

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING**

**DATA AT
July 31, 2014**

MEMBERS OF THE STATE INVESTMENT COMMISSION

Honorable Gina M. Raimondo, Chair

**Mr. J. Michael Costello
Mr. Robert Giudici
Ms. Faith LaSalle
Mr. Thomas Mullaney
Mr. Andrew K. Reilly**

**Mr. Thomas P. Fay
Mr. Frank J. Karpinski
Ms. Paula M. McNamara
Ms. Marcia Reback**

Section I.

Agenda

RHODE ISLAND STATE INVESTMENT COMMISSION

The meeting of the Rhode Island State Investment Commission
scheduled for Wednesday, August 27, 2014 was cancelled.

Section II.

Approval of Minutes



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

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

I. Roll Call of Members

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

Also in attendance:

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

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

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

II. Approval of Minutes

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

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

III. Fixed Income Annual Review

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

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

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

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

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

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

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

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

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

IV. OPEB Annual Review

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

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

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

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

V. Real Estate Pacing Plan

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

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

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

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

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

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

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

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

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

The board asked questions and discussed.

VI. 457 Plans Annual Review

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

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

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

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

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

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

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

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

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

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

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

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

VIII. Legal Counsel Report

There was no legal counsel report.

IX. CIO Report

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

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

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

Treasurer Raimondo asked for an update on PIMCO.

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

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

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

X. Treasurer Report

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

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

VOTED: to cancel the August SIC meeting.

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

Respectfully submitted,

Gina M. Raimondo
General Treasurer

DRAFT

Section III.

Staff Summary

Portfolio Highlights

PORTFOLIO PERFORMANCE

July

The ERSRI portfolio posted a 0.70% loss for July, against the policy index of -0.90% and the 60/40 Blend of -0.83%. Total Equity returned -1.11%, as US Public Equity lost 1.93% and International Equity -0.94%, both comparable to their respective benchmarks, while Emerging Markets produced a gain of 1.91% and MSCI Canada returned -0.03%. Equity Hedge Funds returned -0.85%, exceeding its benchmark by 10bps. US Traditional Fixed Income returned -0.28%, compared to its benchmark of -0.25%. Real Return Hedge Funds returned -0.05% against its benchmark -0.59%, while GILBs lost -0.15% versus its benchmark -0.08%. The Credit strategy returned -0.21%, versus its benchmark -0.14%.

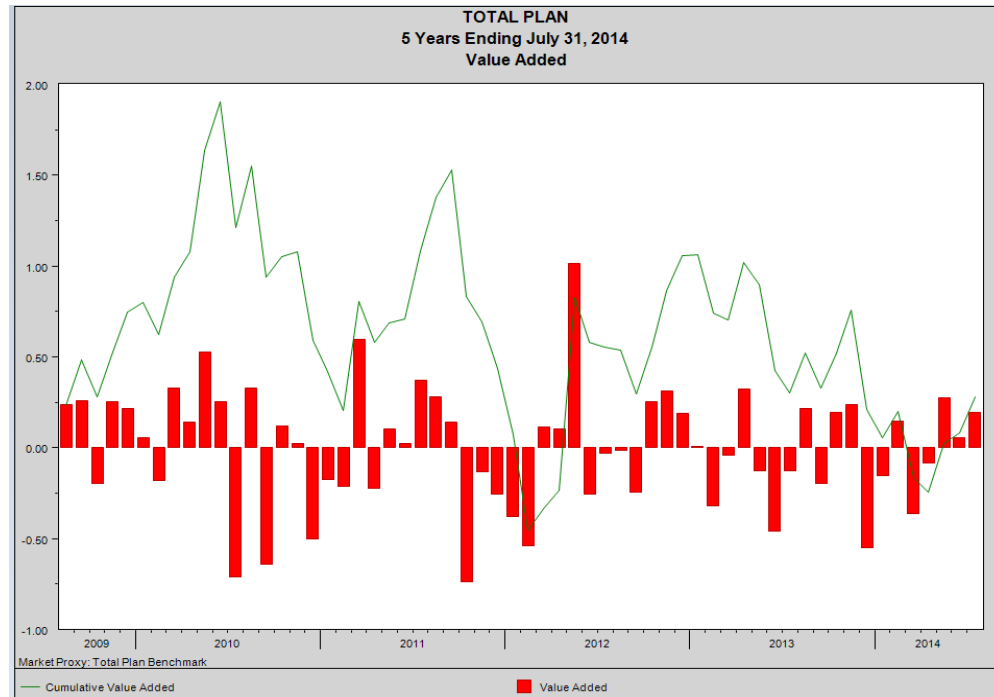
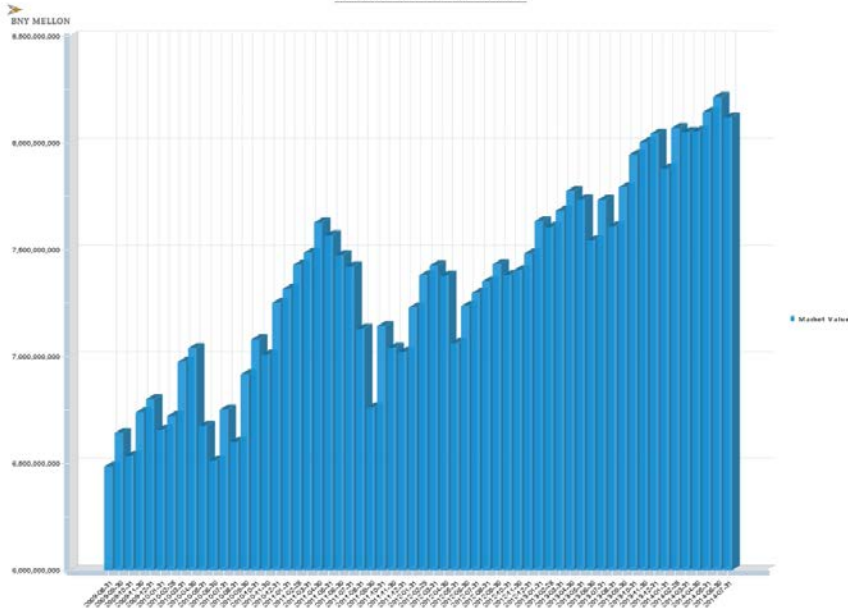
Fiscal Year to Date

For the Fiscal Year, the fund has lost 0.70%, versus the policy index of -0.90% and the 60/40 Blend -0.83%.

Market Values

The total portfolio value decreased by \$95.7 million to \$8.12 billion. The July decrease represents \$57.7 million of negative market impact, and \$38.0 million of transfers out.

GRAND TOTAL - Market Value



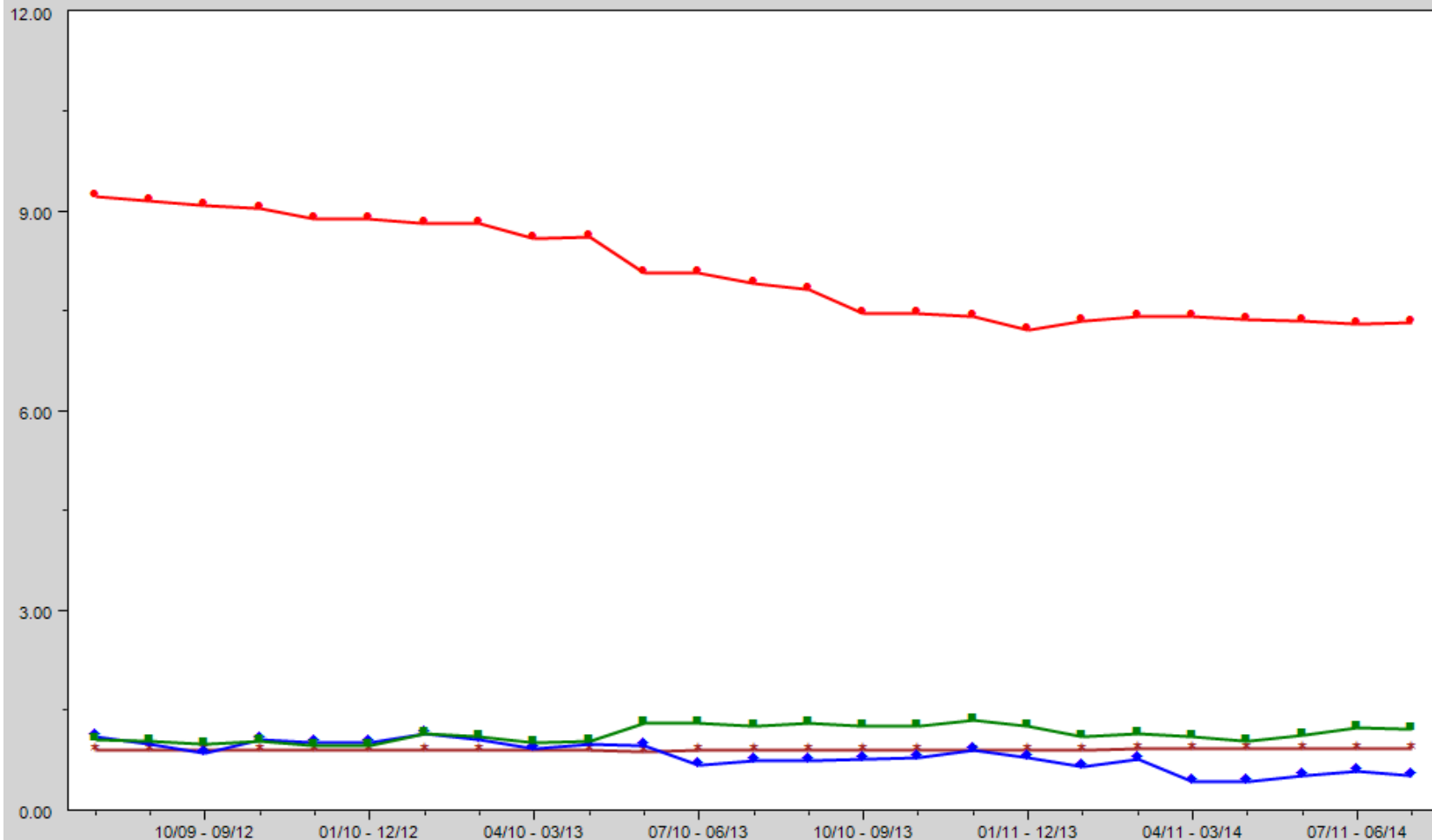
Account Name Benchmark Name	Market Value (M)	Month	Fiscal YTD
US Public Equity	2,015.71	-1.93	-1.93
Non-US Public Equity	2,016.21	-0.94	-0.94
Equity Hedge Funds	657.18	-0.85	-0.85
Private Equity	547.94	0.97	0.97
Traditional Fixed Income	1,119.89	-0.28	-0.28
Real Estate	302.71	1.18	1.18
Real Return Hedge Funds	520.41	-0.05	-0.05
Credit Aggregate	419.40	-0.21	-0.21
Inflation-Linked Bonds	284.62	-0.15	-0.15
Total Cash	214.57	0.01	0.01
TOTAL PLAN	8,119.77	-0.70	-0.70

Historical Risk - Three Year Rolling Periods

TOTAL PLAN

5 Years Ending July 31, 2014

Trend



Market Proxy: Total Plan Benchmark; Risk-Free Proxy: BofA Merrill Lynch 3 Month US Treasury Bill G001

● Ann Std Dev
 ■ Ann Sharpe Ratio
 ◆ Ann Alpha
 * Beta

Section IV.

Asset Allocation

Section V.

Risk Overview

5 Years Ending July 31, 2014 Comparison

	TOTAL PLAN	Total Plan Benchmark
Ann Return	10.72	10.66
Ann Ex Ret vs Mkt	0.06	
Ann Tracking Error	1.14	
Ann Std Dev	7.76	8.34
Beta	0.92	1.00
R-Squared	0.99	1.00
Ann Alpha	0.80	
Ann Sharpe Ratio	1.34	1.25

Risk Exposures

3 Years Ending July 31, 2014

	Annualized Return	Ann Std Dev	Beta (ACWI)	Beta (BC AGG)	Beta (GSCI)	Beta (CPI)
US Public Equity	15.81	12.71	0.87	-1.11	0.55	0.03
Non-US Public Equity	6.00	16.28	1.14	-0.33	0.68	-0.92
Equity Hedge Funds	---	---	---	---	---	---
Private Equity	11.44	5.12	0.07	-0.43	0.07	-0.01
Traditional Fixed Income	3.82	2.81	0.05	0.93	0.02	-0.06
Real Estate	9.20	3.44	0.05	0.38	-0.01	-0.69
Real Return Hedge Funds	---	---	---	---	---	---
Inflation-Linked Bonds	3.32	4.48	0.04	1.38	-0.00	-0.68
Cash	0.15	0.08	0.00	-0.00	-0.00	0.01
Russell Overlay Fd	0.19	0.17	0.01	-0.01	0.01	0.00
TOTAL PLAN	8.95	7.34	0.52	-0.19	0.31	-0.37

**3 Years Ending July 31, 2014
Correlation**

Ann Return

	US Pub EQ	Non-US Pub EQ	Eq HF	PE	FI	RE	RR HF	GILBS	Cash	Overlay	Total
US Pub	1.00										
Non-US P	0.89	1.00									
Eq HF	---	---	---								
PE	0.16	0.19	---	1.00							
FI	0.14	0.34	---	-0.22	1.00						
RE	0.17	0.23	---	0.05	0.31	1.00					
RR HF	---	---	---	---	---	---	---				
GILBS	0.02	0.16	---	-0.14	0.78	0.20	---	1.00			
Cash	-0.01	0.00	---	-0.07	0.04	0.33	---	-0.10	1.00		
Overlay	0.47	0.48	---	0.22	0.01	0.15	---	0.11	-0.10	1.00	
Total	0.96	0.97	---	0.20	0.31	0.24	---	0.18	0.00	0.49	1.00
Tot BM	0.97	0.97	---	0.16	0.29	0.22	---	0.13	0.00	0.51	0.99

**5 Years Ending July 31, 2014
Correlation**

Ann Return

	US Pub Eq	Non-US Pub Eq	Eq HF	PE	FI	RE	RR HF	GILBS	Cash	Overlay	Total
US Pub	1.00										
Non-US P	0.88	1.00									
Eq HF	---	---	---								
PE	0.18	0.12	---	1.00							
FI	0.05	0.26	---	-0.13	1.00						
RE	0.07	0.12	---	-0.08	-0.05	1.00					
RR HF	---	---	---	---	---	---	---				
GILBS	---	---	---	---	---	---	---	---			
Cash	-0.06	0.00	---	-0.10	0.06	0.00	---	---	1.00		
Overlay	-0.05	-0.04	---	0.01	0.08	-0.13	---	---	-0.05	1.00	
Total	0.96	0.96	---	0.23	0.22	0.09	---	---	-0.05	-0.03	1.00
Tot BM	0.97	0.96	---	0.18	0.20	0.10	---	---	-0.03	-0.04	0.99

Section VI.

Performance Overview

TOTAL NET OF FEES

7/31/2014

Account Name Benchmark Name	Market Value	% of Total	Month	Fiscal YTD	1 Year	Annualized				Inception Date
						3 Years	5 Years	10 Years	ITD	
SSGA R3000 INDEX <i>Russell 3000 Index</i>	2,015,714,618	25	-1.93 -1.97	-1.93 -1.97	16.40 16.37				20.31 20.31	10/1/2012 10/1/2012
US Public Equity <i>Russell 3000 Index</i>	2,015,714,693	25	-1.93 -1.97	-1.93 -1.97	16.39 16.37	15.81 16.58	16.44 17.08		6.67 6.70	8/1/2007 8/1/2007
SSGA MSCI EAFE <i>MSCI EAFE Net Dividend Index</i>	1,392,058,592	17	-1.96 -1.97	-1.96 -1.97	15.38 15.07				18.80 18.47	9/1/2012 9/1/2012
SSGA MSCI CANADA <i>MSCI Canada Net Dividend Index</i>	158,642,407	2	-0.03 -0.08	-0.03 -0.08	20.11 19.34				12.12 11.37	9/1/2012 9/1/2012
SSGA MSCI EM <i>MSCI Emerging Markets Net Dividend Index</i>	465,507,036	6	1.91 1.93	1.91 1.93	15.26 15.32				8.84 9.00	9/1/2012 9/1/2012
Non-US Public Equity <i>Total International Equity BM</i>	2,016,208,129	25	-0.94 -0.99	-0.94 -0.99	15.76 15.48	6.00 6.09	9.11 8.25		13.07 11.89	5/1/2009 5/1/2009
Global Public Equity <i>MSCI All Country World Net Index</i>	4,031,922,822	50	-1.44 -1.21	-1.44 -1.21	15.98 15.91	12.08 10.41	13.76 12.09	8.16 7.68	4.20	7/1/2000 7/1/2000
Private Equity <i>Venture Economics Custom BM</i>	547,941,862	7	0.97 0.00	0.97 0.00	18.90 16.57	11.44 16.88	15.05 18.19	11.03 10.23	4.61	1/1/1993 1/1/1993
<i>S&P + 300 BP</i>			-1.11	-1.11	19.94	20.01	20.08	11.11		1/1/1993
Equity Hedge Funds <i>HFRI Equity Hedge (Total) Index</i>	657,176,603	8	-0.85 -0.95	-0.85 -0.95	9.19 8.93				9.30 7.44	11/1/2011 11/1/2011
Total Equity	5,237,041,286	65	-1.11	-1.11	15.44	11.29	13.55	8.24	3.34	6/1/1996
MACKAY SHIELDS <i>Barclays U.S. Aggregate Bond Index</i>	558,931,238	7	-0.23 -0.25	-0.23 -0.25	4.46 3.97				1.22 0.90	11/1/2012 11/1/2012
PYRAMIS GLOBAL ADV <i>Barclays U.S. Aggregate Bond Index</i>	560,686,229	7	-0.33 -0.25	-0.33 -0.25	4.24 3.97				1.09 0.90	11/1/2012 11/1/2012
Traditional Fixed Income <i>Barclays U.S. Aggregate Bond Index</i>	1,119,892,184	14	-0.28 -0.25	-0.28 -0.25	4.35 3.97	3.82 3.04	5.10 4.47	5.16 4.80	5.78 5.62	7/1/2000 7/1/2000

TOTAL NET OF FEES

7/31/2014

Account Name Benchmark Name	Market Value	% of Total	Month	Fiscal YTD	1 Year	Annualized				Inception Date
						3 Years	5 Years	10 Years	ITD	
Real Return Hedge Funds	520,410,432	6	-0.05	-0.05	5.14				5.37	11/1/2011
<i>HFRI Fund of Funds Composite Index</i>			<i>-0.59</i>	<i>-0.59</i>	<i>5.85</i>				<i>4.90</i>	<i>11/1/2011</i>
PIMCO	207,711,778	3	-0.35	-0.35	3.27				2.93	5/1/2013
<i>30% BoA1-3BB-B HY/70%CSInstLLI</i>			<i>-0.14</i>	<i>-0.14</i>	<i>4.76</i>				<i>4.35</i>	<i>5/1/2013</i>
WAMCO	211,686,001	3	-0.07	-0.07	4.82				4.54	4/1/2013
<i>30% BoA 1-3 BB-B HY/70% CS LLI</i>			<i>-0.21</i>	<i>-0.21</i>	<i>4.92</i>				<i>4.74</i>	<i>4/1/2013</i>
Credit Aggregate	419,397,779	5	-0.21	-0.21	4.05				3.62	5/1/2013
30% BoA1-3BB-B HY/70%CSInstLLI			-0.14	-0.14	4.76				4.87	3/1/2013
BROWN BROTHERS HARR	284,623,488	4	-0.15	-0.15	1.24				-0.39	11/1/2012
<i>BBH Inflation-Linked Custom BM</i>			<i>-0.08</i>	<i>-0.08</i>	<i>2.02</i>				<i>-0.42</i>	<i>11/1/2012</i>
Inflation-Linked Bonds	284,623,488	4	-0.15	-0.15	1.24	3.32			5.55	11/1/2009
<i>Total Inflation Linked Custom</i>			<i>-0.08</i>	<i>-0.08</i>	<i>2.02</i>	<i>3.18</i>			<i>5.52</i>	<i>11/1/2009</i>
Total Real Return	1,224,431,699	15	-0.13	-0.13	3.86	5.18	7.30	6.15	6.20	6/1/2004
Real Estate	302,710,591	4	1.18	1.18	9.12	9.20	4.66		0.93	1/1/2005
<i>NCREIF Property Lagged + 100bp</i>			<i>0.08</i>	<i>0.08</i>	<i>12.18</i>	<i>12.69</i>	<i>8.89</i>		<i>9.33</i>	<i>1/1/2005</i>
ERSRI CASH	213,999,701	3	0.01	0.01	0.16	0.13	0.16	3.84	15.08	7/1/2000
<i>BofA Merrill Lynch 3 Month US Treasury Bill GOO1</i>			<i>0.00</i>	<i>0.00</i>	<i>0.05</i>	<i>0.08</i>	<i>0.11</i>	<i>1.62</i>	<i>1.93</i>	<i>7/1/2000</i>
Total Cash	214,566,014	3	0.01	0.01	0.16	0.15	0.17	2.54	2.69	4/1/2004
Russell Overlay Fd	19,056,107	0	0.04	0.04	-0.08	0.19	-0.03		-0.09	9/1/2008
TOTAL PLAN	8,119,765,665	100	-0.70	-0.70	11.29	8.95	10.72	7.18	4.91	7/1/2000
<i>Total Plan Benchmark</i>			<i>-0.90</i>	<i>-0.90</i>	<i>11.31</i>	<i>9.24</i>	<i>10.66</i>	<i>7.12</i>		<i>7/1/2000</i>
<i>60/40 Blend</i>			<i>-0.83</i>	<i>-0.83</i>	<i>11.10</i>	<i>7.68</i>	<i>9.29</i>	<i>6.89</i>		<i>7/1/2000</i>
Total Plan ex PE & RE	7,269,113,213	90	-0.91	-0.91	10.79	8.27	10.30	7.00	6.65	4/1/1996
<i>Total Plan BM ex PE RE</i>			<i>-1.06</i>	<i>-1.06</i>	<i>11.86</i>	<i>9.04</i>	<i>10.52</i>	<i>6.88</i>		<i>4/1/1996</i>

TOTAL NET OF FEES

7/31/2014

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative			2013	2012	2011	Inception Date
				6/1/2014 - 6/30/2014	5/1/2014 - 5/31/2014					
SSGA R3000 INDEX <i>Russell 3000 Index</i>	2,015,714,618	25	-1.93 -1.97	2.48 2.51	2.18 2.18	33.49 33.55				10/1/2012 10/1/2012
US Public Equity <i>Russell 3000 Index</i>	2,015,714,693	25	-1.93 -1.97	2.48 2.51	2.17 2.18	33.48 33.55	15.66 16.42	-0.86 1.03		8/1/2007 8/1/2007
SSGA MSCI EAFE <i>MSCI EAFE Net Dividend Index</i>	1,392,058,592	17	-1.96 -1.97	0.99 0.96	1.69 1.62	23.08 22.78				9/1/2012 9/1/2012
SSGA MSCI CANADA <i>MSCI Canada Net Dividend Index</i>	158,642,407	2	-0.03 -0.08	6.03 5.95	0.81 0.78	6.35 5.63				9/1/2012 9/1/2012
SSGA MSCI EM <i>MSCI Emerging Markets Net Dividend Index</i>	465,507,036	6	1.91 1.93	2.72 2.66	3.51 3.49	-2.81 -2.60				9/1/2012 9/1/2012
Non-US Public Equity <i>Total International Equity BM</i>	2,016,208,129	25	-0.94 -0.99	1.75 1.68	2.00 1.94	15.18 15.29	17.02 16.52	-13.47 -12.14		5/1/2009 5/1/2009
Global Public Equity <i>MSCI All Country World Net Index</i>	4,031,922,822	50	-1.44 -1.21	2.12 1.88	2.08 2.13	23.90 22.80	17.82 16.13	-5.16 -7.35		7/1/2000 7/1/2000
Private Equity <i>Venture Economics Custom BM</i> <i>S&P + 300 BP</i>	547,941,862	7	0.97 0.00 -1.11	-0.20 -0.20 2.22	2.88 0.00 2.53	14.86 25.14 35.39	11.77 19.44 19.44	12.37 5.17 5.17		1/1/1993 1/1/1993 1/1/1993
Equity Hedge Funds <i>HFRI Equity Hedge (Total) Index</i>	657,176,603	8	-0.85 -0.95	1.23 1.68	1.38 1.12	17.11 14.28	7.98 7.41			11/1/2011 11/1/2011
Total Equity	5,237,041,286	65	-1.11	1.76	2.07	21.95	15.88	-2.89		6/1/1996
MACKAY SHIELDS <i>Barclays U.S. Aggregate Bond Index</i>	558,931,238	7	-0.23 -0.25	0.09 0.05	1.09 1.14	-1.79 -2.02				11/1/2012 11/1/2012
PYRAMIS GLOBAL ADV <i>Barclays U.S. Aggregate Bond Index</i>	560,686,229	7	-0.33 -0.25	0.10 0.05	1.18 1.14	-1.93 -2.02				11/1/2012 11/1/2012
Traditional Fixed Income <i>Barclays U.S. Aggregate Bond Index</i>	1,119,892,184	14	-0.28 -0.25	0.09 0.05	1.14 1.14	-1.86 -2.02	7.95 4.21	5.50 7.84		7/1/2000 7/1/2000
Real Return Hedge Funds <i>HFRI Fund of Funds Composite Index</i>	520,410,432	6	-0.05 -0.59	0.44 0.90	0.92 1.19	6.96 8.96	5.33 4.79			11/1/2011 11/1/2011
PIMCO <i>30% BoA1-3BB-B HY/70%CSInstLLI</i>	207,711,778	3	-0.35 -0.14	0.50 0.47	0.49 0.48					5/1/2013 5/1/2013

TOTAL NET OF FEES

7/31/2014

Account Name Benchmark Name	Market Value	% of Total	Month	Cumulative			2013	2012	2011	Inception Date
				6/1/2014 - 6/30/2014	5/1/2014 - 5/31/2014					
WAMCO <i>30% BoA 1-3 BB-B HY/70% CS LLI</i>	211,686,001	3	-0.07 -0.21	0.61 0.50	0.29 0.53				4/1/2013 4/1/2013	
Credit Aggregate	419,397,779	5	-0.21	0.56	0.39				5/1/2013	
30% BoA 1-3 BB-B HY/70% CS LLI			-0.21	0.50	0.53				3/1/2013	
BROWN BROTHERS HARR <i>BBH Inflation-Linked Custom BM</i>	284,623,488	4	-0.15 -0.08	0.09 0.24	1.02 1.17	-5.03 -5.13			11/1/2012 11/1/2012	
Inflation-Linked Bonds <i>Total Inflation Linked Custom</i>	284,623,488	4	-0.15 -0.08	0.09 0.24	1.02 1.17	-5.03 -5.13	9.20 8.57	13.80 13.56	11/1/2009 11/1/2009	
Total Real Return	1,224,431,699	15	-0.13	0.40	0.76	3.39	6.55	13.58	6/1/2004	
Real Estate <i>NCREIF Property Lagged + 100bp</i>	302,710,591	4	1.18 0.08	0.88 2.81	1.09 0.08	5.65 12.00	9.62 12.00	17.14 17.10	1/1/2005 1/1/2005	
ERSRI CASH <i>BofA Merrill Lynch 3 Month US Treasury Bill G001</i>	213,999,701	3	0.01 0.00	0.02 0.01	0.01 0.00	0.14 0.07	0.11 0.11	0.16 0.10	7/1/2000 7/1/2000	
Total Cash	214,566,014	3	0.01	0.02	0.01	0.13	0.18	0.14	4/1/2004	
Russell Overlay Fd	19,056,107	0	0.04	-0.01	0.01	0.17	0.18	-0.78	9/1/2008	
TOTAL PLAN ¹ <i>Total Plan Benchmark</i> <i>60/40 Blend</i>	8,119,765,665	100	-0.70 -0.90 -0.83	1.23 1.17 1.15	1.66 1.38 1.73	14.06 15.02 12.32	12.49 11.80 11.48	1.39 1.55 -1.13	7/1/2000 7/1/2000 7/1/2000	
Total Plan ex Overlay <i>Total Plan Benchmark</i>	8,100,709,558	100	-0.74 -0.90	1.24 1.17	1.65 1.38	13.87 15.02	12.39 11.80	0.98 1.55	8/1/2008 8/1/2008	
Total Plan ex PE & RE <i>Total Plan BM ex PE RE</i>	7,269,113,213	90	-0.91 -1.06	1.35 1.29	1.58 1.59	14.33 14.97	11.25 12.08	-0.19 0.66	4/1/1996 4/1/1996	

END NOTES

7/31/2014

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

2013, 2012, 2011 - Calendar Years

RI6G23000000 TOTAL PLAN

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

15.0% Barclays U.S. Aggregate Bond Index

47.0% MSCI World Index

7.0% HFRI Fund of Funds Composite Index

4.0% BofA Merrill Lynch 3 Month US Treasury Bill

7.5% HFRI Equity Hedge (Total) Index

3.5% NCREIF Property Index 1Q in Arrears

4.0% Barclays World Govt Inflation-Linked 1-10 Yr Index Hedged US

5.0% Credit Aggregate Custom: 30% BoA1-3BB-B HY/70%CSInstLLI

7.0% Venture Economics Custom BM

Section VII.

Cash Flow

Section VIII.

Short-Term Investments

Section IX.

Defined Contribution Plan

Section XI.

OPEB Trust

TOTAL NET OF FEES

7/31/2014

Account Name Benchmark Name	Market Value	% of Total	Month	Fiscal YTD	Annualized					Inception Date
					1 Year	3 Years	5 Years	10 Years	ITD	
Mackay Shields OPEB	39,233,691.4	35.5	-0.27	-0.27	4.24				0.64	5/1/2013
Barclays U.S. Aggregate Bond Index			-0.25	-0.25	3.97				0.54	5/1/2013
SSGA S&P 500 INDX	71,237,784.5	64.5	-1.38	-1.38	16.83	16.75			15.13	5/1/2011
S&P 500 - Total Return Index			-1.38	-1.38	16.94	16.84			13.73	5/1/2011
Total OPEB	110,471,475.8	100.0	-0.99	-0.99	12.43	10.57			10.13	5/1/2011
OPEB Custom Blend ¹			-0.98	-0.98	12.34	10.16			8.50	5/1/2011

END NOTES

7/31/2014

1 RI7GX0903OPE OPEB Custom Blend

35% Barclays Aggregate and 65% S&P 500



Total Performance Summary

Report ID: IPM0005

Reporting Currency: USD

TOTAL NET OF FEES

7/31/2014

Account Name Benchmark Name	Market Value	% of Total	YTD	Month	Cumulative			2013	2012	2011	Inception Date
					6/1/2014 - 6/30/2014	5/1/2014 - 5/31/2014					
Mackay Shields OPEB	39,233,691.4	35.5	3.76	-0.27	0.08	1.15				5/1/2013	
Barclays U.S. Aggregate Bond Index			3.66	-0.25	0.05	1.14				5/1/2013	
SSGA S&P 500 INDX	71,237,784.5	64.5	5.60	-1.38	2.06	2.34	32.09	15.96		5/1/2011	
S&P 500 - Total Return Index			5.66	-1.38	2.07	2.35	32.39	16.00		5/1/2011	
Total OPEB	110,471,475.8	100.0	5.02	-0.99	1.37	1.93	15.77	9.74		5/1/2011	
OPEB Custom Blend			5.01	-0.98	1.36	1.92	15.73	8.30		5/1/2011	

END NOTES

7/31/2014

- | | | | |
|---|--------------|-------------------|--|
| 1 | RI7G10000000 | Total OPEB | YTD - Calendar Year to Date
Month - Current Month
Cumulative Months - Prior Month and Second Prior Month |
| 2 | RI7GX0903OPE | OPEB Custom Blend | 2013, 2012, 2011 - Calendar Year
65% S&P 500 and 35% Barclays Aggregate |