

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4903

A bill to amend 1965 PA 314, entitled  
"Public employee retirement system investment act,"  
(MCL 38.1132 to 38.1140m) by adding section 13d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 13D. (1) AS USED IN THIS SECTION:

2 (A) "ACTIVE BUSINESS OPERATIONS" MEANS ALL BUSINESS OPERATIONS  
3 THAT ARE NOT INACTIVE BUSINESS OPERATIONS.

4 (B) "BUSINESS OPERATIONS" MEANS ENGAGING IN COMMERCE IN ANY  
5 FORM IN IRAN, INCLUDING BY ACQUIRING, DEVELOPING, MAINTAINING,  
6 OWNING, SELLING, POSSESSING, LEASING, OR OPERATING EQUIPMENT,  
7 FACILITIES, PERSONNEL, PRODUCTS, SERVICES, PERSONAL PROPERTY, REAL  
8 PROPERTY, OR ANY OTHER APPARATUS OF BUSINESS OR COMMERCE.

9 (C) "COMPANY" MEANS ANY SOLE PROPRIETORSHIP, ORGANIZATION,  
10 ASSOCIATION, CORPORATION, PARTNERSHIP, JOINT VENTURE, LIMITED

1 PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP, LIMITED LIABILITY  
2 COMPANY, OR OTHER ENTITY OR BUSINESS ASSOCIATION, INCLUDING ALL  
3 WHOLLY OWNED SUBSIDIARIES, MAJORITY-OWNED SUBSIDIARIES, PARENT  
4 COMPANIES, OR AFFILIATES OF SUCH ENTITIES OR BUSINESS ASSOCIATIONS,  
5 THAT EXISTS FOR PROFIT-MAKING PURPOSES.

6 (D) "DIRECT HOLDINGS" IN A COMPANY MEANS ALL SECURITIES OF  
7 THAT COMPANY HELD DIRECTLY BY THE FIDUCIARY OR IN AN ACCOUNT OR  
8 FUND IN WHICH THE FIDUCIARY OWNS ALL SHARES OR INTERESTS.

9 (E) "FIDUCIARY" MEANS THE MICHIGAN LEGISLATIVE RETIREMENT  
10 SYSTEM BOARD OF TRUSTEES FOR THE TIER 1 PLAN FOR THE MICHIGAN  
11 LEGISLATIVE RETIREMENT SYSTEM CREATED BY THE MICHIGAN LEGISLATIVE  
12 RETIREMENT SYSTEM ACT, 1957 PA 261, MCL 38.1001 TO 38.1080, AND THE  
13 TREASURER OF THIS STATE FOR THE RETIREMENT SYSTEMS CREATED UNDER  
14 ALL OF THE FOLLOWING ACTS:

15 (i) THE STATE POLICE RETIREMENT ACT OF 1986, 1986 PA 182, MCL  
16 38.1601 TO 38.1648.

17 (ii) THE TIER 1 RETIREMENT PLAN AVAILABLE UNDER THE JUDGE'S  
18 RETIREMENT ACT OF 1992, 1992 PA 234, MCL 38.2101 TO 38.2670.

19 (iii) THE TIER 1 RETIREMENT PLAN AVAILABLE UNDER THE STATE  
20 EMPLOYEES RETIREMENT ACT, 1943 PA 240, MCL 38.1 TO 38.69.

21 (iv) THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980  
22 PA 300, MCL 38.1301 TO 38.1408.

23 (F) "GOVERNMENT OF IRAN" MEANS THE GOVERNMENT OF IRAN, ITS  
24 INSTRUMENTALITIES, AND COMPANIES OWNED OR CONTROLLED BY THE  
25 GOVERNMENT OF IRAN.

26 (G) "INACTIVE BUSINESS OPERATIONS" MEANS THE MERE CONTINUED  
27 HOLDING OR RENEWAL OF RIGHTS TO PROPERTY PREVIOUSLY OPERATED FOR

1 THE PURPOSE OF GENERATING REVENUES BUT NOT PRESENTLY DEPLOYED FOR  
2 SUCH PURPOSE.

3 (H) "INDIRECT HOLDINGS" IN A COMPANY MEANS ALL SECURITIES OF  
4 THAT COMPANY HELD IN AN ACCOUNT OR FUND, SUCH AS A MUTUAL FUND OR  
5 OTHER COMMINGLED FUND, MANAGED BY 1 OR MORE PERSONS NOT EMPLOYED BY  
6 THE FIDUCIARY, IN WHICH THE FIDUCIARY OWNS SHARES OR INTERESTS  
7 TOGETHER WITH OTHER INVESTORS NOT SUBJECT TO THE PROVISIONS OF THIS  
8 ACT.

9 (I) "IRAN" MEANS THE ISLAMIC REPUBLIC OF IRAN.

10 (J) "MILITARY EQUIPMENT" MEANS WEAPONS, ARMS, MILITARY  
11 SUPPLIES, AND EQUIPMENT THAT READILY MAY BE USED FOR MILITARY  
12 PURPOSES, INCLUDING, BUT NOT LIMITED TO, RADAR SYSTEMS OR MILITARY-  
13 GRADE TRANSPORT VEHICLES.

14 (K) "MINERAL EXTRACTION ACTIVITIES" INCLUDES EXPLORING,  
15 EXTRACTING, PROCESSING, TRANSPORTING, OR WHOLESALE SELLING OR  
16 TRADING OF ELEMENTAL MINERALS OR ASSOCIATED METAL ALLOYS OR OXIDES,  
17 INCLUDING GOLD, COPPER, CHROMIUM, CHROMITE, DIAMONDS, IRON, IRON  
18 ORE, SILVER, TUNGSTEN, URANIUM, AND ZINC, AS WELL AS FACILITATING  
19 SUCH ACTIVITIES, INCLUDING BY PROVIDING SUPPLIES OR SERVICES IN  
20 SUPPORT OF SUCH ACTIVITIES.

21 (L) "OIL-RELATED ACTIVITIES" INCLUDES, BUT IS NOT LIMITED TO,  
22 OWNING RIGHTS TO OIL BLOCKS; EXPORTING, EXTRACTING, PRODUCING,  
23 REFINING, PROCESSING, EXPLORING FOR, TRANSPORTING, SELLING, OR  
24 TRADING OF OIL; CONSTRUCTING, MAINTAINING, OR OPERATING A PIPELINE,  
25 REFINERY, OR OTHER OIL-FIELD INFRASTRUCTURE; AND FACILITATING SUCH  
26 ACTIVITIES, INCLUDING BY PROVIDING SUPPLIES OR SERVICES IN SUPPORT  
27 OF SUCH ACTIVITIES, PROVIDED THAT THE MERE RETAIL SALE OF GASOLINE

1 AND RELATED CONSUMER PRODUCTS SHALL NOT BE CONSIDERED OIL-RELATED  
2 ACTIVITIES.

3 (M) "PETROLEUM RESOURCES" MEANS PETROLEUM OR NATURAL GAS.

4 (N) "POWER PRODUCTION ACTIVITIES" MEANS ANY BUSINESS OPERATION  
5 THAT INVOLVES A PROJECT COMMISSIONED BY THE GOVERNMENT OF IRAN  
6 WHOSE PURPOSE IS TO FACILITATE POWER GENERATION AND DELIVERY,  
7 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING POWER-GENERATING PLANTS  
8 OR HYDROELECTRIC DAMS, SELLING OR INSTALLING COMPONENTS FOR THE  
9 PROJECT, PROVIDING SERVICE CONTRACTS RELATED TO THE INSTALLATION OR  
10 MAINTENANCE OF THE PROJECT, AS WELL AS FACILITATING SUCH  
11 ACTIVITIES, INCLUDING BY PROVIDING SUPPLIES OR SERVICES IN SUPPORT  
12 OF SUCH ACTIVITIES.

13 (O) "SCRUTINIZED COMPANY" MEANS ANY COMPANY NOT DESCRIBED IN  
14 SUBSECTION (10) THAT HAS BUSINESS OPERATIONS THAT INVOLVE CONTRACTS  
15 WITH OR PROVISION OF SUPPLIES OR SERVICES TO THE GOVERNMENT OF  
16 IRAN; COMPANIES IN WHICH THE GOVERNMENT OF IRAN HAS ANY DIRECT OR  
17 INDIRECT EQUITY SHARE, CONSORTIUMS, OR PROJECTS COMMISSIONED BY THE  
18 GOVERNMENT OF IRAN; OR COMPANIES INVOLVED IN CONSORTIUMS AND  
19 PROJECTS COMMISSIONED BY THE GOVERNMENT OF IRAN AND 1 OR MORE OF  
20 THE FOLLOWING:

21 (i) MORE THAN 10% OF THE COMPANY'S TOTAL REVENUES OR ASSETS ARE  
22 LINKED TO IRAN, AND INVOLVE OIL-RELATED ACTIVITIES OR MINERAL-  
23 EXTRACTION ACTIVITIES, AND THE COMPANY HAS FAILED TO TAKE  
24 SUBSTANTIAL ACTION.

25 (ii) THE COMPANY HAS, WITH ACTUAL KNOWLEDGE, ON OR AFTER AUGUST  
26 5, 1996, MADE AN INVESTMENT OF \$20,000,000.00 OR MORE, OR ANY  
27 COMBINATION OF INVESTMENTS OF AT LEAST \$10,000,000.00 EACH, WHICH

1 IN THE AGGREGATE EQUALS OR EXCEEDS \$20,000,000.00 IN ANY 12-MONTH  
2 PERIOD, AND WHICH DIRECTLY OR SIGNIFICANTLY CONTRIBUTES TO THE  
3 ENHANCEMENT OF IRAN'S ABILITY TO DEVELOP PETROLEUM RESOURCES.

4 (P) "SUBSTANTIAL ACTION" MEANS ADOPTING, PUBLICIZING, AND  
5 IMPLEMENTING A FORMAL PLAN TO CEASE SCRUTINIZED BUSINESS OPERATIONS  
6 WITHIN 1 YEAR AND TO REFRAIN FROM ANY NEW BUSINESS OPERATIONS.

7 (2) WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY  
8 ACT THAT ADDED THIS SECTION, THE FIDUCIARY SHALL MAKE ITS BEST  
9 EFFORTS TO IDENTIFY ALL SCRUTINIZED COMPANIES IN WHICH THE  
10 FIDUCIARY HAS DIRECT OR INDIRECT HOLDINGS OR COULD POSSIBLY HAVE  
11 SUCH HOLDINGS IN THE FUTURE. THE EFFORTS MAY INCLUDE 1 OR MORE OF  
12 THE FOLLOWING:

13 (A) REVIEWING AND RELYING, AS APPROPRIATE IN THE FIDUCIARY'S  
14 JUDGMENT, ON PUBLICLY AVAILABLE INFORMATION REGARDING COMPANIES  
15 WITH BUSINESS OPERATIONS IN IRAN, INCLUDING INFORMATION PROVIDED BY  
16 NONPROFIT ORGANIZATIONS, RESEARCH FIRMS, INTERNATIONAL  
17 ORGANIZATIONS, AND GOVERNMENT ENTITIES.

18 (B) CONTACTING ASSET MANAGERS CONTRACTED BY THE FIDUCIARY THAT  
19 INVEST IN COMPANIES WITH BUSINESS OPERATIONS IN IRAN.

20 (C) CONTACTING OTHER INSTITUTIONAL INVESTORS THAT HAVE  
21 DIVESTED FROM OR ENGAGED WITH COMPANIES THAT HAVE BUSINESS  
22 OPERATIONS IN IRAN.

23 (D) REVIEWING THE LAWS OF THE UNITED STATES REGARDING THE  
24 LEVELS OF BUSINESS ACTIVITY THAT WOULD CAUSE APPLICATION OF  
25 SANCTIONS AGAINST COMPANIES CONDUCTING BUSINESS OR INVESTING IN  
26 COUNTRIES THAT ARE DESIGNATED STATE SPONSORS OF TERROR.

27 (3) AT THE END OF THE 90-DAY PERIOD OR BY THE FIRST MEETING OF

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1 THE FIDUCIARY FOLLOWING THE 90-DAY PERIOD DESCRIBED IN SUBSECTION  
2 (2), THE FIDUCIARY SHALL ASSEMBLE ALL SCRUTINIZED COMPANIES  
3 IDENTIFIED INTO A SCRUTINIZED COMPANIES LIST.

4 (4) THE FIDUCIARY SHALL UPDATE THE SCRUTINIZED COMPANIES LIST  
5 ON A QUARTERLY BASIS BASED ON EVOLVING INFORMATION FROM, AMONG  
6 OTHER SOURCES, THOSE SOURCES LISTED IN SUBSECTION (2). THE  
7 FIDUCIARY SHALL MAKE THE SCRUTINIZED COMPANIES LIST FREELY  
8 AVAILABLE TO THE FIDUCIARIES OF OTHER PUBLIC RETIREMENT SYSTEMS  
9 LOCATED IN THIS STATE IF MAKING THE LIST AVAILABLE DOES NOT VIOLATE  
10 ANY AGREEMENTS WITH THIRD PARTIES OR REVEAL PROPRIETARY INFORMATION  
11 OF A THIRD PARTY.

12 (5) THE FIDUCIARY SHALL ADHERE TO THE FOLLOWING PROCEDURE FOR  
13 COMPANIES ON THE SCRUTINIZED COMPANIES LIST:

14 (A) THE FIDUCIARY SHALL IMMEDIATELY DETERMINE THE COMPANIES ON  
15 THE SCRUTINIZED COMPANIES LIST IN WHICH THE FIDUCIARY OVERSEES  
16 PURSUANT TO ITS RESPONSIBILITIES AS DESCRIBED IN SUBSECTION (1)(E).

17 (B) FOR EACH COMPANY IDENTIFIED IN SUBDIVISION (A) WITH ONLY  
18 INACTIVE BUSINESS OPERATIONS, <<NOT LATER THAN 60 DAYS AFTER THE  
19 IDENTIFICATION OF THE COMPANY,>> THE FIDUCIARY SHALL SEND A WRITTEN  
20 NOTICE INFORMING THE COMPANY OF THIS SECTION AND ENCOURAGE THE  
21 COMPANY TO CONTINUE TO REFRAIN FROM INITIATING ACTIVE BUSINESS  
22 OPERATIONS IN IRAN UNTIL IT IS ABLE TO AVOID SCRUTINIZED BUSINESS  
23 OPERATIONS. THE FIDUCIARY SHALL CONTINUE THE CORRESPONDENCE ON A

24 (C) FOR EACH COMPANY NEWLY IDENTIFIED IN SUBDIVISION (A) WITH  
25 ACTIVE BUSINESS OPERATIONS, <<NOT LATER THAN 60 DAYS AFTER THE COMPANY IS  
26 NEWLY IDENTIFIED,>> THE FIDUCIARY SHALL SEND A WRITTEN  
27 NOTICE INFORMING THE COMPANY OF ITS SCRUTINIZED COMPANY STATUS AND  
THAT IT MAY BECOME SUBJECT TO DIVESTMENT BY THE FIDUCIARY. THE

1 NOTICE SHALL OFFER THE COMPANY THE OPPORTUNITY TO CLARIFY ITS IRAN-  
2 RELATED ACTIVITIES AND SHALL ENCOURAGE THE COMPANY, WITHIN 90 DAYS,  
3 TO EITHER CEASE ITS SCRUTINIZED BUSINESS OPERATIONS THROUGH  
4 SUBSTANTIAL ACTION OR CONVERT SUCH OPERATIONS TO INACTIVE BUSINESS  
5 OPERATIONS IN ORDER TO AVOID QUALIFYING FOR DIVESTMENT BY THE  
6 FIDUCIARY.

7 (D) IF, WITHIN 90 DAYS FOLLOWING THE FIDUCIARY'S FIRST  
8 ENGAGEMENT WITH A COMPANY PURSUANT TO SUBDIVISION (C), THAT COMPANY  
9 ANNOUNCES A PLAN OF SUBSTANTIAL ACTION, THE COMPANY SHALL BE  
10 REMOVED FROM THE SCRUTINIZED COMPANIES LIST AND THIS SECTION SHALL  
11 CEASE TO APPLY TO IT UNLESS IT FAILS TO IMPLEMENT ITS PLAN OF  
12 SUBSTANTIAL ACTION WITHIN THE DESIGNATED TIME FRAME. IF, WITHIN 90  
13 DAYS FOLLOWING THE FIDUCIARY'S FIRST ENGAGEMENT, THE COMPANY  
14 CONVERTS ITS ACTIVE BUSINESS OPERATIONS TO INACTIVE BUSINESS  
15 OPERATIONS, THE COMPANY SHALL BE SUBJECT TO THIS SECTION.

16 (E) IF, AFTER 90 DAYS FOLLOWING THE FIDUCIARY'S FIRST  
17 ENGAGEMENT WITH A COMPANY PURSUANT TO SUBDIVISION (C), THE COMPANY  
18 CONTINUES TO HAVE ACTIVE BUSINESS OPERATIONS, AND ONLY WHILE THE  
19 COMPANY CONTINUES TO HAVE ACTIVE BUSINESS OPERATIONS, THE FIDUCIARY  
20 SHALL SELL, REDEEM, DIVEST, OR WITHDRAW ALL PUBLICLY TRADED  
21 SECURITIES OF THE COMPANY, ACCORDING TO THE FOLLOWING SCHEDULE:

22 (i) AT LEAST 50% OF THE ASSETS SHALL BE REMOVED FROM THE  
23 FIDUCIARY'S ASSETS UNDER MANAGEMENT WITHIN 9 MONTHS AFTER THE  
24 COMPANY'S MOST RECENT APPEARANCE ON THE SCRUTINIZED COMPANIES LIST.

25 (ii) 100% OF THE ASSETS SHALL BE REMOVED FROM THE FIDUCIARY'S  
26 ASSETS UNDER MANAGEMENT WITHIN 15 MONTHS AFTER THE COMPANY'S MOST  
27 RECENT APPEARANCE ON THE SCRUTINIZED COMPANIES LIST.

1 (F) EXCEPT AS PROVIDED IN SUBDIVISIONS (G) AND (H), AT NO TIME  
2 SHALL THE FIDUCIARY ACQUIRE SECURITIES OF COMPANIES ON THE  
3 SCRUTINIZED COMPANIES LIST THAT HAVE ACTIVE BUSINESS OPERATIONS.

4 (G) NO COMPANY WHICH THE UNITED STATES GOVERNMENT  
5 AFFIRMATIVELY DECLARES TO BE EXCLUDED FROM ITS PRESENT OR ANY  
6 FUTURE FEDERAL SANCTIONS REGIME RELATING TO IRAN SHALL BE SUBJECT  
7 TO DIVESTMENT OR INVESTMENT PROHIBITION PURSUANT TO SUBDIVISIONS  
8 (E) AND (F).

9 (H) SUBDIVISIONS (E) AND (F) SHALL NOT APPLY TO INDIRECT  
10 HOLDINGS IN ACTIVELY MANAGED INVESTMENT FUNDS. FOR PURPOSES OF THIS  
11 SECTION, ACTIVELY MANAGED INVESTMENT FUNDS INCLUDE PRIVATE EQUITY  
12 FUNDS AND PUBLICLY TRADED FUNDS. BEFORE THE FIDUCIARY INVESTS IN A  
13 NEW PRIVATE EQUITY FUND OR PUBLICLY TRADED FUND THAT IS NOT IN THE  
14 FIDUCIARY'S PORTFOLIO AS OF THE EFFECTIVE DATE OF THE AMENDATORY  
15 ACT THAT ADDED THIS SECTION, THE FIDUCIARY SHALL PERFORM DUE  
16 DILIGENCE TO PREVENT INVESTMENT IN ANY PRIVATE EQUITY FUND OR  
17 PUBLICLY TRADED FUND WHERE THE OFFERING MEMORANDUM OR PROSPECTUS  
18 IDENTIFIES A PURPOSE OF THE PRIVATE EQUITY FUND OR PUBLICLY TRADED  
19 FUND AS INVESTING IN SCRUTINIZED COMPANIES WITH ACTIVE BUSINESS  
20 OPERATIONS IN IRAN. THE FIDUCIARY IS NOT REQUIRED TO IDENTIFY  
21 HOLDINGS IN PRIVATE EQUITY FUNDS OR SUBMIT ENGAGEMENT LETTERS TO  
22 THOSE FUNDS. IF THE MANAGER OF A PUBLICLY TRADED, ACTIVELY MANAGED  
23 FUND THAT IS IN THE FIDUCIARY'S PORTFOLIO ON THE EFFECTIVE DATE OF  
24 THE AMENDATORY ACT THAT ADDED THIS SECTION CREATES A SIMILAR  
25 PUBLICLY TRADED, ACTIVELY MANAGED FUND WITH INDIRECT HOLDINGS  
26 DEVOID OF IDENTIFIED SCRUTINIZED COMPANIES WITH SCRUTINIZED ACTIVE  
27 BUSINESS OPERATIONS AS DEFINED IN THIS SECTION, THE FIDUCIARY SHALL

1 REPLACE ALL APPLICABLE INVESTMENTS WITH INVESTMENTS IN THE SIMILAR  
2 FUND IN AN EXPEDITED TIME FRAME CONSISTENT WITH PRUDENT INVESTMENT  
3 STANDARDS.

4 (6) THE FIDUCIARY SHALL FILE A PUBLICLY AVAILABLE REPORT TO  
5 THE LEGISLATURE THAT INCLUDES THE SCRUTINIZED COMPANIES LIST WITHIN  
6 30 DAYS AFTER THE LIST IS CREATED. ANNUALLY THEREAFTER, THE  
7 FIDUCIARY SHALL FILE A PUBLICLY AVAILABLE REPORT TO THE LEGISLATURE  
8 THAT INCLUDES ALL OF THE FOLLOWING:

9 (A) A SUMMARY OF CORRESPONDENCE WITH COMPANIES ENGAGED BY THE  
10 FIDUCIARY UNDER THIS SECTION.

11 (B) ALL INVESTMENTS SOLD, REDEEMED, DIVESTED, OR WITHDRAWN IN  
12 COMPLIANCE WITH THIS SECTION.

13 (C) ALL PROHIBITED INVESTMENTS UNDER THIS SECTION.

14 (D) ANY PROGRESS MADE UNDER SUBSECTION (5) (H).

15 (7) THIS SECTION IS NO LONGER EFFECTIVE UPON THE OCCURRENCE OF  
16 1 OR MORE OF THE FOLLOWING:

17 (A) THE CONGRESS OR PRESIDENT OF THE UNITED STATES  
18 AFFIRMATIVELY AND UNAMBIGUOUSLY STATES, THROUGH LEGISLATION,  
19 EXECUTIVE ORDER, OR WRITTEN CERTIFICATION FROM THE PRESIDENT TO  
20 CONGRESS, THAT THE GOVERNMENT OF IRAN HAS CEASED TO ACQUIRE WEAPONS  
21 OF MASS DESTRUCTION AND SUPPORT INTERNATIONAL TERRORISM.

22 (B) THE UNITED STATES REVOKES ALL SANCTIONS IMPOSED AGAINST  
23 THE GOVERNMENT OF IRAN.

24 (C) THE CONGRESS OR PRESIDENT OF THE UNITED STATES  
25 AFFIRMATIVELY AND UNAMBIGUOUSLY STATES, THROUGH LEGISLATION,  
26 EXECUTIVE ORDER, OR WRITTEN CERTIFICATION FROM THE PRESIDENT TO  
27 CONGRESS, THAT MANDATORY DIVESTMENT OF THE TYPE PROVIDED FOR IN

1 THIS SECTION INTERFERES WITH THE CONDUCT OF UNITED STATES FOREIGN  
2 POLICY.

3 (8) WITH RESPECT TO ACTIONS TAKEN IN COMPLIANCE WITH THIS  
4 SECTION, INCLUDING ALL GOOD FAITH DETERMINATIONS REGARDING  
5 COMPANIES AS REQUIRED BY THIS SECTION, THE FIDUCIARY SHALL BE  
6 EXEMPT FROM ANY CONFLICTING STATUTORY OR COMMON LAW OBLIGATIONS,  
7 INCLUDING ANY OBLIGATIONS IN RESPECT TO CHOICE OF ASSET MANAGERS,  
8 INVESTMENT FUNDS, OR INVESTMENTS FOR THE FIDUCIARY'S SECURITIES  
9 PORTFOLIOS.

10 (9) THE FIDUCIARY, MEMBERS OF AN INVESTMENT ADVISORY  
11 COMMITTEE, AND ANY PERSON WITH DECISION-MAKING AUTHORITY WITH  
12 REGARD TO INVESTMENTS OF THE FIDUCIARY SHALL NOT BE HELD LIABLE FOR  
13 ANY ACTION UNDERTAKEN FOR THE PURPOSE OF COMPLYING WITH OR  
14 EXECUTING THE MANDATES REQUIRED UNDER THIS SECTION.

15 (10) SCRUTINIZED COMPANY DOES NOT INCLUDE A COMPANY THAT THE  
16 FEDERAL GOVERNMENT HAS AFFIRMATIVELY EXCLUDED FROM FEDERAL  
17 SANCTIONS FOR BUSINESS THE SCRUTINIZED COMPANY CONDUCTS RELATING TO  
18 IRAN, OR THAT HAS CONSISTENTLY OBTAINED APPLICABLE LICENSES OR  
19 APPROVALS TO CONDUCT TRANSACTIONS WITH IRAN. IF THE FIDUCIARY  
20 BECOMES AWARE AT ANY TIME THAT A COMPANY THAT HAS NOT BEEN  
21 AFFIRMATIVELY EXCLUDED FROM FEDERAL SANCTIONS FOR BUSINESS IT  
22 CONDUCTS RELATING TO IRAN AND HAS NOT RECEIVED FROM THE UNITED  
23 STATES GOVERNMENT APPLICABLE LICENSES OR APPROVALS TO CONDUCT  
24 TRANSACTIONS WITH IRAN, THAT COMPANY IS IMMEDIATELY SUBJECT TO  
25 SUBSECTION (5).

26 (11) IF ANY PROVISION, SECTION, SUBSECTION, SENTENCE, CLAUSE,  
27 PHRASE, OR WORD OF THIS LEGISLATION OR ITS APPLICATION TO ANY

1 PERSON OR CIRCUMSTANCE IS FOUND TO BE INVALID, ILLEGAL,  
2 UNENFORCEABLE, OR UNCONSTITUTIONAL, THE SAME IS HEREBY DECLARED TO  
3 BE SEVERABLE AND THE BALANCE OF THIS LEGISLATION SHALL REMAIN  
4 EFFECTIVE AND FUNCTIONAL NOTWITHSTANDING SUCH INVALIDITY,  
5 ILLEGALITY, UNENFORCEABILITY, OR UNCONSTITUTIONALITY.

6 Enacting section 1. This amendatory act does not take effect  
7 unless Senate Bill No. 846 of the 94th Legislature is enacted into  
8 law.