



28 (i) the treasurer may not invest more than 5%, determined on a cost basis, of the total  
29 endowment assets in the securities of any one issuer;

30 (ii) the treasurer may not invest more than 25%, determined on a cost basis, of the total  
31 endowment assets in a particular industry;

32 (iii) the treasurer may not invest more than 5%, determined on a cost basis, of the total  
33 endowment assets in securities of corporations that have been in continuous operation for less than  
34 three years;

35 (iv) the endowment may not hold in excess of 5% of the outstanding voting securities of  
36 any one corporation; and

37 (v) at least 75% of the corporations in which investments are made under Subsection (1)(b)  
38 must appear on the Standard and Poor's 500 Composite Stock Price Index;

39 (c) fixed-income securities, including bonds, notes mortgage securities, zero coupon  
40 securities, and convertible securities issued by domestic corporations rated A or higher by Moody's  
41 Investor's Service, Inc. or by Standard and Poor's Corporation in accordance with the following  
42 criteria applied at the time of investment:

43 (i) the treasurer may not invest more than 5%, determined on a cost basis, of the total  
44 endowment assets in the securities of any one issuer;

45 (ii) the treasurer may not invest more than 25%, determined on a cost basis, of the total  
46 endowment assets in a particular industry;

47 (iii) the treasurer may not invest more than 5%, determined on a cost basis, of the total  
48 fund assets in the securities of corporations that have been in continuous operation for less than  
49 three years; and

50 (iv) the dollar-weighted average maturity of fixed-income securities acquired under  
51 Subsection (1)(c), may not exceed ten years;

52 (d) fixed-income securities issued by agencies of the United States and  
53 government-sponsored organizations, including mortgage-backed pass-through certificates and  
54 mortgage-backed bonds;

55 (e) shares of an open-end diversified management investment company established under  
56 the Investment Companies Act of 1940; and

57 (f) shares of or deposits in a pooled-investment program.

58 (2) (a) No more than 65% of the total fund assets of any of this endowment, on a cost

59 basis, may be invested in common or preferred stocks at any one time.

60 (b) At least 35% of the total assets of this endowment shall be invested in fixed-income  
61 securities authorized by Subsections (1)(a), (c), and (d).

62 (3) The treasurer shall use appropriate investment strategies to protect the principal of the  
63 endowment administered under this section during periods of financial market volatility.

64 (4) (a) The treasurer may employ professional asset managers to assist in the investment  
65 of assets of the endowment.

66 (b) The treasurer may provide compensation to asset managers from earnings generated  
67 by the funds' investments.

68 (5) The council shall give suggestions, advice, and opinions to the treasurer in regard to  
69 this section.

70 Section 2. Section **63-97-101** is amended to read:

71 **CHAPTER 97. TOBACCO SETTLEMENT ENDOWMENT**

72 **63-97-101. Title.**

73 This chapter is known as the "Tobacco Settlement [Account] Endowment."

74 Section 3. Section **63-97-102** is amended to read:

75 **63-97-102. Creation of restricted account.**

76 (1) There is created within the General Fund a restricted account known as the Tobacco  
77 Settlement [Account] Endowment.

78 (2) Monies in the account shall be deposited or invested pursuant to Section 51-7-12.1.

79 [~~2~~] (3) The account shall consist of:

80 (a) all funds received by the state that are related to the settlement agreement that the state  
81 entered into with leading tobacco manufacturers on November 23, 1998[~~7~~];

82 (b) capital gains on assets in the account; and

83 (c) interest and dividends earned on investments.

84 (4) Tobacco settlement funds and capital gains in the account pursuant to Subsections  
85 (3)(a) and (b) shall be treated as principal and may not be appropriated for any purpose, but shall  
86 remain in the account for the purpose of earning interest and dividends to be appropriated in  
87 accordance with Subsection (5).

88 [~~3~~ Funds in] (5) Interest and dividends earned on the account may only be used as  
89 directed by the Legislature through appropriation.

90           Section 4. **Effective date.**  
91           This act takes effect on July 1, 2000.

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**Legislative Review Note**  
**as of 2-7-00 6:56 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**