



General Assembly

**Amendment**

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Offered by:

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To: Senate Bill No. 285

File No. 523

Cal. No. 347

**"AN ACT CONCERNING THE MACBRIDE PRINCIPLES."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective October 1, 2012*) (a) There is created a  
4 Board of Trustees of the Connecticut Retirement and Trust Funds, as  
5 listed in section 3-13c of the general statutes, as amended by this act,  
6 which shall be composed of the following members: (1) The State  
7 Treasurer, who shall serve as an ex-officio, voting member; (2) the  
8 Secretary of the Office of Policy and Management, who shall serve as  
9 an ex-officio, voting member; (3) the chairperson of the Investment  
10 Advisory Council, who shall serve as an ex-officio, voting member;  
11 and (4) four public members, each of whom shall have a minimum of  
12 fifteen years' experience in the direct management, analysis or  
13 supervision of investment of pension or endowment assets, of which  
14 five years shall be such experience at a senior level with assets of a  
15 minimum of one billion dollars. No two public members of the board

16 shall be employed by the same firm or business. The State Treasurer  
17 and the Secretary of the Office of Policy and Management may each  
18 designate a deputy or any member of their respective staffs to  
19 represent them at meetings of the board with full power to act and  
20 vote on their behalves. Each member of the board shall serve until a  
21 successor to such member is appointed and has been qualified.

22 (b) (1) Each public member appointment to the board shall be made  
23 from a list of qualified and available candidates prepared by the  
24 Investment Advisory Council. The Investment Advisory Council shall  
25 provide at least two nominees for each position. The list of nominees  
26 shall be provided to the appointing authority at least sixty days prior  
27 to expiration of a board member's term. The list may include  
28 incumbent members willing to accept reappointment. The appointing  
29 authority may require the Investment Advisory Council to provide  
30 additional nominees if the nominees submitted are found to be  
31 unacceptable. For appointment of the initial public members to the  
32 board, the Investment Advisory Counsel shall provide at least two  
33 nominees for each initial appointment no later than sixty days after the  
34 effective date of this section.

35 (2) The initial appointments of the four public members of the board  
36 of trustees shall be made as follows: (A) The minority leader of the  
37 Senate shall appoint one member to serve for a term of six years from  
38 July 1, 2013; (B) the minority leader of the House of Representatives  
39 shall appoint one member to serve for a term of four years from July 1,  
40 2013; (C) the president pro tempore of the Senate shall appoint one  
41 member to serve for a term of three years from July 1, 2013; and (D) the  
42 speaker of the House of Representatives shall appoint one member to  
43 serve for a term of three years from July 1, 2013.

44 (3) Each subsequent appointment to the board shall be made by the  
45 same appointing authority as the member being replaced. Each  
46 subsequent appointment to the board shall be for a term of six years.

47 (4) The authority empowered to appoint a public member may

48 remove such member from the board for misfeasance, malfeasance or  
49 wilful neglect of duty.

50 (c) The Governor shall designate one of the members of the board to  
51 be the chairperson and the chairperson shall serve at the Governor's  
52 pleasure. The State Treasurer may not serve as chairperson of the  
53 board. The State Treasurer shall serve as secretary of the board. A  
54 majority of the members of the board shall constitute a quorum for the  
55 transaction of any business, and any action of the board shall be by  
56 vote of a majority of the members present. Members may participate in  
57 board meetings by teleconference or telephone. In the case of a tie vote  
58 on any matter before the board, the side on which the chairperson  
59 votes shall be deemed to prevail. Votes regarding investment policies  
60 shall be recorded in the minutes of each meeting.

61 (d) All members of the board shall be reimbursed for all necessary  
62 expenses incurred in the performance of their duties as members of  
63 said board. The board shall meet at least once during each calendar  
64 quarter and at such other times as the chairperson deems necessary or  
65 upon the request of a majority of the members. Special meetings shall  
66 be held at the request of such majority after notice in accordance with  
67 the provisions of section 1-225 of the general statutes. Any member  
68 who fails to attend three consecutive meetings or who fails to attend  
69 fifty per cent of all meetings held during any calendar year shall be  
70 deemed to have resigned from the board. The Freedom of Information  
71 Act, as defined in section 1-200 of the general statutes, shall apply to all  
72 actions, meetings and records of the board. Members of the board shall  
73 be subject to part I of chapter 10 of the general statutes.

74 (e) The board shall be within the office of the State Treasurer for  
75 administrative purposes only.

76 Sec. 502. (NEW) (*Effective October 1, 2012*) (a) Each member of the  
77 Board of Trustees of the Connecticut Retirement and Trust Funds,  
78 established under section 501 of this act, shall be a fiduciary of the trust  
79 fund listed in section 3-13c of the general statutes, as amended by this

80 act, and shall discharge any duties with respect to such trust funds (1)  
81 solely in the interest of the participants and beneficiaries, (2) for the  
82 exclusive purpose of providing benefits to participants and  
83 beneficiaries, and defraying reasonable expenses of administering the  
84 trust funds, (3) with the care, skill, prudence and diligence under the  
85 circumstances then prevailing that a prudent person acting in a like  
86 capacity and familiar with such matters would use in the conduct of an  
87 enterprise of a like character and with like aims, and (4) by  
88 diversifying the investments of the plan so as to minimize the risk of  
89 large losses, unless under the circumstances it is clearly imprudent to  
90 do so.

91 (b) No member of the board, whose actions are within the standard  
92 of care provided for in subsection (a) of this section, shall be held  
93 personally liable for losses suffered by the trust funds by any action  
94 taken under the authority of chapter 32 of the general statutes.

95 (c) No public member of the board, or any business organization or  
96 affiliate of such member, may directly or indirectly enter into a  
97 contract in connection with, or provide any services involving, the  
98 investment of retirement or trust funds of the state of Connecticut  
99 during the time of such member's service on the board and for two  
100 years thereafter. No public member, business organization or affiliate  
101 of such a member, or any political action committee controlled by such  
102 business organization or affiliate, may make a contribution, as defined  
103 in section 9-601a of the general statutes, to an exploratory committee or  
104 a candidate committee established by a candidate for nomination or  
105 election to the office of the State Treasurer.

106 Sec. 503. (NEW) (*Effective October 1, 2012*) (a) The Board of Trustees  
107 of the Connecticut Retirement and Trust Funds, with the advice of the  
108 Investment Advisory Council, shall adopt, and may from time to time  
109 amend, a comprehensive investment policy for such funds. The policy  
110 shall include, but not be limited to, (1) provisions regarding prudent  
111 asset allocation, (2) categories and types of suitable investments, (3)  
112 other diversification criteria, such as by risk classifications, (4)

113 acceptable and unacceptable derivative investment products, (5)  
114 appropriate benchmarks for measuring performance of various  
115 segments of the portfolio, and (6) criteria and procedures for hiring  
116 and dismissing outside managers.

117 (b) The board shall annually adopt an operating budget for the trust  
118 fund investment function and shall appoint an internal auditor who  
119 shall be responsible solely to the board.

120 (c) The board may, with the advice of the Investment Advisory  
121 Council, select and hire outside fund managers and upon the written  
122 request of the State Treasurer, invest civil list funds and other funds  
123 that have been deposited with the Treasurer.

124 Sec. 504. Section 3-13a of the 2012 supplement to the general statutes  
125 is repealed and the following is substituted in lieu thereof (*Effective*  
126 *October 1, 2012*):

127 (a) The [Treasurer] Board of Trustees of the Connecticut Retirement  
128 and Trust Funds established under section 501 of this act, with the  
129 advice and consent of the Investment Advisory Council, shall appoint  
130 a chief investment officer and may appoint a deputy chief investment  
131 officer to assist the chief investment officer, for the Connecticut  
132 retirement pension and trust funds, who shall serve at the pleasure of  
133 the [Treasurer and whose compensation shall be determined by the  
134 Treasurer within salary ranges established by the Treasurer in  
135 consultation with] board. The chief investment officer shall be  
136 employed under contract with the board, which shall set the  
137 qualifications and compensation for such officer, with the advice and  
138 consent of the Investment Advisory Council. The provisions of section  
139 4-40 shall not apply to the compensation of said officers. The chief  
140 investment officer shall be sworn to the faithful discharge of duties  
141 under law and shall, under the direction of the [Treasurer] board and  
142 subject to the provisions of sections 3-13 to 3-13d, inclusive, as  
143 amended by this act, and 3-31b, advise the [Treasurer] board on  
144 investing the trust funds of the state. Said officer shall also perform

145 such other duties as the [Treasurer] board may direct. In addition to  
146 said officers, the [Treasurer] board may appoint principal investment  
147 officers, investment officers and other personnel to assist said chief  
148 investment officer, which officers and other personnel shall serve at  
149 the pleasure of the [Treasurer] board.

150 (b) The [Treasurer] board may retain legal counsel and professional  
151 investment counsel to evaluate and recommend to the [Treasurer]  
152 board changes in the portfolio of the state's trust and other funds.  
153 [Said] The investment counsel shall inform the [Treasurer] board of  
154 suitable investment opportunities and shall investigate the investment  
155 merit of any security or group of securities.

156 (c) The cost of operating the investment department including the  
157 cost of personnel, legal counsel and professional investment counsel  
158 retained under sections 3-13 to 3-13d, inclusive, as amended by this  
159 act, and 3-31b shall be paid by the Treasurer charging the income  
160 derived from the trust funds.

161 Sec. 505. Subsection (c) of section 3-13b of the general statutes is  
162 repealed and the following is substituted in lieu thereof (*Effective*  
163 *October 1, 2012*):

164 (c) (1) The Treasurer, in consultation with the Board of Trustees of  
165 the Connecticut Retirement and Trust Funds established under section  
166 501 of this act, shall recommend to the Investment Advisory Council  
167 an investment policy statement which shall set forth the standards  
168 governing investment of trust funds by the Treasurer and the board.  
169 Such statement shall include, with respect to each trust fund, without  
170 limitation, (A) investment objectives; (B) asset allocation policy and  
171 risk tolerance; (C) asset class definitions, including specific types of  
172 permissible investments within each asset class and any specific  
173 limitations or other considerations governing the investment of any  
174 funds; (D) investment manager guidelines; (E) investment  
175 performance evaluation guidelines; (F) guidelines for the selection and  
176 termination of providers of investment-related services who shall

177 include, but not be limited to, investment advisors, external money  
178 managers, investment consultants, custodians, broker-dealers, legal  
179 counsel, and similar investment industry professionals; and (G) proxy  
180 voting guidelines. A draft of the statement shall be submitted to the  
181 Investment Advisory Council at a meeting of said council and shall be  
182 made available to the public. Notice of such availability shall be  
183 published in at least one newspaper having a general circulation in  
184 each municipality in the state which publication shall be not less than  
185 two weeks prior to such meeting. Said council shall review the draft  
186 statement and shall publish any recommendations it may have for  
187 changes to such statement in the manner provided for publication of  
188 the [statement by the Treasurer] draft statement. The Treasurer and the  
189 board shall thereafter adopt the statement, including any such changes  
190 the Treasurer or the board deems appropriate, with the approval of a  
191 majority of the members appointed to said council. If a majority of the  
192 members appointed to said council fail to approve such statement, said  
193 majority shall provide the reasons for its failure to approve to the  
194 Treasurer and the board, who may submit an amended proposed  
195 statement at a subsequent regular or special meeting of said council.  
196 Such revised proposed statement shall be made available to the public  
197 in accordance with the provisions of the Freedom of Information Act,  
198 as defined in section 1-200. Any revisions or additions to the  
199 investment policy statement shall be made in accordance with the  
200 procedures set forth in this subdivision for the adoption of the  
201 statement. The Treasurer and the board shall annually review the  
202 investment policy statement and shall consult with the Investment  
203 Advisory Council regarding possible revisions to such statement.

204 (2) All trust fund investments by the State Treasurer or the Board of  
205 Trustees of the Connecticut Retirement and Trust Funds shall be  
206 reviewed by said Investment Advisory Council. The Treasurer and the  
207 board shall provide to the council all information regarding such  
208 investments which the Treasurer or the board deems relevant to the  
209 council's review and such other information as may be requested by  
210 the council. The Treasurer and the board shall provide a report at each

211 regularly scheduled meeting of the Investment Advisory Council as to  
212 the status of the trust funds and any significant changes which may  
213 have occurred or which may be pending with regard to the funds. The  
214 council shall promptly notify the Auditors of Public Accounts and the  
215 Comptroller of any unauthorized, illegal, irregular or unsafe handling  
216 or expenditure of trust funds or breakdowns in the safekeeping of trust  
217 funds or contemplated action to do the same within their knowledge.  
218 The Governor may direct the Treasurer or the board to change any  
219 investments made by the Treasurer or the board when in the judgment  
220 of said council such action is for the best interest of the state. Said  
221 council shall, at the close of the fiscal year, make a complete  
222 examination of the security investments of the state and determine as  
223 of June thirtieth, the value of such investments in the custody of the  
224 Treasurer and the value of such investments in the custody of the  
225 board, and report thereon to the Governor, the General Assembly and  
226 beneficiaries of trust funds administered, held or invested by the  
227 Treasurer or the board. With the approval of the Treasurer, the board  
228 and the council, said report may be included in the Treasurer's annual  
229 report.

230 Sec. 506. Section 3-13c of the general statutes is repealed and the  
231 following is substituted in lieu thereof (*Effective October 1, 2012*):

232 Trust funds as used in sections 3-13 to 3-13e, inclusive, as amended  
233 by this act, and 3-31b shall be construed to include Connecticut  
234 Municipal Employees' Retirement Fund A, Connecticut Municipal  
235 Employees' Retirement Fund B, Soldiers, Sailors and Marines Fund,  
236 State's Attorneys' Retirement Fund, Teachers' Annuity Fund, Teachers'  
237 Pension Fund, Teachers' Survivorship and Dependency Fund, School  
238 Fund, State Employees Retirement Fund, the Hospital Insurance Fund,  
239 Policemen and Firemen Survivor's Benefit Fund and all other trust  
240 funds administered [, held or invested] or held by the Treasurer, or  
241 invested by the Board of Trustees of the Connecticut Retirement and  
242 Trust Funds established under section 501 of this act.

243 Sec. 507. Section 3-13d of the general statutes is repealed and the

244 following is substituted in lieu thereof (*Effective October 1, 2012*):

245 (a) Notwithstanding any other provision in the general statutes, the  
246 [Treasurer] the Board of Trustees of the Connecticut Retirement and  
247 Trust Funds established under section 501 of this act shall invest as  
248 much of the state's trust funds as are not required for current  
249 disbursements in accordance with the provisions of section 45a-203 or  
250 the provisions of this part. Notwithstanding the provisions of this  
251 section or any other provision in the general statutes, the [Treasurer]  
252 board shall not invest more than sixty per cent of the market value of  
253 each such trust fund in common stock, except in the event of a stock  
254 market fluctuation that causes the common stock percentage to  
255 increase and the [Treasurer] board deems it in the best interest of such  
256 trust fund to maintain a higher percentage of equities, provided the  
257 [Treasurer] board shall not allow the market value of each such trust  
258 fund in common stock to exceed sixty-five per cent for more than six  
259 months after such fluctuation occurs. On and after January 1, 2001, or  
260 on and after the first adoption of an investment policy statement under  
261 section 3-13b, as amended by this act, whichever is later, all trust fund  
262 investments shall be made in accordance with the investment policy  
263 statement adopted under section 3-13b, as amended by this act. In  
264 order to increase the income for each such combined investment fund  
265 established pursuant to section 3-31b, the [Treasurer] board may enter  
266 into repurchase agreements or lend securities from each such fund,  
267 provided, [that] at the time of the execution of the repurchase  
268 agreement or the loan, at least one hundred per cent of the market  
269 value of the security sold or lent shall be received as consideration in  
270 the form of cash or securities guaranteed by (1) the United States  
271 government or any agency of the United States government, or (2) a  
272 sovereign country that is a participant in the General Arrangements to  
273 Borrow, known generally as the Group of Ten, or G10, and is rated  
274 "AA" or better by at least one nationally recognized statistical rating  
275 organization. At all times during the term of each such repurchase  
276 agreement or the term of each such loan the consideration received or  
277 the collateral shall be equal to not less than ninety-five per cent of the

278 full market value of the security and said consideration received or  
279 said collateral shall not be more than one hundred thousand dollars  
280 less than the full market value of the security. The [Treasurer] board  
281 may sell call options which would give the holders of such options the  
282 right to purchase securities held by the Treasurer at the date the call is  
283 sold for investment purposes, under such terms and conditions as the  
284 [Treasurer] board may determine. Among the factors to be considered  
285 by the [Treasurer] board with respect to all securities may be the social,  
286 economic and environmental implications of investments of trust  
287 funds in particular securities or types of securities. In the investment of  
288 the state's trust funds the [Treasurer] board shall consider the  
289 implications of any particular investment in relation to the foreign  
290 policy and national interests of the United States.

291 (b) Notwithstanding any other provision in the general statutes, [or  
292 elsewhere to the contrary, the Treasurer] the board may invest as much  
293 of the state's trust funds as are not required for current disbursements  
294 in Connecticut mortgage pass-through certificates. As used in this  
295 section, "Connecticut mortgage pass-through certificate" means (1) a  
296 certificate evidencing ownership of an undivided interest in a pool of  
297 mortgage loans, each of which is secured by a first mortgage on real  
298 property located in this state improved by one-to-four-family  
299 residential dwellings or units, where such mortgage loans are assigned  
300 to a trust company or bank having the powers of a trust company  
301 within or without the state, as trustee for the benefit of the holders of  
302 such certificates, or (2) any Federal Home Loan Mortgage Corporation  
303 pass-through certificate or Federal National Mortgage Association  
304 securities backed by mortgage loans, each of which is secured by a first  
305 mortgage on real property located in this state improved by one-to-  
306 four-family residential dwellings or units; provided such mortgage  
307 loans are originated by any bank, trust company, national banking  
308 association, savings bank, federal mutual savings bank, savings and  
309 loan association, federal savings and loan association, credit union, or  
310 federal credit union authorized to do business in this state or by any  
311 lender authorized to do business in this state and approved by the

312 federal Secretary of Housing and Urban Development for participation  
313 in any mortgage insurance program under the National Housing Act.  
314 In exercising [his] discretion to invest the state's trust funds in  
315 Connecticut mortgage pass-through certificates and in considering the  
316 yield on such investments, the [Treasurer] board shall give preference  
317 to pools of mortgage loans which contain loans to persons who at the  
318 time of mortgage application are contributors to state pension and  
319 retirement funds included among the trust funds defined in section 3-  
320 13c, as amended by this act, or who have been past contributors to  
321 such funds and who continue to maintain a financial interest therein,  
322 and may consider furtherance of the public policy of increasing the  
323 amount of reasonably priced mortgage loans available to state  
324 residents. Nothing in this section shall prevent the [Treasurer] board  
325 from investing state trust funds in mortgage pass-through certificates  
326 other than Connecticut mortgage pass-through certificates.

327 (c) Except in the event of an express repeal of this subsection, no  
328 pool of mortgage loans, the ownership of which is evidenced by  
329 Connecticut mortgage pass-through certificates, shall be subject to any  
330 tax imposed by the state if all of the outstanding Connecticut mortgage  
331 pass-through certificates respecting such pool were at any time owned  
332 by or on behalf of any one or more of the state's trust funds.

333 (d) Notwithstanding any other provision in the general statutes, [or  
334 elsewhere to the contrary, the Treasurer] the board may enter into  
335 contracts with any life insurance company authorized to do business in  
336 Connecticut under which any amounts held in the state's trust funds  
337 may be used to purchase pension funding contracts and contracts  
338 providing for participation in separate accounts or under which funds  
339 become a part of the general account of any such life insurance  
340 company.

341 [(e) Notwithstanding any provision of the general statutes, neither  
342 the Treasurer, the Deputy Treasurer nor any acting Treasurer shall  
343 make a private equity or real estate investment without the approval of  
344 the Investment Advisory Council, for the balance of the Treasurer's

345 term of office, on or after any of the following events: (1) The defeat of  
346 the Treasurer (A) in a ballot for the party nomination for Treasurer at a  
347 convention where said Treasurer was a candidate for nomination, (B)  
348 in a primary for nomination for said office where said Treasurer was a  
349 candidate for nomination, or (C) upon the completion of a canvass of  
350 the returns from such primary under section 9-445 or 9-446, whichever  
351 is later, (2) the defeat of the Treasurer (A) in the election for said office  
352 or (B) upon the completion of a canvass of the returns from such  
353 election under section 9-311, 9-311a or 9-311b, or (3) the resignation of  
354 the Treasurer.]

355 Sec. 508. Section 3-13e of the general statutes is repealed and the  
356 following is substituted in lieu thereof (*Effective October 1, 2012*):

357 (a) The following terms, when used in this section shall have the  
358 following meanings, unless the context otherwise requires: (1) "Trust  
359 fund" means any of the funds listed in section 3-13c, as amended by  
360 this act; (2) "board" means the Board of Trustees of the Connecticut  
361 Retirement and Trust Funds established under section 501 of this act;  
362 (3) "mortgage lender" means any bank and trust company, savings  
363 bank or savings and loan association chartered under the laws of the  
364 state, national banking association, federal savings and loan  
365 association, insurance company authorized to transact business in the  
366 state or other firm or corporation subject to the banking laws of  
367 Connecticut and approved by the Treasurer; and (4) "pension and  
368 retirement fund contributor" means any person who at the time of  
369 receiving a mortgage-secured loan from a mortgage lender as  
370 provided in subsection (b) of this section is, and has been during the  
371 three years immediately preceding such loan, a contributor to any  
372 pension or retirement fund included among the trust funds listed in  
373 this subsection.

374 (b) Notwithstanding any provision of the general statutes, [to the  
375 contrary, the Treasurer] the board may invest as much of the funds of  
376 any trust fund as are not required for current disbursements, in loans  
377 to mortgage lenders, subject to the following conditions: (1) Any such

378 investment shall be secured as to payment of both principal and  
379 interest by a pledge of and lien upon collateral security of such nature,  
380 in such amounts and under such terms as the [Treasurer] board shall  
381 determine; (2) any such mortgage lender shall within a reasonable  
382 period of time, as determined by the [Treasurer] board, following  
383 receipt by such mortgage lender of the loan proceeds, enter into  
384 written commitments to make and shall thereafter proceed as  
385 promptly as practicable to make and disburse loans from such loan  
386 proceeds, in an aggregate principal amount not less than the amount of  
387 such loan proceeds, and each such loan shall be secured by a mortgage  
388 of residential real property containing not more than four dwelling  
389 units and situated within the state, provided no more than twenty  
390 million dollars in such loans to mortgage lenders shall be outstanding  
391 at any one time and no more than ten million dollars in such loans  
392 shall be made in any one fiscal year, and further provided, the  
393 aggregate of such loans outstanding to any single mortgage lender  
394 shall not exceed the greater of one million dollars or one per cent of the  
395 deposits of such mortgage lender. Pension and retirement fund  
396 contributors shall be afforded a preference with respect to receipt of  
397 loans made under the provisions of this section, subject to such  
398 procedures as the [Treasurer] board may prescribe.

399 Sec. 509. Section 3-13g of the 2012 supplement to the general statutes  
400 is repealed and the following is substituted in lieu thereof (*Effective*  
401 *October 1, 2012*):

402 (a) For the purposes of this section:

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

409 (2) "Doing business in Iran" means engaging in commerce in any

410 form in Iran, including maintaining equipment, facilities, personnel or  
411 other apparatus of business or commerce in Iran, including, but not  
412 limited to, the lease or ownership of real or personal property in Iran  
413 or engaging in any business activity with the government of Iran;

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

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

421 (5) "Mineral extraction activities" include (A) activities such as  
422 exploring, extracting, processing, transporting, or wholesale selling or  
423 trading of elemental minerals or associated metal alloys or oxides  
424 (ore), including gold, copper, chromium, chromite, diamonds, iron,  
425 silver, tungsten, uranium and zinc, and (B) facilitating such activities,  
426 including providing supplies or services in support of such activities;

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

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

437 (b) The State Treasurer and the Board of Trustees of the Connecticut  
438 Retirement and Trust Funds established under section 501 of this act  
439 shall review the major investment holdings of the state for the purpose  
440 of determining the extent to which state funds are invested in

441 companies doing business in Iran. Whenever feasible and consistent  
442 with the fiduciary duties of the State Treasurer and the board, the State  
443 Treasurer and the board shall encourage companies in which state  
444 funds are invested and that are doing business in Iran, as identified by  
445 the United States Department of Treasury's Office of Foreign Assets  
446 Control, [or] the State Treasurer or the board, to act responsibly and  
447 not take actions that promote or otherwise enable Iran's development  
448 of nuclear weaponry or its support of terrorism.

449 (c) The State Treasurer or the board (1) may divest, decide to not  
450 further invest state funds or not enter into any future investment in  
451 any company doing business in Iran; and (2) shall divest and not  
452 further invest in any security or instrument issued by Iran. In  
453 determining whether to divest state funds in accordance with the  
454 provisions of subdivision (1) of this subsection, the factors that the  
455 Treasurer and the board shall consider shall include, but not be limited  
456 to, the following: (A) Revenues paid by such company directly to the  
457 government of Iran; (B) whether the company is doing business in Iran  
458 that involves contracts with or provision of supplies or services to (i)  
459 the government of Iran, (ii) companies in which the government of  
460 Iran has any direct or indirect equity share, (iii) consortia or projects  
461 commissioned by the government of Iran, or (iv) companies involved  
462 in consortia or projects commissioned by the government of Iran  
463 where such business involves oil-related activities, mineral extraction  
464 activities, investments that directly and significantly contribute to the  
465 development of Iran's petroleum resources or any other business  
466 activity that has been made the subject of economic sanctions imposed  
467 by the United States government; (C) whether the company has  
468 demonstrated complicity with an Iranian organization that has been  
469 identified as a terrorist organization by the United States government;  
470 (D) whether such company knowingly obstructs lawful inquiries into  
471 its operations and investments in Iran; (E) whether such company  
472 attempts to circumvent any applicable sanctions of the United States;  
473 (F) the extent of any humanitarian activities undertaken by such  
474 company in Iran; (G) whether such company is authorized by the

475 federal government of the United States to do business in Iran; and (H)  
476 any other factor that the Treasurer or the board deems prudent. In the  
477 event that the Treasurer or the board determines that divestment of  
478 state funds is warranted from a company in which state funds are  
479 invested due to such company doing business in Iran, the Treasurer or  
480 the board, as the case may be, shall give notice to such company that  
481 such funds shall be divested from such company for as long as such  
482 company does business in Iran.

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

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

497 Sec. 510. Section 3-13h of the general statutes is repealed and the  
498 following is substituted in lieu thereof (*Effective October 1, 2012*):

499 (a) The State Treasurer and the Board of Trustees of the Connecticut  
500 Retirement and Trust Funds established under section 501 of this act  
501 shall review the major investment policies of the state for the purpose  
502 of determining the extent to which moneys are invested in  
503 corporations doing business in Northern Ireland which have not  
504 adopted the MacBride principles. In whatever manner may be deemed  
505 appropriate by the State Treasurer or the board, corporations in which  
506 the state has invested assets and which have operations in Northern

507 Ireland shall be urged to adopt and implement the MacBride principles  
508 with respect to such operations and where necessary and appropriate  
509 to initiate or support shareholder initiatives requiring such corporate  
510 action.

511 (b) In carrying out his fiduciary responsibility, the State Treasurer  
512 shall, within a period of time not exceeding three years immediately  
513 following May 18, 1987, disinvest all state funds currently invested in  
514 any corporations doing business in Northern Ireland and the State  
515 Treasurer and the board shall invest no new state funds in any such  
516 corporation unless such corporation has implemented the MacBride  
517 principles. In accordance with sound investment criteria consistent  
518 with prudent standards of fiduciary responsibility, the State Treasurer  
519 and the board shall, with respect to state funds available for future  
520 investment in corporations doing business in Northern Ireland,  
521 including such funds available as a result of such disinvestment as  
522 prescribed in this subsection, invest such funds in corporations  
523 conducting their operations in Northern Ireland in accordance with the  
524 MacBride principles, which are as follows: (1) Increasing the  
525 representation of individuals from underrepresented religious groups  
526 in the workforce, including managerial, supervisory, administrative,  
527 clerical and technical jobs; (2) providing adequate security for the  
528 protection of minority employees at the workplace and while traveling  
529 to and from work; (3) banning provocative religious or political  
530 emblems from the workplace; (4) publicly advertising all job openings  
531 and making special recruitment efforts to attract applicants from  
532 underrepresented religious groups; (5) layoff, recall and termination  
533 procedures which do not in practice favor particular religious  
534 groupings; (6) abolishing job reservations, apprenticeship restrictions  
535 and differential employment criteria, which discriminate on the basis  
536 of religion or ethnic origin; (7) developing training programs that will  
537 prepare substantial numbers of current minority employees for skilled  
538 jobs, including the expansion of existing programs and the creation of  
539 new programs to train, upgrade and improve the skills of minority  
540 employees; (8) establishing procedures to assess, identify and actively

541 recruit minority employees with potential for further advancement;  
 542 and (9) appointing a senior management staff member to oversee the  
 543 company's affirmative action efforts and the setting up of timetables to  
 544 carry out affirmative action principles."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>October 1, 2012</i>	New section
Sec. 502	<i>October 1, 2012</i>	New section
Sec. 503	<i>October 1, 2012</i>	New section
Sec. 504	<i>October 1, 2012</i>	3-13a
Sec. 505	<i>October 1, 2012</i>	3-13b(c)
Sec. 506	<i>October 1, 2012</i>	3-13c
Sec. 507	<i>October 1, 2012</i>	3-13d
Sec. 508	<i>October 1, 2012</i>	3-13e
Sec. 509	<i>October 1, 2012</i>	3-13g
Sec. 510	<i>October 1, 2012</i>	3-13h