

U.S. Public Sector Pension Funds and Urban Revitalization: An overview of policy and programs

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Executive Summary

The following document is the product of the first two phases of the Public Sector Pension Funds and Urban Revitalization project, which is being undertaken by Ms. Tessa Hebb and Professor Gordon L. Clark and assisted by Lisa Hagerman of the School of Geography & the Environment, University of Oxford, with sponsorship from the Rockefeller Foundation. The aim of the project is to investigate and promote best practice in urban infrastructure and economic development by US public sector pension funds, and furthermore to expand the number of urban revitalization projects undertaken by these funds.

The first two phases of the project were comprised of: a) a mapping exercise, which collated basic information on each fund, and assessed the level of interest and participation in targeted investing in urban economic development projects based on published sources in the public domain; and b) of a series of interviews conducted with representatives of short-listed funds (those that had indicated some interest or level of participation in urban revitalization).

The document brings together the findings from both phases to describe the activities of the largest 53 funds in the area of urban economic development. The funds are grouped according to their levels of activity and the perceived likelihood (based on the evidence gathered in both phases) that they will enact such policies in the future.

We would particularly like to thank Kendra Strauss of the School of Geography and the Environment, University of Oxford for her assistance in both the drafting of this document and in conducting the interviews with public sector pension fund officials used in the mapping exercise. Her contribution has been invaluable.

Table of Contents

Executive Summary	i
Funds Ranked by Asset Size	v
Public Sector Pension Funds and Urban Revitalization: Introduction	1
Methodology	2
Pension Map: The findings	4
Urban Revitalization – Adopters	5
California Public Employees (CalPERS).....	5
California State Teachers (CalSTRS)	6
New York State Common	8
New York City Retirement	10
Urban Revitalization – Potential Adopters	12
Connecticut Retirement.....	12
Indiana Public Employees.....	13
Los Angeles County Employees	15
Massachusetts PRIM	16
Oregon Employees	18
Washington State Board.....	19
Urban Revitalization – Possible Adopters	21
Alaska Investment Board	21
Florida State Board.....	22
Illinois State Board.....	23
Maryland State Retirement.....	24
Pennsylvania Employees.....	24
Pennsylvania School Employees.....	25
San Francisco City & County.....	27
Texas Employees.....	28
Texas Teachers	29
Wisconsin Investment Board	31
Urban Revitalization – Less Likely Adopters	32
Alabama Retirement.....	32
Arizona State Retirement	33
Chicago Public School Teachers.....	34
Colorado Employees	34
Georgia Employees	36
Georgia Teachers.....	36
Illinois Municipal	37
Illinois Teachers	38
Illinois State Universities	39
Iowa Employees	40
Kansas Public Employees	41
Kentucky Teachers	41
Kentucky Retirement.....	42
Los Angeles Fire & Police	43
Louisiana Teachers.....	43
Michigan Retirement.....	44
Minnesota State Board	46
Mississippi Employees.....	47

Missouri Public Schools.....	48
Nevada Public Employees.....	49
New Jersey	49
New York City Teachers.....	51
New York State Teachers.....	52
North Carolina.....	53
Ohio Public Employees	54
Ohio State Teachers	56
South Carolina Retirement	57
Tennessee Consolidated	59
Texas County & District	59
Texas Municipal Retirement	60
University of California	61
Utah State Retirement	61
Virginia Retirement.....	62

Funds Ranked by Asset Size

Fund	Assets (in millions) ¹
1. California Public Employees (CalPERS)	\$148,840
2. New York State Common	\$106,843
3. California State Teachers (CalSTRS)	\$103,277
4. Florida State Board	\$92,310
5. Texas Teachers	\$77,836
6. New York State Teachers	\$73,481
7. New Jersey	\$63,591
8. Wisconsin Investment Board	\$57,982
9. North Carolina	\$56,300
10. Ohio Public Employees	\$53,691
11. New York City Retirement	\$51,892
12. Ohio State Teachers	\$48,463
13. Michigan Retirement	\$46,878
14. Pennsylvania School Employees	\$43,525
15. University of California	\$42,951
16. Washington State Board	\$42,461
17. Georgia Teachers	\$39,432
18. Oregon Employees	\$38,689
19. Minnesota State Board	\$36,282
20. Virginia Retirement	\$36,237
21. Massachusetts PRIM	\$29,300
22. Illinois Teachers	\$27,987
23. Maryland State Retirement	\$27,360
24. Colorado Employees	\$27,161
25. New York City Teachers	\$26,828
26. Los Angeles County Employees	\$26,468
27. Tennessee Consolidated	\$24,710
28. Pennsylvania Employees	\$23,831
29. Alabama Retirement	\$23,611
30. South Carolina Retirement	\$22,950
31. Missouri Public Schools	\$20,272
32. Arizona State Retirement	\$19,134
33. Texas Employees	\$18,843
34. Utah State Retirement	\$18,819
35. Connecticut Retirement	\$18,578
36. Iowa Employees	\$15,749
37. Mississippi Employees	\$15,401
38. Illinois Municipal	\$15,136
39. Nevada Public Employees	\$14,361
40. Georgia Employees	\$13,498

¹ Figures are as at September 30, 2003 and are taken from “The Top 200 pension funds/sponsors”, *Pensions & Investments*, January 26, 2004: 16-20.

Fund	Assets (in millions)²
41. Alaska Investment Board	\$13,339
42. Kentucky Retirement	\$12,422
43. Kentucky Teachers	\$12,161
44. San Francisco City & County	\$11,661
45. Illinois State Universities	\$11,638
46. Los Angeles Fire & Police	\$10,674
47. Louisiana Teachers	\$10,514
48. Texas Municipal Retirement	\$10,250
49. Indiana Public Employees	\$10,078
50. Texas County & District	\$10,002
51. Illinois State Board	\$9,524
52. Chicago Public School Teachers	\$9,432
53. Kansas Public Employees	\$9,051

² Figures are as at September 30, 2003 and are taken from “The Top 200 pension funds/sponsors”, *Pensions & Investments*, January 26, 2004: 16-20.

Public Sector Pension Funds and Urban Revitalization: Introduction

Public Sector Pension Funds and Urban Revitalization is a project of the School of Geography & the Environment, University of Oxford, with sponsorship from the Rockefeller Foundation. Its project is to investigate and promote best practice in US urban infrastructure and economic development by US public sector pension funds with the express aim of expanding the number of US urban revitalization projects undertaken by US public sector pension plans. As such, it connects explicitly with the Rockefeller Foundation's 'Working Communities' theme, which has the stated goal of "...transforming poor urban neighborhoods into working communities -safe, healthy and effective neighborhoods - by increasing the amount and quality of employment, improving the quality of all urban schools, and revitalizing poor neighborhoods through mixed-income community development."³

The first phase, started in May 2004, comprised a mapping exercise that sought to describe the range of policies and programs enacted by the 53 largest public pension funds (as ranked by *Pensions and Investments*, with figures from the 12 months ending Sept. 30, 2003) in the United States⁴ in the broad areas of urban economic development and social investing, with a particular focus on urban revitalization and programs for underserved urban communities. The fund descriptions are based on information in the public sphere, primarily from funds' own websites, and cover fund size, asset allocation, organizational and administrative structures, relevant legislation, and details of any economically targeted investment policies or initiatives. The latter include urban economic development and social investment criteria such as quotas for investing in women/minority owned businesses. Responsible contractor policies are also mentioned where relevant.

The second phase, which has followed on directly from the initial mapping exercise, involved contacting representatives of 'short-listed' funds directly to ask more in-depth questions about the nature of their investment policies and any targeted investing activities.

This paper brings together the results from both phases in order to group the funds based on their propensity to enact policies that encourage and/or mandate the adoption of investments in the area of urban revitalization.

³ Rockefeller Foundation, "Working Communities", <http://www.rockfound.org/display.asp?Context=3&SectionTypeID=19&Preview=0&ARCurrent=1>. Accessed 30/09/04.

⁴ "The Top 200 pension funds/sponsors", *Pensions & Investments*, January 26, 2004: 16-20.

Methodology

Phase 1

The mapping exercise depended upon published materials in the public domain, with most of the information drawn from the funds' own websites, annual reports, and press releases. The final product was an Excel spreadsheet with 20 columns of information for each fund. The classification matrix is detailed in Figure 1.

Matrix Description	
Number of Funds:	53
Information sources:	Websites (funds, third parties and media sources;) published accounts and information (e.g. annual reports)
Classification Columns:	Fund
	Assets (in millions)
	Website Address
	General Description
	Contact Address(es)
	Contact Telephone Number(s)
	Key Contacts
	Organizational Structure
	Appointments and Elections
	Asset Allocation (Current)
	Asset Allocation (Target)
	Fund Legislative Framework
	Legislative Framework for Targeted Investments, & Related Lawsuits
	Urban Revitalization Policy
	Targeted Investment Policy
	Partner Vehicles
	Alternative Investment Policy
	Private Equity Policy
	Women and Minority Owned Business Policy
	Responsible Contractor Policy

Figure 1. Matrix Description

Phase 2

For the second phase, the shortlist of funds was based a) on previous conversations with fund staff and advisors, and b) on the results of the mapping exercise. Those funds that indicated an interest in urban revitalization policies and programs, and/or those that had published material referencing existing policies, programs, legislation, or investigatory activities involving targeting investing, were included. The exception is CalPERS; although they have a very comprehensive series of policies and programs for targeted investing, Ms. Hebb had already conducted research with the System thus dispensing with the need for further interviewing (at this stage).

Once the shortlist had been finalized, initial attempts were made to contact representatives of the funds by telephone. In many cases only customer service numbers (1-800 numbers) were made public on the funds' websites, which caused difficulties given that many of these services are automated. It can also be difficult to connect to these numbers if calling internationally. A number of the funds were therefore approached by email in the first instance, allowing a fuller explanation of purposes of the project to be disseminated, and facilitating the request for the contact details of relevant members of staff.

The interviews themselves were conducted by telephone, except in a small minority of cases where the relevant individual specifically stated that he or she preferred to email responses to the questions asked. The total number of questions did not exceed seven, and the average interview time was approximately 15 minutes, although some were obviously much shorter while others ran closer to 40-45 minutes. Interviews were not recorded; notes were taken and the interviews transcribed from these notes directly following each interview.

Where interviews were conducted, a summary is provided after the fund description within the body of Section 2, Pension Map: The findings.⁵

⁵ For the purposes of confidentiality, the names of interviewees are not contained within this document.

Pension Map: The findings

The findings of the pension mapping exercise have been used to classify the largest 53 funds according to their status vis-à-vis the adoption of policies and programs relating to urban economic development projects. The categories are as follows:

Adopters: those that have existing policies and/or programs in place and have shown activity in investing in urban revitalization.

Potential Adopters: those that have expressed an interest in, or the intention to implement, urban revitalization (often in relation to other existing types of policies and programs).

Possible Adopters: those that have investments in the inner city as part of their asset allocation, but who do not identify such investments with the stated goal of urban revitalization.

Less Likely Adopters: those that have not shown any interest in, or likelihood of adopting an investment policy in urban revitalization.

Urban Revitalization – Adopters

California Public Employees (CalPERS)

Asset size from the 12 months ending Sept. 30, 2003	\$148,840 million
Asset Allocation as at April 19, 2004 (\$ billions)	Cash Equivalents -\$280 (-1.7%); Global Fixed Income \$45.2 (27.2%); Total Equities \$112.6 (67.8%); Real Estate \$11.0 (6.6%)

The California Public Employees (CalPERS) is the largest public sector pension fund in the U.S and one of the largest in the world, with assets exceeding \$128.678 billion. CalPERS provides retirement and health benefits to more than 1.4 million public employees, retirees, and their families and more than 2,500 employers in the State of California.

CalPERS is administered by a 13-member Board of Administration. Members are elected, appointed, or hold office Ex Officio (that is by virtue, or as a consequence, of an office held). Of the six elected members, two are elected by and from all CalPERS members and one each is elected by and from: all active State members; all active CalPERS school members; the retired members of CalPERS; and active CalPERS public agency members (employed by contracting public agencies). Of the three appointed members, two (an elected official of a local government and an official of a life insurer) are selected by the Governor and one is a public representative chosen jointly by the Speaker of the Assembly and the Senate Rules Committee. Members serve on various Committees that review issues and recommend actions to the full Board. The Board meets monthly in Sacramento, but holds one meeting a year in Southern California.

CalPERS is one of the most transparent Systems in terms of the volume and detail of information that it makes public regarding its activities and investments. It is also arguably the one of the most active in terms of targeted investing. The System has policies in the following areas, which relate to urban revitalization or to social investing more broadly:

- **Urban Revitalization:** CalPERS is part of the California Initiative that targets under served capital markets in the State of California. It invests in both private equity and real estate in these markets. The System officially adopted, in April 2003, an investment policy for the California Urban Real Estate Program (CURE). This program aims, while achieving the highest total rate of return for the system, low-to-moderate income housing, multi-family low income housing, commercial or residential or both, urban infill, community redevelopment, and the rehabilitation of core properties.
- **Economically Targeted Investment (ETI):** An investment policy was adopted on June 17, 2002 for the System's ETI program. It defines ETI as an investment that

has the collateral intent to assist in the improvement of both the national and regional economies, and the economic wellbeing of the State. Economic stimulation includes job creation, development and savings, business creation, increases or improvement in the stock of affordable housing, and the improvement of infrastructure. The goal for all assets in targeted areas is 2% of Fund assets.

- Women/Minority Owned Businesses: Although CalPERS does not have a specific policy on investing in women and minority owned businesses (WMOB), the System does invest in (and publicize it's partnerships with) such companies, for example Johnson/MacFarlane Urban Partners.
- Responsible Contractor Policy: The System adopted a policy in this area on October 14, 2003. The policy supports and encourages fair wages and benefits for workers employed by its contractors and sub-contractors, endorses small business development, market competition, and control of operating costs, and supports the ideals of labor unions and their contractors in the development and management of the System's real estate investments.

In addition to the policy's named above, the System has a mandate to invest in private equity and alternative investments, utilizing (but not limited to) partnerships and partner vehicles.

California State Teachers (CalSTRS)

Asset size from the 12 months ending Sept. 30, 2003	\$103,277 million
Asset Allocation as of June 30, 2003 (\$ millions)	US Stock \$48,980 (42.2%); Non-US Stock \$26,623 (22.9%); Fixed Income \$27,760 (23.9%); Real Estate \$5,001 (4.3%); Private Equity \$5,431 (4.7%); Cash \$2,212 (1.9%)

CalSTRS is the third largest public pension fund in the nation, which serves approximately 735,000 members. It operates with a budget of approximately \$100 million and 634 employees. The Fund has a 90-plus year history, making it one of the oldest teacher pension systems. The Barnes Act; Teachers' Retirement Law was enacted in the 1970s and added by Statutes 1010, Statutes of 1972 to provide a financially sound retirement, with adequate retirement allowances, for teachers of the State and other persons employed in connection with schools.

CalSTRS is administered by a 12-member Teachers' Retirement Board, which sets the policies and makes rules for the system. The Board also has responsibility for ensuring that benefits are paid by the system in accordance with law.

The Teachers' Retirement Board is made up of: three member-elected positions representing current educators; a retired CalSTRS member, three public representatives, and a school board representative, all appointed by the Governor and confirmed by the

Senate; and four board members who serve in an ex-officio capacity by virtue of their office. The latter positions are comprised of the Director of Finance, the State Controller, the State Superintendent of Public Instruction, and the State Treasurer. Members, excluding the ex-officio members, serve four-year terms. The board has three standing committees: Audits and Risk Management, Benefits and Counseling, Investments and its subcommittee, Corporate Governance.

The board appoints a Chief Executive Officer to administer the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer to direct the investment of the Teachers' Retirement Fund in accordance with board policy.

CalSTRS, like CalPERS, is also a partner in the California Initiative. They interpret this mandate to mean that their investment portfolio needs to broadly reflect the diversity of California which includes under-served capital markets. To date over \$2 billion approximately 2% of the fund's portfolio has been invested in the State through a number of investment vehicles, though much of this investment is in large public equity in companies that are headquartered in California. Investment also includes real estate and private equity. CalSTRS provides credit enhancement to lend its strong credit rating to community development bonds for a fee. It also enacted a Home Loan program that provides home ownership opportunities to qualified candidates, and legislation on Investment Priority for California Real Realty is enshrined in the Teachers' Retirement Law; however, while the latter does promote a minimum 25% real estate investment allocation in California realty, it does not specify other than geographical criteria. The primary driver for investment selection is rate of return. Both its real estate and private equity portfolios have outperformed their respective benchmarks. CalSTRS' Alternative Investment Program has averaged 17.2% internal rate of return since inception

Interview

CalSTRS' interviewee said that there is a lot of pressure on the System at different times to enact various types of investment policies but this pressure is difficult to gauge as it is often indirect. The interviewee stated that he has noticed that retirees are bringing more pressure to bear on the System to enact policies that they desire rather than being passive recipients of benefits, and he expects this trend to increase as the baby boomers retire in increasing numbers.

The System participates in programs that produce direct benefits for its members and retirees, such as the HLP. Affordable housing is an enormous issue in California, and the HLP targets, among others, young teachers who often cannot afford to live in the areas in which they work.

New York State Common

Asset size from the 12 months ending Sept. 30, 2003	\$106,843 million
Asset Allocation (as at March 31, 2003)	Equities Total 63.8% (Domestic 43%; Int'l 10.8%; Private Equity 6.7%; Real Estate 3.3%); Fixed Income Totals 36.2% (Bonds, Cash and Mortgages 30.2%; Inflation Indexed Bonds 6.0%)

The New York State and Local Retirement System (NYSLRS) is comprised of two different systems served by a single staff (of the Division of Retirement Services): the Police and Fire Retirement System (PFRS) with almost 36,000 members; and the Employees' Retirement System (ERS) with more than 614,000 members. There are also almost 315,000 pensioners and beneficiaries in the System, bringing the total number of participants, as of March 31, 2003, to more than 965,000.

The Fund was established by law (Retirement and Social Security Law, Chapter 687) in 1955. Subsequent additions and moderations are enacted through legislation (Chapter Laws).

Alan G. Hevesi, the New York State Comptroller, is the administrative head and fiduciary of the Retirement System. Comptroller Hevesi is the sole trustee and steward of the Common Retirement Fund and manages the almost 100 different benefit programs offered by NYSLRS. The Comptroller is advised by the 23 member Comptroller's Advisory Council, which is made up of representatives from State and local government, unions, relevant associations and business and industry.

NYSLRS also has a comprehensive program for targeted investing in the state of New York. The sole requirement for such investments is that they have return and risk characteristics at least as good as those of any comparable investments. Initiatives include:

- NYS Mortgage Pass-Through Program: Established in 1981, the program generates a market rate of return while providing home ownership opportunities for residents of the State.
- Affordable Housing Permanent Loan Program: Through agreements with the Community Development Corporation and the JP Morgan Chase Community Development Corporation, the Fund has been able to provide moderate income and low-income families across the State with the opportunity to own or rent affordable housing. By purchasing permanent mortgages at a market rate, the Fund finances the production of affordable, new multifamily housing units and the revitalization of existing deteriorated and abandoned housing.
- New York Business Development Corporation (NYBDC) Program: The Common Retirement Fund provides NYBDC with funds to make loans to small businesses for working capital, equipment, or real property. NYBDC has a goal of making at least one-third of its loans to woman or minority-owned businesses.

- Financing for Emerging Businesses: The Common Retirement Fund's private equity portfolio includes investments in 182 New York businesses with a value of \$390 million. This figure reflects only the Fund's share of these investments; the total value of New York companies held by the Fund's partnerships was \$4.6 billion as of September 30, 2002 (the most recent data available). In 2000, the Common Retirement Fund initiated the New York Venture Capital Investment Program. The Program is designed to provide investment returns consistent with the risk of private equity investing while also expanding the availability of capital for New York businesses. To date, CRF has made five commitments under the program totaling \$140 million. The five funds currently in the program are: Summer Street Capital Partners; FA Technology Ventures; Ascend Ventures; Wheatley Partners; and DeltaPoint Capital.
- Equity Real Estate Investments: The Common Retirement Fund has invested in commercial real estate throughout New York State and owns 16 office buildings, shopping centers and storage facilities. Under the real estate joint venture program, the Fund has been able to acquire properties that are in need of re-leasing, repositioning and upgrading.

In addition to policy relating to targeted investments in the State, NYSLRS also specifies the use of women and minority owned businesses in its operations. The fund uses minority and women-owned brokerage service providers when trading for the internally managed assets. For the fiscal year (2003), these brokers accounted for approximately 38% of the total commissions. In addition, the Fund's external equity managers used women and minority-owned brokers for 16% of their commission total. The Fund also utilized women and minority owned firms to execute 53% of all long term trades in implementing their fixed income policy, and less than 1% of all short term trades.

Interview

The interviewee confirmed that there are broadly two different types of economic development efforts that NYSLRS has in place for investing in the state of New York. One type is focused on the needs of individuals and pensioners, such as the affordable housing programs, and one is focused on helping New York businesses get started and grow.

The affordable housing programs are run in conjunction with a non-profit organization called the Community Preservation Corporation. They work on a project-by-project basis to get the construction loans needed for affordable housing, often in underserved areas. NYSLRS then converts each construction loan into a mortgage, backed by a third party. This program has been going since 1992 and has helped build more than 6000 units statewide. Comptroller Hevesi has increased the system's commitment by \$100m since coming to office and more than \$400m has been spent since 1992.

In terms of private equity, the Instate Investment program was started by the last Comptroller McCall in 1999 and has received an additional \$290m since that time.

NYSLRS' partner selects the companies and the Fund commits capital, which is often seed capital for start-ups. NYSLRS is often the largest investor.

The interviewee confirmed that through the New York Business Development Corporation (NYBDC), NYSLRS provides market-rate loans to small businesses. The loans are guaranteed so the assets of the system are not at risk, and the program provides tangible benefits to local communities. Another similar program involves banking development districts. These programs are implemented statewide and benefit rural as well as urban communities. This is true of the affordable housing program too, as some of the housing has been built in the most underserved rural areas.

Another aspect of the Investing in New York programs involves trying to save manufacturing jobs and/or help communities transition to new economies where the manufacturing base has been eroded. NYSLRS does a lot of work with Senator Clinton on this through the Instate Investment Program.

In terms of political pressure, the Comptroller's role is first and foremost to protect the assets of the pension fund and maintain a strong financial base for the state. There is no Board, which means he is directly answerable to retirees.

The interviewee was very positive about the success of the ETIs in the state of New York and happy to talk about the programs. He provided additional information on the different NYSLRS programs by email following the interview.

New York City Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$51,892 million
Asset Allocation as of June 30, 2003 (\$ thousands):	Short Term Investments \$1,164,737 (3.2%); Fixed Income Debt Securities - Long Term \$8,878,630 (24.3%); Private Equity Holdings \$154,758 (0.4%); Mutual Funds \$4,504,938 (12.3%); Equities - Domestic \$17,235,698 (47.2%); Collateral from Securities Lending \$4,603,501 (12.6%)

Founded in 1920, NYCERS has grown into the largest public retirement system within New York City serving with over 200,000 active members, approximately 120,000 retirees and beneficiaries, and about 7,000 terminated vested members not yet receiving benefits. NYCERS membership covers all New York City employees who are not eligible to participate in the New York City Teachers' Retirement System, the New York City Police Pension Fund, the New York City Fire Department Pension Fund or the New York City Board of Education Retirement System.

NYCERS is governed by its Board of Trustees. The Board, as prescribed by the law, consists of eleven members: the Mayor's representative, the City Comptroller, the Public Advocate, the heads of the three unions with the largest number of participating employees, and the five Borough Presidents. It is responsible for setting investment policy and acting as fiduciary in the management of the Fund.

The Board of Trustees is also responsible for appointing the Executive Director, who oversees the day-to-day operations of the agency.

NYCERS has an established policy on urban revitalization in New York City, which, where return is comparable to risk, are increasing. The Plan has financed affordable housing, resulting in the creation or rehabilitation of 10,000 housing and other units, primarily in low and moderate-income areas. Urban revitalization aims are thus achieved through the System's real estate investment strategy rather than through equity or alternative investments.

Urban Revitalization – Potential Adopters

Connecticut Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$18,578 million
Asset Allocation as of June 30, 2003:	US Equity 36.1%; Int'l Equity 11.1%; Equity Commercial Real Estate 2.3%; US Fixed Income 40.4%; Alternative Investments 10.1%

The Connecticut Retirement Plans and Trust Funds (CRPTF), which consists of six State pension and eight State trust funds, The State Treasurer is principal fiduciary for the funds, with responsibility for prudently managing the retirement funds for approximately 160,000 teachers, state, and municipal employees who are pension plan participants and beneficiaries, as well as for funding academic programs, grants, and initiatives throughout the State.

The Office of the Treasurer consists of an executive office and five divisions: The Executive Office, The Pension Funds Management Division, The Cash Management Division, The Debt Management Division, The Second Injury Fund Division, and the Unclaimed Property Division.

In addition, the Investment Advisory Council (IAC) was created by Public Act 73-594 to advise the State Treasurer regarding investment policies (CGS Sec. 3-13b). The membership of the IAC consists of the Secretary of the Office of Policy and Management (ex-officio), State Treasurer (ex-officio), five public members appointed by the Governor and legislative leadership, all of whom must be experienced in matters relating to investments, three representatives of the teachers' unions, and two representatives of the state employees' unions.

The Plans have a number of policies in place relating to economically targeted investing. State law specifies that the Treasurer may consider the social, economic and environmental implications of its investments (Section 3-13(a) of the Connecticut General Statutes). While maintaining the principles of prudent investment standards, the CRPTF may, as a matter of policy, channel a portion of its investments into underserved urban and rural markets with a special interest in investment opportunity targeted in Connecticut. Finally, the Plans' investments in real estate must adhere to the Responsible Contactor Policy set out in the Investment Policy Statement of March 13, 2002.

Interview

The interviewee asked to be contacted by email and responded in kind.

She confirmed that state law allows the Treasurer to consider the social, economic and environmental implications of its investments. This legislation guides investment decisions insofar as the Treasurer and the Investment Advisory Council question potential managers regarding a wide range of topics related to social, economic and environmental issues.

Although the System doesn't have specific ETI policies to facilitate the channeling of a portion of its investments into underserved urban and rural markets, the interviewee did state that, at this time, the Treasurer is considering several potential investment strategies for implementing this initiative.

Part III, Article VI of the Investment Policy Statement states that up to 5% of the Real Estate Fund will invest in "partnerships targeting underserved geographical areas and populations, with a focus on Connecticut." The Real Estate Fund's allocation is 5% of the total Connecticut Retirement Plans and Trust Fund (CRPTF). Presently, the total CRPTF stands at about \$20 billion, making the target for the Real Estate Fund approximately \$1 billion, and 5% of that would be \$50 million.

The interviewee is not aware of any resistance to these policies, nor legal challenges against them.

Although it would seem that Connecticut is set to expand its investments in urban revitalization and urban infrastructure, the interviewee did not herself express interest in the Rockefeller project. It is difficult to gauge the general level of interest, however, as it was not possible to speak with her on the telephone.

Indiana Public Employees

Asset size from the 12 months ending Sept. 30, 2003	\$10,078
Asset Allocation as at June 30, 2003:	For the Consolidated Retirement Investment Fund (CRIF): Fixed Income 38.1%; Large Cap Equity 32.6%; Midcap Equity 8.1%; Small Cap Equity 6.4%; Int'l Equity 9.0%; Global Equity 4.9%; Alt Assets 0.3%; Reallocation Fund 0.8%

The Indiana Public Employees' Retirement Fund (PERF) is an \$11 billion system comprised of six separately managed retirement funds, which are designed to provide secure, long-term benefits for employees who choose careers in public service. PERF currently works through more than 1,000 participating employers in Indiana to serve more than 230,000 active members and 55,000 benefit recipients and their families.

PERF was created on July 1, 1945 and is now a retirement system of the following six separately managed retirement plans:

- Public Employees' Retirement Fund;
 - 1977 Police Officers' and Firefighters' Pension and Disability Fund;
 - 1977 and 1985 Judges' Retirement System;
 - Prosecuting Attorneys' Retirement Fund.
 - Legislators' Retirement System (Defined Benefit and Defined Contribution Plans);
- and

- Excise Police and Conservation Enforcement Officer' Retirement Plan.

PERF is governed by a five member Board of Trustees, all of whom are appointed. The Chair and Vice Chair were appointed in 1999 and 1979 respectively, while the other three members have been appointed since 2002.

The Fund invests in private equity and alternative investments and the Board encourages investment opportunities that support economic development in Indiana, through investment in private equity funds that focus on Indiana and the Midwest, in accordance with its standards for prudent investments and its guiding principles. The Board further encourages its staff, consultant and general partners (GPs) to be proactive in the community, state and region in sourcing attractive partnering opportunities. PERF does not, however, have stated policies regarding urban revitalization or social investing.

Interview

Alternative investments are a relatively new type of asset for Indiana PERF and only represent in the region of 5% of the total portfolio. The decision to diversify was influenced by the fact that there are excellent research universities in the state and that that Indiana has had very strong and successful economic development policies and projects. The System invests (with other institutional investors) in an Indiana Futures Fund, a fund of funds that takes advantage of the research being done and of the innovations that can be marketed.

The interviewee pointed out that Indiana was one of the last states to be allowed to diversify into equities; this has only occurred in the last 3-5 years so there is an overall, ongoing process of education that is very important. According to him, the asset class is really oriented towards investments in the life sciences. There hasn't been any investment in real estate or in any type of social investing such as affordable housing or underserved urban areas.

The policy was formalized as investment policy but is not enshrined in statute. The Legislature in Indiana is quite hands-off in terms of allowing the Fund to make its own investing policy decisions.

The partnering statement is more of a general approach, that is, a value. Fiduciary duty comes first but where all other things are equal, the Fund will choose to invest in the state first, the Midwest second, and in the final instance in the country rather than internationally.

The interviewee suggested keeping in touch as Indiana PERA is in the process of appointing a new Chief Investment Officer, who will be heavily involved with decision about how the alternative asset class is going to evolve. He himself is very approachable.

Los Angeles County Employees

Asset size from the 12 months ending Sept. 30, 2003	\$26,468 million
Asset Allocation as of March 31, 2004:	Domestic Equity 33%; Intl Equity 24%; Fixed income 27%; Real Estate 10%; Alternative Investments 5%; Cash 1%

The Los Angeles County Employees Retirement Association (LACERA) provides retirement, disability, and death benefits to eligible Los Angeles County employees and their beneficiaries. LACERA collects, deposits, invests, and manages retirement funds collected from the County, outside agencies and districts, and County employees. There are two types of LACERA members: Safety and General. Safety members are employees in law enforcement, fire fighting, forestry, and lifeguard classifications. All other employees are General members. LACERA's retirement plans are defined benefit plans.

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the by-laws, procedures and policies adopted by LACERA's Boards of Retirement and Investments.

Two nine-member Boards have responsibility for governing LACERA: the Board of Retirement is responsible for the overall management of the retirement system; and the Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the fund. The day-to-day management and operation of LACERA is delegated to a Chief Executive Officer, who is appointed by both Boards.

While LACERA does not have an urban revitalization policy in place, it invests, through its real estate portfolio, in Urban America, America's pre-eminent vehicle for fiscally and socially prudent investment in inner city commercial real estate. In addition LACERA's Board of Investments adopted the MHLP (Member Home Loan Program) on October 1, 1992, to provide eligible members (active, retired, and survivors of deceased LACERA members) with competitive home loan financing. LACERA does not have a policy in urban revitalization at this time.

Interview

This interview began with a conversation with a Customer Service representative, who transferred the call to another, more senior employee. The first interviewee informed the interviewer that LACERA has a Member Home Loan Program (MHLP) in place that helps members and retirees purchases residential properties for habitation.

LACERA doesn't have any social investing policies apart from a Tobacco Policy. This states that, all other things being equal, LACERA will not choose to invest in companies that produce tobacco products. Because LACERA is a county fund there is less pressure on the system to put social investing policies in place. People do ask about investments in California but when this happens the Fund tends to give out accounting information

that covers all investments, including those in state. LACERA hasn't faced any legal challenges that the second interviewee is aware of to do with its investment policies.

The interviewee confirmed that the Fund does invest in Urban America, which was chosen as part of LACERA's Emerging Managers Program. This program gives opportunities to smaller investment firms. There is a selection process involving due diligence whereby firms are short listed in each relevant asset class, and then the top picks are given money to manage to generate returns. Urban America was one of the picks, though not specifically because they invest in urban revitalization.

The interviewee was very helpful and stated that he would be willing to provide more information on the Emerging Manager Program if there is interest at a later stage of the project.

Massachusetts PRIM

Asset size from the 12 months ending Sept. 30, 2003	\$29,300 million
Asset Allocation as of December 31, 2003:	Domestic Equity 41.1% Fixed Income 18.7%; High Yield Debt 3.3%; International Equity 17.4%; Emerging Markets 5.8%; Alternative Investments 5.6%; Real Estate 5.4%

The Massachusetts Pension Reserves Investment Trust ("PRIT") Fund is a pooled investment fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems, and the assets of county, authority, district, and municipal retirement systems that choose to invest in the Fund.

The PRIT Fund was created by the Legislature in December 1983 (Chapter 661 of the Acts 1983) with a mandate to accumulate assets through investment earnings and other revenue sources in order to reduce the Commonwealth's significant unfunded pension liability, and to assist local participating retirement systems in meeting their future pension obligations. The PRIT Fund merged with the Massachusetts State Teachers' and Employees' Retirement System ("MASTERS") Trust on January 1, 1997, in accordance with Chapter 315 of the Acts of 1996. The PRIT Fund consists of two investment funds: the Capital Fund and the Cash Fund. Cash, deposited and invested on a temporary basis, is transferred monthly from the Cash Fund to the Capital Fund.

The nine-member Pension Reserves Investment Management Board is charged with the general supervision of the PRIT Fund. The Treasurer and Receiver-General of the Commonwealth is a member ex officio and serves as Chairman. The Governor, or his designee, is also an ex officio member. The Governor appoints two members and the Treasurer appoints one member of the Board. The employees and retirees of the State Employees' and State Teachers' retirement systems each elect one Board member. One of the elected members of the State Employees' Retirement Board and one of the elected members of the State Teachers' Retirement Board also serve on the PRIM Board.

PRIM states that it recognizes its obligations under Massachusetts law, which include a responsibility to seek out investment opportunities that will benefit the economic climate of the Commonwealth as a whole, provided that such investments are consistent with the Board's obligations to the members and beneficiaries of its participating retirement systems under M.G.L. ch. 32, sec. 23(2A)(h)) Accordingly, in cases where investment characteristics, including returns, risk, liquidity, compliance with allocation policy, and others, are equal, PRIM will favor those investments that have a substantial, direct and measurable benefit to the economy of the Commonwealth.

PRIM's asset allocation strategy includes alternative investments; private market (that is, non-publicly traded) investments in domestic and international venture capital and special equity. PRIM publishes a full list of its Venture Capital and Special Equity Partnerships on its website.

Interview

The interviewee confirmed that there are no specific urban revitalization policies in place at present for investing in the Commonwealth; however, there is an initiative in place in this area.

Last year the Treasurer, who just came into office at that time, ordered a study called the Commonwealth Initiative. McKinsey and an NGO called Mass2020 were contracted to review the different ETI policies that other public pension funds have in place. They produced a series of guidelines, which were then formulated into a set of five guiding principles that the Treasurer and the Board were asked to vote on. They voted in favor of adopting the principles and passed a motion allowing up to 2% of the Fund's total assets to be invested in ETIs.

The target at this stage is goal but not a requirement. The five principles are structured around the concept of fiduciary duty, and in this way the principles neutralize political pressure, ensure appropriate rates of return, and ensure effective management, monitoring and reporting.

The investments will be made in all asset classes – if the Fund invests in public, private and hard assets, the ETIs will be made in all areas. This will ensure that the allocation strategy is not disrupted.

Mass PRIM does not have any other social investing policies in place at present. There have been no challenges to the investment policies of the Fund and the wording is general enough to allow for negotiation between different interpretations. Investments will have to be scrutinized and decided on a case-by-case basis.

Oregon Employees

Asset size from the 12 months ending Sept. 30, 2003	\$38,689 million
Asset Allocation as of June 30, 2003 (\$):	Fixed Income \$9,303,145,912 (25.75%); Equity \$21,087,114,214 (58.37%); Real Estate \$1,724,276,464 (4.77%); Alt Equity \$4,010,960,057 (11.11%)

The Oregon Public Employees Retirement System (PERS) and Oregon Public Service Retirement Plan (OPSRP) enable public employers in Oregon to provide members with retirement benefits. The agency also administers the Retiree Health Insurance program and the Oregon Savings Growth Plan (OSGP), a voluntary defined contribution savings plan available through employers.

The Oregon State legislature has delegated authority to the PERS Board of Trustees to administer the system. House Bill 2005 in 2003 reduced the number of Board members from 12 to 5, with 3 private sector members, one state manager member (or local elected official), and one bargaining unit employee member. The Board is now composed of five trustees who administer retirement (service and disability), death, and retiree health insurance benefits. Statute specifies Board membership as:

- Three members with experience in business management, pension management or investing that are not members of the PERS system;
- One member who is either an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state; and
- One member representing public employees.

PERS also administers the Oregon Savings Growth Plan, a deferred compensation program for state and local government employees.

PERS invests in real estate, private and alternative equities. At this point in time, however, the Fund does not have investment policies that make provisions for urban economic development or other social investment criteria.

Interview

OPERS does not invest in urban economic development, apart from one fund. In 2003 the Oregon Legislature passed a bill to create a \$100m fund to make venture capital investments in start-ups in Oregon and the Pacific Northwest. The Fund is a fund of funds and is called the Oregon Investment Fund. The Board hired a global money management firm, Credit Suisse First Boston (CSFB), to manage the fund and they will be opening and staffing a dedicated office in Oregon for the purpose. A bit of information on this is available on the website (under one of the express links, "Invest in Oregon"). The Fund was promoted by the Association of Oregon Industries (AOI) as a way of providing seed capital for new businesses in the state. The interviewee, speaking for OPERS, confirmed that the investments must be prudent, however, and must satisfy OPERS' criteria with reference to fulfilling its fiduciary duty. He stated that not everyone understands this and

some seem to see it as a big slush fund or as taxpayers' money that should be invested in the state, rather than invested assets for retirees.

There are no investments that focus on urban economic development. Pressure is constantly brought to bear on the Fund, however; this is a 'dynamic tension' as state governments are strapped for money countrywide.

There haven't been any legal challenges to the Fund's investment policies. The interviewee stated, however, that there has been close scrutiny of the management of the system over the past year and in 2003 this Board was overhauled. The Oregon Investment Council manages the Fund and it is made up of five members, including the State Treasurer, the other four of whom are appointed by the governor. The interviewee suggested that if one was to perform a search on Google, there is a great deal of material relating to the scrutiny of the management of the system but not of the management of the assets of the Fund. The interviewee stated that he is interested in seeing any public version of the final deliverable for this project that is produced.

Washington State Board

Asset size from the 12 months ending Sept. 30, 2003	\$42,461 million
Asset Allocation as of March 31, 2004 (\$):	Public Equity \$25,794,546,231 (44.7%); Fixed Income \$20,227,338,167 (35.1%); Real Estate \$4,154,632,770 (7.2%); Private Equity \$5,889,321,773 (10.2%); Cash \$1,615,518,870 (2.8%)

The Washington State Investment Board (WSIB) is a state agency that invests \$55.8 billion of assets for 33 separate funds to provide retirement benefits to State employees. The investment funds are categorized as Retirement (Defined Benefit and Defined Contribution), Industrial Insurance, Deferred Compensation, Permanent Funds and Other Trust Funds (which include the GET College Tuition Program and the State Emergency Reserve Fund).

The Board is governed by a 15-member state Investment Board (10 voting and five non-voting members). Ten are voting members, including:

- Three ex-officio members: the director of the Department of Labor & Industries; the director of the Department of Retirement Systems; and the State Treasurer.
- Five representatives of the public employee pension systems: an active and a retired member in the Public Employees Retirement System (PERS); a member of the Teachers' Retirement System (TERS); a member of the School Employees' Retirement System (SERS); and a member of the Law Enforcement Officers' and Fire Fighters' System (LEOFF).
- Two legislators: a member of the House of Representatives; and a member of the Senate.

The five non-voting members must be persons are "experienced and qualified in the field of investments" according to statute.

WSIB invests in a range of asset types, including a significant percentage (over 10% of the total fund value) in private equity. The Board has a stated policy of inward investment. The WSIB Investing in Washington Portfolio, comprised of private equity, public equity, real estate and fixed income investments, totaled \$1.3 billion as of June 30, 2003. A selection of companies, private equity partnerships, and real estate properties from this portfolio are made public on the WSIB website. The Investing in Washington policy does not include special provisions for urban revitalization or broader social investing criteria.

Interview

The interviewee confirmed that the 'Investing in Washington' policy was enacted in 2003 and so has only been in place for one year.

It was prompted by a desire to pay attention to the investment opportunities available in the state. The ETI policy puts fiduciary duty first however, and gives primacy to its processes, including due diligence. This is not investing by postcode: if all other things are equal and satisfactory returns are likely then the investment is made in the state of Washington. WSIB has created a dedicated position (Janet Kruzal, Private Equity Investment Officer) and her role is to see what money is available by meeting with VC providers and to link them with opportunities fostered by the Washington Technology Centre, in which WSIB is a partner. In this way WSIB are a conduit for fostering investment in the state.

The Investing in Washington policy is a formalization of some of what was already in place, although the new position and the policy itself have created new opportunities. The WSIB also has a mandate to perform an assessment on a yearly basis of who is investing in WA and how much they are investing, which is reported to the legislature. WSIB does not invest specifically in urban revitalization. It does not have any policies to do with WMOB, for example, which it sees as being in conflict with its fiduciary duty. There have not been any legal challenges to the WSIB's investment policies.

The discussion with the interviewee continued after the initial questions were answered. She is very interested in the Rockefeller project, although she feels strongly that ETIs need to be formulated so that investment decisions are made firstly on the basis of fiduciary duty and only then with consideration for other factors, such as locational preference. She thinks that there is a strong role for educating local and state government about fiduciary duty as funds are coming under increasing pressure, especially as state financial crises make it tempting for politicians to raid these 'pots of money'. The interviewee stated a preference for community investing through state and local government agencies rather than pension funds. She also pointed out that people who champion ETIs don't realize that they might run contrary to other government policies, especially where cost cutting is an issue. She raised outsourcing here, pointing out that many government functions are being outsourced (call centers to India, for example) and those who want to see ETIs may not realize that there can be higher labor costs involved that government itself does not want to bear.

Urban Revitalization – Possible Adopters

Alaska Investment Board

Asset size from the 12 months ending Sept. 30, 2003	\$13,339 million
Asset Allocation as of April 30, 2004:	Domestic Equities 39.49%; Domestic Fixed Income 17.76%; Private Equity 3.26%; Real Estate 8.05%; Cash and Cash Equivalents 0.01%; Int'l Equities 27.77%; Int'l Fixed Income 3.63%; Other Investment 0.03%

The Alaska State Pension Investment Board (ASPIB) was established pursuant to AS 37.10.210 on July 1, 1993. The purpose of the board is to provide prudent and productive management and investment of state pension funds. The Systems and Plans for which the ASPIB manages and invests funds are:

- Public Employees' Retirement System
- Teachers' Retirement System
- Judicial Retirement System
- National Guard/Naval Militia Retirement System
- Alaska Supplemental Annuity Plan
- Alaska Deferred Compensation Plan

The ASPIB is governed by a Board consists of eight trustees and is staffed by the Department of Revenue, Treasury Division. Three members are appointed by the Governor, one is the current Commissioner of Revenue, two are elected by the Teachers' Retirement System, and two are elected by the Public Employees' Retirement System. The trustees serve for staggered terms of four years and may be re-appointed or re-elected to the board.

The board is required to appoint an investment advisory council (IAC) composed of at least three and not more than five members who possess experience and expertise in financial investments and management of investment portfolios. ASPIB also contracts with an external consulting firm for assistance with asset allocation and strategy, performance measurement, and general consulting purposes.

The ASPIB has policies and procedures in place for enacting in its asset allocation strategy; however, it does not have specific urban revitalization policies and does not recognize social investment criteria.

Florida State Board

Asset size from the 12 months ending Sept. 30, 2003	\$92,310 million
As of month ending February 2004 (in \$ millions) for FRS, which accounts for 75% of the total SBA assets under management and all of the FRS Pension Plan assets:	Domestic Equities \$53,618 (53%); Global Equities \$3,169 (3%); International Equities \$15,571 (15%); Fixed Income \$21,189 (21%); Real Estate \$5,639 (5%); Alternative Investments \$3,266 (3%); Cash Equivalents \$371(0%)

The Florida Retirement System (FRS) is the fourth largest public retirement system in the country. The SBA manages 25 funds, comprising more than \$120 billion in assets under management at the end of fiscal year 2003, including:

- The Florida Retirement System Fund, comprising 75% of all assets under SBA management, which holds the FRS Pension Plan assets;
- The PEORP Trust Fund, which holds the assets of the new FRS Investment Plan;
- The Florida Hurricane Disaster Fund;
- The Lawton Chiles Endowment Fund;
- The Local Government Surplus Trust Fund;
- Debt service accounts for state bonds, and;
- Approximately 20 other smaller trust funds.

The SBA is represented by a three-member Board of Trustees comprised of the Governor (as Chairman), the Chief Financial Officer (as Treasurer) and the Attorney General (as Secretary). The Trustees have ultimate authority and oversight for the SBA's overall strategy. They also delegate authority to the Executive Director, who serves at the discretion of the Trustees and is responsible for managing and directing all administrative, personnel, budgeting, policy and investment functions.

The Board of Trustees also appoints six members to serve on the Investment Advisory Council, which provides independent oversight of SBA's funds and major investment responsibilities. The Council meets on an ongoing basis to discuss general policies such as risk budgets, alternative investments, and investment protection principles, while more broadly covering topics related to the general economic outlook. Members are appointed for 4-year terms pursuant to Section 215.444(2), Florida Statutes.

The FRS does not currently have any investment policies relating to urban economic development or social investing. The SBA 2002 Annual Investment Report, in its assertion of the SBA's role as Investment Fiduciary, states that the System is prohibited from pursuing social or political agendas in its investment decision-making.

Illinois State Board

Asset size from the 12 months ending Sept. 30, 2003	\$9,524
Asset Allocations at June 30, 2003:	US Equity 49%; Int'l Equity 15%; Fixed Income 22%; Real Estate 8%; Alt Investments 6%; Cash 0%

The Illinois State Board of Investments (ISBI) is created in 1970. ISBI oversees the net investment assets of the State Retirement Systems of Illinois (SRS), which is comprised of the State Employees' Retirement System, the Judges' Retirement System, and the General Assembly Retirement System.

The ISBI is governed by a Board of Trustees, made up of five appointed members including the Chairman, Vice Chairman, and recording secretary, and one member each from the three retirement systems comprising the SRS. The Board is supported by an Investment Staff and an Administrative Staff.

Each of the constituent retirement systems also has a Board of its own. The ISBI publishes a CAFR that reports on the Board as a whole, and the Systems each publish CAFRs detailing their individual financial results.

The ISBI does not itself have in place policies to encourage inward investment or urban economic development initiatives.

Interview

The interviewee confirmed that the Illinois State Board of Investment (ISBI) does not have any ETIs in place at present. ISBI is considering a \$60m account within the Real Estate portfolio for investments in the state. The allocation of assets to Real Estate will be \$1.6bn when fully funded.

He stated that people doing business in Illinois informally get first consideration from ISBI. Out-of-state interests have to 'work harder' to get an appointment, but this is not reflected in policy or statute. Fiduciary duty comes first in the eyes of the Board, therefore policies are not enacted that might contravene this.

There will be a re-allocation within the portfolio in December: Real Estate is likely to increase to 10% and Private Equity to decrease to 5%. There has not been any significant controversy over the ISBI's investment policies, but political independence is always an issue.

It should be noted that although the interviewee was helpful in answering the interview questions, he did not seem overly keen to discuss the subject of urban revitalization and did not elaborate on most answers.

Maryland State Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$27,360 million
Asset Allocation as of March 31, 2004 (\$ millions):	US Equities \$14,582.7 (48.1%); Int'l Equity \$4,642.6 (15.3%); Private Equity \$96.9 (0.3%); Fixed Income \$8,920.3 (29.4%); Real Estate \$2,076.4 (6.9%)

The Maryland State Retirement and Pension System administers death, disability and retirement benefits on behalf of over 250,000 active and former State employees, teachers, State police, judges, law enforcement officers, correctional officers and legislators. The State is the primary sponsor of this multi-employer defined benefit system; over 100 local eligible governmental agencies voluntarily participate in the System as well.

The System is managed by a 14-member Board of Trustees. The Board directs the management of the investment portfolio, adopts the actuarial assumptions necessary to properly fund the System, approves all disability retirements, and adopts rules, regulations, policies, and procedures necessary to administer the various plans.

To assist the Board in carrying out its responsibilities, the State Retirement Agency personnel collect contributions, supervise management of the investment portfolio, counsel members and administer the death, disability and retirement benefits for the 12 separate retirement plans provided by law. The Board invests the System's assets in a range of classes, including private equity and real estate. The Board does not have urban economic development policies in place at this time, nor does it include social criteria within its existing investment strategies.

Pennsylvania Employees

Asset size from the 12 months ending Sept. 30, 2003	\$23,831 million
Asset Allocation as of December 31, 2003 (unaudited) (\$ millions):	Domestic Stocks \$ 9,442.2 (38.4%); International Stocks 5,433.7 (22.1%); Currency Overlay -35.1 (-0.1%); Fixed Income 4,131.2 (16.8%); Cash 225.8(0.9%); Real Estate 2,239.6 (9.1%); Alternative Investments 2,643.5 (10.8%); Commodities 479.5 (2.0%)

The Pennsylvania State Employees' Retirement System (SERS), established in 1923, is one of the nation's oldest statewide retirement plans for public employees. SERS administers both a defined benefit plan and a defined contribution plan. The defined benefit plan is funded through a combination of employee contributions, employer contributions, and investment earnings. SERS is governed by State Employees' Retirement Code, 71 Pa.C.S. Sections 5101-5956, also referred to as the Retirement Code.

The SERS Board of Trustees is made up of 11 members: six are appointed by the Governor; two are appointed by the Senate President; and two are appointed by the Speaker of the House. The State Treasurer serves as an ex-officio member.

The SERS Board has an asset allocation strategy that spans a diverse range of classes. Policy states that where investment characteristics, including yield, risk and liquidity are equivalent, the Board's policy favors investments that have a positive impact on the economy of Pennsylvania. SERS has a relatively high asset allocation in alternative investments, and publishes a full list of its partnerships. In addition, SERS policy supports the use of women and minority owned firms to provide investment advisory services and publishes details of the firms it contracts to. Although SERS has a defined ETI policy, it does not specify urban economic development objectives.

Pennsylvania School Employees

Asset size from the 12 months ending Sept. 30, 2003	\$43,525 million
Asset Allocation as of December 31, 2003 (unaudited) (\$ millions):	Domestic Equity \$20,980.4 (44.4%); Int'l Equity \$9,123.4 (19.3%); Fixed Income \$8,508.7 (18.0%); Real Estate \$3,071.5 (6.5%); Alt. Investments \$4,506.4 (9.5%); Cash and Cash Equiv \$4,506.4 (2.3%)

The Pennsylvania Public School Employees' Retirement System has been serving the public school employees of the Commonwealth of Pennsylvania since 1917. The System membership has grown from 37,000 in 1919 to more than 300,000 in 2004. The Fund has concomitantly increased from \$7.3 million in 1924 to approximately \$50 billion in net assets today.

The PSERS Board of Trustees, consisting of fifteen members, is an independent administrative board of the Commonwealth. The members of the Board stand in a fiduciary relationship to the members of the Pennsylvania Public School Employees' Retirement System regarding the investments and disbursements of moneys of the Fund. The Board is made up of:

- Secretary of Education (ex officio);
- Treasurer of the Commonwealth of Pennsylvania (ex-officio);
- Executive Director of the Pennsylvania School Boards Association, Inc. (ex-officio);
- Two Members appointed by the Governor for a term of three years;
- One Member of the Annuitant Group elected from among their number for a term of three years;
- Three Members elected from among the Certified Contributors for a term of three years;

- One Member elected from among Non-Certified Contributors for a term of three years;
- One Member elected by members of Pennsylvania Public School Boards from among their number for a term of three years;
- Two Members of the House of Representatives appointed by the Speaker of the House, one representing the majority party and one representing the minority party, and;
- Two Members of the Senate appointed by the President Pro Tempore of the Senate, one representing the majority party and one representing the minority party.

The Executive Office is responsible for the overall management of the Public School Employees' Retirement System to achieve the primary objectives of the Fund as established by the Board of Trustees. The Executive Office monitors the operation of the investment portfolio and evaluates portfolio performance for consideration by the Board, certifies expenditures of the Fund, and measures performance of professional individuals or firms with whom the Board contracts for specialized services. The Deputy Executive Director, Assistant Executive Director, Chief Investment Officer, Internal Auditor and Chief Technology Officer report directly to the Executive Director.

PSERS invests in equities, fixed income, real estate, alternative investments, and cash and cash equivalents. The primary vehicle used to invest funds in the alternative investment class is the limited partnership. Partnerships are established by individual management groups that have been selected by the System for the purpose of investing in and managing private equity and unlisted subordinated debt positions on behalf of PSERS and other limited partners. A full list of such partnerships is made available on the PSERS website.

PSERS has not enacted investment policies pertaining to urban economic development or social investing criteria.

Interview

The interviewee confirmed that the System's Board does invest in Pennsylvania where all other factors are considered equal and enacts this policy strongly. The investments are in diverse categories; a major share is in real estate but also in other areas. The policy has been in place a long time, certainly longer than the interviewee has been an employee (more than four years).

The policy is not controversial. It makes sense for the Fund and for retirees. The Board is composed of Republicans and Democrats and as such is balanced. Decisions are non-partisan and are taken conservatively, with a very strong due diligence process. The Board follows this process closely and takes all decisions based on findings. There is no social investing of any kind nor social screening. There is no investing in underserved urban areas.

There have been no lawsuits concerning the Board's investment policies and not much controversy. There was a ban on venture capital (VC) investing but that was lifted and there is now no cap on any asset class. The Board reviews its asset allocation strategy annually and tweaks its allocation based on the review and any actuarial findings. The fund is a long-term institutional investor with long-term goals and the interviewee stated again that research and due diligence are important parts of this process.

San Francisco City & County

Asset size from the 12 months ending Sept. 30, 2003	\$11,661
Asset Allocation as at June 30,2003:	Alternative Investments 12%; Real Estate 9%; Cash 3%; Domestic Fixed Income 22%; Global Fixed Income 7%; Domestic Equity 34%; Int'l Equity 13%

San Francisco Employees' Retirement System (SFERS) provides retirement benefits for active and retired City and County employees. SFERS was created under the direction of the San Francisco Board of Administration in 1922 and the current Retirement System structure was established in the 1932 San Francisco City Charter.

The Retirement System and its staff are responsible for administering two employee benefit programs for the City and County of San Francisco: San Francisco Employees' Retirement System Pension Plan, a defined benefit plan, and San Francisco Deferred Compensation Plan, an IRS § 457 plan. The San Francisco Employees' Retirement System Pension Plan provides retirement, disability and death benefits to its miscellaneous and safety members. The San Francisco Deferred Compensation Plan, a voluntary IRS § 457 Plan, provides participants a method of deferring from current taxation part of their salary during employment for distribution after retirement.

The Retirement Board of the San Francisco Employees' Retirement System is responsible for managing the investment of the Retirement System's assets, establishing policies governing the administration, management, and operation of the retirement plans, and reviewing and approving benefit determinations. The Retirement Board is composed of seven members: three elected by the active and retired members of SFERS; three appointed by the Mayor in accordance with §12.100 of the San Francisco City Charter; and the President of the Board of Supervisors or his or her designee from among the other members of the Board of Supervisors.

SFERS has a diversified portfolio with investments in real estate, private equity and alternative investment classes. The allocations to the latter classes were recently reviewed, however, in light of lower-than-expected returns. Although the Annual Report states that one of the responsibilities of the SFERS Board is to review social investing policies of the System, there is no obvious reference to any such policies that are in place at present

Texas Employees

Asset size from the 12 months ending Sept. 30, 2003	\$18,843 million
Asset Allocation for Fiscal Year 2002 (no annual report published online):	Short Term 0.04%; Int'l Equities 17.13%; Fixed Income Bonds 42.69%; Domestic Equities 40.14%

The Employees Retirement System of Texas (ERS) is comprised of 5 retirement plans covering state employees, elected officials, law enforcement officers, and two judicial plans. ERS is responsible for the administration of state employee and retiree health insurance benefits, a deferred compensation plan, and a flexible benefits program.

The six-member ERS Board of Trustees is responsible for overseeing the functioning of the System. Three board members are appointed, one each by the Governor, the Speaker of the House, and the Chief Justice of the Texas Supreme Court. Three are elected by ERS members and retirees. Both appointed and elected members serve staggered six-year terms with the terms of appointees expiring on August 31 of each even-numbered year and those of elected members, on August 31 of each odd-number year.

The ERS invests in a limited range of asset classes and does not pursue an allocation strategy that includes alternative investments or private equity. The System does invest in the Texas Growth Fund, established under The Texas Constitution, Article 16 - GENERAL PROVISIONS, Section 70 - TEXAS GROWTH FUND, which states that all investments of the fund shall be directly related to the creation, retention, or expansion of employment opportunity and economic growth in Texas.

The Texas Growth Fund is a product of TGF Management Corp., which manages three private equity funds with committed capital in excess of \$575 million. The Texas Growth Fund prefers to invest in established, well-managed companies with operations in Texas, structuring equity and subordinated debt investments that finance buy-and-build strategies, internal expansions, and buyouts of small- to middle market companies.

ERS does not have any other policies related to ETI, however, nor does it recognize social investment criteria in its investment policies.

Texas Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$77,836 million
Asset Allocation as of August 31, 2003 (\$ billions):	Equities \$52.697 (66.9%); Fixed Income \$29.282 (29.8%); Alternative Investments \$1.991 (2.3%); Short Term \$0.650 (1.0%)

The Teacher Retirement System of Texas (TRS) is the state's largest public retirement system in both membership and assets. TRS serves more than 1,000,000 members, including 847,000 public education employees and 201,000 annuitants. System net assets total approximately \$72 billion.

TRS had its beginnings in the 1920s, and the Texas Legislature proposed an amendment to the Constitution of Texas on the November 1936 ballot that aimed to establish the System in law. Voters approved the amendment and, with enabling legislation passed in 1937, the Teacher Retirement System of Texas was formed. Article 16, Section 67, of the Texas Constitution charters the System to provide retirement and related benefits for those employed by the public schools, colleges, and universities supported by the State of Texas.

The Board of Trustees is responsible for the administration of the System under provisions of the state constitution and laws. The Board is composed of nine trustees, who are appointed to staggered terms of six years:

- Three are direct appointments of the Governor;
- Two are appointed by the Governor from a list prepared by the State Board of Education;
- Two are from the three public school district active member candidates who have been nominated for each position by employees of public school districts;
- One is from the three higher education active member candidates nominated by employees of institutions of higher education, and finally;
- One is appointed from the three retired member candidates who are nominated by retired TRS members.

Appointments are subject to confirmation by the Senate.

The System does not have an urban economic development policy for its investments. It did, however, institute the HUB program for promoting and increasing purchasing and contracting opportunities for businesses owned and certified as HUBs. HUBs are defined as a corporation, sole proprietorship, partnership or joint venture formed for the purpose of making a profit, whose principal place of business is in the State of Texas and at least 51 percent is owned, operated, and actively controlled and managed by one or more of the following: Asian Pacific Americans; Black Americans; Hispanic Americans; American Indians; and American women. Under this program, TRS commits to make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases.

Interview

The interview with Texas Teachers was conducted via email, at the request of the interviewee.

He wrote that the TRS HUB program, which sets targets for procurement from women and minority owned businesses (WMOBs) in the state of Texas, was established on Sept. 1, 1993 in response to House Bill 2626, 73rd Legislature. This program is monitored by Texas Building and Procurement Commission, which includes monitoring state agency compliance with HUB utilization, certifying businesses as HUBs, maintaining a Centralized Masters Bidder's List, and providing contracting opportunities, education and assistance to HUBs.

From the agency standpoint, there was no opposition. TRS' HUB percentages have gradually increased from 1.25% in FY1992 to 21.03% in FY2003. TRS reported its highest percentage of 25.83% in FY2000. TRS' commitment to this program will continue as directed by legislation or rule change.

TRS' investment policy statement recognizes that TRS assets are held in trust for the exclusive benefit of plan participants pursuant to Texas Constitution art. XVI, section 67. The only economically targeted investments made by TRS and mentioned in TRS investment policy have been in the Texas Growth Fund, which was created pursuant to Texas Constitution art. XVI, section 70. Under that provision, the trustees of investing funds such as TRS are exculpated from liability for their decision to invest in the Growth Fund. The Growth Fund targets its investments in companies having a significant presence in Texas.

TRS does not currently invest in urban revitalization or infrastructure projects. Under Texas Constitution art. XVI, section 67, TRS may only invest in "securities." TRS could conceivably invest in this asset class in the future as part of its pending real estate strategy by acquiring passive investment interests in collective investment vehicles (e.g., limited partnerships) having an appropriately diversified investment strategy. TRS is in the process of engaging a consultant to assist and advise TRS on its overall real estate investment strategy.

As far as the interviewee is aware, no TRS investment policies have formed the basis of any asserted legal claim that such policies violated any legal duties owed to plan participants.

Wisconsin Investment Board

Asset size from the 12 months ending Sept. 30, 2003	\$57,982 million
Asset Allocation for Fixed Retirement Trust Fund Holdings as of December 31, 2001 (\$ millions)	Equities \$30,938 (59.3%); Fixed Income \$16,397 (31.4%); Real Estate \$2,096 (4.0%); Non traditional \$2,216 (4.2%); Cash & Cash Equivalents \$528 (1.0%).
Variable Retirement Trust Fund Holdings as of December 31, 2001(\$ millions):	Equities \$6,203 (97.8%); Cash and Cash Equivalents \$138 (2.2%); Variable Retirement Trust Fund: Cash 2%; International Stocks 18%; Domestic Stocks 80%.

The State of Wisconsin Investment Board (SWIB) is the state agency that invests the assets of the Wisconsin Retirement System (WRS), State Investment Fund and other state trust funds. The WRS Trust Funds make up about 90% of the assets managed by SWIB. According to the SWIB website, as of March 31, 2004, SWIB managed more than \$72.1 billion in investments.

The Investment Board was created under section 15.76 of the statutes. The Board's duties as manager of the State's trust funds are provided in chapter 25 of the statutes. As specified by Wisconsin law, overall policy for the Investment Board is established by an independent, nine-member Board of Trustees. Trustees are responsible for appointing the Executive Director and the Director of Internal Audit and their other responsibilities include establishing asset allocation, investment guidelines, and performance benchmarks. Board meetings are held monthly. SWIB manages the investments of the Wisconsin Retirement System, the State Investment Fund (SIF), which offers short-term investments for state and local governments, and five other state funds invested according to their objectives.

SWIB invests in Wisconsin companies, both as part of its standard asset allocation strategy and because, according to their literature, SWIB makes special efforts to consider the opportunities available in the state. The 'Invest in Wisconsin' section of their SWIB website outlines the Board's investments in the state, which include public stock, commercial paper, certificates of deposit, private equity and market rate loans, and real estate investments. SWIB also tries to direct 5% of trading commissions to Wisconsin-based brokerage firms. There is no specific program or policy for targeting underserved urban areas or for urban economic development in the state, however. There is also no mention of other social investing strategies, or WMOB and/or responsible contractor policies.

Urban Revitalization – Less Likely Adopters

Alabama Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$23,611 million
Asset Allocation as of September 30, 2003 (3 Funds):	
RSA	Domestic C&P Stock 45.7%; Money Market Securities 5.3%; C&P Stock Int'l 9.1%; Real Estate 6.1%; US Gov't Guar Bonds 0.3%; Fixed Inc Bonds Domestic 30.1%; US Agency Securities 4.1%; Mortgage Backed Securities 1.1%;
ERS	Domestic C&P Stock 43.1%; Money Market Securities 3.3%; C&P Stock Int'l 8.7%; Real Estate 6.4%; US Gov't Guar Bonds 0.23%; Fixed Inc Bonds Domestic 30.1%; US Agency Securities 4.0%; Mortgage Backed Securities 0.9%;
JRF	Domestic C&P Stock 50.0%; Money Market Securities 5.1%; Real Estate 1.1%; Fixed Inc Bonds Domestic 31.6%; US Agency Securities 9.1%; Mortgage Backed Securities 0.5%;

The Retirement Systems of Alabama (the Systems) aim operate with the stated aim of serving the interests of members by preserving the excellent benefits and soundness of the Systems at the least expense to the state of Alabama. The Systems are composed of the State of Alabama Employees' Retirement System (ERS) and the State of Alabama Teachers Retirement Systems (TRS). System assets are invested in three Funds.

The ERS and TRS are each represented by a Board of Control. The State Treasurer, State Personnel Director, State Finance Director, and Chairman sit on both as ex-officio members. The ERS Board is also made up of six elected members representing local employees, and three appointed members. The TRS Board is made up, in addition to the ex-officio members, of 10 elected representatives.

The Funds do not invest in private equity or alternative investments classes. Alternative investments may consist of, but not limited to, mezzanine financing, LBO's, venture capital, limited partnerships, futures, commodities, and derivative investments. All invest in real estate portfolios. While no economic regeneration policy is currently in place, there is reference in the 2003 CAFR to the System's real estate investment policy. Projects in progress include the RSA Battle House Hotel and office complex in Mobile,

"to assist in the revitalization of downtown Mobile". This does not amount to a concerted urban revitalization strategy; however, it indicates that urban revitalization objectives may be taken into account in the selection of real estate investments. The Systems also states that it recognizes that a stronger Alabama equates with a stronger retirement system and thus investments in Alabama businesses are encouraged where other criteria are met.

Arizona State Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$19,134 million
Asset Allocation as at June 30, 2003 (\$ billion):	US Equity \$10.6 (57.15); Int'l Equity \$3.1 (16.5%); US Fixed Income \$4.9 (26.4%)

The Arizona State Retirement System (ASRS) encompasses the state, including the three state universities, all ten community colleges, 14 out of 15 counties (all except La Paz), most cities and towns, most school districts and other political subdivisions within the State of Arizona. The ASRS is governed by the retirement-related statutes of the State (Title 38, Chapter 5, Articles 1, 2 and 2.1.)

The mission of the ASRS is to contribute toward its members' long-term financial security by providing retirement, disability, survivors' and health insurance benefits; and by counseling and disseminating information to its members.

ASRS is governed by a Board, composed of the following nine members appointed by the governor pursuant to section 38-211:

- Five members from among the membership of as follows:
 - (a) An educator.
 - (b) An employee of a political subdivision.
 - (c) A retired member.
 - (d) An employee of this state.
 - (e) An at large member who may represent any ASRS member group.
- Four members who are not members of ASRS to represent the public.

Four of the members must have at least ten years' substantial experience as any one or a combination of the following: an employee or principal of a trust institution, investment organization or endowment fund acting either in a management or an investment related capacity; a chartered financial; a professor at the university level teaching economics or investment related subjects; an economist; or any other professional engaged in the field of public or private finances.

The members of the ASRS board and their terms and compensation are dictated by Arizona statute (A.R.S. 38-713).

The ASRS invests only in equities and fixed income classes. The System does not have an ETI policy; Statute 38-719 puts forth a maximum eligible that ASRS may invest in economic development in Arizona, but the ASRS currently has a zero percent allocation to those types of investments. The ASRS does not invest in urban revitalization or economic regeneration projects, nor does it specify social criteria in its investment policies.

Chicago Public School Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$9,432
Asset Allocation as at June 30,2003 (\$ millions)	: Int Equity \$950, 10%; Public REITs \$243, 2.6%; Private Equity \$109, 1.2%; Fixed Income \$2,866, 30.5%; Cash Equity \$420, 4.4%; Real Estate \$504, 5.3%; Domestic Equity \$435.1, 46.0%

The Public School Teachers' Pension and Retirement Fund of Chicago (CTPF) is the administrator of a multi-employer defined benefit public employee retirement system. The state legislature established CTPF in 1895 to provide retirement, survivor, and disability benefits for certain certified teachers and employees of the Chicago public schools.

CTPF is administered in accordance with Illinois Compiled Statutes (ILCS) Chapter 40, Articles 1,17,20. CTPF is governed by a 12-member Board of Trustees (six elected by the teacher contributors, three elected by the annuitants, one elected by the principal contributors, and two appointed by the employer, Board of Education).

CTPF has a diversified portfolio structure that includes investments in private equity, REITs, and real estate. The Fund states that it directed over \$1,670,026 of commissions to qualified minority brokers and recaptured over \$752,002 of commissions to help lower the net investment expenses of the Fund. CTPF does not, however, have economically targeted investing policies for urban revitalization in place.

Colorado Employees

Asset size from the 12 months ending Sept. 30, 2003	\$27,161 million
Asset Allocation as of December 31, 2003:	Domestic Stocks 47.8%; Int'l Stocks 113.2%; Alt Investments 11.1%; Real Estate 11.2%; Fixed Income 12.8%; Cash and Short Term 2.7%; Timber 1.2%.

PERA provides retirement and other benefits to the employees of more than 380 government agencies and public entities in the state of Colorado. Its membership includes employees of the Colorado state government, most teachers in the state, many university and college employees, judges, many employees of cities and towns, state troopers, and the employees of a number of other public entities.

Established by state law in 1931, PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51 of the Colorado Revised Statutes. In accordance with its duty to administer PERA, the Board of Trustees has the authority to adopt and revise Rules in accordance with state statutes.

The trust funds are then invested by PERA under the direction of a Board of Trustees, who are fiduciaries and are held to a high standard of prudence in investing the trust funds. Of the 16-member Board, 12 are elected by the active members and two are elected by retirees. In addition, the Colorado State Treasurer and the State Auditor serve as ex-officio trustees.

There are approximately 230 staff members responsible for the day-to-day operations of PERA. They manage the investment process, administer the payment of benefits, and provide other support services.

PERA's investment policy states that it recognizes the opportunities in Colorado, and thus makes direct investments in both Colorado companies and Colorado real estate. PERA has Colorado investments in each asset class, which include stock in established, publicly traded companies as well as investments in businesses that rely on private equity for growth and expansion. PERA does not have specific policies relating to affordable housing, or urban economic development nor does it have in place a responsible contractor policy relating to its real estate investments.

Interview

The interviewee confirmed that Colorado Employees (or Colorado Public Employees' Retirement Association - CPERA) does not at present have any official policies relating to economically targeted investments. She stated strongly that the role of the Fund managers is to maximize returns, therefore no preference is given based on geographical criteria to any one type of investments.

That said, the interviewee stated that opportunities do arise in Colorado as the result of a healthy economy, especially in the area of private equity. Colorado has a strong market for start-ups and a strong private equity community. Colorado PERA also invests in CHFA (pronounced cha-fa) which, like Colorado PERA, is not a government agency. CHFA invests in affordable housing in the state and Colorado Employees contributes to its mandate through its investment activities, including the Family Taxable Bond.

The interviewee stated that the 'Impacting' Colorado's Economy' pages on CPERA's website are targeted at the members of the state legislature. CPERA itself does not have an activist board, and is not a political entity (apart from the political nature of the role of the state Treasurer). There has not historically been much friction in terms of the formulation of investment policy, although there has been the occasional issue (such as when a local vendor lost out on the contract for the state's 401k plan, and complained to the governor). There have not been any lawsuits that the interviewee is aware of. The fund did attract attention a few years ago, however, when it lost its funded status after 26

years following the election of a new administration (the Owens administration) that reduced employer contributions right around the time of the market downturn.

Georgia Employees

Asset size from the 12 months ending Sept. 30, 2003	\$13,498 million
Asset Allocation	Not published.

The Employees' Retirement System of Georgia (ERSGA) by statute administers eight separate and distinct retirement systems/programs: the Employees' Retirement System (ERS), the Public School Employees Retirement System (PSERS), the Legislative Retirement System (LRS), the Georgia Judicial Retirement System (GJRS), the Georgia Defined Contribution Plan (GDCP), the State Employees' Assurance Department (SEAD), The Georgia Military Pension Fund (GMPF), and the State Social Security contracts with political subdivisions.

A Board of Trustees is responsible for the administration of the ERS. Daily operations are under the direct administration of the Director and staff. Other retirement systems included under the authority of ERS are: The Public School Employees Retirement System (PSERS), the Legislative Retirement System (LRS), the Georgia Judicial Retirement System (GJRS), and the Georgia Defined Contribution Plan (GDCP). ERS also administers the Group Term Life Insurance program. PSERS is administered by a Board of Trustees consisting of the Board of Trustees of the Employees' Retirement System plus two additional members appointed by the Governor.

At this time, ERSGA does not publish annual reports, performance statements, investment policy information or asset allocation information on its public website. With limited information available in the public domain, it is difficult to determine whether the System has policies covering urban economic development or other social investing criteria.

Georgia Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$39,432 million
Asset Allocation as of June 30,2003 (\$ millions):	Equities \$20,059 (51.5%); Fixed Income \$17,961 (46.2%); Short-term Securities \$903 (2.3%)

The Teachers' Retirement System of Georgia (TRSGA) administers the fund from which teachers in the state's public schools, many employees of the University System of Georgia, and certain other designated employees in educational-related work environments receive retirement benefits. TRSGA manages the retirement accounts of approximately 200,000 non-retired (active) members, and pays a monthly benefit to approximately 54,000 retired members and survivors. TRSGA retiree payroll is in excess of one billion dollars per year.

TRSGA benefits are administered and paid in accordance with laws enacted by the Georgia Legislature.

A Board of Trustees administers the Teachers Retirement System of Georgia (TRSGA). The Board is composed of ten members, including:

- Two Ex-officio members: the State Auditor; and the Director of the Office of Treasury and Fiscal Services.
- Five Governor’s appointees: two classroom teachers who are TRSGA members and are not employed by the Board of Regents; one TRSGA member who is a public school administrator; and one TRSGA member who is not an employee of the Board of Regents; a citizen of the state.
- One appointee of the Board of Regents who is a TRSGA member.
- Two appointees made by the Board of Trustees: one who is a retired TRSGA member; and one who is a citizen of the state, not a member of TRSGA, and is experienced in the investment of money.

The Board appoints TRSGA’s Executive Director who is responsible for the proper operation and staffing of TRSGA, engaging such actuarial and other services as necessary to transact business, and paying expenses necessary for operations.

Although TRSGA is a component unit of the State of Georgia's financial reporting entity, it is accountable for its own fiscal matters and presentation of separate financial statements. TRSGA has the power and privileges of a corporation and the right to bring and defend actions.

TRSGA invests in a limited range of asset types and does not have private equity or alternative investment classes in its portfolio. The Board does not have policies in place for urban economic development or other social investing criteria such as WMOB.

Illinois Municipal

Asset size from the 12 months ending Sept. 30, 2003	\$15,136 million
Asset Allocation as of December 31, 2001:	US Stock 38.9%; US Fixed Income 36.2%; International 13.9%; Short Term Investments 3.4%; Real Estate 4.2%; Alternative 3.4%

The Illinois Municipal Retirement Fund (IMRF) was created in 1939 by the Illinois General Assembly and began operating in 1941 with 5 original employers and \$5,000 in assets. Today IMRF serves more than 2,800 employers and has more than \$16.3 billion in assets. As of December 2003, IMRF counted 167,952 active members, 75,775 annuitants, and 2,871 local units of government in Illinois. IMRF administers three plans: Regular IMRF, Sheriff’s Law Enforcement Personnel (SLEP), and the Elected County Official Plan (ECO).

IMRF is established under statutes adopted by the Illinois General Assembly and is governed by a Board of Trustees. Eight Trustees must also be participating members and one trustee must be receiving an IMRF annuity. Four trustees are elected by employers,

three are elected by participating members, and one non-voting annuitant trustee is elected by IMRF annuitants (individuals receiving IMRF retirement benefits). Trustees receive no compensation, only reimbursement for expenses.

The Board appoints an Executive Director who is responsible for all administrative functions and supervision of staff employees. The Board also appoints medical and investment consultants, an actuary and an independent auditor.

Although the IMRF has a diversified portfolio and invests in real estate and alternative investment classes, it does not at present have urban economic development policies in place.

Illinois Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$27,987 million
Asset Allocation as of March 31, 2004 (\$ millions):	U.S. Equities \$15,226 (48.3%); Fixed Income 7,670 (24.3%); International Equities \$5,214 (16.5%); Real Estate \$2,576 (8.2%); Private Equity \$779 (2.5%); Short-Term Investments \$88 (0.2%)

The General Assembly of the State of Illinois created the Teachers' Retirement System (TRS) in 1939 for the purpose of providing retirement annuities and other benefits for teachers, annuitants, and beneficiaries. TRS is a public pension defined benefit plan that provides its members with retirement, disability, and survivor benefits.

TRS is governed by an 11-member Board of Trustees. Trustees include the state superintendent of education, four trustees elected by contributing TRS members, four trustees appointed by the governor, and two trustees elected by TRS annuitants.

The president of the Board of Trustees is, by law, the Illinois superintendent of education. The Board of Trustees elects its vice president from among its members. The Board of Trustees appoints an executive director who also serves as the secretary of the Board of Trustees. The executive director is responsible for daily operations at TRS.

The TRS strategic allocation strategy includes increasing private equity and real estate investments (up to a maximum of 6% and 14% respectively). TRS is looking to decrease its allocation in other asset classes, including U.S. equities and fixed income. Although the System does not had an ETI policy in place, House Resolution 725 (Illinois Pension Funds Utilize Chicago Stock Exchange) urges all Illinois pension systems to utilize the Chicago Stock Exchange whenever possible, recognizing that Illinois pension systems should not compromise fiduciary responsibility in order to do so. In addition, Allocation of Brokerage Business Senate Bill 518 (Allocation of Brokerage Business) stipulates that, beginning July 1, 2004, the Illinois State Board of Investment

and the board of trustees of each retirement system or pension fund are required to allocate specified portions of brokerage business, on an annual basis, to brokerage or investment banking firms that are based in Illinois or are minority owned businesses or female owned businesses as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. Finally, Senate Bill 517 (Responsible Contractor, Real Estate Investment Policy) requires every pension system in Illinois to adopt a responsible contractor policy (RCP) with respect to real estate holdings.

Illinois State Universities

Asset size from the 12 months ending Sept. 30, 2003	\$11,638
Asset Allocation as at June 30, 2003:	Equities 68%; Fixed Income 32%

State Universities Retirement System of Illinois (SURS) was created by the Governor of Illinois and the General Assembly in 1941. Today SURS serves over 70 employers in Illinois including state universities, community colleges, and state agencies. It employs more than 100 people in offices in Champaign and Chicago and provides benefit services to over 145,000 members throughout the world.

SURS is governed by an eight member Board. All members are appointed by the Governor and serve six-year terms. All members of the current Board were appointed on July 21, 1995 and are serving re-appointment terms.

SURS invests primarily in US and international equities and fixed income classes, although the 2003 Annual Reports also makes reference to private equity, bonds, real estate, and the Opportunity Fund. The latter was created during fiscal year 2000 to provide an arena for investments in new opportunities, which might otherwise not be included in the total investment portfolio. The System does not at present have in place policies for urban economic development or other social investing policies.

Interview

This interview was very brief, and was conducted with a Customer Service representative of the System who answered the call to the general contact number. It was difficult to speak with anyone senior. Questions were relayed to an advisor in the Fund's legal department, but rather than answer the questions directly the advisor gave the answers to the customer agent to report back. She confirmed that the Senate Bill responsible for creating the Illinois Opportunity Fund was never passed and stated that it would not have affected the System regardless. Information about it only appeared on the System website as a point of general interest.

The system has no urban economic development policies. It has not faced any legal challenges to its investment policies.

Iowa Employees

Asset size from the 12 months ending Sept. 30, 2003	\$15,749 million
Asset Allocation as of June 30, 2003 (\$ millions):	Domestic Equity \$4,571 (29.7%); Int'l Equity \$2,367 (15.4%); Private Equity/Debt \$934 (6.1%); Global Fixed Income \$5,719 (37.2%); Real Estate \$917 (6.0%); Tactical \$777 (5.1%); Short Term Cash \$90 (0.6%)

The principal purpose of the Iowa Public Employees' Retirement System (IPERS) is to provide an adequate retirement plan for career public employees of the State. From its inception in 1953, IPERS has been designed to supplement both Social Security and private savings and is governed by Iowa Code chapter 97B. Since 1953 IPERS' activities have been directed toward fulfilling the foundational purpose of the System, as described in § 97B.2.

The IPERS Investment Board is created by state statute to establish policies for, and oversee, the investment and actuarial programs of the System. The Investment Board consists of eleven members, including seven voting members and four nonvoting members. The voting members are as follows:

- Three public members, appointed by the Governor, who are not members of IPERS and who each have substantial institutional investment experience or substantial institutional financial experience.
- Three members, appointed by the Governor, who are members of IPERS: one must be an active member who is an employee of a school district, area education agency, or merged area; one must be an active member who is not an employee of a school district, area education agency, or merged area; and one must be a retired member of IPERS.
- The Treasurer of State.

The nonvoting members of the Investment Board are: two State Representatives (one appointed by the Speaker of the Iowa House of Representatives and one by the Minority Leader of the Iowa House); and two State Senators (one appointed by the Majority Leader of the Iowa Senate and one by the Minority Leader of the Iowa Senate). The term for an Investment Board member appointed by the Governor is six years. Gubernatorial appointees are subject to confirmation by the Iowa Senate.

IPERS has a diversified asset allocation strategy. The System has a stated policy of opposing investment strategies that seek to promote specific social issues or agendas through investment or divestment in IPER's assets. IPERs claims that to act otherwise would be construed as a violation of fiduciary duty.

Kansas Public Employees

Asset size from the 12 months ending Sept. 30, 2003	\$9,051
Asset Allocation as at June 30, 2003:	International Equity 18.5%; Fixed Income 24.4%; Cash 0.3%; Real Estate 7.0%; Alternative Investments 5.3%; TIPS 10.0%; Domestic Equity 34.5%

Kansas Public Employees Retirement System (KPERS) provides three statewide defined-benefit retirement plans for state and local public employees: Kansas Public Employees Retirement System; Kansas Police and Firemen's Retirement System; Kansas Retirement System for Judges. Membership totals almost 240,000 or nearly one in every 12 Kansans.

The KPERS Board of Trustees, which governs the System, is comprised of nine members. Four are appointed by the Governor, two are appointed by legislative leaders, two are elected by Retirement System members, and one is the elected State Treasurer. All serve four-year terms.

KPERs utilizes limited partnerships to invest in an alternative investment program. The System continues to sustain investment relationships with 35 different investment managers diversified over 53 partnership funds. KPERS does not have a policy of partnering to deliver inward or economically targeted investments, however. The System doesn't have policies on social investing either.

Kentucky Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$12,161 million
Asset Allocation	Not published.

Established by law in 1938, the Teachers' Retirement System of the State of Kentucky (KTRS) became operational on July 1, 1940. KTRS is classified as an "actuarial reserve, joint-contributory" system, meaning that contributions of the members and employers and the earnings from KTRS investments are placed in reserve to pay for the System's annuity obligation. KTRS currently serves over 56,000 active members, and over 27,000 annuitants, and operates under the Kentucky Teachers' Retirement Law.

KTRS administration is the responsibility of the Board of Trustees, consisting of nine members. Of these, two members are Active Teacher Trustees, two are Lay Trustees, one is a Teacher Trustee, and one is a Retired Teacher Trustee. The Commissioner of the Department of Education and State Treasurer serve ex-officio. The Board of Trustees appoints an Executive Secretary who is responsible for administering KTRS under the policies established by the Board.

At this time, KTRS does not publish annual reports, performance statements, investment policy information or asset allocation information on its public website. With limited

information available in the public domain, it is difficult to determine whether the System has policies covering urban economic development or other social investing criteria.

Kentucky Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$12,422
Asset Allocation as of June 30, 2003:	Domestic Equity 38%; Int'l Equity 13%; Fixed Income 29%; Alternatives 4%; TIPs 11%; Cash 5%

Kentucky Retirement Systems (KRS) is responsible for the investment of funds and administration of benefits for over 267,000 state and local government employees in the Commonwealth of Kentucky. These employees include state employees, state police officers, city and county employees, as well as non-teaching staff of local school boards and regional universities

KRS administers the Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS) and State Police Retirement System (SPRS). KERS, CERS and SPRS are "qualified" public defined benefit plans under Section 401(a) of the Internal Revenue Code. Defined Benefit plans pay benefits based on a formula, while Defined Contribution plans (such as a 401(k) plan) pay benefits based on contributions and earnings on those contributions.

The systems are administered by a nine-member Board of Trustees composed of: two trustees elected by KERS members; two trustees elected by CERS members; one trustee elected by SPRS members; three trustees appointed by the Governor; and the Secretary of the State Personnel Cabinet. One of the trustees appointed by the Governor must be knowledgeable about the impact of pensions on local government and elected trustees may serve no more than three terms consecutively. The Board appoints the Executive Director to oversee administration.

KRS invests in equities, fixed income, TIPs, cash and alternatives (including private equity). KRS does not currently have policies relating to urban economic development or social investing criteria, nor does it specify policies relating to investments in the Commonwealth.

Los Angeles Fire & Police

Asset size from the 12 months ending Sept. 30, 2003	\$10,674
Asset Allocation as at June 30, 2002:	Stocks 55%; Bonds 27.7%; Real Estate 8%; Alt Investments 3.5%; Cash Equivalents 5.8%

The Department of Fire and Police Pensions administers the pension system for sworn firefighters and police officers, and is responsible for the investment of pension funds. Article XVII of the 1899 legislation establishing the System, extensively amended in 1967, and a New Pension System (Article XVII) introduced in 1967 form the basis of the modern system.

The Department of Fire and Police Pensions is part of the City Council of Los Angeles and is served by a Board of Commissioners comprised of 8 members.

The Department does not advocate targeted investments in urban revitalization or social investing. The 2002 Annual Report states that, in the context of proxy voting, the Department “generally abstains on issues of a social, political, or environmental nature that have no expected economic impact on the System's assets”.⁶

Louisiana Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$10,514
Asset Allocation as at November 30,2003:	Cash 4%; Equities 53%; Fixed Income 21%; Private Equity 22%

The Teachers' Retirement System of Louisiana (TRSL), with more than \$10.5 billion in assets, is the state's largest public retirement system, providing services and benefits to more than 150,000 individuals. State laws governing TRSL retirement are found in Louisiana Revised Statutes, Title 11, Sections 1-309 and 701-947, and the Louisiana Constitution, Article 10, Section 29

TRSL is a public trust fund founded on August 1, 1936, to provide retirement benefits for its members. TRSL provides benefits to 50,000 retirees, survivors, and beneficiaries.

TRSL is governed by a 16-member Board of Trustees. There are 12 elected members, including: representatives elected by active members in each of TRSL's seven districts; one elected representative for employees paid with school food service funds; one for employees of state colleges and universities; and one for members employed as a parish or city superintendent of schools. There are two members elected by retirees. There are also four ex officio members including the State Superintendent of Education, the State Treasurer, and the Chairmen of the Senate and House Retirement Committees.

⁶ Fire and Police Pension Systems (2002) *Department of Fire and Police Pensions 2002 Annual Report*, pp. 8.

While TRSL does not have a specific urban revitalization program, it does have policies in place relating to ETIs. Act 788 of 2003 mandates that TRSL direct 10% of trades (equity and fixed income) to brokers that are incorporated in Louisiana. Another 10% must be directed to brokers that have an office in Louisiana but are incorporated outside of Louisiana. It also provides for a venture capital program with one aim of fostering economic development in Louisiana. As required by Act 788, the TRSL Board of Trustees has approved the establishment of a program for investing in venture capital, emerging businesses, and money managers focused on Louisiana (the “Program”). The Program is intended to enhance economic development in Louisiana by stimulating job creation and capital formation through investments in Louisiana businesses, as well as result in a market rate of return for TRSL.

Michigan Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$46,878
Asset Allocation: Public School Employees' Retirement System as of September 30,2003	Public School Employees' Retirement System as of September 30,2003: Domestic Equity 46.2%; International Equity 9.4%; Fixed Income 17.8%; Real Estate and Mortgages 8.7%; Alternative Investments 14.2%; Short Term Investments 3.7%/
Judges' Retirement System:	Domestic Equity 44.5%; International Equity 8.4%; Fixed Income 20.6%; Real Estate and Mortgages 11.3%; Alternative Investments 9.8%; Short Term Investments 5.4%
State Employees' Retirement System:	Domestic Equity 44.8%; International Equities - Passive 9.7%; Fixed Income 17.3%; Real Estate and Mortgages 9.6%; Alternative Investments 13.3%; Short Term Investments 5.3%
State Police Retirement System:	Domestic Equity 45% International Equities-Passive 9.7%; Fixed Income 18.4%; Real Estate and Mortgages 9.1%; Alternative Investments 13.1%; Short Term Investments 4.6%

The Department of Management and Budget of the State of Michigan is an interdepartmental service and management agency responsible for providing financial management, property management, capital facility development, procurement, retirement and related benefits, employee benefits programs, accounting and payroll functions, demographic functions, geographic information, systems development, and

office support services to state agencies. The Department of Management and Budget has legal authority under the Management and Budget Act, Public Act 431 of 1984, as amended. The department is the summation of the former Department of Administration, which was created by Public Act 51 of 1948, as well as functions that had been under the Office of the Governor, such as budgeting, that were transferred by Executive Order 1973-7.

The Retirement Services division of the Department of Management and Budget oversees the School Employees Retirement System, the State Employees Retirement System, the State Policy Retirement System, and the Judges Retirement System. All four systems are statewide public employee plans administered by the Office of Retirement Services

The Michigan Public School Employees Retirement System is a defined benefit plan qualified under section 401 (a) of the Internal Revenue Service Code and operating under the provisions of Michigan's Public Act 300 of 1980, as amended (Michigan Compiled Laws 38.1301 et seq.). As of September 30, 2002, the System serves 326,538 active customers and 135,277 retirees and beneficiaries. The net assets of the Michigan Public School Employees Retirement System, valued at \$30.3 billion as of September 30, 2002, are invested by the Michigan Department of the Treasury, Bureau of Investments.

The State Employees' Retirement System is a qualified Defined Benefit plan under section 401(a) of the Internal Revenue Code, operating under the provisions of Public Act 240 of 1943, as amended (Michigan Compiled Laws 38.1 et seq). The system has two plans, the Defined Benefit plan and the Defined Contribution plan. State employees hired on or after March 31, 1997, are enrolled in the Defined Contribution plan. As of September 30, 2002, the Defined Benefit plan covered 43,064 active customers and 39,666 retirees and beneficiaries. The Defined Contribution plan covered 23,778 active customers and 20,212 non-active and retired customers.

The net assets of the Defined Benefit plan, valued at \$8.4 billion as of September 30, 2002, are invested by the Michigan Department of Treasury, Bureau of Investments.

The State Police Retirement System is a defined benefit plan qualified under section 401 (a) of the Internal Revenue Code. The System, originally created under Public Act 251 of 1935, was recodified and is currently operating under Public Act 182 of 1986, as amended (Michigan Compiled Laws 38.1601 et seq.). As of September 30, 2002, the System covered 2,048 active customers, and 2,462 retirees and beneficiaries. The net assets of the State Police Retirement System, valued at \$886.3 million as of September 30, 2002, are invested by the Michigan Department of the Treasury, Bureau of Investments

The Judges Retirement System was created under Public Act 234 of 1992, as amended (Michigan Compiled Laws 38.2101 et seq.), consolidating the former Judges and Probate Judges Retirement Systems into one retirement system.

The system has two plans, the Defined Benefit plan and the Defined Contribution plan. As of September 30, 2002, the Defined Benefit plan covered 367 active customers, and 535 retirees and beneficiaries. The Defined Contribution plan covered 112 active

customers and 44 non-active and retired customers. The net assets of the Defined Benefit plan, valued at \$234.8 million as of September 30, 2002, are invested by the Michigan Department of Treasury, Bureau of Investments.

Each Retirement System is governed by a Retirement Board: the Public School Employees' and State Employees' by a 12 member Board, the State Police by a nine member Board, and the Judges' by a five member Board. In addition, the Retirement Systems are served by an Investment Advisory Committee. The Committee was created by Act 380 of the Public Acts of 1965 and is composed of five members, three of whom (public members) are appointed by the Governor with the advice and consent of the Senate for three-year terms. The Director of the Department of Consumer and Industry Services and the Director of the Department of Management and Budget are ex-officio members.

The Retirement Systems all invest in Real Estate and Alternative Investment classes (in the latter case, primarily private equity through limited partnerships), but do not have urban economic development policies. The Systems do not at this time use any social criteria to govern their contracting or investment policies.

Minnesota State Board

Asset size from the 12 months ending Sept. 30, 2003	\$36,282
Asset Allocation for Combined Funds, as of June 30, 2003:	Domestic Equity 49.8%; International Equity 14.5%; Bonds 25.3%; Real Estate 2.4%; Private Equity 5.7%; Other 1.2%; Cash 1.1%.
For Basic Funds (\$ billions):	Dom Stocks \$7.74 (47.7%); Cash \$0.37 (0.5%); Alt Assets \$2.23 (13.9%); Bonds \$4.05 (23.5%); Int'l Stocks \$2.68 (14.4%)

The Minnesota State Board of Investment (SBI) is the state agency responsible for administering and directing the investment of all state funds and the pension assets of the statewide public pension systems. These funds and assets include retirement funds, trust funds and cash accounts.

Constitutionally, the State Board of Investment is comprised of: the Governor (Chair); the State Auditor; the Secretary of State; and the Attorney General. The Executive Director and his staff are responsible for the day-to-day operations of the Board.

The SBI is established by Article XI of the Minnesota Constitution to invest all state retirement funds. The Fund is covered by Minnesota Statutes Chapter 11a and Chapter 356a, which set out the fiduciary duty of the Board.

The Fund has a diverse asset mix. Alternative and private equity investments are made through Alternative Investment Pools, an Alternative Investments Post Fund, and a

Private Equity Pool. There is no specific policy in place regarding urban economic development but Investment Policy Initiatives cover Environmental Standards, International Investment Guidelines (including labor standards and human rights), a mandate on Northern Ireland, and Tobacco Issues.

Mississippi Employees

Asset size from the 12 months ending Sept. 30, 2003	\$15,401 million
Asset Allocation as of Quarter Ending (December 31, 2003)(\$):	U.S. Equities \$7,675,454,844 (48.8%); Non-U.S. Equities \$2,639,908,083 (16.8%); Real Estate \$303,084,692 (1.9%); Fixed Income \$5,085,817,103 (32.4%); Cash \$16,307,145 (0.1%)

The Public Employees' Retirement System (PERS) of Mississippi is the retirement system for nearly all non-federal public employees in the state. PERS serves employees of the state, public school districts, municipalities, counties, community colleges, state universities and such other public entities as libraries and water districts.

Established by the Mississippi Legislature in 1952, PERS provides benefits to over 60,000 retirees, and future benefits to more than 250,000 current and former public employees. In addition to regular service retirement benefits available to members with at least four years of membership service at age 60 or 25 years of service credit at any age, PERS provides disability and survivor protection. Additional programs administered by PERS include the Supplemental Legislative Retirement Plan (SLRP), the Mississippi Highway Safety Patrol Retirement System (MHSP), the Former Teacher Retirement Plan (Bea Barnard Memorial Fund), the Institutions of Higher Learning Optional Retirement Plan (ORP), Fire and Police Disability and Relief Funds and General Municipal Retirement Systems (MUNI) for employees of 17 cities, the Mississippi Government Employees' Deferred Compensation Plan, and the PERS Retiree Insurance Program.

PERS is governed by a Board of Trustees composed of 10 members, of whom one is elected by county employees, one by municipal employees, one by Public School and Community/Jr. College employees, two by state employees, one by IHL employees, and two by retirees. One additional member is appointed by the Governor, and the State Treasurer serves ex-officio.

PERS currently invests in equities, fixed income, real estate and cash asset classes. All investment policies are adopted within the guidelines established by the Mississippi Code of 1972, Section 25-11-121. PERS does not currently have in place policies related to urban economic development or social investing

Missouri Public Schools

Asset size from the 12 months ending Sept. 30, 2003	\$20,272 million
Asset Allocation as of June 30, 2003 (\$):	US Fixed Income \$8,628,540,395 (40.0%); US Equity \$8,205,182,976 (38.0%); Non-US Equity \$2,877,469,539 (13.3%); Real return pool \$1,130,020,851 (5.2%); Cash & cash equivalents \$744,442,610 (3.5%).

The Public School Retirement System of Missouri is composed of the Public School Retirement System (PSRS) and the Non-Teacher School Employee Retirement System of Missouri (NTRS). The stated aim of the System is to work in partnership with the member school districts of the State to provide eligible employees and their beneficiaries with a significant source of income based on the employee's length of service and compensation in order to enhance retirement, disability, and death benefits received from other sources.

The System is governed by a seven member Board of Trustees, which is made up of one elected NTRS member, three elected Public School Retirement System (PSRS) members, and three appointed trustees.

Members and retirees of both Systems select the four elected trustees are by vote. Two are elected each even-numbered calendar year to serve four-year terms. The three appointed trustees, one of whom must be an NTRS or PSRS retiree, are named by the governor. The appointed trustees must be residents of school districts included in the Retirement System but not employees of such districts, state employees or a state elected official.

Although the Systems have not traditionally invested in alternative investment classes, contract negotiations with a private equity manager to invest a portion of the 3% target allocation in corporate buyouts, venture capital and private debt were completed in 2003.

The Systems do not have urban economic development policies in place, nor do they recognize social criteria in their investment strategies.

Nevada Public Employees

Asset size from the 12 months ending Sept. 30, 2003	\$14,361 million
Asset Allocation as of March 31, 2004:	US Bonds 30%; Int'l Bonds 10%; Alternative Investments 10%; US Stocks 40%; Int'l Stocks 10%

The Public Employees' Retirement System of Nevada (PERS) is a tax-qualified defined benefit plan created by the Legislature as an independent public agency to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacity has been removed or has been substantially reduced by age or disability. The Nevada Retirement Act was passed in the 1947 Session of the Nevada Legislature and created the Nevada Public Employees' System. PERS is today governed by retirement law effective from the 71st session of the Nevada Legislature, 2001. Official legal reference may be found in the Nevada Revised Statutes. The Public Employees' Retirement System presently has almost 85,000 active members and over 25,000 benefit recipients.

PERS is governed by a Retirement Board composed of seven members appointed by the Governor and is supported by the Executive Staff. The Executive Staff is made up of three members: The Executive Officer, Operations Officer and the Investment Officer.

In addition to equities and bonds, PERS invests in the following alternative investments classes: private real estate; Real Estate Investment Trusts (REITs); and private equity. PERS does not have urban economic development policies in place, nor does it specify social investing criteria in its existing investment policy.

New Jersey

Asset size from the 12 months ending Sept. 30, 2003	\$63,591 million
Asset Allocation as of June 2003 (\$ millions):	Domestic Equity \$29,394 (47.2%); Int'l Equity \$9,154 (14.7%); Domestic Fixed \$16,316 (26.2%); Int'l Fixed \$1,557 (2.5%); Cash Equivalents \$3,674 (5.9%); Mortgage \$2,180 (3.5%)

The New Jersey Division of Pensions and Benefits is responsible for the second largest public employee benefits program in the nation. It administers a comprehensive benefit program, with the stated goal of enabling public employers throughout the State to attract and retain essential State employees such as teachers, police officers, fire fighters, correction officers, and judges. Participants in the nine separate pension systems comprise over 653,500 retired and active participants in the State's defined benefits pension plans; in excess of 15,950 participants in the State's defined contribution pension plan; and more than 36,000 participants in the State's supplemental retirement savings plans. The Division also administers an extensive pension loan program to its members (131,600 loans totaling almost \$497 million were processed last year), as well as the State

Health Benefits Program (SHBP). Finally, the Division's benefits programs also include the following three supplemental retirement savings programs with over 36,000 participants: the New Jersey State Employees Deferred Compensation Plan; the Supplemental Annuity Collective Trust (SACT); and the Additional Contributions Tax Sheltered Program (ACTS).

The Division of Pensions and Benefits is the successor to the Bureau of Public Employees' Pensions, created in June 1952. The Division of Pensions and Benefits, under the Department of the Treasury, was created by Chapter 70, P.L. 1955. All administrative functions of the state pension funds, except for the investment of the assets retained in the Division of Investment, were assigned to the Division of Pensions and Benefits by that legislation.

The following Boards and Commissions provide oversight and direction to the System's benefits programs:

- Public Employees' Retirement System Board
- Teachers' Pensions and Annuity Fund Board
- Police and Firemen's Retirement System Board
- State Police Retirement System Board
- Consolidated Police and Firemen's Pension Fund Commission
- State House Commission for the Judicial Retirement System
- State Health Benefits Commission
- New Jersey State Employees Deferred Compensation Board
- Supplemental Annuity Collective Trust Council
- Pension and Health Benefits Review Commission
- The Investment Council

The Director is responsible for the coordination of the functions of the Division, the development of the Division budget and communication with other branches of State government, local government and the public. The Director serves as the Secretary to the Supplemental Annuity Collective Trust Council, the State Health Benefits Commission and the State House Commission in its capacity as the Board of Trustees for the Judicial Retirement System. The Director is also responsible for legal and legislative matters and Board of Trustees administration. The Director of the Division of Pensions and Benefits reports directly to the State Treasurer. The Treasurer is an ex-officio member of all State pension boards and commissions. The work of the Division is divided among a number of different offices with specific functions.

The Division does not at present have policies on urban revitalization or social investment criteria such as WMOBs . The Division does not invest in private equity or alternative investment classes – the Council considered action on private equities in 2001 and deferred action.

New York City Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$26,828 million
Asset Allocation as of March 31, 2004: Pension Fund	Domestic Equity - Passive Core \$11,972 (44.5%); Int'l Equity - Active \$4,217 (15.7%); Domestic Fixed Income - Mortgage \$2,706 (10.0%); Domestic Fixed Income - Corporate \$1,689 (6.3%); Domestic Equity - Active Core \$1,473 (5.5%); Domestic Fixed Income - Enhanced Yield \$1,443 (5.4%); Domestic Fixed Income - Government \$1,274 (4.7%); REITs Investments \$925 (3.4%); Domestic Fixed Income - Int'l \$526 (2.0%); Misc \$466 (1.7%); Alt Investments \$215 (0.8%)
Variable A Fund:	Misc. 0.1%; Active Domestic Equity 20.1%; Tactical Asset Allocation 19.4%; Int'l Equity 13.7%; Domestic Equity - Passive Core 46.7%
Variable B Fund	Synthetic GICs, Managed Portfolio Wrapped 31.2%; Short Term Instruments 19.7%; Guaranteed Investment Contracts (GICs) 49.1%

The Teachers' Retirement System of the City of New York (TRS) was established in 1917 and has since grown into one of the largest pension systems in the United States, with more than \$30 billion in assets. In addition to the basic Qualified Pension Plan, TRS administers the largest unified Section 403(b) Tax-Deferred Annuity Program in the country.

TRS membership is available to educators who work for the Department of Education of the City of New York, the City University of New York, or New York City Charter Schools. Overall, our programs serve more than 150,000 in-service members, retirees, and beneficiaries.

The administration of TRS comes under the direction of the Teachers' Retirement Board, a seven-member Board that sets policy and oversees TRS' operations. Three TRS members are elected to the Board; one is elected each year at elections that usually are held in May. These members serve three-year terms. The Mayor appoints two of the Board members, one of whom must be a member of the Department of Education. The Comptroller of the City of New York and the President of the Department of Education are the other two Board members. Each may designate a representative to act in his or her behalf.

Participants in the Tax-Deferred Annuity (TDA) Program may invest their TDA funds in any combination of TRS' three investment programs: the Fixed, Variable A, and Variable B Annuity Programs. These choices are treated as separate funds for the purposes of reporting performance and asset allocation.

TRS does not at this time have in place policies that specify ETI or social investing criteria, nor do the funds have a stated mandate for supporting urban revitalization.

New York State Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$73,481 million
Asset Allocation as of June 30,2003 (in \$ thousands):	Short Term \$965,799 (1.35%); Domestic Fixed Income Securities \$ 14,224,897 (19.85%); Domestic Equities \$41,368,456 (\$57.73%); Int'l Equities Commingled \$5,752,951 (8.03%); Mortgages \$4,102,444 (5.72%); Real Estate \$3,586,041 (5.00%); Alternative Investments \$1,658,924 (2.32%)

The New York State Teachers' Retirement System (STRS) provides retirement, disability and death benefits to eligible New York State public school teachers and administrators. STRS is the second largest public retirement system in the state and one of the 10 largest systems in the nation, serving approximately 250,000 active members and 110,000 retirees and beneficiaries.

STRS was established in 1921 by the New York State Legislature and benefits are paid in accordance with the laws enacted by the Legislature. The System administers a defined benefit plan that provides three core benefits: service retirements, disability coverage, and death benefits.

A 10-member Board of Trustees sets policy and oversees STRS operations. Board members are responsible as fiduciaries and represent various constituents, including active and retired teachers, school administrators, and school boards. By law, the Board's is composed of:

- Three teacher members elected from the membership, one each year, by delegates at an annual meeting held in the fall;
- One STRS retiree is elected by a mail vote of all retired members;
- Two school administrators are appointed by the Commissioner of Education;
- Two present or former school board members, experienced in the fields of finance and investment, are appointed by the Board of Regents from recommendations of the New York State School Boards Association. (At least one appointee must have experience as an executive of an insurance company.);
- One present or former bank executive is appointed by the Board of Regents;
- The State Comptroller or designee.

Board trustees are elected/appointed to three-year terms with the exception of the Comptroller and serve without compensation.

STRS investments in private equity and alternative investments, including but not limited to partnerships. The System does not currently have in place investment policies relating to urban economic development or social investing.

North Carolina

Asset size from the 12 months ending Sept. 30, 2003	\$56,300 million
Asset Allocation as of June 3, 2003 (\$ thousands)	US Equities \$24,505,264 (43.96%); Non-US Equities \$3,899,488 (7.00%); Fixed Income \$25,221,062 (45.25%); Real Estate \$1,632,569 (2.93%); Alternatives \$484,705 (0.87%)

The Retirement Systems Division of North Carolina administers the statutory retirement and fringe benefit plans that cover the State’s public employees. The retirement systems and benefits plans exist for the stated public purpose of recruiting and retaining competent employees for a career in public service, by providing a replacement income for retirement, or for disability, or for an employee’s survivors at time of death.

This Division administers retirement systems for teachers, State and local government personnel, law enforcement officers, and for judicial and legislative employees. It is also responsible for administration of the following programs:

- Firemen’s and Rescue Squad Workers’ Pension Fund
- Public Employees’ Social Security Agency
- Disability Income Plan
- Legislative Retirement Fund
- National Guard Pension Plan
- Teachers’ and State Employees’ Benefit Trust
- Supplemental Retirement Income Plan
- Registers of Deeds’ Supplemental Pension Fund
- Contributory Death Benefit for Retired Members

The Board of Trustees governing the is composed of two governing bodies: the Board governing the Teachers’ and State Employees’ Retirement System, defined by NC General Statute 135-6(b); and the Board responsible for Local Governmental Employees’ Retirement System, defined by NC General Statute 128-28(c). The former is made up of 14 members, 10 of whom are appointed by the Governor and confirmed by the Senate. One member is appointed on the recommendation of the Speaker of the House of Representatives and one by President of the Senate. The State Treasurer and Superintendent of Public Instruction serve ex officio. The Board of Trustees of the Local

Governmental Employees' Retirement System Wisconsin Investment Board is composed of 17 members: the Board of Trustees for the Teachers' and State Employees' system plus three gubernatorial appointments that must include an officer of a participating city or town, an officer of a participating county, and a law enforcement officer.

The System's Alternative Investment Fund invests in private equity and absolute return strategies. In making alternative investments, the North Carolina Retirement System retains investment managers, rather than directly investing in alternatives. By statute these investments are limited to 5% of total investments. The System does not currently have policies on urban revitalization or social investment criteria such as WMOBs.

Interview

North Carolina doesn't have urban revitalization investments of any kind. The interviewee stated that the Fund is purely after the best possible returns. If the investments happen to be good for the state then that is a bonus, but is always a secondary consideration.

The Fund does invest in Alternative Investments. With this asset class, exposure to start-ups is usually within the state as that is the most relevant market in terms of contacts and knowledge. North Carolina doesn't target companies on this basis, however, and it doesn't invest in companies directly, but rather through partnerships.

There hasn't been any political pressure brought to bear on the Fund to implement an ETI policy because assets cannot be invested on any kind of social basis. This is enshrined in legislation. There haven't been any legal challenges to the Fund's investment policies and the Fund is able to maintain its independence.

The interviewee was quite brief and did not elaborate much on his answers to the interview questions posed. He was very pleasant and polite but did evince much interest in urban economic development.

Ohio Public Employees

Asset size from the 12 months ending Sept. 30, 2003	\$53,691 millions
Asset Allocation Total Fund as of December 31, 2003:	US Equity \$22,813,033,958 (47.5%); Global Bonds \$12,594,524,868 (21.5%); Non-US Equity \$12,499,743,872 (21.3%); Real Estate \$3,502,034,898 (6.0%); Private Equity \$322,226,445 (0.6%); Operating Cash \$1,852,080,741(3.2%)

The Ohio Public Employees Retirement System was started in 1935 in order to provide retirement benefits for state employees. Today the System provides retirement, disability, and survivor benefit programs for public employees throughout the state who are not covered by another state or local retirement system. Ohio PERS serves more than

620,000 members and over 130,000 retirees and surviving beneficiaries who receive monthly benefits. The System currently services more than 3,700 public employers and has assets exceeding \$54 billion.

The Retirement Board, the nine-member governing body of the System, is responsible for the administration and management of Ohio PERS. The Board members also authorize the investments made with the System's funds. They receive no compensation for their service to OPERS, but they are reimbursed for necessary expenses incurred while serving the System. Six of the nine members are elected by the groups they represent; the remaining three are statutory members.

The just-passed (May 2004) pension reform bill, Senate Bill 133, expands the OPERS board from nine to 11 members, removes the state auditor and attorney general and adds three "investment experts" appointed by state elected officials to facilitate additional investment counsel and advice on matters before the board. The bill will also add an additional elected retiree member to the board.

Senate Bill 133 also contains the provision commonly referred to as "Buy Ohio" (in HB 227), which is essentially an ETI policy. OPERS opposed this provision. The bill that passed contained modified language that eliminates the original mandates and quotas in favor of a more policy-oriented approach toward increasing utilization of Ohio-qualified investment managers and brokers. This is consistent with OPERS' investment practice that already directs business to Ohio companies when they offer the best service or product.

OPERS has a private equity investment allocation policy that authorizes 4% market value exposure. It has also considered alternative investments for the HC Fund.

Although OPERS does not have a specific urban revitalization policy in place it does, in addition to the newly enacted ETI legislation, have a responsible contractor policy.

Interview

The interviewee asked to respond by email rather than by telephone. In his answers he provided information on Senate Bill 133, sometimes called the pension reform bill, which affects all five pension systems in the state of Ohio. OPERS had already adopted into practice almost all the provisions made in the bill prior to passage.

The interviewee confirmed that OPERS has no specific urban economic development policy, and that there has not been pressure to institute such policies. There have not been any legal challenges to OPERS' investment policies either. OPERS has an extensive and thorough due diligence process when hiring money managers. He stated that the Fund also puts its money managers and consultants through an annual process whereby they disclose their relationships for evaluation of any potential conflicts of interest.

The interviewee did not express any further interest in the project and did not seem keen to speak over the telephone.

Ohio State Teachers

Asset size from the 12 months ending Sept. 30, 2003	\$48,463 million
Asset Allocation as of 30th June, 2003 (\$ thousands):	Short term \$1,658,850 (3.5%); Fixed Income \$8,099,961 (16.9%); Common and Preferred Stock \$21,746,828 (45.4%); Real Estate \$5,198,366 (10.9%); Alternative Investments \$1,002,860 (2.1%); International \$10,140,606 (21.2%)

State Teachers Retirement System of Ohio (STRS) serves more than 400,000 active, inactive and retired Ohio public educators. In fiscal year 2002–2003, STRS Ohio paid more than \$2.8 billion in service retirement, disability and survivor benefits, plus an additional \$456 million toward health care coverage for retirees and their dependents.

STRS Ohio operates under the guidelines of Chapter 3307 of the Ohio Revised Code (R.C.) as enacted by the Ohio General Assembly. It is legally separate from and fiscally independent of state and local governments.

STRS Ohio is governed by a Retirement Board consisting of five elected active teacher members, one elected retired teacher member, the state attorney general, the superintendent of public instruction and the auditor of state. Active teacher members are elected to four-year terms by members of the retirement system. The retired teacher member is elected to a four-year term by retirees receiving benefits from STRS Ohio. Board members serve without compensation other than actual, necessary expenses. Internally, STRS Ohio is managed by an executive director, three deputy executive directors and six senior staff members and employs about 640 associates.

STRS invests in equities, fixed income, real estate, and alternative investments. Although STRS Ohio and the other Ohio public pension systems opposed two provisions in Am. Sub. H.B. 227, requiring that 70% of investment trades and 50% of externally managed assets go to managers with significant presence in Ohio, STRS does have an urban economic development policy (see subsection 11 Ohio Public Employees for more information on the passage of H.B. 227). It is the stated intent of the Board to give consideration to investments that benefit the general welfare of Ohio, provided such investments offer quality return and safety comparable to other investments currently available to the board. To meet this objective an Ohio Investment Plan, incorporating all provisions of the STRS Ohio Investment Objective and Policy Statement, has been maintained and implemented by the investment staff. In addition, the Board has committed to giving consideration to investments that involve minority-owned and minority controlled firms and firms owned or controlled by women.

Within the STRS portfolio alternative investments are primarily invested in private equities, which include venture and buyout/growth opportunities. STRS Ohio invests as a

limited partner in closed-end partnerships along with other pensions funds, endowments and high net-worth individuals.

STRS does not at this time have an investment policy that relates specifically to urban revitalization, nor does it have in place a responsible contractor policy.

Interview

The interviewee stated in the interview that the Systems’ funds are internally managed at present but there has been pressure to shift to external management. This pressure has originated with vendors and external money managers who want to earn fees from the System.

In 2004, the Ohio-only policy for Alternative Investments was eliminated. Bill 133, a pension reform bill, has now passed, but H.B. 227 (‘Buy Ohio’) was significantly watered down. Now, the five public systems in the state have only to adhere to the stated goal of increasing the number of in-state brokers and money managers who are utilized by the system. The quotas and targets have been removed.

The interviewee confirmed that the original S.B. 133 was introduced in late 2002, in a late session, but didn’t progress. The pressure that was brought to bear through the legislation is always present but is particularly acute during the election cycle. In this case it was quite opportunistic. The Fund provides healthcare to retirees and had made some changes that resulted in significantly increased healthcare costs for retired members, so the vendor-led pressure groups thought that the membership would revolt against the system and back the Buy Ohio policy. They didn’t, however. The membership is very quick to react against anything that they see as a threat to their money.

STRS has had the informal equivalent of a ‘Buy Ohio’ policy in place for many years. This operates in such a way that the system will invest in local in companies within the State over non-local companies where all other factors are equal. STRS Ohio doesn’t yet have any other types of social investing, including in the area of urban economic development.

South Carolina Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$22,950 million
Asset Allocation as of June 30, 2003:	Convertible Bonds \$4,720 (0.02%) Convertible Preferred Stock \$345 (0.00%); Mutual Funds \$3,525,479 (17.65%); Common Stocks \$3,508,284 (17.57%); Financial & Other \$2,331,371 (11.68%); Corporate Bonds \$4,611,780 (23.09%); US Government Agencies \$1,580,521 (7.91%); US Gov’t Bonds \$1,994, 697 (10.0%); Short-Term Investments \$2,412,238 (12.08%).

The South Carolina Retirement Systems (the Systems) are made up of four distinct retirement systems:

- The South Carolina Retirement System (SCRS), established July 1, 1945, to provide retirement and other benefits for teachers and employees of the State and its political subdivisions. This system currently has 729 participating employers, over 204,000 active contributing members, and 63,000 retired members.
- The Police Officers' Retirement System (PORS), established July 1, 1962 to provide retirement and other benefits to police officers and firefighters. This system currently has 297 participating employers, approximately 24,500 active contributing members, and 6,200 retired members.
- The Retirement System for Members of the General Assembly of the State of South Carolina (GARS) and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), established January 1, 1966 and July 1, 1979, respectively. These systems are single-employer systems created to provide retirement and other benefits to members of the General Assembly and State Judges and Solicitors.

In 1997, Article X, §16 of the South Carolina's constitution was amended, allowing the assets of the Retirement Systems to be invested in domestic equities, or stocks. The amendment also established the State Retirement Systems Investment Panel (Investment Panel), consisting of five members. Each member of the Investment Panel is appointed by a member of the State Budget and Control Board (Board), and the Governor's appointee serves as chairman.

The Board is made up of the Governor, the Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways & Means Committee

Enabling legislation (S.C. Code Ann. §§9-16-10 et seq.) was then passed in 1998, outlining the procedures, requirements, and responsibilities of the Investment Panel and the Board with regard to equity investments. The Board members serve as the trustees for the Retirement Systems, and the Investment Panel members serve in an investment-advisory capacity to the Board for two-year terms. The Investment Panel develops, monitors, and recommends for Board approval items related to investments in equity securities on behalf of the Retirement Systems.

The Systems' asset allocation strategy does not include private equity, alternative investments or real estate. The Board has not enacted any policies for targeted investing in the State, nor for urban economic development or social investing.

Tennessee Consolidated

Asset size from the 12 months ending Sept. 30, 2003	\$24,710 million
Asset Allocation as at June 30, 2003 (\$ thousands):	Domestic Equity \$6,499,577 (27.0%); Domestic Fixed \$12,089,730 (50.5%); Int'l Equity \$2,166,223 (8.8%); Int'l Fixed Income \$659,110 (2.8%); Short-term Securities \$2,218,830 (9.3%); Real Estate \$372,308 (1.6%)

The Tennessee Consolidated Retirement System (TCRS) provides retirement coverage to state employees, higher education employees, teachers, and employees of political subdivisions that have elected to participate in the plan.

The Tennessee Consolidated Retirement System Board of Trustees is responsible for the general administration and proper operation of the TCRS within the requirements and provisions of state statute (T.C.A, Title 8, Chapters 34-37). The Board is comprised of 18 members and meets quarterly. Of the 18 members, nine are ex-officio members, eight are representatives of the active TCRS membership, and one is a representative for retirees. Nine voting members constitute a quorum, and nine affirmative votes are needed in decision-making.

The investment authority of TCRS is prescribed in the Tennessee Code Annotated, Title 8, Chapter 87. This chapter provides that, with certain exceptions, investments in the TCRS are subject to the same terms, conditions and limitations imposed on domestic life insurance companies set forth in T.C.A , Section 56, Chapter 3.

TCRS invests primarily in equities, fixed income and securities. The System also has invests assets in real estate; however, it does not have an urban revitalization program in place. The System does not have policies on urban economic development or social investing criteria such as WMOB.

Texas County & District

Asset size from the 12 months ending Sept. 30, 2003	\$10,002
Asset Allocation as at December 31, 2003:	Core Fixed Income (Internal) 26%; Int'l Equity 13.3%; Domestic Equity 36.2%; Cash 0.6%; REITs 5.7%; High Yield Bonds 5.7%; Core Fixed Income (External) 8.4%

Texas County and District Retirement System (TCDRS) is a non-profit public trust providing pension, disability and death benefits for the eligible employees of participating counties and districts. It was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution and began operations on Jan. 1, 1968. The TCERS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCERS

administration. Each county and district electing to be a part of TCDRS is treated as an individual retirement plan. TCDRS collectively administers all plans in accordance with state and federal law and invests their pooled assets.

The nine-member TCDRS Board of Trustees provides governance and leadership for TCDRS' 150,000 members and annuitants. TCDRS trustees have oversight of all system operations, including the annual budget, policy determination, legislative proposals and investment policy.

All trustees must be contributing members or retirees of TCDRS. Board members are appointed by the Texas governor, and confirmed by the Texas Senate, to six-year terms, with the terms of three trustees expiring on Dec. 31 of each odd-numbered year. A board member whose term has expired continues to serve on the board until reappointed or until the governor appoints a replacement. The board appoints an executive director to manage the TCDRS' day-to-day affairs, as well as an investment officer to oversee the TCDRS assets. The board also hires independent consultants to provide professional advice on accounting, actuarial, legal, fiduciary and investment matters. The board holds regular quarterly meetings, usually in Austin, and special meetings as required.

TCDRS does not invest in private equity or alternative investments. It invests in real estate through REITs. The System does not at present have in place any policies relating to inward investment or urban economic development.

Texas Municipal Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$10,250
Asset Allocation as at December 2003:	US Treasuries 37%; US Gov't Agencies 40%; Corporate Bonds 21%; Common Stocks 0%; Cash & Short Term 2%

Texas Municipal Retirement System (TMRS) was established in 1948 and is administered in accordance with the Texas Municipal Retirement System Act (Texas Government Code, Title 8, Subtitle G). Each TMRS participating city has its own retirement plan within the general framework of the Act. Provisions may vary from city to city, depending upon the options selected by that individual municipality.

The TMRS Act provides that the administration of TMRS is entrusted to a six-member Board of Trustees, appointed by the Governor with the advice and consent of the Senate. Three Trustees are "Executive Trustees", who are either the chief executive officer, chief finance officer, or other officer, executive or department head of a participating municipality. Three Trustees are "Employee Trustees", who are employees of a participating municipality.

TMRS does not invest in alternative investments or private equity. The System does not have a stated policy of targeted investment in urban economic development or inward investment, nor does it have specific social investing policies (such as on WMOB or responsible contractors) in place.

University of California

Asset size from the 12 months ending Sept. 30, 2003	\$42,951 million
Asset Allocation as of June 30, 2003:	: Fixed Income 32.8%; Equities 67.0% (of total: Private 1.8%; Foreign 11.4%; Domestic 86.8%); Cash Equivalents 0.2%

The University of California Retirement Plan (UCRP) is a valuable component of the comprehensive benefits package offered to employees of the University of California (the University), its affiliate, Hastings College of the Law, and Associated Students of UCLA (ASUCLA). The Plan, which dates back to 1904, assumed its current form in 1961. The plan has evolved to include provisions for:

- Basic retirement income;
- Disability benefits;
- Death benefits;
- Pre-retirement survivor benefits, and;
- Annual, automatic cost of living (COLA) increases.

The Plan Trustees are the Board of Regents. The University of California is governed by The Regents, a 26-member board established under Article IX, Section 9 of the California Constitution. The Treasurer for the Regents is the investment manager and custodian for the Plan's assets. The Board is made up of nine members, seven of whom are representatives of the University's campuses, and two of whom serve ex officio. None of the UCRS Board members received any compensation from the Plan for services rendered.

The Plan invests in a somewhat more limited range of asset types than many state or local government plans and does not have any policies in place for urban economic development or social investing. The Board of Regents is fiduciary of the plan and, under law, assets can only be used for the exclusive benefit of plan members, retirees, beneficiaries and administration expenses. Individual members, however, have some scope to exercise choice in the context of their preferred retirement savings vehicle and are given the option of investing in Calvert Socially Responsible Investment Funds.

Utah State Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$18,819 million
Asset Allocation as of December 31, 2002:	Equities 54.4%; Debt Securities 23.0%; Short Term Securities 6.5%; Real Estate 9.6%; Alternative Investments 6.5%.

The Utah Retirement Systems (URS) is mandated to provide financially sound retirement and 401(k)/457 investment benefits, as well as comprehensive health and dental, disability, and life insurance benefits to active and retired Utah public employees and their beneficiaries. The first state retirement law was passed with the "Teachers' Retirement Act" in 1937 at which time the Teachers' Retirement System became

effective, covering both teachers and administrators. The URS today administers the following systems:

- Public Employees' Contributory Retirement System
- Noncontributory Retirement System
- Public Safety Retirement Systems
- Firefighters' Retirement System
- Judges' Retirement Systems
- Governor's and Legislative Service Pension Plan
- 401(k) and 457 Defined Contribution Plan
- Public Employee's Health Program (PEHP)

The URS is made of up Retirement Board Members, the Membership Council, and the Administrative Staff. Appointed by the Governor, URS Board members are experts in retirement, banking, and investments. The Board is composed of one member representing public employees, one member representing education employees, four members representing the investment community, and State Treasurer who serves ex-officio. The Board appoints an executive director to carry out the day-to-day operations of the systems. Those who serve on the Membership Advisory Council speak for the interests of active and retired members and participating employers.

The URS currently invests in a range of asset classes, including alternative investments, private equity and real estate. Resolution H.C.R. 16 (RESOLUTION URGING RETIREMENT SYSTEM SUPPORT OF ECONOMIC DEVELOPMENT) was introduced in the 2004 General Session of the Utah Legislature, which urges the Utah Retirement Systems Board to establish policies and procedures that encourage investment in leading venture capital funds and other funds that have demonstrated a commitment to Utah and its start-up and emerging growth companies; and encourages the Utah Retirement Systems Board to report its progress to the Legislature annually. This bill was defeated and returned to the House Rules Committee.

The System has not enacted other policies regarding targeting investing or social investing criteria.

Virginia Retirement

Asset size from the 12 months ending Sept. 30, 2003	\$36,237 million
Asset Allocation as of June 30, 2002 (\$ thousands):	Bonds and Mortgage Securities \$8,313,309 (23.37%); Common and Preferred Stocks \$8,657,200 (24.35%); Index and Pooled Funds \$12,995,178 (36.53%); Real Estate \$1,098,165 (3.09%); Private Equity \$2,177,483 (6.12%); Short Term Investments \$2,325,455 (6.54%)

The Virginia Retirement System administers benefits for over 500,000 of Virginia's current and retired public employees. The Virginia Retirement System administers a defined benefit plan, a group life insurance plan, a deferred compensation plan and a cash match plan for Virginia's public sector employees, as well as an optional retirement plan for selected employees and the Virginia Sickness and Disability Program for state employees.

VRS is served by a nine-member Board of Trustees. The Executive and Legislation branches of state government share the appointment of board members. Five, including the Chairman, are appointed by the governor and four are appointed by the Joint Rules Committee of the General Assembly. Of the nine members four must be investment experts; one must be experienced in employee benefit plans; one must be local government employee; one must be an employee of a state-sponsored institution of higher learning; one must be a local government employee and one must be a public school teacher. The public employees of the Board may be either active or retired.

The VRS portfolio is fairly diverse, and Board Policy allows for up to 20% of the portfolio to be invested in an Alternative Investments Program. The objective is to improve the expected risk/return profile. Currently the Program has investments in private equity and real estate. VRS does not, however, have urban economic development policies in relation to these or its other investment classes.