

Effective 7/1/2014

Part 3
School and Institutional Trust Fund Board of Trustees

53D-1-301 Board of trustees -- Creation -- Membership.

- (1) There is created a School and Institutional Trust Fund Board of Trustees.
- (2) The board consists of:
 - (a) the state treasurer; and
 - (b) four additional members who are appointed by the state treasurer on a nonpartisan basis from a list of at least two qualified candidates per position, nominated by the nominating committee, as provided in Section 53D-1-503.
- (3) The state treasurer shall appoint members under Subsection (2)(b) who possess:
 - (a) outstanding professional qualifications pertinent to the prudent investment of trust fund money; and
 - (b) expertise in institutional investment management.
- (4)
 - (a) The term of a board member under Subsection (2)(b) is six years.
 - (b) Notwithstanding Subsection (4)(a), the nominating committee shall stagger terms of initial board members so that the term of not more than one member expires in any year.
 - (c) A board member may not serve consecutive terms, except that:
 - (i) a board member whose term is less than six years because of the staggering of terms under Subsection (4)(b) may serve a full consecutive term after the completion of the initial term; and
 - (ii) a member appointed to fill a vacancy may serve a full consecutive term after filling a previous unexpired term.
 - (d) A board member shall serve until a successor is appointed, confirmed, and qualified.
- (5) Before assuming duties as a board member, a member shall take an oath of office that includes the following: "I solemnly swear to carry out my duties as a member of the School and Institutional Trust Fund Board of Trustees and to act with undivided loyalty to the beneficiaries of the trust fund that the board oversees, to the best of my abilities and consistent with the law."
- (6) The state treasurer may remove a board member for cause, subject to the affirmative vote of at least two other board members, besides the state treasurer.
- (7) The state treasurer shall fill a vacancy in the same manner as the initial appointment under Subsection (2)(b).
- (8) A board member may not receive any compensation or benefits for the member's service, but the member may receive per diem and travel expenses in accordance with:
 - (a) Section 63A-3-106;
 - (b) Section 63A-3-107; and
 - (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and 63A-3-107.

Amended by Chapter 258, 2015 General Session

53D-1-302 Board chair and vice chair -- Quorum.

- (1)
 - (a) The state treasurer is the chair of the board.
 - (b) The chair shall faithfully represent the will of the board to the extent the board's will is consistent with state law.

- (2)
 - (a) The board shall annually select a vice chair from its membership.
 - (b) The vice chair shall act as chair in the absence of the chair.
- (3)
 - (a) Three members of the board constitute a quorum for the purpose of holding a meeting.
 - (b) Unless otherwise specified in this title, an action of the board requires the affirmative vote of at least three members.

Enacted by Chapter 426, 2014 General Session

53D-1-303 Board authority and duties.

- (1) The board has broad policymaking authority over the office and the trust fund.
- (2)
 - (a) The board shall establish policies for the management of:
 - (i) the office, including:
 - (A) an investment management code of conduct and associated compliance policy;
 - (B) a policy for the strategic allocation of trust fund assets;
 - (C) a soft dollar policy; and
 - (D) a policy articulating the board's investment philosophy for trust fund assets; and
 - (ii) the trust fund.
 - (b) Policies that the board adopts shall:
 - (i) be consistent with the enabling act, the Utah Constitution, and other applicable state law;
 - (ii) reflect undivided loyalty to the beneficiaries consistent with fiduciary duties;
 - (iii) be designed to prudently optimize trust fund returns and increase the value of the trust fund, consistent with the balancing of short-term and long-term interests, so that the fiduciary duty of intergenerational equity is met;
 - (iv) be designed to maintain the integrity of the trust fund and prevent the misapplication of money in the trust fund;
 - (v) enable the board to oversee the activities of the office; and
 - (vi) otherwise be in accordance with standard trust principles as provided by state law.
- (3) The board shall:
 - (a) establish a conflict of interest policy for the office and board members;
 - (b) establish policies governing the evaluation, selection, and monitoring of independent custodial arrangements;
 - (c) ensure that the office is managed according to law;
 - (d) establish bylaws to govern the board;
 - (e) establish the compensation of the director;
 - (f) annually examine the compensation and performance of the director as part of the board's budget review process;
 - (g) annually report the director's compensation to the Legislature; and
 - (h) adopt policies to provide for annual training of board members regarding their duties and responsibilities.
- (4) The board may:
 - (a) after conferring with the director:
 - (i) hire one or more consultants to advise the board, director, or office on issues affecting the management of the trust fund; and
 - (ii) pay compensation to any consultant hired under Subsection (4)(a)(i), subject to budgetary constraints; and

- (b) submit to the director a written question or set of questions concerning policies and practices affecting the management of the trust fund.

Enacted by Chapter 426, 2014 General Session

53D-1-304 Board meetings.

- (1) The board shall hold at least nine meetings per year to conduct business.
- (2) The board chair or two board members:
 - (a) may call a board meeting; and
 - (b) if calling a board meeting, shall provide as much advance notice as is reasonable under the circumstances to all board members, the director, and the director of the school children's trust section.
- (3) Any board member may place an item on a board meeting agenda.
- (4) The board shall annually adopt a set of parliamentary procedures to govern board meetings.
- (5) The board may establish an attendance policy to govern the attendance of board members at board meetings.

Enacted by Chapter 426, 2014 General Session