

Effective 5/12/2015

63N-6-403 Investments by Utah fund of funds.

- (1) The Utah fund of funds shall invest funds:
 - (a) principally in high-quality venture capital funds managed by investment managers who have:
 - (i) made a commitment to equity investments in businesses located within the state; and
 - (ii) have committed to maintain a physical presence within the state;
 - (b) in private venture capital funds and not in direct investments in individual businesses; and
 - (c) in venture capital funds with experienced managers or management teams with demonstrated expertise and a successful history in the investment of venture capital funds.
- (2)
 - (a) The Utah fund of funds shall give priority to investments in private seed and venture capital partnerships and entities that have demonstrated a commitment to the state as evidenced by:
 - (i) the investments they have made in Utah-based entities;
 - (ii) the correspondent relationships they have established with Utah-based venture capital funds; or
 - (iii) the commitment they have made to expand the reach of expertise within the state by adding additional investment areas of expertise.
 - (b) The manager of the Utah fund of funds may waive the priorities under Subsection (2)(a) only if necessary to achieve the targeted investment returns required to attract designated investors.
- (3) The Utah fund of funds may invest funds in a newly created venture capital fund only if the managers or management team of the fund have the experience, expertise, and a successful history in the investment of venture capital funds as described in Subsection (1)(c).
- (4)
 - (a) An investment or investments by the Utah fund of funds in any venture capital fund may comprise no more than 20% of the total committed capital in the venture capital fund.
 - (b)
 - (i) No more than 50% of the funds invested by the Utah fund of funds may be made with venture capital entities with offices in the state established prior to July 1, 2002.
 - (ii) The restriction under Subsection (4)(b)(i) shall remain in place until three additional venture capital entities open new offices in the state.

Renumbered and Amended by Chapter 283, 2015 General Session