

No. _____

LEGISLATIVE REFERENCE BUREAU

AN ACT

Amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, in administration and miscellaneous provisions relating to retirement for school employees, further providing for management of fund and accounts; and, in administration, funds, accounts and general provisions relating to retirement for State employees and officers, further providing for management of fund and accounts.

INTRODUCED _____ 20 _____

By _____ District NO. _____

By _____ District NO. _____

By _____ District NO. _____

By _____ District NO. _____

See next page for additional co-sponsors.

Referred to Committee on	
Date _____	20 _____
Reported _____	20 _____
As Committed-Amended	
Recommendation	

By Hon. _____	

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in administration and
3 miscellaneous provisions relating to retirement for school
4 employees, further providing for management of fund and
5 accounts; and, in administration, funds, accounts and general
6 provisions relating to retirement for State employees and
7 officers, further providing for management of fund and
8 accounts.

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

11 Section 1. Section 8521(h) of Title 24 of the Pennsylvania
12 Consolidated Statutes is amended to read:

13 § 8521. Management of fund and accounts.

14 * * *

15 (h) Venture capital, private placement and alternative
16 investments.--[The board in its prudent discretion may make any
17 venture capital investment, private placement investment or
18 other alternative investment of any kind, structure or manner
19 which meets the standard of prudence set forth in subsection
20 (a).] Venture capital investments shall be limited to not more

1 than 2% of the book value of the total assets of the fund as
2 determined for financial statement purposes as of June 30 next
3 preceding the date of investment. An investment shall be deemed
4 a venture capital investment if it results in the acquisition of
5 equity interests or a combination of debt and equity interests
6 in a business which is expected to grow substantially in the
7 future and in which the expected return on investment is to come
8 predominantly from an increase in value of the equity interests
9 and are not interests in or secured by real estate. A venture
10 capital investment may be made only if, in the judgment of the
11 board, the investment is reasonably likely to enhance the
12 general welfare of this Commonwealth and its citizens and meets
13 the standard of prudence set forth in subsection (a). In
14 determining whether the investment meets the standard of
15 prudence, the board may consider, together with the expected
16 return on and the risk characteristics of the particular
17 investment, the actual and expected future returns and the risk
18 characteristics of the total venture capital investments held by
19 the board at the time and the degree to which the proposed new
20 investment would promote further diversification within the
21 venture capital asset class.

22 * * *

23 Section 2. Section 5931(h) of Title 71 is amended to read:
24 § 5931. Management of fund and accounts.

25 * * *

26 (h) Venture capital, private placement and alternative
27 investments.--[The board in its prudent discretion may make any
28 venture capital investment, private placement investment or
29 other alternative investment of any kind, structure or manner
30 which meets the standard of prudence set forth in subsection

1 (a).] Venture capital investments shall be limited to not more
2 than 2% of the book value of the total assets of the fund as
3 determined for financial statement purposes as of December 31
4 next preceding the date of investment. An investment shall be
5 deemed a venture capital investment if it results in the
6 acquisition of equity interests or a combination of debt and
7 equity interests in a business which is expected to grow
8 substantially in the future and in which the expected return on
9 investment is to come predominantly from an increase in value of
10 the equity interests and are not interests in or secured by real
11 estate. A venture capital investment may be made only if, in the
12 judgment of the board, the investment is reasonably likely to
13 enhance the general welfare of this Commonwealth and its
14 citizens and meets the standard of prudence set forth in
15 subsection (a). In determining whether the investment meets the
16 standard of prudence, the board may consider, together with the
17 expected return on and the risk characteristics of the
18 particular investment, the actual and expected future returns
19 and the risk characteristics of the total venture capital
20 investments held by the board at the time and the degree to
21 which the proposed new investment would promote further
22 diversification within the venture capital asset class.

23 * * *

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