

**A SURVEY OF  
ECONOMICALLY TARGETED INVESTMENTS:  
OPPORTUNITIES FOR PUBLIC PENSION FUNDS**

**A report for the Vermont State Treasurer  
And the State Retirement Boards**

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## Introduction

This report was prepared for the State Treasurer in response to a request by the legislature. Specifically, the State Treasurer was asked to "conduct a review of how, and to what degree, other states and governmental entities invest pension fund assets in in-state venture capital funds and other investment opportunities so as to promote economic growth and job creation." [Act 66, Sec. 40(b)]

The request by the legislature recognizes that public pension fund investments can have impacts beyond the rate of return. Historically, investment policies -- and fiduciary responsibilities -- were narrowly construed so that the secondary impacts of investments were not deemed relevant. More recently, however, elected officials, trustees, and analysts have recognized that in some cases it is both socially responsible and prudent to consider such impacts (sometimes referred to as the "double bottom line").

As financial markets and economic conditions have changed, traditional sources of credit are no longer available for certain types of investments (or are not available in sufficient quantity). Some of these financing gaps have made it increasingly difficult to address important unmet needs in small business development and affordable housing.

Many officials now believe that in some instances pension funds can be a tool for economic development. Obviously, under no circumstances can pension fund trustees adopt policies or practices that violate their fiduciary responsibilities. However, to the extent trustees can accomplish other goals without sacrificing performance, it makes sense to investigate opportunities for "economically targeted investments" (ETI's).

This report is an effort to survey the field and provides information about ETI's, including their legality, their use in Vermont and other states, and their performance. In addition, the report offers ideas about how some of Vermont's public pension funds could be used to achieve the double bottom line. Hopefully, this report will provide a point of departure for further discussion.

## What are economically targeted investments (ETI)?

The California Public Employees Retirement System (CalPERS) defines ETI's as risk-adjusted market rate investments that have "collateral intent to assist in the improvement of ... the economic well-being of the State of California, its localities and residents. Economic stimulation includes job creation, development, and savings; business creation; increases or improvement in the stock of affordable housing; and improvement of the infrastructure."<sup>1</sup>

ETI's are not an asset class in and of themselves. ETI is an investment perspective that allows some opportunities to be more equal than others, because they offer side benefits in addition to financial returns.

Market rate returns: "ETI's are distinguished from 'benevolent' or 'social' investments. The former are made by foundations, government agencies, non-profits, and individuals whose primary purpose is to accomplish some social goal. There are many reasons why benefactors may choose to make social investments rather than gifts -- but all are willing to sacrifice some level of investment yield for a desired social result. In contrast, ETI's must be organized to yield a market rate of return commensurate with risk, liquidity, and transactional costs."<sup>2</sup>

Collateral benefits: Most investments yield a return to society. Traditional corporate stocks and bonds transform the nation's savings into business investments that create jobs, products, and economic growth. Government bonds finance infrastructure and schools that provide the environment for the economy to function and grow. ETI's are distinct from standard investments because they provide money to under-financed sectors of the economy and fill "capital gaps."

## Why ETI's

The societal return from most corporate stocks and bonds is diffuse and may not provide any direct social benefit to the state from which the investment originated (and may sometimes be detrimental<sup>3</sup>). On the other hand, ETI's direct the investment - and the collateral social benefit - to a defined geographic area. Geographically targeted investments in venture capital, small

business loans and affordable housing improve the tax base that supports both the employment and the pension security of public employee participants and beneficiaries.

Capital gaps: Although experts claim that financial markets are efficient, “not all investments are discovered by the market, and the markets do not extend their bounty equally to all investment vehicles.”<sup>4</sup> “To the extent that capital markets are judged to be tradition-bound, rigid or incapable of funding all ‘worthy’ investments, [using] pension funds is seen as addressing capital gaps that would otherwise impede local economic development.”<sup>5</sup>

An example of capital gap is the market’s failure to provide venture capital and private placement dollars to established, well-run, mid-sized companies: “[Mid-sized firms] have traditionally relied on debt financing, rather than equity financing, and on private, rather than public capital markets. Private financing sources consist of either bank loans for short term, relatively small needs, or private placement debt for long term larger needs. . . . [O]ver the past two decades, bank lending activity has declined as individuals have moved their assets out of bank deposits and into more profitable pension funds and mutual funds. At the same time, banks have moved away from industrial and commercial loans, into real estate lending, trust services and other activities. The loss of these two important sources of capital has reduced the ability of mid-sized companies to grow and expand, contributing to plant closures and layoffs.”<sup>6</sup>

## **Are ETI's legal?**

Non-federal public pension plan fiduciaries are bound by prudence rules defined in state statutes; usually a variation of the rules found in ERISA, a federal law governing private pension plans.<sup>7</sup> These include exclusive purpose, prudence, and diversification.

The Dept. of Labor has addressed ETI's in interpretive bulletins. The most recent bulletin (7/1/02) summarizes well known fiduciary duties and states that “the fiduciary standards applicable to ETI's are no different than the standards applicable to plan investments generally. Therefore, if the...requirements are met, the selection of an ETI...will not violate section 404(a)(1)(A) and (B) and the exclusive purpose requirements of section 403.”<sup>8</sup> That

is, pension fund administrators are free to pursue ETI's as long as the ETI's offer risk adjusted returns comparable to similar types of investments.

There is substantial case law in federal courts on these questions and virtually all have found that fiduciaries who met the procedural standards established in ERISA (regardless of the outcome) had satisfied the prudence rules.<sup>9</sup>

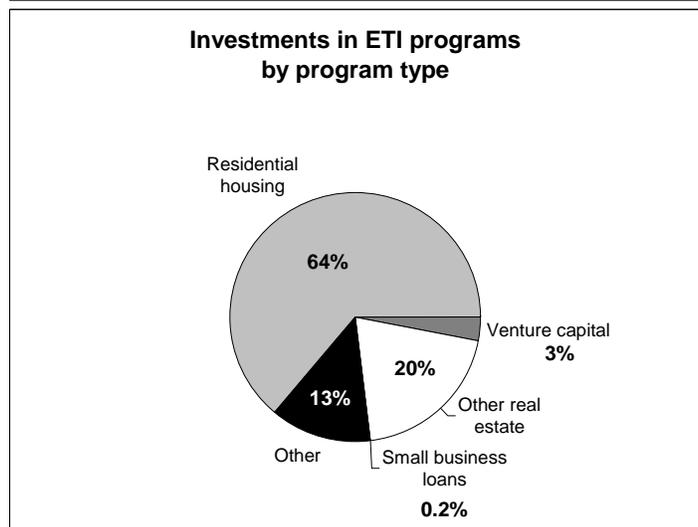
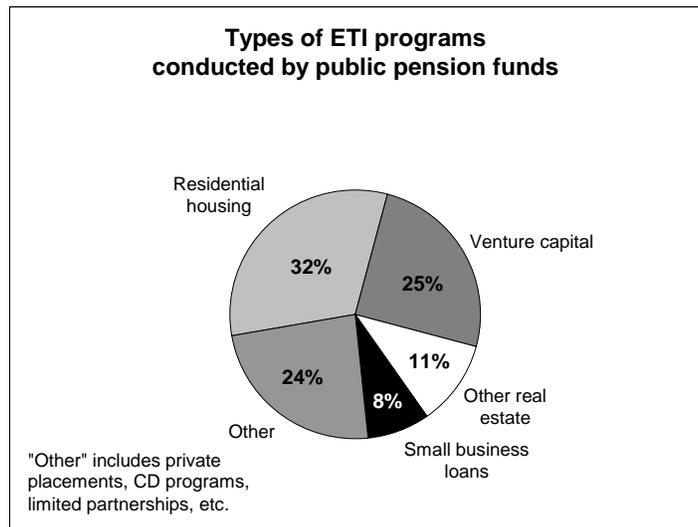
## Who invests in ETI's and how much money is involved?

According to McKinsey & Co., state and local pension plans control about \$2.2 trillion in assets.<sup>10</sup> The most recent comprehensive survey of public pension plans found that there were at least 29 states in which public pension plans had some form of ETI program.<sup>11</sup>

The combined assets invested in ETI programs are estimated to be 2.4% of the total -- about \$55 billion. The most common ETI programs are residential housing and venture capital.<sup>12</sup> Eighty-four percent of all ETI funds are invested in residential housing and other real estate.

### Types of ETI programs

**Housing:** Housing is a basic need; is often the largest component of household budgets; is the primary means by which most families accrue assets; and has immense direct and indirect economic impacts. Enormous public resources have been directed to this issue over the last 50 years but there are still significant unmet needs.



The national secondary mortgage market has created a huge vehicle for institutional investors. Mortgage backed securities are safe and are easily traded. Not surprisingly, therefore, housing has been an important part of ETI programs because they provide consistent market rate returns and help address an important social need. According to the General Accounting Office, almost one-third of all public pension fund ETI programs are focused on residential housing and these programs account for almost two-thirds of all ETI investments.<sup>13</sup> Housing-related ETI programs have taken many forms. For example:

- Targeted mortgage-backed securities: Packaged mortgages for low- and moderate-income homebuyers backed by Fannie Mae or Freddie Mac put money back into the hands of cooperating lenders who can make additional mortgage loans.
- Housing finance agency bonds: The proceeds from the sale of tax-exempt or taxable bonds and pension fund mortgage pools are used to support the development and preservation of affordable housing.
- Investment trusts: The AFL-CIO Housing Investment Trust (HIT) was created to provide a secure retirement vehicle for pensioners, finance affordable housing, and to employ union workers. AFL-CIO's HIT is the oldest of its type and has invested \$4 billion to finance more than 67,000 units of single family and multifamily housing.<sup>14</sup> Many other unions have established similar vehicles.<sup>15</sup>
- Project financing: Some state funds (like CalPERS) partner with developers for new home construction.<sup>16</sup>
- Direct financing: Some states provide direct financing to pension plan participants.<sup>17</sup>

In addition, there is a new investment opportunity called "housing equity partnerships." Through intermediaries, outside investors contribute to the down payment at the time of purchase to help families buy a home. The homeowner takes responsibility for the mortgage, insurance, maintenance, and taxes. When the home is sold, the proceeds are shared by the investor and homebuyer. The homeowner is able to buy a home and build equity, in addition to receiving a share of any appreciation of the underlying asset. The investor gets a return on an investment that includes a potentially significant upside determined by the local real estate market.<sup>18</sup>

Note: This type of program would be especially helpful in certain areas of Chittenden County with rapidly appreciating real estate values that make it difficult for many families to buy a first home. It could also help revitalize neighborhoods that have been transformed by landlords who convert large older homes into student rentals.

**Business**: For obvious reasons, we need as many cost-effective job creation strategies as possible. There are a number of ways a pension fund can help stimulate local development.

- Guaranteed SBA loans: These are common investment vehicles used to support small business development. Like mortgage-backed securities, they are guaranteed and encourage lenders to put the money back into additional loans.
- Linked certificates of deposit: A number of states use this method to help finance affordable housing and small business loan pools, while gaining FDIC protection.
- Private placement: Some states (like Wisconsin) have loan programs for established in-state businesses. The loans are used primarily for financing fixed assets or refinancing existing debt. The fixed assets of the business are often used as collateral and in some cases a parent corporation may guarantee the loan. In other cases, a personal guarantee of the owner or major shareholders may be appropriate.<sup>19</sup>

Note: To the extent this program overlaps those of VEDA, it might be suitable for the retirement fund to consider purchasing bonds issued by VEDA for certain targeted projects.

- Targeted venture capital: A number of states make private equity investments in small and mid-sized, late stage companies with operations in the home state. The Texas Growth Fund (TGF) is a good example of this approach. According to McKinsey & Co., the Texas pension fund has capped its investment in the TGF at 1% to limit exposure but has received an estimated 20% return on its investments.

## Measuring ETI performance

According to the fiduciary standards noted above, a positive return is not necessarily sufficient to justify an ETI. Such "alternative" investments are expected to earn a market rate of return for comparable types of investments. Therefore, fund managers need benchmarks for each type of program. The tables below were developed by the U.S. General Accounting Office (GAO).<sup>20</sup>

### Benchmarks Used to Analyze the Financial Returns of ETI Programs

ETI Program	Benchmark
Bond purchases	Similarly rated bonds with like maturity and sector characteristics
Fixed-rate SBA loan purchases	Treasury securities of like maturity
Variable-rate SBA loan purchases	3-month Treasury bills
Private placements	Similarly rated bonds with like maturity and sector characteristics
CD programs	3- and 6-month secondary market CD rates or 3-year Treasury securities
Venture capital	Vintage year analysis by Venture Economics

Obviously, these benchmarks would have to be further refined to reflect other factors such as prepayment risk, credit risk, and liquidity risk. The GAO surveyed a majority of public pension funds in the U.S. and found that most ETI programs were outperforming the benchmarks.

### ETI Yields Relative to Benchmarks

ETI Program	Number of investments	Average spread to benchmark (in basis points)
Bond purchases	3	93
Loan purchases		
Fixed rate	86	27
Variable rate	62	355
Private placements	34	52
CD programs		
3- and 6-month	3	-1
3-year	12	53
Venture capital	16	Younger funds lagged industry median returns; older funds were split -- half above, half below.

## Examples of existing ETI programs

**California:** Because of their size, as well as the leadership of the State Treasurer, CalPERS and CalSTRS have large ETI programs. For example<sup>21</sup>:

CalPERS has

- adopted a goal of investing 2% (approximately \$2.7 billion) of its portfolio in domestic emerging markets, primarily in California
- committed \$475 million to *The California Initiative* for private equity investment in businesses in underserved areas
- committed over \$1 billion to urban, in-fill real estate ventures, including \$150 million for affordable housing, in California communities
- purchased \$90 million in CRA eligible California home mortgages
- purchased \$263 million in California SBA loans
- invested \$169 million in CRA housing in its *Single Family Housing Program*

CalSTRS has

- adopted a goal of investing 2% (approximately \$1.85 billion) of its portfolio in domestic emerging markets, primarily in California
- allocated \$350 million for private equity investment in businesses in underserved urban and rural communities
- allocated \$750 million to urban, in-fill real estate ventures, including \$150 million for affordable housing, focused on California communities
- purchased \$93 million in CRA eligible California home mortgages

**Massachusetts:** "As of December 31, 2001 the Pension Reserves Investment Management Board (PRIM) invested approximately \$1.5 billion in the Alternative Investments Portfolio. There are two components to PRIM's Alternative Investments Portfolio: venture capital and special equity partnerships. Unlike public markets, where the investor has the ability to "cash out" of positions at any time, these private market investments are illiquid. Therefore, an investment in this category is a long-term commitment. As of December 31, 2001, the Alternative Investments Portfolio comprised 5.4% (including cash) of the [trust's] Core. This included 3.8% to special equity partnerships (buy-outs, special situations, mezzanine funds, secondary funds) and 1.5% to venture capital partnerships (early-stage, later-stage, and diversified-stage)."<sup>22</sup>

**New York City:** As of December 31, 2002, the aggregate total of investments and commitments for all of the programs was over \$920 million, including \$220 million for low- and moderate-income housing. These investments, in addition to supporting the renovation, new construction or financing of affordable housing and small retail spaces, helped create childcare facilities and senior citizen centers in low- and moderate-income areas and thousands of construction jobs. Targeted investments are generally guaranteed by government agencies and earn a rate of return commensurate with their risk. The 5-year overall return on the pension funds' targeted investments was 7.25%.

In 2002, the Comptroller's Office on behalf of the pension systems made an initial investment of \$67.5 million in the AFL-CIO's national Housing Investment Trust (HIT) Fund, with another 67.5 million committed for 2003. This investment will help leverage a \$500 million HIT investment in NYC for affordable multifamily and single family housing over the next five years.<sup>23</sup>

**Pennsylvania:** Real estate investment guidelines - Target Markets: The target markets for this mortgage-financing program are general-purpose commercial investment properties, including multi-family, located within the Commonwealth of Pennsylvania. An objective of the Program is to fill the capital void in those Pennsylvania markets formerly served by the small insurance companies and banks, the traditional source of capital.<sup>24</sup>

**Texas:** "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. In evaluating opportunities, [it] tend[s] to focus on the following criteria:"<sup>25</sup>

- **Geography:** Companies that have operations in Texas or are planning to expand their businesses into the Lone Star State (headquarters in Texas not required)
- **Company Size:** Annual revenues of \$15 million to \$250 million
- **Profitability:** Positive cash flow (Earnings Before Interest, Taxes, Depreciation, and Amortization) with an opportunity for meaningful growth and a demonstrated ability to generate an acceptable return on invested capital

- Industry: Manufacturing, distribution, and service companies in stable and established markets; we do not invest in start-ups, turnaround situations, oil exploration and production, or real estate
- Management: Proven management teams with experience and success in similar enterprises that will have a meaningful ownership stake in the company
- Financial Strength: We desire a capitalization that optimizes tactical operating flexibility while providing the ability to comfortably service pro forma debt and capital expenditure requirements.
- Venture Capital Investments: The Texas Growth Fund will selectively invest in early-stage technology companies that are raising a second or third round of institutional equity capital and desire a Texas-based equity partner to assist with their growth.

**Washington State:** Washington State Investment Board (WSIB)

- Private Equity: "Perhaps the most direct impact the WSIB investments have on Washington's economy is in private equity ownership. As of June 30, 2002, the WSIB had over \$61 million invested in 69 Washington-based companies through its private equity partnerships."<sup>26</sup>
- Real Estate: "Several of the WSIB's real estate partners and managers have acquired or managed assets located in Washington. As of June 30, 2002, the WSIB portfolio includes whole or partial ownership of 30 office, retail or industrial properties located in Washington. The fair market value of these properties is estimated at over \$667 million."

**Wisconsin:** Wisconsin Investment Board - Private Debt Portfolio Guidelines

"The Wisconsin Private Debt Portfolio objective is to invest funds of the Wisconsin Retirement System in business activities that contribute to Wisconsin's economy and also provide market rate returns consistent with SWIB's fiduciary responsibilities. The investments will be focused on fixed-income instruments issued by corporations that are headquartered in Wisconsin or that intend to apply the proceeds to business operations in Wisconsin. Investments will be primarily private loans negotiated by SWIB directly or as part of an investor group that includes banks or other institutional investors, but may also be securities originated in the Rule 144(a) market or public fixed income markets. Investments may be made in fixed income instruments or instruments with both fixed income and equity features."<sup>27</sup>

## Perceived barriers

Some people have expressed opposition to ETI's over the years. Among other criticisms was the assertion that pension funds could not make such investments without running afoul of fiduciary rules. The Department of Labor's interpretive bulletins and numerous court rulings have put this concern to rest. It has also been suggested that ETI's interfere with "normal" market forces. By definition, however, most ETI's target "capital gaps" that the market has ignored. Others have complained that ETI's are so unusual that there are no appropriate benchmarks to compare them against. But the GAO recommended benchmarks in its 1995 report (see above) and they have stood the test of time and been modified when needed.

There are a few remaining issues that deserve consideration.

1. ETI's are too time-consuming: Direct investments - including ETI's - are always time-consuming. However, "many ETI's are easy to implement. For example, commingled real estate and mortgage accounts are the simplest forms of ETI's for the investor. They provide liquid, diversified investments with certain guaranteed returns."<sup>28</sup> If a pension fund chooses to consider direct investments and has no in-house expertise, there are many qualified analysts available to help.
2. ETI's are too costly: Direct ETI's may have high administrative costs due to their complexity. On the other hand, some ETI's are based on investments such as mortgages and mortgage-backed securities, which are "standard, insured and salable in the secondary mortgage markets, providing liquidity not often found in ETI's."<sup>29</sup> These investments entail less administrative expenses and staff time than other types of ETI's. If a pension fund is relatively small (like Vermont), there are many professionals who are experienced with developing customized mortgage-backed securities programs. However, some ETI programs may suffer from high administrative costs due to the amount of staff time required to develop, implement, and monitor the program.
3. Politics always gets in the way: There are well-known examples of ETI failures, some the result of over-zealousness or political interference.

- In 1990, the Connecticut state employee pension fund invested \$25 million in the failing Colt Manufacturing Co. in order to save 1,000 jobs (this represented a 47% stake in the company). Four years later, Colt filed for bankruptcy and the state sold its stake for less than \$5 million. Apparently, the decision was made directly by state officials without adequate consideration of risk-adjusted returns.
- Alaska's public fund loaned \$165 million for in-state mortgages in the early 1980's. Oil prices collapsed in 1987 and 40% of the loans became delinquent or resulted in foreclosure. The in-state mortgages represented 35% of Alaska's fund assets, an unreasonable allocation by any standard. Heavy dependence on one industry (like oil) makes it imperative to diversify in order to protect against a serious downturn.
- Kansas (KPERs) directly invested \$400 million in various Kansas-based companies, savings & loans, and real estate projects in the 1980's. The fund lost \$236 million of the original investment and the failure was attributed to fund manager's lack of relevant skills and experience.
- Pennsylvania's state and teacher fund invested \$70 million in an in-state Volkswagen plant in the early 1980's. Poor management led to bankruptcy and the pension fund lost 57% of its original investment. Here again, the investment decision was not based on risk-adjusted return.

It is noteworthy that all but one of these examples were venture capital investments, which are characteristically risky (although they can have significant returns if successful). Since the early days of ETI's, pension funds have developed more sophisticated in-house expertise and / or have hired established professionals to help manage the programs. The number of existing programs (and the billions invested) is evidence that fiduciaries learned from early mistakes and that ETI programs can succeed if well managed.

## **Vermont's Experience**

Although the three state pension funds do not have an explicit ETI policy, each has a 2% asset allocation for alternative investments and all have occasionally made small investments in Vermont, including corporate bonds issued by Vermont-based banks, VHFA bonds, and investments in several venture capital (VC) funds.

The VC investments began with the Vermont Venture Capital Fund (VVCF), which was created by statute<sup>30</sup> and which was partly capitalized with \$1.5 million each from the Teacher's and State Employee's pension funds. VVCF attracted other investors in part with the promise of newly approved state tax credits.

The history of these investments is a cautionary tale. The pension funds have recouped their initial investment in the VVCF but the return has been near zero.<sup>31</sup> The available information about ancillary benefits (jobs and taxes) has not been verified by the author.<sup>32</sup> The only real winners appear to be the other limited partners who claimed over \$1 million in tax credits.

The second VC fund is Green Mountain Capital (GMC), a "small business investment corporation" (SBIC) also created pursuant to state statute.<sup>33</sup> GMC invested in Vermont and around the region and was capitalized in part with \$1.1 million from the Municipal and State Employee's pension funds (\$600,000 and \$500,000 respectively). The two pension funds have received a small portion of their original investment (~15%), and the residual value is dependent on the fate of one company. If the value holds and the pension funds can cash out, the annualized return would be approximately three percent (3%). If the company fails, the state has guaranteed a percentage of the investment for all of the limited partners.

The third VC fund is North Atlantic Capital (NAC). The VERS invested at total \$6 million in NAC beginning in 1994. NAC has made limited investments in Vermont but focuses primarily on Northeast. To date, NAC has paid the VERS about 15% of its capital and is expected to make another substantial payment this quarter. It's possible the entire investment can be recouped with some return on investment but it's too early to tell.

In fairness, the performance of these three funds should be viewed in context. As a small state, Vermont has limited opportunities for promising VC investments. In addition, the recession and changes in the VC environment in recent years have undoubtedly contributed to the poor performance of the funds. Nevertheless, it raises questions about the merits of pursuing VC as part of an ETI strategy, especially since there are other ETI opportunities with less risk.

## Summary

Economically targeted investments are legal and prudent if well conceived and managed. Numerous public pension funds have utilized small portions of their assets to fill financing gaps for affordable housing, small business development and venture capital. The available data suggests that return on investment is reasonable and comparable to similar non-ETI investments.

Unfortunately, there is limited data on the ancillary benefits of ETI's because few, if any, pension funds have attempted to quantify the impacts. Anecdotal information shows significant benefits, however, especially in affordable housing, which has received considerable support and where the outcomes are clearly visible. Obviously, these first level benefits (the housing units themselves) are not the whole story because the construction activity creates jobs and the multiplier effects of the goods and services utilized ripple through the economy. Furthermore, increased housing security tends to reduce the need for public assistance, which decreases pressure on state budgets.

Preliminary discussions with leaders in the Vermont affordable housing community have been encouraging.<sup>34</sup> Should Vermont's pension fund fiduciaries choose to initiate a dialogue, they would undoubtedly find willing partners. In addition, there are established firms that offer safe and standardized investment opportunities for affordable housing.

I was also encouraged to learn that the Vermont Community Foundation has already made a commitment to ETI's and is very interested in working collaboratively with the State and other institutional investors to maximize the benefits of available resources.<sup>35</sup>

The scope of this effort did not allow for an investigation of private placement opportunities around the country. These types of ETI's are more complicated and present significant risks, as evidenced by the venture capital experience in Vermont.

There are many examples of successful ETI programs. Should the boards choose to develop an ETI policy, we can learn from your counterparts in other states and benefit from their

experience and expertise. In addition, there are several high profile and willing partners with whom you can begin this process.

The state pension boards work hard to protect the workers and retirees who depend on the fund's assets, and that's their primary responsibility. However, with ETI's, you have an opportunity to provide an additional service to Vermonters, while still meeting those obligations. To the extent a successful ETI program helps to create a more sustainable economy, it will benefit the workers and pensioners you represent because their fortunes are inextricably linked to the health of the Vermont economy.

## Endnotes

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- 3 See Baker, Dean, and Fung, Archon, "Collateral Damage: Do Pension Fund Investments Hurt Workers?" prepared for the National Heartland Labor-Capital Conference, 1999.
- 4 Lurie, Alvin, *ETIs: A Scheme for the Rescue of City and County with Pension Funds*, Journal of Pension Planning & Compliance 1, 1996; as cited in "Overcoming Institutional Barriers on the ETI Superhighway", Jayne Elizabeth Zanglein, Texas Tech Univ. School of Law, prepared for the National Heartland Labor-Capital Conference, 1999.
- 5 "Economically Targeted Investments: An ERISA Policy Review", 1992, U.S. Dept. of Labor, Advisory Council on Pension Welfare and Benefit Plans; as cited in Zanglein.
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- 7 Vermont's prudent investor rules are defined in 9 V.S.A. Chapter 147.
- 8 Code of Federal Regulations Title 29, Volume 9, Revised July 1, 2002, Cite: 29CFR2509.94-1; Page 326, Title 29--Labor; Chapter XXV--Pension and Welfare Benefits Administration, Dept. of Labor; Part 2590--Interpretive Bulletins Relating to ERISA.
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- 17 See <http://www.calpers.ca.gov/homeloan/default.htm>
- 18 See <http://www.housingpartnerships.net/presentations.htm>
- 19 See <http://www.swib.state.wi.us/privateplacements.asp>
- 20 Op cit., GAO report on Public Pension Plans and ETIs.
- 21 See <http://www.treasurer.ca.gov/publications/doublebottomline/20030325.pdf>
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- 23 See <http://www.comptroller.nyc.gov/>
- 24 See <http://www.psers.state.pa.us/invest/guide2002/r.pdf>
- 25 See <http://www.tgfmanagement.com/investment/i2.html>
- 26 See <http://www.sib.wa.gov/investing/privateequity.htm>
- 27 See [http://www.swib.state.wi.us/IG\\_06Mar02.pdf](http://www.swib.state.wi.us/IG_06Mar02.pdf)
- 28 Ibid.
- 29 Op cit., Zanglein.
- 30 10 V.S.A. 285.
- 31 Vermont Venture Capital Fund 2002 financial statements prepared by Ernst & Young.
- 32 April 30, 2000 letter from Greg Peters, VVCF Managing Gen. Partner to Gov. Howard Dean.
- 33 10 V.S.A. §673.
- 34 The author solicited input from a number of affordable housing leaders, including Sarah Carpenter of the VHFA, and found considerable interest in working with the Treasurer and the boards.
- 35 Conversations with Faith Brown of the Vermont Community Foundation.