

Committee Substitute for Senate Bill No. 2142

An act relating to investments of the State Board of Administration; creating the “Protecting Florida’s Investments Act”; creating s. 215.442, F.S.; providing reporting requirements for the executive director of the State Board of Administration; requiring the State Board of Administration to publish certain quarterly reports on its website; creating s. 215.473, F.S.; providing legislative findings; providing definitions; requiring the State Board of Administration to identify all companies in which public moneys are invested that are doing certain types of business in or with Sudan and Iran; requiring the board to create and maintain certain scrutinized companies lists that name all such companies; requiring the board to periodically contact all scrutinized companies and encourage them to refrain from engaging in certain types of business in or with Sudan or Iran; requiring the board to inform scrutinized companies of their status as a scrutinized company and to ask for clarification as to the nature of each company’s business activities; providing that a company may be removed from the list under certain conditions; providing for reintroduction of a company onto the list; requiring the board to divest of all publicly traded securities of a scrutinized company under certain conditions; providing exceptions to the divestment requirement; prohibiting the board from acquiring securities of scrutinized companies that have active business operations; providing exceptions to the investment prohibition; providing an additional exception from the divestment requirement and the investment prohibition to certain indirect holdings in actively managed investment funds; requiring the board to request that the managers of such investment funds consider removing scrutinized companies from the fund or create a similar fund that excludes such companies; requiring the board to file a report with the Governor, the Legislature, and Attorney General within a specified period after creation of each scrutinized companies list; requiring the annual filing of an updated report; requiring that all such reports be made available to the public; requiring that the report include certain information; providing for the expiration of the act; requiring certain information to be included in the investment policy statement; authorizing the board to cease divesting or to reinvest in certain scrutinized companies if the value for all assets under management by the board becomes equal to or less than a specified amount; requiring the board to provide a written report to the Governor, the Legislature, and Attorney General before such reinvestment; requiring that the report contain certain information; requiring semiannual updates to such reports when applicable; providing for severability; providing an effective date.

WHEREAS, on July 23, 2004, the United States Congress declared that “the atrocities unfolding in Darfur, Sudan, are genocide,” and

WHEREAS, on December 7, 2004, the United States Congress noted that the genocidal policy in Darfur has led to reports of “systematic rape of

thousands of women and girls, the abduction of women and children, and the destruction of hundreds of ethnically African villages, including the poisoning of their wells and the plunder of their crops and cattle upon which the people of such villages sustain themselves,” and

WHEREAS, on December 7, 2004, Congress found that “the Government of Sudan has restricted access by humanitarian and human rights workers to the Darfur area through intimidation by military and security forces, and through bureaucratic and administrative obstruction, in an attempt to inflict the most devastating harm on those individuals displaced from their villages and homes without any means of sustenance or shelter,” and

WHEREAS, on September 25, 2006, Congress reaffirmed that “the genocide unfolding in the Darfur region of Sudan is characterized by acts of terrorism and atrocities directed against civilians, including mass murder, rape, and sexual violence committed by the Janjaweed and associated militias with the complicity and support of the National Congress Party-led faction of the Government of Sudan,” and

WHEREAS, on September 26, 2006, the United States House of Representatives stated that “an estimated 300,000 to 400,000 people have been killed by the Government of Sudan and its Janjaweed allies since the crisis began in 2003, more than 2,000,000 people have been displaced from their homes, and more than 250,000 people from Darfur remain in refugee camps in Chad,” and

WHEREAS, the Darfur crisis represents the first time the United States Government has labeled ongoing atrocities as genocide, and

WHEREAS, the Federal Government has imposed sanctions against the Government of Sudan since 1997. These sanctions are monitored through the United States Treasury Department’s Office of Foreign Assets Control (OFAC), and

WHEREAS, according to a former chair of the United States Securities and Exchange Commission, the fact that a foreign company is doing material business with a country, government, or entity on OFAC’s sanctions list is, in the SEC staff’s view, substantially likely to be significant to a reasonable investor’s decision about whether to invest in that company, and

WHEREAS, since 1993, the United States Secretary of State has determined that Sudan is a country whose government has repeatedly provided support for acts of international terrorism, and, as a result, the United States has restricted assistance, defense exports, defense sales, financial transactions, and various other transactions with the Government of Sudan, and

WHEREAS, a 2006 report by United States House of Representatives states that “a company’s association with sponsors of terrorism and human rights abuses, no matter how large or small, can have a materially adverse result on a public company’s operations, financial condition, earnings, and stock prices, all of which can negatively affect the value of an investment,” and

WHEREAS, in response to the financial risk posed by investments in companies doing business with a state that sponsors terrorists, the Securities and Exchange Commission established its Office of Global Security Risk to provide for enhanced disclosure of material information regarding such companies, and

WHEREAS, the current Sudan divestment movement encompasses nearly 100 universities, municipalities, states, and private pension plans, and

WHEREAS, companies facing such widespread divestment present further material risk to remaining investors, and

WHEREAS, it is a fundamental responsibility of the State of Florida to decide where, how, and by whom financial resources in its control should be invested, taking into account numerous pertinent factors, and

WHEREAS, it is the prerogative and desire of the State of Florida, with respect to investment resources in its control and to the extent reasonable, with due consideration for return on investment on behalf of the state and its investment beneficiaries, not to participate in an ownership or capital-providing capacity with entities that provide significant practical support for genocide, including certain non-United States companies presently doing business in Sudan, and

WHEREAS, a resolution of the United Nations Security Council imposes sanctions on Iran for its failure to suspend its uranium-enrichment activities, and

WHEREAS, the United Nations Security Council voted unanimously for an additional embargo on Iranian arms exports, which is a freeze on assets abroad of an expanded list of individuals and companies involved in Iran's nuclear and ballistic missile programs, and calls for nations and institutions to bar new grants or loans to Iran except for humanitarian and developmental purposes, and

WHEREAS, Iran's financial ability to pay its debts to foreign entities involved in the petroleum-energy sector amounting to more than \$20 million is put at risk by the Iran and Libya Sanctions Act embargo and sanctions, and

WHEREAS, foreign entities have invested in Iran's petroleum-energy sector despite United States and United Nations sanctions against Iran, and

WHEREAS, all United States and foreign entities that have invested more than \$20 million in Iran's energy sector since August 5, 1996, are subject to sanctions under United States law pursuant to the Iran and Libya Sanctions Act of 1996, and

WHEREAS, the United States renewed the Iran and Libya Sanctions Act of 1996 in 2001 and 2006, and

WHEREAS, while divestiture should be considered with the intent to improve investment performance and, by the rules of prudence, fiduciaries

must take into account all relevant substantive factors in arriving at an investment decision, and

WHEREAS, the State of Florida is deeply concerned about investments in publicly traded companies that have business activities in and ties to Iran's petroleum-energy sector as a financial risk to the shareholders, and

WHEREAS, by investing in publicly traded companies having ties to Iran's petroleum-energy sector, the Florida State Board of Administration is putting the funds it oversees at substantial financial risk, and

WHEREAS, divestiture from markets that are vulnerable to embargo, loan restrictions, and sanctions from the United States and the international community, including the United Nations Security Council, is in accordance with the rules of prudence, and

WHEREAS, the Legislature finds that this act should remain in effect only insofar as it continues to be consistent with and does not unduly interfere with the foreign policy of the United States as determined by the Federal Government, and

WHEREAS, to protect Florida's assets, it is in the best interest of the state to enact a statutory prohibition regarding the investments managed by the State Board of Administration doing business in Sudan or in Iran's petroleum-energy sector, NOW, THEREFORE,

Be It Enacted by the Legislature of the State of Florida:

Section 1. This act may be cited as the "Protecting Florida's Investments Act."

Section 2. Section 215.442, Florida Statutes, is created to read:

215.442 Executive director; reporting requirements; public meeting.—

(1) Beginning October 2007 and quarterly thereafter, the executive director shall present to the Board of Trustees of the State Board of Administration a quarterly report to include the following:

(a) The name of each equity in which the State Board of Administration has invested for the quarter.

(b) The industry category of each equity.

(2) The executive director shall present each quarterly report at a meeting of the board of trustees, which shall be open and noticed to the public pursuant to the requirements of s. 286.011 and s. 24(b), Art. I of the State Constitution.

(3) The State Board of Administration shall publish a copy of each quarterly report on its website prior to presenting the report at each quarterly meeting of the board of trustees.

Section 3. Section 215.473, Florida Statutes, is created to read:

215.473 Divestiture by the State Board of Administration; Sudan; Iran.—

(1) DEFINITIONS.—As used in this act, the term:

(a) “Active business operations” means all business operations that are not inactive business operations.

(b) “Business operations” means engaging in commerce in any form in Sudan or Iran, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(c) “Company” means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of such entities or business associations, that exists for the purpose of making profit.

(d) “Complicit” means taking actions during any preceding 20-month period which have directly supported or promoted the genocidal campaign in Darfur, including, but not limited to, preventing Darfur’s victimized population from communicating with each other, encouraging Sudanese citizens to speak out against an internationally approved security force for Darfur, actively working to deny, cover up, or alter the record on human rights abuses in Darfur, or other similar actions.

(e) “Direct holdings” in a company means all securities of that company that are held directly by the public fund or in an account or fund in which the public fund owns all shares or interests.

(f) “Government of Iran” means the government of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.

(g) “Government of Sudan” means the government in Khartoum, Sudan, that is led by the National Congress Party, formerly known as the National Islamic Front, or any successor government formed on or after October 13, 2006, including the coalition National Unity Government agreed upon in the Comprehensive Peace Agreement for Sudan, and does not include the regional government of southern Sudan.

(h) “Inactive business operations” means the mere continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such purpose.

(i) “Indirect holdings” in a company means all securities of that company that are held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the public fund, in which the public fund owns shares or interests together with other investors not subject to the provisions of this act.

(j) “Iran” means the Islamic Republic of Iran.

(k) “Marginalized populations of Sudan” include, but are not limited to, the portion of the population in the Darfur region that has been genocidally victimized; the portion of the population of southern Sudan victimized by Sudan’s north-south civil war; the Beja, Rashidiya, and other similarly underserved groups of eastern Sudan; the Nubian and other similarly underserved groups in Sudan’s Abyei, Southern Blue Nile, and Nuba Mountain regions; and the Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(l) “Military equipment” means weapons, arms, military supplies, and equipment that may readily be used for military purposes, including, but not limited to, radar systems, military-grade transport vehicles, or supplies or services sold or provided directly or indirectly to any force actively participating in armed conflict in Sudan.

(m) “Mineral-extraction activities” include the exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc, as well as facilitating such activities, including providing supplies or services in support of such activities.

(n) “Oil-related activities” include, but are not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; and facilitating such activities, including providing supplies or services in support of such activities, except that the mere retail sale of gasoline and related consumer products is not considered an oil-related activity.

(o) “Petroleum resources” means petroleum, petroleum byproducts, or natural gas.

(p) “Power-production activities” means any business operation that involves a project commissioned by the National Electricity Corporation (NEC) of Sudan or other similar entity of the Government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for the project, providing service contracts related to the installation or maintenance of the project, as well as facilitating such activities, including providing supplies or services in support of such activities.

(q) “Public fund” means all funds, assets, trustee, and other designates under the State Board of Administration pursuant to chapter 121.

(r) “Scrutinized active business operations” means active business operations that have resulted in a company becoming a scrutinized company.

(s) “Scrutinized business operations” means business operations that have resulted in a company becoming a scrutinized company.

(t) “Scrutinized company” means any company that meets any of the following criteria:

1. The company has business operations that involve contracts with or provision of supplies or services to the Government of Sudan, companies in which the Government of Sudan has any direct or indirect equity share, consortiums or projects commissioned by the Government of Sudan, or companies involved in consortiums or projects commissioned by the Government of Sudan, and;

a. More than 10 percent of the company’s revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than 75 percent of the company’s revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action; or

b. More than 10 percent of the company’s revenues or assets linked to Sudan involve power-production activities; less than 75 percent of the company’s power-production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action.

2. The company is complicit in the Darfur genocide.

3. The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict. Examples of safeguards include post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

4. The company has business operations that involve contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the Government of Iran, or companies involved in consortiums or projects commissioned by the Government of Iran and;

a. More than 10 percent of the company’s total revenues or assets are linked to Iran and involve oil-related activities or mineral-extraction activities; and the company has failed to take substantial action; or

b. The company has, with actual knowledge, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each, which in the aggregate equals or exceeds \$20 million in any 12-month period, and which directly or significantly

contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran.

(u) "Social-development company" means a company whose primary purpose in Sudan is to provide humanitarian goods or services, including medicine or medical equipment; agricultural supplies or infrastructure; educational opportunities; journalism-related activities; information or informational materials; spiritual-related activities; services of a purely clerical or reporting nature; food, clothing, or general consumer goods that are unrelated to oil-related activities; mineral-extraction activities; or power-production activities.

(v) "Substantial action specific to Iran" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within 1 year and to refrain from any such new business operations.

(w) "Substantial action specific to Sudan" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within 1 year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of Southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the Government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

(2) IDENTIFICATION OF COMPANIES.—

(a) Within 90 days after the effective date of this act, the public fund shall make its best efforts to identify all scrutinized companies in which the public fund has direct or indirect holdings or could possibly have such holdings in the future. Such efforts include:

1. Reviewing and relying, as appropriate in the public fund's judgment, on publicly available information regarding companies having business operations in Sudan, including information provided by nonprofit organizations, research firms, international organizations, and government entities;

2. Contacting asset managers contracted by the public fund that invest in companies having business operations in Sudan; or

3. Contacting other institutional investors that have divested from or engaged with companies that have business operations in Sudan.

4. Reviewing the laws of the United States regarding the levels of business activity that would cause application of sanctions for companies conducting business or investing in countries that are designated state sponsors of terror.

(b) By the first meeting of the public fund following the 90-day period described in paragraph (a), the public fund shall assemble all scrutinized companies that fit criteria specified in subparagraphs (1)(t)1., 2., and 3. into

a “Scrutinized Companies with Activities in Sudan List” and shall assemble all scrutinized companies that fit criteria specified in subparagraph (1)(t)4. into a “Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.”

(c) The public fund shall update and make publicly available quarterly the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List based on evolving information from, among other sources, those listed in paragraph (a).

(d) Notwithstanding the provisions of this act, a social-development company that is not complicit in the Darfur genocide is not considered a scrutinized company under subparagraph (1)(t)1., subparagraph (1)(t)2., or subparagraph (1)(t)3.

(3) REQUIRED ACTIONS.—The public fund shall adhere to the following procedure for assembling companies on the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List:

(a) Engagement.—

1. The public fund shall immediately determine the companies on the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List in which the public fund owns direct or indirect holdings.

2. For each company identified in this paragraph that has only inactive business operations, the public fund shall send a written notice informing the company of this act and encouraging it to continue to refrain from initiating active business operations in Sudan or Iran until it is able to avoid scrutinized business operations. The public fund shall continue such correspondence semiannually.

3. For each company newly identified under this paragraph that has active business operations, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the public fund. The notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive business operations in order to avoid qualifying for divestment by the public fund.

4. If, within 90 days after the public fund’s first engagement with a company pursuant to this paragraph, that company ceases scrutinized business operations, the company shall be removed from the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and the provisions of this act shall cease to apply to that company unless that company resumes scrutinized business operations. If, within 90 days after the public fund’s first engagement, the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provi-

sions relating to inactive business operations. A company may be removed from one list but remain on the other list, in which case the company shall be subject to the provisions applicable to the list on which the company remains.

(b) Divestment.—

1. If, after 90 days following the public fund's first engagement with a company pursuant to paragraph (a), the company continues to have scrutinized active business operations, and only while such company continues to have scrutinized active business operations, the public fund shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except as provided in paragraph (d), from the public fund's assets under management within 12 months after the company's most recent appearance on the Scrutinized Companies with Activities in Sudan List or on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.

2. If a company that ceased scrutinized active business operations following engagement pursuant to paragraph (a) resumes such operations, this paragraph immediately applies, and the public fund shall send a written notice to the company. The company shall also be immediately reintroduced onto the Scrutinized Companies with Activities in Sudan List or on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, as applicable.

(c) Prohibition.—The public fund may not acquire securities of companies on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List that have active business operations, except as provided in paragraph (d).

(d) Exemption.—A company that the United States Government affirmatively declares to be excluded from its present or any future federal sanctions regime relating to Sudan or Iran is not subject to divestment or the investment prohibition pursuant to paragraphs (b) and (c).

(e) Excluded securities.—Notwithstanding the provisions of this act, paragraphs (b) and (c) do not apply to indirect holdings in actively managed investment funds. However, the public fund shall submit letters to the managers of such investment funds containing companies that have scrutinized active business operations requesting that they consider removing such companies from the fund or create a similar actively managed fund having indirect holdings devoid of such companies. If the manager creates a similar fund, the public fund shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, a private equity fund is deemed to be an actively managed investment fund.

(f) Further exclusions.—Notwithstanding any other provision of this act, the public fund, when discharging its responsibility for operation of a defined contribution plan, shall engage the manager of the investment offerings in such plans requesting that they consider removing scrutinized companies from the investment offerings or create an alternative investment

offering devoid of scrutinized companies. If the manager creates an alternative investment offering and the offering is deemed by the public fund to be consistent with prudent investor standards, the public fund shall consider including such investment offering in the plan.

(4) REPORTING.—

(a) The public fund shall file a report with each member of the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives that includes the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List within 30 days after the list is created. This report shall be made available to the public.

(b) At each quarterly meeting of the Board of Trustees thereafter, the public fund shall file a report, which shall be made available to the public and to each member of the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives, and send a copy of that report to the United States Presidential Special Envoy to Sudan and the United States Presidential Special Envoy to Iran, or an appropriate designee or successor, which includes:

1. A summary of correspondence with companies engaged by the public fund under subparagraphs (3)(a)2. and 3.;

2. All investments sold, redeemed, divested, or withdrawn in compliance with paragraph (3)(b);

3. All prohibited investments under paragraph (3)(c);

4. Any progress made under paragraph (3)(e); and

5. A list of all publicly traded securities held directly by this state.

(5) EXPIRATION.—This act expires upon the occurrence of all of the following:

(a) If any of the following occur, the public fund shall no longer scrutinize companies according to subparagraphs (1)(t)1., 2., and 3. and shall no longer assemble the Scrutinized Companies with Activities in Sudan List, shall cease engagement and divestment of such companies, and may reinvest in such companies as long as such companies do not satisfy the criteria for inclusion in the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List:

1. The Congress or President of the United States, affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the Darfur genocide has been halted for at least 12 months;

2. The United States revokes all sanctions imposed against the Government of Sudan;

3. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or

4. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that mandatory divestment of the type provided for in this act interferes with the conduct of United States foreign policy.

(b) If any of the following occur, the public fund shall no longer scrutinize companies according to subparagraph (1)(t)4. and shall no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List and shall cease engagement, investment prohibitions, and divestment. The public fund may reinvest in such companies as long as such companies do not satisfy the criteria for inclusion in the Scrutinized Companies with Activities in Sudan List:

1. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;

2. The United States revokes all sanctions imposed against the government of Iran; or

3. The Congress or President of the United States affirmatively and unambiguously declares, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that mandatory divestment of the type provided for in this act interferes with the conduct of United States foreign policy.

(6) INVESTMENT POLICY STATEMENT OBLIGATIONS.—The public fund's actions taken in compliance with this act, including all good faith determinations regarding companies as required by this act, shall be adopted and incorporated into the public fund's investment policy statement (the IPS) as set forth in s. 215.475.

(7) REINVESTMENT IN CERTAIN COMPANIES HAVING SCRUTINIZED ACTIVE BUSINESS OPERATIONS.—Notwithstanding any other provision of this act to the contrary, the public fund may cease divesting from certain scrutinized companies pursuant to paragraph (3)(b) or reinvest in certain scrutinized companies from which it divested pursuant to paragraph (3)(b) if clear and convincing evidence shows that the value of all assets under management by the public fund becomes equal to or less than 99.50 percent, or 50 basis points, of the hypothetical value of all assets under management by the public fund assuming no divestment for any company

had occurred under paragraph (3)(b). Cessation of divestment, reinvestment, or any subsequent ongoing investment authorized by this act is limited to the minimum steps necessary to avoid the contingency set forth in this subsection or that no divestment of any company is required for less than fair value. For any cessation of divestment, reinvestment, or subsequent ongoing investment authorized by this act, the public fund shall provide a written report to each member of the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives in advance of initial reinvestment, updated semi-annually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, reinvest, or remain invested in companies having scrutinized active business operations. This act does not apply to reinvestment in companies on the grounds that they have ceased to have scrutinized active business operations.

Section 4. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable. The Legislature hereby declares that it would have passed this act and each provision of this act, irrespective of the fact that any one or more provisions of this act might be declared invalid, illegal, unenforceable or unconstitutional, including, but not limited to, each of the engagement, divestment, and prohibition provisions of this act.

Section 5. This act shall take effect upon becoming a law.

Approved by the Governor June 8, 2007.

Filed in Office Secretary of State June 8, 2007.