AN ACT

Amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, in administration and miscellaneous provisions, further providing for administrative duties of the Public School Employees' Retirement Board; and, in administration, funds, accounts and general provisions, further providing for administrative duties of the State Employees' Retirement Board.

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

Section 1. Section 8502(e)(1), (2), (3), (4) and (5) of Title 24 of the Pennsylvania Consolidated Statutes are amended and the section is amended by adding a subsection to read:

§ 8502. Administrative duties of board.

* * *

(e) Records.--

(1) The following shall apply:
(i) The board shall keep a livestream of all public board AND COMMITTEE meetings and post an unedited video and written record of all such public proceedings which shall be accessible to the public on its publicly accessible Internet website, including nonconfidential materials presented to the board, except as otherwise provided in this part or by other law. Video and records shall remain online for a period of at least three years and shall be maintained for a period of at least seven years and thereafter shall be maintained in accordance with applicable records retention schedules.

(ii) The Office of Administration shall promptly revise its management directives relating to record management policies to conform with the requirements of this paragraph and shall provide public notice of the requirements of this subsection by publishing the requirements on its publicly accessible Internet website and shall transmit the requirements to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

(2) Any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment, whether or not otherwise excluded from access, shall not constitute a record subject to public access under the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, unless, in the reasonable judgment of the board, it is found that access would:

   (i) in the case of an alternative investment or alternative investment vehicle involve the release of
sensitive investment or financial information relating to the alternative investment or alternative investment vehicle which the fund or trust was able to obtain only upon agreeing to maintain its confidentiality;

(ii) cause substantial competitive harm to the person from whom sensitive investment or financial information relating to the investment was received; or

(iii) have a substantial detrimental impact on the value of an investment to be acquired, held or disposed of by the fund or trust, or would cause a breach of the standard of care or fiduciary duty set forth in this part.

(3) The following apply:

(i) The sensitive investment or financial information excluded from access under paragraph (2)(i), to the extent not otherwise excluded from access, shall constitute a [public] record subject to public access under the Right-to-Know Law once the board is no longer required by its agreement to maintain confidentiality.

(ii) The sensitive investment or financial information excluded from access under paragraph (2)(ii), to the extent not otherwise excluded from access, shall constitute a [public] record subject to public access under the Right-to-Know Law once:

(A) the access no longer causes substantial competitive harm to the person from whom the information was received; or

(B) the entity in which the investment was made is liquidated; whichever is later.
(iii) The sensitive investment or financial information excluded from access under paragraph (2) (iii), to the extent not otherwise excluded from access, shall constitute a [public] record subject to public access under the Right-to-Know Law once:

(A) the access no longer has a substantial detrimental impact on the value of an investment of the fund or trust and would not cause a breach of the standard of care or fiduciary duty set forth in this part; or

(B) the entity in which the investment was made is liquidated;

whichever is later.

(4) Except for the provisions of paragraph (3), nothing in this subsection shall be construed to designate any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment as a public record subject to public access under the Right-to-Know Law. [Reserved].

(5) Notwithstanding the provisions of this subsection, the following information regarding an alternative investment vehicle shall be subject to public access under the Right-to-Know Law:

(i) The name, address and vintage year of the alternative investment vehicle.

(ii) The identity of the manager of the alternative investment vehicle.

(iii) The dollar amount of the commitment made by the system or plan to the alternative investment vehicle.

(iv) The dollar amount of cash contributions made by
the system or plan to the alternative investment vehicle since inception.

(v) The dollar amount of cash distributions received by the system or plan from the alternative investment vehicle since inception.

(vi) The gross and net internal rate of return of the alternative investment vehicle since inception, provided that the system or plan shall not be required to disclose the gross or net internal rate of return under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.

(vii) The aggregate value of the remaining portfolio assets attributable to the system's or plan's investment in the alternative investment vehicle, provided that the system or plan shall not be required to disclose the value under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.

(viii) The dollar amounts of total management fees, costs and expenses paid to or retained by an alternative investment vehicle by the system or plan on an annual fiscal year-end basis, itemized by gross management, carried interest and other expenses.
(s) Additional reporting requirements.--The following shall apply:

(1) In addition to the requirements under this section, the board shall prepare and have published on its publicly accessible Internet website and electronically submit copies to all members of the General Assembly of the following information within six months after the end of the system's fiscal year:

(i) The net of fees performance of all investments over the most recent 1-, 3-, 5-, 10-, 15- and 20-year periods.

(ii) The performance of all investments by asset class and manager over each time horizon, both gross and net of fees compared to benchmarks being reported for all investments made commencing prospectively from the effective date of this subsection and with the gross returns for all investments made retroactively for the five-year period from the effective date of this subsection using best efforts, unless the records are no longer available.

(iii) An itemized listing of the fees and expenses paid to or retained by all investment managers for the applicable reporting years, separated by base management fee, profit share, performance fees, carried interest and incentive fees, and informed by the best practices as recommended by recognized industry standards, including, but not limited to, the Institutional Limited Partners Association Fee Transparency Initiative. The board shall disclose in the report which industry standards were used.
and whether any changes to industry standards have been made.

(iv) All travel or other expenses incurred by staff of the system or plan and paid for by an external investment manager, fund or consultant.

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

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

"Institutional Limited Partners Association Fee Transparency Initiative." An initiative created by the Institutional Limited Partners Association to establish guidelines for reporting fees, expenses and compliance disclosures regarding investments.

Section 2. Section 5902(e)(1), (2), (3) and (4) of Title 71 are amended, subsection (e) is amended by adding a paragraph and the section is amended by adding a subsection to read:

§ 5902. Administrative duties of the board.

* * *

(e) Records.--

(1) [The board shall keep a record of all its proceedings which shall be open to access by the public, except as otherwise provided in this part or by other law.] The following shall apply:
(i) The board shall livestream its ALL public board AND COMMITTEE meetings and post an unedited video and written record of all such public proceedings, which shall be accessible on its publicly accessible Internet website, including nonconfidential materials presented to the board, except as otherwise provided in this part or by other law. Video and records shall remain online for a period of at least three years and shall be maintained for a period of at least seven years and thereafter shall be maintained in accordance with applicable records retention schedules.

(ii) The Office of Administration shall promptly revise its management directives relating to record management policies to conform with the requirements of this paragraph and shall provide public notice of the requirements of this subsection by publishing the requirements on its publicly accessible Internet website and shall transmit the requirements to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

(2) Any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment, to the extent not otherwise excluded from access, shall not constitute a public record subject to public access under the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, if unless, in the reasonable judgment of the board, it is found that access would:

(i) in the case of an alternative investment or alternative investment vehicle, involve the release of sensitive investment or financial information relating to the alternative investment or alternative investment
vehicle which the fund or trust was able to obtain only
upon agreeing to maintain its confidentiality;

(ii) cause substantial competitive harm to the
person from whom sensitive investment or financial
information relating to the investment was received; or

(iii) have a substantial detrimental impact on the
value of an investment to be acquired, held or disposed
of by the fund or trust or would cause a breach of the
standard of care or fiduciary duty set forth in this
part.

(3) The following apply:

(i) The sensitive investment or financial
information excluded from access under paragraph (2)(i),
to the extent not otherwise excluded from access, shall
constitute a [public] record subject to public access
under the Right-to-Know Law once the board is no longer
required by its agreement to maintain confidentiality.

(ii) The sensitive investment or financial
information excluded from access under paragraph (2)(ii),
to the extent not otherwise excluded from access, shall
constitute a [public] record subject to public access
under the Right-to-Know Law once:

   (A) the access no longer causes substantial
       competitive harm to the person from whom the
       information was received; or

   (B) the entity in which the investment was made
       is liquidated;

whichever is later.

(iii) The sensitive investment or financial
information excluded from access under paragraph (2)
(iii), to the extent not otherwise excluded from access, shall constitute a [public] record subject to public access under the Right-to-Know Law once:

(A) the access no longer has a substantial detrimental impact on the value of an investment of the fund or trust and would not cause a breach of the standard of care or fiduciary duty set forth in this part; or

(B) the entity in which the investment was made is liquidated; whichever is later.

(4) [Except for the provisions of paragraph (3), nothing in this subsection shall be construed to designate any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment as a public record subject to public access under the Right-to-Know Law.] (Reserved).

(4.1) Notwithstanding the provisions of this subsection, the following information regarding an alternative investment vehicle shall be subject to public access under the Right-to-Know Law:

(i) The name, address and vintage year of the alternative investment vehicle.

(ii) The identity of the manager of the alternative investment vehicle.

(iii) The dollar amount of the commitment made by the system or plan to the alternative investment vehicle.

(iv) The dollar amount of cash contributions made by the system or plan to the alternative investment vehicle since inception.
(v) The dollar amount of cash distributions received by the system or plan from the alternative investment vehicle since inception.

(vi) The gross and net internal rate of return of the alternative investment vehicle since inception, provided that the system or plan shall not be required to disclose the gross or net internal rate of return under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.

(vii) The aggregate value of the remaining portfolio assets attributable to the system's or plan's investment in the alternative investment vehicle, provided that the system or plan shall not be required to disclose the value under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.

(viii) The dollar amounts of total management fees, costs and expenses paid to or retained by an alternative investment vehicle on an annual fiscal year-end basis, itemized by gross management, carried interest and other expenses.

* * *

(s) Additional reporting requirements.--The following shall apply:
In addition to the requirements under this section, the board shall prepare and have published on its publicly accessible Internet website and electronically submit copies to all members of the General Assembly of the following information within six months after the end of the system's calendar year:

(i) The net of fees performance of all investments over the most recent 1-, 3-, 5-, 10-, 15- and 20-year periods.

(ii) The performance of all investments by asset class and manager over each time horizon, both gross and net of fees compared to benchmarks being reported for all investments made commencing prospectively from the effective date of this subsection and with the gross returns for all investments made retroactively for the five-year period from the effective date of this subsection using best efforts, unless the records are no longer available.

(iii) An itemized listing of the fees, costs and expenses paid to or retained by all investment managers for the applicable reporting years, separated by base management fee, profit share, performance fees, carried interest and incentive fees, and informed by the best practices as recommended by recognized industry standards, including, but not limited to, the Institutional Limited Partners Association Fee Transparency Initiative. The board shall disclose in the report which industry standards were used and whether any changes to industry standards have been made.

(iv) All travel or other expenses incurred by staff
of the system or plan and paid for by an external
investment manager, fund or consultant.

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

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

"Institutional Limited Partners Association Fee
Transparency Initiative." An initiative created by the
Institutional Limited Partners Association to establish
guidelines for reporting fees, expenses and compliance
disclosures regarding investments.

Section 3. This act shall apply as follows:

(1) The amendment of 24 Pa.C.S. § 8502(e)(1) shall apply
to board meetings that occur and video, written records and
materials created more than 30 days after the effective date
of this section.

(2) The amendment or addition of 24 Pa.C.S. § 8502(e)(5)
(vi), (vii) and (viii) and (s)(1)(iii) shall apply to
contracts and agreements entered into after the effective
date of this section.

(3) The amendment of 71 Pa.C.S. § 5902(e)(1) shall apply
to board meetings that occur and video, written records and
materials created more than 30 days after the effective date
of this section.
(4) The amendment or addition of 71 Pa.C.S. § 5902(e)(vi), (vii), (viii) and (s)(1)(iii) shall apply to contracts and agreements entered into after the effective date of this section.

Section 4. This act shall take effect in 60 days.