

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 974 Session of
1993

INTRODUCED BY SCHWARTZ, AFFLERBACH, JONES, LEWIS, REIBMAN,
FATTAH AND HART, APRIL 22, 1993

REFERRED TO STATE GOVERNMENT, APRIL 22, 1993

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, revising provisions
3 relating to investments of the Public School Employees'
4 Retirement Board and the State Employees' Retirement Board,
5 respectively; excepting such boards from terms, conditions,
6 limitations and restrictions imposed on other administrative
7 boards of the Commonwealth in making investments; and
8 adopting prudent-person rule in lieu of specific "legal list"
9 of authorized investments.

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

12 Section 1. Section 8521 of Title 24 of the Pennsylvania
13 Consolidated Statutes is amended to read:

14 § 8521. Management of fund and accounts.

15 (a) Control and management of fund.--The members of the
16 board shall be the trustees of the fund [and]. Regardless of any
17 other provision of law governing the investments of funds under
18 the control of an administrative board of the Commonwealth, the
19 trustees shall have exclusive control and management of the said
20 fund and full power to invest the same in accordance with the
21 provisions of this section, subject, however, to the exercise of

1 that degree of judgment and care under the circumstances then
2 prevailing which persons of prudence, discretion and
3 intelligence who are familiar with such matters exercise in the
4 management of their own affairs not in regard to speculation,
5 but in regard to the permanent disposition of the fund,
6 considering the probable income to be derived therefrom as well
7 as the probable safety of their capital[, and further subject to
8 all the terms, conditions, limitations, and restrictions imposed
9 by this part or other law upon the making of investments.
10 Subject to like terms, conditions, limitations, and
11 restrictions, said]. The board shall, when possible and
12 consistent with the standard of prudence imposed by this
13 subsection, invest in any project or business which promotes
14 employment of Pennsylvania residents. The trustees shall have
15 the power to hold, purchase, sell, lend, assign, transfer, or
16 dispose of any of the securities and investments in which any of
17 the moneys in the fund shall have been invested as well as of
18 the proceeds of said investments and of any moneys belonging to
19 said fund, subject in every case to meeting the standard of
20 prudence set forth in this subsection.

21 (b) Crediting of interest.--The board annually shall allow
22 statutory interest to the credit of the members' savings account
23 on the mean amount of the accumulated deductions of all members
24 for whom interest is payable for the preceding year and
25 valuation interest on the mean amount of the annuity reserve
26 account for the preceding year to the credit of that account.
27 The board annually shall allow valuation interest calculated on
28 the mean amount for the preceding year of the balance in the
29 State accumulation account excluding any earnings of the fund
30 credited to the account during that year. In the event the total

1 earnings for the year do not exceed 5 1/2% of the mean amount
2 for the preceding year of the total assets of the fund less
3 earnings credited to the fund during that year plus the
4 administrative expenses of the board, the difference required to
5 be appropriated from the General Fund shall be credited to the
6 State accumulation account.

7 (c) Custodian of fund.--The State Treasurer shall be the
8 custodian of the fund.

9 (d) Payments from fund.--All payments from the fund shall be
10 made by the State Treasurer in accordance with requisitions
11 signed by the secretary of the board, or his designee, and
12 ratified by resolution of the board.

13 (e) Fiduciary status of board.--The members of the board,
14 employees of the board, and agents thereof shall stand in a
15 fiduciary relationship to the members of the system regarding
16 the investments and disbursements of any of the moneys of the
17 fund and shall not profit either directly or indirectly with
18 respect thereto.

19 (f) Name for transacting business.--By the name of "The
20 Public School Employees' Retirement System" or "The Public
21 School Employees' Retirement System" all of the business of the
22 system shall be transacted, its fund invested, all requisitions
23 for money drawn and payments made, and all of its cash and
24 securities and other property shall be held, except that, any
25 other law to the contrary notwithstanding, the board may
26 establish a nominee registration procedure for the purpose of
27 registering securities in order to facilitate the purchase,
28 sale, or other disposition of securities pursuant to the
29 provisions of this part.

30 (g) Deposits in banks and trust companies.--For the purpose

1 of meeting disbursements for annuities and other payments in
2 excess of the receipts, there shall be kept available by the
3 State Treasurer an amount, not exceeding 10% of the total amount
4 in the fund, on deposit in any bank, savings bank or savings and
5 loan association in this Commonwealth organized under the laws
6 thereof or under the laws of the United States or with any trust
7 company or companies incorporated by any law of this
8 Commonwealth, provided any of such banks, trust companies,
9 savings banks or savings and loan associations shall furnish
10 adequate security for said deposit. The sum deposited in any one
11 bank or trust company shall not exceed 25% of the paid-up
12 capital and surplus of said bank or trust company or, in the
13 case of savings banks or savings and loan associations, shall
14 not exceed 25% of the unappropriated surplus.

15 [(h) Investment in corporate stocks.--Preferred and common
16 stock of any corporation organized under the laws of the United
17 States or of any commonwealth or state thereof or of the
18 District of Columbia and preferred and common stock as defined
19 in subsection (i) of any corporation as defined in subsection
20 (j) whose shares are traded in United States dollars on the New
21 York Stock Exchange and American Stock Exchange shall be an
22 authorized investment of the fund, provided that they fulfill
23 certain guidelines in paragraph (1), regardless of any other
24 provision of law provided that:

25 (1) in the case of any stock other than stock of a bank
26 or insurance company, the stock is listed or traded (or if
27 unlisted or not entitled to trading privileges shall be
28 eligible for listing and application for such listing shall
29 have been made) on the New York Stock Exchange or American
30 Stock Exchange. No investment in the stock of corporations

1 not organized under the laws of the United States or of any
2 commonwealth or state thereof or of the District of Columbia
3 shall be made which would cause the book value of such
4 investment to exceed 5% of the book value of the total assets
5 of the fund. Shares of banks and insurance companies shall be
6 eligible for purchase whether or not traded on the New York
7 Stock Exchange. The shares of unlisted nonfinancial companies
8 shall be eligible for purchase provided such corporations
9 produce revenue of \$200,000,000 or more in their most recent
10 fiscal year-end and have paid cash dividends for the past
11 five or more consecutive years;

12 (2) no investment in common stock be made which at that
13 time would cause the book value of the investments in common
14 stock to exceed 50% of the total assets of the fund;

15 (3) the amount invested in the common stock of any one
16 company shall not exceed at cost 2% of the book value of the
17 assets of the fund at the time of purchase and shall not
18 exceed 5% of the issued and outstanding common stock of that
19 company; and

20 (4) the percentage limitations of paragraph (3) shall
21 not apply to the reinvestment of funds realized from the sale
22 or transfer of common stocks and no sale or other liquidation
23 of any investment shall be required solely because of any
24 change in market values whereby the percentages of stocks set
25 forth in this subsection are exceeded.

26 (i) Common stock defined.--"Common stock" as used in
27 subsection (h) shall include the stock certificates,
28 certificates of beneficial interests, or trust participation
29 certificates issued by any corporation or unincorporated
30 association included under the definition of "corporation" in

1 subsection (j).

2 (j) Corporation defined.--"Corporation" as used in
3 subsection (h) shall include a voluntary association, a joint-
4 stock association or company, a business trust, a Massachusetts
5 trust, a common-law trust, and any other organization organized
6 and existing for any lawful purpose and which like a
7 corporation, continues to exist, notwithstanding changes in the
8 personnel of its members or participants and conducts its
9 affairs through a committee, a board, or some other group acting
10 in a representative capacity.

11 (k) Investment in real estate and mortgages.--Real estate,
12 whether direct or through pooled funds, including but not
13 limited to real estate which shall not require managerial
14 responsibility by the board; and bonds, notes and deeds of
15 trust, of individuals or corporations secured by mortgages on
16 real estate located in any state, district or territory of the
17 United States, shall be an authorized investment of the board
18 regardless of any other provision of law. All instruments,
19 transfers of interest, and all records pertaining to real
20 estate, mortgages or bonds invested in by the board, shall be
21 open to public inspection.

22 (l) Additional board power on investments.--Regardless of
23 any limitations, conditions or restrictions imposed on the
24 making of investments by this part or other law, the board may,
25 at its discretion, invest a maximum of 10% of the book value of
26 the assets of the fund in any investments not otherwise
27 specifically authorized, provided that such investments are made
28 with the exercise of that degree of judgment and care under the
29 circumstances then prevailing which persons of prudence,
30 discretion and intelligence who are familiar with such matters

1 exercise in the management of their own affairs not in regard to
2 speculation, but in regard to the permanent disposition of the
3 fund, considering the probable income to be derived therefrom as
4 well as the probable safety of their capital.

5 (m) Obligations of United States to be authorized
6 investments.--Regardless of any other provision of law,
7 obligations of the United States Government and its agencies
8 shall be authorized investments of the fund.

9 (n) Vehicles for authorized investments.--The board may make
10 any investments authorized in this part or other law by becoming
11 a limited partner in partnerships that will hold such
12 investments, or by acquiring shares or units of participation or
13 otherwise participating beneficially in bank collective trusts
14 or in separate accounts of any insurance company authorized to
15 do business in this Commonwealth, or by acquiring stocks or
16 shares or units of participation or otherwise participating
17 beneficially in the fund of any corporation or trust organized
18 or existing under the laws of the United States or of any state,
19 district or territory thereof which fund is maintained for and
20 consists of assets of employees' benefit trusts (including
21 governmental plans as defined in section 414(d) of the Internal
22 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 414(d)), as
23 from time to time amended) which meet the requirements for
24 qualification under section 401 of the Internal Revenue Code of
25 1986; provided that, in any such case, the liability of the
26 Public School Employees' Retirement Fund shall be limited to the
27 amount of its investment. In the case of authorized investments
28 in real estate or interests therein, the board's acquisition of
29 the stock or shares of or its other participation beneficially
30 in the fund or any such vehicle (including any entity organized

1 and maintained as a vehicle for an investment or investments of
2 the board exclusively) shall not be deemed an investment in the
3 common stock as defined in subsection (i) of any corporation as
4 defined in subsection (j) for the purposes of any limitation on
5 investment in corporate stocks set forth in subsection (h).

6 (o)] (h) Venture capital.--[The provisions of subsection (l)
7 notwithstanding, venture] Venture capital investments [made
8 through limited partnerships and through separate accounts]
9 shall be limited to not more than 2% of the book value of the
10 total assets of the fund as determined for financial statement
11 purpose as of June 30 next preceding the date of investment. [A
12 venture capital investment shall be made only if such investment
13 will enhance the general welfare of this Commonwealth and its
14 citizens through economic development and meets the standard of
15 prudence set forth in subsection (l)]. An investment shall be
16 deemed a venture capital investment if it results in the
17 acquisition of equity interests or a combination of debt and
18 equity [interests in a business which is expected to grow
19 substantially in the future and in which the expected return on
20 investment is to come predominantly from an increase in value of
21 the equity interest and that are not held through or secured by
22 stock that is an authorized investment under the authority of
23 subsection (h)] interests and are not interests in or secured by
24 real estate. A venture capital investment may be made only if,
25 in the judgment of the board, the investment is reasonably
26 likely to enhance the general welfare of this Commonwealth and
27 its citizens and meets the standard of prudence set forth in
28 subsection (a). In determining whether the investment meets the
29 standard of prudence, the board may consider, together with the
30 expected return on and the risk characteristics of the

particular investment, the actual and expected further returns and the risk characteristics of the total venture capital investments held by the board at the time and the degree to which proposed new investment would promote further diversification within the venture capital asset class.

(i) Vehicles for authorized investments.--The board in its prudent discretion may make any investments which meet the standard of prudence set forth in subsection (a) by becoming a limited partner in partnerships that will hold such investments, or by acquiring shares or units of participation or otherwise participating beneficially in bank collective trusts or in the separate accounts of any insurance company authorized to do business in this Commonwealth, or by acquiring stocks or shares or units of participation or otherwise participating beneficially in the fund of any corporation or trust organized or existing under the laws of the United States or of any state, district or territory thereof which fund is maintained for and consists of assets of employees' benefit trusts, including governmental plans as defined in section 414(d) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as from time to time amended, which meet the requirements for qualification under section 401 of the Internal Revenue Code of 1986, provided that, in any such case, the liability of the fund shall be limited to the amount of its investment.

(j) Legislative declaration concerning certain authorized investments.--The General Assembly finds and declares that authorized investments of the fund, made by or in behalf of the board pursuant to this section whereby the board becomes a joint owner or stockholder in any company, corporation or association, are outside the scope of the original intent of, and therefor do

1 not violate the prohibition set forth in section 8 of Article
2 VIII of the Constitution of Pennsylvania.

3 Section 2. Section 5931 of Title 71 is amended to read:

4 § 5931. Management of fund and accounts.

5 (a) Control and management of fund.--The members of the
6 board shall be the trustees of the fund [and]. Regardless of any
7 other provision of law governing the investments of funds under
8 the control of an administrative board of the Commonwealth, the
9 trustees shall have exclusive control and management of the said
10 fund and full power to invest the same in accordance with the
11 provisions of this section, subject, however, to the exercise of
12 that degree of judgment, skill and care under the circumstances
13 then prevailing which persons of prudence, discretion and
14 intelligence, who are familiar with such matters, exercise in
15 the management of their own affairs not in regard to
16 speculation, but in regard to the permanent disposition of the
17 funds, considering the probable income to be derived therefrom
18 as well as the probable safety of their capital[, and further
19 subject to all the terms, conditions, limitations and
20 restrictions imposed by this part or other law upon the making
21 of investments]. The board shall, when possible and consistent
22 with the [terms, conditions, limitations, responsibilities and
23 restrictions] standard of prudence imposed by this subsection
24 [or other law], invest in any project or business which promotes
25 employment of Pennsylvania residents. [Subject to like terms,
26 conditions, limitations and restrictions, said] The trustees
27 shall have the power to hold, purchase, sell, lend, assign,
28 transfer or dispose of any of the securities and investments in
29 which any of the moneys in the fund shall have been invested as
30 well as of the proceeds of said investments and of any moneys

1 belonging to said fund, subject in every case to meeting the
2 standard of prudence set forth in this subsection.

3 (b) Crediting of interest.--The board, annually, shall allow
4 the required interest on the mean amount for the preceding year
5 to the credit of each of the accounts. The amount so allowed
6 shall be credited thereto by the board and transferred from the
7 interest reserve account.

8 (c) Custodian of fund.--The State Treasurer shall be the
9 custodian of the fund.

10 (d) Payments from fund.--All payments from the fund shall be
11 made by the State Treasurer in accordance with requisitions
12 signed by the secretary of the board, or his designee, and
13 ratified by resolution of the board.

14 (e) Fiduciary status of board.--The members of the board,
15 employees of the board and agents thereof shall stand in a
16 fiduciary relationship to the members of the system regarding
17 the investments and disbursements of any of the moneys of the
18 fund and shall not profit either directly or indirectly with
19 respect thereto.

20 (f) Name for transacting business.--By the name of "The
21 State Employees' Retirement System" or "The State Employees'
22 Retirement System" all of the business of the system shall be
23 transacted, its fund invested, all requisitions for money drawn
24 and payments made, and all of its cash and securities and other
25 property shall be held, except that, any other law to the
26 contrary notwithstanding, the board may establish a nominee
27 registration procedure for the purpose of registering securities
28 in order to facilitate the purchase, sale or other disposition
29 of securities pursuant to the provisions of this law.

30 (g) Deposits in banks and trust companies.--For the purpose

1 of meeting disbursements for annuities and other payments in
2 excess of the receipts, there shall be kept available by the
3 State Treasurer an amount, not exceeding 10% of the total amount
4 in the fund, on deposit in any bank or banks in this
5 Commonwealth organized under the laws thereof or under the laws
6 of the United States or with any trust company or companies
7 incorporated by any law of this Commonwealth, provided any of
8 such banks or trust companies shall furnish adequate security
9 for said deposit, and provided that the sum so deposited in any
10 one bank or trust company shall not exceed 25% of the paid-up
11 capital and surplus of said bank or trust company.

12 [(h) Investment in corporate stocks.--Preferred and common
13 stock as defined in subsection (i) of any corporation as defined
14 in subsection (j) organized under the laws of the United States
15 or of any commonwealth or state thereof or of the District of
16 Columbia and preferred and common stock as defined in subsection
17 (i) of any corporation as defined in subsection (j) whose shares
18 are traded in United States dollars on the New York Stock
19 Exchange shall be authorized investments of the fund, regardless
20 of any other provision of law provided that:

21 (1) no investment in common stock be made which at that
22 time would cause the book value of the investments in common
23 stock to exceed 50% of the total assets of the fund;

24 (2) the amount invested in the common stock of any one
25 company not exceed at cost 2% of the book value of the assets
26 of the fund at the time of purchase and shall not exceed 5%
27 of the issued and outstanding common stock of that company;

28 (3) no investment in the stock of corporations not
29 organized under the laws of the United States or of any
30 commonwealth or state thereof or of the District of Columbia

1 shall be made which would cause the book value of such
2 investment to exceed 5% of the book value of the total assets
3 of the fund; and

4 (4) no sale or other liquidation of any investment be
5 required solely because of any change in market values
6 whereby the percentages of stocks hereinabove set forth are
7 exceeded.

8 (i) Common stock defined.--"Common stock" as used in
9 subsection (h) shall include the stock certificates,
10 certificates of beneficial interests or trust participation
11 certificates issued by any corporation or unincorporated
12 association included under the definition of "corporation" in
13 the following paragraph.

14 (j) Corporation defined.--"Corporation" as used in
15 subsection (h) shall include a voluntary association, a joint-
16 stock association or company, a business trust, a Massachusetts
17 trust, a common-law trust and any other organization organized
18 and existing for any lawful purpose and which like a
19 corporation, continues to exist, notwithstanding changes in the
20 personnel of its members or participants and conducts its
21 affairs through a committee, a board or some other group acting
22 in a representative capacity.

23 (k) Investment in real estate and mortgages.--Real estate
24 subject to a lease to one or more financially responsible
25 tenants which lease shall not require managerial responsibility
26 by the board; and bonds, notes and deeds of trust, of
27 individuals or corporations secured by mortgages on real estate
28 located in any state, district or territory of the United
29 States, shall be an authorized investment of the board
30 regardless of any other provision of law. The board shall

1 promulgate regulations to implement the foregoing to insure the
2 safety of investments made pursuant to this subsection which
3 regulations shall be in accordance with generally accepted
4 standards and investment principles for pension funds of
5 comparable size. All instruments, transfers of interest, and all
6 records pertaining to real estate, mortgages or bonds invested
7 in by the board, shall be open to public inspection. Reports as
8 requested by the board, shall be submitted on all real estate
9 and mortgage investments by mortgage advisors and
10 correspondents.

11 (l) Investment in institutional real estate.--Institutional
12 real estate funds shall be an authorized investment of the fund
13 provided that no investment shall be made which, at the time of
14 purchase, would cause the book value of such investments to
15 exceed 15% of the book value of the total assets of the fund.

16 (m) Additional board power on investments.--Regardless of
17 any limitations, conditions or restrictions imposed on the
18 making of investments by this part or other law, the board may,
19 at its discretion, invest a maximum of 10% of the book value of
20 the assets of the fund in any investments not otherwise
21 specifically authorized, provided that such investments are made
22 with the exercise of that degree of judgment, skill and care
23 under the circumstances then prevailing which persons of
24 prudence, discretion and intelligence, who are familiar with
25 such matters, exercise in the management of their own affairs
26 not in regard to speculation, but in regard to the permanent
27 disposition of the funds, considering the probable income to be
28 derived therefrom as well as the probable safety of their
29 capital.

30 (n) Obligations of United States to be authorized

1 investments.--Regardless of any other provision of law,
2 obligations of the United States Government and its agencies
3 shall be authorized investments of the fund.

4 (o) Holding entities for authorized investments.--The board
5 may make any investments authorized by this part or other law by
6 becoming a limited partner in partnerships that will hold such
7 investments, or by acquiring shares or units of participation or
8 otherwise participating beneficially in bank collective trusts
9 or in separate accounts of any insurance company authorized to
10 do business in this Commonwealth, or by acquiring stocks or
11 shares or units of participation or otherwise participating
12 beneficially in the fund of any corporation or trust organized
13 or existing under the laws of the United States or of any state,
14 district or territory thereof which fund is maintained for and
15 consists of assets of employees' benefit trusts, including
16 governmental plans as defined in section 414(d) of the Internal
17 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 414(d)), or
18 which meet the requirements for qualification under section 401
19 of the Internal Revenue Code of 1986, provided that, in any such
20 case, the liability of the State Employees' Retirement Fund
21 shall be limited to the amount of its investment. In the case of
22 authorized investments in real estate or interests therein, the
23 board's acquisition of the stock or shares of or its other
24 participation beneficially in the fund of any such vehicle,
25 including any entity organized and maintained as a vehicle for
26 an investment or investments of the board exclusively, shall not
27 be deemed an investment in the common stock as defined in
28 subsection (i) of any corporation as defined in subsection (j)
29 for the purposes of any limitation on investment in corporate
30 stocks set forth in subsection (h). Nothing in this subsection

1 shall be deemed to supersede the limitation on investment in
2 institutional real estate funds as set forth in subsection (l).
3 (p)] (h) Venture capital.--[The provisions of subsection (m)
4 notwithstanding, venture] Venture capital investments [made
5 through limited partnerships and through separate accounts]
6 shall be limited to not more than 2% of the book value of the
7 total assets of the fund as determined for financial statement
8 purposes as of December 31 next preceding the date of
9 investment. [A venture capital investment shall be made only if
10 such investment will enhance the general welfare of this
11 Commonwealth and its citizens through economic development and
12 meets the standard of prudence set forth in subsection (m).] An
13 investment shall be deemed a venture capital investment if it
14 results in the acquisition of equity interests or a combination
15 of debt and equity interests in a business which is expected to
16 grow substantially in the future and in which the expected
17 return on investment is to come predominantly from an increase
18 in value of the equity [interest and that are not held through
19 or secured by stock that is an authorized investment under the
20 authority of subsection (h)] interests and are not interests in
21 or secured by real estate. A venture capital investment may be
22 made only if, in the judgment of the board, the investment is
23 reasonably likely to enhance the general welfare of this
24 Commonwealth and its citizens and meets the standard of prudence
25 set forth in subsection (a). In determining whether the
26 investment meets the standard of prudence, the board may
27 consider, together with the expected return on and the risk
28 characteristics of the particular investment, the actual and
29 expected further returns and the risk characteristics of the
30 total venture capital investments held by the board at the time

1 and the degree to which the proposed new investment would
2 promote further diversification within the venture capital asset
3 class.

4 (i) Vehicles for authorized investments.--The board in its
5 prudent discretion may make any investments which meet the
6 standard of prudence set forth in subsection (a) by becoming a
7 limited partner in partnerships that will hold such investments,
8 or by acquiring shares or units of participation or otherwise
9 participating beneficially in bank collective trusts or in the
10 separate accounts of any insurance company authorized to do
11 business in this Commonwealth, or by acquiring stocks or shares
12 or units of participation or otherwise participating
13 beneficially in the fund of any corporation or trust organized
14 or existing under the laws of the United States or of any state,
15 district or territory thereof which fund is maintained for and
16 consists of assets of employees' benefit trusts, including
17 governmental plans as defined in section 414(d) of the Internal
18 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),
19 as from time to time amended, which meet the requirements for
20 qualification under section 401 of the Internal Revenue Code of
21 1986, provided that, in any such case, the liability of the fund
22 shall be limited to the amount of its investment.

23 (j) Legislative declaration concerning certain authorized
24 investments.--The General Assembly finds and declares that
25 authorized investments of the fund make by or in behalf of the
26 board pursuant to this section whereby the board becomes a joint
27 owner or stockholder in any company, corporation or association
28 are outside the scope of the original intent of, and therefor do
29 not violate the prohibition set forth in section 8 of Article
30 VIII of the Constitution of Pennsylvania.

1 Section 3. The provisions of section 7 of the act of July 9,
2 1981 (P.L.208, No.66), known as the Public Employee Retirement
3 Commission Act, shall not apply to this act.

4 Section 4. This act shall take effect as follows:

5 (1) Except as provided in paragraph (2), this act shall
6 take effect immediately.

7 (2) Notwithstanding paragraph (1), any and all
8 investments of the Public School Employees' Retirement Board
9 and of the State Employees' Retirement Board, respectively,
10 which on the effective date of this act are owned or held
11 through a vehicle as described in 24 Pa.C.S. § 8521(i)
12 (relating to management of fund and accounts) or 71 Pa.C.S §
13 5931(i) (relating to management of fund and accounts), as
14 applicable, shall be deemed to have been lawfully made
15 through such vehicle at inception.