A BILL

To enact sections 145.117, 742.117, 3307.16, 3309.151, and 5505.066 of the Revised Code to require the boards of the state retirement systems to disclose certain financial information regarding alternative investments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 145.117, 742.117, 3307.16, 3309.151, and 5505.066 of the Revised Code be enacted to read as follows:

Sec. 145.117. (A) As used in this section:

(1) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, real estate fund, or absolute return fund.

(2) "Alternative investment vehicle" means a limited partnership, limited liability company, or other legal structure through which the public employees retirement board invests in an alternative investment.
(3) "Carried interest" means any share of profits from an alternative investment vehicle that is distributed to a fund manager or related parties, including allocations of alternative investment vehicle profits received by a fund manager in consideration of having waived fees the fund manager might otherwise have been entitled to receive.

(4) "Fund manager" includes the general partner, managing manager, adviser, or other person with primary investment decision-making authority over an alternative investment vehicle. "Fund manager" includes related parties of a fund manager.

(5) "Operational person" means any operational partner, senior advisor, or other consultant or employee whose primary activity for a relevant entity is to provide operational support to any portfolio company of any alternative investment vehicle, account, or fund managed by a related person.

(6) "Related party" means:

(a) Any related person or operational person;

(b) Any entity more than ten per cent of the ownership of which is held directly or indirectly, whether through other entities or trusts, by a related person or operational person regardless of whether the related person or operational person participates in the carried interest received by the general partner or special limited partner;

(c) Any consulting, legal, or other service provider regularly engaged by portfolio companies of an alternative investment vehicle, account, or fund that is managed by a related person and provides advice or services to any related person or relevant entity.
(7) "Related person" means any current or former employee, manager, or partner of any entity that is involved in the investment activities or accounting and valuation functions of a relevant entity or any family member of the employee, manager, or partner.

(8) "Relevant entity" means the general partner, any separate carry vehicle, the investor advisor, any of the investment advisor's parent or subsidiary entities, or any similar entity related to any other alternative investment vehicle, account, or fund advised or managed by any current or former related person.

(B)(1) The board shall require each alternative investment vehicle through which it invests to disclose to the board, at least annually, all of the following information:

(a) The fees and expenses the public employees retirement system pays directly to the alternative investment vehicle, fund manager, and any related parties;

(b) The retirement system's share of fees and expenses not included in division (B)(1)(a) of this section that are paid from the alternative investment vehicle to the fund manager and any related parties;

(c) The retirement system's share of carried interest distributed to the fund manager or related parties;

(d) The retirement system's share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties;

(e) The alternative investment vehicle's gross and net rate of return since its inception;
(f) The investment multiple of each alternative investment vehicle since inception.

(2) The board may independently calculate the information described in division (B)(1)(b) of this section based on information the alternative investment vehicle is contractually required to provide to the board. If the board independently calculates that information, the alternative investment vehicle is not required to provide it to the board.

(C)(1) Not later than one year after the effective date of this section, and at least once each year thereafter, the board shall compile and include in a written report all of the following information and present the information at a meeting open to the public:

(a) The information disclosed to the board under division (B)(1) of this section;

(b) The information calculated under division (B)(2) of this section, if applicable;

(c) The information required by division (C)(2) of this section.

(2) The board shall include in the report required by division (C)(1) of this section all the following information regarding all of the alternative investment vehicles through which the board invests:

(a) The name, address, and year in which the initial investment capital was delivered to each alternative investment vehicle;

(b) The dollar amount of the commitment and cash contributions the board has made to each alternative investment vehicle.
vehicle since inception;

(c) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives from each alternative investment vehicle;

(d) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives, plus the remaining value of partnership assets attributable to the board's investment in each alternative investment vehicle;

(e) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis by the board to each alternative investment vehicle;

(f) The dollar amount of cash profit the board receives from each alternative investment vehicle on a fiscal year-end basis.

(D) This section applies to all contracts the board enters into on or after the effective date of this section and any existing contract pursuant to which the board makes a new capital commitment on or after that date. The board shall make reasonable efforts to obtain the information described in division (B) of this section about alternative investments made under contracts entered into on or before the effective date of this section to which no new capital commitments are made and to comply with the reporting requirements in division (C) of this section with respect to those investments.

Sec. 742.117. (A) As used in this section:

(1) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, real estate fund, or absolute return fund.
(2) "Alternative investment vehicle" means a limited partnership, limited liability company, or other legal structure through which the board of trustees of the Ohio police and fire pension fund invests in an alternative investment.

(3) "Carried interest" means any share of profits from an alternative investment vehicle that is distributed to a fund manager or related parties, including allocations of alternative investment vehicle profits received by a fund manager in consideration of having waived fees the fund manager might otherwise have been entitled to receive.

(4) "Fund manager" includes the general partner, managing manager, adviser, or other person with primary investment decision-making authority over an alternative investment vehicle. "Fund manager" includes related parties of a fund manager.

(5) "Operational person" means any operational partner, senior advisor, or other consultant or employee whose primary activity for a relevant entity is to provide operational support to any portfolio company of any alternative investment vehicle, account, or fund managed by a related person.

(6) "Related party" means:

(a) Any related person or operational person;

(b) Any entity more than ten per cent of the ownership of which is held directly or indirectly, whether through other entities or trusts, by a related person or operational person regardless of whether the related person or operational person participates in the carried interest received by the general partner or special limited partner;

(c) Any consulting, legal, or other service provider
regularly engaged by portfolio companies of an alternative investment vehicle, account, or fund that is managed by a related person and provides advice or services to any related person or relevant entity.

(7) "Related person" means any current or former employee, manager, or partner of any entity that is involved in the investment activities or accounting and valuation functions of a relevant entity or any family member of the employee, manager, or partner.

(8) "Relevant entity" means the general partner, any separate carry vehicle, the investor advisor, any of the investment advisor's parent or subsidiary entities, or any similar entity related to any other alternative investment vehicle, account, or fund advised or managed by any current or former related person.

(B)(1) The board shall require each alternative investment vehicle through which it invests to disclose to the board, at least annually, all of the following information:

(a) The fees and expenses the fund pays directly to the alternative investment vehicle, fund manager, and any related parties;

(b) The fund's share of fees and expenses not included in division (B)(1)(a) of this section that are paid from the alternative investment vehicle to the fund manager and any related parties;

(c) The fund's share of carried interest distributed to the fund manager or related parties;

(d) The fund's share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative
investment vehicle to the fund manager or related parties;

(e) The alternative investment vehicle's gross and net rate of return since its inception;

(f) The investment multiple of each alternative investment vehicle since inception.

(2) The board may independently calculate the information described in division (B)(1)(b) of this section based on information the alternative investment vehicle is contractually required to provide to the board. If the board independently calculates that information, the alternative investment vehicle is not required to provide it to the board.

(C)(1) Not later than one year after the effective date of this section, and at least once each year thereafter, the board shall compile and include in a written report all of the following information and present the information at a meeting open to the public:

(a) The information disclosed to the board under division (B)(1) of this section;

(b) The information calculated under division (B)(2) of this section, if applicable;

(c) The information required by division (C)(2) of this section.

(2) The board shall include in the report required by division (C)(1) of this section all the following information regarding all of the alternative investment vehicles through which the board invests:

(a) The name, address, and year in which the initial investment capital was delivered to each alternative investment.
vehicle;

   (b) The dollar amount of the commitment and cash contributions the board has made to each alternative investment vehicle since inception;

   (c) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives from each alternative investment vehicle;

   (d) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives, plus the remaining value of partnership assets attributable to the board's investment in each alternative investment vehicle;

   (e) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis by the board to each alternative investment vehicle;

   (f) The dollar amount of cash profit the board receives from each alternative investment vehicle on a fiscal year-end basis.

   (D) This section applies to all contracts the board enters into on or after the effective date of this section and any existing contract pursuant to which the board makes a new capital commitment on or after that date. The board shall make reasonable efforts to obtain the information described in division (B) of this section about alternative investments made under contracts entered into on or before the effective date of this section to which no new capital commitments are made and to comply with the reporting requirements in division (C) of this section with respect to those investments.

Sec. 3307.16. (A) As used in this section:
(1) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, real estate fund, or absolute return fund.

(2) "Alternative investment vehicle" means a limited partnership, limited liability company, or other legal structure through which the state teachers retirement board invests in an alternative investment.

(3) "Carried interest" means any share of profits from an alternative investment vehicle that is distributed to a fund manager or related parties, including allocations of alternative investment vehicle profits received by a fund manager in consideration of having waived fees the fund manager might otherwise have been entitled to receive.

(4) "Fund manager" includes the general partner, managing manager, adviser, or other person with primary investment decision-making authority over an alternative investment vehicle. "Fund manager" includes related parties of a fund manager.

(5) "Operational person" means any operational partner, senior advisor, or other consultant or employee whose primary activity for a relevant entity is to provide operational support to any portfolio company of any alternative investment vehicle, account, or fund managed by a related person.

(6) "Related party" means:

(a) Any related person or operational person;

(b) Any entity more than ten per cent of the ownership of which is held directly or indirectly, whether through other entities or trusts, by a related person or operational person regardless of whether the related person or operational person
participates in the carried interest received by the general partner or special limited partner;

(c) Any consulting, legal, or other service provider regularly engaged by portfolio companies of an alternative investment vehicle, account, or fund that is managed by a related person and provides advice or services to any related person or relevant entity.

(7) "Related person" means any current or former employee, manager, or partner of any entity that is involved in the investment activities or accounting and valuation functions of a relevant entity or any family member of the employee, manager, or partner.

(8) "Relevant entity" means the general partner, any separate carry vehicle, the investor advisor, any of the investment advisor's parent or subsidiary entities, or any similar entity related to any other alternative investment vehicle, account, or fund advised or managed by any current or former related person.

(B)(1) The board shall require each alternative investment vehicle through which it invests to disclose to the board, at least annually, all of the following information:

(a) The fees and expenses the state teachers retirement system pays directly to the alternative investment vehicle, fund manager, and any related parties;

(b) The retirement system's share of fees and expenses not included in division (B)(1)(a) of this section that are paid from the alternative investment vehicle to the fund manager and any related parties;

(c) The retirement system's share of carried interest
distributed to the fund manager or related parties;

(d) The retirement system's share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties;

(e) The alternative investment vehicle's gross and net rate of return since its inception;

(f) The investment multiple of each alternative investment vehicle since inception.

(2) The board may independently calculate the information described in division (B)(1)(b) of this section based on information the alternative investment vehicle is contractually required to provide to the board. If the board independently calculates that information, the alternative investment vehicle is not required to provide it to the board.

(C)(1) Not later than one year after the effective date of this section, and at least once each year thereafter, the board shall compile and include in a written report all of the following information and present the information at a meeting open to the public:

(a) The information disclosed to the board under division (B)(1) of this section;

(b) The information calculated under division (B)(2) of this section, if applicable;

(c) The information required by division (C)(2) of this section.

(2) The board shall include in the report required by division (C)(1) of this section all the following information
regarding all of the alternative investment vehicles through which the board invests:

(a) The name, address, and year in which the initial investment capital was delivered to each alternative investment vehicle;

(b) The dollar amount of the commitment and cash contributions the board has made to each alternative investment vehicle since inception;

(c) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives from each alternative investment vehicle;

(d) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives, plus the remaining value of partnership assets attributable to the board's investment in each alternative investment vehicle;

(e) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis by the board to each alternative investment vehicle;

(f) The dollar amount of cash profit the board receives from each alternative investment vehicle on a fiscal year-end basis.

(D) This section applies to all contracts the board enters into on or after the effective date of this section and any existing contract pursuant to which the board makes a new capital commitment on or after that date. The board shall make reasonable efforts to obtain the information described in division (B) of this section about alternative investments made under contracts entered into on or before the effective date of this section to which no new capital commitments are made and to
comply with the reporting requirements in division (C) of this section with respect to those investments.

Sec. 3309.151. (A) As used in this section:

(1) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, real estate fund, or absolute return fund.

(2) "Alternative investment vehicle" means a limited partnership, limited liability company, or other legal structure through which the school employees retirement board invests in an alternative investment.

(3) "Carried interest" means any share of profits from an alternative investment vehicle that is distributed to a fund manager or related parties, including allocations of alternative investment vehicle profits received by a fund manager in consideration of having waived fees the fund manager might otherwise have been entitled to receive.

(4) "Fund manager" includes the general partner, managing manager, adviser, or other person with primary investment decision-making authority over an alternative investment vehicle. "Fund manager" includes related parties of a fund manager.

(5) "Operational person" means any operational partner, senior advisor, or other consultant or employee whose primary activity for a relevant entity is to provide operational support to any portfolio company of any alternative investment vehicle, account, or fund managed by a related person.

(6) "Related party" means:

(a) Any related person or operational person;
(b) Any entity more than ten per cent of the ownership of which is held directly or indirectly, whether through other entities or trusts, by a related person or operational person regardless of whether the related person or operational person participates in the carried interest received by the general partner or special limited partner;

(c) Any consulting, legal, or other service provider regularly engaged by portfolio companies of an alternative investment vehicle, account, or fund that is managed by a related person and provides advice or services to any related person or relevant entity.

(7) "Related person" means any current or former employee, manager, or partner of any entity that is involved in the investment activities or accounting and valuation functions of a relevant entity or any family member of the employee, manager, or partner.

(8) "Relevant entity" means the general partner, any separate carry vehicle, the investor advisor, any of the investment advisor's parent or subsidiary entities, or any similar entity related to any other alternative investment vehicle, account, or fund advised or managed by any current or former related person.

(B)(1) The board shall require each alternative investment vehicle through which it invests to disclose to the board, at least annually, all of the following information:

(a) The fees and expenses the school employees retirement system pays directly to the alternative investment vehicle, fund manager, and any related parties;

(b) The retirement system's share of fees and expenses not
included in division (B)(1)(a) of this section that are paid from the alternative investment vehicle to the fund manager and any related parties;

(c) The retirement system's share of carried interest distributed to the fund manager or related parties;

(d) The retirement system's share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties;

(e) The alternative investment vehicle's gross and net rate of return since its inception;

(f) The investment multiple of each alternative investment vehicle since inception.

(2) The board may independently calculate the information described in division (B)(1)(b) of this section based on information the alternative investment vehicle is contractually required to provide to the board. If the board independently calculates that information, the alternative investment vehicle is not required to provide it to the board.

(C)(1) Not later than one year after the effective date of this section, and at least once each year thereafter, the board shall compile and include in a written report all of the following information and present the information at a meeting open to the public:

(a) The information disclosed to the board under division (B)(1) of this section;

(b) The information calculated under division (B)(2) of this section, if applicable;
(c) The information required by division (C)(2) of this section.

(2) The board shall include in the report required by division (C)(1) of this section all the following information regarding all of the alternative investment vehicles through which the board invests:

(a) The name, address, and year in which the initial investment capital was delivered to each alternative investment vehicle;

(b) The dollar amount of the commitment and cash contributions the board has made to each alternative investment vehicle since inception;

(c) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives from each alternative investment vehicle;

(d) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives, plus the remaining value of partnership assets attributable to the board's investment in each alternative investment vehicle;

(e) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis by the board to each alternative investment vehicle;

(f) The dollar amount of cash profit the board receives from each alternative investment vehicle on a fiscal year-end basis.

(D) This section applies to all contracts the board enters into on or after the effective date of this section and any existing contract pursuant to which the board makes a new
capital commitment on or after that date. The board shall make reasonable efforts to obtain the information described in division (B) of this section about alternative investments made under contracts entered into on or before the effective date of this section to which no new capital commitments are made and to comply with the reporting requirements in division (C) of this section with respect to those investments.

Sec. 5505.066. (A) As used in this section:

1. "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, real estate fund, or absolute return fund.

2. "Alternative investment vehicle" means a limited partnership, limited liability company, or other legal structure through which the state highway patrol retirement board invests in an alternative investment.

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

4. "Fund manager" includes the general partner, managing manager, adviser, or other person with primary investment decision-making authority over an alternative investment vehicle. "Fund manager" includes related parties of a fund manager.

5. "Operational person" means any operational partner, senior advisor, or other consultant or employee whose primary activity for a relevant entity is to provide operational support.
to any portfolio company of any alternative investment vehicle, account, or fund managed by a related person.

(6) "Related party" means:

(a) Any related person or operational person;

(b) Any entity more than ten per cent of the ownership of which is held directly or indirectly, whether through other entities or trusts, by a related person or operational person regardless of whether the related person or operational person participates in the carried interest received by the general partner or special limited partner;

(c) Any consulting, legal, or other service provider regularly engaged by portfolio companies of an alternative investment vehicle, account, or fund that is managed by a related person and provides advice or services to any related person or relevant entity.

(7) "Related person" means any current or former employee, manager, or partner of any entity that is involved in the investment activities or accounting and valuation functions of a relevant entity or any family member of the employee, manager, or partner.

(8) "Relevant entity" means the general partner, any separate carry vehicle, the investor advisor, any of the investment advisor's parent or subsidiary entities, or any similar entity related to any other alternative investment vehicle, account, or fund advised or managed by any current or former related person.

(B)(1) The board shall require each alternative investment vehicle through which it invests to disclose to the board, at least annually, all of the following information:
(a) The fees and expenses the state highway patrol retirement system pays directly to the alternative investment vehicle, fund manager, and any related parties;

(b) The retirement system's share of fees and expenses not included in division (B)(1)(a) of this section that are paid from the alternative investment vehicle to the fund manager and any related parties;

(c) The retirement system's share of carried interest distributed to the fund manager or related parties;

(d) The retirement system's share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties;

(e) The alternative investment vehicle's gross and net rate of return since its inception;

(f) The investment multiple of each alternative investment vehicle since inception.

(2) The board may independently calculate the information described in division (B)(1)(b) of this section based on information the alternative investment vehicle is contractually required to provide to the board. If the board independently calculates that information, the alternative investment vehicle is not required to provide it to the board.

(C)(1) Not later than one year after the effective date of this section, and at least once each year thereafter, the board shall compile and include in a written report all of the following information and present the information at a meeting open to the public:
(a) The information disclosed to the board under division (B)(1) of this section;

(b) The information calculated under division (B)(2) of this section, if applicable;

(c) The information required by division (C)(2) of this section.

(2) The board shall include in the report required by division (C)(1) of this section all the following information regarding all of the alternative investment vehicles through which the board invests:

(a) The name, address, and year in which the initial investment capital was delivered to each alternative investment vehicle;

(b) The dollar amount of the commitment and cash contributions the board has made to each alternative investment vehicle since inception;

(c) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives from each alternative investment vehicle;

(d) The dollar amount, on a fiscal year-end basis, of cash distributions the board receives, plus the remaining value of partnership assets attributable to the board's investment in each alternative investment vehicle;

(e) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis by the board to each alternative investment vehicle;

(f) The dollar amount of cash profit the board receives from each alternative investment vehicle on a fiscal year-end
basis.

(D) This section applies to all contracts the board enters into on or after the effective date of this section and any existing contract pursuant to which the board makes a new capital commitment on or after that date. The board shall make reasonable efforts to obtain the information described in division (B) of this section about alternative investments made under contracts entered into on or before the effective date of this section to which no new capital commitments are made and to comply with the reporting requirements in division (C) of this section with respect to those investments.