



Substitute Senate Bill No. 881

Public Act No. 11-82

AN ACT CONCERNING THE POWERS OF THE STATE TREASURER, DIVESTMENT OF STATE FUNDS INVESTED IN COMPANIES DOING BUSINESS IN IRAN AND SUDAN, AND THE MEMBERSHIP OF A MEDICAL EXAMINING BOARD AND THE CONNECTICUT STATE EMPLOYEES RETIREMENT COMMISSION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2011*) In addition to the appointments authorized under section 3-13a of the general statutes, as amended by this act, the Treasurer may appoint, as the Treasurer determines is necessary, officers and other investment-related personnel in other divisions of the office of the Treasurer, with the approval of the Commissioner of Administrative Services and the Secretary of the Office of Policy and Management. Such officers and investment-related personnel shall serve at the pleasure of the Treasurer.

Sec. 2. Subsection (a) of section 3-13a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Treasurer, [shall,] with the advice and consent of the Investment Advisory Council, shall appoint a chief investment officer and may appoint a deputy chief investment officer to assist the chief

Substitute Senate Bill No. 881

investment officer, for the Connecticut retirement pension and trust funds, who shall serve at the pleasure of the Treasurer and whose compensation shall be determined by the Treasurer within [a] salary [range] ranges established by the Treasurer in consultation with the Investment Advisory Council. The provisions of section 4-40 shall not apply to the compensation of said [officer. Said] officers. The chief investment officer shall be sworn to the faithful discharge of duties under law [. Said officer] and shall, under the direction of the Treasurer and subject to the provisions of sections 3-13 to 3-13d, inclusive, and 3-31b, advise the Treasurer on investing the trust funds of the state. Said officer shall also perform such other duties as the Treasurer may direct. In addition to said [officer] officers, the Treasurer may [, with the advice and consent of the Investment Advisory Council, appoint a deputy chief investment officer, whose compensation shall be determined by the Treasurer within salary ranges established by the Treasurer in consultation with the Investment Advisory Council and that shall not be subject to the provisions of section 4-40,] appoint principal investment officers, investment officers and other personnel to assist said chief investment officer, which officers and other personnel shall serve at the pleasure of the Treasurer.

Sec. 3. Section 3-13g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For the purposes of this section:

(1) "Company" means any corporation, utility, partnership, joint venture, franchisor, franchisee, trust, entity investment vehicle, financial institution 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 exist for the purpose of making profit;

Substitute Senate Bill No. 881

(2) "Doing business in Iran" means engaging in commerce in any form in Iran, including maintaining equipment, facilities, personnel or other apparatus of business or commerce in Iran, including, but not limited to, the lease or ownership of real or personal property in Iran or engaging in any business activity with the government of Iran;

(3) "Invest" means the commitment of funds or other assets to a company, including, but not limited to, the ownership or control of a share or interest in the company, and the ownership or control of a bond or other debt instrument by the company;

(4) "Iran" means the Islamic Republic of Iran, including its government and any of its agencies, instrumentalities or political subdivisions;

(5) "Mineral extraction activities" include (A) activities such as 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, silver, tungsten, uranium and zinc, and (B) facilitating such activities, including providing supplies or services in support of such activities;

(6) "Oil-related activities" include, but are not limited to, activities such as (A) owning rights to oil blocks, (B) exporting, extracting, producing, refining, processing, exploring for, transporting, selling or trading of oil, (C) constructing, maintaining or operating a pipeline, refinery or other oil field infrastructure, and (D) facilitating such activities, including providing supplies and services in support of such activities, but does not include the selling of retail gasoline and related consumer products; and

(7) "Petroleum resources" means petroleum, petroleum byproducts and natural gas.

(b) The State Treasurer shall review the major investment [policies]

Substitute Senate Bill No. 881

holdings of the state for [purposes of ensuring that state funds are not invested in any corporation engaged in any form of business in Iran which could be considered to be contrary to the foreign policy or national interests of the United States, particularly in respect to the release of all American hostages held in Iran.] the purpose of determining the extent to which state funds are invested in companies doing business in Iran. Whenever feasible and consistent with the fiduciary duties of the State Treasurer, the State Treasurer shall encourage companies in which state funds are invested and that are doing business in Iran, as identified by the United States Department of Treasury's Office of Foreign Assets Control or the State Treasurer, to act responsibly and not take actions that promote or otherwise enable Iran's development of nuclear weaponry or its support of terrorism.

(c) The State Treasurer (1) may divest, decide to not further invest state funds or not enter into any future investment in any company doing business in Iran; and (2) shall divest and not further invest in any security or instrument issued by Iran. In determining whether to divest state funds in accordance with the provisions of subdivision (1) of this subsection, the factors that the Treasurer shall consider shall include, but not be limited to, the following: (A) Revenues paid by such company directly to the government of Iran; (B) whether the company is doing business in Iran that involves contracts with or provision of supplies or services to (i) the government of Iran, (ii) companies in which the government of Iran has any direct or indirect equity share, (iii) consortia or projects commissioned by the government of Iran, or (iv) companies involved in consortia or projects commissioned by the government of Iran where such business involves oil-related activities, mineral extraction activities, investments that directly and significantly contribute to the development of Iran's petroleum resources or any other business activity that has been made the subject of economic sanctions imposed by the United States government; (C) whether the company has demonstrated complicity

Substitute Senate Bill No. 881

with an Iranian organization that has been identified as a terrorist organization by the United States government; (D) whether such company knowingly obstructs lawful inquiries into its operations and investments in Iran; (E) whether such company attempts to circumvent any applicable sanctions of the United States; (F) the extent of any humanitarian activities undertaken by such company in Iran; (G) whether such company is authorized by the federal government of the United States to do business in Iran; and (H) any other factor that the Treasurer deems prudent. In the event that the Treasurer determines that divestment of state funds is warranted from a company in which state funds are invested due to such company doing business in Iran, the Treasurer shall give notice to such company that such funds shall be divested from such company for as long as such company does business in Iran.

(d) The State Treasurer shall, at least once per fiscal year, provide a report to the Investment Advisory Council on actions taken by the Treasurer pursuant to the provisions of this section.

(e) The provisions of this section shall no longer be effective if both of the following occur: (1) Iran is no longer designated by the United States Department of State as a country that is a state sponsor of terrorism due to said department's determination that the country repeatedly provides support for acts of international terrorism; and (2) the President of the United States certifies to the appropriate committee of Congress, pursuant to P.L. 104-172, as amended from time to time, that Iran has ceased its efforts to design, develop, manufacture or acquire a nuclear explosive device or related materials and technology.

Sec. 4. Subsection (a) of section 3-21e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Substitute Senate Bill No. 881

(a) For the purposes of this section and subsection (a) of section 3-37:

(1) "Company" means any corporation, utility, partnership, joint venture, franchisor, franchisee, trust, entity investment vehicle, financial institution or [any wholly-owned subsidiary of such corporation] other entity or business association, including all wholly-owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of such entities or business associations, that exist for the purpose of making profit;

(2) "Doing business in Sudan" means engaging in commerce in any form in Sudan, including maintaining equipment, facilities, personnel or other apparatus of business or commerce in Sudan, including, but not limited to, the lease or ownership of real or personal property in Sudan, or engaging in any business activity with the government of Sudan;

(3) "Invest" means the commitment of funds or other assets to a company, including, but not limited to, the ownership or control of a share or interest in the company, and the ownership or control of a bond or other debt instrument by the company; and

(4) "Sudan" means the Republic of Sudan, including its government, and any of its agencies, instrumentalities or political subdivisions.

Sec. 5. Subsection (a) of section 5-155a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The general administration and responsibility for the proper operation of the state employees retirement system is vested in a single board of trustees to be known as the Connecticut State Employees Retirement Commission. Notwithstanding the provisions of section 4-9a, the Retirement Commission shall consist of the following: (1) [Six]

Substitute Senate Bill No. 881

The Treasurer or a designee, who shall be a nonvoting ex-officio member; (2) six trustees representing employees who shall be appointed by the bargaining agents in accordance with the provisions of applicable collective bargaining agreements. The trustees representing employees shall not be members of the same bargaining unit. The trustees representing employees shall serve three-year terms; ~~[(2)]~~ (3) six management trustees who are members of the state employees retirement system, who shall serve three-year terms. The management trustees shall be appointed by the Governor; ~~[(3)]~~ (4) two actuarial trustees who are enrolled actuaries and Fellows of the Society of Actuaries. One actuarial trustee shall be nominated by the management trustees and one shall be nominated by the trustees representing employees. The Governor shall appoint the actuarial trustees for three-year terms; and ~~[(4)]~~ (5) one neutral trustee who shall be chairman of the State Employees Retirement Commission. Such neutral trustee shall be enrolled in the National Academy of Arbitrators and shall be nominated by the employee and management trustees and appointed by the Governor. The neutral trustee shall serve a two-year term. If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled. The trustees, with the exception of the chairman and the actuarial trustees, shall serve without compensation but shall be reimbursed in accordance with the standard travel regulations for all necessary expenses that they may incur through service on the commission. The chairman and the actuarial trustees shall be compensated at their normal and usual per diem fee, plus travel expenses, from the funds of the retirement system for each day of service to the commission. Each trustee shall, within ten days after appointment or election, take an oath of office that so far as it devolves upon the trustee, the trustee will diligently and honestly administer the affairs of the commission, and will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the state retirement system. Each trustee's term shall begin from the

Substitute Senate Bill No. 881

date the trustee takes such an oath. The trustees shall appoint a representative from among the municipalities that have accepted the provisions of part II of chapter 113, who shall serve as a municipal liaison to the commission, at the commission's pleasure and under such terms and conditions as the commission may prescribe. Each trustee shall be entitled to one vote on the commission. A majority of the commission shall constitute a quorum for the transaction of any business, the exercise of any power or the performance of any duty authorized or imposed by law. The Retirement Commission shall be within the Retirement Division of the office of the Comptroller for administrative purposes only. The Comptroller, ex officio, shall be the nonvoting secretary of the commission and shall provide secretariat support to the commission.

Sec. 6. Section 3-16 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) The Treasurer is authorized, subject to the approval of the Governor, to borrow such funds, from time to time, as may be necessary, and to issue the obligations of the state therefor, signed by him or her as Treasurer, which obligations shall be binding on the state and shall be redeemed by the Treasurer whenever, in his or her opinion, there are funds in the Treasury available for such purpose or not later than two years from the date of issuance, whichever is earlier.

(b) The Governor shall specify, in his or her approval of temporary borrowing undertaken pursuant to subsection (a) of this section the dollar amount of such borrowing.

(c) Concurrently with the Governor's notice to the Treasurer of approval of such borrowing, the Governor shall provide notice of approval of such borrowing to the chairs and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding and

Substitute Senate Bill No. 881

appropriations.

Sec. 7. Subsection (c) of section 5-169 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*)

(c) The Governor shall appoint a board of seven physicians, each of whom is a current or retired state employee and two of whom shall be experienced in psychiatry, to serve at his pleasure as a medical examining board to determine whether each applicant for disability retirement is entitled thereto. Three of such members, one of whom shall be the elected chairman or the elected secretary of the board, shall constitute a quorum for the determination of any applicant's entitlement. The chairman or the secretary shall report the findings of the board to the Retirement Commission from time to time as requested by the commission as to the entitlement of each applicant or the continuance of disability of members so retired. The Comptroller is authorized to pay for stenographic and professional services as requested and approved by the board.

Approved July 8, 2011