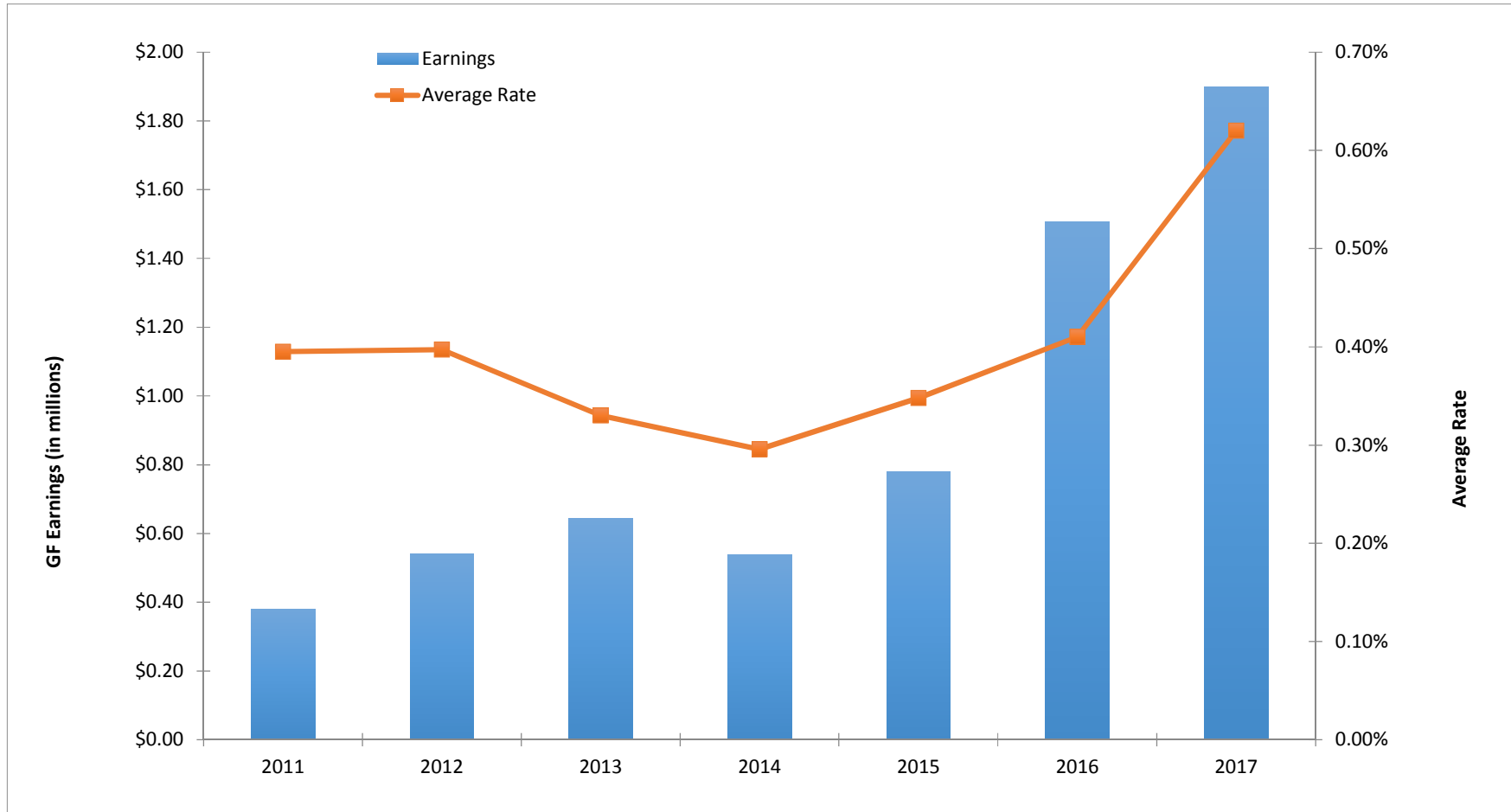
**State of Rhode Island**  
**Office of the General Treasurer**  
**Short-Term Investment Portfolio by Fund**  
**As of June 30, 2017**

Fund	Principal	Cash Balance	Total
GENERAL FUND	\$ 392,124,494	\$ 7,481,165	\$ 399,605,659
H.A.V.A	\$ 298	\$ -	\$ 298
GENERAL FUND (HIST PRES)	\$ 544,479	\$ -	\$ 544,479
HISTORIC TAX CREDIT	\$ 6,939,440	\$ 1,016,600	\$ 7,956,040
HIGHWAY FUND	\$ 89,751,342	\$ 154,366	\$ 89,905,708
T.D.I. RESERVE (DET)	\$ 104,614,331	\$ 2,872,679	\$ 107,487,010
RICAP GL FUND 21	\$ 60,375,225	\$ 461,700	\$ 60,836,925
BOND CAPITAL FUND	\$ 330,174	\$ 7,516,451	\$ 7,846,625
R.I. CLEAN WATER ACT	\$ 3,220,396	\$ 227,064	\$ 3,447,460
STATE LOTTERY FUND	\$ 21,123,357	\$ 606,161	\$ 21,729,518
ASSESSED FRINGE BEN ADM	\$ 4,417,984	\$ 1,185,045	\$ 5,603,029
AUTO EQUIPMENT SERVICE	\$ 1,259	\$ 1,285,259	\$ 1,286,518
HEALTH INSURANCE FUND	\$ 20,882,500	\$ 831,791	\$ 21,714,291
FLEET REVOLVING LOAN FUND	\$ 2,272,189	\$ 1,210,703	\$ 3,482,892
EMPLOYEES RETIREMENT	\$ 11,637,049	\$ 1,281,763	\$ 12,918,812
MUNICIPAL EMPLOYEES RET.	\$ 447,051	\$ 469,985	\$ 917,036
NON-CONTRIBUTORY JUDICIAL RETIREMENT	\$ -	\$ 68,476	\$ 68,476
RETIREE HEALTH FUND	\$ 2,905,986	\$ 1,969,960	\$ 4,875,946
BOG RETIREE FUND	\$ 956	\$ 734,484	\$ 735,440
RIPTA RETIREE HEALTH FUND	\$ 1,039,418	\$ 1,079,175	\$ 2,118,593
PERMANENT SCHOOL FUND	\$ 1,959,352	\$ 93,241	\$ 2,052,593
TEACHER RETIREE HEALTH FUND	\$ 582,483	\$ 930,955	\$ 1,513,438
RI ST POLICE RETIREE HEALTH FUND	\$ 124,436	\$ 966,598	\$ 1,091,034
RI LEGISLATIVE RETIREE HEALTH FUND	\$ 832	\$ 120,618	\$ 121,450
RI JUDICIAL RETIREE HEALTH FUND	\$ 40,643	\$ 370,819	\$ 411,462
UNIVERSITY COLLEGE	\$ 8,518,460	\$ 879,884	\$ 9,398,344
DOT - MISSION 360	\$ -	\$ 935,272	\$ 935,272
INDUS. BLDG. & MTG. INS.	\$ 1,226,712	\$ 31,154	\$ 1,257,866
RI PUBLIC RAIL CORPORATION	\$ -	\$ 120,064	\$ 120,064
JUDICIAL RETIREMENT FUND	\$ -	\$ 547,643	\$ 547,643
STATE POLICE RETIREMENT FUND	\$ -	\$ 64,377	\$ 64,377
CORRECTIONAL INDUSTRIES	\$ -	\$ 586,514	\$ 586,514
DET BENEFIT	\$ -	\$ 1,344,178	\$ 1,344,178
CHILD SUPPORT	\$ -	\$ 5,607,540	\$ 5,607,540
GF - TAXATION CREDIT	\$ -	\$ 9,155,667	\$ 9,155,667
TAX REFUND	\$ -	\$ 1,660,426	\$ 1,660,426
RI COURTS RECEIPTS	\$ -	\$ 660,706	\$ 660,706
MERCHANT DEPOSIT	\$ -	\$ -	\$ -
COURT REGISTRY OPERATING ACCOUNT	\$ -	\$ 2,032,807	\$ 2,032,807
TAX REFUND/DIRECT DEPOSIT	\$ -	\$ -	\$ -
RITE CARE/RITE SHARE	\$ -	\$ 135,902	\$ 135,902
GENERAL PUBLIC ASSISTANCE	\$ -	\$ 70,630	\$ 70,630
SUPPORTIVE SERVICES PAYROLL	\$ -	\$ 18,441	\$ 18,441
DEPARTMENT OF HUMAN SERVICES PAYROLL	\$ -	\$ 1,458,871	\$ 1,458,871
SPECIAL PAYROLL	\$ -	\$ 7,350	\$ 7,350
DHS - SSI BENEFITS	\$ -	\$ 327,883	\$ 327,883
DISBURSEMENT ACCOUNT	\$ -	\$ 17,353,661	\$ 17,353,661
INTERNAL SERVICES	\$ -	\$ 5,271,303	\$ 5,271,303
INFRA STRUCTURE BANK FUND	\$ -	\$ 2,499,523	\$ 2,499,523
PAYROLL A	\$ -	\$ 830,089	\$ 830,089
PENSION C	\$ -	\$ 1,441,481	\$ 1,441,481
PENSION DIRECT DEPOSIT	\$ -	\$ 9,095	\$ 9,095
ET CLEARANCE	\$ -	\$ 1,539,489	\$ 1,539,489
EMPLOYER TAX	\$ -	\$ 60,785,170	\$ 60,785,170
RECREATIONAL AREA	\$ -	\$ 353,953	\$ 353,953
RECREATIONAL AREA	\$ -	\$ 2,242,560	\$ 2,242,560
RECORD CENTER	\$ -	\$ 276,186	\$ 276,186
DREDGING ACCOUNT	\$ -	\$ 539,748	\$ 539,748
<b>Subtotal</b>	<b>\$ 735,080,846</b>	<b>\$ 151,722,624</b>	<b>\$ 886,803,470</b>
CCDL 2004 SERIES A	\$ -	\$ -	\$ -
BOND CCDL 2006 SERIES C	\$ 742,210	\$ -	\$ 742,210
GO BND-NTAX 2007 SERIES A	\$ 373,066	\$ -	\$ 373,066
CCDL10B BOND CAPITAL COMPONENT	\$ 950,819	\$ -	\$ 950,819
CCDL10C	\$ 161,154	\$ -	\$ 161,154
CCDL2011A	\$ 5,335,913	\$ -	\$ 5,335,913
CCDL2012B	\$ 6,167,502	\$ -	\$ 6,167,502
GO CCDL 2013A	\$ 2,702,328	\$ -	\$ 2,702,328
GO CCDL 2013B	\$ 3,127,694	\$ -	\$ 3,127,694
GO CCDL 2014A	\$ 2,009,936	\$ -	\$ 2,009,936
GO CCDL 2014B	\$ 40,699	\$ -	\$ 40,699
GO CCDL 2016A	\$ 31,058,202	\$ -	\$ 31,058,202
GO CCDL 2016B	\$ 4,247,671	\$ -	\$ 4,247,671
GO CCDL 2017A	\$ 27,822,316	\$ -	\$ 27,822,316
CLEAN WATER 2004 SERIES A	\$ 131,980	\$ -	\$ 131,980
CCDL99A 1999A	\$ 206,748	\$ -	\$ 206,748
CLEAN WATER 2007 SERIES A	\$ 283,496	\$ -	\$ 283,496
CCDL2011A CLEAN WATER COMPONENT	\$ 1,237,066	\$ -	\$ 1,237,066
<b>Bond Proceeds Total</b>	<b>\$ 86,598,800</b>	<b>\$ -</b>	<b>\$ 86,598,800</b>
TANS PROCEEDS	\$ -	\$ -	\$ -
<b>Grand Total</b>	<b>\$ 821,679,646</b>	<b>\$ 151,722,624</b>	<b>\$ 973,402,270</b>

**State of Rhode Island  
Office of the General Treasurer  
Short-Term Average Bank Balance and Average Invested Balance  
Actual FY2014-FY2017**



**State of Rhode Island  
Office of the General Treasurer  
General Fund Interest Earnings / Average Rate  
FY 2011 - FY2017**

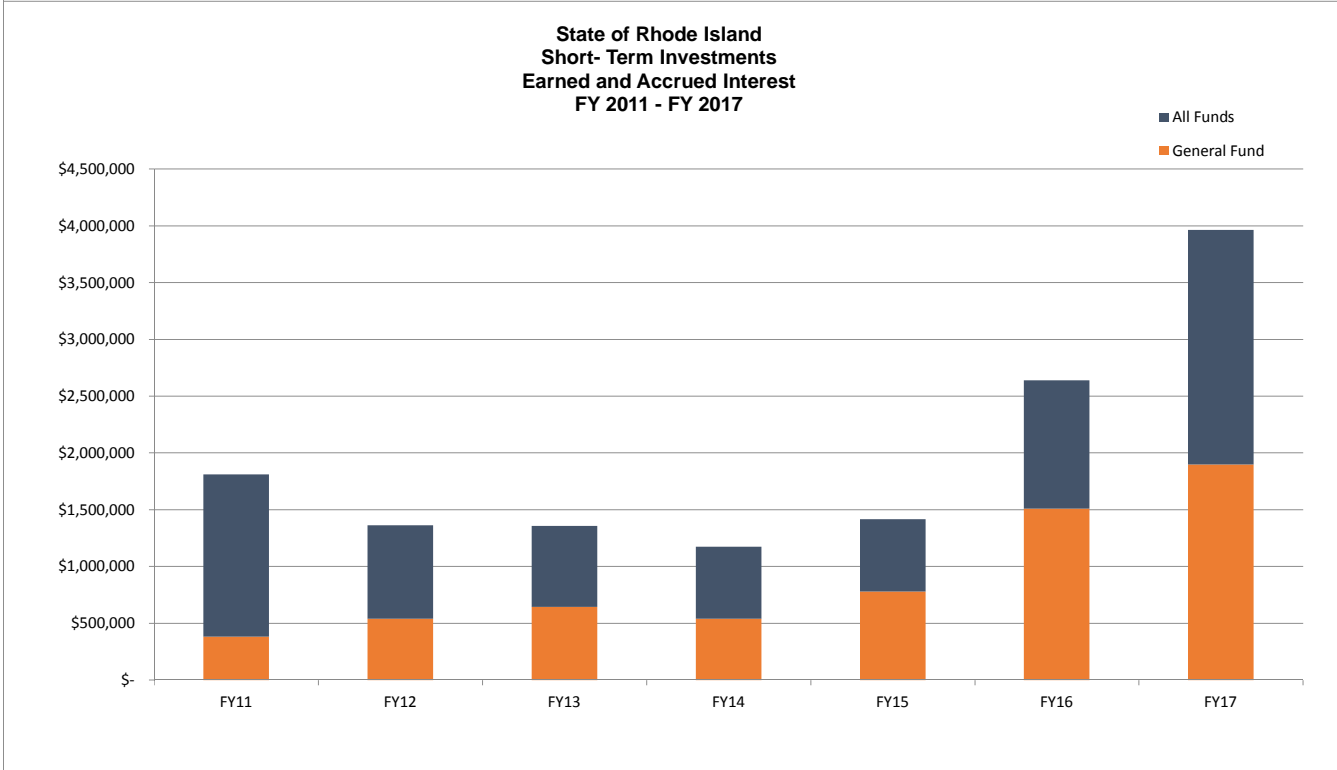
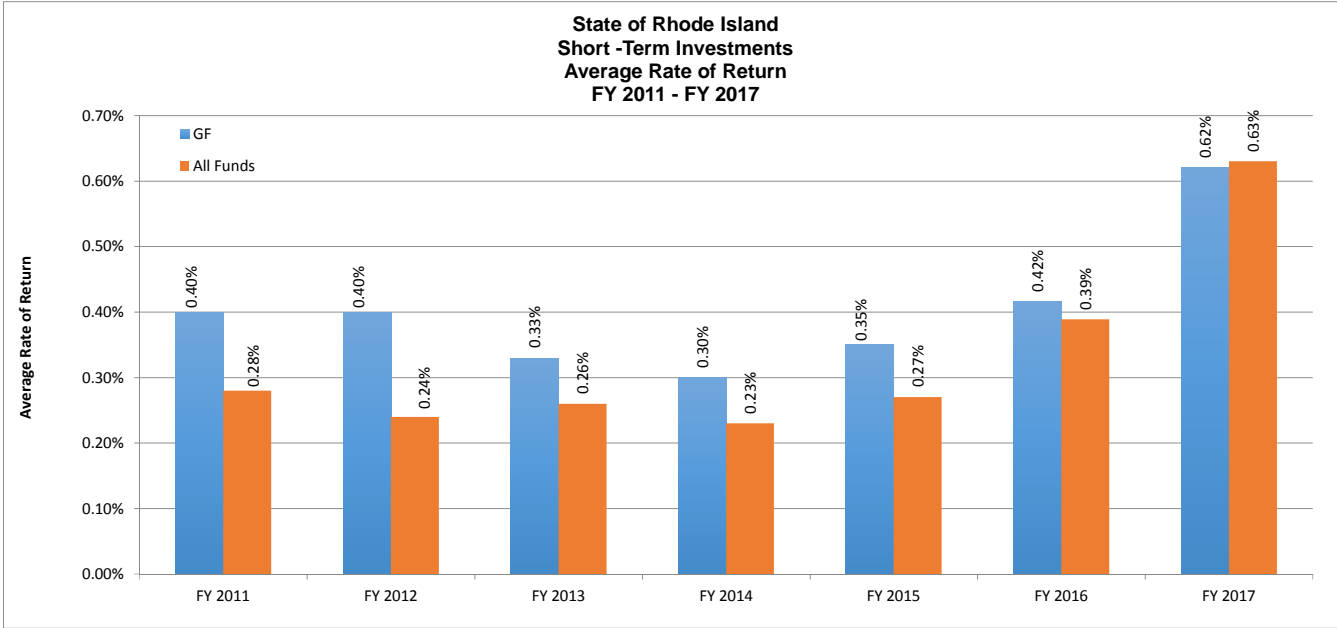


**Source Data:** Investment Earnings information and Average Rate information are obtained from the State Investment Software: APS2. The Average Rate is the Weighted Average interest rate for an entire fiscal year's short-term investments.

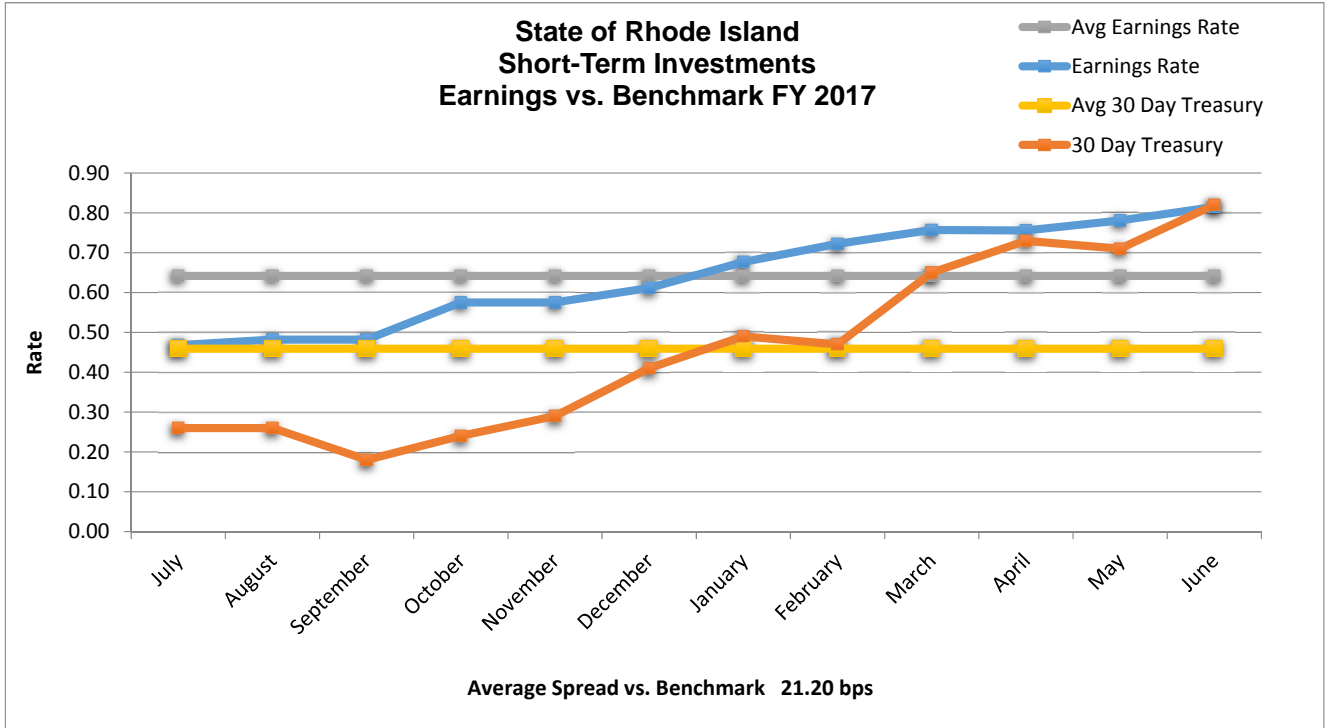
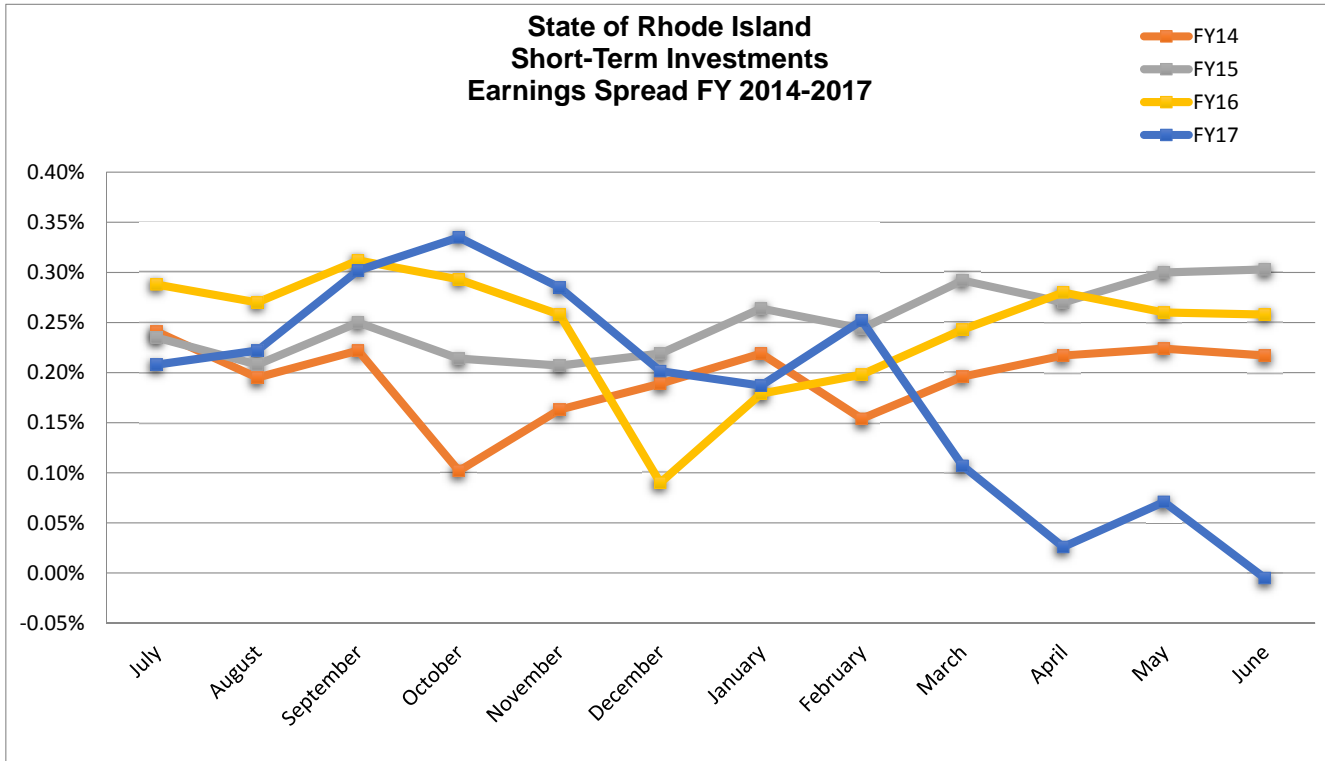
**Commentary:** Despite a decline in the average daily balance within the General Fund from FY2016 to FY2017 of \$50M, the fund was able to increase earnings by almost half a million dollars due to rising interest rates. The General Fund saw an interest rate increase of over 20 basis points, the largest year-over-year increase since rates began declining in 2007.



**State of Rhode Island  
Office of the General Treasurer  
Cash Management Summary  
Fiscal Year 2017**



**State of Rhode Island  
Office of the General Treasurer  
FY2017**



**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 or matched their benchmark, the 30-Day T-Bill, in 12 out of 12 months for FY2017. The average spread over the benchmark was 18.3 basis points. Throughout the year the State saw a decline in the monthly spread as the interest rate environment has begun to see an impactful increase.

**State of Rhode Island  
Office of the General Treasurer  
Cash Management Summary  
All Funds, FY 2013 - FY 2017**

	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>
<b>Average Daily Cash Position</b>	\$ 630,299,814	\$ 693,265,108	\$ 522,267,771	\$ 502,328,500	\$ 527,705,071
<b>Average Daily Bank Balance</b>	\$ 117,087,924	\$ 115,280,790	\$ 97,541,059	\$ 89,729,092	\$ 102,816,296
<b>Percent of Cash Invested</b>	84.40%	85.78%	84.33%	84.91%	83.71%
<b>Percent of GF Cash Invested</b>	99.32%	99.64%	99.54%	99.57%	99.66%
<b>Spread to Benchmark</b>	18.3 Basis Points	24.4 Basis Points	25.0 Basis Points	19.5 Basis Points	18.3 Basis Points
<b>Average Rate of Return</b>	0.63%	0.39%	0.27%	0.23%	0.26%

**Note:** "Cash Position" includes all operating fund investments, inclusive of TANS. Data is sourced from the State's investment system APS and daily bank reporting.

**OSIP – OCEAN STATE INVESTMENT POOL**

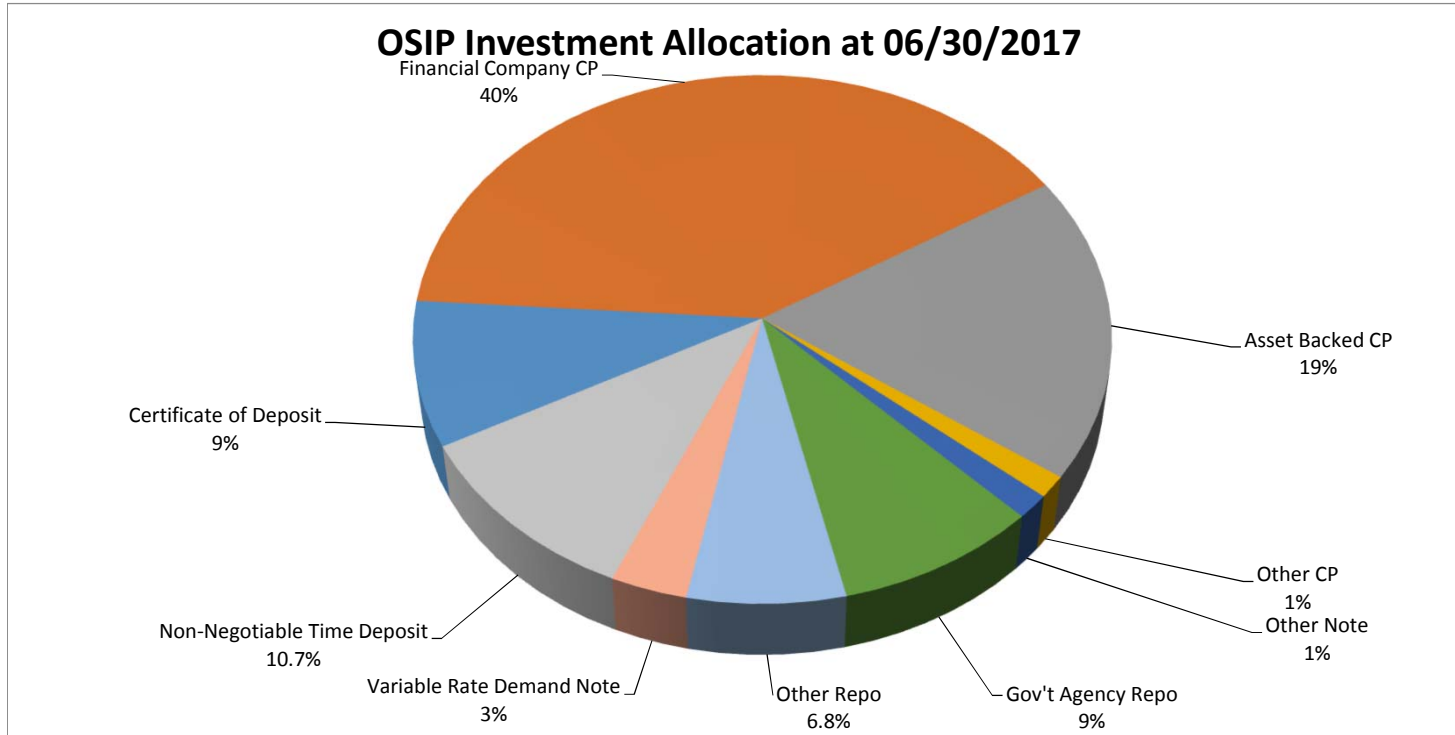
State of Rhode Island

OSIP Performance FY17 Q4

April 1, 2017 through June 30, 2017

Fund Name	Beginning Balance	Ending Balance	Average Daily Balance	Earnings	Yield
GENERAL FUND	\$ 36,064,301	\$ 89,824,385	\$ 64,392,873	\$ 160,084	0.9972%
GENERAL FUND (HIST PRES)	\$ 543,121	\$ 544,472	\$ 543,121	\$ 1,351	0.9975%
HISTORIC TAX CREDITS	\$ 2,427,135	\$ 6,433,382	\$ 2,504,059	\$ 6,246	1.0005%
HIGHWAY FUND	\$ 46,575,239	\$ 46,691,068	\$ 46,575,239	\$ 115,829	0.9975%
T.D.I. RESERVE (DET)	\$ 23,985,228	\$ 31,666,871	\$ 32,890,722	\$ 81,643	0.9956%
RICAP GL FUND 21	\$ 29,630,506	\$ 18,185,391	\$ 22,130,506	\$ 54,885	0.9947%
R.I. CLEAN WATER ACT	\$ 2,329,338	\$ 2,335,131	\$ 2,329,338	\$ 5,793	0.9975%
STATE LOTTERY FUND	\$ 30,904,387	\$ 19,876,297	\$ 28,946,145	\$ 71,910	0.9964%
ASSESSED FRINGE BEN ADM	\$ 304,218	\$ 4,305,096	\$ 348,174	\$ 878	1.0117%
HEALTH INSURANCE FUND	\$ 12,310,193	\$ 20,846,247	\$ 14,321,182	\$ 36,054	1.0098%
RETIREE HEALTH FUND	\$ 145	\$ 146	\$ 145	\$ 0	0.9949%
BOG RETIREE FUND	\$ 725	\$ 727	\$ 725	\$ 2	1.0008%
RIPTA HEALTH FUND	\$ 36,081	\$ 36,171	\$ 36,081	\$ 90	0.9975%
PERMANENT SCHOOL FUND	\$ 1,953,791	\$ 1,958,649	\$ 1,953,791	\$ 4,859	0.9975%
TEACHER RETIREE HEALTH FUND	\$ 139,193	\$ 139,539	\$ 139,193	\$ 346	0.9975%
RI ST POL RETIREE HEALTH	\$ 3,100	\$ 3,108	\$ 3,100	\$ 8	0.9975%
UNIVERSITY COLLEGE	\$ 9,805	\$ 8,515,995	\$ 2,438,377	\$ 6,189	1.0181%
INDUS. BLDG. & MTG. INS.	\$ 1,223,624	\$ 1,226,667	\$ 1,223,624	\$ 3,043	0.9975%
<b>Operating Funds Totals</b>	<b>\$ 188,440,131</b>	<b>\$ 252,589,341</b>	<b>\$ 220,776,395</b>	<b>\$ 549,210</b>	<b>1.00%</b>
BOND CCDL 2006 SERIES C	\$ 742,178	\$ 742,210	\$ 740,982	\$ 1,843	0.9975%
GO BND-NTAX 2007 SERIES A	\$ 373,050	\$ 373,066	\$ 372,449	\$ 926	0.9975%
CCDL10B BOND CAPITAL COMPONENT	\$ 950,779	\$ 950,819	\$ 949,246	\$ 2,361	0.9975%
CCDL10C	\$ 160,754	\$ 161,154	\$ 160,754	\$ 400	0.9975%
CCDL2011A	\$ 5,781,769	\$ 5,335,913	\$ 5,707,463	\$ 14,185	0.9969%
CCDL2012B	\$ 6,217,859	\$ 6,167,502	\$ 6,178,942	\$ 15,366	0.9974%
GO CCDL 2013A	\$ 2,928,083	\$ 2,702,328	\$ 2,737,475	\$ 6,808	0.9976%
GO CCDL 2013B	\$ 3,129,953	\$ 3,127,694	\$ 3,122,571	\$ 7,765	0.9975%
GO CCDL 2014A	\$ 829,853	\$ 2,009,936	\$ 1,408,554	\$ 3,831	1.0910%
GO CCDL 2014B	\$ 40,698	\$ 40,699	\$ 40,632	\$ 101	0.9975%
GO CCDL 2016A	\$ 17,681,884	\$ 31,058,202	\$ 19,217,850	\$ 48,385	1.0098%
GO CCDL 2016B	\$ 4,740,482	\$ 4,247,671	\$ 4,593,119	\$ 11,401	0.9956%
GO CCDL 2017	\$ -	\$ 27,822,316	\$ 32,077,667	\$ 78,611	0.9830%
CLEAN WATER 2004 SERIES A	\$ 146,849	\$ 131,980	\$ 146,449	\$ 364	0.9974%
CCDL99A 1999A	\$ 206,739	\$ 206,748	\$ 206,405	\$ 513	0.9975%
CLEAN WATER 2007 SERIES A	\$ 283,484	\$ 283,496	\$ 283,027	\$ 704	0.9975%
CCDL2011A CLEAN WATER COMPONENT	\$ 1,237,013	\$ 1,237,066	\$ 1,235,019	\$ 3,071	0.9975%
<b>Bond Proceeds Fund Totals</b>	<b>\$ 45,451,425</b>	<b>\$ 86,598,800</b>	<b>\$ 79,178,603</b>	<b>\$ 196,635</b>	<b>1.00%</b>
<b>Grand Totals</b>	<b>\$ 233,891,557</b>	<b>\$ 339,188,141</b>	<b>\$ 299,954,998</b>	<b>\$ 745,845</b>	<b>1.00%</b>

**STATE OF RHODE ISLAND  
OFFICE OF THE GENERAL TREASURER**



\* ABOVE FIGURES DO NOT INCLUDE CASH, INTEREST RECEIVABLE, OR LIABILITIES AT YEAR END.

INVESTMENT TYPE	MATURITIES				TOTAL VALUE AT 6/30/17
	0-30	31-90	91-180	181-397	
Certificate of Deposit	45,999,999	1,997,333			\$ 47,997,332
Financial Company CP	55,581,046	119,686,587	31,958,518	10,000,000	\$ 217,226,151
Asset Backed CP	11,297,059	79,838,773	10,000,000		\$ 101,135,832
Other CP	7,199,919				\$ 7,199,919
Other Note	8,000,000				\$ 8,000,000
Variable Rate Demand Note	17,900,000				\$ 17,900,000
Non-Negotiable Time Deposit	58,000,000				\$ 58,000,000
Gov't Agency Repo	47,853,000				\$ 47,853,000
Other Repo	37,000,000				\$ 37,000,000

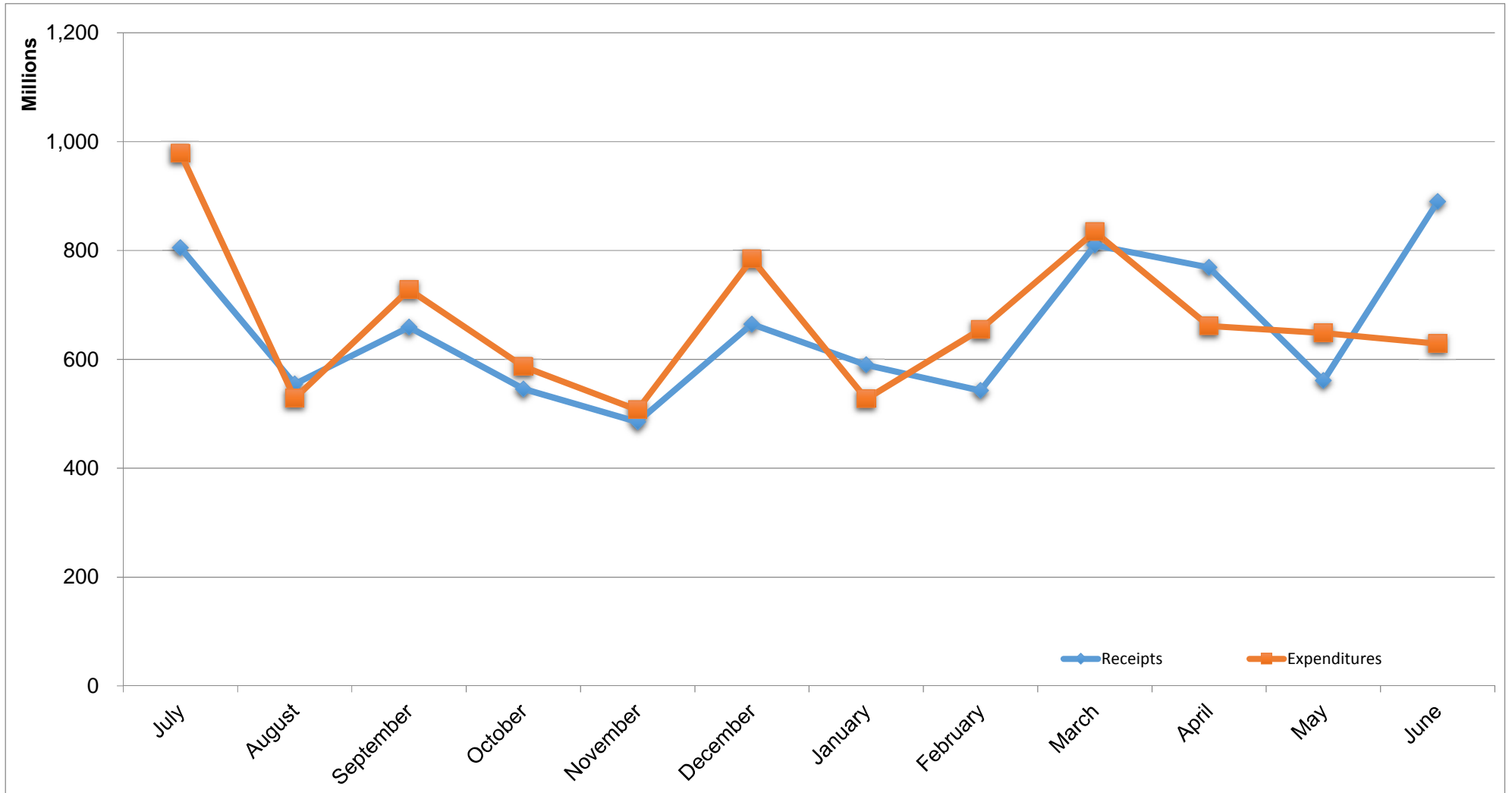
Source Data: Fidelity OSIP Annual Report FY2017.

## CASH FLOW





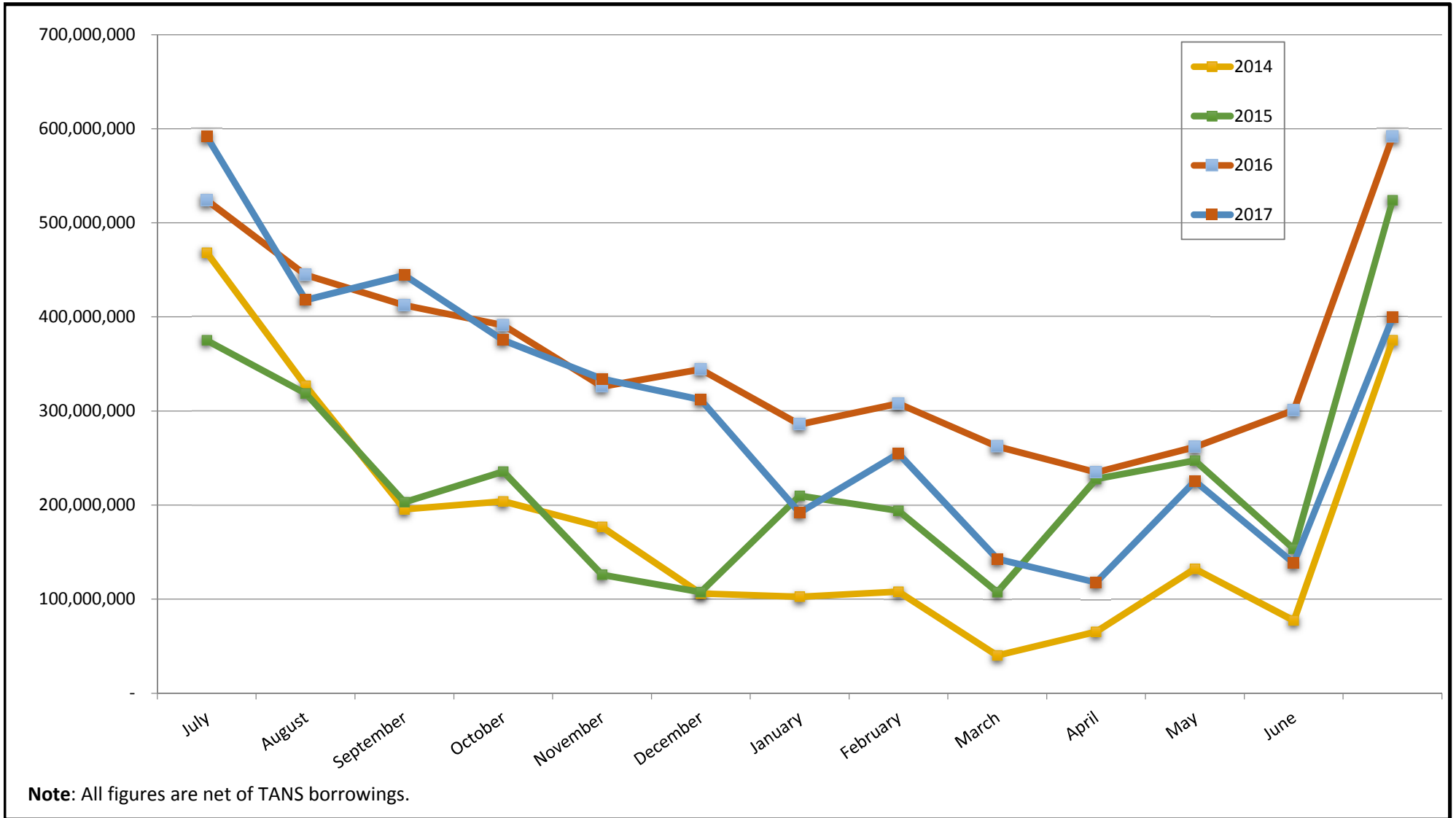
State of Rhode Island  
Office of the General Treasurer  
Monthly Receipts and Expenditures  
General Fund FY2017



**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  
FY2014 - FY2017**



**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.

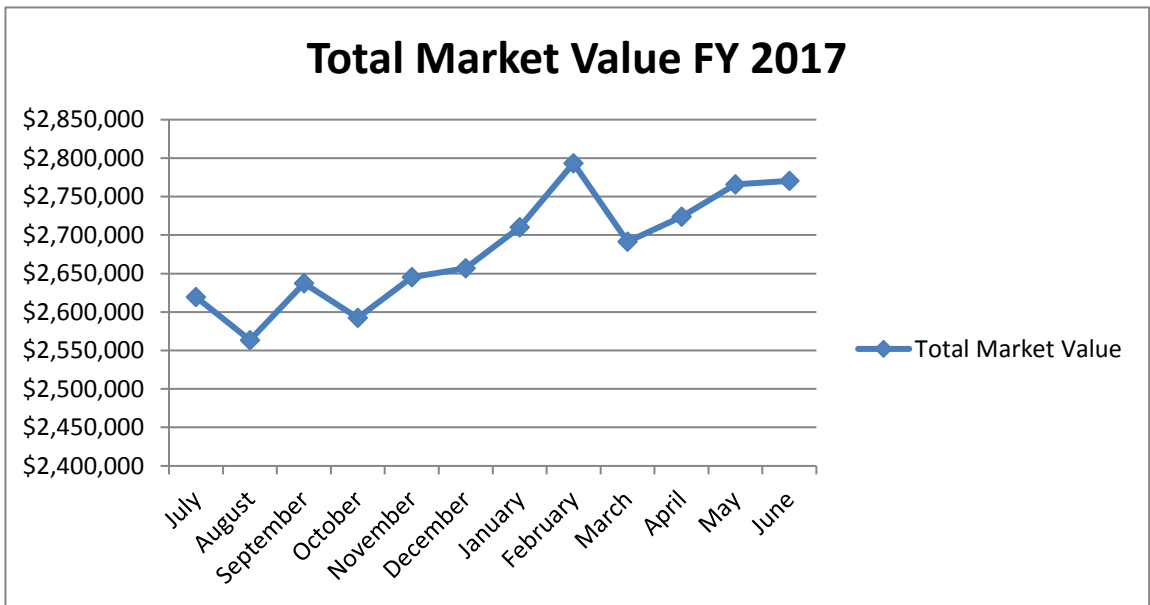
**Commentary:** Though there is some variance, this chart demonstrates the very cyclical nature of the State's cash flow. Any proceeds from TANS have been removed from the data to produce a more accurate history of cash flow as a function of revenue and expenditures. The chart clearly demonstrates the 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 2017.

## **SPECIAL FUNDS**

**ABRAHAM TOURO FUND  
INVESTMENT SUMMARY  
Fiscal Year 2017**

Month End	Year	Total Market Value
July	2016	\$2,619,466
August	2016	\$2,563,480
September	2016	\$2,637,157
October	2016	\$2,592,316
November	2016	\$2,645,310
December	2016	\$2,657,041
January	2017	\$2,710,134
February	2017	\$2,793,393
March	2017	\$2,691,259
April	2017	\$2,723,946
May	2017	\$2,765,817
June	2017	\$2,770,469

**\*2016 FY Net Change      \$151,003**



\*Includes the annual withdrawal on March, 2017 of \$111,834.99

## **ACCOUNTS RECEIVABLE**

**State of Rhode Island**  
**Office of the General Treasurer**  
**Municipal Pension Contribution Delinquency**  
**as of July 15 of 2017, 2016, 2015, 2014, 2013**

	July, 2017 Total Arrears (No Delinquencies)	July, 2016 * Total Arrears	July, 2015 Total Arrears (No delinquencies)	July, 2014 Total Arrears	July, 2013 Total Arrears
<b>Teachers</b>					
Barrington					
Bristol Warren Reg. School District		\$ 326,418			
Burrillville		\$ 204,503			
Central Falls					
Chariho Regional		\$ 378,344			
Coventry		\$ 540,488		\$ 628,741	
East Greenwich					
East Providence		\$ 538,128			
Foster		\$ 12,272			
Gloucester		\$ 64,963			
Highlander Charter School		\$ 37,998			
International Charter School		\$ 28,156			
Jamestown					
Johnston		\$ 346,553			
Kingston Hill Academy School		\$ 12,127			
Lincoln					
Little Compton		\$ 30,824			
Middletown		\$ 260,084			
Newport		\$ 285,961			
Narragansett Bay Commission		\$ 127,808			
N Providence		\$ 360,500			
N Smithfield		\$ 161,939		\$ 5,435	
N Kingston					
Paul Cuffee School		\$ 71,558			
Providence (long term subs)		\$ 3,670,336			
Segue Institute		\$ 24,653			\$ 6,821
Sheila C Nowell Charter		\$ 10,503			
Smithfield		\$ 271,472			
South Kingstown		\$ 395,200			
South Side Elementary Charter		\$ 3,189			
The Learning Community		\$ 45,348			
Tiverton		\$ 278,645			
Trinity Academy		\$ 18,277			
Urban Collaborative					
West Bay Collaborative					
West Warwick		\$ 366,067			
Westerly		\$ 197,310			
Woonsocket					
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 9,069,626</b>	<b>\$ -</b>	<b>\$ 634,176</b>	<b>\$ 6,821</b>

**Source Data:** ERSRI Delinquency Statistics.

**\*NOTE:** The list of delinquencies is larger than normal as a result of the ERSRI new business system implementation launched in June 2016. Some employer units were not able to get all of their data posted before year-end. ERSRI has worked with all of the employer units to post data and remit payments. To date all units are complete in their FY2016 transactions and there are no FY2016 delinquencies.

## **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 17	Interest Paid in FY 17	Principal Outstanding 6/30/2017	Interest Outstanding 6/30/2017
52,335,000.00	G.O. CC DL of 2005, Refunding Series A	2005	Refunding Series A	8/1/2016	315,000.00	6,300.00	0.00	0.00
74,835,000.00	G.O. CC DL of 2006, Refunding Series A	2006	Refunding Series A	8/1/2016	9,575,000.00	239,375.00	0.00	0.00
22,160,000.00	LPC, Central Power Plant - 2007 Refunding Series D	2007	Refunding Series D	10/1/2016	1,850,000.00	403,062.50	0.00	0.00
13,375,000.00	LPC, Howard Center Improvements - 2007 Refunding Series E	2007	Refunding Series E	10/1/2016	930,000.00	17,437.50	0.00	0.00
21,420,000.00	LPC, Shepard's Building - 2007 Refunding Series F	2007	Refunding Series F	10/1/2016	2,940,000.00	73,500.00	0.00	0.00
86,875,000.00	G.O. CC DL of 2008, Series B	2008	B	2/1/2017	400,000.00	16,500.00	0.00	0.00
30,425,000.00	LPC, School for the Deaf Project - 2009 Series C	2009	C	4/1/2017	1,280,000.00	1,203,850.00	0.00	0.00
23,490,000.00	LPC, Information Technology Project - 2007 Series A	2007	A	5/1/2017	1,565,000.00	78,250.00	0.00	0.00
12,735,000.00	LPC, Energy Conservation Project - 2007 Series B	2007	B	5/1/2017	1,025,000.00	290,343.76	0.00	0.00
8,500,000.00	G.O. CDL of 2007, Series B (Federally Taxable)	2007	B	8/1/2017	1,035,000.00	88,687.50	1,095,000.00	30,112.50
8,500,000.00	G.O. CDL of 2008, Series C (Federally Taxable)	2008	C	2/1/2018	1,075,000.00	145,369.00	1,140,000.00	75,924.00
12,445,000.00	G.O. CC DL of 2008, Refunding Series D	2008	Refunding Series D	2/1/2018	1,720,000.00	164,925.00	1,790,000.00	93,975.00
40,865,000.00	G.O. CC DL of 2010, Series B (Tax Exempt)	2010	B	4/1/2019	0.00	484,300.00	1,770,000.00	106,200.00
23,800,000.00	G.O. CDL of 2010, Series D (Federally Taxable)	2010	D	4/1/2020	2,565,000.00	424,208.00	7,160,000.00	604,061.72
78,960,000.00	G.O. CC DL of 2010, Refunding Series A	2010	Refunding Series A	10/1/2020	4,035,000.00	1,488,850.00	31,395,000.00	3,600,775.00
8,000,000.00	LPC, Central Power Plant Project - 2017 Refunding Series E	2017	Refunding Series E	10/1/2020	0.00	0.00	8,000,000.00	730,944.44
11,805,000.00	LPC, Energy Conservation Project - 2009 Series B	2009	B	4/1/2021	1,100,000.00	305,212.50	5,385,000.00	684,125.00
13,165,000.00	G.O. CC DL of 2016, Series B (Federally Taxable)	2016	B	5/1/2021	2,580,000.00	173,982.66	10,585,000.00	423,650.02
53,800,000.00	G.O. CC DL of 2016, Refunding Series C (Tax-Exempt)	2016	Refunding Series C	8/1/2022	0.00	1,950,250.00	53,800,000.00	5,947,250.00
17,520,000.00	LPC, Energy Conservation Project - 2013 Series C	2013	C	4/1/2023	1,615,000.00	614,300.00	11,330,000.00	2,044,450.00
9,170,000.00	LPC, Information Technology Project - 2013 Series D	2013	D	4/1/2023	855,000.00	259,500.00	5,845,000.00	853,150.00
5,005,000.00	LPC, Energy Conservation Project - 2017 Refunding Series C	2017	Refunding Series C	5/1/2023	0.00	0.00	5,005,000.00	788,993.06
36,310,000.00	LPC, Kent County Courthouse Project - 2013 Refunding Series A	2013	Refunding Series A	10/1/2023	3,205,000.00	1,410,425.00	27,310,000.00	4,991,950.00
36,575,000.00	LPC, Training School Project - 2013 Refunding Series B	2013	Refunding Series B	10/1/2024	2,820,000.00	1,388,150.00	27,835,000.00	5,859,275.00
15,290,000.00	LPC, Traffic Tribunal Project - 2013 Refunding Series E	2013	Refunding Series E	10/1/2024	1,190,000.00	483,650.00	11,320,000.00	2,067,000.00
11,650,000.00	LPC, Pastore Center Energy Conservation Project - 2014 Series A	2014	A	11/1/2024	975,000.00	478,550.00	9,725,000.00	1,888,575.00
30,380,000.00	LPC, Information Technology Project - 2014 Series C	2014	C	11/1/2024	2,520,000.00	1,333,500.00	25,410,000.00	5,414,500.00
78,700,000.00	G.O. CC DL of 2014, Refunding Series A	2014	Refunding Series A	11/1/2025	4,225,000.00	3,318,950.00	67,030,000.00	11,500,425.00
31,980,000.00	LPC, Energy Conservation Project - 2011 Series A	2011	A	4/1/2026	3,165,000.00	667,050.00	15,390,000.00	1,929,850.00
9,050,000.00	LPC, Nursing Education Center Project - 2017 Series A	2017	A	6/1/2027	0.00	0.00	9,050,000.00	2,639,611.11
122,950,000.00	G.O. CC DL of 2012, Refunding Series A	2012	Refunding Series A	8/1/2027	10,585,000.00	5,493,331.26	106,910,000.00	19,580,403.23
175,155,000.00	G.O. CC DL of 2015, Refunding Series A	2015	Refunding Series A	8/1/2027	7,585,000.00	7,846,950.00	167,570,000.00	41,518,600.00
162,115,000.00	G.O. CC DL of 2014, Refunding Series D (Tax-Exempt)	2014	Refunding Series D	8/1/2027	0.00	7,917,450.00	161,180,000.00	54,208,525.00
19,635,000.00	LPC, School for the Deaf Project - 2017 Refunding Series D	2017	Refunding Series D	4/1/2029	0.00	0.00	19,635,000.00	7,395,333.33
7,465,000.00	LPC, R. I. College Energy Conservation Project - 2014 Series B	2014	B	11/1/2029	0.00	256,275.00	7,465,000.00	1,933,187.50
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	40,376,948.62
145,035,000.00	G.O. CC DL of 2011, Series A	2011	A	8/1/2030	0.00	4,505,837.50	25,795,000.00	6,392,043.75
66,920,000.00	G.O. CC DL of 2017, Refunding Series B (Tax-Exempt)	2017	Refunding Series B	6/1/2031	0.00	0.00	66,920,000.00	39,086,144.45
6,910,000.00	LPC, U.R.I. Energy Conservation Project - 2017 Series B	2017	B	8/1/2031	0.00	0.00	6,910,000.00	3,114,583.33
81,400,000.00	G.O. CC DL of 2012, Series B	2012	B	10/15/2032	0.00	2,953,862.50	69,830,000.00	26,697,906.25
40,650,000.00	G.O. CDL of 2013, Series A (Tax-Exempt)	2013	A	10/15/2033	0.00	1,613,487.50	33,685,000.00	16,450,518.77
33,625,000.00	G.O. CC DL of 2013, Series B (Federally Taxable)	2013	B	10/15/2033	485,000.00	458,475.58	11,070,000.00	4,825,003.23
12,500,000.00	G.O. CC DL of 2014, Series B (Tax-Exempt)	2014	B	11/1/2034	1,085,000.00	1,567,425.00	31,480,000.00	16,223,925.00
12,500,000.00	G.O. CC DL of 2014, Series C (Federally Taxable)	2014	C	11/1/2034	495,000.00	383,088.13	11,515,000.00	4,275,226.43
58,835,000.00	G.O. CC DL of 2016, Series A (Tax-Exempt)	2016	A	5/1/2036	170,000.00	2,025,172.50	58,665,000.00	24,355,750.00
91,000,000.00	G.O. CC DL of 2017, Series A (Tax-Exempt)	2017	A	5/1/2037	0.00	0.00	91,000,000.00	44,012,716.67

Total Principle and Interest Paid in FY 2017 131,974,790.39      Total outstanding debt @ 6/30/17 1,689,721,612.41



State of Rhode Island - Office of the General Treasurer  
Debt Service System Inventory of Matured or Retired Issues - Fiscal Year 2017

File #	Amount of Original Issue	Description of Issue	Paying Agent	Year	Series	Type	Bond Use	Specific Use	Maturity or Retirement Date
110	52,335,000.00	G.O. CCDL of 2005, Refunding Series A	Bank of New York	2005	Refunding Series A	CCDL	Direct	General Obligation	8/1/2016
120	74,835,000.00	G.O. CCDL of 2006, Refunding Series A	Bank of New York	2006	Refunding Series A	CCDL	Direct	General Obligation	8/1/2016
131	22,160,000.00	LPC, Central Power Plant - 2007 Refunding Series D	Wells Fargo	2007	Refunding Series D	LPC	State	Lease Part. Certificate	10/1/2016
132	13,375,000.00	LPC, Howard Center Improvements - 2007 Refunding Series E	Wells Fargo	2007	Refunding Series E	LPC	State	Lease Part. Certificate	10/1/2016
133	21,420,000.00	LPC, Shepard's Building - 2007 Refunding Series F	Wells Fargo	2007	Refunding Series F	LPC	State	Lease Part. Certificate	10/1/2016
137	86,875,000.00	G.O. CCDL of 2008, Series B	U.S. Bank	2008	B	CCDL	Direct	General Obligation	2/1/2017
142	30,425,000.00	LPC, School for the Deaf Project - 2009 Series C	Wells Fargo	2009	C	LPC	State	Lease Part. Certificate	4/1/2017
124	23,490,000.00	LPC, Information Technology Project - 2007 Series A	Wells Fargo	2007	A	LPC	State	Lease Part. Certificate	5/1/2017
125	12,735,000.00	LPC, Energy Conservation Project - 2007 Series B	Wells Fargo	2007	B	LPC	State	Lease Part. Certificate	5/1/2017

## 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 <sup>(2)</sup>	Net Debt Service Payable <sup>(1)</sup>
2016	108,914,511	85,352,373	194,266,884	(6,598,999)	1,563,788	189,231,673
2017	137,092,492	90,885,614	227,978,106	(16,207,489)	1,853,434	213,624,051
2018	167,311,678	93,046,911	260,358,589	(6,226,787)	1,792,607	255,924,409
2019	165,911,208	95,616,848	261,528,056	(7,591,206)	1,755,310	255,692,159
2020	178,564,618	91,957,581	270,522,199	(6,842,427)	1,697,856	265,377,628
2021	184,176,416	105,304,747	289,481,163	(5,405,273)	1,632,567	285,708,457
2022	174,792,903	97,742,388	272,535,291	(5,404,966)	1,571,512	268,701,838
2023	203,557,438	95,216,864	298,774,302	(35,460,776)	1,516,691	264,830,218
2024	177,822,871	90,512,502	268,335,373	(1,030,186)	1,452,624	268,757,812
2025	167,092,990	88,044,344	255,137,334	(1,032,411)	1,862,413	255,967,337
2026	166,882,277	85,739,001	252,621,278	(1,028,085)	1,795,978	253,389,171
2027	159,015,942	83,449,360	242,465,302	(1,032,971)	5,013,113	246,445,445
2028	120,755,752	81,512,657	202,268,409	(3,104,038)	-	202,268,409
2029	113,057,994	81,608,269	194,666,263	-	-	194,666,263
2030	119,690,409	81,562,368	201,252,777	-	-	201,252,777
2031	115,680,002	81,220,786	196,900,788	-	-	196,900,788
2032	125,019,628	81,204,943	206,224,571	-	-	206,224,571
2033	122,628,036	81,070,647	203,698,684	-	-	203,698,684
2034	126,074,914	80,896,614	206,971,529	-	-	206,971,529
2035	131,775,933	80,463,787	212,239,721	-	-	212,239,721
2036	126,606,067	79,721,002	206,327,068	-	-	206,327,068
2037	129,315,407	79,168,528	208,483,936	-	-	208,483,936
2038	123,843,435	78,507,758	202,351,193	-	-	202,351,193
2039	133,546,771	78,120,586	211,667,357	-	-	211,667,357
2040	131,626,668	77,248,248	208,874,915	-	-	208,874,915
2041	124,972,537	76,471,914	201,444,452	-	-	201,444,452
	<b>3,735,728,900</b>	<b>2,221,646,639</b>	<b>5,957,375,540</b>	<b>(96,965,611)</b>	<b>23,507,893</b>	<b>5,887,021,860</b>

(1) Reflects amounts payable on net tax supported debt, including projected issuance and performance based obligations.

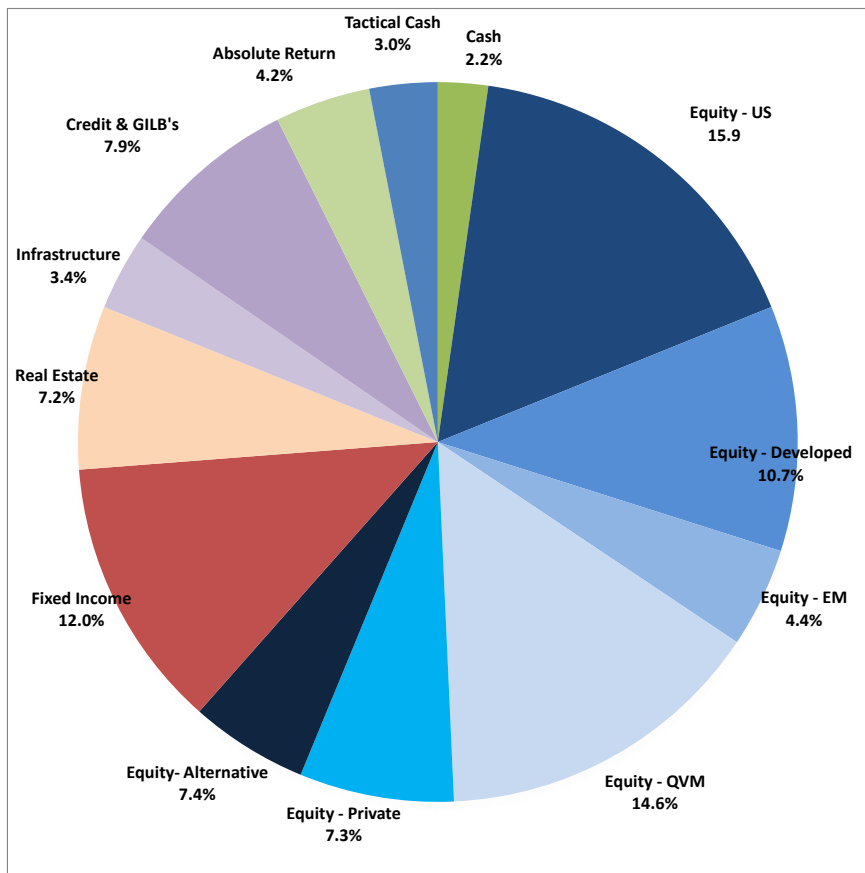
(2) Budget reflects dedication of two cent of gas tax to trustee for motor fuel bonds. Amount shown is the amount payable on the bonds but bond documents covenant that a full two cents of gas tax proceeds flow to the Trustee for coverage purposes. Transfer amounts based on Office of Revenue Analysis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

## **RI EMPLOYEES RETIREMENT SYSTEM**

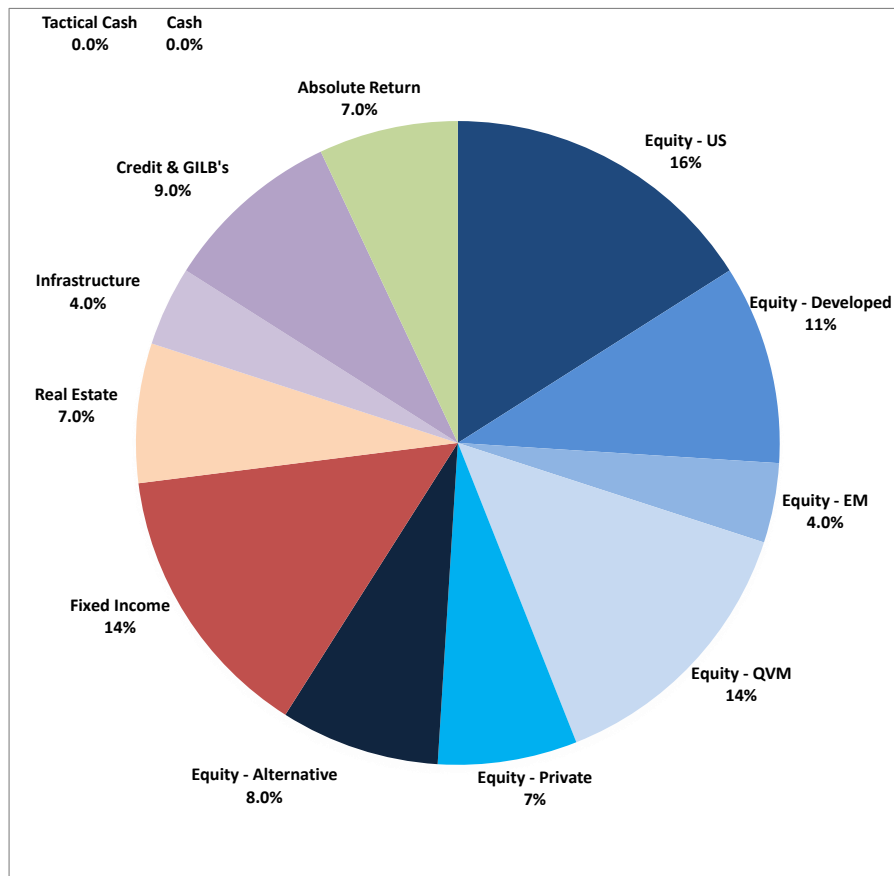
# ERSRI Portfolio

%%% - as of June 30, 2017

### Actual Allocation



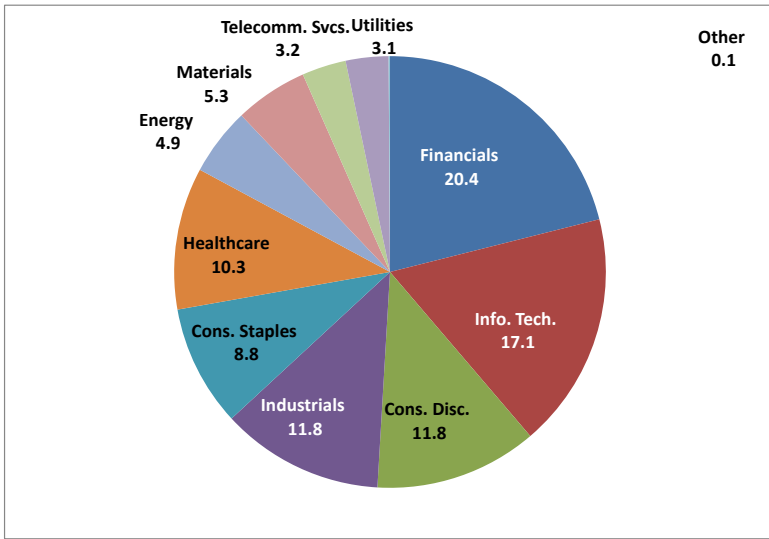
### Policy Allocation



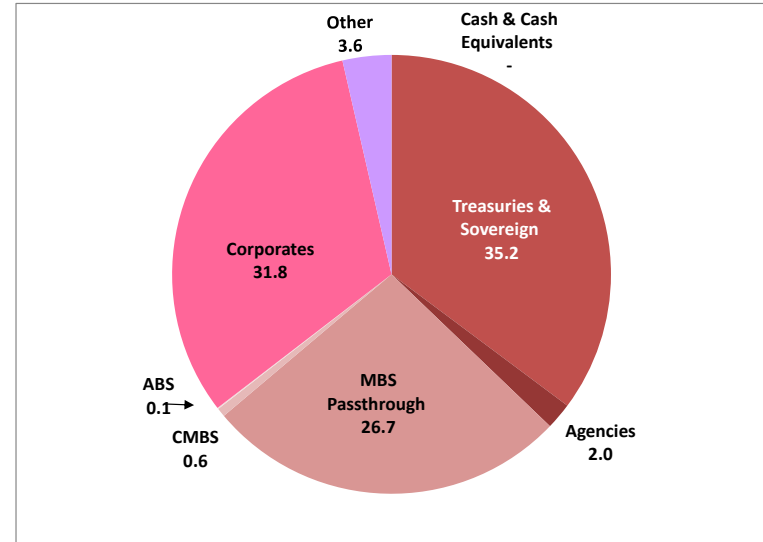
# ERSRI Asset Allocation Public-Asset Portfolios

%% - as of June 30, 2017

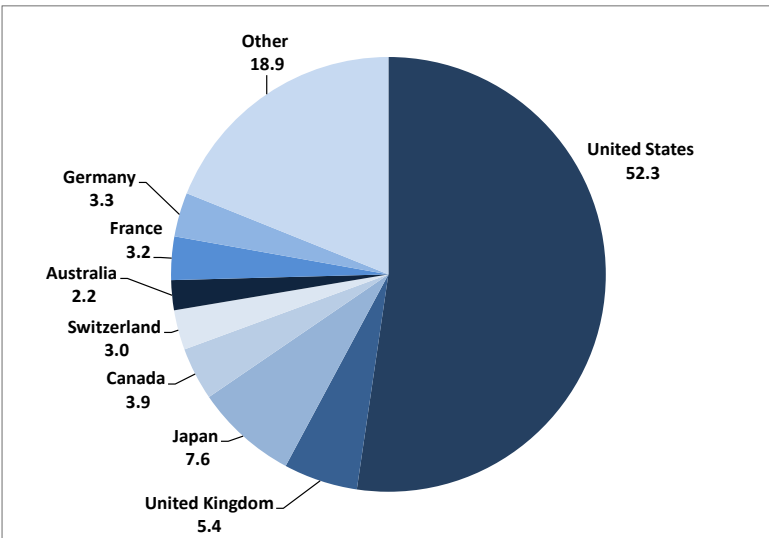
### Global Public Equity - by Industry Sector



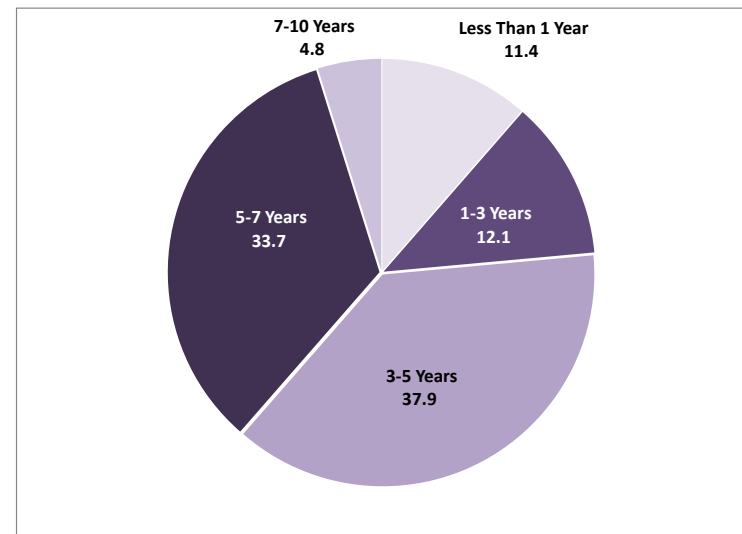
### Core Fixed Income - by Type



### Global Public Equity - by Geography



### Inflation-Linked Bonds - by Duration



# Asset Summary

Balance Date: 6/30/2017



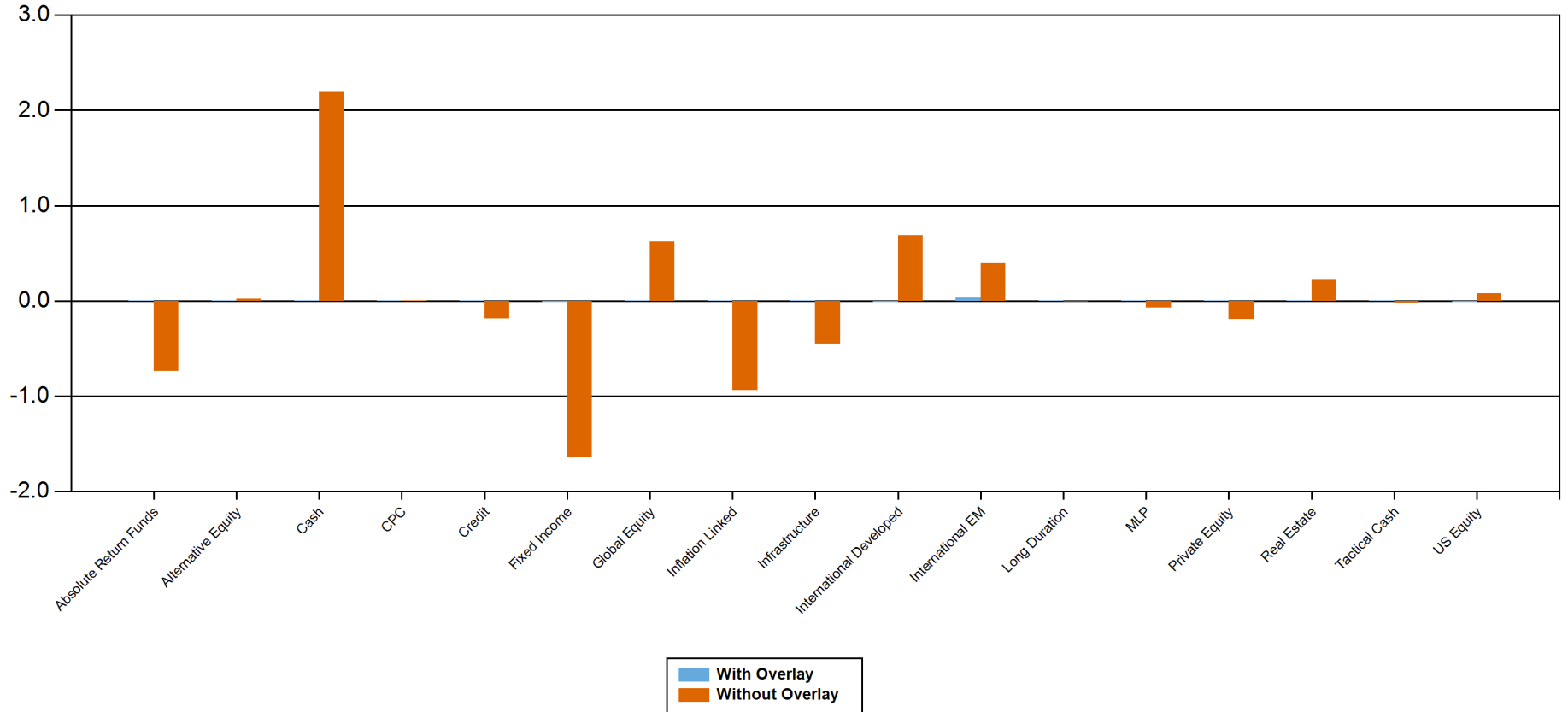
<u>Asset Class</u>	<u>Physical Exposure</u>		<u>Synthetic Exposure</u>		<u>Net Position</u>		<u>Overlay Target</u>		<u>Policy Target</u>	
<b>Total Market Value</b>	<b>8,028.9</b>	<b>100.0 %</b>	<b>0.0</b>	<b>0.0 %</b>	<b>8,028.9</b>	<b>100.0 %</b>	<b>8,029.0</b>	<b>100.0 %</b>	<b>8,029.0</b>	<b>100.00 %</b>
<b>Cash</b>	<b>176.1</b>	<b>2.2 %</b>	<b>-171.4</b>	<b>-2.1 %</b>	<b>4.7</b>	<b>0.1 %</b>	<b>4.4</b>	<b>0.1 %</b>	<b>0.0</b>	<b>0.00 %</b>
Cash	176.1	2.2 %	-171.4	-2.1 %	4.7	0.1 %	4.4	0.1 %	0.0	0.00 %
<b>Equity</b>	<b>4,665.8</b>	<b>58.1 %</b>	<b>7.6</b>	<b>0.1 %</b>	<b>4,673.4</b>	<b>58.2 %</b>	<b>4,672.7</b>	<b>58.2 %</b>	<b>4,536.4</b>	<b>56.50 %</b>
Alternative Equity	414.3	5.2 %	0.0	0.0 %	414.3	5.2 %	414.3	5.2 %	412.7	5.14 %
Global Equity	1,174.3	14.6 %	0.0	0.0 %	1,174.3	14.6 %	1,174.3	14.6 %	1,124.1	14.00 %
International Developed	868.3	10.8 %	-22.6	-0.3 %	845.7	10.5 %	846.6	10.5 %	813.3	10.13 %
International EM	356.1	4.4 %	-15.8	-0.2 %	340.3	4.2 %	337.7	4.2 %	324.4	4.04 %
Private Equity	546.8	6.8 %	0.0	0.0 %	546.8	6.8 %	546.8	6.8 %	562.0	7.00 %
US Equity	1,306.1	16.3 %	46.0	0.6 %	1,352.0	16.8 %	1,353.1	16.9 %	1,299.9	16.19 %
<b>Fixed</b>	<b>959.9</b>	<b>12.0 %</b>	<b>163.8</b>	<b>2.0 %</b>	<b>1,123.7</b>	<b>14.0 %</b>	<b>1,124.8</b>	<b>14.0 %</b>	<b>1,091.9</b>	<b>13.60 %</b>
Fixed Income	959.9	12.0 %	163.8	2.0 %	1,123.7	14.0 %	1,124.8	14.0 %	1,091.9	13.60 %
<b>Other</b>	<b>2,227.1</b>	<b>27.7 %</b>	<b>0.0</b>	<b>0.0 %</b>	<b>2,227.1</b>	<b>27.7 %</b>	<b>2,227.1</b>	<b>27.7 %</b>	<b>2,400.7</b>	<b>29.90 %</b>
Absolute Return Funds	336.8	4.2 %	0.0	0.0 %	336.8	4.2 %	336.8	4.2 %	395.8	4.93 %
CPC	80.0	1.0 %	0.0	0.0 %	80.0	1.0 %	80.0	1.0 %	79.5	0.99 %
Credit	386.8	4.8 %	0.0	0.0 %	386.8	4.8 %	386.8	4.8 %	401.5	5.00 %
Inflation Linked	245.9	3.1 %	0.0	0.0 %	245.9	3.1 %	245.9	3.1 %	321.2	4.00 %
Infrastructure	124.6	1.6 %	0.0	0.0 %	124.6	1.6 %	124.6	1.6 %	160.6	2.00 %
Long Duration	79.0	1.0 %	0.0	0.0 %	79.0	1.0 %	79.0	1.0 %	79.5	0.99 %
MLP	154.8	1.9 %	0.0	0.0 %	154.8	1.9 %	154.8	1.9 %	160.6	2.00 %
Real Estate	580.4	7.2 %	0.0	0.0 %	580.4	7.2 %	580.4	7.2 %	562.0	7.00 %
Tactical Cash	238.8	3.0 %	0.0	0.0 %	238.8	3.0 %	238.8	3.0 %	240.1	2.99 %

# Asset Summary

Balance Date: 6/30/2017



Percent Deviation from Overlay Target



Total Absolute Notional Value: 248.2 (USD)



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

Seth Magaziner

General Treasurer

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

July 24, 2017

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, 2017.

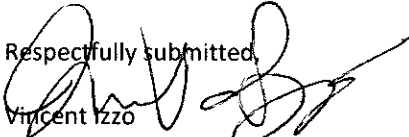
**Employees' Retirement System of Rhode Island**  
**Composite Reporting Investment Valuation**  
**June 30, 2017**

Asset Class	Base Market Value
<b>Grand Total</b>	<b>8,041,060,035</b>
CASH EQUIVALENT*	509,932,606
EQUITY HEDGE FUNDS**	408,897,035
GLOBAL PUBLIC EQUITY	3,697,034,396
CREDIT	383,128,088
INFLATION-LINKED BDS	225,351,789
PRIVATE EQUITY**	544,674,609
REAL ESTATE**	580,842,051
REAL RET HEDGE FUNDS**	322,689,431
INFRASTRUCTURE**	279,290,973
US TRADITIONAL FIXED	933,571,435
CPC PROGRAM	155,647,623

Plan Allocations	%	Base Market Value
<b>Grand Total</b>	<b>100.00%</b>	<b>8,041,060,035</b>
STATE EMP RET PLAN	75.22%	6,047,810,885
MUNI EMP RET PLAN	18.26%	1,469,861,613
TEACHER'S SURVIVOR BENEFIT	3.86%	310,152,028
STATE POLICE RET PL	1.60%	129,131,299
JUDICIAL RET PLAN	0.84%	67,554,726
NON-CONTRIB JUD RET	0.01%	610,723
NON-CONT ST POL RET	0.22%	15,938,761

\* 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 five 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.

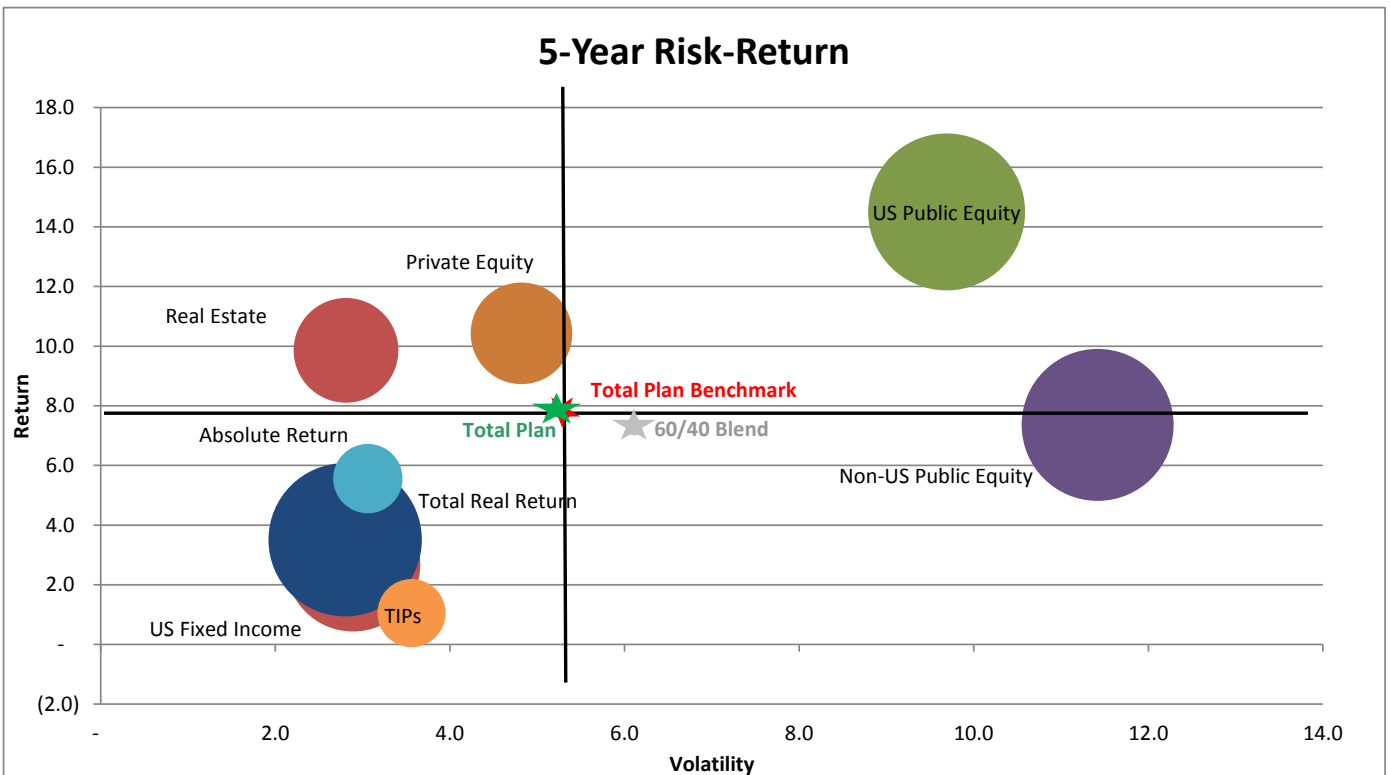
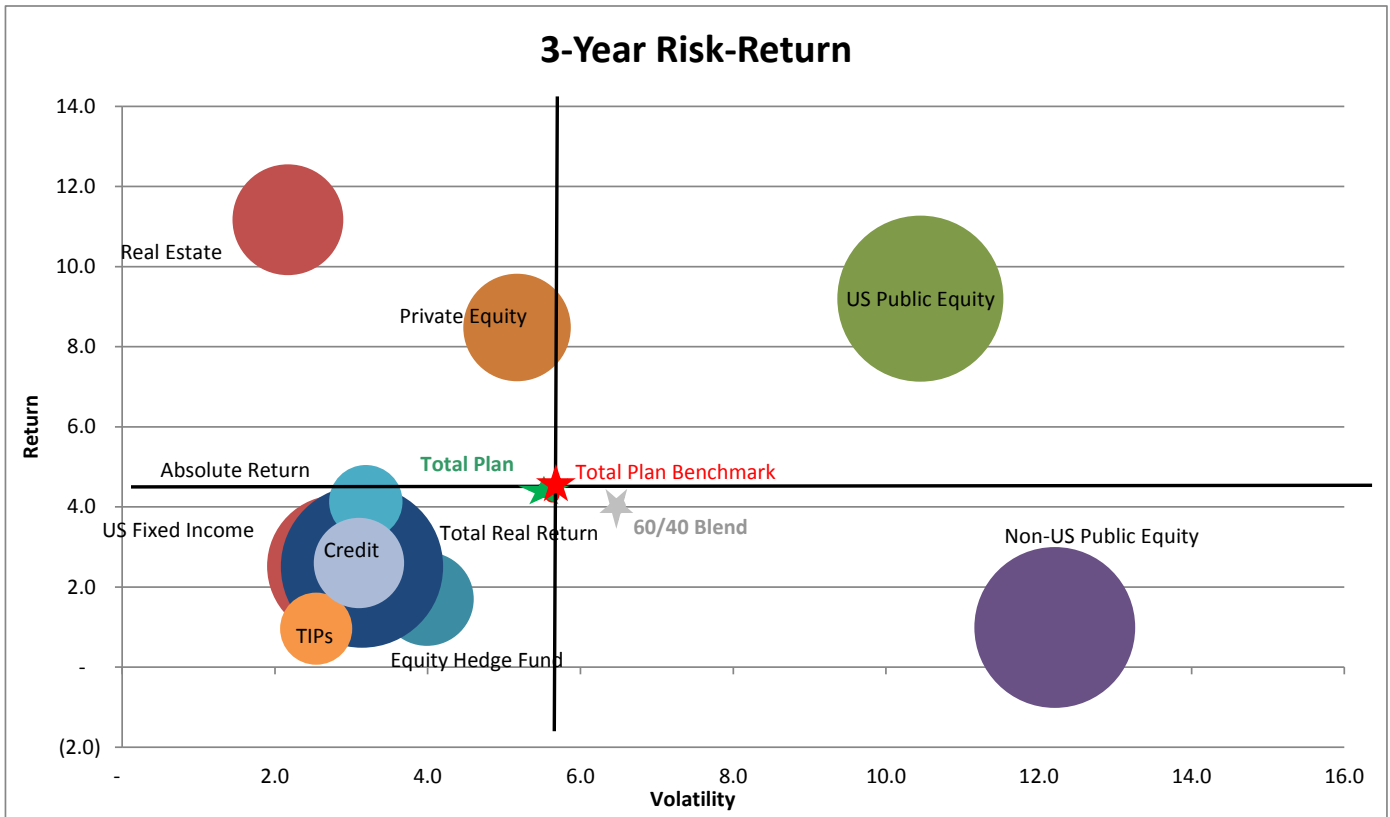
Respectfully submitted,  
  
Vincent Izzo  
Investment Accounting Manager



# ERSRI Portfolio

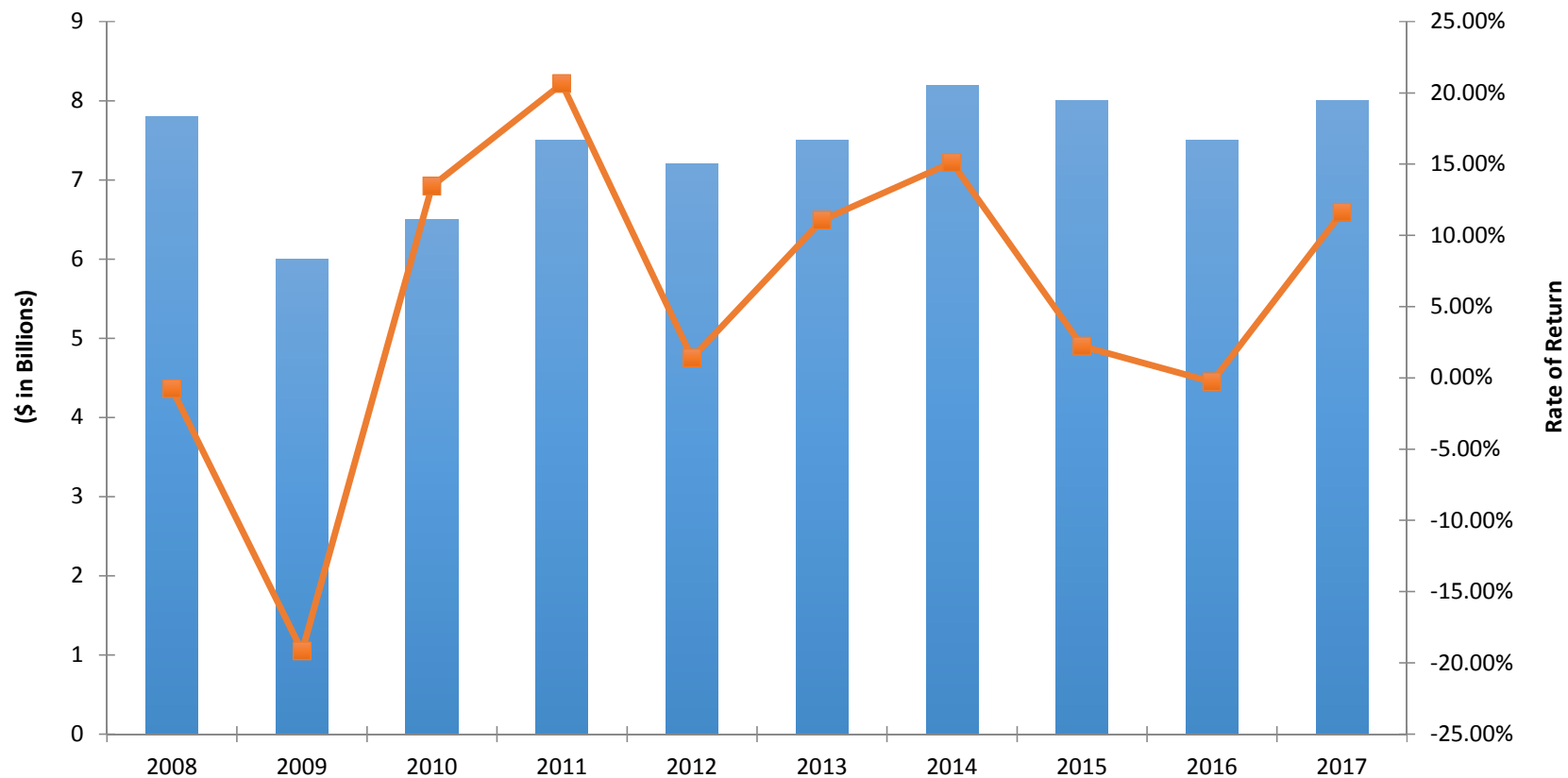
% - as of June 30, 2017

Bubble-Size Scaled based on Current Allocations



**State of Rhode Island  
Employees Retirement System  
Market Valuation and Rates of Return  
FY08-FY17**

Valuation  
Rate of Return





**Employees' Retirement System of Rhode Island Real Estate Performance**  
6/30/2017

Current Partnerships	Vintage Year/Initial Investment	Type	Amount Committed (In \$ unless otherwise noted)	Cumulative Cash Flows (\$)			Valuation (\$)	Cumulative Performance*	
				Amount Drawn	Amount Distributed	Amount Unfunded		Net IRR (%)	Net Multiple of Investment
AEW Core Property Trust	2010	Core	69,873,660	69,873,660	14,864,399	-	101,979,754	11.7	1.5
Heitman America Real Estate Trust	2014	Core	60,000,000	60,000,000	7,961,641	-	77,746,904	11.0	1.3
JP Morgan Strategic Property Fund	2006	Core	75,000,000	75,000,000	25,756,842	-	105,133,205	6.3	1.6
Morgan Stanley Prime Property Fund	2005	Core	35,000,000	35,000,000	20,550,912	-	61,678,506	7.3	2.0
Prudential (PRISA)	2005	Core	50,000,000	50,000,000	19,253,701	-	74,650,218	5.3	1.7
Magna Hotel Fund III	2008	Value-Add	4,000,000	3,426,573	5,059,527	573,427	1,088,022	15.9	1.8
IC Berkeley Partners III	2013	Value-Add	18,000,000	16,038,326	7,961,760	1,961,674	13,037,045	17.2	1.3
Exeter Industrial Value Fund III	2014	Value-Add	30,000,000	29,099,454	2,993,484	900,546	33,719,849	18.6	1.3
Waterton Fund XII	2014	Value-Add	35,000,000	29,210,982	2,553,647	5,789,018	35,934,960	18.1	1.2
Crow Holdings Retail Fund	2015	Value-Add	24,000,000	20,935,313	1,508,101	3,064,687	21,764,560	13.8	1.1
IC Berkeley Partners IV	2016	Value-Add	30,000,000	5,994,646	1,742,945	24,005,354	5,412,845	-17.8	0.9
TriCon Capital Fund VII	2005	Opportunistic	15,000,000	14,571,533	3,953,566	428,467	1,064,629	-18.6	0.3
JP Morgan Alternative Property Fund	2006	Opportunistic	20,000,000	20,000,000	14,750,429	-	177,546	-4.6	0.7
GEM Realty Fund V	2013	Opportunistic	50,000,000	36,501,311	6,621,000	13,498,689	42,344,618	15.6	1.2
Lone Star Real Estate Fund IV	2015	Opportunistic	24,260,817	17,930,581	3,880,670	6,330,236	17,403,830	22.3	1.2
<b>Total</b>			<b>\$ 540,134,477</b>	<b>\$ 483,582,379</b>	<b>\$ 139,412,624</b>	<b>\$ 56,552,098</b>	<b>\$ 593,136,491</b>		

\*IRR refers to the fund's Internal Rate of Return, or the annualized compounded yield on an investment. This calculation is typically applied in private real estate where there are multiple points at which capital is invested (capital called) and at which it is distributed. A positive IRR means that the fund's current value plus any cash distributions are greater than the cash value contributed and management fees paid. Typically a fund will have a negative IRR during the first few years of its life, a period referred to as the "J-Curve", because cash is invested upfront and it takes time to generate value. It is important to consider a fund's start date (vintage year) when assessing IRRs. Multiple of investment is another indicator of returns, and is calculated by dividing the fund's cumulative distributions and current value, after fees, by the amount of capital paid in. Please note that performance calculations are specific to the ERSRI investment, and were not prepared, reviewed or approved by the General Partners.

**Employees' Retirement System of Rhode Island Private Infrastructure Performance  
6/30/2017**

Current Partnerships	Vintage Year/Initial Investment		Amount Committed (In \$ unless otherwise noted)	Cumulative Cash Flows (\$)			Valuation (\$)	Cumulative Performance*	
				Amount Drawn	Amount Distributed	Amount Unfunded		Net IRR (%)	Net Multiple of Investment
IFM Global Infrastructure, L.P.	2015	Core	50,000,000	50,000,000	1,595,547	-	58,446,195	9.1	1.2
ISQ Global Infrastructure Fund, L.P.	2015	Value-Add	50,000,000	50,104,045	16,902,436	16,798,391	39,215,002	15.8	1.1
Stonepeak Infrastructure Fund II, L.P.	2016	Opportunistic	43,000,000	26,929,403	4,245,672	18,839,547	26,926,294	21.0	1.2
Stonepeak Infrastructure Fund II-C	2016	Opportunistic	10,000,000	2,507,050	-	7,492,950	2,505,976	n/a	1.0
<b>Total</b>			<b>\$ 153,000,000</b>	<b>\$ 129,540,498</b>	<b>\$ 22,743,655</b>	<b>\$ 43,130,888</b>	<b>\$ 127,093,467</b>		

\*IRR refers to the fund's Internal Rate of Return, or the annualized compounded yield on an investment. This calculation is typically applied in private real estate where there are multiple points at which capital is invested (capital called) and at which it is distributed. A positive IRR means that the fund's current value plus any cash distributions are greater than the cash value contributed and management fees paid. Typically a fund will have a negative IRR during the first few years of its life, a period referred to as the "J-Curve", because cash is invested upfront and it takes time to generate value. It is important to consider a fund's start date (vintage year) when assessing IRRs. Multiple of investment is another indicator of returns, and is calculated by dividing the fund's cumulative distributions and current value, after fees, by the amount of capital paid in. Please note that performance calculations are specific to the ERSRI investment, and were not prepared, reviewed or approved by the General Partners.

TOTAL NET OF FEES

6/30/2017

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	Annualized				ITD	Inception Date
						1 Year	3 Years	5 Years	10 Years		
SSGA R3000 INDEX <i>Russell 3000 Index</i>	1,304,861,682	16	0.88 0.90	8.94 8.93	18.53 18.51	18.53 18.51	9.19 9.10			14.00 13.95	10/1/2012 10/1/2012
<b>US Public Equity</b> <i>Russell 3000 Index</i>	<b>1,304,861,756</b>	<b>16</b>	<b>0.88</b> 0.90	<b>8.94</b> 8.93	<b>18.53</b> 18.51	<b>18.53</b> 18.51	<b>9.19</b> 9.10	<b>14.51</b> 14.59		<b>7.70</b> 7.69	<b>8/1/2007</b> 8/1/2007
SSGA MSCI EAFE <i>MSCI EAFE Net Dividend Index</i>	767,130,112	10	-0.17 -0.18	14.12 13.81	20.66 20.27	20.66 20.27	1.41 1.15			8.45 8.15	9/1/2012 9/1/2012
SSGA MSCI CANADA <i>MSCI Canada Net Dividend Index</i>	101,181,277	1	3.14 3.06	3.49 3.16	12.30 11.68	12.30 11.68	-3.37 -3.94			2.45 1.81	9/1/2012 9/1/2012
SSGA MSCI EM <i>MSCI Emerging Markets Net Dividend Index</i>	356,089,576	4	0.98 1.01	18.27 18.43	23.42 23.75	23.42 23.75	0.81 1.07			3.53 3.75	9/1/2012 9/1/2012
<b>Non-US Public Equity</b> <i>Total International Equity BM</i>	<b>1,224,455,094</b>	<b>15</b>	<b>0.43</b> 0.31	<b>14.25</b> 14.10	<b>20.79</b> 20.45	<b>20.79</b> 20.45	<b>0.99</b> 0.80	<b>7.36</b> 7.13		<b>8.74</b> 7.94	<b>5/1/2009</b> 5/1/2009
QVM Tilt <i>MSCI World Net Dividend Index</i>	1,174,257,154	15	0.70 0.38	10.43 10.66	17.81 18.20	17.81 18.20				13.96 13.87	10/1/2015 10/1/2015
<b>Global Public Equity</b> <i>MSCI All Country World Net Index</i>	<b>3,703,574,004</b>	<b>46</b>	<b>0.67</b> 0.45	<b>11.10</b> 11.48	<b>18.97</b> 18.78	<b>18.97</b> 18.78	<b>4.97</b> 4.82	<b>10.89</b> 10.54	<b>4.60</b> 3.71	<b>4.45</b>	<b>7/1/2000</b> 7/1/2000
Private Equity <i>ILPA All Fds Custom BM 1Q Lag</i>	547,175,085	7	0.15 0.17	8.96 8.66	13.75 15.43	13.75 15.43	8.49 9.71	10.44 14.55	8.23 8.74	9.24	2/1/1989 2/1/1989
<b>Equity Hedge Funds</b> <i>HFRI Equity Hedge (Total) Index</i>	<b>415,385,405</b>	<b>5</b>	<b>0.26</b> 1.06	<b>5.05</b> 6.07	<b>8.46</b> 12.33	<b>8.46</b> 12.33	<b>1.71</b> 2.99	<b>5.96</b> 6.31		<b>5.51</b> 5.36	<b>11/1/2011</b> 11/1/2011
<b>Total Equity</b>	<b>4,666,134,494</b>	<b>58</b>	<b>0.57</b>	<b>10.16</b>	<b>17.07</b>	<b>17.07</b>	<b>4.95</b>	<b>10.19</b>	<b>4.64</b>	<b>9.08</b>	<b>6/1/1996</b>
MACKAY SHIELDS <i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	475,339,028	6	-0.04 -0.10	2.51 2.27	0.07 -0.31	0.07 -0.31	2.49 2.48			2.11 1.99	11/1/2012 11/1/2012
PYRAMIS GLOBAL ADV <i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	484,445,709	6	-0.12 -0.10	2.36 2.27	0.55 -0.31	0.55 -0.31	2.56 2.48			2.12 1.99	11/1/2012 11/1/2012
<b>Traditional Fixed Income</b> <i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	<b>959,786,258</b>	<b>12</b>	<b>-0.08</b> -0.10	<b>2.44</b> 2.27	<b>0.32</b> -0.31	<b>0.32</b> -0.31	<b>2.53</b> 2.48	<b>2.69</b> 2.21	<b>4.47</b> 4.48	<b>5.24</b> 5.11	<b>7/1/2000</b> 7/1/2000

TOTAL NET OF FEES

6/30/2017

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	Annualized				ITD	Inception Date
						1 Year	3 Years	5 Years	10 Years		
<b>Real Return Hedge Funds</b>	<b>334,627,304</b>	<b>4</b>	<b>-0.63</b>	<b>0.78</b>	<b>6.20</b>	<b>6.20</b>	<b>3.67</b>	<b>4.97</b>		<b>4.55</b>	<b>11/1/2011</b>
<i>HFRI Fund of Funds Composite Index</i>			<i>-0.21</i>	<i>3.02</i>	<i>6.29</i>	<i>6.29</i>	<i>1.49</i>	<i>3.83</i>		<i>3.27</i>	<i>11/1/2011</i>
PIMCO	201,442,747	3	0.28	2.06	6.04	6.04	3.33			3.37	5/1/2013
<i>30%BoA1-3BB-BHY/70% JPMB/BBLLI</i>			<i>0.13</i>	<i>2.10</i>	<i>6.68</i>	<i>6.68</i>	<i>3.93</i>			<i>4.17</i>	<i>5/1/2013</i>
WAMCO	185,219,516	2	-0.08	0.57	6.74	6.74	1.87			2.75	4/1/2013
<i>30% BoA 1-3 BB-B HY/70% CS LLI</i>			<i>0.02</i>	<i>2.31</i>	<i>7.56</i>	<i>7.56</i>	<i>3.78</i>			<i>4.21</i>	<i>4/1/2013</i>
<b>Credit Aggregate</b>	<b>386,662,263</b>	<b>5</b>	<b>0.11</b>	<b>1.33</b>	<b>6.40</b>	<b>6.40</b>	<b>2.60</b>			<b>3.01</b>	<b>5/1/2013</b>
<i>Credit Aggregate</i>			<i>0.07</i>	<i>2.20</i>	<i>7.12</i>	<i>7.12</i>	<i>3.94</i>			<i>4.18</i>	<i>5/1/2013</i>
BROWN BROTHERS HARR	245,948,933	3	-0.87	0.47	-0.51	-0.51	0.97			0.51	11/1/2012
<i>BBH Inflation-Linked Custom BM</i>			<i>-0.79</i>	<i>0.65</i>	<i>-0.26</i>	<i>-0.26</i>	<i>1.06</i>			<i>0.53</i>	<i>11/1/2012</i>
<b>Inflation-Linked Bonds</b>	<b>245,948,933</b>	<b>3</b>	<b>-0.87</b>	<b>0.47</b>	<b>-0.51</b>	<b>-0.51</b>	<b>0.97</b>	<b>1.05</b>		<b>3.82</b>	<b>11/1/2009</b>
<i>Total Inflation Linked Custom</i>			<i>-0.79</i>	<i>0.65</i>	<i>-0.26</i>	<i>-0.26</i>	<i>1.06</i>	<i>1.10</i>		<i>3.82</i>	<i>11/1/2009</i>
Harvest Fund Advisor	154,488,895	2	-0.44	-2.85	2.80	2.80				-8.15	1/1/2015
<i>Alerian MLP Index</i>			<i>-0.65</i>	<i>-2.66</i>	<i>0.40</i>	<i>0.40</i>				<i>-9.63</i>	<i>1/1/2015</i>
Priv Listed Infrastructure	124,638,072	2	0.10	7.37	13.79	13.79				7.16	3/1/2015
<i>CPI + 4%</i>			<i>0.42</i>	<i>3.45</i>	<i>5.63</i>	<i>5.63</i>				<i>5.85</i>	<i>3/1/2015</i>
<b>Total Real Return</b>	<b>1,246,365,468</b>	<b>16</b>	<b>-0.35</b>	<b>1.00</b>	<b>5.23</b>	<b>5.23</b>	<b>2.51</b>	<b>3.51</b>	<b>5.90</b>	<b>5.39</b>	<b>6/1/2004</b>
Real Estate	580,842,051	7	0.31	3.96	8.66	8.66	11.18	9.86	2.16	3.21	1/1/2005
<i>NFI-ODCE Index</i>			<i>1.54</i>	<i>3.45</i>	<i>7.36</i>	<i>7.36</i>	<i>10.87</i>	<i>11.26</i>	<i>7.52</i>	<i>9.76</i>	<i>1/1/2005</i>
CPC QIS LLC	39,005,484	0	-2.49							-2.49	6/1/2017
<i>Credit Suisse Liquid Alt Beta</i>			<i>-1.98</i>							<i>-1.98</i>	<i>6/1/2017</i>
CPC CB LLC	38,397,571	0	-4.01							-4.01	6/1/2017
<i>Credit Suisse Liquid Alt Beta</i>			<i>-1.98</i>							<i>-1.98</i>	<i>6/1/2017</i>
<b>CPC Trend Following</b>	<b>77,403,055</b>	<b>1</b>	<b>-3.25</b>							<b>-3.25</b>	<b>6/1/2017</b>
<i>Credit Suisse Liquid Alt Beta</i>			<i>-1.98</i>							<i>-1.98</i>	<i>6/1/2017</i>
Mackay Long Duration	39,555,685	0	-1.11							-1.11	6/1/2017
<i>Barclays US Treasury LT Index</i>			<i>-1.06</i>							<i>-1.06</i>	<i>6/1/2017</i>



Total Performance Summary

Report ID: IPM0005

Reporting Currency: USD

TOTAL NET OF FEES

6/30/2017

Account Name Benchmark Name	Market Value	% of Total	Month	YTD	Fiscal YTD	1 Year	Annualized			ITD	Inception Date
							3 Years	5 Years	10 Years		
Wamco Long Duration	39,493,347	0	-1.27							-1.27	6/1/2017
Barclays US Treasury LT Index			-1.06							-1.06	6/1/2017
<b>CPC Long Duration</b>	<b>79,049,032</b>	<b>1</b>	<b>-1.19</b>							<b>-1.19</b>	<b>6/1/2017</b>
Barclays US Treasury LT Index			-1.06							-1.06	6/1/2017
<b>CPC Total Program</b>	<b>156,452,087</b>	<b>2</b>	<b>-2.22</b>							<b>-2.22</b>	<b>6/1/2017</b>
ERSRI CASH	158,933,982	2	0.08	0.89	1.23	1.23	0.98	0.63	1.54	12.54	7/1/2000
BofA Merrill Lynch 3 Month US Treasury Bill G001			0.08	0.31	0.49	0.49	0.23	0.17	0.58	1.64	7/1/2000
ERSRI SMA Cash	238,786,307	3	0.11							0.42	2/1/2017
BofA Merrill Lynch United States Treasury Notes 0-1 Year (G0)			0.08							0.22	2/1/2017
<b>Total Cash</b>	<b>412,230,656</b>	<b>5</b>	<b>0.10</b>	<b>0.55</b>	<b>0.85</b>	<b>0.85</b>	<b>0.83</b>	<b>0.56</b>	<b>1.07</b>	<b>2.29</b>	<b>4/1/2004</b>
<b>Russell Overlay Fd</b>	<b>18,084,549</b>	<b>0</b>	<b>0.00</b>	<b>-0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.06</b>		<b>-0.06</b>	<b>9/1/2008</b>
<b>TOTAL PLAN</b>	<b>8,041,060,035</b>	<b>100</b>	<b>0.25</b>	<b>6.74</b>	<b>11.62</b>	<b>11.62</b>	<b>4.41</b>	<b>7.80</b>	<b>4.36</b>	<b>4.89</b>	<b>7/1/2000</b>
Total Plan Benchmark			0.31	6.97	11.34	11.34	4.29	7.75	4.30		7/1/2000
60/40 Blend			0.23	7.72	10.80	10.80	4.03	7.27	4.39		7/1/2000
<b>Total Plan ex PE,RE &amp; Priv Inf</b>	<b>6,788,404,828</b>	<b>84</b>	<b>0.26</b>	<b>6.79</b>	<b>11.67</b>	<b>11.67</b>	<b>3.71</b>	<b>7.17</b>	<b>4.03</b>	<b>6.31</b>	<b>4/1/1996</b>
Total Plan BM ex PE RE			0.25	7.03	11.25	11.25	3.46	7.13	3.93		4/1/1996



TOTAL NET OF FEES

6/30/2017

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative				Inception Date		
				5/1/2017 - 5/31/2017	4/1/2017 - 4/30/2017	YTD	2016		2015	2014
SSGA R3000 INDEX <i>Russell 3000 Index</i>	1,304,861,682	16	0.88 0.90	1.04 1.02	1.06 1.06	8.94 8.93	12.84 12.74	0.60 0.48	12.59 12.56	10/1/2012 10/1/2012
<b>US Public Equity</b> <i>Russell 3000 Index</i>	<b>1,304,861,756</b>	<b>16</b>	<b>0.88</b> 0.90	<b>1.04</b> 1.02	<b>1.06</b> 1.06	<b>8.94</b> 8.93	<b>12.84</b> 12.74	<b>0.60</b> 0.48	<b>12.57</b> 12.56	<b>8/1/2007</b> 8/1/2007
SSGA MSCI EAFE <i>MSCI EAFE Net Dividend Index</i>	767,130,112	10	-0.17 -0.18	3.77 3.67	2.62 2.54	14.12 13.81	1.28 1.00	-0.59 -0.81	-4.64 -4.90	9/1/2012 9/1/2012
SSGA MSCI CANADA <i>MSCI Canada Net Dividend Index</i>	101,181,277	1	3.14 3.06	-0.21 -0.23	-2.08 -2.12	3.49 3.16	25.24 24.56	-23.70 -24.16	2.17 1.51	9/1/2012 9/1/2012
SSGA MSCI EM <i>MSCI Emerging Markets Net Dividend Index</i>	356,089,576	4	0.98 1.01	2.95 2.96	2.16 2.19	18.27 18.43	10.82 11.19	-15.16 -14.92	-2.34 -2.19	9/1/2012 9/1/2012
<b>Non-US Public Equity</b> <i>Total International Equity BM</i>	<b>1,224,455,094</b>	<b>15</b>	<b>0.43</b> 0.31	<b>3.20</b> 3.25	<b>2.06</b> 2.14	<b>14.25</b> 14.10	<b>5.01</b> 4.50	<b>-5.77</b> -5.66	<b>-3.63</b> -3.87	<b>5/1/2009</b> 5/1/2009
QVM Tilt <i>MSCI World Net Dividend Index</i>	1,174,257,154	15	0.70 0.38	1.99 2.12	1.22 1.48	10.43 10.66	7.58 7.51			10/1/2015 10/1/2015
<b>Global Public Equity</b> <i>MSCI All Country World Net Index</i>	<b>3,703,574,004</b>	<b>46</b>	<b>0.67</b> 0.45	<b>2.05</b> 2.21	<b>1.44</b> 1.56	<b>11.10</b> 11.48	<b>8.78</b> 7.86	<b>-2.48</b> -2.36	<b>4.35</b> 4.16	<b>7/1/2000</b> 7/1/2000
Private Equity <i>ILPA All Fds Custom BM 1Q Lag</i>	547,175,085	7	0.15 0.17	3.44 3.57	1.83 1.95	8.96 8.66	9.19 8.01	7.08 7.30	8.02 16.41	2/1/1989 2/1/1989
<b>Equity Hedge Funds</b> <i>HFRI Equity Hedge (Total) Index</i>	<b>415,385,405</b>	<b>5</b>	<b>0.26</b> 1.06	<b>1.28</b> 0.31	<b>0.95</b> 0.73	<b>5.05</b> 6.07	<b>-1.06</b> 5.47	<b>1.27</b> -0.97	<b>2.64</b> 1.81	<b>11/1/2011</b> 11/1/2011
<b>Total Equity</b>	<b>4,666,134,494</b>	<b>58</b>	<b>0.57</b>	<b>2.14</b>	<b>1.43</b>	<b>10.16</b>	<b>7.47</b>	<b>-0.95</b>	<b>4.51</b>	<b>6/1/1996</b>
MACKAY SHIELDS <i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	475,339,028	6	-0.04 -0.10	0.83 0.77	0.81 0.77	2.51 2.27	2.66 2.65	0.48 0.55	6.00 5.97	11/1/2012 11/1/2012
PYRAMIS GLOBAL ADV <i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	484,445,709	6	-0.12 -0.10	0.72 0.77	0.76 0.77	2.36 2.27	3.61 2.65	0.01 0.55	5.83 5.97	11/1/2012 11/1/2012
<b>Traditional Fixed Income</b> <i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	<b>959,786,258</b>	<b>12</b>	<b>-0.08</b> -0.10	<b>0.77</b> 0.77	<b>0.79</b> 0.77	<b>2.44</b> 2.27	<b>3.15</b> 2.65	<b>0.25</b> 0.55	<b>5.91</b> 5.97	<b>7/1/2000</b> 7/1/2000

TOTAL NET OF FEES

6/30/2017

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative				YTD	2016	2015	2014	Inception Date
				5/1/2017 - 5/31/2017	4/1/2017 - 4/30/2017							
<b>Real Return Hedge Funds</b>	<b>334,627,304</b>	<b>4</b>	<b>-0.63</b>	<b>0.11</b>	<b>-0.07</b>	<b>0.78</b>	<b>7.04</b>	<b>0.86</b>	<b>4.70</b>	<b>11/1/2011</b>		
<i>HFRI Fund of Funds Composite Index</i>			<i>-0.21</i>	<i>0.31</i>	<i>0.52</i>	<i>3.02</i>	<i>0.51</i>	<i>-0.27</i>	<i>3.37</i>	<i>11/1/2011</i>		
PIMCO	201,442,747	3	0.28	0.42	0.33	2.06	7.59	1.13	1.22	5/1/2013		
<i>30%BoA1-3BB-BHY/70% JPMB/BLLI</i>			<i>0.13</i>	<i>0.42</i>	<i>0.47</i>	<i>2.10</i>	<i>9.17</i>	<i>1.00</i>	<i>2.11</i>	<i>5/1/2013</i>		
WAMCO	185,219,516	2	-0.08	0.10	-0.54	0.57	11.69	-3.69	0.10	4/1/2013		
<i>30% BoA 1-3 BB-B HY/70% CS LLI</i>			<i>0.02</i>	<i>0.44</i>	<i>0.52</i>	<i>2.31</i>	<i>10.09</i>	<i>-0.18</i>	<i>2.03</i>	<i>4/1/2013</i>		
<b>Credit Aggregate</b>	<b>386,662,263</b>	<b>5</b>	<b>0.11</b>	<b>0.26</b>	<b>-0.09</b>	<b>1.33</b>	<b>9.59</b>	<b>-1.29</b>	<b>0.66</b>	<b>5/1/2013</b>		
<i>Credit Aggregate</i>			<i>0.07</i>	<i>0.43</i>	<i>0.49</i>	<i>2.20</i>	<i>9.63</i>	<i>0.49</i>	<i>2.11</i>	<i>5/1/2013</i>		
BROWN BROTHERS HARR	245,948,933	3	-0.87	0.10	0.34	0.47	3.91	-0.26	1.72	11/1/2012		
<i>BBH Inflation-Linked Custom BM</i>			<i>-0.79</i>	<i>-0.05</i>	<i>0.45</i>	<i>0.65</i>	<i>4.01</i>	<i>-0.15</i>	<i>2.04</i>	<i>11/1/2012</i>		
<b>Inflation-Linked Bonds</b>	<b>245,948,933</b>	<b>3</b>	<b>-0.87</b>	<b>0.10</b>	<b>0.34</b>	<b>0.47</b>	<b>3.91</b>	<b>-0.26</b>	<b>1.72</b>	<b>11/1/2009</b>		
<i>Total Inflation Linked Custom</i>			<i>-0.79</i>	<i>-0.05</i>	<i>0.45</i>	<i>0.65</i>	<i>4.01</i>	<i>-0.15</i>	<i>2.04</i>	<i>11/1/2009</i>		
Harvest Fund Advisor	154,488,895	2	-0.44	-4.83	-1.78	-2.85	20.64	-31.01		1/1/2015		
<i>Alerian MLP Index</i>			<i>-0.65</i>	<i>-4.52</i>	<i>-1.28</i>	<i>-2.66</i>	<i>18.31</i>	<i>-32.59</i>		<i>1/1/2015</i>		
Priv Listed Infrastructure	124,638,072	2	0.10	1.49	2.39	7.37	13.35			3/1/2015		
<i>CPI + 4%</i>			<i>0.42</i>	<i>0.41</i>	<i>0.61</i>	<i>3.45</i>	<i>6.07</i>			<i>3/1/2015</i>		
<b>Total Real Return</b>	<b>1,246,365,468</b>	<b>16</b>	<b>-0.35</b>	<b>-0.35</b>	<b>0.00</b>	<b>1.00</b>	<b>9.30</b>	<b>-2.76</b>	<b>2.74</b>	<b>6/1/2004</b>		
Real Estate	580,842,051	7	0.31	0.80	0.60	3.96	9.77	14.22	10.90	1/1/2005		
<i>NFI-ODCE Index</i>			<i>1.54</i>	<i>0.00</i>	<i>0.00</i>	<i>3.45</i>	<i>9.08</i>	<i>13.86</i>	<i>12.26</i>	<i>1/1/2005</i>		
CPC CB LLC	38,397,571	0	-4.01							6/1/2017		
<i>Credit Suisse Liquid Alt Beta</i>			<i>-1.98</i>							<i>6/1/2017</i>		
CPC QIS LLC	39,005,484	0	-2.49							6/1/2017		
<i>Credit Suisse Liquid Alt Beta</i>			<i>-1.98</i>							<i>6/1/2017</i>		
<b>CPC Trend Following</b>	<b>77,403,055</b>	<b>1</b>	<b>-3.25</b>							<b>6/1/2017</b>		
<i>Credit Suisse Liquid Alt Beta</i>			<i>-1.98</i>							<i>6/1/2017</i>		
Mackay Long Duration	39,555,685	0	-1.11							6/1/2017		
<i>Barclays US Treasury LT Index</i>			<i>-1.06</i>							<i>6/1/2017</i>		

TOTAL NET OF FEES

6/30/2017

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative		YTD	2016	2015	2014	Inception Date
				5/1/2017 - 5/31/2017	4/1/2017 - 4/30/2017					
Wamco Long Duration	39,493,347	0	-1.27							6/1/2017
Barclays US Treasury LT Index			-1.06							6/1/2017
<b>CPC Long Duration</b>	<b>79,049,032</b>	<b>1</b>	<b>-1.19</b>							<b>6/1/2017</b>
Barclays US Treasury LT Index			-1.06							6/1/2017
<b>CPC Total Program</b>	<b>156,452,087</b>	<b>2</b>	<b>-2.22</b>							<b>6/1/2017</b>
ERSRI CASH	158,933,982	2	0.08	0.15	0.28	0.89	0.97	0.40	0.75	7/1/2000
BofA Merrill Lynch 3 Month US Treasury Bill GOO1			0.08	0.05	0.07	0.31	0.33	0.05	0.03	7/1/2000
ERSRI SMA Cash	238,786,307	3	0.11	0.13	0.11					2/1/2017
BofA Merrill Lynch United States Treasury Notes 0-1 Year (GO)			0.08	0.04	0.07					2/1/2017
<b>Total Cash</b>	<b>412,230,656</b>	<b>5</b>	<b>0.10</b>	<b>0.14</b>	<b>0.14</b>	<b>0.55</b>	<b>0.91</b>	<b>0.38</b>	<b>0.74</b>	<b>4/1/2004</b>
<b>Russell Overlay Fd</b>	<b>18,084,549</b>	<b>0</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>	<b>-0.03</b>	<b>0.06</b>	<b>0.00</b>	<b>-0.02</b>	<b>9/1/2008</b>
<b>TOTAL PLAN</b>	<b>8,041,060,035</b>	<b>100</b>	<b>0.25</b>	<b>1.37</b>	<b>1.00</b>	<b>6.74</b>	<b>7.35</b>	<b>-0.28</b>	<b>4.52</b>	<b>7/1/2000</b>
Total Plan Benchmark			0.31	1.35	1.07	6.97	6.42	-0.24	5.05	7/1/2000
60/40 Blend			0.23	1.63	1.24	7.72	5.92	-0.98	4.96	7/1/2000
<b>Total Plan ex Overlay</b>	<b>8,022,975,487</b>	<b>100</b>	<b>0.25</b>	<b>1.35</b>	<b>0.99</b>	<b>6.76</b>	<b>7.29</b>	<b>-0.28</b>	<b>4.54</b>	<b>8/1/2008</b>
Total Plan Benchmark			0.31	1.35	1.07	6.97	6.42	-0.24	5.05	8/1/2008
<b>Total Plan ex PE,RE &amp; Priv Inf</b>	<b>6,788,404,828</b>	<b>84</b>	<b>0.26</b>	<b>1.24</b>	<b>0.94</b>	<b>6.79</b>	<b>6.97</b>	<b>-1.68</b>	<b>3.98</b>	<b>4/1/1996</b>
Total Plan BM ex PE RE			0.25	1.25	1.06	7.03	6.13	-1.64	3.90	4/1/1996

END NOTES

6/30/2017

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, 2017

Fund	Market Value	Actual %	Returns								Std Dev	Sharpe Ratio	Incep Date
			Jun	QTD	YTD	FYTD	1 Year	3 Year	5 Year	Incep			
<b>Global Equities - Active Portfolio</b>													
Davidson Kempner Institutional Partners, L.P.	83,997,146	11.2%	0.02%	1.74%	4.03%	8.32%	8.32%	3.70%	6.22%	6.12%	2.00%	2.76	Nov-11
Elliott Associates, L.P.	99,758,266	13.3%	-0.10%	0.40%	3.62%	11.66%	11.66%	7.89%	10.08%	9.39%	3.69%	2.33	Nov-11
Samlyn Onshore Fund, L.P.	115,574,175	15.5%	0.86%	4.02%	6.82%	13.26%	13.26%	4.41%	8.43%	8.10%	6.08%	1.24	Jan-12
Viking Global Equities, LP	105,168,552	14.1%	-0.10%	1.96%	7.04%	9.15%	9.15%	5.92%	10.40%	10.57%	7.33%	1.35	Dec-11
<b>Global Equities - Active Portfolio Total</b>	<b>404,498,140</b>	<b>54.1%</b>	<b>0.20%</b>	<b>2.10%</b>	<b>4.68%</b>	<b>8.21%</b>	<b>8.21%</b>	<b>1.78%</b>	<b>6.27%</b>	<b>5.77%</b>	<b>4.25%</b>	<b>1.23</b>	<b>Nov-11</b>
<b>Global Equities - Liquidating Portfolio</b>													
ESG Cross Border Equity Fund LP - Holdback	1,095,973	0.1%	0.00%	0.00%	-4.43%	-11.13%	-11.13%	-9.95%	-	-9.66%	7.60%	-1.37	Jun-14
Indus Asia Pacific Distribution Holding Company II, 06.30.14 Series (liquidating trust)	351,333	0.0%	0.00%	0.51%	4.67%	17.05%	17.05%	-23.32%	-13.51%	-12.31%	17.81%	-0.66	Jan-12
Luxor Capital Partners, LP - Liquidating SPV	4,545,755	0.6%	12.75%	14.68%	19.45%	7.55%	7.55%	-	-	7.55%	14.59%	0.50	Jul-16
Luxor Capital Partners, LP - Holdback	1,453,695	0.2%	0.00%	0.00%	0.00%	-2.73%	-2.73%	-12.92%	-	-12.76%	8.51%	-1.62	May-14
PFM Diversified Fund, L.P. - Holdback	3,925,246	0.5%	0.00%	0.00%	1.67%	4.67%	4.67%	1.70%	6.94%	5.20%	8.59%	0.58	Mar-12
<b>Global Equities - Liquidating Portfolio Total</b>	<b>11,372,002</b>	<b>1.5%</b>	<b>4.73%</b>	<b>5.18%</b>	<b>7.44%</b>	<b>1.15%</b>	<b>1.15%</b>	<b>-26.96%</b>	<b>-16.00%</b>	<b>-14.61%</b>	<b>16.80%</b>	<b>-0.87</b>	<b>Nov-11</b>
<b>Total Global Equities</b>	<b>415,870,141</b>	<b>55.7%</b>	<b>0.32%</b>	<b>1.92%</b>	<b>4.50%</b>	<b>7.88%</b>	<b>7.88%</b>	<b>1.65%</b>	<b>5.92%</b>	<b>5.44%</b>	<b>4.20%</b>	<b>1.17</b>	<b>Nov-11</b>
MSCI AC World Index Free - Net			0.45%	4.27%	11.48%	18.78%	18.78%	4.82%	10.54%	9.68%	10.90%	0.86	Nov-11
Russell 3000 Index (DRI)			0.90%	3.02%	8.93%	18.51%	18.51%	9.10%	14.59%	14.66%	10.08%	1.37	Nov-11
HFRI Equity Hedge (Total) Index			1.21%	2.29%	6.25%	12.52%	12.52%	3.05%	6.35%	5.39%	5.95%	0.84	Nov-11
<b>Real Return - Active Portfolio</b>													
Brevan Howard LP	56,699,536	7.6%	-1.46%	-2.69%	-5.02%	-1.02%	-1.02%	-0.16%	0.96%	0.39%	5.67%	0.01	Nov-11
Capula Global Relative Value Fund Ltd.	69,505,273	9.3%		0.46%	2.31%	7.55%	7.55%	7.60%	7.03%	6.08%	1.93%	2.82	Dec-11
DE Shaw Composite Fund LLC	99,965,002	13.4%		2.34%	4.96%	8.41%	8.41%	10.82%	13.59%	13.00%	4.14%	2.86	Nov-11
Graham Absolute Return Trading Ltd.	57,300,460	7.7%	-0.44%	-4.18%	-7.60%	2.84%	2.84%	3.33%	2.66%	2.50%	5.18%	0.41	Jan-12
Winton Futures Fund Limited	35,515,660	4.8%	-1.96%	-2.11%	-0.67%	-3.56%	-3.56%	3.03%	4.03%	3.07%	8.46%	0.34	Dec-11
<b>Real Return - Active Portfolio Total</b>	<b>318,985,932</b>	<b>42.7%</b>	<b>-0.69%</b>	<b>-0.76%</b>	<b>0.64%</b>	<b>6.06%</b>	<b>6.06%</b>	<b>4.40%</b>	<b>5.46%</b>	<b>4.99%</b>	<b>2.58%</b>	<b>1.71</b>	<b>Nov-11</b>
<b>Real Return - Liquidating Portfolio</b>													
Brigade Leveraged Capital Structures Fund LP - Holdback	3,188,048	0.4%	0.00%	0.00%	3.91%	12.94%	12.94%	2.97%	4.68%	4.66%	5.59%	0.76	Mar-12
Claren Road Credit Fund, Ltd.	3,700,170	0.5%	0.00%	4.23%	4.93%	15.33%	15.33%	-1.85%	-	-0.46%	10.94%	-0.04	Apr-13
OZ Domestic Partners II, L.P. - Holdback	5,537,981	0.7%	0.00%	0.00%	4.47%	11.03%	11.03%	3.84%	7.12%	7.12%	4.50%	1.45	Nov-11
<b>Real Return - Liquidating Portfolio Total</b>	<b>12,426,198</b>	<b>1.7%</b>	<b>0.00%</b>	<b>0.23%</b>	<b>0.91%</b>	<b>10.90%</b>	<b>10.90%</b>	<b>-3.12%</b>	<b>-1.37%</b>	<b>-1.37%</b>	<b>10.78%</b>	<b>-0.12</b>	<b>Nov-11</b>
ML 3-month T-Bills			0.08%	0.20%	0.30%	0.49%	0.49%	0.23%	0.17%	0.16%	0.06%	-	Nov-11
HFRI Fund of Funds Composite Index			-0.62%	0.20%	2.59%	5.85%	5.85%	1.35%	3.75%	3.20%	3.37%	-	Nov-11
<b>Total Real Return</b>	<b>331,412,130</b>	<b>44.3%</b>	<b>-0.66%</b>	<b>-0.65%</b>	<b>0.75%</b>	<b>6.20%</b>	<b>6.20%</b>	<b>3.65%</b>	<b>4.96%</b>	<b>4.54%</b>	<b>2.61%</b>	<b>1.53</b>	<b>Nov-11</b>
<b>Total Hedge Fund Portfolio</b>	<b>747,282,271</b>	<b>100.0%</b>	<b>-0.12%</b>	<b>0.70%</b>	<b>2.70%</b>	<b>7.06%</b>	<b>7.06%</b>	<b>2.54%</b>	<b>5.46%</b>	<b>5.03%</b>	<b>3.11%</b>	<b>1.44</b>	<b>Nov-11</b>
HFRI Fund of Funds Composite Index			-0.62%	0.20%	2.59%	5.85%	5.85%	1.35%	3.75%	3.20%	3.37%	0.81	Nov-11

## Employees' Retirement System of the State of Rhode Island

Hedge Fund Portfolio

Portfolio Performance Summary

Estimated as of June 30, 2017

Fund	Market Value	Actual %	Returns								Std Dev	Sharpe Ratio	Incep Date
			Jun	QTD	YTD	FYTD	1 Year	3 Year	5 Year	Incep			
<b>Market Indices</b>													
Libor3Month			0.11%	0.30%	0.57%	1.01%	1.01%	0.59%	0.47%	0.47%	0.08%	-	Nov-11
Barclays Aggregate Bond Index			-0.10%	1.44%	2.28%	-0.31%	-0.31%	2.49%	2.22%	2.56%	2.79%	0.75	Nov-11
Barclays High Yield Credit Bond Index			0.14%	2.17%	4.94%	12.72%	12.72%	4.49%	6.90%	7.47%	5.43%	1.27	Nov-11
S&P 500 TR			0.62%	3.09%	9.34%	17.90%	17.90%	9.61%	14.63%	14.78%	9.83%	1.41	Nov-11
MSCI EAFE - Net			-0.18%	6.12%	13.81%	20.27%	20.27%	1.15%	8.69%	7.06%	13.07%	0.55	Nov-11
MSCI EMF (Emerging Markets Free) - Net			1.01%	6.27%	18.43%	23.75%	23.75%	1.07%	3.96%	2.71%	15.76%	0.22	Nov-11

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

Investment 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 herein as described in this report. Our conclusions do not reflect the results of the investment...

**Employees' Retirement System of the State of Rhode Island**

Hedge Fund Portfolio

Fund Level Performance Report

Estimated as of June 30, 2017

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	2016	2015		2014	2013	2012		3 yr	5 yr	Incep.
<b>Global Equities</b>																		
Ascend Partners Fund II LP	-1.56%	0.06%	-0.83%	-0.02%	-0.72%	1.40%	0.33%	3.09%	-3.51%	2.66%	5.09%	12.22%	2.50%	3.05%	-0.08	0.85	0.91	Jan-04
Davidson Kempner Institutional Partners, L.P.	1.72%	3.88%	0.02%	0.80%	0.89%	7.97%	3.54%	5.92%	6.71%	1.51%	4.45%	9.52%	6.87%	2.03%	1.51	2.62	1.59	Mar-96
Elliott Associates, L.P.	0.40%	3.54%	-0.10%	0.30%	0.20%	11.32%	7.43%	9.56%	12.98%	2.51%	8.24%	12.44%	13.18%	3.45%	1.68	2.54	1.93	Jan-90
ESG Cross Border Equity Fund LP	2.04%	-2.50%	-2.10%	0.70%	3.50%	-9.34%	-9.41%	-2.54%	-13.04%	-5.06%	-7.16%	13.59%	6.74%	7.53%	-1.24	-0.37	0.55	Jan-04
Indus Asia Pacific Fund, LP	0.51%	4.67%	0.00%	-0.38%	0.89%	17.05%	-23.30%	-13.15%	-26.00%	-33.23%	-15.60%	4.97%	8.21%	18.54%	-1.04	-0.68	0.04	Dec-00
Luxor Capital Partners, LP	14.68%	27.42%	12.75%	0.99%	0.72%	49.32%	0.14%	4.32%	7.80%	-19.05%	-9.83%	19.53%	5.21%	11.26%	0.03	0.39	0.86	Apr-02
PFM Diversified Fund, L.P.	3.65%	5.45%	3.62%	-0.63%	0.66%	8.64%	2.91%	7.55%	-7.11%	8.10%	2.84%	22.17%	5.59%	8.52%	0.35	0.84	0.82	Nov-04
Samlyn Onshore Fund, L.P.	3.76%	6.41%	0.80%	1.18%	1.74%	12.89%	4.08%	8.18%	1.17%	-1.29%	9.24%	18.93%	10.49%	5.99%	0.59	1.27	1.05	Mar-07
Viking Global Equities, LP	1.90%	7.05%	-0.10%	-0.10%	2.10%	8.99%	5.92%	10.33%	-3.92%	8.27%	13.47%	22.65%	12.75%	7.61%	0.67	1.27	1.42	Oct-99
<b>Real Return</b>																		
Brevan Howard LP	-2.85%	-5.17%	-1.46%	-0.70%	-0.72%	-1.19%	-0.22%	1.01%	2.99%	-1.98%	-0.78%	2.68%	3.91%	5.93%	-0.10	0.12	0.83	Sep-05
Brigade Leveraged Capital Structures Fund LP	0.46%	4.39%	0.75%	0.12%	-0.41%	13.45%	3.12%	4.78%	23.04%	-10.73%	0.61%	6.13%	6.91%	5.77%	0.38	0.76	0.74	Jan-07
Capula Global Relative Value Fund Ltd.	0.46%	2.30%				7.58%	7.61%	7.02%	8.37%	7.54%	8.14%	7.60%	0.41%	1.78%	3.77	3.56	1.89	Oct-05
Claren Road Credit Fund, Ltd.	5.24%	6.03%	0.00%	0.58%	4.64%	1.46%	-9.22%	-3.86%	-12.72%	-7.96%	-10.10%	5.43%	1.49%	7.50%	-1.14	-0.55	0.41	Jan-06
DE Shaw Composite Fund LLC	2.31%	4.99%				8.26%	10.44%	12.34%	6.12%	13.68%	15.57%	11.51%	13.94%	4.02%	2.29	2.80	1.57	Mar-01
Graham Absolute Return Trading Ltd.	-4.17%	-7.37%	-0.44%	-1.62%	-2.16%	2.98%	6.26%	6.61%	11.78%	1.50%	10.42%	10.50%	9.29%	7.56%	0.67	0.82	0.97	Jan-05
OZ Domestic Partners II, L.P.	3.44%	7.74%	1.40%	1.34%	0.66%	14.42%	4.81%	7.40%	3.79%	-0.44%	5.45%	14.20%	12.01%	4.52%	0.86	1.50	1.12	Jan-04
Winton Futures Fund Limited	-2.13%	-0.68%	-1.97%	0.49%	-0.65%	-3.58%	3.03%	4.04%	-3.01%	0.95%	13.88%	9.43%	-3.56%	8.76%	0.30	0.44	0.66	Oct-97
<b>Benchmark</b>																		
HFRI Fund of Funds Composite Index	0.20%	2.59%	-0.62%	0.31%	0.52%	5.85%	1.35%	3.75%	0.51%	-0.27%	3.37%	8.96%	4.79%	3.27%				Jan-90
HFRI Fund Weighted Composite Index	1.14%	3.68%	0.39%	0.21%	0.54%	8.02%	2.57%	4.89%	5.44%	-1.12%	2.98%	9.13%	6.36%	3.64%				Jan-90
<b>Market Indices</b>																		
3 Month Libor - BOM	0.30%	0.57%	0.11%	0.10%	0.10%	1.01%	0.59%	0.47%	0.76%	0.33%	0.23%	0.27%	0.42%	0.09%				Jan-87
Barclays Aggregate Bond Index	1.44%	2.28%	-0.10%	0.77%	0.77%	-0.31%	2.49%	2.22%	2.66%	0.57%	5.94%	-2.02%	4.23%	2.86%				Jan-76
Barclays High Yield Credit Bond Index	2.17%	4.94%	0.14%	0.87%	1.15%	12.72%	4.49%	6.90%	17.14%	-4.46%	2.46%	7.46%	15.81%	5.28%				Jul-83
S&P 500 (TR)	3.09%	9.34%	0.62%	1.41%	1.03%	17.90%	9.61%	14.63%	11.96%	1.38%	13.69%	32.39%	16.00%	9.56%				Jun-88
MSCI EAFE - Net - USD	6.12%	13.81%	-0.18%	3.67%	2.54%	20.27%	1.15%	8.69%	1.00%	-0.81%	-4.90%	22.78%	17.31%	11.74%				Dec-69
MSCI EMF (EMERGING MARKETS FREE) - Net - USD	6.27%	18.43%	1.01%	2.96%	2.19%	23.75%	1.07%	3.96%	11.19%	-14.92%	-2.19%	-2.60%	18.23%	14.40%				Dec-87

Note: The above is manager composite history.

## Portfolio Summary

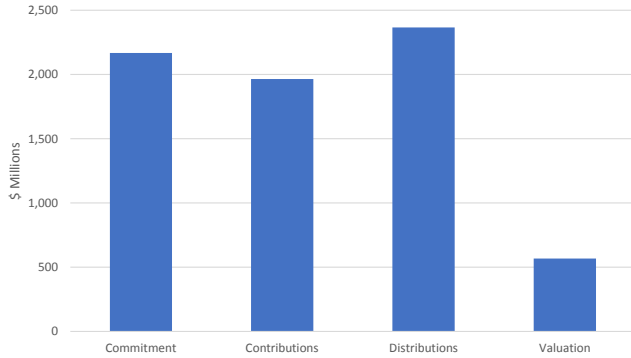
3/31/2017

All Investments

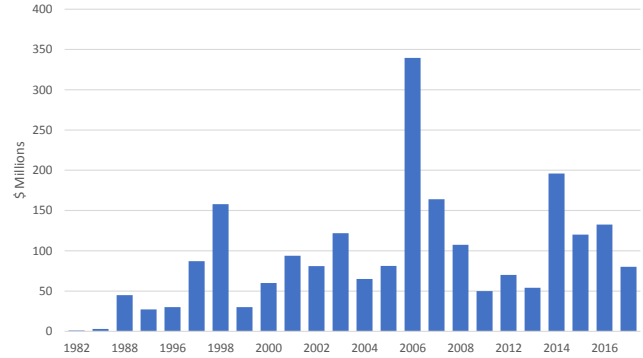
### Performance Summary

Asset Class	Investment Type	Number of Investments	Commitment	Contributions	Distributions	Valuation	Multiple of Cost	IRR	TWR
Private Equity Funds									
	Buyout	79	1,295,185,215	1,202,718,585	1,531,681,827	325,413,184	1.54	13.15%	12.72%
	Direct Lending	3	75,000,000	48,469,720	24,371,714	32,072,027	1.16	9.69%	8.12%
	Distressed Debt	13	213,000,000	220,472,587	231,921,222	72,636,162	1.39	10.29%	10.00%
	Energy	9	198,000,000	139,312,678	188,488,916	25,198,606	1.53	23.92%	8.32%
	Fund of Funds	1	45,000,000	45,000,000	106,748,821	-	2.37	19.94%	-100.00%
	Secondary	4	60,000,000	54,952,240	60,785,089	6,952,608	1.23	6.05%	3.92%
	Venture Capital	22	281,250,000	253,884,890	222,631,665	104,663,066	1.29	5.05%	2.72%
<b>Total: Private Equity Funds</b>		<b>131</b>	<b>2,167,435,215</b>	<b>1,964,810,699</b>	<b>2,366,629,255</b>	<b>566,935,653</b>	<b>1.49</b>	<b>13.43%</b>	<b>11.29%</b>

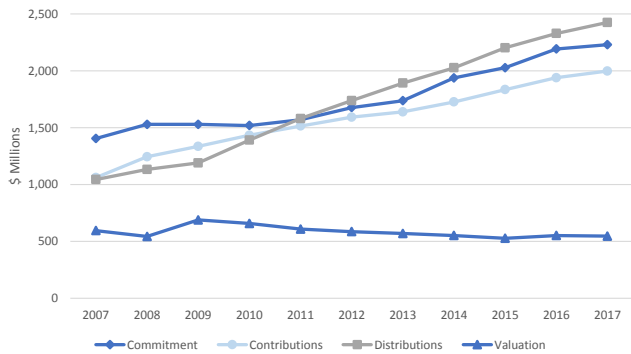
#### Cash Flow and Valuation Summary



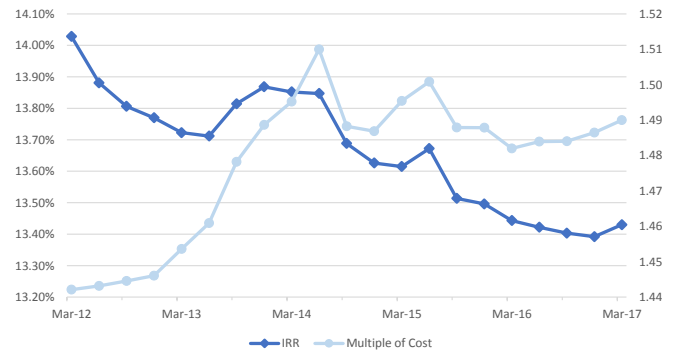
#### Commitment by Vintage Year



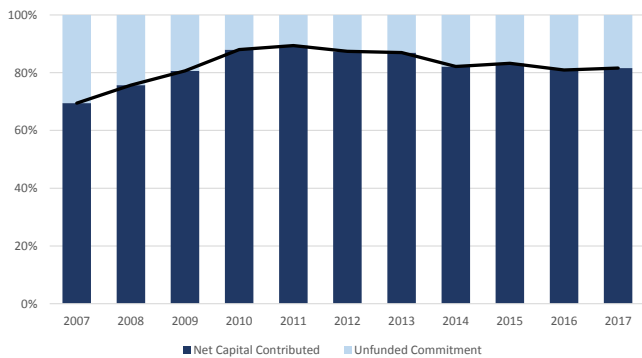
#### Historical Cash Flows and Valuation



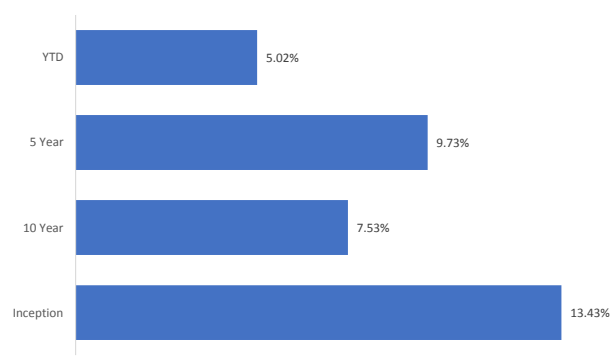
#### Historical Performance



#### Historical Percent Funded



#### Period IRRs





**MINUTES FROM FY2017  
STATE INVESTMENT COMMISSION MEETINGS**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, July 13th, 2016**  
**1:30 p.m.**  
**50 Service Avenue, Warwick RI 02886**

A meeting of the State Investment Commission (SIC) was called to order at 1:31 p.m., Wednesday, July 13<sup>th</sup>, 2016 in the large conference room at 50 Service Avenue, Warwick RI 02886

## **I. Roll Call of Members**

The following members were present: Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Sylvia Maxfield, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner. Ms. Marie Langlois arrived at 1:37 p.m.

Also in attendance: Mr. John Burns and Mr. Allen Emkin of Pension Consulting Alliance (PCA), general consultants; Mr. Joe Newton and Mr. Paul Wood of Gabriel Roeder Smith & Company (GRS), actuaries; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Ms. Anne-Marie Fink, Chief Investment Officer; Ms. Kerri Baker, Cash Manager; and members of the Treasurer's Office staff. Treasurer Magaziner called the meeting to order at 1:31 p.m.

## **II. Asset Liability Study Overview**

Treasurer Magaziner framed the discussion, explaining that the main purpose of the meeting was to determine risk appetite from the perspective of the Retirement Board/Members. He explained the relationship between risk and return, and desired to understand how much volatility the pension plan is able and willing to take. Once that is understood, the SIC and Investment Consultant (Pension Consulting Alliance) will finalize assumptions relating to different asset classes with expected returns. The SIC's goal is to build a portfolio which would generate the highest return for the level of risk the board is willing to take. If the preference is to take absolutely no risk, then investment returns will suffer. If the preference is to get as much return as possible, then there may be undue risk taken. In sum, finding the right balance is critical.

Mr. Emkin and Mr. Burns gave an overview of the relationship between assets and liabilities. They pointed out that the SIC and the Retirement Board would have to reconcile these perspectives of risk in order to come up with the appropriate amount of risk for the pension plan going forward.

Mr. Emkin summarized the current state of the portfolio. Specifically, he highlighted the fact the fund is spending 5% more than it takes in on an annual basis (the average for other plans is 2.7%). This presents an investment challenge.

He pointed out that the plan sponsors make their required contribution, which helps the fund maintain its financial condition. However, relative to its peers, the plan is still underfunded. Mr. Paul Dion of the Retirement Board asked how it occurred that the plan is relatively underfunded compared to peers when plan contributions had been made consistently for over 20 years. Several reasons were offered. Mr. Emkin also pointed out that it goes back to the issue of unfunded liability. Ms. Reback spotlighted the amortization schedule and that the plan is on its way to being fully funded. She also pointed out that at a certain point, benefits simply were not funded, which put a strain on the plan.

Mr. Emkin talked about the variety of ways to look at risk. He said the boards should be concerned with how comfortable they would be with the funding ratio going under a certain percentage level because these are precisely the decisions that will have to be made during the asset liability study. For instance, if the board did not want funding to dip below 50%, then certain portfolios would be eliminated. Treasurer Magaziner expressed this is exactly the kind of feedback he wanted from the Retirement Board: to understand the boundaries within which the SIC should act when constructing the asset allocation.

Mr. Burns spoke about low interest rates and in some cases negative interest rates, and how this would affect the study. He commented that interest rates are vital as they are the bedrock of all investments.

The boards asked questions.

Following PCA's presentation, Mr. Newton presented hypothetical examples of various portfolios in order to help illustrate what the portfolio would look like under different what-if scenarios. He explained how GSA sets different assumptions, and how they set investment return assumptions.. Mr. Newton provided details regarding each fictional scenario, and how the decisions of the board would directly impact what type of investment portfolio could be created based on each investment return assumptions.

The boards asked questions.

### **III. Community Deposit Program Update**

Ms. Baker told the board of new interest in the program, with Navigant Credit Union expressing interest to participate. Ms. Baker indicated the staff has conducted due diligence on Navigant based on the investment policy statement set forth by the State Investment Commission. Ms. Baker said after reviewing its audited financials, staff has found Navigant is well capitalized, had positive return on assets for 6/6 quarters, has a federal reserve rate capital ratio of almost 12% and has been established for over 100 years.

On a motion by Ms. Maxfield and seconded by Ms. Langlois, it was unanimously  
**VOTED: to approve Navigant Credit Union as a short term investment lender**

### **IV. Legal Counsel Report**

Ms. Dowling suggested that due to staffing changes, the authorized signatures in connection with investments must be updated.

Accordingly, on a motion by Ms. Langlois and seconded by Ms. Maxfield, it was unanimously  
**VOTED: that in connection with investments authorized by the Rhode Island State Investment Commission, Seth M. Magaziner, General Treasurer, Amy Crane, General Counsel, Patrick Marr, Chief of Staff, Kerri Baker, Cash Manager and Thanh (Tim) Nguyen, Interim Chief Investment Officer, and each of them be, and hereby is authorized, empowered and directed to execute and deliver by and on behalf of the Employees' Retirement System of the State of Rhode Island any and all Subscription Agreements, Side Letters, documents, instruments and other writings which each of them in the exercise of his or her sole discretion shall deem necessary or desirable and in the best interest of the Employees' Retirement System of the State of Rhode Island, the execution thereof by such authorized officer to be conclusive evidence that the same is duly authorized.**

## V. Chief Investment Officer Report

Ms. Fink spoke about the successful 529 conversion that was completed on July 12<sup>th</sup>. This was the largest 529 conversion ever, with all 275,000 accounts transferred and balanced to the penny. The website and call center are currently up and running. Ms. Fink commended the board for making the decision to convert to Ascensus and Invesco and lauded the staff for all their hard work during the transition.

Ms. Fink then talked about the newly established State Police Retirement Fund Trust, which is now the 7<sup>th</sup> subcomponent of the portfolio. The Trust is funded by \$16 million dollars received from Google and the state will make contributions yearly.

Ms. Fink reported that a Request for Proposal (RFP) has been issued to provide digital board books for both the Retirement Board and the SIC. She asked the members to provide opinions and consideration as to what features they may like to see in the software to enhance the user experience.

Ms. Fink then gave a performance preview. With the meeting being held mid-month, there were no final numbers to report. She noted what an unusual month it has been thus far. BREXIT was a significant factor in the markets; there was a 5% selloff after the vote but it balanced on the rebound. Interestingly, she noted that both risky and safe stocks did well, which is unusual as it is usually one or the other. If performance holds, Ms. Fink said there would be modest positive returns for the month but flat on the fiscal year.

Ms. Fink then expressed the bittersweet moment it was to have her time at the Treasury come to an end. She said it was a pleasure to work with the board and thanked everyone. She also said she was confident the board is in good hands under the direction of Mr. Nguyen.

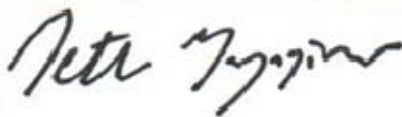
## VI. Treasurer's General Comments

Treasurer Magaziner summarized overall performance of the portfolio under the leadership of Ms. Fink. He highlighted her achievements including the cumulative return of 2.04% outperformance on the 60/40, translating to \$150 million in excess investment gains during her tenure. The Treasurer said Ms. Fink will be greatly missed and thanked her for her years of service.

Treasurer Magaziner also spoke to the 529 conversion. He was very pleased with the success of the conversion and believes it will lead to a bright future of one of the SIC's most important programs. He also thanked the board for their participation in the rigorous schedule they have this summer due to the asset liability study.

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 4:11p.m.

Respectfully submitted,



**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**August 1, 2016**  
**9:00 a.m.**  
**Brown University, 200 Dyer St. Providence**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:05 a.m., Monday, August 1, 2016 at Brown University's School of Professional Studies located at 200 Dyer St. in Providence.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Michael Costello, Mr. Thomas Fay, Mr. Karpinski, Ms. Marie Langlois, Ms. Sylvia Maxfield, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

Also in attendance: Mr. John Burns and Mr. Allen Emkin of Pension Consulting Alliance (PCA), general consultants; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Mr. Tim Nguyen, Chief Investment Officer (interim); Mr. Patrick Marr, Chief of Staff; Ms. Kerri Baker, Cash Manager, and members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:05 a.m.

## **II. Asset Liability Study Discussion**

Treasurer Magaziner framed the discussion noting the purpose of the day's meeting was to talk about risk tolerance and set parameters around those targeted areas of risk, as well as make assumptions for asset classes. The goal was to establish criteria to create a portfolio with the best expected return within an acceptable level of risk.

Mr. Emkin and Mr. Burns then began to discuss risk preferences. Mr. Emkin explained what is currently in place and has been done to date in order to provide context within the risk framework.. Additionally, using historical returns can help in determining helpful correlations for future risk. Mr. Emkin noted that contribution and liquidity are the most important considerations.

The board asked questions.

The model would take into the following constraints: a low probability of having the funding ratio drop below 50%, a low probability of the employer contribution rate rising above 30% of payroll, and maintaining sufficiently liquidity to meet obligations in a stressed environment.

Mr. Emkin transitioned to speaking about how to categorize asset classes and what role the different strategies are supposed to play. He explained it will be important to define and categorize these classes in order to make clear which role each will play, which will increase transparency and aid the public in understanding the purpose each strategy is intended to play within the larger portfolio.

Mr. Emkin outlined the current portfolio structure, including its current target allocation, outlining the role each asset plays. He then delved into the possible portfolio structure and framework models that could be used going forward, detailing the strengths and weaknesses of each and spending a considerable amount of

time going over a new type of asset category, the 'Risk Mitigation Portfolio'. Regardless of the structure selected, Mr. Emkin cautioned that its development should be a phased process to account for the implementation risk of such change.

The board asked questions.

Mr. Emkin said it is worth considering a functional class for crisis protection because ERSRI has a large negative cash flow and the new class would offset economic growth risk and provide significant positive returns and liquidity during a significant market downturn. PCA advised it might be prudent to explore an allocation to alternative premia (also known as alternative beta), long-term treasuries, and systematic trend strategies in the model as they would provide diversification benefits.

These strategies could be obtained in a cost effective manner and have monthly liquidity.

The board asked questions.

The board settled on testing models with and without the new functional class, and staff will examine further pros and cons of its implementation based on model results.

Mr. Emkin presented capital market assumptions and asset class constraints to the board. He explained that inflation and real return assets will be what gives expected return going forward. He then went into great detail regarding the preliminary capital market assumptions and constraints as outlined by PCA.

The board asked questions.

The board directed PCA to alter several areas of the modeling constraints in order to coincide with its goals. The selected constraints will be used to run the initial model and results will be presented at the September 8<sup>th</sup> meeting.

### **III. Community Deposit Program Update**

Ms. Baker presented information on People's Credit Union, an institution that would like to participate in the Community Deposit Program. The office has done its due diligence on People's Credit Union and has found that it meets the criteria set forth in the SIC investment policy, making it eligible for participation.

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

**VOTED: to approve People's Credit Union as an investment bank**

### **IV. 529 Plan Audit Update: Agreed Upon Procedures**

Mr. Marr spoke to the SIC in May 2016 regarding the retention of Marcum LLP for the FY 2016 financial statement audit due to the transitions taking place between both RIHEAA to Treasury and Alliance Bernstein to Ascensus. At the time, Mr. Marr asked the board to approve entering a contract with Marcum for an amount not to exceed \$30,000. The SIC voted unanimously to do so at that time. Furthermore, Mr. Marr explained that the Auditor General and the Treasury also find it prudent to perform an Agreed Upon Procedures engagement with respect to the asset transition in addition to the financial audit statement because all of the assets did not transfer in the same fiscal year. The Agreed Upon Procedures engagement would evaluate specific items related to the cross-receipts of assets through July 8<sup>th</sup>, when the transition was completed. It is best to do so at this time as it forms a stronger basis for next year's financial

statement audit since the termination of the contract with Alliance Bernstein would make it more difficult to gather contacts and good information to properly execute certain audit activities in 2017.

On a motion by Mr. Mullaney and seconded by Ms. Reback, it was unanimously **VOTED: to approve contracting Marcum LLP for an Agreed Upon Procedures engagement not to exceed \$20,000.**

## **V. Legal Counsel Report**

Ms. Dowling informed the Board that a vote to approve the minutes had been inadvertently left out of the agenda and asked that a motion to approve the minutes be taken.

On a motion by Mr. Costello and seconded by Ms. Reback, it was unanimously **VOTED: to approve the minutes of the June SIC meeting.**

## **VI. Chief Investment Officer Report**

Mr. Nguyen gave the performance report for June, noting BREXIT as the key influential factor on the markets for the month. The overall portfolio saw a 0.17% increase for the month, just missing the benchmark of 0.18% and beating the 60/40 benchmark, which decreased by 0.36%. Some notable performers on the month include North American Equities and Emerging Market Equities while International Equities and Equity Hedge Fund program (not to be confused with the Real Return Hedge Fund program, which posted a positive return on the month) underperformed.

Mr. Nguyen then explored the fiscal year numbers, saying it was a mixed year for plan performance as it outperformed the policy benchmark while protecting against steep investment losses in a very challenging year. Using the Sortino Ratio, which is a measure used to understand the downside protection of a portfolio, the plan's 5 and 10 year returns demonstrated great downside protection against the benchmark and the 60/40. For example, the plan declined 0.27% down on the year while equity lost significantly more for the year.

Illiquid strategies such as real estate and infrastructure, performed well, both having had strong returns. Private equity also did well on the year.

Low oil prices affected energy MLPs, which has declined on the year. Emerging markets index funds were also lackluster as they dropped more than 20% in the first two quarters of the year alone due to falling commodity prices and social and political unrest.

Mr. Nguyen also issued an investment administration update: PIMCO experienced an executive change. Although it is not likely to affect the portfolio, it is something to note.

## **VII. Treasurer's General Comments**

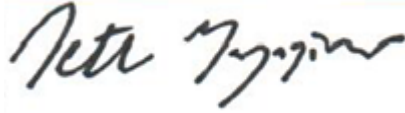
Treasurer Magaziner observed the plan beat out the benchmark for the year by about 10 basis points. He credited this to the staff's manager selection in private equity and real estate.

He stated he looks forward to seeing the model outputs in September and went on to thank the staff and board for navigating a difficult environment over the past year.

Raised by Ms. McNamara, Treasurer Magaziner also addressed the fact that Mr. Nguyen is an interim Chief Investment Officer and that there will be a search for a permanent CIO come September. He stated there would be further discussion on that topic when the search begins.

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 3:38 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner". The signature is written in a cursive style with a prominent initial "S".

**Seth Magaziner,  
General Treasurer**





**State Investment Commission**  
**Monthly Meeting Minutes**  
**September 8, 2016**  
**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., Thursday September 8, 2016 in Room 205 of the State House.

## **I. Roll Call of Members**

The following members were present: Mr. Michael Costello, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Sylvia Maxfield, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

Mr. Frank Karpinski arrived at 9:06

Also in attendance: Mr. John Burns and Mr. Allen Emkin of Pension Consulting Alliance (PCA), general consultants; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Mr. Tim Nguyen, Chief Investment Officer (interim); 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. Fay and seconded by Ms. Maxfield it was unanimously

**VOTED: to approve the draft of the minutes of the June 22<sup>nd</sup>, 2016 meeting of the State Investment Commission.**

## **III. Approval of Minutes**

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

**VOTED: to approve the draft of the minutes of the July 13<sup>th</sup>, 2016 meeting of the State Investment Commission.**

## **IV. Asset Liability Initial Model Review**

Mr. Emkin began by stating the goal of today's meeting was to get direction from the Board in order to hone model output, which would allow for a recommendation at the September 28<sup>th</sup> meeting. He explained that a lot of work has already been conducted with PCA and Treasury staff, developing numerous iterations to produce the initial models.

Mr. Emkin explained the models worked to solve the priorities set forth by the Board at the August meeting. This includes optimizing the long-term funding ratio and minimizing the risk of the portfolio falling beneath the 50% funding ratio in the next 5 years. Additionally, it looked to minimize the potential of costs exceeding 30% of payroll. The model was run with and without Crisis Risk Offset (CRO), whose purpose is to offset economic growth risk, and provide significant positive return and liquidity during a growth crisis.

Mr. Emkin highlighted that all versions of the model simulation produced improved results relative to the current portfolio and 60/40.

Mr. Emkin stated that the Board is primarily tasked at this meeting to determine the possible inclusion of the new CRO class, as well as rebalancing the weight assigned to each asset class.

Mr. Emkin pointed out that the model agrees with private equity and income class so these are areas for potential increase. Alternatively, inflation protection class and fixed income did not agree with the model. He went on to outline how these areas, as well as the other strategic classes, performed under the constraints in the various models.

The Board asked questions.

Mr. Burns walked the Board through the Crisis Risk Offset (CRO), a potential new functional class meant to reduce volatility. The Board was presented results from models including and excluding the CRO. The CRO was found to have a positive role in the models and the Board offered adjustments to asset class weights based on the CRO models. It was determined to balance the US Equity and Non-US Equity asset classes and increase Inflation protection when running an additional model, which is more in line with the current portfolio. The Board also asked PCA to run the model with CRO between 8-12% instead of the initially modeled 10-20%.

As part of the CRO discussion, Mr. Burns presented Alternative Risk Capture sub-element. The Alternative Risk Capture accesses the alternative risk premia. It is market neutral and is used to provide return during a non-crisis period. In this form, this sub-element is a relatively new. The Board is uncertain of its use in the new portfolio and has asked to see models with and without this sub-element when developing models with the CRO.

## **V. Legal Counsel Report**

There was no legal counsel to report.

## **VI. Chief Investment Officer Report**

Mr. Nguyen gave the performance report for July. This is the first month in Treasurer Magaziner's term that the portfolio posted positive returns across all disciplines. The portfolio saw an increase of 2.37% for the month, marginally failing to meet its benchmark of 2.48% and the 60/40 benchmark of 2.84%. On the calendar year, the portfolio increased 5.10%, exceeding the plan benchmark of 4.78% but underperforming the 5.90% on the 60/40. He explained that riskier asset classes such as emerging markets and global equities saw a rally, and MLPs and traditional fixed income also saw notable increases. These relative returns were driven by favorable security selection.

Mr. Nguyen cited the bubble chart in the SIC materials, showing that for the last 5 years, the total plan has lower portfolio volatility than the plan benchmark as well as the 60/40. During that same time frame, the portfolio's 6.34% return significantly outperformed the 60/40 benchmark of 5.64%: more return, less risk.

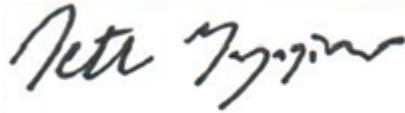
## **VII. Treasurer's General Comments**

Treasurer Magaziner noted the Asset/Liability Study is reaching its conclusion and recognized the hard work of all parties involved in the process. When asked what the course of action would be if the models returned on September 28<sup>th</sup> were not satisfactory to the Board, Treasurer Magaziner assured the group it would take as much time as necessary to develop a portfolio with which they were comfortable. He also

explained that any changes made to portfolio would be an incremental process to assure a smooth transition.

There being no other business to come before the Board, on a motion by Ms. Maxfield and seconded by Ms. Reback the meeting adjourned at 11:59 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", is centered on the page. The signature is fluid and cursive.

**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**September 28, 2016**  
**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 September 28, 2016 in Room 205 of the State House.

## **I. Roll Call of Members**

The following members were present: Mr. Michael Costello, Mr. Thomas Fay, Ms. Marie Langlois, Ms. Sylvia Maxfield, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner. Mr. Frank Karpinski arrived at 9:01

Also in attendance: Mr. David Iden and Mr. Larry Brown of TIAA; Mr. Dillon Lorda, Mr. John Burns and Mr. Allen Emkin of Pension Consulting Alliance (PCA), general consultants; Ms. Sally Dowling of Adler Pollock & Sheehan P.C., legal counsel; Mr. Tim Nguyen, Chief Investment Officer (interim); and members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:00 a.m.

## **II. Approval of Minutes**

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously **VOTED: to approve the draft of the minutes of the August 1st 2016 meeting of the State Investment Commission.**

## **III. Approval of Minutes**

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously **VOTED: to approve the draft of the minutes of the September 8th 2016 meeting of the State Investment Commission.**

## **IV. TIAA Quarterly Performance Review**

Mr. Iden summarized the results for TIAA's second quarter, results ending June 30. Mr. Iden noted the plan is growing well and that plan participation has increased since 2015.

Mr. Brown then spoke about investment performance, saying the year has been a pleasant surprise. He stated that although presenting a quarterly review, the investment numbers have been updated through August 31. He notes all investment portfolios are in line with their relative indices. In reference to midcap, he explains that the state has met the minimum to move to the next lowest share class (from 8 basis points to 7 basis points), a transition that will take place in October.

## **V. Recommendation to the AEW Core Fund**

Mr. Lorda explained there is a tactical opportunity to exchange class shares within the AEW exposure to add \$11 million to its allocation in exchange for reducing fees by \$135,000 a year. He stated this was an opportunity to meet strategic goals of reducing management costs while increasing allocation to core

portfolio. AEW, established in 2009, invests in core properties, which are income producing, high quality real estate, similar to other core managers within the portfolio, with a major difference being AEW invests in small properties and in markets that complement existing holdings.

The board asked questions.

On a motion by Mr. Fay and seconded by Ms. Maxfield, it was unanimously  
**VOTED: to approve an additional \$11-million-dollar commitment to AEW and change the share class to allow for lower fees**

## **VI. Asset Liability Model Output and Asset Allocation Adoption**

Mr. Emkin reviewed the parameters in which PCA ran the second model, parameters in which the Board provided at the September 8<sup>th</sup> meeting. The key priorities were to continue progress toward total plan funding, avoid funding level dropping below 50% and avoid employer contribution rising to more than 30% of payroll. Furthermore, U.S. Equity and non-U.S. Equity were equally weighted and Crisis Risk Offset (CRO) was set to 8%, with half placed in long duration U.S. Treasuries and half placed in systematic trend following. The model was run under various stress tests, which included both inflation and deflation scenarios. Mr. Emkin presented that the transition would mainly take place over the next 12-18 months but full implementation would not occur for 5 years. Treasurer Magaziner told the board it will be important to take time and care during implementation as it is necessary to do it well, not do it quickly.

Ms. McNamara asked if it were a concern that another Asset Liability study would come around in 5 years when the changes made during this study would not be fully observed. Treasurer Magaziner said the timeline is not mandated and can be adjusted. Additionally, the long-term incremental changes would only be to private equity; all other classes would have transitioned well before that time.

Ms. Maxfield asked about the approach to reducing hedge funds. Treasurer Magaziner stated that staff is still making determinations as to which hedge funds will be kept but going forward the litmus test for retaining a hedge fund will be that it provides returns and that it offers true protection against market volatility - they must be non-correlated to the market.

The board reviewed the model output and portfolio transition plan. It was advised if adopted, the next steps would be to make revisions to the Investment Policy Statement and conduct policy benchmark and investment manager reviews.

The board asked questions.

On a motion by Ms. Reback and seconded by Ms. Maxfield, it was unanimously  
**RESOLVED:** That following an intensive Asset Liability Review, the Commission deems it prudent to adopt the strategic asset allocation policy referred to as the “Focus Portfolio” in today’s presentation by the Pension Consulting Alliance; and,  
**RESOLVED:** That the transition of the current investment allocation to the strategic asset allocation policy be implemented over such a time period as to inure maximum benefit to the fund and as prudence requires; and,  
**RESOLVED:** That Treasury staff revise the appropriate Investment Policy Statements previously adopted by the Commission to incorporate the new strategic asset allocation policy and the implementation

timetable and forward the revised Investment Policy Statements to the Commission for review, discussion and approval.

## **VII. Legal Counsel Report**

There was no legal counsel to report.

## **VIII. Chief Investment Officer Report**

Mr. Nguyen began by noting oil prices bounced back in August, causing energy stocks to rise from their July slide. He also observed the Fed again declined to raise interest rates but economic conditions are ripe for a hike soon. Against this backdrop, developed equities were flat while Emerging Markets continued their strong performance. U.S. Treasury yields inched higher but returns within Fixed Income were down slightly.

On the month, the total portfolio rose by 0.44%, significantly beating its 0.33% benchmark and the 60/40 0.16%. All disciplines posted positive returns on the month with the exception of TIPS which posted a -0.48% return versus its 0.51% benchmark. Over a 3-year time frame, when comparing to the 5.96% return of the 60/40, the portfolio slightly underperformed at 5.89%. However, during a 5-year timeframe, the portfolio considerably outperformed at 7.17% when the 60/40 posted a 6.49% return; all of this was accomplished with significantly less risk.

Mr. Nguyen said with the Asset Liability concluding, more time can be devoted to investment manager performance reviews, which will begin to occur more regularly at the October meeting.

## **IX. Treasurer's General Comments**

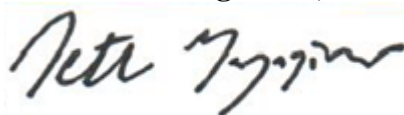
Treasurer Magaziner expressed his gratitude to the Board, to Treasury staff and to PCA for their diligence, engagement and hard work throughout the Asset Liability study process. He said he felt good about the changes being made to the portfolio as it is a measured and thoughtful approach that provides diversification. He cautioned, however, that the hard work had just begun as its execution will require continued commitment and support.

Treasurer Magaziner told the board about a recent staffing survey that had been conducted that showed the Investments team was woefully understaffed; for every \$1 billion dollars of a pension plan, the average \$5 - \$15 billion public pension fund has 1 investment staff member – Treasury has three for a nearly \$8-billion-dollar fund. It will be necessary to have a discussion with the Retirement Board to fund additional analyst positions to assist not only the implementation phase but to ensure the plan is operating and performing to its best capability at all times.

There being no other business to come before the Board, on a motion by Mr. Fay and seconded by Ms. Reback the meeting adjourned at 10:41 a.m.

Respectfully submitted,

**Seth Magaziner,**



**General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, October 26, 2016**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03, Wednesday, October 26, 2016 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. J. Michael Costello, Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Marie Langlois, Ms. Sylvia Maxfield, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

Also in attendance: Mr. John Burns, Pension Consulting Alliance (PCA), general consultant; Mr. Thomas Lynch, Cliffwater LLC, consultant; Ms. Lisa Churchville, Treasury Chief Operating Officer; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

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. Costello, it was unanimously **VOTED: to approve the draft of the minutes of the September 28, 2016 meeting of the State Investment Commission.**

## **III. Recommendation to Update the Investment Policy Statement**

Treasurer Magaziner noted the necessity in updating the Investment Policy Statement (IPS) since the board had approved the new asset allocation; however, he stated that the process would be conducted over the course of several months as the task is a major undertaking. The first item to be added to the IPS is language relating to the newly approved Crisis Risk Offset (CRO) class. He asked the board if there were any questions or concerns related to the drafted CRO portion of the IPS.

The board expressed concern about the benchmark index used in the drafted IPS as it differed from the index presented during the asset allocation study, as well as which horizon signals were used to identify trends. Mr. Burns and Mr. Nguyen said they would gather more information related to benchmarking and address the issues at the following meeting.

## **IV. Asset Allocation Transition Update**

Mr. Burns outlined the major milestones needed to get the new portfolio up and running. The CRO class is a priority, as is adding a Cash Sweep Manager. The Investment Policy Statement will also need to be redrafted to include the CRO, and the Income and Growth Classes. Other implementation activities to complete in the first half of 2017 include Income Class structural reviews, revising the performance reporting format, and conducting evaluations and recommendations to Income Class and Private Credit managers.

Mr. Nguyen pointed out the timeline is flexible. Many of the items are administrative and there may be times issues will need to be moved up or pushed back to maximize their impact.

Treasurer Magaziner insisted the process be done correctly, not just quickly.

Mr. Nguyen relayed that it had been a busy month developing the transition timeline, coordinating the redemptions with new funding assignments, as well as planning the structure of the systematic trend development program. He then went on to discuss those challenges. In order to better identify and control such challenges in the future, Mr. Nguyen spoke about the creation of a risk dashboard. The purpose of the dashboard would be to create better visibility of changes that could occur in the marketplace, allowing for improved approaches to those changes. It would also allow staff to conduct modeling and more in-depth analysis internally.

## **V. Private Equity Performance and Illiquid Pacing Update**

Mr. Lynch reported on Private Equity performance over the quarter ending June 30. Since inception, the annualized IRR is 13.4% and the return on total invested capital is 1.48, meaning that for every dollar invested there has been a \$1.48 return.

He summarized the performance in relation to both public equities and the private equity universe. The portfolio (13.23%) has well outperformed public equities benchmarks, Russell 3000 7.69% and the MSCI ACWI 5.17%, since inception.

The performance versus the private equity universe is a bit more complex as Rhode Island's investments have outperformed the private equity benchmark in some years, and underperformed in others. Treasurer Magaziner stated that consistent pacing will be imperative going forward in regards to private equity in order to avoid the peaks and valleys of varying private equity universe performance across future vintage years. In the coming months, Treasurer Magaziner also said there should be a conversation about all investments made in the private equity universe to ensure the portfolio is invested in appropriate funds relative to its size and purpose. For example, since inception, overall private equity relative to the benchmark has done well but venture capital has underperformed: is this an area that should be maintained?

The board asked questions.

Mr. Lynch then provided the Illiquid Pacing update. He explained that illiquids, under the new asset allocation, include private equity, private credit and opportunistic real estate under the umbrella of the growth asset class. He reminded the group that the illiquid asset classes are currently implemented through closed end, fixed term, commitment based drawn down funds. Modeling and pacing is important to illiquid categories in order to get precision to forecast how the portfolio will realize targets. He detailed each of the three categories' pacing models, outlining the allocation increases, growth and diversification.

The board asked questions.

## **VI. Recommendation on Hedge Fund Redemptions**

Treasurer Magaziner began by stating that the board would have to enter into Executive Session. He explained the purpose of doing so was that when discussing the hedge fund managers to be redeemed, the board can have a candid conversation that will not influence behavior other LPs in the funds.



On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously **VOTED: to go into Executive Session pursuant to RI General Laws Section 42-46-5(a)(7) for a matter related to the investment of public funds where premature disclosure would adversely affect the public interest.**

**A roll call vote was taken with all commission members voting “aye”.**

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously **VOTED: to seal the minutes of the Executive Session**

**A roll call vote was taken with all commission members voting “aye”.**

On a motion by Ms. Reback and seconded by Mr. Costello, it was unanimously **VOTED: to come out of Executive Session**

Once the meeting was open, Ms. Dowling explained the only action taken during the Executive Session was to seal the minutes and to exit the Executive Session.

Mr. Nguyen identified the hedge funds to be redeemed as: Ascend Capital, Brevan Howard, Brigade Capital Management, Emerging Sovereign Group (formerly Carlyle Group), Partner Fund Management, Samlyn Capital, and Och-Ziff Capital Management.

On a motion by Ms. Reback and seconded by Ms. Maxfield, it was unanimously **VOTED: to redeem the indicated hedge funds in accordance with fund documents, on terms satisfactory to Treasury staff and subject to legal review.**

## **VII. Consideration of expanding Pension Consulting Alliance contract**

Treasurer Magaziner explained that as the new asset allocation is implemented, particularly in regards to new additions such as the Income Class or items requiring increased manager diligence, it is necessary to expand the scope of PCA's services.

Treasurer Magaziner provided context for the recommendation stating he has committed to issuing RFPs for all Treasury Office contracts throughout his term simply as a matter of “good housekeeping”. He told the board the investment consultant RFPs are due to go out at the start of 2017. The purpose of the contract expansion would simply be for a short period, from the present through the RFP period (approximately 9 months), at which time PCA and/or Cliffwater would either be retained or replaced.

Ms. Reback asked for clarification as to what services each firm provides. Mr. Nguyen described each consultant's responsibility then segued into the fact there is some redundancy of services between the firms that the office would like to eliminate, namely infrastructure manager due diligence. Currently, PCA handles infrastructure for a fee of roughly one hundred thousand dollars while Cliffwater's contract already covers those services. The savings incurred by the change would be applied to engaging PCA on identifying managers for investment products as part of the new asset allocation. Mr. Nguyen asked that the infrastructure contract with PCA be terminated and have Cliffwater assist with the Infrastructure assignment.

Mr. Costello questioned the necessity of making such a change during a time when the consultants' involvement will be crucial to implementing the new asset allocation. He reasoned that it is too much work to make the change for short period of time, taking into consideration that the consultants are performing well. He added that the change to hedge funds is now saving millions of dollars in fees and the negligible cost savings from changing consultant contracts during such a crucial time would not be worth the possible disruption.

Treasurer Magaziner asked if the board would like to push back the consultant RFP process later into 2017 based on this feedback. Mr. Costello said he thought that would be appropriate. Ms. Reback agreed. Collectively, it was determined these services will be put out to RFP in the fall of 2017, with the intention of new contracts beginning in January 2018.

The board asked questions.

On a motion by Mr. Mullaney and seconded by Ms. Reback, it was unanimously **VOTED: that PCA be engaged to assist Treasury staff in issuing requests for proposals to identify managers for investment products in the Crisis Risk Offset Class, Income Class, and Cash management, and to evaluate responses thereto, such engagement to be compensation to be negotiated.**

## **VIII. Consideration of Extension to Capital Cities Contract**

Treasurer Magaziner explained that Capital Cities', the state's 529 vendor, contract is due to expire November 1. Given the volume of work with which staff is currently tasked, it would be prudent to simply extend their contract for a term of one year. He expressed that Capital Cities is doing a good job in their capacity and there have been no issues with their work.

On a motion by Mr. Costello and seconded by Mr. Mullaney, it was unanimously **VOTED: to extend the contract with Capital Cities for a term of one year**

## **IX. Legal Counsel Report**

There was no legal counsel report.

## **X. Chief Investment Officer Report**

Mr. Nguyen gave the September performance reporting, noting that all asset classes in the portfolio posted positive returns on the month with the exception of Fixed Income. It is the seventh consecutive month the portfolio has seen gains. Emerging Markets and non-Developed Market Equities continued on their respective upswings and Developed non U.S. Equity also performed well. As it relates to the portfolio, assets under management, the \$23-million-dollar increase for the month, was due to nearly \$46 million of positive investment offset by approximately \$23 million in pension payroll expenses.

For the quarter, Private Infrastructure, Energy MLPs and Developed non-U.S. equities not only posted positive returns, they far exceeded their benchmarks. Safety assets such as Equity Hedge Funds, Real Return Hedge Funds and Credit all posted positive returns but just fell short of their quarterly benchmarks.

Mr. Nguyen provided an update on general administration topics affecting the Investments team. The office is currently scheduling interviews for both an Investment Intern and Investment Analyst, which will be welcome additions during the implementation of the asset allocation directives. He also told the board

of the new Pitchbook software acquired by the team that would be helpful in providing granular information on investment topics related to Private Equity.

He then introduced the topic of ABLE to the board and asked Ms. Churchville to provide background of the program as it is something that will fall under the purview of the SIC. ABLE allows people with disabilities, and their families, to open savings accounts for disability related expenses. ABLE is IRS sanctioned to be included with other 529 plans. ABLE savings plans are necessary as those who receive Social Security Insurance (SSI) and Medicaid are not permitted to exceed a \$2200 traditional savings threshold without having their benefits decreased. Rhode Island is too small to have an independent ABLE program so it has joined a consortium with eleven other states, to go out to bid jointly for account management services. Currently, negotiations are underway with the consortium to finalize an implementation agreement and select manager. Once this has been completed, a recommendation will be brought before the SIC for approval of the ABLE manager. Ideally, the office would like to offer the ABLE benefit to Rhode Islanders by the end of the year.

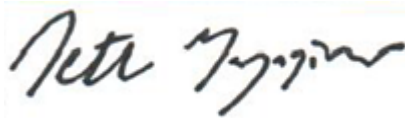
Mr. Nguyen also notified the SIC of several RFPs that will be issued, including those for the Defined Compensation (457) plans and the Defined Contribution (401a) plan. The office will hire a retirement plan consultant to assist with issuing the RFPs this winter.

## **XI. Treasurer's General Comments**

Treasurer Magaziner shared the news that the 529 program received new ratings from MorningStar. Before transitioning from Alliance Bernstein to Ascensus, for several years the 529 plan had been negatively rated by MorningStar. However, just three months after the transition, MorningStar has rated the Advisor Sold Plan bronze and the Direct Sold plan silver, both of which are now in the top quartile nationally. The increase in rating was due to a reduction of fees and the smoothing of the glide path of age based portfolios. Treasurer Magaziner congratulated the group.

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 11:34 a.m.

Respectfully submitted,



**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, November 16, 2016**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03, Wednesday, November 16, 2016 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Sylvia Maxfield, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

Also in attendance: Mr. John Burns, Mr. John Linder, Mr. David Glickman, and Mr. Dillon Lord, Pension Consulting Alliance (PCA), general consultants; Mr. Thomas Lynch, Cliffwater LLC, consultant; Ms. Ellen Savary and Ms. Yvette Friberg, Fidelity Investments; Mr. Greg Hyland and Mr. Gregg Libutti, Valic; Ms. Deltra Hayes, Voya Financial; Mr. David Iden and Mr. Matt DiCroce, TIAA, general consultants; Ms. Tiffany Spudich, Capital Cities LLC, general consultant; Ms. Kimberly Shockley, Associate Director of College and Retirement Savings Plans; Ms. Amy Crane, Treasury Legal Counsel; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:05 a.m.

## **II. Approval of Minutes**

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

**VOTED: to approve the draft minutes of the October 26th, 2016 meeting of the State Investment Commission.**

## **III. Update on Transition Plan and Illiquid Pacing Schedule**

Mr. Nguyen explained that since last month's meeting, staff has been closely working on implementing the new asset allocation. He introduced Mr. Lynch from Cliffwater who presented revisions to the capital budget of the illiquid subclasses of private equity and opportunistic real estate. The private equity pacing plan was modified in order to reflect the new allocation of 11.25%. The private credit subclass pacing plan revision included a \$10 million decrease in commitment from \$40 to \$30 million in 2017.

Mr. Lynch then updated the board on the hedge fund transition, explaining there will be a one quarter delay in redemptions from hedge fund portfolios in order to align the redemption schedule with the funding of the new CRO program. Even with this delay, it is estimated that the hedge fund redemptions will be substantially completed by the end of 2017.

## **IV. Systematic Trend Following Strategy Presentation**

Mr. Burns provided an overview of the systematic trend following strategy, reminding the board of the new 8% allocation to the CRO class, which is designed to produce appreciation during a growth crisis. He went on to explain to key considerations of the implementation to construct the new class utilizing 50% long-duration treasuries and 50% systematic trend following, which was the focus of this presentation.

Mr. Burns and Mr. Linder gave detailed information on the benchmarks and implementation process. Mr. Linder explained that systematic trend following will employ long and short positions, and that the managers will seek risk capture across markets. The benchmark recommended is the Credit Suisse managed Futures Liquid Index, which is diversified across various deep and liquid futures as well as different lookback horizons. Mr. Linder also outlined the due diligence process relating to the vetting of a platform manager, a process that is currently underway.

The board asked questions.

## **V. Review and Consideration of CRO overview Investment Policy Statement**

The board reviewed the drafted CRO Investment Policy Statement (IPS). Having no further questions, On a motion by Mr. Fay and seconded by Mr. Mullaney, it was unanimously **VOTED: to adopt the Crisis Risk Offset Investment Policy Statement**

## **VI. Fidelity 457 Plan Quarterly Performance Review**

Ms. Savary highlighted that the plan's total assets are steadily increasing and exceeding both industry and similarly sized peers. The number of plan participants has also increased over the previous two quarters.

Ms. Friberg gave a brief synopsis of plan performance. She noted there has been a reduction in index fund fees after Fidelity had made reductions - ranging from half a basis point to four basis points - to its expense ratios. The decline in fees now makes Fidelity the lowest cost provider of index funds in the industry.

The board asked questions.

## **VII. Valic 457 Plan Quarterly Performance Review**

Mr. Hyland spoke about Valic's new website that was recently deployed in order to encourage more plan participation. In addition to the participant focused website, he stated they would also be rolling out a plan sponsor site within the next six months.

Mr. Libutti talked about employee engagement. He noted Valic hired two additional financial advisors over the last year in order to meet the needs of growing employee outreach through increased consultations, on-site visits and overall education of employees on their retirement options.

The board asked questions.

## **VIII. Voya 457 Plan Quarterly Performance Review**

Ms. Hayes began by talking about employee engagement and how Voya is utilizing a variety of digital tools and technology to reach out to customers, providing ease of access to facilitate participation, particularly

among younger generations. She noted the volume of on-site visits and one-on-one meetings held during the quarter. She then highlighted that both plan assets and plan participation is continuing to increase.

The board asked questions.

## **IX. TIAA Defined Contribution Plan Quarterly Performance Review**

Mr. Iden talked about member engagement, stating that year to date attendance of seminars has already exceeded last year's attendance. The increased attendance in seminars and workshops has also led to an increase in one-on-one meetings.

Mr. DiCroce then spoke to investment performance. He noted the midcap index fund has hit the \$500 million mark, meaning the shares will be moved from the admiral shares to the institutional shares; the move comes at a savings of one basis point. Additionally, the Vanguard small cap also reached the \$500 million mark, making it eligible for a reduction of fees as well.

The board asked questions.

## **X. Recommendation of 401a/457 RFP Consultant**

Ms. Shockley explained there had been a Request for Proposal (RFP) process to find a vendor to provide consulting services associated with overseeing the selection of a vendor for the state's defined contribution 401(a) and deferred compensation (457) plans. After soliciting for these services and convening a small committee to evaluate the six responses, the committee recommended Segal Rogerscasey to the SIC as 401(a) and 457 consultants.

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

**VOTED: to engage Segal Rogerscasey as the state's defined contribution 401(a) and deferred compensation (457) RFP consultant**

## **XI. CollegeBound Semi-Annual Performance Review**

Ms. Spudich summarized the transition process that had taken place between the former provider, Alliance Bernstein, and the new provider, Ascensus, which concluded in July. The transition was the largest to ever take place in the industry and it occurred without significant incident. Ms. Spudich explained that since Ascensus had taken over after the start of the quarter, the data presented is not for the entire quarter; the first comprehensive quarterly report will occur in the fourth quarter. She went on to present the available data.

She explained that before transitioning from Alliance Bernstein to Ascensus the 529 plan had been either not rated or had been negatively rated by MorningStar for several years. However, just three months after the transition, MorningStar rated the Advisor Sold Plan bronze and the Direct Sold plan silver, both of which are now in the top quartile nationally.

The board asked questions.

## **XII. Real Estate Performance Update**

Mr. Glickman told the board that real estate continues to perform at or above its benchmark on a net after fees basis. He summarized the purpose of real estate holdings is varied, noting the main purpose of core real estate is to protect against inflation while the purpose of non-core real estate is to be a total return, acting as a

private equity like boost. With the addition of CRO, he states PCA is reclassifying core and non-core real estate into different functional distinctions; however, no significant adjustments have to be made to the real estate portfolio to effectively make that transition. The allocation will not be increasing too much more than what it is currently; therefore, there are not many decisions to be made or new managers to be added in the coming year. It will be important to watch market conditions, particularly as it relates to non-core funds, to ensure allocations are on track and holding with model expectations.

The board asked questions.

### **XIII. Recommendation of ABLE investment lineup**

Treasurer Magaziner reminded the board of the purpose of ABLE as it was just introduced at the last meeting. ABLE allows people with disabilities, and their families, to open savings accounts for disability related expenses. ABLE is IRS sanctioned to be included with other 529 plans. ABLE savings plans are necessary as those who receive Social Security Insurance (SSI) and Medicaid are not permitted to exceed a \$2200 traditional savings threshold without having their benefits decreased. Rhode Island is too small to have an independent ABLE program so it has joined a consortium with twelve other states, to go out to bid jointly for account management services. Currently, negotiations are underway with the consortium to finalize an implementation agreement and select a manager. Once this has been completed, a recommendation will be brought before the SIC for approval of the ABLE manager.

In the interim, there is an investment lineup to approve as it relates to the ABLE program. The investments would be managed by the list of managers provided. Ms. Churchville explained the funds selected are low cost, passive and simple. They have also had strong performance and good evaluations. Ms. Crane noted that while there are six options listed, it is possible there be fewer than six approved by the consortium.

The board asked questions.

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously  
**VOTED: to approve the ABLE investment lineup**

### **XIV. Recommendation on December meeting date**

Given the previously scheduled December SIC meeting was close to holiday, it was recommended to move the December meeting from Wednesday December 21<sup>st</sup> to Friday December 16<sup>th</sup>.

On a motion by Mr. Mullaney and seconded by Mr. Fay, it was unanimously  
**VOTED: to move the date of the December SIC meeting**

### **XV. Legal Counsel Report**

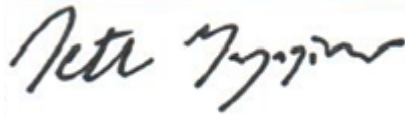
There was no legal counsel report.

### **XVI. Treasurer's General Comments**

Treasurer Magaziner noted that due to the early meeting this month, there were no final October performance numbers to report as of the meeting date.

There being no other business to come before the Board, on a motion by Ms. Maxfield and seconded by Mr. Mullaney the meeting adjourned at 11:32 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", written in a cursive style.

**Seth Magaziner,  
General Treasurer**





**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, December 16, 2016**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03, Wednesday, December 16, 2016 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Sylvia Maxfield, Ms. Paula McNamara, Ms. Marcia Reback, and Treasurer Seth Magaziner.

The following members were absent: Mr. Michael Costello, Ms. Marie Langlois, Mr. Thomas Mullaney.

Also in attendance: Mr. John Burns and Alan Emkin, Pension Consulting Alliance (PCA), general consultants; Mr. Thomas Lynch, Cliffwater LLC, consultant; Ms. Amit Chopra and Ms. Frances Coombes, Western Asset Management; Mr. Claude Athaide and Mr. Kirk Kashevaroff, Mackay Shields; Ms. Mary Beth Syal, Mr. Justin Bullion and Ms. Beth Westvold, Payden & Rygel; Mr. Gregory Balewicz, Ms. Jennifer Bender and Mr. Patrick McDonough, State Street Global Advisors; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:03 a.m.

## **II. Approval of Minutes**

On a motion by Mr. Fay and seconded by Ms. Reback, it was unanimously **VOTED: to approve the draft minutes of the November 16th, 2016 meeting of the State Investment Commission.**

## **III. Review and Consideration of Long Duration Investment Policy Statement**

The board reviewed the Investment Policy Statement (IPS) language.

Mr. Fay inquired about the index being used, wondering if it covered all government backed agencies. Mr. Emkin replied that it did.

Mr. Benson asked if the board had collectively determined the definition of government backed securities, and what that entails. Mr. Emkin said government backed indicates "good faith and credit", which would include only those securities guaranteed by the government, such as import/export bank bonds and treasuries.

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

**VOTED: to approve the Long Duration IPS**

#### **IV. Long Duration Manager Recommendation**

Mr. Burns reviewed the purpose of long duration U.S. Treasury securities in the portfolio, reminding the board it represents 4% of the new Crisis Risk Offset (CRO) portion of the new asset allocation. After PCA and staff reviewed fixed income managers capable of performing the mandate, as evaluated by the distributed Due Diligence Questionnaire (DDQ), they selected Mackay Shields Asset Management and Western Asset Management (WAMCO) to recommend to the board.

Ms. Coombes gave background on the firm's mission and their approach to the long duration market. She explained they have managed government mandates for thirty years and typically these customized mandates are implemented to offset equity risk or extreme downside crises scenarios. Mr. Chopra spoke to their investment philosophy and the model they created for the portfolio based upon the criteria set forth by staff and PCA. He described WAMCO as a diversified value manager looking for balanced risks.

Mr. Benson suggested that he would only like to see a portfolio composed of treasuries and of fully backed government and guaranteed bonds. The board agreed. The proposed observation will be explicitly stated in the IPS. The board determined although they had approved the Long Duration IPS, they would like to see this specified in the IPS and to be reviewed at the next meeting. Mr. Benson inquired about the manager's capability to add value with just treasuries and other government bonds. Mr. Chopra replied that it was possible. WAMCO representatives will work within any parameters set forth by staff.

The board asked questions.

Mr. Nguyen committed himself and PCA to rework the language of the IPS to include better defined risk parameters and clearly defined restrictions on the types of agencies included in the portfolio to provide at the next meeting for reconsideration.

On a motion by Ms. Maxfield and seconded by Mr. Benson, it was unanimously

**VOTED: to approve a commitment of \$150 million to Western Asset Management**

After giving a brief overview of the firm and their market approach, Mr. Kashevaroff introduced Mr. Athaide, who handles MacKay's long duration portfolios. He summarized the proposed (duration and curve neutral) portfolio, noting the characteristics of both the suggested portfolio and index. The portfolio would be somewhat passively managed and will be comprised entirely of treasuries. Because the portfolio would be part of the CRO program, he addressed its risk characteristics and provided analyses as to how the suggested portfolio would perform under various scenarios.

The board asked questions.

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

**VOTED: to approve investment of \$150 million in Mackay Shields**

#### **V. Cash Sweep Manager Recommendation**

Mr. Nguyen explained the purpose of a cash sweep manager, noting the new allocation has a 3% cash position equating to approximately \$250 million. Having a cash sweep manager would allow for a more

systematic way to manage the inflow and outflow of cash as well as generate some return from the mandate with minimal risk.

Mr. Burns then summarized the review process of the manager proposals and how PCA and staff determined their recommendation of Payden & Rygel. If approved, they would setup necessary accounts and finalize necessary contracts in January.

Mr. Bullion presented background on the firm.

Ms. Syal then described their goal to work to beat the benchmark on a return net of fee basis while having a lower volatility of return with a lower risk profile. Under these assumptions, she set the expectation on the proposed portfolio of having a minimum return of 110% of the benchmark net of fee and a goal of no negative return years. She added they do not simply have an eye toward yield; they work to protect against downturns. She summarized the portfolio's proposed guidelines and principals, and structure as well as the possible benchmark choices.

The board asked questions.

On a motion by Ms. Reback and seconded by Ms. McNamara, it was  
**VOTED: to engage Payden & Rygel as Cash Sweep Manager**

Mr. Fay recused himself from the vote.

## **VI. Encap Fund Private Equity Recommendation**

Mr. Lynch reviewed the pension's current investments with Encap. The ERSRI is in both Encap's Fund IX and Fund X. He recapped the investment mission, operation and philosophy of Encap, and discussed their performance. He also noted that Encap maintains an Environmental, Social and Governance (ESG) policy, reporting on the adherence of that policy to investors. Ms. Reback asked if that means they use fracking technology and Mr. Lynch confirmed they do.

Ms. McNamara commented the \$50 million recommendation is higher than it has been in the past and asked Mr. Lynch to explain. He stated there is the larger allocation to private equity, 60% more than it had been previously, and instead of looking to invest smaller amounts with additional firms, the approach will be to invest more dollars with targeted, high-performing firms.

The board asked questions.

On a motion by Mr. Benson and seconded by Ms. McNamara, it was  
**VOTED: to authorize an additional \$50 million investment with the Encap private equity program**

Ms. Reback opposed the motion.

## **VII. Southvest Fund Private Equity Recommendation**

Mr. Lynch indicated that the SIC had approved Southvest Fund VII for a \$30 million investment in March 2016. He summarized the firm's mission as well as its activities in the months since approval. He recommended to increase the commitment, noting the larger allocation to private equity under the new asset allocation.

The board asked questions.

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

**VOTED: to authorize an additional \$7.5 million investment in Southvest's private equity program**

## **VIII. QVM Update and Review**

Treasurer Magaziner reminded the board of the customized QVM (quality, value, momentum) strategy and its purpose as this is the first formal update since its implementation last year. Ms. Bender explained the construction of the portfolio, which scores securities based on their factor characteristics, as well as its metrics.

Mr. McDonough spoke about the market conditions and how that affected the QVM performance.

Mr. Balewicz stated that QVM is kept in a tight tracking error and is performing as expected. Addressing how the portfolio relates to the new CRO approach, he explained the portfolio is defensive in nature, with one of its characteristics being an improved Sharpe ratio over key market cap indices by having less of a draw down effect. Since inception, the strategy has outperformed the market cap index.

The board asked questions.

## **IX. Consideration of 2017 meeting schedule**

The board reviewed the provisional schedule for next year's meetings and without any questions,

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

**VOTED: to approve the 2017 SIC meeting schedule**

## **X. Legal Counsel Report**

There was no legal counsel report.

## **XI. Chief Investment Officer Report**

Mr. Nguyen provided an overview of October performance numbers as these were not available at the previous meeting. He began by summarizing the overall market, noting that both bonds and stocks had moderate sell offs. October was a weaker month for global bond markets but government bonds were sharply higher overall. U.S. equities fell amid uncertainty ahead of the election and an expected rate hike in December. Emerging markets continued to perform well. Among the best industry performers were independent energy and oil field services. Some underperforming industries included pharmaceuticals and healthcare.

As it relates to the portfolio, the portfolio declined by 0.86%, which outperformed both the benchmark and the 60/40 benchmark, ending the month at \$7.7 billion. For the calendar year, the total portfolio decreased by \$5.2 million with portfolio gains of \$312.8 million offset by \$318 million in pension payments.

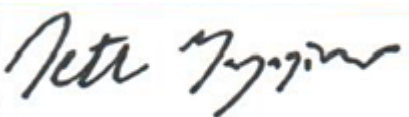
Mr. Nguyen also informed the board that the office had recently hired an investment analyst, Michael Villapiano, who was present at the meeting and was introduced to the board. A new investment intern was also hired for the spring semester. Both the analyst and intern are scheduled to begin their duties in January.

## **XII. Treasurer's General Comments**

Treasurer Magaziner thanked the board for their time.

There being no other business to come before the Board, on a motion by Mr. Fay and seconded by Ms. Maxfield the meeting adjourned at 11:36 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", is centered on the page. The signature is written in a cursive, flowing style.

**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, January 25, 2017**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:01, Wednesday, January 25<sup>th</sup> 2017 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Michael Costello Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Marie Langlois, Ms. Sylvia Maxfield, Ms. Paula McNamara, Mr. Thomas Mullaney Ms. Marcia Reback, and Treasurer Seth Magaziner.

Also in attendance: Mr. John Burns and Mr. John Linder, Pension Consulting Alliance (PCA), general consultants; Mr. Justin Bullion, Payden & Rygel; Mr. Steve Johnson and Mr. Kerry Polk, Fidelity Investments; Ms. Kerri Baker, Treasury Cash Manager; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:01 a.m.

## **II. Approval of Minutes**

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

**VOTED: to approve the draft minutes of the December 16th, 2016 meeting of the State Investment Commission.**

## **III. Review and Consideration of Long Duration Investment Policy Statement**

The board reviewed the updated Investment Policy Statement (IPS) language that specified the term "full faith government backed bonds" per last month's suggestion from the Board. It also included new language that the tracking error target be within the range of 1% or less.

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

**VOTED: to approve the Long Duration IPS**

## **IV. Review and Consideration of Cash Investment Policy Statement**

Mr. Nguyen noted the language of the cash mandate was modeled after the current Ocean State Investment Pool (OSIP) IPS. Treasurer Magaziner reiterated the purpose of the cash portion of the portfolio is to maintain liquidity and not increase risk to maximize returns in this area.

The Board reviewed the IPS.

Ms. Maxfield asked Mr. Bullion if there was a practice of observing and recording events as a way to track potential market issues and ensure liquidity in those events. Mr. Nguyen interjected that the office was currently in the process of finding a provider to create a risk dashboard for the entire plan that would perform different analysis under various scenarios of which Ms. Maxfield is concerned. Treasurer Magaziner added that the output from such a dashboard would serve to establish protocols in which staff would engage Payden & Rygel under such circumstances.

The board asked additional questions.

On a motion by Ms. Maxfield and seconded by Ms. Reback, it was unanimously  
**VOTED: to approve the Cash IPS**

## **V. Update on the Crisis Protection Class**

Treasurer Magaziner noted the name change of the Crisis Risk Offset to Crisis Protection Class (CPC), as it will be known going forward. CPC program has three components: long duration treasuries manager, which has been selected, and the platform manager and the systematic trend following manager, neither of which have been determined.

Mr. Nguyen outlined the timeline for implementing the new class, stating it will be off the ground in April. This timeline is contingent on the selection and approval of the CPC platform and systematic trend following managers, including adequate time for evaluation and due diligence of the managers.

Mr. Nguyen spoke about the hedge fund redemption timeline, which will largely fund the new cash program as well as a portion of the upcoming income oriented strategies. It is important the timing of the redemptions coincide with the selection of managers in order to properly fund and balance the programs.

The board asked questions.

## **VI. Ocean State Investment Pool Update**

Ms. Baker prefaced Fidelity's presentation with background information on OSIP and its purpose, noting it is an investment option for municipalities and quasi-public agencies. Treasurer Magaziner added that since its establishment in 2011, the rates have been prohibitively low, affecting participation. With rates rising and becoming more competitive, participation is expected to increase.

Mr. Johnson echoed the Treasurer's point on rising rates, stating Fidelity will be doing outreach to municipalities to showcase those rising rates and attractiveness of products.

Mr. Polk spoke about current market conditions and how they affect their products due to their market driven nature. He then highlighted that participation has increased over the year, with several more accounts being added. The pool value now totals \$460 million. He concluded that they are pleased with performance and are achieving their objectives. With rates increasing, they expect they will become more competitive relative to other similar bank products.

The board asked questions.

## **VII. Legal Counsel Report**

There was no legal counsel report.

## **VIII. Chief Investment Officer Report**

Mr. Nguyen provided the performance update for December, apprising the Board of domestic and global market conditions. For the month, the portfolio increased 1.35% matching the 60/40 allocation. For calendar year 2016, the portfolio increased 7.35%, exceeding both the benchmark of 6.34% and the 60/40 allocation's 5.92% return.

Treasurer Magaziner added it is indeed noteworthy the portfolio outperformed the 60/40, which is indicative the portfolio of adding value, attributing it in part to high performing asset classes such as private equity and real estate. He stated he is optimistic the implementation of the new asset allocation will further improve performance. He acknowledged staff for their manager selection as it is key to good performance.

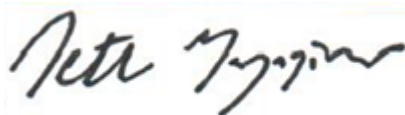
Mr. Nguyen also advised the Board that in the coming month staff will be focused on getting the platform manager up and running, will be selecting the systematic trend strategies and vetting income oriented strategies.

## **IX. Treasurer's General Comments**

Treasurer Magaziner remarked that 2016, while volatile at times, produced a solid overall performance for the portfolio.

There being no other business to come before the Board, on a motion by Ms. Maxfield and seconded by Ms. McNamara the meeting adjourned at 10:06 a.m.

Respectfully submitted,



**Seth Magaziner,  
General Treasurer**





**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, February 22, 2017**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:01, Wednesday, February 22<sup>nd</sup>, 2017 in Room 205, State House.

## **I. Roll Call of Members**

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

The following members were absent: Mr. Robert Benson, Ms. Marie Langlois, Ms. Marcia Reback.

Also in attendance: Mr. Tom Lynch, Cliffwater, consultant; Mr. Allen Emkin, Pension Consulting Alliance (PCA), general consultant; Mr. Chris Lewis and Mr. Michel Glouchvitch, Riordan, Lewis & Haden Equity Partners (RLH); Mr. Larry Brown and Mr. David Iden, TIAA, consultants; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; Mr. Jon Popielarski, Treasury Investment Officer; Ms. Kimberly Shockley, Associate Director of the CollegeBound Savings Program; and other 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. Costello and seconded by Mr. Fay, it was unanimously

**VOTED: to approve the draft minutes of the January 25<sup>th</sup>, 2017 meeting of the State Investment Commission.**

## **III. Private Equity Allocation Plan**

Mr. Nguyen prefaced the presentation by recalling that the new asset allocation, which the Board approved in September, included an increase in private equity, from 7% to 12% over a 5-year period. Mr. Lynch went on to summarize the current strategy and compare what the program may look like under the new allocation using a recommended model portfolio. The strategy will focus mainly on buyouts with venture capital and growth equity rounding out the allocation. A majority of geographic exposure will be domestic and roughly a quarter will be international, spread across both Europe and Asia. He noted the new strategy is to be opportunistic. He concluded by outlining the considerations when crafting a new Investment Policy Statement (IPS) for the Private Equity class. Treasurer Magaziner stated language for the IPS would be drafted and brought before the Board for a vote at a later time.

The board asked questions.

## **IV. Private Equity Manager Presentation**

Mr. Glouchvitch provided the Board history of RLH, the background of its team and its approach to the market. RLH focuses on small, service businesses experiencing high organic growth in the healthcare, IT and government services sectors. The businesses are profitable market leaders with proven leadership in their sectors benefiting from macro growth trends. Mr. Lewis provided an example of the growth rates achieved with one of their acquisitions to illustrate their return on investment on such companies.

The board asked questions.

Mr. Lynch apprised the board of the due diligence conducted on RLH. He then recommended RLH based on their appealing strategy stating it is in line with the new growth mandate of the portfolio's allocation. He noted their experienced team, disciplined approach and good performance with cumulative performance over their previous 3 funds.

The board asked questions.

On a motion by Mr. Fay and seconded by Ms. Maxfield, it was unanimously **VOTED: to approve up to a \$40 million commitment to Riordan, Lewis & Haden Equity Partners (RLH) IV L.P.**

## **V. Defined Contribution Plan Quarterly Performance Review**

Mr. Iden reported on quarterly numbers as of 12/31/2016. He summarized that total assets and contributions across both the 401a plan and the FARP plan, highlighting a \$31 million increase in the 401a portfolio and a \$39 thousand increase in the FARP portfolio.

Mr. Brown then spoke to member engagement, noting there had been an increase from 2015 to 2016 in individual sessions as well as attendees to the benefit fairs, seminars and workshops. The recent conference of Rhode Island's League of Cities and Towns had also yielded additional meetings this month.

The board asked questions.

## **VI. Legal Counsel Report**

There was no legal counsel report.

## **VII. Chief Investment Officer Report**

Mr. Nguyen provided the performance update for January. The total portfolio value increased by approximately \$94.5 million on the month to rest at \$7.8 billion. On a percentage basis, this translated to an increase of 1.55%, which lagged both the plan benchmark of 1.66% and basic 60% global equity/40% fixed income allocation of 1.72% but he highlighted that all disciplines posted a positive absolute return for the month. Fiscal year to date, the portfolio's 6.18% return has exceeded the 5.71% benchmark and well surpassed the 4.63% 60/40 return.

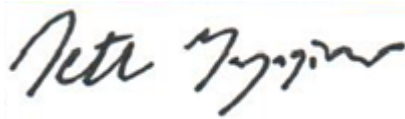
Mr. Nguyen also updated the Board on searches for the Crisis Protection Class (CPC) manager and Systematic Trend Following manager, which are scheduled to conclude this month. He then apprised the board of the first hedge fund redemption from Ascend totaling \$69 million.

## **VIII. Treasurer's General Comments**

Treasurer Magaziner thanked the Board, consultants and staff for their continued work and commitment toward implementing the asset allocation, which is proceeding in a timely manner. He pointed out that the long term performance of the portfolio looks good, especially in relation to the 60/40. Lastly, he notified the Board the RFP had been issued for the deferred compensation and defined contribution plans, which were issued together so respondents could submit a cost structure that included both. He welcomed Ms. Shockley to provide details of the RFP process including the timetable for its conclusion.

There being no other business to come before the Board, on a motion by Ms. McNamara and seconded by Mr. Mullaney the meeting adjourned at 10:48 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", is centered on the page. The signature is written in a cursive, flowing style.

**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, March 22, 2017**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:02, Wednesday, March 22<sup>nd</sup>, 2017 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Michael Costello, Mr. Thomas Fay, Mr. Frank Karpinski, Ms. Sylvia Maxfield, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

The following members were absent: Ms. Marie Langlois, Ms. Paula McNamara.

Also in attendance: Mr. John Burns and Mr. John Linder, Pension Consulting Alliance (PCA), general consultants; Mr. Darren Wolf, Mr. Justin Sheehan and Mr. Greg Strassberg, Aberdeen Asset Management; Mr. Andrew Lapkin and Ms. Maxine Alexis, Hedgemark International, LLC; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:02 a.m.

## **II. Approval of Minutes**

On a motion by Mr. Mullaney and seconded by Mr. Costello, it was unanimously **VOTED: to approve the draft minutes of the February 22nd, 2017 meeting of the State Investment Commission.**

## **III. Crisis Protection Class Global Remarks**

Mr. Burns recapped the purpose of implementing the Crisis Protection Class (CPC). During the Asset Allocation Study, it was determined something should be put in the place to protect against down markets and produce appreciation during a growth crisis. The Board approved a CPC portfolio that was structured 50/50 between Treasury Duration and Systematic Trend Following that has similar volatility to the rest of the portfolio at a relatively simple and low cost structure. The long duration managers have been selected and the systematic trend following manager recommendations are scheduled for April. There will be one platform manager that oversee the entire CPC, which is 8% of total assets. The platform manager acts as a fiduciary and conducts operational due diligence of systemic trend managers, as well as performs custodial functions. Additionally, the platform manager assists in risk management and will be involved the creation of a risk dashboard.

Ms. Maxfield expressed interest in the risk dashboard being created by the platform manager noting it would be beneficial for board members to view the dashboard upon completion to ensure its usefulness and help understand the information being produced. Both Treasurer Magaziner and Mr. Nguyen agreed.

The Treasurer noted an important function of the platform manager will be the intra class rebalancing aspect. This is particularly important with a new class whose underlying strategies are somewhat volatile and can be rebalanced daily rather than monthly to ensure the allocation stays at 8% and is evenly distributed between treasuries and systematic trend following.

Treasury investment staff and PCA recommend Aberdeen – Hedgemark as the CPC platform Manager.

#### **IV. Crisis Protection Class Manager Presentation**

Mr. Wolf provided an organization overview of Aberdeen. He then proceeded to explain their responsibilities, as previously outlined by Mr. Burns, and expanded on their processes to meet those duties, specifically regarding operational due diligence, risk assessment and performance analytics.

Mr. Lapkin provided an organization overview of Hedgemark. He explained the organization's specialty is assisting institutional investors in the setup and operation of funds that don't readily fit in traditional long custody accounts, a category in which the systematic trend following strategy falls. Their responsibility will involve only the core, non-investment functions of the CPC portfolio.

The board asked questions.

#### **V. Crisis Protection Class Manager Recommendation**

Mr. Linder summarized the platform manager selection process. He reported the services and fees associated with the product under the negotiated terms with Aberdeen/Hedgemark. He made a clear distinction between Aberdeen and Hedgemark, explaining that Aberdeen acts a fiduciary and overall manager of the CPC while Hedgemark acts as a platform infrastructure provider, giving Aberdeen necessary data to makes its decisions on risk and rebalancing.

He then provided an anticipated timeline to implement the Crisis Protection Class should the recommendation be approved.

The board asked questions.

On a motion by Ms. Maxfield and seconded by Ms. Reback, it was

**VOTED: to approve the engagement of Aberdeen and Hedgemark, and the creation of the Crisis Protection Class platform in accordance with the presentation materials furnished to the SIC members.**

**Mr. Fay recused himself from the vote**

#### **VI. Legal Counsel Report**

There was no legal counsel report.

#### **VII. Chief Investment Officer Report**

Mr. Nguyen provided the performance update for February. The total portfolio value increased \$93.3 million to rest at \$7.9 billion. The month's increase comes from \$128.5 million of positive investment performance (which put the portfolio's 12-month investment earnings over the \$1 billion mark) offset by \$35.2 million of transfers to meet pension payroll in excess of pension contributions. On a percentage basis, the portfolio increased 1.66%, lagging both the plan benchmark of 1.70% and basic 60% global equity/40% fixed income allocation of 1.95%. Global equity markets, emerging market equities, global sovereign and corporate bonds all performed well.

Mr. Nguyen then apprised the Board that over the next month, staff and PCA will be working to develop an Investment Policy Statement (IPS) for the CPC and will bring forth three recommendations for systematic trend following managers.

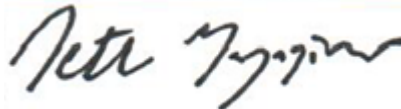
The board asked questions.

## **VIII. Treasurer's General Comments**

Treasurer Magaziner acknowledged the progress being made as the portfolio shifts to the new asset allocation. He thanked everyone for their time.

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 10:04 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", is centered on the page. The signature is written in a cursive, flowing style.

**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, April 26, 2017**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:03, Wednesday, April 26<sup>th</sup>, 2017 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Michael Costello, Mr. Frank Karpinski, Ms. Marie Langlois, Ms. Sylvia Maxfield, Ms. Paula McNamara, Mr. Thomas Mullaney, Ms. Marcia Reback, and Treasurer Seth Magaziner.

The following members were absent: Mr. Robert Benson and Mr. Thomas Fay

Mr. Costello left at 11:35 a.m.  
Ms. Maxfield left at 11:36 a.m.

Also in attendance: Mr. John Burns and Mr. John Linder, Pension Consulting Alliance (PCA), general consultants; Mr. Grant Jaffarian and Ms. Lisa Martin, Crabel Capital Management; Mr. Ben Albrandi and Mr. Yung-Shin Kung, Credit Suisse; Dr. Patrick Welton and Mr. Neal Howe, Welton; Mr. Darren Wolf, Aberdeen Asset Management; Ms. Kimberly Shockley, Associate Director of College and Retirement Savings Plan; Mr. Frank Picarelli, Segal Marco Advisors; Ms. Kerri Baker, Treasury Cash Manager; Mr. Darren Wolf, Aberdeen Asset Management; Mr. Tim Nguyen, Treasury Chief Investment Officer (interim); Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:03 a.m.

## **II. Approval of Minutes**

On a motion by Ms. Reback and seconded by Mr. Mullaney, it was unanimously **VOTED: to approve the draft minutes of the March 22nd, 2017 meeting of the State Investment Commission.**

## **III. Systematic Trend Following Manager Presentations**

Three Systematic Trend Following (STF) Managers presented: Crabel, Credit Suisse and Welton.

Ms. Martin provided historical background on Crabel, stating that Crabel has been running Systematic Trend Following (STF) strategies since 2004. Mr. Jaffarian explained their specific strategy in more detail, noting it is designed to respond well under stress. As an asset class, it tends to be uncorrelated, meaning it will move differently, not contrary, to stressors and will provide diversification in both markets and time frames.

The board asked questions.

Mr. Albrandi provided background on Credit Suisse. Mr. Kung went on to explain that their strategy is derived from their index and benchmarking business with an eye toward liquidity, transparency, low cost and reliability. He denoted the difference in their strategy was to minimize tracking error between their approach and the overall STF industry instead of the traditional approach of maximizing expected returns, which they assert is a more intuitive solution.

The board asked questions.

Mr. Howe stated that Dr. Welton established the Welton strategy in the 1980's and was one of the first of its kind. He explained that their product uses three different analytical designs to find trends. They allocate an equal amount of risk to each of the three to keep their algorithm diversified.

The board asked questions.

#### **IV. Systematic Trend Following Manager Recommendations**

Mr. Linder recalled the Board had approved the Crisis Protection Class (CPC) structure of 50% Systematic Trend Following and 50% Long-duration Treasuries, whose purpose is to protect against a market downturn. He outlined the manager due diligence process and Request for Information (RFI) evaluation that yielded the recommended managers – Crabel, Credit Suisse and Welton. He provided an expected implementation timeline if managers are approved at this meeting, with the entire CPC expected to be funded in June 2017.

Mr. Wolf provided additional context in regards to how the STF products are expected to operate within the CPC structure.

Mr. Costello asked if it necessary to have 3 managers in this area. Mr. Linder explained that it was for diversification purposes and that the mix of the three would produce a stronger outcome than any one of them could alone.

The board asked questions.

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

**VOTED: to approve Crabel as a Systematic Trend Following Manager, subject to legal review**

On a motion by Ms. McNamara and seconded by Ms. Langlois it was

**VOTED: to approve Credit Suisse as a Systematic Trend Following Manager, subject to legal review**

On a motion by Ms. Langlois and seconded by Ms. Maxfield it was

**VOTED: to approve Welton as a Systematic Trend Following Manager, subject to legal review**

#### **V. Defined Contribution and Deferred Compensation Vendor Selection**

Ms. Shockley introduced Mr. Picarelli from Segal Marco Advisors, who facilitated the vendor selection for the defined contribution, 401(a), and deferred compensation, 457 (b), plans. He apprised the Board on the



RFP process and the companies who responded to the requests. After an evaluation of the qualified respondents, the selection committee along with Segal recommended TIAA to serve as the defined contribution and FICA vendor, and summarized the reasons behind their selection.

The board asked questions.

On a motion by Mr. Costello and seconded by Ms. Reback, it was  
**VOTED: to approve TIAA as the 401(a) provider, subject to contract negotiations**  
**Ms. Sylvia Maxfield recused herself**

Mr. Picarelli then spoke about the deferred compensation vendor selection, noting the state mandates three providers of the 457 plans. After an evaluation of the qualified respondents, the selection committee along with Segal recommended Fidelity, TIAA and Voya to serve as the state's three deferred compensation vendors, and summarized the reasons behind their selections.

The board asked questions.

On a motion by Ms. Reback and seconded by Mr. Costello it was  
**VOTED: to approve TIAA as a 457(b) provider, subject to contract negotiations**  
**Ms. Sylvia Maxfield recused herself**

On a motion by Ms. McNamara and seconded by Mr. Mullaney it was  
**VOTED: to approve Fidelity as a 457(b) provider, subject to contract negotiations**  
**Ms. Sylvia Maxfield recused herself**

On a motion by Mr. Costello and seconded by Ms. Langlois it was  
**VOTED: to approve Voya as a 457(b) provider, subject to contract negotiations**

## **VI. Community Deposit Program Recommendations**

Ms. Baker refreshed the Board on the Community Deposit Program explaining it is a bank local program that provides loans to small businesses in Rhode Island. The program has steadily increased in both loans and participating lenders since the SIC approved the program in December 2016. Staff continues outreach to banks to further increase that participation.

Ms. Baker brought forth three banks: Bristol County Savings Bank, Centreville Bank and Home Loan Investment Bank. She summarized the banks characteristics that would make them eligible for short-term vendor selection and serve in the community deposit program.

The Board asked questions.

On a motion by Ms. Langlois and seconded by Mr. Mullaney it was  
**VOTED: to approve Bristol County Savings Bank as a short-term investment manager**

On a motion by Ms. McNamara and seconded by Ms. Langlois it was  
**VOTED: to approve Centreville Bank as a short-term investment manager**

On a motion by Ms. Langlois and seconded by Ms. McNamara it was

**VOTED: to approve Home Loan Investment Bank as a short-term investment manager**

## **VII. Legal Counsel Report**

There was no legal counsel report.

## **VIII. Chief Investment Officer Report**

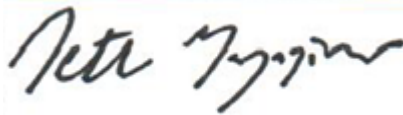
Mr. Nguyen provided the performance update for March. He explained the portfolio value increased approximately \$33 million or 0.75%. The month's increase comes from \$59.3 million of positive investment performance offset by \$26.3 million of transfers to meet pension payroll. Calendar year to date, the total portfolio has increased by \$220.8 million or 4.01%. Fiscal year to date, the portfolio's 8.76% return exceeded the 8.31% benchmark and well surpassed the 7.43% 60/40 return.

## **IX. Treasurer's General Comments**

Treasurer Magaziner introduced Mr. Alec Stais, who will officially join Treasury on May 1<sup>st</sup> as Chief Investment Officer (CIO). He thanked Mr. Nguyen for his service as interim CIO, noting it had been an eventful and positive period for the office and its portfolio. In addition to Mr. Nguyen's departure, Treasurer Magaziner announced it was Ms. McNamara's last day serving on the board. He thanked Ms. McNamara for her six years on the SIC. He noted the seat occupied by Ms. McNamara is a governor appointed seat and a candidate will likely be brought before the Senate for confirmation soon, hopefully joining the Board for its next meeting.

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Ms. Langlois, the meeting adjourned at 11:49 a.m.

Respectfully submitted,



**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Wednesday, May 24, 2017**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 9:00, Wednesday, May 24<sup>th</sup>, 2017 in Room 205, State House.

**I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Michael Costello, Mr. Frank Karpinski, Ms. Sylvia Maxfield, Mr. Thomas Mullaney, and Treasurer Seth Magaziner.

Ms. Marie Langlois arrived at 9:07.

The following member was absent: Ms. Marcia Reback

Also in attendance: Mr. Tom Lynch, Cliffwater; Ms. Esther Rombaut and Lars Haegg, CVC; Mr. John Burns, Pension Consulting Alliance (PCA); Ms. Tiffany Spudich, Capital Cities; Mr. Matthew Dicroce, TIAA; Ms. Kimberly Shockley, Associate Director of College and Retirement Savings Plan; Mr. Alec Stais, Chief Investment Officer, Mr. Tim Nguyen, Deputy Chief Investment Officer; Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 9:00 a.m.

**II. Approval of Minutes**

On a motion by Mr. Mullaney and seconded by Mr. Costello, it was unanimously **VOTED: to approve the draft minutes of the April 26th, 2017 meeting of the State Investment Commission.**

**III. Private Equity Re-Up Recommendation**

Ms. Rombaut provided informational and historical background on CVC noting their global presence.

Mr. Haegg summarized CVC's growth during the previous fund (Fund VI) before highlighting the key features of upcoming Fund VII. The approach will be to make investments where they can influence 30-40 fundamentally sound, cash generative businesses throughout Europe, with capped exposure to North America and beyond. He discussed the systematic approach to creating value throughout the investment cycle.

The board asked questions.

Mr. Lynch briefly reviewed CVC's investment strategy and process, and summarized their investment terms and overall performance. Treasurer Magaziner added that CVC provides geographic diversification and has been a good performer.

On a motion by Mr. Benson and seconded by Ms. Langlois it was  
**VOTED: to approve a 35-million-euro commitment to CVC Fund VII**

#### **IV. Review and Consideration of Crisis Protection Class, Systematic Trend Following Investment Policy Statement**

Mr. Stais informed the Board that the Crisis Protection Class (CPC) was on track to be fully implemented in the month of June. CPC documentation is comprised of two different portions, the Systematic Trend Following (STF) and the Platform Manager. In preparation, the Board must codify the new class's definition, purpose, and overarching activities as described in the two related 2 IPS documents.

The board reviewed the Systematic Trend Following Investment Policy Statement.

On a motion by Ms. Langlois and seconded by Ms. Maxfield it was  
**VOTED: to approve the Crisis Protection Class, Systematic Trend Following Investment Policy Statement**

#### **V. Review and Consideration of Crisis Protection Class, Platform Manager Investment Policy Statement**

The board reviewed the Platform Manager Investment Policy Statement.

On a motion by Mr. Fay and seconded by Ms. Maxfield, it was  
**VOTED: to approve the Crisis Protection Class, Platform Manager Investment Policy Statement**

#### **VI. CollegeBound Update**

Ms. Spudich recapped the past year during which time the state transitioned from Alliance Bernstein to Ascensus College Savings, achieving the largest 529 conversion in history. She stated this afforded the program to start fresh and it is currently operating within the best practices of the 529 industry. She went on to say that the program investment lineup is in very strong shape and reviewed the investment menu for both the Advisor and Direct plans with the Board. She also reviewed performance.

The board asked questions.

Ms. Spudich suggested that the IPS add a signature section so it may be validated each year that it is reviewed. Given this item would require a vote and was not added to the agenda, the vote will be brought at a subsequent meeting.

Mr. Fay asked if Invesco could come to a future meeting regarding the rationale of the glide path. He noted the asset allocation is conservative but considerably more so in the 5 to 10 year student age period, which is a timeframe more significant in college bound funds. Treasurer Magaziner stated that information would be obtained.

#### **VII. Defined Contribution Plan Update**

Ms. Shockley began by summarizing member engagement for the 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter-to-date. Most notable, she stated that members were moving their money into TIAA accounts given their low fees and desire for customers to consolidate their assets. She also cited a new activity of the field representative stating they are now attending periodic ERSRI Board meetings to make themselves visible and available to impending retirees.

Mr. DiCroce explored the investment performance as of 3/31/2017. He summarized the total assets and contributions across both the 401(a) plan and FARP plan. The 401(a) plan saw an increase in total plan assets over the same time last year and a minimal decline in contributions. The FARP plan also saw an increase in assets over the same time last year but a marked decrease in contributions when compared to March 2016.

The board asked questions.

## **VIII. Legal Counsel Report**

There was no legal counsel report.

## **IX. Chief Investment Officer Report**

Mr. Stais provided the performance report for April, noting it was a reasonably good month. The total portfolio value increased by approximately \$42.4 million to remain at \$7.9 billion. The month's increase comes from \$78.8 million of positive investment performance, primarily driven by the equities and bond markets, offset by \$36.4 million of transfers to meet pension payroll in excess of pension contributions.

Mr. Stais also apprised the Board of the hedge fund redemption schedule that will be funding, in part, the Systematic Trend Following allocation.

## **X. Treasurer's General Comments**

Treasurer Magaziner outlined some of the items the Board would be exploring in the coming months as it relates to the asset allocation transition, including the Income Class and gradual build-up of Private Equity.

Treasurer Magaziner stated staff was interested in engaging Capital Cities as a consultant during the implementation of the new 457 vendor and reupping TIAA as the 401(a) provider. An expansion of their contract will be brought before the board for a vote at the following meeting.

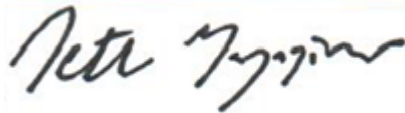
Treasurer Magaziner also highlighted the work of the Retirement Board, recently lowering the assumed rate of return from 7.5% to 7.0%, which is a more realistic and conservative number. He stated the groundwork for addressing the assumed rate of return was laid last summer during the Asset/Liability Study. The process of establishing an investment strategy prior to setting the rates, taking risk appetite into account before addressing these rates, was vital to establishing the correct rate of return assumption.

Treasurer Magaziner thanked Mr. Nguyen for his year of service as Interim Chief Investment Officer, a time in which the office was undertaking the Asset/Liability Study and its subsequent implementation. He noted that during Mr. Nguyen's tenure, the portfolio's performance was positive, increasing 10.5% over the year, beating the benchmark by 52 basis points and the 60/40 by 125 basis points.

Lastly, Treasurer Magaziner notified the board the upcoming scheduled June and July meetings would be rescheduled and condensed into one meeting in mid-July. The staff will reach out to confirm the date once availability is determined.

There being no other business to come before the board, on a motion by Mr. Mullaney and seconded by Ms. Langlois, the meeting adjourned at 10:44 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", is centered on the page. The signature is written in a cursive style.

**Seth Magaziner,  
General Treasurer**



**State Investment Commission**  
**Monthly Meeting Minutes**  
**Monday, July 10th, 2017**  
**9:00 a.m.**  
**Room 205, State House**

The Monthly Meeting of the State Investment Commission (SIC) was called to order at 8:59, Monday, July 10<sup>th</sup>, 2017 in Room 205, State House.

## **I. Roll Call of Members**

The following members were present: Mr. Robert Benson, Mr. Michael Costello, Ms. Karen Hammond, Ms. Sylvia Maxfield, Mr. Thomas Mullaney, and Treasurer Seth Magaziner.

Mr. Frank Karpinski arrived at 9:17.

Mr. Thomas Mullaney left at 10:58.

The following member was absent: Ms. Marie Langlois

Also in attendance: Mr. Tom Lynch and Mr. Mark Williams, Cliffwater; Mr. John Burns, Pension Consulting Alliance (PCA); Mr. George Aitken-Davis, Altaris Health Partners; Mr. Adil Rahmathulla and Mr. Andreas Moon, I-Squared Capital; Mr. Larry Brown and Mr. David Iden, TIAA; Ms. Kimberly Shockley, Associate Director of College and Retirement Savings Plan; Mr. Alec Stais, Chief Investment Officer, Ms. Sally Dowling, Adler, Pollock & Sheehan, legal counsel; and other members of the Treasurer's staff.

Treasurer Magaziner called the meeting to order at 8:59 a.m.

## **II. Approval of Minutes**

On a motion by Ms. Maxfield and seconded by Mr. Mullaney, it was unanimously **VOTED: to approve the draft minutes of the May 24th, 2017 meeting of the State Investment Commission.**

## **III. Treasurer's General Comments**

Treasurer Magaziner provided the board several updates. Notably, he discussed the General Assembly's failure to pass a budget ahead of the new fiscal year and discussed the potential impacts of that inaction as it related to investment staffing and operations.

He then apprised the board that the CPC mandate will move forward with two Systematic Trend Following (STF) managers instead of three but will leave the option open to a third should a suitable opportunity arise in the future. Funding has begun for the two STF managers, the details of which were expressed by Mr. Stais.

Treasurer Magaziner also told the board to expect a different look in the upcoming SIC book as reporting is updated to reflect the new asset allocation.

#### **IV. Chief Investment Officer Report**

Mr. Stais provided the portfolio update for May. The portfolio exceeded the \$8 billion mark having increased by almost \$82 million for the month. On a percentage basis, the portfolio increased 1.37% matching the plan benchmark but lagging the basic 60% global equity/40% fixed income allocation of 1.63%. He also gave a preliminary outlook on the fiscal year end numbers, promising the final numbers be delivered to the group in several weeks.

#### **V. Review and Consideration of the Income IPS**

Treasurer Magaziner prefaced the conversation with the fact that Investment Policy Statements (IPSs) continue to be updated to reflect the new asset allocation adopted last year.

Mr. Burns summarized the Income Class portfolio and its purpose. He reminded the board that the Income class will be increased from 6% to 8% of the portfolio under the new asset allocation. He highlighted the objectives and reasons for doing so based on the model and policy presented and adopted through the asset allocation process. He concluded by describing the transition plan to implement the Income Class portfolio at its new allocation.

The board reviewed the Income Class Investment Policy Statement.

The board asked questions.

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

**VOTED: to approve the Income Class Investment Policy Statement**

#### **VI. Private Equity Investment Recommendation, Altaris Health Partners**

Mr. Aitken-Davis provided background information on Altaris, a healthcare focused private equity firm. They target companies that deliver value and efficiency to the healthcare system, and take an active approach to influencing the investment outcome through leveraging industry knowledge and network. He detailed the company culture and described how it influenced their processes and drives their results. He then outlined the Altaris investment strategy and sectors of focus, as well as the fund's principal terms for the board's consideration.

The board asked questions.

Mr. Lynch apprised the board of the due diligence conducted on Altaris. He summarized the firm's organization, strategy and process. He also gave an overview of the historical performance in their previous three funds and outlined the terms of Fund IV.

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

**VOTED: that the Employees' Retirement System of the State of Rhode Island make a \$32 million investment in Altaris Health Partners IV, L.P. and an \$8 million investment in its affiliated fund, Altaris Constellation Partners IV, L.P., in each case with an effective closing date as of June 30, 2017, subject to legal and investment staff review and submission of required Subscription documents following the date of this resolution.**



## **VII. Infrastructure Investment Recommendation, ISQ Global Infrastructure Fund**

Mr. Rahmathulla gave an overview of I-Squared Capital, explaining it is a global, employee controlled investment platform. He discussed their organizational structure and company culture, as well as its investment approach which focuses on global infrastructure projects with risk-adjusted returns and downside protection. He went on to detail its current portfolio and the new fund strategy.

Mr. Williams summarized Cliffwater's recommendation of ISQ. He provided an overview of Fund II, noting it was similar to their previous Fund which globally invested in medium sized value-added infrastructure assets across thermal, renewables, utilities and transportation sectors. He also detailed their performance and the terms of the investment.

The board asked questions.

On a motion by Ms. Reback and seconded by Mr. Benson, it was unanimously  
**VOTED: to approve a \$40 million investment with ISQ Global Infrastructure Fund II**

## **VIII. Review and Consideration of the 457/401a Investment Lineup**

Treasurer Magaziner recalled there was a competitive RFP process for both the Defined Contribution and Deferred Compensation plans. The recommendations from that process yielded a change to one of the 457 vendors (the state requires 3 vendors for its 457 plan).

Ms. Shockley presented the recommended investment menu for the transition from Valic to TIAA. The recommended changes would offer a similar diverse menu of options but would come with reduced fees and a more concise package than the lineup under the previous provider.

The board asked questions.

On a motion by Mr. Fay and seconded by Mr. Benson, it was unanimously  
**VOTED: to approve the mapping plan for the 401a/457 investment lineup**

## **IX. Review and Consideration of 529 Investment Options**

Ms. Shockley summarized the recommendations from last month's CollegeBound Update provided by Capital Cities.

In order to streamline the naming convention across portfolios, Capital Cities recommended to change the name of the socially responsible equity portfolio.

On a motion by Ms. Reback and seconded by Ms. Maxfield, it was unanimously  
**VOTED: to approve the name change from "Invesco Global Sustainable Equity Portfolio" to "Global Sustainable Equity Portfolio"**

In order to improve small cap access, Capital Cities recommended to enhance the age-based portfolios' domestic equity component by replacing iShares Core S&P 500 with iShares Core S&P Total U.S. Stock Market.

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

**VOTED: to approve Small cap access by enhancing the age-based portfolios' domestic equity component by replacing iShares Core S&P 500 with iShares Core S&P Total US Stock Market**

Capital Cities had assisted in establishing recommendations for the change to the 401a and 457 lineups. Ms. Shockley asked the board for an amendment to the Capital Cities contract that would allow to retroactively acquire and compensate Capital Cities at the amount of \$15,000 for that purpose.

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

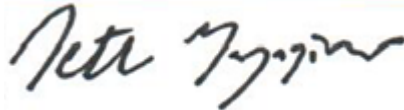
**VOTED: to approve to approve the hiring of Capital Cities of \$15,000 for the purposes of assisting in the 401a/457 lineup**

## **X. Legal Counsel Report**

There was no legal counsel report.

There being no other business to come before the board, on a motion by Mr. Fay and seconded by Mr. Costello, the meeting adjourned at 11:23 a.m.

Respectfully submitted,

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

**Seth Magaziner,  
General Treasurer**