

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2114

Session of
1984

INTRODUCED BY PIEVSKY, MAY 1, 1984

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
MAY 21, 1984

AN ACT

1 Making an appropriation from the State Employees' Retirement
2 Fund to provide for expenses of the State Employees'
3 Retirement Board for the fiscal year July 1, 1984 to June 30,
4 1985 and for the payment of bills incurred and remaining
5 unpaid at the close of the fiscal year ending June 30, 1984; <—
6 AND PROVIDING FOR INVESTMENTS IN PENNSYLVANIA INDUSTRIES.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

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

1 unpaid at the close of the fiscal year ending June 30, 1984.

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

8 Section 2. Any additional funds necessary to fulfill
9 contractual agreements for the management of investments is
10 hereby appropriated.

11 SECTION 3. (A) THE BOARD SHALL, WITHIN SIX MONTHS OF THE
12 EFFECTIVE DATE OF THIS ACT, DETAIL A PROGRAM OF INVESTMENT FOR
13 THE ECONOMIC REDEVELOPMENT AND CAPITALIZATION OF PENNSYLVANIA
14 INDUSTRIES. RECOGNIZING THE INITIAL DUTY OF THE FUND TO PRUDENT
15 INVESTMENTS WHICH PROTECT THE PENSIONS OF RETIREES, THE GENERAL
16 ASSEMBLY REQUIRES THE BOARD TO INVEST AN EQUITY INTEREST IN
17 VENTURE CAPITAL LIMITED PARTNERSHIPS AND PARTICIPATE IN PRIVATE
18 PLACEMENT SEPARATE ACCOUNTS. INVESTMENTS IN VENTURE CAPITAL
19 LIMITED PARTNERSHIPS AND PRIVATE PLACEMENT SEPARATE ACCOUNTS
20 SHALL:

21 (1) ENHANCE THE GENERAL WELFARE OF THE STATE AND ITS
22 CITIZENS THROUGH ECONOMIC DEVELOPMENT.

23 (2) LIMIT THE LIABILITY OF THE RETIREMENT FUND ONLY TO
24 THE EXTENT OF THE INVESTMENT.

25 (3) PROVIDE THAT THE MANAGEMENT OF THE VENTURE CAPITAL
26 LIMITED PARTNERSHIP AND THE PRIVATE PLACEMENT SEPARATE
27 ACCOUNT RESTS SOLELY WITH THE GENERAL PARTNER OR MANAGER WHO
28 SHALL BE A PROFESSIONAL INVESTMENT MANAGER.

29 (B) INVESTMENTS MADE PURSUANT TO THIS SECTION FOR VENTURE
30 CAPITAL LIMITED PARTNERSHIPS SHALL NOT BE LESS THAN 1% NOR MORE

1 THAN 2% OF THE VALUE OF THE FUND. INVESTMENTS FOR PRIVATE
2 PLACEMENT SEPARATE ACCOUNTS SHALL NOT BE LESS THAN 1% OF THE
3 VALUE OF THE FUND. THE VALUE OF THE FUND SHALL BE THE TOTAL BOOK
4 VALUE OF THE FUND ON THE EFFECTIVE DATE OF THIS SECTION.

5 (C) THE INVESTMENTS AUTHORIZED BY THIS SECTION SHALL BE MADE
6 BY THE BOARD OVER A THREE-YEAR PERIOD. THE BOARD SHALL FILE AN
7 ANNUAL REPORT ON THESE INVESTMENTS WITH THE GENERAL ASSEMBLY.
8 INCLUDED IN THE REPORT SHALL BE INFORMATION ON HOW THE BOARD
9 EXERCISED ITS STEWARDSHIP ON BEHALF OF PENNSYLVANIA INDUSTRIES
10 OVER THE PAST THREE YEARS. THIS REPORT SHALL ALSO DETAIL HOW THE
11 BOARD INTENDS TO USE FUND ASSETS FOR THE BENEFIT OF JOBS IN
12 PENNSYLVANIA.

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