HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 703 AND HB 1431 State Board of Administration Investments
SPONSOR(S): Government Efficiency & Accountability Council, Porth and Schwartz
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 2142

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Committee on State Affairs	8 Y, 0 N	Ligas	Williamson
2) Government Efficiency & Accountability Council	15 Y, 0 N, As CS	Williamson	Cooper
3) Policy & Budget Council			
4)			
5)			

SUMMARY ANALYSIS

The Florida Retirement System (FRS) Pension Plan and FRS Investment Plan represent about $129 billion or 73 percent of the $177 billion in assets managed by the State Board of Administration (SBA). Throughout its 65-year history, the FRS has been subjected to only two broad-based divestitures: South Africa from 1986 to 1993, and the more recent tobacco divestiture, which took place from June 1, 1997 to June 30, 2001.

The bill provides for divestiture in certain companies associated with the Governments of Iran and Sudan.

At least 90 days after the effective date of this act, the Public Fund (essentially, the SBA) must make best efforts to identify all scrutinized companies in which it has direct or indirect holdings or could possibly have such holdings in the future. A scrutinized company means any company that: has certain business operations with the Government of Sudan or the Government of Iran; is complicit in the Darfur genocide; or that supplies military equipment within Sudan, unless certain requirements are met.

The Public Fund must create a “Scrutinized Companies with Activities in Sudan List” and a “Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List”. It must provide written notice to any company that has been included on those lists. For any scrutinized company having active business operations with Iran or Sudan, the Public Fund must send written notice informing the company of its scrutinized status and informing the company that it may become subject to divestment. If, after 90 days, the company continues scrutinized active business operations, then the Public Fund must sell, redeem, divest, or withdraw all publicly traded securities of the company within 12 months.

The bill provides legislative findings, definitions, and exceptions. It also creates quarterly reporting requirements for the SBA. Furthermore, the bill provides for expiration of the act if certain requirements are met.

FISCAL IMPACT
According to the SBA, Iran investments prohibited by the bill would require divestment between $1 billion and $6 billion of current FRS Pension Plan investments and prohibited Sudan investments would require divestment between $525 million and $3.5 billion. Also, the SBA estimates an annual recurring fiscal impact between $73,000 and $214,000 for staffing, research, and communications.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – The bill requires the State Board of Administration (SBA) to sell, redeem, divest, or withdraw any investment in violation of this act. In addition, it creates reporting requirements for the SBA.

Maintain public security – The bill prohibits the SBA from investing pension or annuity fund assets in companies with ties to or engaged in certain business activities with Sudan or Iran. This would prevent those funds from reaching entities that may harm the United States, including Florida.

B. EFFECT OF PROPOSED CHANGES:

BACKGROUND

STATE SPONSORS OF TERRORISM

Countries that are determined by the United States Secretary of State to have repeatedly provided support for acts of international terrorism are designated as "State Sponsors of Terrorism" and are subject to sanctions under the Export Administration Act, the Arms Export Control Act, and the Foreign Assistance Act. Four main categories of sanctions resulting from designations under these acts are: restrictions on U.S. foreign assistance, a ban on defense exports and sales, certain controls over exports of dual use items, and miscellaneous financial and other restrictions.[1] Some of the miscellaneous restrictions include opposition to loans by the World Bank and other financial institutions, removing diplomatic immunity to allow victims of terrorism to file civil lawsuits, denial of tax credits to companies and individuals for income earned in named countries, authority to prohibit U.S. citizens from engaging in transactions without a Treasury Department license, and prohibition of Department of Defense contracts above $100,000 with companies controlled by terrorist-list states.[2]

The five countries currently designated by the U.S. Secretary of State as "State Sponsors of Terrorism" are Cuba, Iran, North Korea, Sudan, and Syria.

IRAN

GENERAL OVERVIEW[3]
Iran is known officially as the "Islamic Republic of Iran." The current government was formed in 1979, and the Supreme Leader is head of state, while the President is head of government. The legislative branch consists of a 290 member Majles (National Assembly) and the judicial branch consists of a Supreme Court.

The Gross Domestic Product as of 2005 was $561.6 billion, with agriculture (19 percent), industry (26 percent), and services (55 percent) making up the work product. Natural resources consist of petroleum, natural gas, coal, chromium, iron ore, lead manganese, zinc, and sulphur. Leading industries in the country are petroleum, petrochemicals, textiles, and building materials.

In 2005, Iran had exports of $55.42 billion, with petroleum (80 percent) and chemical / petrochemical products leading those exports.[4] Likewise, Iran had imports of $42.5 billion in industrial raw materials, intermediate goods, capital goods, foodstuffs, technical services and military supplies.[5]

---

[1] U.S. Department of State website, http://www.state.gov/s/ct/c14151.htm, Office of Coordinator for Counterterrorism, "State Sponsors of Terrorism."
[2] U.S. Department of State website, http://www.state.gov/s/ct, "Country Reports on Terrorism."
[3] The Florida Senate Professional Staff Analysis and Economic Impact Statement, CS/SB 2250, April 9, 2007, at 4.

CURRENT U.S. SANCTIONS AGAINST IRAN
The United States Government imposes specific trade sanctions against the Islamic Republic of Iran.[6] These sanctions include an import embargo on Iranian-origin goods and services, prohibition of U.S. involvement with petroleum development in Iran, prohibition of virtually all trade and investment activities with Iran by U.S. persons, wherever located.[7]

Corporate criminal penalties for violations of the Iranian Transactions Regulations can range up to $500,000, with individual penalties up to $250,000 and 20 years in jail. Civil penalties of up to $50,000 may be imposed by the U.S. Department of Treasury.[8]

In addition, the United States is a signatory partner and abides by the United Nations Resolution 1737 (2006), which provides international sanctions against trade with Iran. The United Nations Security Council adopted a further resolution to endorse Resolution 1737 and to affirm further sanctions against Iran for its failure to divest of nuclear materials and technology. The new sanctions include freezing of assets of 28 persons and organizations involved in Iran's nuclear and missile programs, 10 additional key Iranian companies, and 12 new individuals.[9]

SUDAN

GENERAL OVERVIEW[10]
According to the U. S. Department of State, Sudan is the largest country in Africa, comprising an area almost the size of the continental United States east of the Mississippi River. The country has two distinct major cultures, "Arab" and "black African" that include hundreds of ethnic and tribal subdivisions and language groups.

ECONOMY
In 2005, Sudan had a gross domestic product of $22.75 billion with a per capita income of $2,100. Sudan has modest reserves of oil, natural gas, gold, iron ore, copper, and other industrial metals. Its primary resources are agricultural;[11] however, oil production and export has taken on increasing importance since October 2000.

Sudan's major markets include Egypt, the Persian Gulf states, Saudi Arabia, Malaysia, China, and South Korea. Sudan's major suppliers include the European Union, China, Malaysia, Canada, the United Kingdom, Italy, Germany, Saudi Arabia, Egypt, the Persian Gulf states, and surrounding East African nations.[12]

CURRENT U.S. SANCTIONS AGAINST SUDAN[13]
The United States has imposed trade sanctions on the Government of Sudan since November 1997.[14] The sanctions were imposed due to continued support for international terrorism, ongoing efforts to destabilize neighboring governments, and the prevalence of human rights violations including slavery and the denial of religious freedoms.

---

4 Major export partners were Japan, China, Italy, South Korea, and South Africa.
5 Major import partners were Germany, United Arab Emirates, China, Italy, France, South Korea, and Russia.
6 Pursuant to Presidential Executive Order 13059, its precedents, and associated statutes.
7 Exceptions are made for agriculture, medical, and humanitarian purposes by license only. By amendment, sanctions are eased to allow for the import of carpets, dried fruits, nuts, and caviar from Iran.
8 The Florida Senate Professional Staff Analysis and Economic Impact Statement, CS/SB 2250, April 9, 2007, at 5.
9 *Id.*
10 The Florida Senate Professional Staff Analysis and Economic Impact Statement, SB 2142, April 15, 2007, at 3.
11 Products include cotton, peanuts, sorghum, sesame seeds, gum Arabic, sugarcane, millet, and livestock.
12 The Florida Senate Professional Staff Analysis and Economic Impact Statement, SB 2142, April 15, 2007, at 5.
13 *Id.* at 6 and 7.
14 Executive Order No. 13067, its successor orders, and associated regulations, have remained in effect continuously.

In addition to U.S. sanctions, the United Nations Security Council (UNSC) issued Resolution 1591 and Resolution 1672 condemning the actions of the Government of Sudan and calling on member nations to take certain measures against persons responsible for continuing conflicts. In response to UNSC Resolution 1672, President Bush issued a new Executive Order expanding on the original sanctions of Executive Order 13067, which specifically names persons subject to its provisions and authorizes the Department of Treasury and Department of State to designate additional persons, as needed.

Persons named as, or doing business with persons named as, "Specially Designated Nationals" of Sudan face the following sanctions:

- U.S. persons are prohibited from transacting business with these individuals and entities, and all of their property in the United States or in the possession or control of a U.S. person is blocked.
- Any U.S. individual or organization engaging in transactions with foreign nationals must take reasonable care to make certain such foreign nationals are not owned, controlled by, or acting on behalf of Sudan.
- U.S. individuals or organizations that violate the regulations may be subject to civil or criminal prosecution.

Goods or services of Sudanese origin may not be imported into the United States, either directly or indirectly, without a license. Except for certain exempted goods,[15] no goods, technology, or services may be exported from the U.S. to Sudan. No U.S. bank may do business with Sudanese customers or customers doing business with the Sudanese government. All property and interest in property of the Government of Sudan, in U.S. possession or control, is frozen and may be released only with approval of the Office of Foreign Asset Control. All unspecified transactions with Sudan are prohibited and U.S. persons are prohibited from facilitating trade with Sudan.

Florida State Pension Funds and Annuities

State Board of Administration

The State Board of Administration (SBA) is created in s. 4(e), Article IV of the State Constitution. The Governor, Chief Financial Officer, and the Attorney General are the trustees. The SBA derives its powers to oversee state funds from s. 9, Article XII of the State Constitution.

The SBA manages the Florida Retirement System (FRS) Pension Plan and FRS Investment Plan, which represents approximately $129 billion or 73 percent of the $177 billion in assets.[16] The Pension Plan is a defined benefit plan and the Investment Plan is a defined contribution plan that employees choose in lieu of the Pension Plan.

Investments

Investment decisions for the Pension Plan are made by fiduciaries hired by the state. Investment decisions for the Investment Plan are made by individual employees who may design their own portfolios based on participating offering companies.

Investment managers, as well as the SBA Trustees and staff, are contractually bound to follow Federal law, Florida law, and the fiduciary standards of the Employee Retirement Income Security Act.[17] Such fiduciaries are legally required to act solely in the interest of the beneficiaries of the FRS and for the exclusive purpose of providing benefits to participants and defraying reasonable administrative expenses. Under Florida law, an SBA fiduciary charged with an investment decision must act as a prudent expert would under similar circumstances, taking into account all relevant substantive factors.

---

[15] Such goods include information, donated articles to relieve human suffering, and licensed export of agricultural, medicine and medical devices.

[16] State Board of Administration, HB 703 (2007), Bill Analysis (Feb. 9, 2007) (on file with the board and the Government Efficiency & Accountability Council).

[17] The ERISA is a United States federal statute which sets minimum standards for pension plans in private industry and provides for extensive rules on Federal income tax effects of dealings in connection with various employee benefit plans.

Staff and consultants regularly review managers' investments, performance, and compliance with contractual and legal requirements.[18]

Currently, the SBA does not invest in the securities of any company domiciles in countries on the U.S. State Department's list of countries that are state sponsors of terrorism.

DIVESTMENT

Divestment of securities is one method of applying economic pressures to companies, groups, or countries whose practices are not condoned by shareholders. Divestment may be used in conjunction with or in lieu of other sanctioning methods such as economic embargoes and diplomatic and military activities. Alternatively, divestment may be used as a protective device if a particular investment carries a high level of risk to the performance of a fund.

Throughout its 65-year history, the FRS has been subjected to only two broad-based divestitures: South Africa[19] from 1986 to 1993, and the more recent tobacco divestiture, which took place from June 1, 1997 to June 30, 2001. Deleting only 16 tobacco stocks from the portfolio resulted in a $470 million direct investment loss and an additional expense of $12 million in transaction cost from security sales and purchases associated with divestiture and reinvestment.[20] These losses and costs are borne directly by the tax payers of the state through higher employer contributions that would otherwise be necessary.

EFFECT OF BILL

STATE BOARD OF ADMINISTRATION

Beginning October 2007 and quarterly thereafter, the bill requires the executive director of the SBA to present to the Board of Trustees, at a publicly noticed meeting, a quarterly report to include the:

- Name of each equity in which the SBA has invested for the quarter.
- Industry category of each equity.

The SBA must publish a copy of the quarterly report on its website prior to presenting the report at each quarterly meeting of the Board of Trustees.

IRAN AND SUDAN

The bill provides legislative intent and creates definitions associated with the divestiture of funds in certain companies associated with Iran and Sudan.

At least 90 days after the effective date of this act, the Public Fund[21] must make best efforts to identify all scrutinized companies in which it has direct or indirect holdings or could possibly have such holdings in the future. A scrutinized company means any company that:

- Has business operations involving contracts with or provides supplies or services to the governments of Iran or Sudan; companies in which such governments have any direct or indirect equity share, consortiums, or projects commissioned by the government; or companies involved in consortiums or projects commissioned by such governments.[22]

[18] State Board of Administration, HB 703 (2007), Bill Analysis (Feb. 9, 2007) at 1.

[19] Records do not exist to quantify the impact of SBA's South Africa divestiture, but see the discussion of the 1999 Journal of Business article: "The Effect of Socially Activist Investment Policies on the Financial Markets: Evidence from the South African Boycott."

[20] State Board of Administration, HB 703 (2007), Bill Analysis (Feb. 9, 2007) at 6.

[21] The bill defines "Public Fund" as all funds, assets, trustees, and other designates under the SBA pursuant to s. 121.151, F.S.

[22] With regards to Sudan: more than 10 percent of the company's revenues or assets are linked to Sudan involve oil-related activities or mineral-extraction activities; less than 75 percent of the company's revenues or assets are 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 more than 10 percent of the company's revenues or assets are linked to Sudan involve power-production activities; less than 75 percent of the

- Is complicit in the Darfur genocide.
- 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.[23]

The Public Fund must create a "Scrutinized Companies with Activities in Sudan List" and a "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List". The lists must be updated quarterly and made publicly available. The Public Fund must file a report with each member of the Board of Trustees of the SBA, the President of the Senate, and the Speaker of the House of Representatives that includes the scrutinized company lists, within 30 days after the creation of the list.

The Public Fund must provide written notice to any company, with inactive business operations, that has been included on such scrutinized lists. Correspondence must occur semiannually.

For any scrutinized company having active business operations with Iran or Sudan, the Public Fund must send written notice informing the company of its scrutinized status and informing the company that it may become subject to divestment. If, within 90 days, a company ceases scrutinized business operations, then that company must be removed from the lists. If, after 90 days, the company continues scrutinized active business operations, then the Public Fund must sell, redeem, divest, or withdraw all publicly traded securities of the company within 12 months.

A company that the United States affirmatively declares to be excluded from present or future federal sanctions regime relating to Sudan or Iran is not subject to divestment or the investment prohibition. In addition, divestment and the investment prohibition do not apply to indirect holdings in actively managed investment funds.[24]

The bill also creates quarterly reporting requirements for the Public Fund to the Board of Trustees of the SBA, President of the Senate, Speaker of the House of Representatives, United States Presidential Special Envoy to Sudan, and United States Presidential Special Envoy to Iran.

The bill provides for expiration of the act if certain requirements are met and provides a severability clause.

C. SECTION DIRECTORY:

Section 1 creates s. 215.442, F.S., to require the executive director of the SBA to provide quarterly reports to the board of trustees.

Section 2 creates s. 215.473, F.S., to create divestiture requirements related to Iran and Sudan.

Section 3 provides a severability clause.

Section 4 provides an effective date of upon becoming a law.

---

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. With regards to Iran: 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 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, which directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.

[23] 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.

[24] The Public Fund, however, must 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.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   Indeterminate.

2. Expenditures:

   Indeterminate. Expenditures will depend on actual divestment costs and forgone investment returns as they impact FRS contributions.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   Indeterminate. Actual fiscal impact will depend on actual divestment costs and forgone investment returns as they impact FRS contributions.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Some private companies could suffer losses due to divestment.

D. FISCAL COMMENTS:

The SBA will be required to divest of any holdings that have equity ties to Iran's or Sudan's oil-production or mineral extraction industries. If this activity results in lost investment income, or administrative costs associated with divestment and replacement of the divested funds, those costs will have to be absorbed by the FRS or ultimately, the State of Florida, to maintain the solvency of the FRS Pension Plan.

According to the SBA, Iran investments prohibited by the bill would require divestment between $1 billion and $6 billion of current FRS Pension Plan investments. It would cost between $7 million and $45 million to sell the divested securities and reinvest the proceeds in other assets. In addition, the SBA estimates an annual recurring fiscal impact between $73,000 and $214,000 for staffing, research, and communications.[25]

According to the SBA, Sudan investments prohibited by the bill would require divestment between $525 million and $3.5 billion of current FRS Pension Plan investments. It would cost between $3 million and $20 million to sell the divested securities and reinvest the proceeds in other assets. In addition, the SBA estimates an annual recurring fiscal impact between $73,000 and $214,000 for staffing, research, and communications.[26]

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

---

[25] State Board of Administration, SB 2250 (2007) (companion to HB 703), Bill Analysis at 2 and 15 (March 26, 2007) (on file with the board and the council).

[26] State Board of Administration, HB 1431 (2007), Bill Analysis at 2 and 15 (March 26, 2007) (on file with the board and the council).

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. The bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

Federal Issues

The U.S. District Court of the Northern District of Illinois, Eastern Division, recently ruled that Illinois legislation requiring broad divestment activities in the banking sector, as well as prohibitions in its pension funds, is unconstitutional. The section of the ruling related to the pension funds indicated that state limitations on trade with companies that do business with foreign countries are a violation of the U.S. Constitution.[27]

The bill appears to have addressed this concern by providing that the law is considered to be expired if either Congress or the President, through legislation or executive order, declares that mandatory divestment interferes with the conduct of United States foreign policy. It is not clear, however, whether the requirement for the federal government to take definitive action declaring the activity as interference would absolve the immediate concerns cited in the Court's finding in the Illinois case, or whether those findings are applicable to the proposed legislation in Florida.

Article X, s. 14 of the State Constitution

Article X, section 14 of the State Constitution provides that all government pension plans in Florida must be prefunded on a sound actuarial basis. The provisions of this bill require an actuarial special study to determine whether the pension fund is properly funded. *Therefore, this bill does not appear to satisfy the requirements of article X, section 14 of the State Constitution.*

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

All concerns raised in the staff analysis have been addressed in strike all which has been narrowly tailored to limit any possible negative effects on the pension fund. To continue investments in Iran's energy/petroleum sector is an irresponsible and negligent use of our civil servant's funds, putting their money at risk, and our soldier's lives in harms way.

Because of the risks inherent in these particular market segments, due to existing federal legislation, the proposed bill is consistent with the fiduciary responsibility to our investors.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

Committee on State Affairs

On March 28, 2007 the Committee on State Affairs adopted a strike-all amendment that significantly narrows the scope of the bill, making it applicable only to certain companies that have business operations in Iran. The committee reported the bill favorable with amendment.

[27] U.S. District Court for the Northern District of Illinois, Eastern Division. Case No. 06C 4251, National Foreign Trade Council, Inc., et.al v. Alexi Giannoulias, et.al.

The strike-all amendment requires the State Board of Administration (SBA) to perform certain tasks related to the "Public Fund," which is defined as all funds, assets, trustees, and other designates under the State Board of Administration. It also requires the SBA to gather publicly available information on companies' business operations in Iran, review such information, contact asset managers and other institutional investors, and engage certain companies that have business operations in Iran.

In addition, the strike-all amendment:

- Requires the SBA to makes its best efforts to identify all "scrutinized companies" in which the public fund has direct or indirect holdings or could possibly have such holdings, within 90 days after the effective date of the act.
- Requires the SBA, by its first meeting after the 90 day period, to assemble a list of "scrutinized companies" that must be updated quarterly.
- Creates written notice requirements.
- Prohibits the public fund from acquiring securities of any companies on the scrutinized companies list that have active business operations in Iran.
- Provides that if a company on the list fails to take action within 90 days after written notice, the public fund must sell, redeem, divest, or withdraw all publicly traded securities of the company within 12 months of the company's most recent appearance on the list.
- Provides exceptions to the divestment provisions.
- Requires the SBA to adhere to certain procedures when interacting with a scrutinized company.
- Creates reporting requirements for the SBA.
- Provides for expiration of the act under certain conditions.
- Provides for reinvestment in certain scrutinized companies if clear and convincing evidence shows that the value of all assets under management by the SBA becomes equal to or less than 99.50 percent, or 50 basis points, of the hypothetical value of all assets under management.
- Provides for severability.

FISCAL IMPACT

According to the SBA, the amendment requires divestment between $1 billion and $ billion of current FRS Pension Plan investments. It would cost between $7 million and $45 million to sell the divested securities and reinvest the proceeds in other assets.[28] In addition, the SBA estimates an annual recurring fiscal impact between $73,000 and $214,000 for staffing, research, and communications.[29]

<u>Government Efficiency & Accountability Council</u>

On April 18, 2007, the Government Efficiency & Accountability Council heard a proposed council substitute that combined HB 703 and HB 1431. HB 703, as filed, required the State Board of Administration (SBA) to divest in certain companies associated with the government of Iran. HB 1431, as filed, required the SBA to divest in certain companies associated with the government of Sudan. These provisions were combined into one bill. In addition, the proposed council substitute added a requirement that the SBA present quarterly to the Board of Trustees, at a publicly noticed meeting, a quarterly report to include the name of each equity in which the SBA has invested for the quarter and the industry category of each equity.

The Government Efficiency & Accountability Council reported HB 703 and HB 1431 favorably as a council substitute for the combined bills.

---

[28] State Board of Administration, SB 2250 (2007), Bill Analysis at 2 (March 26, 2007) (on file with the board and the Committee on State Affairs).
[29] *Id.* at 15.