
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2114 Session of
1984

INTRODUCED BY PIEVSKY, MAY 1, 1984

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JUNE 25, 1984

AN ACT

1 Making appropriations from the State Employees' Retirement Fund
2 to provide for expenses of the State Employees' Retirement
3 Board for the fiscal year July 1, 1984 to June 30, 1985 and
4 for the payment of bills incurred and remaining unpaid at the
5 close of the fiscal year ending June 30, 1984; ~~and providing~~ <—
6 ~~for investments in Pennsylvania industries;~~ AND TO PROVIDE A <—
7 SUPPLEMENTAL APPROPRIATION FROM THE STATE EMPLOYEES
8 RETIREMENT FUND FOR THE FISCAL PERIOD JULY 1, 1983 TO JUNE
9 30, 1984.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. ~~(a)~~ The sum of \$5,630,000, or as much thereof as <—
13 may be necessary, is hereby specifically appropriated from the
14 State Employees' Retirement Fund to the ~~Public School~~ STATE <—
15 Employees' Retirement Board for the fiscal year beginning July
16 1, 1984 and for the payment of bills incurred and remaining
17 unpaid at the close of the fiscal year ending June 30, 1984 for
18 the payment of all salaries, wages and other compensation and
19 travel expenses of the employees and members of the State

1 Employees' Retirement Board, for contractual services and other
2 expenses necessary for the proper conduct of the duties,
3 functions and activities of the board and for the payment of
4 bills incurred and remaining unpaid at the close of the fiscal
5 year ending June 30, 1984.

6 ~~(b) The sum of \$317,000, or as much thereof as may be~~ <—
7 ~~necessary, is hereby specifically appropriated from the State~~
8 ~~Employees' Retirement Fund to the State Employees' Retirement~~
9 ~~Board for fiscal year July 1, 1984 to June 30, 1985 for attorney~~
10 ~~fees payable in accordance with a consent decree and court order~~
11 ~~concerning the McKenna Weir and Catania cases.~~

12 SECTION 2. THE SUM OF \$317,000, OR AS MUCH THEREOF AS MAY BE <—
13 NECESSARY, IS HEREBY SPECIFICALLY APPROPRIATED FROM THE STATE
14 EMPLOYEES RETIREMENT FUND TO THE STATE EMPLOYEES RETIREMENT
15 BOARD FOR THE FISCAL PERIOD JULY 1, 1983 TO JUNE 30, 1984, FOR
16 THE PAYMENT OF EXPENSES NECESSARY FOR THE PROPER CONDUCT OF THE
17 DUTIES, FUNCTIONS AND ACTIVITIES OF THE BOARD AND FOR THE
18 DISCHARGE OF ITS OBLIGATIONS.

19 SECTION ~~2~~ 3. (A) NO MONEYS SHALL BE USED FOR PAYMENT OF <—
20 BILLS INCURRED AND REMAINING UNPAID AT THE CLOSE OF THE FISCAL
21 YEAR ENDING JUNE 30, 1984 INVOLVING THE INTERNAL CONTROL AND
22 INVESTMENT PERFORMANCE AUDIT OF THE STATE EMPLOYEES' RETIREMENT
23 SYSTEM AS REQUIRED BY THE AUDITOR GENERAL.

24 (B) WHEN AN INTERNAL CONTROL AND INVESTMENT PERFORMANCE
25 AUDIT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM IS REQUIRED BY
26 THE AUDITOR GENERAL IN A FISCAL YEAR IN WHICH THE EXPENSE OF
27 SUCH AN AUDIT HAS NOT BEEN BUDGETED FOR BY THE STATE EMPLOYEES'
28 RETIREMENT BOARD, THE EXPENSE OF THE AUDIT SHALL BE BORNE BY THE
29 DEPARTMENT OF THE AUDITOR GENERAL AND THE AUDITOR GENERAL SHALL
30 BE REQUIRED TO REQUEST FROM AND JUSTIFY TO THE GENERAL ASSEMBLY

A SPECIAL APPROPRIATION TO THE DEPARTMENT OF THE AUDITOR GENERAL
OUT OF THE GENERAL FUND FOR THAT PURPOSE.

~~Section 2 3. Any additional funds necessary to fulfill
contractual agreements for the management of investments are
hereby appropriated.~~

~~Section 3. (a) The board shall, within six months of the
effective date of this act, detail a program of investment for
the economic redevelopment and capitalization of Pennsylvania
industries. Recognizing the initial duty of the fund to prudent
investments which protect the pensions of retirees, the General
Assembly requires the board to invest an equity interest in
venture capital limited partnerships and participate in private
placement separate accounts. Investments in venture capital
limited partnerships and private placement separate accounts
shall:~~

~~(1) Enhance the general welfare of the State and its
citizens through economic development.~~

~~(2) Limit the liability of the retirement fund only to
the extent of the investment.~~

~~(3) Provide that the management of the venture capital
limited partnership and the private placement separate
account rests solely with the general partner or manager who
shall be a professional investment manager.~~

~~(b) Investments made pursuant to this section for venture
capital limited partnerships shall not be less than 1% nor more
than 2% of the value of the fund. Investments for private
placement separate accounts shall not be less than 1% of the
value of the fund. The value of the fund shall be the total book
value of the fund on the effective date of this section.~~

~~(c) The investments authorized by this section shall be made~~

1 ~~by the board over a three year period. The board shall file an~~
2 ~~annual report on these investments with the General Assembly.~~
3 ~~Included in the report shall be information on how the board~~
4 ~~exercised its stewardship on behalf of Pennsylvania industries~~
5 ~~over the past three years. This report shall also detail how the~~
6 ~~board intends to use fund assets for the benefit of jobs in~~
7 ~~Pennsylvania.~~

8 SECTION 4. SECTION ~~2~~ 3 OF THIS ACT SHALL BE RETROACTIVE TO <—
9 JULY 1, 1983.

10 Section ~~4-3~~ 5. This act shall take effect July 1, 1984, or, <—
11 if enacted subsequent to that date, then immediately.