

**SCHOOL AND INSTITUTIONAL TRUST LANDS AND  
FUNDS MANAGEMENT PROVISIONS**

2014 GENERAL SESSION

STATE OF UTAH

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30 **LONG TITLE**

31 **General Description:**

32 This bill modifies and enacts provisions relating to the management of state trust lands  
33 and funds.

34 **Highlighted Provisions:**

35 This bill:

36 ▶ modifies provisions relating to the director of the School Children's Trust Section,  
37 including:

38 • the required qualifications of the director;

39 • the removal of the director; and

40 • the duties of the director;

41 ▶ modifies provisions relating to the School Children's Trust Section;

42 ▶ requires the School Children's Trust Section to provide staff support to the

43 nominating committee for board members of the School and Institutional Trust

44 Lands Administration;

45 ▶ enacts the School and Institutional Trust Fund Management Act;

46 ▶ establishes the School and Institutional Trust Fund Office, a board of trustees of the  
47 Office, and the position of director of the office;

48 ▶ provides for the management of a fund consisting of money from the sale or use of  
49 land granted to the state under the Utah Enabling Act and other proceeds, revenue,  
50 and assets;

51 ▶ provides for a nominating committee for members of the School and Institutional  
52 Trust Fund Board of Trustees;

53 ▶ provides for funding office operations; and

54 ▶ repeals Investment of Land Grant Trust Fund Money provisions.

55 **Money Appropriated in this Bill:**

56 None

57 **Other Special Clauses:**

58           This bill takes effect on July 1, 2014.

59 **Utah Code Sections Affected:**

60 AMENDS:

61           **53A-16-101.6**, as enacted by Laws of Utah 2012, Chapter 224

62           **53C-1-201**, as last amended by Laws of Utah 2013, Chapters 220 and 412

63           **53C-1-203**, as last amended by Laws of Utah 2012, Chapter 224

64           **53C-3-102**, as enacted by Laws of Utah 1994, Chapter 294

65           **63E-1-102**, as last amended by Laws of Utah 2013, Chapter 220

66 ENACTS:

67           **53D-1-101**, Utah Code Annotated 1953

68           **53D-1-102**, Utah Code Annotated 1953

69           **53D-1-103**, Utah Code Annotated 1953

70           **53D-1-104**, Utah Code Annotated 1953

71           **53D-1-105**, Utah Code Annotated 1953

72           **53D-1-201**, Utah Code Annotated 1953

73           **53D-1-202**, Utah Code Annotated 1953

74           **53D-1-203**, Utah Code Annotated 1953

75           **53D-1-301**, Utah Code Annotated 1953

76           **53D-1-302**, Utah Code Annotated 1953

77           **53D-1-303**, Utah Code Annotated 1953

78           **53D-1-304**, Utah Code Annotated 1953

79           **53D-1-401**, Utah Code Annotated 1953

80           **53D-1-402**, Utah Code Annotated 1953

81           **53D-1-403**, Utah Code Annotated 1953

82           **53D-1-501**, Utah Code Annotated 1953

83           **53D-1-502**, Utah Code Annotated 1953

84           **53D-1-503**, Utah Code Annotated 1953

- 85           **53D-1-601**, Utah Code Annotated 1953
- 86           **53D-1-602**, Utah Code Annotated 1953
- 87           **53D-1-603**, Utah Code Annotated 1953
- 88           **53D-1-604**, Utah Code Annotated 1953
- 89           **53D-1-701**, Utah Code Annotated 1953
- 90           **53D-1-702**, Utah Code Annotated 1953

91 REPEALS:

- 92           **51-7a-101**, as last amended by Laws of Utah 2011, Chapter 342
- 93           **51-7a-102**, as enacted by Laws of Utah 2006, Chapter 277
- 94           **51-7a-201**, as enacted by Laws of Utah 2006, Chapter 277
- 95           **51-7a-202**, as enacted by Laws of Utah 2006, Chapter 277
- 96           **51-7a-301**, as last amended by Laws of Utah 2010, Chapter 286
- 97           **51-7a-302**, as enacted by Laws of Utah 2006, Chapter 277



99 *Be it enacted by the Legislature of the state of Utah:*

100           Section 1. Section **53A-16-101.6** is amended to read:

101           **53A-16-101.6. Creation of School Children's Trust Section -- Duties.**

- 102           (1) As used in this section:
  - 103           (a) "School and institutional trust lands" is as defined in Section **53C-1-103**.
  - 104           (b) "Section" means the School Children's Trust Section created in this section.
  - 105           (c) "Trust" means:
    - 106           (i) the School LAND Trust Program created in Section **53A-16-101.5**; and
    - 107           (ii) the lands and funds associated with the trusts described in Subsection
    - 108           **53C-1-103**(7).
- 109           (2) There is established a School Children's Trust Section within the State Office of
- 110           Education.
- 111           (3) (a) The section shall have a director.
- 112           (b) The director shall have professional qualifications and expertise in the areas

113 generating revenue to the trust, including:

114 (i) economics;

115 (ii) energy development;

116 (iii) finance;

117 (iv) investments;

118 [~~(iv)~~] (v) public education;

119 [~~(v)~~] (vi) real estate;

120 [~~(vi)~~] (vii) renewable resources; [and]

121 (viii) risk management; and

122 [~~(vii)~~] (ix) trust law.

123 (c) The director shall be appointed as provided in this Subsection (3).

124 (d) The School and Institutional Trust Lands Board of Trustees nominating committee  
125 shall submit to the State Board of Education the name of one person to serve as director.

126 (e) The State Board of Education may:

127 (i) appoint the person described in Subsection (3)(d) to serve as director; or

128 (ii) deny the appointment of the person described in Subsection (3)(d) to serve as  
129 director.

130 (f) If the State Board of Education denies an appointment under this Subsection (3):

131 (i) the State Board of Education shall provide in writing one or more reasons for the  
132 denial to the School and Institutional Trust Lands Board of Trustees nominating committee;  
133 and

134 (ii) the School and Institutional Trust Lands Board of Trustees nominating committee  
135 and the State Board of Education shall follow the procedures and requirements of this  
136 Subsection (3) until the State Board of Education appoints a director.

137 [~~(4) The director shall report to the state superintendent or the state superintendent's~~  
138 ~~designee.]~~

139 (g) The State Board of Education may remove the director only by majority vote of a  
140 quorum in an open and public meeting after proper notice and the inclusion of the removal item

141 on the agenda.

142 (4) The State Board of Education shall make rules regarding:

143 (a) regular reporting from the School Children's Trust Section director to the State  
144 Board of Education, to allow the State Board of Education to fulfill its duties in representing  
145 the trust beneficiaries; and

146 (b) the day-to-day reporting of the School Children's Trust Section director.

147 (5) (a) The director shall annually submit a proposed section budget to the State Board  
148 of Education.

149 (b) After approving a section budget, the State Board of Education shall propose the  
150 approved budget to the Legislature.

151 (6) The director is entitled to attend any presentation, discussion, meeting, or other  
152 gathering concerning the trust, subject to:

153 (a) provisions of law prohibiting the director's attendance to preserve confidentiality; or

154 (b) other provisions of law that the director's attendance would violate.

155 [~~5~~] (7) The section shall have a staff.

156 [~~6~~] (8) The section shall protect current and future beneficiary rights and interests in  
157 the trust consistent with the state's perpetual obligations under:

158 (a) the Utah Enabling Act;

159 (b) the Utah Constitution;

160 (c) state statute; and

161 (d) standard trust principles described in Section [53C-1-102](#).

162 [~~7~~] (9) The section shall promote:

163 (a) productive use of school and institutional trust lands[-]; and

164 (b) the efficient and prudent investment of funds managed by the School and

165 Institutional Trust Fund Office, created in Section [53D-1-201](#).

166 [~~8~~] (10) The section shall provide representation, advocacy, and input:

167 (a) on behalf of current and future beneficiaries of the trust, school community  
168 councils, schools, and school districts;

169 (b) on federal, state, and local land decisions and policies that affect the trust; and

170 (c) to:

171 (i) the School and Institutional Trust Lands Administration;

172 (ii) the School and Institutional Trust Lands Board of Trustees;

173 (iii) the Legislature;

174 [~~(iv) the state treasurer;~~]

175 (iv) the School and Institutional Trust Fund Office, created in Section [53D-1-201](#);

176 (v) the School and Institutional Trust Fund Board of Trustees, created in Section

177 [53D-1-301](#);

178 [~~(v)~~] (vi) the attorney general;

179 [~~(vi)~~] (vii) the public; and

180 [~~(vii)~~] (viii) other entities as determined by the section.

181 [~~(9)~~] (11) The section shall provide independent oversight on the prudent and

182 profitable management of the trust and report annually to the State Board of Education and the

183 Legislature.

184 [~~(10)~~] (12) The section shall provide information requested by a person or entity

185 described in Subsections [~~(8)~~] (10)(c)(i) through [~~(v)~~] (vii).

186 Section 2. Section **53C-1-201** is amended to read:

187 **53C-1-201. Creation of administration -- Purpose -- Director -- Participation in**  
188 **Risk Management Fund.**

189 (1) (a) There is established within state government the School and Institutional Trust  
190 Lands Administration.

191 (b) The administration shall manage all school and institutional trust lands and assets  
192 within the state, except as otherwise provided in Title 53C, Chapter 3, Deposit and Allocation  
193 of Revenue from Trust Lands, and [~~Sections 51-7a-201 and 51-7a-202~~] Title 53D, Chapter 1,  
194 School and Institutional Trust Fund Management Act.

195 (2) The administration is an independent state agency and not a division of any other  
196 department.

197 (3) (a) It is subject to the usual legislative and executive department controls except as  
198 provided in this Subsection (3).

199 (b) (i) The director may make rules as approved by the board that allow the  
200 administration to classify a business proposal submitted to the administration as protected  
201 under Section 63G-2-305, for as long as is necessary to evaluate the proposal.

202 (ii) The administration shall return the proposal to the party who submitted the  
203 proposal, and incur no further duties under Title 63G, Chapter 2, Government Records Access  
204 and Management Act, if the administration determines not to proceed with the proposal.

205 (iii) The administration shall classify the proposal pursuant to law if it decides to  
206 proceed with the proposal.

207 (iv) Section 63G-2-403 does not apply during the review period.

208 (c) The director shall make rules in compliance with Title 63G, Chapter 3, Utah  
209 Administrative Rulemaking Act, except that the administration is not subject to Subsections  
210 63G-3-301(6) and (7) and Section 63G-3-601, and the director, with the board's approval, may  
211 establish a procedure for the expedited approval of rules, based on written findings by the  
212 director showing:

213 (i) the changes in business opportunities affecting the assets of the trust;

214 (ii) the specific business opportunity arising out of those changes which may be lost  
215 without the rule or changes to the rule;

216 (iii) the reasons the normal procedures under Section 63G-3-301 cannot be met without  
217 causing the loss of the specific opportunity;

218 (iv) approval by at least five board members; and

219 (v) that the director has filed a copy of the rule and a rule analysis, stating the specific  
220 reasons and justifications for its findings, with the Division of Administrative Rules and  
221 notified interested parties as provided in Subsection 63G-3-301(10).

222 (d) (i) The administration shall comply with Title 67, Chapter 19, Utah State Personnel  
223 Management Act, except as provided in this Subsection (3)(d).

224 (ii) The board may approve, upon recommendation of the director, that exemption for



225 specific positions under Subsections 67-19-12(2) and 67-19-15(1) is required in order to enable  
226 the administration to efficiently fulfill its responsibilities under the law. The director shall  
227 consult with the executive director of the Department of Human Resource Management prior  
228 to making such a recommendation.

229 (iii) The positions of director, deputy director, associate director, assistant director,  
230 legal counsel appointed under Section 53C-1-305, administrative assistant, and public affairs  
231 officer are exempt under Subsections 67-19-12(2) and 67-19-15(1).

232 (iv) Salaries for exempted positions, except for the director, shall be set by the director,  
233 after consultation with the executive director of the Department of Human Resource  
234 Management, within ranges approved by the board. The board and director shall consider  
235 salaries for similar positions in private enterprise and other public employment when setting  
236 salary ranges.

237 (v) The board may create an annual incentive and bonus plan for the director and other  
238 administration employees designated by the board, based upon the attainment of financial  
239 performance goals and other measurable criteria defined and budgeted in advance by the board.

240 (e) The administration shall comply with Title 63G, Chapter 6a, Utah Procurement  
241 Code, except where the board approves, upon recommendation of the director, exemption from  
242 the Utah Procurement Code, and simultaneous adoption of rules under Title 63G, Chapter 3,  
243 Utah Administrative Rulemaking Act, for procurement, which enable the administration to  
244 efficiently fulfill its responsibilities under the law.

245 (f) (i) Except as provided in Subsection (3)(f)(ii), the administration is not subject to  
246 the fee agency requirements of Section 63J-1-504.

247 (ii) The following fees of the administration are subject to the requirements of Section  
248 63J-1-504: application, assignment, amendment, affidavit for lost documents, name change,  
249 reinstatement, grazing nonuse, extension of time, partial conveyance, patent reissue, collateral  
250 assignment, electronic payment, and processing.

251 (4) The administration is managed by a director of school and institutional trust lands  
252 appointed by a majority vote of the board of trustees with the consent of the governor.

253 (5) (a) The board of trustees shall provide policies for the management of the  
254 administration and for the management of trust lands and assets.

255 (b) The board shall provide policies for the ownership and control of Native American  
256 remains that are discovered or excavated on school and institutional trust lands in consultation  
257 with the Division of Indian Affairs and giving due consideration to Title 9, Chapter 9, Part 4,  
258 Native American Grave Protection and Repatriation Act. The director may make rules in  
259 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement  
260 policies provided by the board regarding Native American remains.

261 (6) In connection with joint ventures and other transactions involving trust lands and  
262 minerals approved under Sections 53C-1-303 and 53C-2-401, the administration, with board  
263 approval, may become a member of a limited liability company under Title 48, Chapter 2c,  
264 Utah Revised Limited Liability Company Act, or Title 48, Chapter 3a, Utah Revised Uniform  
265 Limited Liability Company Act, as appropriate pursuant to Section 48-3a-1405 and is  
266 considered a person under Section 48-2c-102 or Section 48-3a-102.

267 (7) Subject to the requirements of Subsection 63E-1-304(2), the administration may  
268 participate in coverage under the Risk Management Fund created by Section 63A-4-201.

269 Section 3. Section 53C-1-203 is amended to read:

270 **53C-1-203. Board of trustees nominating committee -- Composition --**  
271 **Responsibilities -- Per diem and expenses.**

272 (1) There is established an 11 member board of trustees nominating committee.

273 (2) (a) The State Board of Education shall appoint five members to the nominating  
274 committee from different geographical areas of the state.

275 (b) The governor shall appoint five members to the nominating committee on or before  
276 the December 1 of the year preceding the vacancy on the nominating committee as follows:

277 (i) one individual from a nomination list of at least two names of individuals  
278 knowledgeable about institutional trust lands submitted on or before the October 1 of the year  
279 preceding the vacancy on the nominating committee by the University of Utah and Utah State  
280 University on an alternating basis every four years;

281 (ii) one individual from a nomination list of at least two names submitted by the Utah  
282 Farm Bureau in consultation with the Utah Cattleman's Association and the Utah Wool  
283 Growers' Association on or before the October 1 of the year preceding the vacancy on the  
284 nominating committee;

285 (iii) one individual from a nomination list of at least two names submitted by the Utah  
286 Petroleum Association on or before the October 1 of the year preceding the vacancy on the  
287 nominating committee;

288 (iv) one individual from a nomination list of at least two names submitted by the Utah  
289 Mining Association on or before the October 1 of the year preceding the vacancy on the  
290 nominating committee; and

291 (v) one individual from a nomination list of at least two names submitted by the  
292 executive director of the Department of Natural Resources after consultation with statewide  
293 wildlife and conservation organizations on or before the October 1 of the year preceding the  
294 vacancy on the nominating committee.

295 (c) The president of the Utah Association of Counties shall designate the chair of the  
296 Public Lands Steering Committee, who must be an elected county commissioner or councilor,  
297 to serve as the eleventh member of the nominating committee.

298 (3) (a) Except as required by Subsection (3)(b), each member shall serve a four-year  
299 term.

300 (b) Notwithstanding the requirements of Subsection (3)(a), the state board and the  
301 governor shall, at the time of appointment or reappointment, adjust the length of terms to  
302 ensure that the terms of committee members are staggered so that approximately half of the  
303 committee is appointed every two years.

304 (c) When a vacancy occurs in the membership for any reason, the replacement shall be  
305 appointed for the unexpired term.

306 (4) The nominating committee shall select a chair and vice chair from its membership  
307 by majority vote.

308 (5) (a) The nominating committee shall nominate at least two candidates for each

309 position or vacancy which occurs on the board of trustees except for the governor's appointee  
310 under Subsection 53C-1-202(5).

311 (b) The nominations shall be by majority vote of the committee.

312 (6) A member may not receive compensation or benefits for the member's service, but  
313 may receive per diem and travel expenses in accordance with:

314 (a) Section 63A-3-106;

315 (b) Section 63A-3-107; and

316 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and  
317 63A-3-107.

318 (7) The School Children's Trust Section, established in Section 53A-16-101.6, shall  
319 provide staff support to the nominating committee.

320 Section 4. Section 53C-3-102 is amended to read:

321 **53C-3-102. Deposit and allocation of money received.**

322 (1) (a) The director shall pay to the [~~state treasurer~~] School and Institutional Trust Fund  
323 Office, created in Section 53D-1-201, all money received, accompanied by a statement  
324 showing the respective sources of this money.

325 (b) Each source shall be classified as to sales, rentals, royalties, interest, fees, penalties,  
326 and forfeitures.

327 (2) All money received from the sale of lands granted by Section 6 of the Utah  
328 Enabling Act for the support of the common schools, all money received from the sale of lands  
329 selected in lieu of those lands, all money received from the United States under Section 9 of the  
330 Utah Enabling Act, all money received from the sale of lands or other securities acquired by the  
331 state from the investment of those funds, all sums paid for fees, all forfeitures, and all penalties  
332 paid in connection with these sales shall be deposited in the Permanent State School Fund.

333 (3) All money received from the sale or other disposition of institutional trust lands  
334 granted to the state by the United States under Section 7, 8, or 12 of the Utah Enabling Act, and  
335 all sums paid for fees, forfeitures, and penalties received in connection with these sales or  
336 dispositions shall go to the respective permanent funds established for the benefit of those

337 institutions under the Utah Enabling Act and the Utah Constitution.

338 (4) (a) All lands acquired by the state through foreclosure of mortgages securing school  
339 or institutional trust funds or through deeds from mortgagors or owners of those lands shall  
340 become a part of the respective school or institutional trust lands.

341 (b) All money received from these lands shall be treated as money received from  
342 school or institutional trust lands.

343 (5) All money received from the sale of lands acquired by the state through foreclosure  
344 of mortgages securing trust funds or through deeds from mortgagors or owners of such lands,  
345 whether a profit is realized or a loss sustained on the principal invested, shall be regarded as  
346 principal and shall go into the principal or permanent fund from which it was originally taken  
347 in reimbursement of that fund, with profits being used to offset losses.

348 (6) (a) All money received by the director as a first or down payment on applications to  
349 purchase, permit, or lease trust lands or minerals shall be paid to the state treasurer and held in  
350 suspense pending final action on those applications.

351 (b) After final action the payments received under Subsection (6)(a) shall either be  
352 credited to the appropriate fund or account, or refunded to the applicant in accordance with the  
353 action taken.

354 Section 5. Section **53D-1-101** is enacted to read:

355 **TITLE 53D. SCHOOL AND INSTITUTIONAL TRUST FUND**

356 **CHAPTER 1. SCHOOL AND INSTITUTIONAL TRUST FUND MANAGEMENT ACT**

357 **Part 1. General Provisions**

358 **53D-1-101. Title.**

359 (1) This title is known as "School and Institutional Trust Fund."

360 (2) This chapter is known as the "School and Institutional Trust Fund Management  
361 Act."

362 Section 6. Section **53D-1-102** is enacted to read:

363 **53D-1-102. Definitions.**

364 (1) "Account" means the School and Institutional Trust Fund Management Account,

365 created in Section [53D-1-203](#).

366 (2) "Beneficiaries":

367 (a) means those for whose benefit the trust fund is managed and preserved, consistent  
368 with the enabling act, the Utah Constitution, and state law; and

369 (b) does not include other government institutions or agencies, the public at large, or  
370 the general welfare of the state.

371 (3) "Board" means the board of trustees established in Section [53D-1-301](#).

372 (4) "Director" means the director of the office.

373 (5) "Enabling act" means the act of Congress, dated July 16, 1894, enabling the people  
374 of Utah to form a constitution and state government and to be admitted into the Union.

375 (6) "Nominating committee" means the committee established under Section  
376 [53D-1-501](#).

377 (7) "Office" means the School and Institutional Trust Fund Office, created in Section  
378 [53D-1-201](#).

379 (8) "School children's trust section" means the School Children's Trust Section within  
380 the State Office of Education, established in Section [53A-16-101.6](#).

381 (9) "Trust fund" means money derived from:

382 (a) the sale or use of land granted to the state under Sections 6, 8, and 12 of the  
383 enabling act;

384 (b) proceeds referred to in Section 9 of the enabling act from the sale of public land;  
385 and

386 (c) revenue and assets referred to in Utah Constitution, Article X, Section 5,  
387 Subsections (1)(c), (e), and (f).

388 Section 7. Section **53D-1-103** is enacted to read:

389 **53D-1-103. Application of other law.**

390 (1) The office, board, and nominating committee are subject to Title 52, Chapter 4,  
391 Open and Public Meetings Act.

392 (2) Subject to Subsection [63E-1-304\(2\)](#), the office may participate in coverage under

393 the Risk Management Fund, created in Section [63A-4-201](#).

394 (3) The office and board are subject to Title 63G, Chapter 2, Government Records  
395 Access and Management Act.

396 (4) (a) In making rules under this chapter, the director is subject to and shall comply  
397 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, except as provided in  
398 Subsection (4)(b).

399 (b) Subsections [63G-3-301](#)(6) and (7) and Section [63G-3-601](#) do not apply to the  
400 director's making of rules under this chapter.

401 (5) Title 63G, Chapter 7, Governmental Immunity Act of Utah, applies to a board  
402 member to the same extent as it applies to an employee, as defined in Section [63G-7-102](#).

403 (6) (a) A board member, the director, and an office employee or agent are subject to:

404 (i) Title 67, Chapter 16, Utah Public Officers' and Employees' Ethics Act; and

405 (ii) other requirements that the board establishes.

406 (b) In addition to any restrictions or requirements imposed under Subsection (6)(a), a  
407 board member, the director, and an office employee or agent may not directly or indirectly  
408 acquire an interest in the trust fund or receive any direct benefit from any transaction dealing  
409 with trust fund money.

410 (7) (a) Except as provided in Subsection (7)(b), the office shall comply with Title 67,  
411 Chapter 19, Utah State Personnel Management Act.

412 (b) (i) Upon a recommendation from the director after the director's consultation with  
413 the executive director of the Department of Human Resource Management, the board may  
414 provide that specified positions in the office are exempt from Section [67-19-12](#) and the career  
415 service provisions of Title 67, Chapter 19, Utah State Personnel Management Act, as provided  
416 in Subsection [67-19-15](#)(1), if the board determines that exemption is required for the office to  
417 fulfill efficiently its responsibilities under this chapter.

418 (ii) The director position is exempt from Section [67-19-12](#) and the career service  
419 provisions of Title 67, Chapter 19, Utah State Personnel Management Act, as provided in  
420 Subsection [67-19-15](#)(1).

421 (iii) (A) After consultation with the executive director of the Department of Human  
422 Resource Management, the director shall set salaries for positions that are exempted under  
423 Subsection (7)(b)(i), within ranges that the board approves.

424 (B) In approving salary ranges for positions that are exempted under Subsection  
425 (7)(b)(i), the board shall consider salaries for similar positions in private enterprise and other  
426 public employment.

427 (8) The office is subject to legislative appropriation, to executive branch budgetary  
428 review and recommendation, and to legislative and executive branch review.

429 Section 8. Section **53D-1-104** is enacted to read:

430 **53D-1-104. Attorney general representation.**

431 (1) The attorney general shall:

432 (a) represent the board, director, and office in any legal action relating to the trust fund;

433 (b) undertake suits for damages and any other necessary or appropriate relief in the  
434 name of the trust fund and the state; and

435 (c) ensure that legal counsel assigned to provide legal counsel to the board, director,  
436 and office is present at all board meetings.

437 (2) The attorney general may institute an action to enforce this chapter or to protect the  
438 interests of beneficiaries.

439 Section 9. Section **53D-1-105** is enacted to read:

440 **53D-1-105. Annual audit by state auditor.**

441 (1) The state auditor shall conduct an annual audit of the trust fund money and assets  
442 on a fund by fund basis, including:

443 (a) an evaluation of the independent custodial arrangements made for the management  
444 and investment of trust fund money and assets; and

445 (b) a verification of the accuracy of the office's report of returns generated on the  
446 office's investments.

447 (2) The state auditor shall:

448 (a) report the results of an audit under this section in writing; and



449 (b) make the written audit report available to the public.

450 (3) The state auditor shall consult with the board at least annually as to whether  
451 additional matters should be included within the scope of the annual audit.

452 Section 10. Section **53D-1-201** is enacted to read:

453 **Part 2. School and Institutional Trust Fund Office**

454 **53D-1-201. School and Institutional Trust Fund Office -- Status -- Duties.**

455 (1) There is created within state government the School and Institutional Trust Fund  
456 Office.

457 (2) The office is an independent state agency within the executive branch and is not a  
458 division of any other executive branch department.

459 (3) The office shall manage the trust fund.

460 (4) No later than September 1 of each year, the office shall provide to the Division of  
461 Finance financial information for the prior fiscal year that the Division of Finance requests for  
462 financial reporting purposes.

463 Section 11. Section **53D-1-202** is enacted to read:

464 **53D-1-202. Access to office records and personnel.**

465 (1) The office shall provide board members and the director of the school children's  
466 trust section access to all office records and personnel as necessary for board members and the  
467 director of the school children's trust section to fulfill their responsibilities to ensure that the  
468 office is in full compliance with applicable law and policies.

469 (2) If the director requires, board members and the director of the school children's  
470 trust section shall maintain confidentiality of information they obtain from office records and  
471 personnel.

472 Section 12. Section **53D-1-203** is enacted to read:

473 **53D-1-203. Funding of office operations.**

474 (1) There is created an enterprise fund known as the School and Institutional Trust  
475 Fund Management Account.

476 (2) The account is funded by money deposited into the account as provided in

477 Subsection (3).

478 (3) The director shall deposit into the account an amount of money from the earnings  
479 from trust fund assets equal to the annual appropriation that the Legislature makes to the office,  
480 to pay for the office's operating costs.

481 (4) (a) The office may use money in the account to pay for the office's operating costs.

482 (b) If the amount of money deposited into the account under Subsection (3) in any year  
483 exceeds the amount required by the office during that year to fund its operations, the office  
484 shall distribute that excess money proportionately to the various funds established for the  
485 beneficiaries of land grants under the enabling act, based on the balances of those funds as of  
486 June 30.

487 (5) (a) Before distributing earnings from trust fund assets, the office may deduct any  
488 audit, risk management, consulting, equipment, legal, and custodial costs and management fees  
489 incurred in managing the trust fund assets.

490 (b) The costs and fees described in Subsection (5)(a) are separate from and in addition  
491 to the office's operating costs that are paid from the account.

492 Section 13. Section **53D-1-301** is enacted to read:

493 **Part 3. School and Institutional Trust Fund Board of Trustees**

494 **53D-1-301. Board of trustees -- Creation -- Membership.**

495 (1) There is created a School and Institutional Trust Fund Board of Trustees.

496 (2) The board consists of:

497 (a) the state treasurer; and

498 (b) four additional members who are appointed by the state treasurer on a nonpartisan  
499 basis from a list of at least two qualified candidates per position, nominated by the nominating  
500 committee, as provided in Section [53D-1-503](#).

501 (3) The state treasurer shall appoint members under Subsection (2)(b) who possess:

502 (a) outstanding professional qualifications pertinent to the prudent investment of trust  
503 fund money; and

504 (b) expertise in institutional investment management.

- 505           (4) (a) The term of a board member under Subsection (2)(b) is six years.
- 506           (b) Notwithstanding Subsection (4)(a), the nominating committee shall stagger terms  
507 of initial board members so that the term of not more than one member expires in any year.
- 508           (c) A board member may not serve consecutive terms, except that:
- 509           (i) a board member whose term is less than six years because of the staggering of terms  
510 under Subsection (4)(b) may serve a full consecutive term after the completion of the initial  
511 term; and
- 512           (ii) a member appointed to fill a vacancy may serve a full consecutive term after filling  
513 a previous unexpired term.
- 514           (d) A board member shall serve until a successor is appointed, confirmed, and  
515 qualified.
- 516           (5) Before assuming duties as a board member, a member shall take an oath of office  
517 that includes the following:
- 518           "I solemnly swear to carry out my duties as a member of the School and Institutional  
519 Trust Fund Board of Trustees and to act with undivided loyalty to the beneficiaries of the trust  
520 fund that the board oversees, to the best of my abilities and consistent with the law."
- 521           (6) The state treasurer may remove a board member for cause, subject to the  
522 affirmative vote of at least two other board members, besides the state treasurer.
- 523           (7) The state treasurer shall fill a vacancy in the same manner as the initial appointment  
524 under Subsection (2)(b)(i).
- 525           (8) A board member may not receive any compensation or benefits for the member's  
526 service, but the member may receive per diem and travel expenses in accordance with:
- 527           (a) Section [63A-3-106](#);
- 528           (b) Section [63A-3-107](#); and
- 529           (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and  
530 [63A-3-107](#).
- 531           Section 14. Section **53D-1-302** is enacted to read:
- 532           **53D-1-302. Board chair and vice chair -- Quorum.**

533 (1) (a) The state treasurer is the chair of the board.

534 (b) The chair shall faithfully represent the will of the board to the extent the board's  
535 will is consistent with state law.

536 (2) (a) The board shall annually select a vice chair from its membership.

537 (b) The vice chair shall act as chair in the absence of the chair.

538 (3) (a) Three members of the board constitute a quorum for the purpose of holding a  
539 meeting.

540 (b) Unless otherwise specified in this title, an action of the board requires the  
541 affirmative vote of at least three members.

542 Section 15. Section **53D-1-303** is enacted to read:

543 **53D-1-303. Board authority and duties.**

544 (1) The board has broad policymaking authority over the office and the trust fund.

545 (2) (a) The board shall establish policies for the management of:

546 (i) the office, including:

547 (A) an investment management code of conduct and associated compliance policy;

548 (B) a policy for the strategic allocation of trust fund assets;

549 (C) a soft dollar policy; and

550 (D) a policy articulating the board's investment philosophy for trust fund assets; and

551 (ii) the trust fund.

552 (b) Policies that the board adopts shall:

553 (i) be consistent with the enabling act, the Utah Constitution, and other applicable state  
554 law;

555 (ii) reflect undivided loyalty to the beneficiaries consistent with fiduciary duties;

556 (iii) be designed to prudently optimize trust fund returns and increase the value of the  
557 trust fund, consistent with the balancing of short-term and long-term interests, so that the

558 fiduciary duty of intergenerational equity is met;

559 (iv) be designed to maintain the integrity of the trust fund and prevent the  
560 misapplication of money in the trust fund;

- 561 (v) enable the board to oversee the activities of the office; and
- 562 (vi) otherwise be in accordance with standard trust principles as provided by state law.
- 563 (3) The board shall:
- 564 (a) establish a conflict of interest policy for the office and board members;
- 565 (b) establish policies governing the evaluation, selection, and monitoring of
- 566 independent custodial arrangements;
- 567 (c) ensure that the office is managed according to law;
- 568 (d) establish bylaws to govern the board;
- 569 (e) establish the compensation of the director;
- 570 (f) annually examine the compensation and performance of the director as part of the
- 571 board's budget review process;
- 572 (g) annually report the director's compensation to the Legislature; and
- 573 (h) adopt policies to provide for annual training of board members regarding their
- 574 duties and responsibilities.
- 575 (4) The board may:
- 576 (a) after conferring with the director:
- 577 (i) hire one or more consultants to advise the board, director, or office on issues
- 578 affecting the management of the trust fund; and
- 579 (ii) pay compensation to any consultant hired under Subsection (4)(a)(i), subject to
- 580 budgetary constraints; and
- 581 (b) submit to the director a written question or set of questions concerning policies and
- 582 practices affecting the management of the trust fund.
- 583 Section 16. Section **53D-1-304** is enacted to read:
- 584 **53D-1-304. Board meetings.**
- 585 (1) The board shall hold at least nine meetings per year to conduct business.
- 586 (2) The board chair or two board members:
- 587 (a) may call a board meeting; and
- 588 (b) if calling a board meeting, shall provide as much advance notice as is reasonable

589 under the circumstances to all board members, the director, and the director of the school  
590 children's trust section.

591 (3) Any board member may place an item on a board meeting agenda.

592 (4) The board shall annually adopt a set of parliamentary procedures to govern board  
593 meetings.

594 (5) The board may establish an attendance policy to govern the attendance of board  
595 members at board meetings.

596 Section 17. Section **53D-1-401** is enacted to read:

597 **Part 4. Director**

598 **53D-1-401. Appointment of director -- Qualifications -- Nature of employment --**  
599 **Removal by State Board of Education petition.**

600 (1) The office shall be managed by a director.

601 (2) On or before January 25, 2015, the board shall appoint an individual as director.

602 (3) The board shall ensure that an individual appointed as director possesses:

603 (a) outstanding professional qualifications pertinent to the prudent investment of trust  
604 fund money; and

605 (b) expertise in institutional investment management.

606 (4) The director is an at-will employee who may be removed by the board at any time  
607 with or without cause.

608 (5) (a) The State Board of Education may submit a written petition to the board  
609 requesting the board to remove the director for cause, explained in the petition.

610 (b) The board shall hold a hearing on a petition under Subsection (5)(a) within 45 days  
611 after receiving the petition.

612 (c) If, after holding a hearing, the board finds by a preponderance of the evidence that  
613 there is cause for removing the director, the board shall remove the director.

614 Section 18. Section **53D-1-402** is enacted to read:

615 **53D-1-402. Director duties and responsibilities.**

616 (1) The director has broad authority to manage the office to fulfill its purposes,

- 617 consistent with the enabling act, the Utah Constitution, state law, and board policies.
- 618 (2) The director shall:
- 619 (a) before assuming the duties of director, take an oath that includes the following:
- 620 "I solemnly swear to carry out my duties as director of the School and Institutional
- 621 Trust Fund Office with undivided loyalty to the beneficiaries of the trust fund managed by the
- 622 office, to the best of my abilities and consistent with the law.";
- 623 (b) carry out the policies of the board;
- 624 (c) act with undivided loyalty to those entitled to the benefit of income from the trust
- 625 fund, consistent with the director's fiduciary duties and responsibilities;
- 626 (d) follow the prudent investor rule, prudently seeking to obtain the optimum return
- 627 from the investment of trust fund money and assets, balancing short-term and long-term
- 628 interests under the principle of intergenerational equity;
- 629 (e) exercise full discretionary authority to manage, maintain, transfer, or sell assets of
- 630 the trust fund in the manner that the director determines to be most favorable to beneficiaries;
- 631 (f) maintain the integrity of the trust fund and prevent, through prudent management,
- 632 the misapplication of trust fund money;
- 633 (g) adopt rules, as provided in Subsection [53D-1-103\(3\)](#), that are necessary for the
- 634 proper exercise of the director's duties under this chapter and policies established by the board;
- 635 (h) faithfully manage the office under policies established by the board;
- 636 (i) annually submit to the board:
- 637 (i) an office budget; and
- 638 (ii) a financial plan for operations of the office;
- 639 (j) after board approval of the office budget, submit the budget to the governor and the
- 640 Legislature;
- 641 (k) direct and control budget expenditures;
- 642 (l) establish job descriptions and, within budgetary constraints, employ staff necessary
- 643 to accomplish the purposes of the office;
- 644 (m) in accordance with generally accepted principles of fund accounting, establish a

645 system to identify and account for the trust fund assets;

646 (n) notify the director of the school children's trust section of major items that the  
647 director knows may be useful to the director of the school children's trust section in protecting  
648 the rights of beneficiaries;

649 (o) maintain appropriate records of trust fund activities to enable auditors to conduct  
650 periodic audits;

651 (p) respond in writing within a reasonable time to a request by the director of the  
652 school children's trust section for information on policies and practices affecting the  
653 management of the trust fund; and

654 (q) respond to a question that the board submits under Subsection [53D-1-303\(4\)\(c\)](#)  
655 within a reasonable time after receiving the question.

656 (3) The office may:

657 (a) sue or be sued; and

658 (b) contract with other public agencies for personnel management services.

659 Section 19. Section **53D-1-403** is enacted to read:

660 **53D-1-403. Reports.**

661 (1) At least annually, the director shall report in person to the Legislative Management  
662 Committee, the governor, and the State Board of Education, concerning the office's  
663 investments, performance, estimated distributions, and other activities.

664 (2) The director shall report to the board concerning the work of the director and the  
665 investment activities and other activities of the office:

666 (a) in a public meeting at least nine times per year; and

667 (b) as otherwise requested by the board.

668 (3) (a) Before November 1 of each year, the director shall:

669 (i) submit a written report to each school community council, created under Section  
670 [53A-1a-108](#), concerning the office's investments, performance, estimated distributions, and  
671 other activities; and

672 (ii) post the written report described in Subsection (3)(a)(i) on the office's website.



673 (b) A report under Subsection (3)(a) shall be prepared in simple language designed to  
674 be understood by the general public.

675 (4) The director shall provide to the board:

676 (a) monthly written reports on the activities of the office;

677 (b) quarterly financial reports; and

678 (c) any other report requested by the board.

679 (5) The director shall:

680 (a) invite the director of the school children's trust section to attend any meeting at  
681 which the director gives a report under this section; and

682 (b) provide the director of the school children's trust section:

683 (i) a copy of any written report prepared under this section; and

684 (ii) any other report requested by the director of the school children's trust section.

685 Section 20. Section **53D-1-501** is enacted to read:

686 **Part 5. Nominating Committee**

687 **53D-1-501. Nominating committee -- Membership -- Terms -- Vacancies --**

688 **Compensation.**

689 (1) There is established a School and Institutional Trust Fund Nominating Committee.

690 (2) The nominating committee consists of:

691 (a) two members appointed by the State Board of Education;

692 (b) two members, appointed by the director of the school children's trust section, each  
693 of whom is a member of a respected professional organization;

694 (c) the chief investment officer of the University of Utah endowment;

695 (d) the chief investment officer of the Utah State University endowment; and

696 (e) the director of the school children's trust section.

697 (3) An individual appointed as a member of the nominating committee under

698 Subsection (2)(a) or (b) shall be appointed based on the individual's expertise in:

699 (a) investment finance;

700 (b) institutional asset management;

701 (c) trust administration; or

702 (d) the practice of law in the areas of capital markets, securities law, trusts,  
703 foundations, endowments, investment finance, institutional asset management, or trust  
704 administration.

705 (4) The term of a member appointed under Subsection (2)(a) or (b) is four years, except  
706 that the initial term of members appointed under Subsection (2)(b) is two years.

707 (5) A nominating committee member shall serve until a successor is appointed and  
708 qualified.

709 (6) (a) If a member appointed under Subsection (2)(a) or (b) leaves office, the vacancy  
710 shall be filled in the same manner as the initial appointment under Subsection (2)(a) or (b).

711 (b) An individual appointed to fill a vacancy under Subsection (6)(a) serves the  
712 remainder of the unexpired term.

713 (7) A member of the nominating committee may not receive compensation or benefits  
714 for the member's service, but may receive per diem and travel expenses in accordance with:

715 (a) Section [63A-3-106](#);

716 (b) Section [63A-3-107](#); and

717 (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and  
718 [63A-3-107](#).

719 Section 21. Section **53D-1-502** is enacted to read:

720 **53D-1-502. Chair and vice chair -- Quorum and voting requirements -- Bylaws --**  
721 **Staff.**

722 (1) The nominating committee shall select a chair and vice chair from its members.

723 (2) (a) Four members of the nominating committee constitute a quorum.

724 (b) An action of the nominating committee requires the affirmative vote of at least four  
725 members.

726 (3) The nominating committee shall establish bylaws to govern the nominating  
727 committee.

728 (4) The school children's trust section shall provide staff support to the nominating

729 committee.

730 Section 22. Section **53D-1-503** is enacted to read:

731 **53D-1-503. Process of nominating candidates for board membership.**

732 (1) The nominating committee shall nominate at least two candidates for each position  
733 or vacancy on the board.

734 (2) The nominating committee shall:

735 (a) nominate candidates who meet the criteria stated in Subsection [53D-1-301\(3\)](#); and

736 (b) consider the character and reputation of candidates the nominating committee  
737 nominates.

738 (3) If the state treasurer considers the candidates nominated under Subsection (1) to be  
739 unacceptable, the state treasurer may request the nominating committee to nominate at least  
740 two other candidates per appointment.

741 (4) As many times as the state treasurer considers candidates nominated by the  
742 nominating committee to be unacceptable under Subsection (3), the nominating committee  
743 shall follow the process described in Subsections (1) and (2) until the state treasurer appoints a  
744 candidate.

745 Section 23. Section **53D-1-601** is enacted to read:

746 **Part 6. Management and Investment Standards and Principles**

747 **53D-1-601. General management and investment principles -- Duty of person with**  
748 **special skills or expertise.**

749 (1) Board members, the director, and office staff shall act in the best interests of the  
750 beneficiaries and comply with the duty of undivided loyalty to the beneficiaries.

751 (2) A person who manages and invests trust fund money or assets shall:

752 (a) manage and invest in good faith and with the care a prudent professional in a like  
753 position would exercise under similar circumstances;

754 (b) consider, as relevant:

755 (i) general economic conditions;

756 (ii) the possible effect of inflation or deflation;

757 (iii) any expected tax consequences of investment decisions or strategies;  
758 (iv) the role that each investment or course of action plays within the overall  
759 investment portfolio of the trust fund;  
760 (v) the expected net return from income and the appreciation of investments;  
761 (vi) the expected returns and risk characteristics of individual assets;  
762 (vii) the needs of the beneficiaries to receive distributions and to preserve capital;  
763 (viii) liquidity;  
764 (ix) asset allocation; and  
765 (x) costs and management fees; and  
766 (c) make management and investment decisions about an individual asset not in  
767 isolation but in the context of the trust fund's portfolio of investments as a whole and as part of  
768 an overall investment strategy, having risk and return objectives reasonably suited to the trust  
769 fund and to the beneficiaries.

770 (3) A person who has special skills or expertise, or who is selected to assist in  
771 managing and investing the trust fund money or assets based on the person's representation of  
772 having special skills or expertise, has a duty to use those skills and that expertise in managing  
773 and investing trust fund money and assets.

774 Section 24. Section **53D-1-602** is enacted to read:

775 **53D-1-602. Office authority, responsibilities, and duties.**

776 (1) In managing and investing trust fund money and assets, the office:

777 (a) may incur only costs that are appropriate and reasonable in relation to the assets, the  
778 purposes of the trust fund, and the skills available to the office; and

779 (b) shall make a reasonable effort to verify facts related to the management and  
780 investment of trust fund money and assets.

781 (2) Except as otherwise provided by law, the office may invest in any kind of property  
782 or any type of investment that is:

783 (a) consistent with this part; and

784 (b) in the best interests of the beneficiaries.

785           (3) The office shall diversify the investments of trust fund money and assets.

786           (4) Within a reasonable time after receiving a contribution to the trust fund, the office  
787 shall make and carry out decisions concerning the retention or disposition of the contribution or  
788 to rebalance the trust fund portfolio, in order to bring the trust fund into compliance with the  
789 purposes, terms, and distribution requirements of trust fund money and assets.

790           (5) The board may delegate any management or investment function to the director, a  
791 committee of board members, or an employee of the office.

792           Section 25. Section **53D-1-603** is enacted to read:

793           **53D-1-603. Director authority, responsibilities, and duties.**

794           (1) (a) The director may delegate to an external agent the management of a portion of  
795 the trust fund money or assets, if the delegation is prudent under the circumstances and  
796 consistent with the purposes of the trust fund.

797           (b) The director shall periodically review the actions of an agent under Subsection  
798 (1)(a) in order to monitor the agent's performance and compliance with the scope and terms of  
799 the delegation.

800           (2) The director shall act in good faith, with the care that a prudent professional in a  
801 like position would exercise under similar circumstances, in:

802           (a) selecting an agent;

803           (b) establishing the scope and terms of a delegation under Subsection (1); and

804           (c) periodically reviewing the agent's actions, as provided in Subsection (1)(b).

805           (3) In performing a delegated function, an agent owes a duty to the state and the  
806 beneficiaries to exercise reasonable care to comply with the scope and terms of the delegation.

807           Section 26. Section **53D-1-604** is enacted to read:

808           **53D-1-604. Compliance not determined by hindsight.**

809           Compliance with a provision of this part in making a decision or taking an action is  
810 determined in light of the facts and circumstances existing at the time a decision is made or an  
811 action is taken and not by hindsight.

812           Section 27. Section **53D-1-701** is enacted to read:

813 **Part 7. Review of Decisions or Actions**

814 **53D-1-701. Petition for review of director or office decision or action -- Hearing**  
815 **examiner -- Decision -- Judicial review.**

816 (1) (a) Subject to Subsection (1)(b), a person aggrieved by a decision or action of the  
817 director or office may, in accordance with rules adopted by the board under Section [53D-1-702](#),  
818 petition the board for an administrative review of the decision or action.

819 (b) A person may not petition for review of:

820 (i) a decision whether to buy, sell, hold, or exchange a specific investment; or

821 (ii) an action to buy, sell, hold, or exchange a specific investment.

822 (2) (a) The board may appoint a qualified hearing examiner to take evidence and make  
823 a recommendation for board action on the petition.

824 (b) If the board appoints a hearing examiner under Subsection (2)(a), the board shall, in  
825 conducting its review and making its decision on the petition, consider the hearing examiner's  
826 recommendation.

827 (3) In making its decision on the petition, the board shall:

828 (a) make findings and conclusions and base its decision on the findings and  
829 conclusions;

830 (b) uphold the decision or action of the director or office unless the board finds, by a  
831 preponderance of the evidence, that the decision or action violated applicable law, policy, or  
832 rule; and

833 (c) inform the person who filed the petition of the person's right to judicial review of  
834 the board's decision.

835 (4) A person aggrieved by a final decision of the board on a petition filed under this  
836 section may seek judicial review of that decision as provided in Sections [63G-4-402](#) and  
837 [63G-4-403](#).

838 Section 28. Section **53D-1-702** is enacted to read:

839 **53D-1-702. Board rules on petition for review of director or office decision or**  
840 **action.**

841           (1) The board shall make rules, in accordance with Title 63G, Chapter 3, Utah  
842 Administrative Rulemaking Act, to govern proceedings on a petition under Section 53D-1-701.

843           (2) Rules under Subsection (1) shall ensure procedural due process in proceedings  
844 relating to a petition under Section 53D-1-701.

845           Section 29. Section **63E-1-102** is amended to read:

846           **63E-1-102. Definitions -- List of Independent entities.**

847           As used in this title:

848           (1) "Authorizing statute" means the statute creating an entity as an independent entity.

849           (2) "Committee" means the Retirement and Independent Entities Committee created by  
850 Section **63E-1-201**.

851           (3) "Independent corporation" means a corporation incorporated in accordance with  
852 Chapter 2, Independent Corporations Act.

853           (4) (a) "Independent entity" means an entity having a public purpose relating to the  
854 state or its citizens that is individually created by the state or is given by the state the right to  
855 exist and conduct its affairs as an:

856           (i) independent state agency; or

857           (ii) independent corporation.

858           (b) "Independent entity" includes the:

859           (i) Utah Dairy Commission created by Section **4-22-2**;

860           (ii) Heber Valley Historic Railroad Authority created by Section **63H-4-102**;

861           (iii) Utah State Railroad Museum Authority created by Section **63H-5-102**;

862           (iv) Utah Science Center Authority created by Section **63H-3-103**;

863           (v) Utah Housing Corporation created by Section **35A-8-704**;

864           (vi) Utah State Fair Corporation created by Section **63H-6-103**;

865           (vii) Workers' Compensation Fund created by Section **31A-33-102**;

866           (viii) Utah State Retirement Office created by Section **49-11-201**;

867           (ix) School and Institutional Trust Lands Administration created by Section  
868 **53C-1-201**;

869 (x) School and Institutional Trust Fund Office created by Section 53D-1-201;  
 870 [~~(x)~~] (xi) Utah Communications Agency Network created by Section 63C-7-201;  
 871 [~~(xi)~~] (xii) Utah Energy Infrastructure Authority created by Section 63H-2-201;  
 872 [~~(xii)~~] (xiii) Utah Capital Investment Corporation created by Section 63M-1-1207; and  
 873 [~~(xiii)~~] (xiv) Military Installation Development Authority created by Section  
 874 63H-1-201.

875 (c) Notwithstanding this Subsection (4), "independent entity" does not include:

- 876 (i) the Public Service Commission of Utah created by Section 54-1-1;
- 877 (ii) an institution within the state system of higher education;
- 878 (iii) a city, county, or town;
- 879 (iv) a local school district;
- 880 (v) a local district under Title 17B, Limited Purpose Local Government Entities - Local
- 881 Districts; or
- 882 (vi) a special service district under Title 17D, Chapter 1, Special Service District Act.

883 (5) "Independent state agency" means an entity that is created by the state, but is  
 884 independent of the governor's direct supervisory control.

885 (6) "Money held in trust" means money maintained for the benefit of:

- 886 (a) one or more private individuals, including public employees;
- 887 (b) one or more public or private entities; or
- 888 (c) the owners of a quasi-public corporation.

889 (7) "Public corporation" means an artificial person, public in ownership, individually  
 890 created by the state as a body politic and corporate for the administration of a public purpose  
 891 relating to the state or its citizens.

892 (8) "Quasi-public corporation" means an artificial person, private in ownership,  
 893 individually created as a corporation by the state which has accepted from the state the grant of  
 894 a franchise or contract involving the performance of a public purpose relating to the state or its  
 895 citizens.

896 Section 30. **Repealer.**



897           This bill repeals:  
898           Section **51-7a-101**, **Title**.  
899           Section **51-7a-102**, **Definitions**.  
900           Section **51-7a-201**, **Investment of land grant trust funds**.  
901           Section **51-7a-202**, **State treasurer to follow "prudent investor" rule -- Standard of**  
902 **care**.  
903           Section **51-7a-301**, **Investment advisory committee -- Creation**.  
904           Section **51-7a-302**, **Investment advisory committee -- Duties**.  
905           Section 31. **Effective date**.  
906           This bill takes effect on July 1, 2014.