

SECTION 707.20. (A) As used in this section:

(1) "Active business operations" means all business operations that are not inactive business operations.

(2) "Business operations" means engaging in commerce in any form in Sudan or Iran, including by maintaining, selling, acquiring, developing, owning, possessing, operating, or leasing equipment, facilities, personnel, products, services, personal or real property, or any other apparatus of business or commerce.

(3) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, business association, or other entity, including any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of any of those types of entities, that exists for the purpose of making a profit.

(4) "Complicit" means taking actions during any preceding twenty-month period that directly support or promote the genocidal campaign in the Darfur region of Sudan, including, but not limited to, preventing members of the population of the Darfur region of Sudan negatively affected by genocide from communicating with each other; encouraging Sudanese citizens to speak against the internationally approved security force that provides aide to the Darfur region; actively working to deny, cover up, or alter the record on human rights abuses in Darfur; or other similar actions.

(5) "Direct holdings" means all stocks or bonds of a company held directly by the Ohio Police and Fire Pension Fund or held in an account or fund of which the Fund owns all of the shares or interests.

(6) "Government of Iran" means the Islamic Republic of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.

(7) "Government of Sudan" means the government in Khartoum, Sudan, that is led by the National Congress Party, formerly known as the National Islamic Front, or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the "2005 Comprehensive Peace Agreement," and does not include the regional government of southern Sudan.

(8) "Inactive business operations" means those business operations conducted by a company that involve only the continued holding or renewal of rights to property that, at one time, was used for the purpose of generating revenue for the company but is not presently used for such purpose.

(9) "Indirect holdings" means all stocks and bonds of a company that are not direct holdings and are held in an account or fund in which the Ohio Police and Fire Pension Fund owns shares or interests together with other investors not subject to the provisions of this section, as well as any private equity fund, private equity fund-of-funds, venture capital fund, hedge fund, hedge fund-of-funds, real estate fund or other investment vehicle that is not publicly traded, mutual funds, and pooled or securitized investment vehicles.

(10) "Iran" means the Islamic Republic of Iran.

(11) "Marginalized populations of Sudan" includes, but is not limited to, all of the following:

(a) The portion of the population in the Darfur region that has been negatively affected by genocide;

(b) The portion of the population of southern Sudan negatively affected by the civil war that occurred between the north and south regions of Sudan;

(c) The Beja, Rashidiya, and other similarly underserved groups of eastern Sudan;

(d) The Nubian and other similarly underserved groups in the Abyei, southern blue Nile, and Nuba mountain regions of Sudan;

(e) The Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(12) "Military equipment" means weapons, arms, military supplies, and equipment including, but not limited to, radar systems, or military-grade transport vehicles, that readily may be used for military purposes; or supplies or services sold or directly or indirectly provided to any force actively participating in armed conflict in Sudan.

(13) "Mineral extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides, also known as ore, including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc; and includes facilitating such activities, including by providing supplies or services in support of such activities.

(14) "Oil-related activities" includes, but is not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; or facilitating such activities, including by providing supplies or services in support of such activities. "Oil-related activities" does not mean engaging in only the retail sale of gasoline and related consumer products.

(15) "Petroleum resource" means petroleum, petroleum byproducts, or natural gas.

(16) "Power production activities" means any business operation that involves a project commissioned by the national electricity corporation of Sudan or other similar entity of the government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for a project, providing service contracts related to the installation or maintenance of a project, or facilitating any of these activities, including by providing supplies or services in support of such activities.

(17) "Public fund" means the assets included in any fund portfolio that is under the control of, or controlled on behalf of, the Ohio Police and Fire Pension Fund.

(18) "Scrutinized active business operation" means active business operations that have resulted in a company becoming a scrutinized company.

(19) "Scrutinized business operations" means business operations that have resulted in a company that meets any of the following criteria:

(a) The company has business operations that involve contracts with or provision of supplies or services to the government of Sudan, companies in which the government of Sudan has any direct or indirect equity share, consortiums or projects commissioned by the government of Sudan, or companies involved in consortiums or projects commissioned by the government of Sudan, and more than ten per cent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than seventy-five per cent of the company's revenues or assets 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 specific to Sudan; or more than ten per cent of the company's revenues or assets linked to Sudan involve power-production activities; less than seventy-five per cent of the 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 specific to Sudan.

(b) The company is complicit in the Darfur genocide.

(c) The company 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. 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.

(d)(i) The company has business operations that involve contracts with or provision of supplies or services to the government of Iran, companies in which the government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the government of Iran, or companies involved in consortiums or projects commissioned by the government of Iran, and one of the following apply: more than ten per cent of the company's total revenues or assets are linked to Iran and involve oil-related activities, mineral-extraction activities, or petroleum resources; the company has, with actual knowledge, on or after August 5, 1996, made an investment of twenty million dollars or more, or any combination of investments of at least ten million dollars each, which in the aggregate equals or exceeds twenty million dollars in any twelve-month period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran; the company is engaged in business with an Iranian organization labeled as a terrorist organization by the United States government.

(ii) Any company that takes substantial action specific to Iran shall not meet the criteria to be deemed a company involved in scrutinized business operations.

(20) "Social development company" means a company whose primary purpose in Sudan is to provide only the following humanitarian goods or services to the people of Sudan:

- (a) Medicine or medical equipment;
- (b) Agricultural supplies or infrastructure;
- (c) Educational opportunities;
- (d) Journalistic activities;
- (e) Information or information materials;
- (f) Spiritual-related activities;
- (g) Services of a purely clerical or reporting nature;
- (h) Food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

(21) "Substantial action specific to Iran" means adopting, publicizing,

and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations.

(22) "Substantial action specific to Sudan" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

(23) "Sudan" means the Republic of the Sudan.

(B)(1) Within ninety days after the effective date of this section, the Ohio Police and Fire Pension Fund shall make its best efforts to identify all publicly traded companies involved in scrutinized business operations in which the Fund has direct or indirect holdings or could possibly have such holdings in the future. The efforts shall include:

(a) Reviewing and relying, as appropriate in the Fund's judgment, on publicly available information regarding companies having business operations in Iran or Sudan, including information provided by nonprofit organizations, research firms, international organizations, and government entities;

(b) Contacting asset managers contracted by the Fund that invest in companies having business operations in Iran or Sudan;

(c) Contacting other institutional investors that have divested from or engaged with companies that have business operations in Iran or Sudan;

(d) Reviewing the laws of the United States regarding the levels of business activity that would cause application of sanctions for companies conducting business or investing in countries that are designated state sponsors of terror.

(2) Within ninety days after the effective date of this section, the Fund shall create a "scrutinized companies with activities in Sudan list" and a "scrutinized companies with activities in Iran list," consisting of all publicly traded companies identified in division (B)(1) of this section, shall make the lists publicly available, and shall update the lists annually.

(3) Notwithstanding the provisions of this section, a social-development company that is not complicit in the Darfur genocide is not considered a scrutinized company.

(4) The Fund shall engage the companies on the scrutinized companies

with activities in Sudan list and the scrutinized companies with activities in Iran list, in which the Fund owns direct or indirect holdings, according to the following:

(a) For each company identified in this paragraph that has only inactive business operations, the Fund shall send a written notice informing the company of the requirements of this section and encouraging it to continue to refrain from initiating active business operations in Iran or Sudan until it is able to avoid scrutinized business operations. The Fund shall continue such correspondence semiannually.

(b) For each company newly identified under this section that has active business operations, the Fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the Fund. The notice shall inform the company of the opportunity to clarify its Iran-related or Sudan-related activities and encourage the company, within ninety days, to cease its scrutinized business operations or convert such operations to inactive business operations in order to avoid qualifying for divestment by the Fund.

(c) If, within ninety days after the Fund creates the lists pursuant to division (B)(2) of this section, a company on either list ceases scrutinized business operations, the Fund shall remove the company from the scrutinized companies with activities in Sudan list and the scrutinized companies with activities in Iran list, and the provisions of this section shall cease to apply to that company unless that company resumes scrutinized business operations. If, within ninety days after the Fund creates the list, the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions of this section relating to inactive business operations. A company may be on both the scrutinized companies with activities in Sudan list and the scrutinized companies with activities in Iran list. A company may be removed from one list but remain on the other list, in which case the company is subject to the provisions of this section applicable to the list on which the company remains.

(d) The Fund shall submit letters to the managers of actively managed investment funds containing indirect holdings in companies identified in division (B)(1) of this section 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.

(C) The Ohio Police and Fire Pension Fund Board shall adopt a policy to address divestiture of holdings in companies identified and engaged

pursuant to division (B) of this section. The goal of the policy shall be to achieve complete divestiture from such holdings when divestiture would be prudent and consistent with the Board's fiduciary duty. The policy shall be developed within thirty days after the effective date of this section.

(D)(1) The Ohio Police and Fire Pension Fund shall file a report with the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, the Minority Leader of the House of Representatives, and the Ohio Retirement Study Council that includes the scrutinized companies with activities in Sudan list and the scrutinized companies with activities in Iran list within thirty days after the list is created and within thirty days after the list is updated. The Fund shall make the report available to the public.

(2) The Fund shall file a report annually, which shall be made available to the public, to the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, the Minority Leader of the House of Representatives, the Ohio Retirement Study Council, and the Workers Compensation Council, and send a copy of that report to the United States Presidential Special Envoy to Sudan and the United States Presidential Special Envoy to Iran, or an appropriate designee or successor, that includes:

(a) A summary of correspondence with companies engaged by the Fund pursuant to this section;

(b) All investments sold, redeemed, divested, or withdrawn pursuant to this section;

(c) Any progress made under division (B)(4)(d) of this section;

(d) A list of all publicly traded securities held directly by the Fund.

(E) If any of the following occur, the Ohio Police and Fire Pension Fund shall no longer assemble the scrutinized companies with activities in Sudan list, shall cease engagement and divestment of such companies, and may reinvest in such companies as long as such companies do not satisfy the criteria for inclusion in the scrutinized companies with activities in Iran list:

(1) Congress or the President of the United States determines that the government of Sudan has sufficiently halted the genocide in the Darfur region for at least twelve months.

(2) The federal government revokes all sanctions imposed against the government of Sudan.

(3) Congress or the President of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

(4) Congress or the President of the United States declares that the

government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons.

(F) If any of the following occur, the Fund shall no longer assemble the scrutinized companies with activities in Iran list and shall cease engagement, investment prohibitions, and divestment. The Fund may reinvest in such companies as long as such companies do not satisfy the criteria for inclusion in the scrutinized companies with activities in Sudan list:

(1) Congress or the President of the United States determines that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism.

(2) The federal government revokes all sanctions imposed against the government of Iran.

(3) Congress or the President of the United States declares that mandatory divestment of the type provided for in this act interferes with the conduct of United States foreign policy.

(G) The Ohio Police and Fire Pension Fund is not liable for breach of the Fund's fiduciary duty if the Fund complies in good faith with the requirements of this section. If the Fund made determinations in good faith regarding the status of a company as required under this section, the members are not liable in an action for libel or slander. All former, present, or future members of the Ohio Police and Fire Pension Fund Board of Trustees and all officers, employees, and agents of the Fund shall be indemnified, whether jointly or severally, for all claims, demands, suits, actions, damages, judgments, costs, charges, and expenses, including court costs and attorney's fees, and against all liability, losses, and damages of any nature that such board members, officers, employees, or agents may incur by reason of any decision to restrict, reduce, or eliminate investments in companies doing business in Iran or Sudan. A Board member, officer, employee, or agent of the Fund shall be indemnified through the Fund. In any action pursuant to this section, the Board has any rights granted in section 109.98 of the Revised Code.

SECTION 711.10. (A) As used in this section, "Community development bank" has the meaning as set forth in the "Federal Deposit Insurance Corporation Improvement Act of 1991," 105 Stat. 2317, 12 U.S.C. 1834b(e)(1).

(B) Notwithstanding any contrary provision of section 135.33 of the