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September 25, 2018

Honorable W. Charles Smithson,
Secretary of the Senate
Honorable Carmine Boal,
Chief Clerk of the House
General Assembly of the State of Iowa
State Capitol Building
Des Moines, IA 50319

Dear Mr. Smithson and Ms. Boal:

I respectfully submit to you the annual reports from the Treasurer of State regarding fiscal year 2018 investment activity related to Iowa Code 12J – Restrictions Regarding Companies Boycotting Israel. Attached are reports for the State Operating Fund, the Iowa Judicial Retirement System, and the Iowa Peace Officers' Retirement, Accident and Disability System.

Respectfully Yours,

A handwritten signature in black ink that reads "Michael L. Fitzgerald". The signature is written in a cursive style.

Michael L. Fitzgerald
Treasurer of State

Enclosures

**Iowa State Operating Fund
Annual Report
On Restrictions Regarding Companies Boycotting Israel
For The Fiscal Year Ended June 30, 2018**

Purpose

This is the second annual report required by Iowa Code Chapter 12J regarding restrictions on companies that boycott Israel that are held by the Iowa State Operating Fund (SOF). In response to the concern of boycotts and related tactics that threaten sovereignty and security of allies and trade partners of the United States, the General Assembly passed HF2331, which places restrictions on investments in certain companies that restrict trade with Israel. Effective beginning March 1, 2017, this law intends for state funds not to be invested in companies that refuse to engage in commerce with Israel and boycott Israel or persons doing business with Israel or territories controlled by Israel.

Chapter 12J applies to SOF in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies. SOF uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

SOF is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund was required to divest from any company with active business operations that were directly held by the fund as of March 1, 2017, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that SOF send written notification. Further, SOF is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of scrutinized holdings.

Scrutinized Companies List

SOF's FY 2018 quarterly scrutinized company list is attached. As of June 30, 2018, SOF does not hold, either directly or indirectly, any companies on the list of scrutinized companies.

Written Notices

During the fiscal year, no companies on the scrutinized company list were held either directly or indirectly by SOF.

Divestment

As SOF did not have any direct or indirect holdings of scrutinized companies, no divestment was required.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or jina.bresson@tos.iowa.gov.

**Iowa Judicial Retirement System
Annual Report
On Restrictions Regarding Companies Boycotting Israel
For The Fiscal Year Ended June 30, 2018**

Purpose

This is the second annual report required by Iowa Code Chapter 12J regarding restrictions on companies that boycott Israel that are held by the Iowa Judicial Retirement System (JRS). In response to the concern of boycotts and related tactics that threaten sovereignty and security of allies and trade partners of the United States, the General Assembly passed HF2331, which places restrictions on investments in certain companies that restrict trade with Israel. Effective beginning March 1, 2017, this law intends for state funds not to be invested in companies that refuse to engage in commerce with Israel and boycott Israel or persons doing business with Israel or territories controlled by Israel.

Chapter 12J applies to JRS in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies. JRS uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

JRS is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund was required to divest from any company with active business operations that were directly held by the fund as of March 1, 2017, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that JRS send written notification. Further, JRS is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of scrutinized holdings.

Scrutinized Companies List

JRS' FY 2018 quarterly scrutinized company list is attached. As of June 30, 2018, JRS does not hold, either directly or indirectly, any companies on the list of scrutinized companies.

Written Notices

During the fiscal year, no companies on the scrutinized company list were held either directly or indirectly by JRS.

Divestment

As JRS did not have any direct or indirect holdings of scrutinized companies, no divestment was required.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or jina.bresson@tos.iowa.gov.

**Iowa Peace Officers' Retirement, Accident and Disability System
Annual Report
On Restrictions Regarding Companies Boycotting Israel
For The Fiscal Year Ended June 30, 2018**

Purpose

This is the second annual report required by Iowa Code Chapter 12J regarding restrictions on companies that boycott Israel that are held by the Iowa Peace Officers' Retirement, Accident and Disability System (PORS). In response to the concern of boycotts and related tactics that threaten sovereignty and security of allies and trade partners of the United States, the General Assembly passed HF2331, which places restrictions on investments in certain companies that restrict trade with Israel. Effective beginning March 1, 2017, this law intends for state funds not to be invested in companies that refuse to engage in commerce with Israel and boycott Israel or persons doing business with Israel or territories controlled by Israel.

Chapter 12J applies to PORS in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies. PORS uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

PORS is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund was required to divest from any company with active business operations that were directly held by the fund as of March 1, 2017, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that PORS send written notification. Further, PORS is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of scrutinized holdings.

Scrutinized Companies List

PORS' FY 2018 quarterly scrutinized company list is attached. As of June 30, 2018, PORS does not hold, either directly or indirectly, any companies on the list of scrutinized companies.

Written Notices

During the fiscal year, no companies on the scrutinized company list were held either directly or indirectly by PORS.

Divestment

As PORS did not have any direct or indirect holdings of scrutinized companies, no divestment was required.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or jina.bresson@tos.iowa.gov.

Israel Company List

Dexia Israel Bank Ltd
DNB ASA