

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1460 Session of
2017

INTRODUCED BY B. MILLER, GREINER, WARD, MILLARD, MILNE, RADER,
LAWRENCE, WHEELAND, BLOOM, GROVE, ZIMMERMAN, MOUL, BARRAR,
KEEFER, MAHER, CALTAGIRONE, HANNA, IRVIN AND GILLEN,
MAY 31, 2017

AS REPORTED FROM COMMITTEE ON STATE GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, OCTOBER 17, 2017

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in administration and
3 miscellaneous provisions regarding administration of the
4 Public School Employees' Retirement Fund, further providing
5 for administrative duties of board; and, in administration,
6 funds, accounts and general provisions regarding
7 administration of the State Employees' Retirement Fund,
8 further providing for administrative duties of the board.

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

11 Section 1. Section 8502(n) of Title 24 of the Pennsylvania
12 Consolidated Statutes is amended to read:

13 § 8502. Administrative duties of board.

14 * * *

15 (n) Annual financial statement.--The following shall apply:

16 (1) The board shall [prepare]:

17 (i) Prepare and have published, on or before January
18 1 of each year, a financial statement as of the fiscal
19 year ending June 30 of the previous year showing the

1 condition of the fund and the various accounts,
2 including, but not limited to, the board's accrual and
3 expenditure of directed commissions, and setting forth
4 such other facts, recommendations and data as may be of
5 use in the advancement of knowledge concerning annuities
6 and other benefits provided by this part. [The board
7 shall submit]

8 (ii) Include in the financial statement under
9 subparagraph (i) the performance of investments over the
10 most recent 1-, 3-, 5-, 10- and 20-year periods, the
11 performance of investments by asset class over each time
12 horizon both gross and net of fees and an itemized
13 listing of the fees paid to investment managers for the
14 applicable reporting years, separated by management and
15 performance fees, including performance, carried interest
16 and fees charged against assets for private equity and
17 other alternative investment managers, informed by the
18 practices recommended by the Institutional Limited
19 Partnership Association Fee Transparency Initiative.

20 (iii) Submit said financial statement to the
21 Governor and shall make copies available to the employers
22 for the use of the school employees and the public.

23 (IV) INCLUDE MANAGEMENT REPORTS FROM AUDITORS IN THE <--
24 FINANCIAL STATEMENT.

25 (2) As used in this subsection, the following words and
26 phrases shall have the meanings given to them in this
27 paragraph unless the context clearly indicates otherwise:

28 "Alternative investment." An investment in a private
29 equity fund, venture fund, hedge fund or absolute return
30 fund.

1 "Carried interest." Any share of profits from an
2 alternative investment vehicle that is distributed to a fund
3 manager, general partner or related party, including
4 allocations of alternative investment vehicle profits
5 received by a fund manager in consideration of having waived
6 fees that the fund manager might otherwise have been entitled
7 to receive.

8 "Institutional Limited Partnership Association Fee
9 Transparency Initiative." An initiative created by the
10 Institutional Limited Partnership Association to establish
11 guidelines for reporting fees, expenses and compliance
12 disclosures regarding investments.

13 * * *

14 Section 2. Section 5902(m) of Title 71 is amended to read:
15 § 5902. Administrative duties of the board.

16 * * *

17 (m) Annual financial statement.--The following shall apply:

18 (1) The board shall [prepare]:

19 (i) Prepare and have published, on or before July 1
20 of each year, a financial statement as of the calendar
21 year ending December 31 of the previous year showing the
22 condition of the fund and the various accounts,
23 including, but not limited to, the board's accrual and
24 expenditure of directed commissions, and setting forth
25 such other facts, recommendations, and data as may be of
26 use in the advancement of knowledge concerning annuities
27 and other benefits provided by this part. [The board
28 shall submit]

29 (ii) Include in the financial statement under
30 subparagraph (i) the performance of investments over the

1 most recent 1-, 3-, 5-, 10- and 20-year periods, the
2 performance of investments by asset class over each time
3 horizon both gross and net of fees and an itemized
4 listing of the fees paid to investment managers for the
5 applicable reporting years, separated by management and
6 performance fees, including performance, carried interest
7 and fees charged against assets for private equity and
8 other alternative investment managers, informed by the
9 practices recommended by the Institutional Limited
10 Partnership Association Fee Transparency Initiative.

11 (iii) Submit said financial statement to the
12 Governor and shall file copies with the head of each
13 department for the use of the State employees and the
14 public.

15 (IV) INCLUDE MANAGEMENT REPORTS FROM AUDITORS IN THE <--
16 FINANCIAL STATEMENT.

17 (2) As used in this subsection, the following words and
18 phrases shall have the meanings given to them in this
19 paragraph unless the context clearly indicates otherwise:

20 "Alternative investment." An investment in a private
21 equity fund, venture fund, hedge fund or absolute return
22 fund.

23 "Carried interest." Any share of profits from an
24 alternative investment vehicle that is distributed to a fund
25 manager, general partner or related party, including
26 allocations of alternative investment vehicle profits
27 received by a fund manager in consideration of having waived
28 fees that the fund manager might otherwise have been entitled
29 to receive.

30 "Institutional Limited Partnership Association Fee

1 Transparency Initiative." An initiative created by the
2 Institutional Limited Partnership Association to establish
3 guidelines for reporting fees, expenses and compliance
4 disclosures regarding investments.

5 * * *

6 Section 3. This act shall take effect in 60 days.