



HARVARD LAW SCHOOL



World-Class Pension Experts Discuss Solutions to Inner City Revitalization

HARTFORD, Connecticut, October 26, 2005 – On Tuesday, October 25, Connecticut Treasurer Denise Nappier and other pension fund leaders from across the country came together for a forum called *Pension Funds and Urban Revitalization*, the first of its kind.

At the forum, public pension funds discussed the dual role fiduciaries can play in achieving the best rate of return with the least amount of risk to preserve and grow the assets they manage on behalf of their beneficiaries, while also contributing to the long-term economic vitality of their state and nation. One such initiative involves directing investments toward the nation's troubled inner cities, seeking both a competitive return and urban revitalization.

“This forum provided an opportunity to examine the maturity of geographically focused investment strategies principally in urban centers. Unlike the past experience of some economically targeted investments (ETI's), the basic premise today is that asset allocation and achieving adjusted rates of return must drive any consideration of employing this strategy,” said Connecticut Treasurer Denise L. Nappier.

“There is evidence of the success of this approach in terms of investment performance and the spin-off benefits in furthering the economic growth and opportunity of America's cities, both large and small. In other words, investing in emerging domestic markets can be a win-win situation or what we refer to in our industry as the ‘double bottom line.’ From my perspective, it is worthy of investment consideration and at the Connecticut Retirement Plans and Trust Funds we will look to expand this opportunity set in the best interest of our 160,000 beneficiaries who depend on these assets for their future financial security.”

The experiences of the California Public Employees' Retirement System (CalPERS) and the New York City Employees' Retirement System (NYCERS), two pioneers in urban revitalization investment, were presented at the session. Harvard and Oxford researchers Tessa Hebb, Lisa A.

Hagerman and Gordon L. Clark, who have studied the California and New York pension funds' urban investments, reported on their research. The findings provide evidence of new opportunities for market-based investment in underserved capital markets that achieves appropriate risk-adjusted rates of return for plan beneficiaries while simultaneously investing in economic growth.

“We found there are many good economic opportunities in America’s underserved capital markets,” says Dr. Hebb, a principal researcher. “These are not charitable endeavors, but solid investments that both generate an appropriate risk-adjusted rate of return so necessary for pension funds while contributing to the economic well-being of America’s cities,”

The forum was held at Hartford’s Lyceum, and was convened by Harvard Law School, Oxford University and the Inner City Economic Forum. In attendance at the Hartford meeting were Connecticut State Treasurer Denise L. Nappier and Deputy Treasurer Howard Rifkin, Hartford Treasurer Kathleen Palm, in addition to Bill Atwood, Executive Director of the Illinois State Investment Board, Mike Travaglini, Executive Director of Massachusetts Pension Reserves Investment Management (Mass PRIM), and Kathy Martino, Director of Economically Targeted Investments (ETI) with the New York City Comptroller’s Office. The meeting also included representatives from Fannie Mae, the Maryland Department of Housing and Community Development, Urban America, and the Connecticut Development Authority.

Funded by the New York-based Rockefeller Foundation and Ford Foundation, Pension Funds and Urban Revitalization is part of the Capital Stewardship Project of the Labor and Worklife Program, Harvard Law School. Goals of the project are to investigate and promote best practice in urban economic development by US public sector pension funds, and to expand the number of urban revitalization-related investments undertaken by these funds.

The Inner City Economic Forum (ICEF) was founded in 2003 in an effort to reduce economic inequality in America’s inner cities. A Forum tenet is that investing in inner cities is an economic imperative for the country's long-term prosperity. ICEF represents a diverse, national group of close to 300 leaders committed to developing a marketplace of ideas and transforming those ideas into action for the benefit of the country’s inner city residents and communities.

Those interested in learning more about the Pension Funds and Urban Revitalization project can visit <http://urban.ouce.ox.ac.uk/>.

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