

UC Berkeley

IURD Reprint Series

Title

Creating Jobs Through Pension Fund Investments in Real Estate: Innovations from California

Permalink

<https://escholarship.org/uc/item/89b7h8j0>

Authors

Blakely, Edward J

Lynch, James

Skudrna, Kenneth

Publication Date

1985-07-01

Peer reviewed

FILE COPY

Do Not Remove



Edward J. Blakely
James Lynch
Kenneth Skudrna

**Creating Jobs Through Pension Fund Investments
in Real Estate: Innovations from California**

Reprint No. 208

Reprinted from *California Management Review*, Vol. 23, No. 4, Summer 1985.

ABOUT THE INSTITUTE . . .

The Institute of Urban and Regional Development serves the faculty and students of the University of California at Berkeley conducting research into a wide array of policy-relevant questions. Its foci of inquiry are the processes of urban and regional growth and decline, the consequences that alternative styles of governance have for patterns of development, and the scientific bases for development policy and for policy planning.

Toward these ends, current research is directed to the economics of urbanization in the West and in the Third World; techniques of environmental management; effects of using new energy sources; emergent patterns of suburbanization and central area reconstruction; evaluation of alternative modes of transportation; design of effective means for supplying social services; contemporary issues in housing policy; regulation of urban growth and uses of land; determinants of urban livability and the factors shaping urban life; and potential improvements in methods of analysis, evaluation, and planning.

The Institute's members are drawn from departments throughout the Berkeley campus; it prints and distributes many of their research papers which are later published in professional journals and commercially distributed books. A catalog of the Institute's publications is available on request.

Creating Jobs Through Pension Fund Investments in Real Estate: Innovations from California

Edward J. Blakely

James Lynch

Kenneth Skudrna

Over the last decade, public, private, and union pension fund trustees have expressed increasing interest in real estate investments. This new interest in real estate has been stimulated in large measure by the poor performance of pension fund investments in the last decade. The average pension fund returned only 4.3% per year from 1970 to 1979, while the stock market yielded an average return of only 5.9%.¹ These investment returns for pension funds and the stock market were well below the prevailing rate of inflation. Furthermore, stocks and bonds, which are the traditional investment choices of pension fund managers, exhibited more volatility than in prior years. On the other hand, real estate investments showed steady annual returns as well as strong rates of appreciation in the same period. In addition to demonstrating positive financial performance, real estate investments are now recognized by pension fund trustees, particularly union and public-employee pension funds, as a viable investment for creating and/or sustaining jobs.

There are two important features that make real estate an attractive investment for pension funds. First, real estate holdings provide a hedge against inflation. In the last decade, most commercial real estate investments have outperformed securities and government bonds with respect to inflation. Second, the real estate income-properties market has exhibited far less volatility than the securities markets. In contrast to investments in stocks, real estate investments are tangible, with asset values that are less likely to drop to zero. Finally, real estate provides a viable means of intervening in the economic system for the express purpose of job creation.²

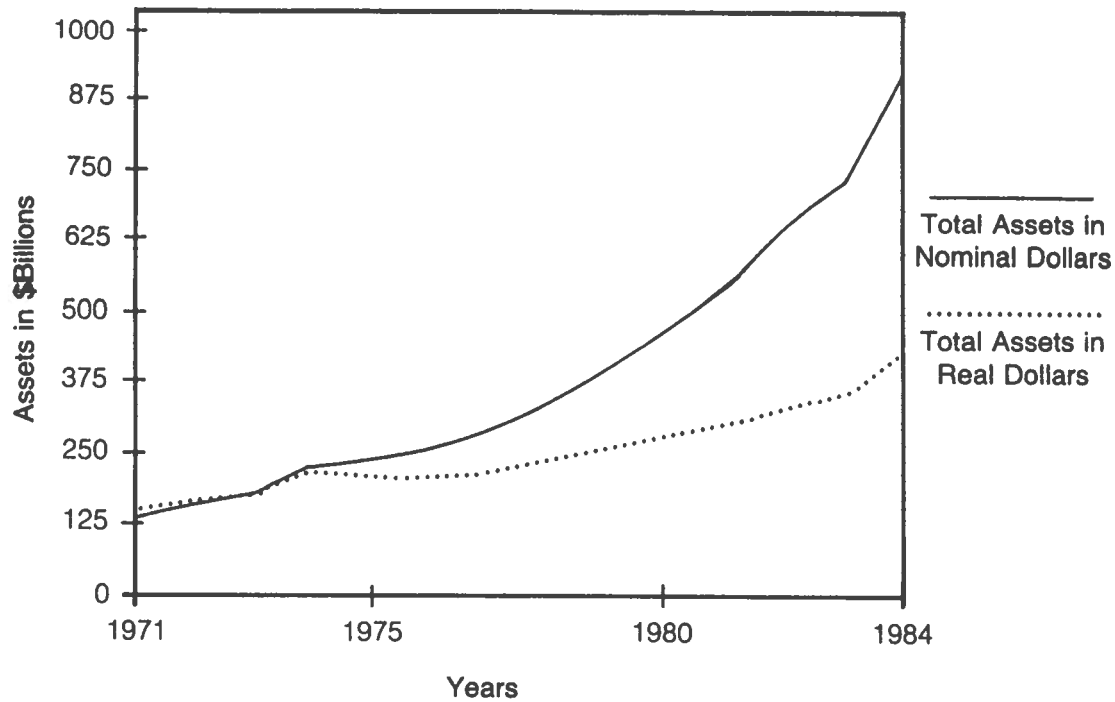
Real Estate Investment Choices for Pension Funds

Until recently, most pension fund investments in real estate have been made through "passive" devices such as commingled investment funds or independent investment advisors. Recognizing the job creation potentials of real estate, however, a growing number of union and public-employee pension fund trustees are attempting to gain internal control and leverage in the real estate investment decision-making process. In a dozen or more major cities, construction and other union coalitions have pooled their investment capital to form "superfunds" in an effort to replace scarce or nonexistent construction financing. In most cases, the pension funds contract to make forward commitments (a purchase order for a mortgage on property to be constructed) for new real estate development projects. The developer, in order to secure this permanent financing from the pension fund, agrees to employ the building trades union members during the construction phase of the project. In addition, the pension fund trustees recognize that the type of project selected, such as a hospital or shopping center, may provide additional jobs for members of other unions after construction as well as increase the local tax base.

The job creation potential of pension fund investments for economic development was initially discussed in the late 1970s. In *The North Will Rise Again*, a highly controversial publication, Jeremy Rifkin and Randy Barber put forth the argument that pension fund investment policies and practices were often inimical to union members' interests.³ In their book, Rifkin and Barber stated that fund managers and institutional investors were investing fund assets in non-union firms, business ventures in South Africa, and companies that were repeated violators of OSHA regulations and the NLRA. Rifkin and Barber's work highlighted the tension between the need for jobs among the present pension fund participants and for securing future retirement benefits for all plan members—especially the retired. The Rifkin-Barber thesis inevitably led to arguments that investment priorities should not only reflect the long-term interest of plan participants, but also include investments to maintain employment opportunities for present plan contributors.

Magnitude of Pension Fund Resources

Pension fund assets represent the largest single source of savings and investment capital currently available in the United States. The 1984 *Money Market Directory* lists U.S. pension fund assets at \$924.4 billion; more recent estimates suggest that fund assets have already exceeded \$1 trillion.⁴ Pension fund assets increased 21.4 percent from 1983 to 1984 and continue to exhibit steady growth (see Figure 1). The fact that pension funds have enough assets to buy almost two-thirds of the stock of all Fortune 500 companies further highlights the magnitude of pension fund

Figure 1. Growth In Total Pension Fund Assets 1971 to 1984

capital in the United States. At a reasonable expected growth rate of 15 percent per year, total pension fund assets will exceed \$2 trillion by 1990.⁵ Some institutional investors argue that by the year 2000 at least 50% of the nation's available investment capital will come from pension funds.⁶ But even under the most conservative estimates, it is clear that pension fund investment practices and policies will assume an increasing role in shaping the nation's economic destiny.

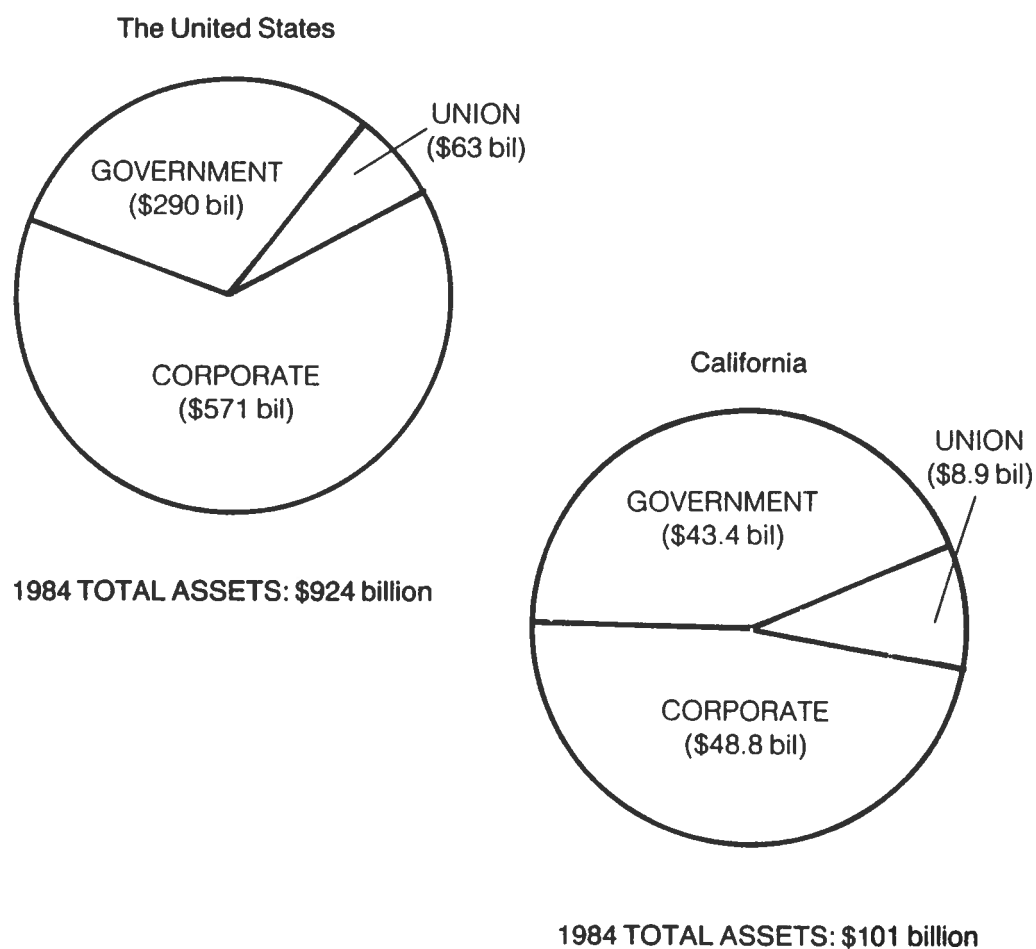
In California, the nation's wealthiest state, pension fund assets exceed \$100 billion. California pension fund resources represent approximately 11% of the national total (see Figures 2 and 3). Stock and bond holdings constitute nearly 50% of California-based pension fund investments while California pension funds invest less than 5% of their portfolios in real estate. Since California pension funds are a significant portion of all U.S. pension fund assets, they represent an enormous amount of economic power. The pie charts in Figure 3 illustrate that corporate fund assets constitute less than 50 percent of California's total assets; when compared with the United States, a proportionately greater share of total fund assets in California are in government and union pension plans. As a result, California union and public pension fund investment practices may influence their counterparts throughout the nation.

**Figure 2. Pension Fund Assets
California and the United States Compared**

ASSETS IN \$ MILLIONS—1984

	<u>United States</u>	<u>California</u>	<u>California As % of U.S.</u>
Private	570.6	48.8	8.6
Public	290.4	43.4	14.9
Union	63.4	8.9	14.0
	<u>924.4</u>	<u>101.1</u>	<u>10.9</u>

Figure 3. Pension Fund Assets—Size & Scope



Source: Money Market Directory 1984

California union and public pension funds are pioneering in real estate investments. The approaches California and other pension funds use for real estate can be classified as either active (i.e., direct participation in investment choices) or passive (i.e., third-party selection of real estate investments). Active approaches include:

- *In-House Real Estate Staff*—This method is used primarily by large or diversified pension funds that engage a full-time staff to select and manage real estate investments.
- *Development Foundation*—In this approach, a group of pension funds form an organization which screens real estate projects and creates joint financial participation structures for several pension funds to co-venture real estate investments. (This form of investment will be discussed and described at greater length in the balance of this article.)

Passive real estate investment approaches include:

- *Commingled Real Estate Funds*—These real estate funds operate much like mutual funds and spread the risk of real estate investing among several pension or profit-sharing funds.
- *Real Estate Advisors*—This form of real estate investments by pension funds requires the selection of an investment advisor who chooses real estate investment opportunities for the pension fund. Most pension funds allow the advisor to invest their assets in real estate projects that meet criteria established by pension fund trustees.

Any or all of these alternative approaches can be used by a public-employee, union, or private pension fund. The size, participant base, and investment of the fund will influence the approach selected. The development foundation is discussed at greater length here because it is specifically designed for job creation and local economic stimulation.

The California Real Estate Foundation

California construction trade unions are the leaders in the use of real estate investments to generate jobs for plan participants. In the summer of 1980, several building trades funds formed the Southern California Development Foundation (formerly named "The Construction Industry Real Estate Development Financing Foundation of Southern California"). The underlying purpose of this Foundation is to provide a means for the participating union pension funds to invest in real estate construction projects that will employ members of the future pension fund.

The Southern California Development Foundation is composed of representatives of several large and small building trade unions in the Los Angeles basin. Representatives include either trustees and fund managers or investment advisors of participating pension funds. The Southern California Development Foundation is governed by a set of rules and has a small staff to keep track of projects and handle its legal affairs.

At monthly meetings, developers, through mortgage bankers, present financing proposals for new commercial and residential construction projects to participating union pension funds. The principal requirement of the financing proposals brought before the Foundation is that the developer employ union labor during the construction phase of the project. If delegates of the member pension funds are interested in projects presented before the Foundation, they invite the mortgage bankers to attend a meeting with the interested fund's full board of trustees and other investment personnel. These internal union pension board meetings provide a more detailed review of the project and discussions of proposed financing. One goal of the Foundation is to promote equity participation financing schemes. That is, the pension funds go beyond mortgage loans by taking an ownership position in some projects.

At a subsequent Foundation meeting, the proposals previously introduced are offered for subscription. Every member union fund has an equal right to participate in each of the financing proposals; however, membership in the Foundation does not commit any pension fund to invest in any proposed projects. In essence, Foundation membership allows a pension fund to invest via loan or equity positions in any project presented to the membership. Typically, one or more of the Foundation members will subscribe to a project. If Foundation members fail to provide adequate financing, the resulting under-subscribed amount of the financial proposal becomes available for subscription by outside banks and other nonmember pension funds. Upon full subscription, a "Transaction Trust" is created by a bank, acting as corporate trustee, to administer the financing of the project.

The overriding investment guideline for pension funds is the federal pension law embodied in the Employee Retirement Income Security Act of 1974 (ERISA). While ERISA applies to all pension funds except those of public employees, the public plans typically adhere to its criteria. Section 404(a)(1) of the Act requires that fiduciaries "discharge their duties with respect to the plan solely in the interest of the participants and beneficiaries, and for the exclusive purpose of: 1) providing benefits to plan participants and their beneficiaries and 2) defraying reasonable expenses of administering the plan."⁷ Even though ERISA does not rule out job-creating investments, the 1974 law does prohibit the sacrifice of economic return in investment decisions.

The Labor Department's administrator for Pension and Welfare Benefit Programs expressed approval of the Southern California Foundation concept in a 1981 letter ruling. The Department of Labor found the Foundation an acceptable approach within the scope of the Department of Labor's rules. In addition, the Department did not see any specific violation of ERISA's fiduciary standards. The pension fund trustees in the Foundation approach retain full discretion with regard to their plan's investments and remain fully responsible for the investment decisions made. The Depart-

ment of Labor's letter ruling stated, "we view your proposal to establish and operate the Foundation in a manner which does not appear to limit the investment opportunity of any plan participating in it as a hopeful and constructive indication of an intention on the part of all concerned to operate these plans in a manner consistent with ERISA."⁸

As of January 31, 1984, the Southern California Development Foundation had invested over 291 million dollars in various job creation projects. Projects financed via the Foundation ranged in size from \$1.1 million to \$30 million. Individual union pension funds committed as little as \$200,000 to selected projects while in one instance a single pension fund committed over \$13 million to one development. The types of projects financed by the Southern California Foundation include office, industrial, commercial, residential, mixed-use complexes, single family residences, and hotels.⁹ The Southern California Foundation not only provides large pension trustees a means to diversify their real estate portfolio, but it also allows small pension funds with few members a means to participate in the real estate market without sacrificing a large percentage of their assets in a single investment.

The Southern California Development Foundation has been catalytic in the creation of similar California "Foundations" for non-building trade and public pension funds. The California Development Foundation (CDF), based in Northern California, is one such example. The California Development Foundation is designed to select real estate opportunities for both construction and other union funds as well as local government public pension funds. The CDF has a current membership base of approximately a dozen trade union funds with commitments from several local government public-employee pension funds. Until recently, public-employee pension funds have been unwilling or unable to participate in active real estate investments such as the CDF because real estate was viewed as riskier than traditional investments in stocks and bonds. This attitude is changing among many local governments which view the Foundation concept as a sound approach. Those public funds that favor the Foundation view it as having few of the liabilities generally associated with real estate investing since it allows trustees to exercise control over the particular real estate investment while spreading the risk.

Pension plans in other states have also established innovative real estate investment vehicles for the purpose of generating jobs. These projects range from residential mortgages to stimulate local housing development, historic preservation and building rehabilitation, and public/private real estate co-development ventures. The growth of job-creating investments by building trades union-related pension funds was highlighted in a 1983 report by the AFL-CIO Building and Construction Trades Department. This report revealed that "building trades union-related pension funds channeled more than \$800 million in new job-creating investments during 1982. . . . These investments were primarily in construction and construc-

tion-related projects where fund participants—building trades union members—themselves were employed.”¹⁰

Other Beneficiaries of Pension Fund Investments in Real Estate

Construction union members are not the only beneficiaries of real estate investments. New construction has a positive impact on local or regional autonomy by stimulating related economic activities as well as by improving the local tax base. A healthy and secure economic base provides a positive climate for business development and also assists in preserving existing jobs. The economic multipliers associated with new building are one aspect of the total return of real estate investments in a locale. In California, where construction is the state's largest production industry, every job generated in the construction sector generates approximately 1.63 jobs in the balance of the state's economy.¹¹

Similarly, employment benefits of local construction projects have important implications for public pension fund members. Pension fund investments in real estate can have a direct impact on public-sector job creation or retention. For this reason, there is new interest among public-employee unions to devote some of their pension fund assets in real estate through development foundations.

While public plans are considering possible involvement in real estate, there are important caveats for public pension fund involvement in real estate. First, public funds run the risk of becoming too narrow in their real estate investment activities by investing in only local jurisdiction-based projects. If a local government pension fund is invested too heavily in real estate investments in its own community or area, a slight economic downturn may have severe impact on the pension fund assets. Therefore, public-employee plans must develop overall investment approaches that consider both location and risk. The foundation device provides an opportunity for public-employee union pension funds through a pooled investments approach that allows them to spread their real estate investment risk over several projects in different locales without the necessity of employing a special staff for this purpose.

Real Estate Investing—Not Without Problems

The implications of the Foundation approach to real estate investments for job creation is coming under some scrutiny by the Department of Labor. On January 17, 1984, an article published in the *Wall Street Journal* questioned the legality of the investment tactics and practices of the construction union pension funds belonging to the Southern California Development Foundation. Specifically, the Los Angeles Office of the Department of Labor charged that the pension funds had violated federal law by investing at below-market rates.¹² Under the ERISA standards, the Department of

Labor stated "[the] plan, its administrators, beneficiaries and related individuals (each of whom is referred to as a "party in interest") are barred from entering into transactions between themselves."¹³ Specifically, pension funds should avoid: (1) making investments which benefit union members regardless of the cost to the pension plan, and (2) contracting with business directed to firms associated with the management trustees of pension funds. Some trustees and other officials of the SCDF were accused of violating both these standards. In January 1985, the offending pension funds were assessed fines and penalties by the Department of Labor of more than one million dollars. They were also warned to avoid similar practices in the future.

In addition to the Department of Labor standards, it is difficult for foundations to quantify the financial performance of real estate investments. Real estate investing is risky—especially in the area of forward commitment financing. An entirely different risk-reward calculus is introduced when pensions move away from ownership of existing income-producing properties to active participation in the provision of permanent and/or equity financing for new construction projects. While involvement in the real estate construction or development process may subject participating pension plans to serious financial risk, a thorough understanding of the difficulties associated with each stage of development allows the knowledgeable fund management to develop an investment strategy that will maximize both financial returns and employment or other desired economic outcomes.

Real Estate Investment Strategy for Pension Funds

Before incorporating any type of real estate holding into an investment portfolio, pension funds must develop an overall investment strategy. The basic concepts of such a strategy were outlined by Paul F. Wendt in the Summer 1983 issue of *California Management Review*.¹⁴ In broad terms, an investment strategy would consist of two components: (1) a clear delineation of the reasons or objectives for investing into real estate, and (2) a thorough evaluation of the means to attain these objectives. For pension funds, the ability to secure long-run economic returns should serve as the primary justification for real estate investments. Additional investment considerations or criteria such as employment generation and economic development are also important but not primary. The ability to create jobs or stimulate economic activity by pension fund investment in real estate is largely a function of three elements:

- the magnitude of assets available for commitment to real estate,
- the type of real estate targeted for investment, and
- when, or at what stage in the development process, the investment is undertaken.

While the first factor is largely a decision that is internal to the pension fund itself, the last two are directly related to the particular investment approach selected.

The investment approaches outlined in Figure 4 provide pension funds with significantly different options for entering the real estate market. Critical investment considerations such as risk, diversification, liquidity, and fiduciary responsibility vary according to the approach selected. The ability to promote a particular form of employment or economic development through real estate investing is a function of the approach selected for investment and the pension fund trustees' investment strategy. For example, creating an in-house investment staff allows pension funds to target real estate investments by project type, size, and location. The in-house investment option, however, is more useful to large funds which have the financial resources to hire a staff with real estate expertise.

The development foundation provides pension fund trustees with a direct opportunity to manage their real estate investment toward projects that benefit employment or economic development returns without maintaining a specialized staff. The foundation approach does not discriminate on the basis of a pension fund's asset size, nor does it require the pension fund to commit itself to any real estate investment unless the project meets the pension fund's objectives.

In spite of the recent growth of real estate-oriented development foundations, this approach has not yielded sufficient data to assess their actual investment performance. Nonetheless, it is important to re-emphasize that without proper safeguards, development foundations can be misused. Specifically, improper investment practices may lead to two different, yet related, types of conflicts: conflicts of interest and conflicts of commitment. Conflicts of interest are the use of pension resources to improperly promote the financial interests of individual fund managers and developers. Conflict of commitment, on the other hand, refers to the situation where pension fund trustees use development foundations to achieve employment objectives at the expense of securing reasonable rates of returns on their investments.

Policy Implications

Government, from federal to local levels, has a stake in pension fund investments in real estate. The federal government is responsible for establishing the regulations for all pension fund investment practices. The government investment standard was set by the courts in 1830 in *Harvard v. Amory*. The court "ruled that no investment, in and of itself, was sound or unsound. Rather, the judiciousness of any investment decision was a matter of whether in the context of the trust's objectives and the state of investment management practices, the decision to invest makes sense."¹⁵

Figure 4. Real Estate Investment Vehicle Characteristics

	Commingled Accounts	Real Estate Advisors	Development Foundation	In-House Investment
Investment Vehicle Type & Description	Pools of multiple investors capital in real estate equities; usually offered and managed by institutional investors	Management of Real Estate Portfolio is left in the hands of independent advisors or advisory firms	A forum allowing pension funds to participate in new construction and/or development projects	Pension funds are directly involved in the acquisition, disposition, management, and finance of real estate
Degree of Diversification and Liquidity	The large investment pools allow for relatively high degrees of liquidity and diversification	Diversification and liquidity is low to moderate and highly dependent upon the real estate advisor	While the degree of diversification varies according to project types and the number of participants liquidity is often low	With one investor per project, liquidity and diversification are typically low
Degree of Investor Control	The degree of control is very low; Assets are deposited into a pool and the institutional investor selects investments and manages the portfolio	Degree of control is moderate; the pension fund manager can indicate investment preferences, yet final investment decisions and portfolio management are functions performed by the real estate advisor	Degree of control is very high; the pension fund managers themselves make all the real estate investment decisions	Degree of control is very high with pension fund managers and trustees conferring with in-house advisors regarding the real estate investment portfolio
Fiduciary Responsibilities	Fiduciary responsibilities are transferred to the institutional investor offering the commingled account	The real estate advisor assumes fiduciary responsibility for those investments involved in the real estate portfolio	The fund managers retain full fiduciary responsibility for their investment decisions	The use of an in-house investment staff does not transfer fiduciary responsibilities
Required Level of Real Estate Expertise	Participation in commingled accounts requires no real estate expertise	Expertise is required in selecting an advisor, but little real estate expertise is required of the fund manager	Pension fund managers should possess a moderate to high level of real estate expertise	Real estate expertise is found in in-house staff
Orientation Towards Job Generation	Minimal orientation towards job creation since accounts usually purchase existing properties	If investments target new construction projects, employment stimulation is possible	Full orientation to job generation among pension fund participants via investments in new construction/development projects	Orientation towards job generation largely depends upon discretion of trustees and fund managers

Only a decade ago, the prudent man principle enunciated in *Harvard v. Amory* was incorporated in ERISA to regulate private pension plan investments. ERISA standards, while not legally mandated for public-employee pension funds, influence their investment practices. Most public-employee pension funds follow ERISA guidelines because those standards provide reasonable guidance in investment and help insulate the pension fund from suits by members related to investment decisions. There have been proposals before Congress to adopt ERISA-like legislation for public pension funds, but to date none have been approved.

Federal Role—There are several ways by which the federal government can facilitate pension fund investments in real estate. First, the IRS and the Department of Labor can clarify their existing guidelines regarding the use of development foundations and other real estate investment approaches. Potential abuses as well as the current hesitancy to invest fund assets in real estate can be reduced by a clearer interpretations of what is permissible. Second, the federal government can fund research aimed at developing better measures or indicators for the financial performance of real estate investments involving employment consequences.

State Role—State governments directly regulate the investment practices of state and local public pension funds; nonetheless, changes in state policies or legislation can also affect the investment climate for union and private pensions. State governments can encourage pension funds to invest in housing and commercial construction. For example, Massachusetts, Wisconsin, Pennsylvania, and Michigan are already taking the lead in facilitating public-employee and other union pension funds to direct their assets towards investments that stimulate housing development and employment within those states. States interested in pension fund flexibility in real estate investing might:

- Use state economic development agencies to encourage new real estate investment in housing by providing state guarantees for selected projects.
- Enact legislation and guidelines pertaining to financial disclosure requirements. Specifically, the states can legislatively require development foundations to make complete financial disclosures of their investments. This disclosure provision would diminish potential conflicts of interest among fund trustees in letting contracts to themselves or using pension funds to promote fiscally unsound real estate ventures.
- Promote public/private joint ventures real estate investments in industrial and community development projects and make such ventures attractive to pension fund participation.
- Finally, states should re-evaluate present legislation that regulates public pension fund investments. The state can provide more permissive legislation which would encourage local government pension fund trustees to consider employment impacts as well as financial return in real estate investments.

In sum, the states can create a better climate for public pension fund managers to direct some of their resources to local, regional, or state economies.

The Pension Funds—Ultimately, pension fund investment decisions are made by pension fund trustees. As pension fund assets continue to grow, trustees will have to look to other investment options to improve the overall performance of their portfolios. Real estate is a reasonable and socially useful choice. Therefore, pension fund trustees should define their investment objectives with respect to real estate by taking into consideration the total return for the fund financially and dealing in terms of employment and economic impacts. However, like any other investments, the type of real estate investment, the timing of the investment, and the investment approach selected determine the ultimate investment outcomes, irrespective of whether the intention is to create jobs or increase total financial return.

At the local, regional, and national level, the pension funds themselves should seek to establish information exchange networks that can facilitate the process of collecting information for discussing new or alternative investment strategies. Pension funds individually or collectively might:

- Generate a comprehensive data base to track the investment performance of real estate over time. Such information should distinguish between the risks and returns associated with purchasing existing properties and financing new developments.
- Measure pension funds performance through in-depth analysis of existing real estate investment and approaches, both active and passive. Attention should also be devoted to considering how both active and passive approaches might be improved to assist pension funds in reaching job creation and economic development objectives.
- Union pension fund research groups or their foundations should develop approaches to quantifying the employment and economic development benefits of real estate investments. Without this information, pension fund trustees will not be able to exercise appropriate fiscal oversight.
- Finally, pension funds need to induce union organizations, regulating agencies, and legislative bodies to clarify the criteria or standards of “prudence” in the area of real estate investing.

Conclusion

Strategic investments in real estate can provide pension funds with the ability to stimulate employment and economic development. New construction and similar real estate projects increase employment, expand public-sector activities, and promote economic growth. Whether or not these employment and economic development potentials will be achieved via pension fund investment largely depends upon the ability of pension fund

trustees to select real estate investment approaches that do not expose the fund to excessive risks or require the sacrifice of competitive financial returns. Pension fund managers can use a variety of approaches to achieve their real estate objectives. By investing in real estate, public-employee, private, and union pension fund trustees and their managers have an opportunity to incorporate the concept of total return that includes investment yield as well as increases jobs for union members and/or community residents.

References

1. AFL-CIO, *Pension: A Study of Benefit Fund Investment Policies* (Washington, D.C.: AFL-CIO, May 1980), p. 8.
2. Natalie A. McKelvy, *Pension Fund Investments in Real Estate* (Westport, CT: Quorum Books, 1983), p. 13.
3. Jeremy Rifkin and Randy Barber, *The North Will Rise Again* (Boston: Benson Press, 1978).
4. T. H. Fitzgerald, ed., *The Money Market Directory: Directory of Pension Funds and their Investment Managers* (Charlottesville, VA: Money Market Directories, Inc., 1984).
5. Clarence C. Zlebesk, "Social Policy Eyes Pension Fund Assets." *Real Estate Review* (Winter 1984), p. 90.
6. "Money Managers Ride Wave of Pension Cash," *Wall Street Journal*, February 27, 1984, p. 1.
7. Stephen S. Goldberg, *Pension Plans Under ERISA* (New York, NY: Practicing Law Institute, 1976), p. 227.
8. "Excerpts from the U.S. Department of Labor Southern California Ruling," *Labor & Investments*, Vol. 1, No. 3 (April 1981), p. 6.
9. Cox, Castle & Nicholson Attorneys, Mimeo, "An Idea Whose Time Has Come: Background and Progress of the Development Foundation of Southern California," (undated, p. 2).
10. "Building Trades-Related Funds Invested \$800 Million in Job-Creating Projects," *Labor & Investments*, Vol. 3, No. 5 (May 1983).
11. Ben Bartolotto, *Pension Fund Investments and New Construction: An Analysis of Economic and Financial Considerations* (Los Angeles, CA: Construction Industry Research Board, 1982).
12. "Constructive Plan? Use of Pension Funds for Creation of Union Jobs Raises Issues of Legality Under '74 Law," *Wall Street Journal*, January 17, 1984, p. 16.
13. Ibid.
14. Paul F. Wendt, "The Future of Investment in Real Estate," *California Management Review*, Vol. 25, No. 4 (Summer 1983), p. 110-120.
15. Lawrence Litvak, *Pension Funds and Economic Renewal* (Washington, D.C.: CSPA, 1981), p. 42.