



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

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**NAPIER NAMES FLANIGAN AS CHIEF INVESTMENT OFFICER
FOR CONNECTICUT STATE PENSION FUND**

Appointment is First under Treasury Reform Act passed after Silvester Scandal

(Hartford) - State Treasurer Denise L. Nappier today recommended the appointment of Thomas E. Flanigan to be Chief Investment Officer of the Connecticut state pension fund. Acting immediately on Nappier's recommendation, Flanigan's appointment was approved by the state's Investment Advisory Council (IAC) in accordance with the Treasury Reform Act passed by the General Assembly earlier this year in the wake of the corruption scandal involving former state Treasurer Paul J. Silvester.

Nappier said Flanigan, who served for more than a decade as Chief Investment Officer (CIO) of the California State Teachers' Retirement System (CalSTRS), the fourth largest public pension fund in the country, brings Connecticut "a tremendous range of experience in managing public funds that is virtually unmatched anywhere in the country."

"I will continue doing everything necessary to fully protect and grow the retirement funds of more than 160,000 beneficiaries and pension plan participants," Nappier said. "This is a commitment in which I will not waiver and will not compromise. I'm pleased that Tom has agreed to join the Nappier Administration. This is good news for every person whose retirement dollars are invested in the state pension fund."

In California, Flanigan, as CIO of CalSTRS from 1985 to 1997, was directly involved in program development, investment policy formation, strategic planning, long-term and tactical asset allocation applications and currency management. Prior to his public service in California, Flanigan worked for the New York State Common Retirement Fund in various money management positions as he rose through the ranks from 1964 to 1985.

"Tom Flanigan has a long-standing commitment to public finance, and a track-record of outstanding accomplishments in establishing the investment management framework at CALSTERS that has made it one of the top funds in the country," Nappier said.

CalSTRS currently has assets valued at approximately \$85 billion. The Connecticut state pension fund has assets of approximately \$22 billion. For the 12-month period, ending

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June 30, 2000, the Connecticut pension fund returned 13.38%, ranking in the 18st percentile, performing better than 82% of other public funds with assets greater than \$1 billion – the Fund’s strongest performance in comparable periods over the past five years.

Flanigan also is a strong advocate for industry “pay to play” rules aimed at removing what he has described as “unseemly” links between pension fund investments and political contributions that place “the credibility of many investment operations...in jeopardy.” He wrote to the Securities and Exchange Commission (SEC) in 1997, bringing attention to the issue and prompting the agency’s rule-making initiative on the issue.

Nappier noted that Flanigan became the first Chief Investment Officer of CalSTRS after a distinguished career in New York. He oversaw the significant growth of the California teachers retirement system during his tenure as CIO. As of December 31, 1995, the 10-year annualized rate of return of the CalSTRS fund ranked in the top 20 percent of the Trust Universe Comparison Service (TUCS) peer group companies and its funding level was 90% compared to 55% in 1985. CalSTRS is the largest teachers’ retirement system in the nation, with a total of more than 525,000 members.

“We are very fortunate to have an individual of Tom Flanigan’s experience, ability and expertise join the Connecticut Treasury. I am pleased that he will be bringing his outstanding public finance background to our state,” said Investment Advisory Council chairman Steven W. Hart.

“The membership of the IAC was tremendously helpful throughout the search and interview process,” Nappier said, “and I valued their insight and participation throughout.”

“Since I was elected State Treasurer, restoring integrity, professionalism and high standards have been a central part of my agenda. Tom Flanigan will be a significant leader in that effort, as we continue to restore public confidence in Connecticut’s treasury,” Nappier said. “It was clear during the legislative session that the General Assembly shares my view that this position – and an individual of the highest caliber -- is absolutely critical if we are to safeguard and grow our pension funds.”

Flanigan fills the position created by the Treasury Reform Act, which Nappier proposed. Gregory Franklin, who currently serves as Assistant Treasurer of the Pension Management Division, will continue to serve in senior management within the Division after Flanigan assumes responsibilities as CIO next month.

“Tom has a special commitment to public service,” Nappier said, adding that he has “a solid reputation in his work with board members, legislators, and other officials to implement the funds’ investment policies” during his tenure in California.

Flanigan holds a Bachelor’s Degree in Accounting and Economics from Siena College in New York. Since 1997, Flanigan has been president of a private pension and investment consulting firm in Sacramento, CA.

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