

## 1 HOUSE RESOLUTION

2 WHEREAS, The public employee pension funds of Illinois  
3 control billions of dollars of assets, which must be invested  
4 safely and carefully for the benefit of thousands of public  
5 employees in Illinois and their beneficiaries; and

6 WHEREAS, Venture capital partnerships that invest in  
7 small businesses and other ventures can improve a pension  
8 fund's rate of investment return and contribute significantly  
9 to the economic development of this State; and

10 WHEREAS, It has been proposed that the portion of public  
11 employee pension fund assets currently invested in venture  
12 capital partnerships could be increased without significant  
13 risk to the pension funds; therefore be it

14 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE  
15 NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that  
16 we respectfully request the Illinois Economic and Fiscal  
17 Commission to conduct a study of the investment of pension  
18 fund assets in venture capital partnerships by the Illinois  
19 State Board of Investment and the pension funds and  
20 retirement systems organized under Articles 5, 6, 7, 8, 9,  
21 11, 15, 16, and 17 of the Illinois Pension Code, with  
22 emphasis on the following questions:

23 (1) For each of the pension funds under  
24 consideration, what percentage of the total assets of the  
25 fund are currently invested directly or indirectly in  
26 venture capital partnerships?

27 (2) For each of the venture capital partnerships  
28 that a pension fund is currently invested in, what is the  
29 name of the partnership and what is the location of the  
30 partnership headquarters?

31 (3) With respect to each investment by a pension  
32 fund in a venture capital partnership, what is the date

1 or dates of the pension board approval of the investment,  
2 what is the date or dates during which the investment  
3 occurred, what is the total investment of the pension  
4 fund, and what is the percentage of equity and debt  
5 interest of the pension fund in the venture capital  
6 partnership?

7 (4) With respect to the venture capital investments  
8 made by venture capital partnerships in which a pension  
9 fund has invested, what is:

10 (a) the name of the enterprise in which the  
11 venture capital partnership has invested;

12 (b) the location of the headquarters of the  
13 enterprise;

14 (c) the total capitalization of the enterprise  
15 at the time of the venture capital partnership  
16 investment;

17 (d) the present nature and description of the  
18 enterprise's business;

19 (e) the stage of development of the enterprise  
20 at the time of the investment (seed, start-up, early  
21 expansion, middle expansion, later expansion, or  
22 transition);

23 (f) the economic sector or sectors to which  
24 the enterprise's business belongs (for example:  
25 agriculture, financial services, or biotechnology);  
26 and

27 (g) the current percentage of public and  
28 private ownership of the enterprise?

29 (5) With respect to each venture capital  
30 partnership in which a pension fund makes investments,  
31 what are the separate numbers and percentages of  
32 investments made in enterprises that are headquartered in  
33 Illinois?

34 (6) For each pension fund that invests in venture

1 capital partnerships, what is the annual and cumulative  
2 rate of return for each separate investment in a venture  
3 capital partnership, what is the aggregate annual and  
4 cumulative rate of return of all of the pension board's  
5 investments in venture capital partnerships, and how do  
6 these returns compare to the national averages of annual  
7 and cumulative rates of return for venture capital  
8 partnerships?

9 and be it further

10 RESOLVED, That this study shall not include consideration  
11 of investments by pension funds in "fund of funds" venture  
12 capital partnerships whose investments involve limited  
13 partnerships investing in other limited partnerships; and be  
14 it further

15 RESOLVED, That the results of this study be presented to  
16 the General Assembly by October 1, 2002; and be it further

17 RESOLVED, That a copy of this resolution be delivered to  
18 the Executive Director of the Illinois Economic and Fiscal  
19 Commission.