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HOUSE JOINT RESOLUTION NO. 207

Offered January 22, 1996

Requesting the Virginia Retirement System to use its best efforts to place alternative investments with Virginia-based venture capital funds.

Patrons—Cantor, Albo, Bennett, Brickley, Callahan, Diamonstein, Fisher, Harris, Katzen, May, McClure, Mims, Nelms, Nixon, Puller, Reid, Scott, Watts and Wilkins; Senators: Gartlan, Howell and Woods

Referred to Committee on Rules

WHEREAS, the economic vitality of Virginia is dependent upon jobs and, therefore, the well-being of its business base; and

WHEREAS, "Opportunity Virginia: A Strategic Plan for Jobs and Prosperity" and other studies have identified weaknesses in the capital infrastructure critical to the start-up and growth of Virginia's businesses; and

WHEREAS, the Virginia Retirement System (VRS) administers a statewide public employee retirement system which provides defined benefit pension plan coverage for state employees, teachers, non-professional employees of public school boards, and employees of political subdivisions; and

WHEREAS, at the close of fiscal year 1995, VRS had total fund assets of \$18.8 billion, making it the 9th largest public pension fund in the country and the 32nd largest public and private pension fund in the nation; and

WHEREAS, VRS has a diversified portfolio which includes a target of fifteen percent of VRS assets being invested in alternative investments placed with venture capital fund managers; and

WHEREAS, to date, VRS has not placed any alternative investment funds with Virginia-based venture capital funds; and

WHEREAS, the VRS Board of Trustees is statutorily required to discharge its duties with respect to the Retirement System solely in the interest of the beneficiaries thereof and to invest the assets of the Retirement System with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

WHEREAS, the VRS Board of Trustees, to the greatest extent permissible within this standard of care and unless under the circumstances it is clearly prudent not to do so, could diversify its investments so as to minimize the risk of large losses and invest, either directly or indirectly, in firms or corporations located in Virginia; and

WHEREAS, the development of a Virginia-based venture capital fund infrastructure is essential to ensure that Virginia businesses have a reasonable opportunity to obtain the equity financing available through venture capital funds; now, therefore, be it

RESOLVED, by the House of Delegates, the Senate concurring, That the Virginia Retirement System is requested to use its best efforts at placing alternative investment funds with Virginia-based venture capital funds.

The Virginia Retirement System shall submit a report on its efforts, results, and plans for the future to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

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