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A bill to be entitled
 An act relating to the Florida Retirement System;
 creating s. 121.141, F.S.; providing definitions;
 requiring the State Board of Administration to
 identify any Iran-restricted companies, Sudan-
 restricted companies, and companies that boycott
 Israel; providing duties of the state board;
 authorizing the Florida Retirement System to cease
 divesting from companies under certain conditions;
 exempting the state board from certain conflicting
 obligations under general law; providing legislative
 intent; providing an effective date.

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

Section 1. Section 121.999, Florida Statutes, is created
 to read:

121.141 Prohibited transactions; companies that boycott
 Israel, Iran-restricted companies, and Sudan-restricted
 companies.—

(1) As used in this section, the term:

(a) "Boycott Israel" means engaging in actions that are
 politically motivated and intended to penalize, inflict economic
 harm on, or otherwise limit commercial relations with the State
 of Israel, companies based in the State of Israel, or
 territories controlled by the State of Israel.

27 (b) "Company" means any sole proprietorship, organization,
28 association, corporation, partnership, joint venture, limited
29 partnership, limited liability partnership, limited liability
30 company, or other entity or business association, including all
31 wholly owned subsidiaries, majority-owned subsidiaries, parent
32 companies, or affiliates of those entities or business
33 associations, that exist for the purpose of making profit.

34 (c) "Direct holdings" all publicly traded securities of a
35 company that are held directly by the Florida Retirement System
36 in an actively managed account or fund in which the system owns
37 all shares or interests.

38 (d) "Indirect holdings" in a company means all securities
39 of that company that are held in an account or fund, such as a
40 mutual fund, managed by one or more persons not employed by the
41 Florida Retirement System, in which the system owns shares or
42 interests together with other investors not subject to section
43 or that are held in an index fund.

44 (e) "Iran-restricted company" means a company having
45 business operations that involve contracts with or the provision
46 of supplies or services to the Government of Iran, companies in
47 which the Government of Iran have any direct or indirect equity
48 share, consortia or projects commissioned by the Government of
49 Iran, or companies involved in consortia or projects
50 commissioned by the Government of Iran and:

51 1. More than 10 percent of the company's revenues produced
52 in, or assets located in, Iran involve oil-related activities or

53 mineral-extraction activities; less than 75 percent of the
54 company's revenues produced in or assets located in Iran involve
55 contracts with or the provision of oil-related or mineral-
56 extraction products or services to the Government of Iran or a
57 project or consortium created exclusively by that government;
58 and the company has failed to adopt, publicize, and implement a
59 formal plan to cease its business operations within 1 year and
60 to refrain from any such new business operations; or

61 2. The company has, on or after July 1, 2016, made an
62 investment of \$20 million or more, or any combination of
63 investments of at least \$10 million each that in the aggregate
64 equals or exceeds \$20 million in any 12-month period, which
65 directly or significantly contributes to the enhancement of
66 Iran's ability to develop the petroleum resources of Iran.

67 (e) "Private market fund" means any private equity fund,
68 private equity fund of funds, venture capital fund, hedge fund,
69 hedge fund of funds, real estate fund, or other investment
70 vehicle that is not publicly traded.

71 (f) "Restricted companies" means companies that boycott
72 Israel, Iran-restricted companies, and Sudan-restricted
73 companies.

74 (g) "Sudan-restricted company" means a company that
75 maintains, sells, or leases equipment, facilities, personnel, or
76 any other apparatus of business or commerce in the Republic of
77 the Sudan, and includes the ownership or possession of real or
78 personal property located in the Republic of the Sudan.

79 (2) (a) Effective April 1, 2017, the State board of
80 Administration shall identify any Iran-restricted companies,
81 Sudan-restricted companies, and companies that boycott Israel.
82 In order to identify such companies, the board may:

83 1. Review and rely on publicly available information
84 regarding Iran-restricted companies, Sudan-restricted companies,
85 and companies that boycott Israel, including information
86 provided by nonprofit organizations, research firms, and
87 government entities.

88 2. Contact asset managers contracted by the Florida
89 Retirement System that invests in Iran-restricted companies,
90 Sudan-restricted companies, and companies that boycott Israel.

91 3. Contact other institutional investors that have
92 divested from or engaged with Iran-restricted companies, Sudan-
93 restricted companies, and companies that boycott Israel.

94 4. Retain an independent research firm to identify Iran-
95 restricted companies, Sudan-restricted companies, and companies
96 that boycott Israel.

97 (b) The state board shall review the list of restricted
98 companies on a quarterly basis based on evolving information.

99 (3) For companies included on the state board's list of
100 restricted companies:

101 (a) For each newly identified company, the state board
102 shall provide written notice to inform the company of its status
103 and that it may be subject to divestment by the Florida
104 Retirement System.

105 (b) If a company ceases activity that designates the
106 company to be an Iran-restricted company, a Sudan-restricted
107 company, or a company that boycotts Israel, the company shall be
108 removed from the list of restricted companies and this section
109 shall cease to apply to it unless it resumes such activities.

110 (4) The state board shall:

111 (a) Identify those companies on the list of restricted
112 companies in which the Florida Retirement System owns direct or
113 indirect holdings.

114 (b) Instruct its investment advisors to sell, redeem,
115 divest, or withdraw all direct holdings of restricted companies
116 from the Florida Retirement System's assets under management in
117 an orderly and fiduciary responsible manner within 12 months
118 after the company's most recent appearance on the list of
119 restricted companies.

120 (c) Not acquire securities of restricted companies.

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122 This subsection does not apply to indirect holdings or private
123 market funds. The state board shall submit letters to the
124 managers of those investment funds containing restricted
125 companies requesting that they consider removing the companies
126 from the fund or create a similar actively managed fund having
127 indirect holdings devoid of the companies. If the manager
128 creates a similar fund, the Florida Retirement System shall
129 replace all applicable investments with investments in the
130 similar fund in an expedited timeframe consistent with prudent

131 investing standards.

132 (5) The Florida Retirement System may cease divesting from
133 companies pursuant to subsection (4) if clear and convincing
134 evidence shows that the value of investments in such companies
135 becomes equal to or less than 0.5 percent of the market value of
136 all assets under management by the Florida Retirement System.
137 For any cessation of divestment, the Florida Retirement System
138 shall provide a written notice to the state board in advance of
139 the cessation of divestment, setting forth the reasons and
140 justification, supported by clear and convincing evidence, for
141 its decision to cease divestment under subsection (4).

142 (6) Any costs associated with the activities of the state
143 board under this section shall be borne by the state board.

144 (7) With respect to actions taken in compliance with this
145 section, including all good-faith determinations regarding
146 companies as required by this section, the state board is exempt
147 from any conflicting obligations under general law, including
148 any fiduciary duties under this chapter and any obligations with
149 respect to choice of asset managers, investment funds, or
150 investments for the Florida Retirement System's securities
151 portfolios.

152 (8) It is not the intent of the Legislature to cause
153 divestiture from any company based in the United States. The
154 state board shall consider this intent when developing or
155 reviewing the list of restricted companies.

156 Section 2. This act shall take effect July 1, 2016.