

Representative Melvin R. Brown proposes the following substitute bill:

SCHOOL AND INSTITUTIONAL TRUST LANDS AND

FUNDS MANAGEMENT PROVISIONS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Melvin R. Brown

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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

- the required qualifications of the director;
- the removal of the director; and
- the duties of the director;

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

► requires the School Children's Trust Section to provide staff support to the nominating committee for board members of the School and Institutional Trust Lands Administration;

► enacts the School and Institutional Trust Fund Management Act;

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



- 26 ▶ provides for the management of a fund consisting of money from the sale or use of
- 27 land granted to the state under the Utah Enabling Act and other proceeds, revenue,
- 28 and assets;
- 29 ▶ provides for a nominating committee for members of the School and Institutional
- 30 Trust Fund Board of Trustees; and
- 31 ▶ repeals Investment of Land Grant Trust Fund Money provisions.

32 **Money Appropriated in this Bill:**

33 None

34 **Other Special Clauses:**

35 This bill takes effect on July 1, 2014.

36 **Utah Code Sections Affected:**

37 AMENDS:

- 38 **53A-16-101.6**, as enacted by Laws of Utah 2012, Chapter 224
- 39 **53C-1-201**, as last amended by Laws of Utah 2013, Chapters 220 and 412
- 40 **53C-1-203**, as last amended by Laws of Utah 2012, Chapter 224
- 41 **53C-3-102**, as enacted by Laws of Utah 1994, Chapter 294
- 42 **63E-1-102**, as last amended by Laws of Utah 2013, Chapter 220

43 ENACTS:

- 44 **53D-1-101**, Utah Code Annotated 1953
- 45 **53D-1-102**, Utah Code Annotated 1953
- 46 **53D-1-103**, Utah Code Annotated 1953
- 47 **53D-1-104**, Utah Code Annotated 1953
- 48 **53D-1-105**, Utah Code Annotated 1953
- 49 **53D-1-201**, Utah Code Annotated 1953
- 50 **53D-1-202**, Utah Code Annotated 1953
- 51 **53D-1-203**, Utah Code Annotated 1953
- 52 **53D-1-301**, Utah Code Annotated 1953
- 53 **53D-1-302**, Utah Code Annotated 1953
- 54 **53D-1-303**, Utah Code Annotated 1953
- 55 **53D-1-304**, Utah Code Annotated 1953
- 56 **53D-1-401**, Utah Code Annotated 1953

- 57 **53D-1-402**, Utah Code Annotated 1953
- 58 **53D-1-403**, Utah Code Annotated 1953
- 59 **53D-1-501**, Utah Code Annotated 1953
- 60 **53D-1-502**, Utah Code Annotated 1953
- 61 **53D-1-503**, Utah Code Annotated 1953
- 62 **53D-1-601**, Utah Code Annotated 1953
- 63 **53D-1-602**, Utah Code Annotated 1953
- 64 **53D-1-603**, Utah Code Annotated 1953
- 65 **53D-1-604**, Utah Code Annotated 1953
- 66 **53D-1-701**, Utah Code Annotated 1953
- 67 **53D-1-702**, Utah Code Annotated 1953

68 REPEALS:

- 69 **51-7a-101**, as last amended by Laws of Utah 2011, Chapter 342
- 70 **51-7a-102**, as enacted by Laws of Utah 2006, Chapter 277
- 71 **51-7a-201**, as enacted by Laws of Utah 2006, Chapter 277
- 72 **51-7a-202**, as enacted by Laws of Utah 2006, Chapter 277
- 73 **51-7a-301**, as last amended by Laws of Utah 2010, Chapter 286
- 74 **51-7a-302**, as enacted by Laws of Utah 2006, Chapter 277

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

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

78 **53A-16-101.6. Creation of School Children's Trust Section -- Duties.**

79 (1) As used in this section:

- 80 (a) "School and institutional trust lands" is as defined in Section **53C-1-103**.
- 81 (b) "Section" means the School Children's Trust Section created in this section.

82 (c) "Trust" means:

- 83 (i) the School LAND Trust Program created in Section **53A-16-101.5**; and
- 84 (ii) the lands and funds associated with the trusts described in Subsection

85 **53C-1-103**(7).

86 (2) There is established a School Children's Trust Section within the State Office of
87 Education.

88 (3) (a) The section shall have a director.

89 (b) The director shall have professional qualifications and expertise in the areas
90 generating revenue to the trust, including:

91 (i) economics;

92 (ii) energy development;

93 (iii) finance;

94 (iv) investments;

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

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

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

98 (viii) risk management; and

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

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

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

103 (e) The State Board of Education may:

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

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

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

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

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

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

116 (g) The State Board of Education may remove the director only by majority vote of a
117 quorum in an open and public meeting after proper notice and the inclusion of the removal item
118 on the agenda.

- 119 (4) The State Board of Education shall make rules regarding:
- 120 (a) regular reporting from the School Children's Trust Section director to the State
- 121 Board of Education, to allow the State Board of Education to fulfill its duties in representing
- 122 the trust beneficiaries; and
- 123 (b) the day-to-day reporting of the School Children's Trust Section director.
- 124 (5) (a) The director shall annually submit a proposed section budget to the State Board
- 125 of Education.
- 126 (b) After approving a section budget, the State Board of Education shall propose the
- 127 approved budget to the Legislature.
- 128 (6) The director is entitled to attend any presentation, discussion, meeting, or other
- 129 gathering concerning the trust, subject to:
- 130 (a) provisions of law prohibiting the director's attendance to preserve confidentiality; or
- 131 (b) other provisions of law that the director's attendance would violate.
- 132 ~~[(5)]~~ (7) The section shall have a staff.
- 133 ~~[(6)]~~ (8) The section shall protect current and future beneficiary rights and interests in
- 134 the trust consistent with the state's perpetual obligations under:
- 135 (a) the Utah Enabling Act;
- 136 (b) the Utah Constitution;
- 137 (c) state statute; and
- 138 (d) standard trust principles described in Section [53C-1-102](#).
- 139 ~~[(7)]~~ (9) The section shall promote:
- 140 (a) productive use of school and institutional trust lands[-]; and
- 141 (b) the efficient and prudent investment of funds managed by the School and
- 142 Institutional Trust Fund Office, created in Section [53D-1-201](#).
- 143 ~~[(8)]~~ (10) The section shall provide representation, advocacy, and input:
- 144 (a) on behalf of current and future beneficiaries of the trust, school community
- 145 councils, schools, and school districts;
- 146 (b) on federal, state, and local land decisions and policies that affect the trust; and
- 147 (c) to:
- 148 (i) the School and Institutional Trust Lands Administration;
- 149 (ii) the School and Institutional Trust Lands Board of Trustees;

- 150 (iii) the Legislature;
- 151 [~~(iv)~~] ~~the state treasurer;~~
- 152 (iv) the School and Institutional Trust Fund Office, created in Section 53D-1-201;
- 153 (v) the School and Institutional Trust Fund Board of Trustees, created in Section
- 154 53D-1-301;
- 155 [~~(v)~~] (vi) the attorney general;
- 156 [~~(vi)~~] (vii) the public; and
- 157 [~~(vii)~~] (viii) other entities as determined by the section.
- 158 [~~(9)~~] (11) The section shall provide independent oversight on the prudent and
- 159 profitable management of the trust and report annually to the State Board of Education and the
- 160 Legislature.
- 161 [~~(10)~~] (12) The section shall provide information requested by a person or entity
- 162 described in Subsections [~~(8)~~] (10)(c)(i) through [~~(v)~~] (vii).
- 163 Section 2. Section **53C-1-201** is amended to read:
- 164 **53C-1-201. Creation of administration -- Purpose -- Director -- Participation in**
- 165 **Risk Management Fund.**
- 166 (1) (a) There is established within state government the School and Institutional Trust
- 167 Lands Administration.
- 168 (b) The administration shall manage all school and institutional trust lands and assets
- 169 within the state, except as otherwise provided in Title 53C, Chapter 3, Deposit and Allocation
- 170 of Revenue from Trust Lands, and [~~Sections 51-7a-201 and 51-7a-202~~] Title 53D, Chapter 1,
- 171 School and Institutional Trust Fund Management Act.
- 172 (2) The administration is an independent state agency and not a division of any other
- 173 department.
- 174 (3) (a) It is subject to the usual legislative and executive department controls except as
- 175 provided in this Subsection (3).
- 176 (b) (i) The director may make rules as approved by the board that allow the
- 177 administration to classify a business proposal submitted to the administration as protected
- 178 under Section 63G-2-305, for as long as is necessary to evaluate the proposal.
- 179 (ii) The administration shall return the proposal to the party who submitted the
- 180 proposal, and incur no further duties under Title 63G, Chapter 2, Government Records Access

181 and Management Act, if the administration determines not to proceed with the proposal.

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

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

185 (c) The director shall make rules in compliance with Title 63G, Chapter 3, Utah
186 Administrative Rulemaking Act, except that the administration is not subject to Subsections
187 63G-3-301(6) and (7) and Section 63G-3-601, and the director, with the board's approval, may
188 establish a procedure for the expedited approval of rules, based on written findings by the
189 director showing:

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

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

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

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

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

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

201 (ii) The board may approve, upon recommendation of the director, that exemption for
202 specific positions under Subsections 67-19-12(2) and 67-19-15(1) is required in order to enable
203 the administration to efficiently fulfill its responsibilities under the law. The director shall
204 consult with the executive director of the Department of Human Resource Management prior
205 to making such a recommendation.

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

209 (iv) Salaries for exempted positions, except for the director, shall be set by the director,
210 after consultation with the executive director of the Department of Human Resource
211 Management, within ranges approved by the board. The board and director shall consider

212 salaries for similar positions in private enterprise and other public employment when setting
213 salary ranges.

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

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

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

224 (ii) The following fees of the administration are subject to the requirements of Section
225 63J-1-504: application, assignment, amendment, affidavit for lost documents, name change,
226 reinstatement, grazing nonuse, extension of time, partial conveyance, patent reissue, collateral
227 assignment, electronic payment, and processing.

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

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

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

238 (6) In connection with joint ventures and other transactions involving trust lands and
239 minerals approved under Sections 53C-1-303 and 53C-2-401, the administration, with board
240 approval, may become a member of a limited liability company under Title 48, Chapter 2c,
241 Utah Revised Limited Liability Company Act, or Title 48, Chapter 3a, Utah Revised Uniform
242 Limited Liability Company Act, as appropriate pursuant to Section 48-3a-1405 and is

243 considered a person under Section 48-2c-102 or Section 48-3a-102.

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

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

247 **53C-1-203. Board of trustees nominating committee -- Composition --**
248 **Responsibilities -- Per diem and expenses.**

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

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

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

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

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

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

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

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

272 (c) The president of the Utah Association of Counties shall designate the chair of the
273 Public Lands Steering Committee, who must be an elected county commissioner or councilor,

274 to serve as the eleventh member of the nominating committee.

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

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

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

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

285 (5) (a) The nominating committee shall nominate at least two candidates for each
286 position or vacancy which occurs on the board of trustees except for the governor's appointee
287 under Subsection 53C-1-202(5).

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

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

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

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

293 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
294 63A-3-107.

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

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

298 **53C-3-102. Deposit and allocation of money received.**

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

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

304 (2) All money received from the sale of lands granted by Section 6 of the Utah

305 Enabling Act for the support of the common schools, all money received from the sale of lands
306 selected in lieu of those lands, all money received from the United States under Section 9 of the
307 Utah Enabling Act, all money received from the sale of lands or other securities acquired by the
308 state from the investment of those funds, all sums paid for fees, all forfeitures, and all penalties
309 paid in connection with these sales shall be deposited in the Permanent State School Fund.

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

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

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

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

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

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

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

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

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

334 **Part 1. General Provisions**

335 **53D-1-101. Title.**

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

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

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

340 **53D-1-102. Definitions.**

341 (1) "Account" means the School and Institutional Trust Fund Management Account,
342 created in Section [53D-1-203](#).

343 (2) "Beneficiaries":

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

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

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

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

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

352 (6) "Nominating committee" means the committee established under Section
353 [53D-1-501](#).

354 (7) "Office" means the School and Institutional Trust Fund Office, created in Section
355 [53D-1-201](#).

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

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

359 (a) the sale or use of land granted to the state under Sections 6, 8, and 12 of the
360 Enabling Act;

361 (b) proceeds referred to in Section 9 of the Enabling Act from the sale of public land;
362 and

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

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

366 **53D-1-103. Application of other law.**

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

369 (2) Subject to Subsection 63E-1-304(2), the office may participate in coverage under
370 the Risk Management Fund, created in Section 63A-4-201.

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

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

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

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

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

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

382 (ii) other requirements that the board establishes.

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

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

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

395 (ii) The director position is exempt from Section 67-19-12 and the career service
396 provisions of Title 67, Chapter 19, Utah State Personnel Management Act, as provided in
397 Subsection 67-19-15(1).

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

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

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

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

407 **53D-1-104. Attorney general representation.**

408 (1) The attorney general shall:

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

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

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

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

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

417 **53D-1-105. Annual audit by state auditor.**

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

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

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

424 (2) The state auditor shall:

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

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

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

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

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

431 **53D-1-201. School and Institutional Trust Fund Office -- Status -- Duties.**

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

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

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

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

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

441 **53D-1-202. Access to office records and personnel.**

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

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

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

450 **53D-1-203. Funding of office operations.**

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

453 (2) The account is funded by money deposited into the account as provided in
454 Subsection (3).

455 (3) The director of school and institutional trust lands, appointed under Section
456 53C-1-301, shall annually deposit an amount of money into the account equal to the annual
457 appropriation made to the office by the Legislature.

458 (4) If the amount of money deposited into the account under Subsection (3) in any year
459 exceeds the amount required by the office during that year to fund its operations, the office

460 shall distribute that excess money proportionately to the various funds established for the
461 beneficiaries of land grants under the enabling act, based on the balances of those funds as of
462 June 30.

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

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

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

468 **53D-1-301. Board of trustees -- Creation -- Membership.**

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

470 (2) The board consists of:

471 (a) the state treasurer; and

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

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

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

478 (b) expertise in institutional investment management.

479 (4) (a) The term of a board member under Subsection (2)(b) is six years.

480 (b) Notwithstanding Subsection (4)(a), the nominating committee shall stagger terms
481 of initial board members so that the term of not more than one member expires in any year.

482 (c) A board member may not serve consecutive terms, except that:

483 (i) a board member whose term is less than six years because of the staggering of terms
484 under Subsection (4)(b) may serve a full consecutive term after the completion of the initial
485 term; and

486 (ii) a member appointed to fill a vacancy may serve a full consecutive term after filling
487 a previous unexpired term.

488 (d) A board member shall serve until a successor is appointed, confirmed, and
489 qualified.

490 (5) Before assuming duties as a board member, a member shall take an oath of office

491 that includes the following:

492 "I solemnly swear to carry out my duties as a member of the School and Institutional
493 Trust Fund Board of Trustees and to act with undivided loyalty to the beneficiaries of the trust
494 fund that the board oversees, to the best of my abilities and consistent with the law."

495 (6) The state treasurer may remove a board member for cause, subject to the
496 affirmative vote of at least two other board members, besides the state treasurer.

497 (7) The state treasurer shall fill a vacancy in the same manner as the initial appointment
498 under Subsection (2)(b)(i).

499 (8) A board member may not receive any compensation or benefits for the member's
500 service, but the member may receive per diem and travel expenses in accordance with:

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

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

503 (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and
504 [63A-3-107](#).

505 Section 14. Section **53D-1-302** is enacted to read:

506 **53D-1-302. Board chair and vice chair -- Quorum.**

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

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

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

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

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

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

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

517 **53D-1-303. Board authority and duties.**

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

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

520 (i) the office, including:

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

- 522 (B) a policy for the strategic allocation of trust fund assets;
523 (C) a soft dollar policy; and
524 (D) a policy articulating the board's investment philosophy for trust fund assets; and
525 (ii) the trust fund.
- 526 (b) Policies that the board adopts shall:
527 (i) be consistent with the enabling act, the Utah Constitution, and other applicable state
528 law;
529 (ii) reflect undivided loyalty to the beneficiaries consistent with fiduciary duties;
530 (iii) be designed to prudently optimize trust fund returns and increase the value of the
531 trust fund, consistent with the balancing of short-term and long-term interests, so that the
532 fiduciary duty of intergenerational equity is met;
533 (iv) be designed to maintain the integrity of the trust fund and prevent the
534 misapplication of money in the trust fund;
535 (v) enable the board to oversee the activities of the office; and
536 (vi) otherwise be in accordance with standard trust principles as provided by state law.
- 537 (3) The board shall:
538 (a) establish a conflict of interest policy for the office and board members;
539 (b) establish policies governing the evaluation, selection, and monitoring of
540 independent custodial arrangements;
541 (c) ensure that the office is managed according to law;
542 (d) establish bylaws to govern the board;
543 (e) establish the compensation of the director;
544 (f) annually examine the compensation and performance of the director as part of the
545 board's budget review process;
546 (g) annually report the director's compensation to the Legislature; and
547 (h) adopt policies to provide for annual training of board members regarding their
548 duties and responsibilities.
- 549 (4) The board may:
550 (a) after conferring with the director:
551 (i) hire one or more consultants to advise the board, director, or office on issues
552 affecting the management of the trust fund; and

553 (ii) pay compensation to any consultant hired under Subsection (4)(a)(i), subject to
554 budgetary constraints; and

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

557 Section 16. Section **53D-1-304** is enacted to read:

558 **53D-1-304. Board meetings.**

559 (1) The board shall hold at least nine meetings per year to conduct business.

560 (2) The board chair or two board members:

561 (a) may call a board meeting; and

562 (b) if calling a board meeting, shall provide as much advance notice as is reasonable
563 under the circumstances to all board members, the director, and the director of the school
564 children's trust section.

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

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

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

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

571 **Part 4. Director**

572 **53D-1-401. Appointment of director -- Qualifications -- Nature of employment --**
573 **Removal by State Board of Education petition.**

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

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

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

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

579 (b) expertise in institutional investment management.

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

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

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

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

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

589 **53D-1-402. Director duties and responsibilities.**

590 (1) The director has broad authority to manage the office to fulfill its purposes,
591 consistent with the enabling act, the Utah Constitution, state law, and board policies.

592 (2) The director shall:

593 (a) before assuming the duties of director, take an oath that includes the following:

594 "I solemnly swear to carry out my duties as director of the School and Institutional
595 Trust Fund Office with undivided loyalty to the beneficiaries of the trust fund managed by the
596 office, to the best of my abilities and consistent with the law.";

597 (b) carry out the policies of the board;

598 (c) act with undivided loyalty to those entitled to the benefit of income from the trust
599 fund, consistent with the director's fiduciary duties and responsibilities;

600 (d) follow the prudent investor rule, prudently seeking to obtain the optimum return
601 from the investment of trust fund money and assets, balancing short-term and long-term
602 interests under the principle of intergenerational equity;

603 (e) exercise full discretionary authority to manage, maintain, transfer, or sell assets of
604 the trust fund in the manner that the director determines to be most favorable to beneficiaries;

605 (f) maintain the integrity of the trust fund and prevent, through prudent management,
606 the misapplication of trust fund money;

607 (g) adopt rules, as provided in Subsection [53D-1-103\(3\)](#), that are necessary for the
608 proper exercise of the director's duties under this chapter and policies established by the board;

609 (h) faithfully manage the office under policies established by the board;

610 (i) annually submit to the board:

611 (i) an office budget; and

612 (ii) a financial plan for operations of the office;

613 (j) after board approval of the office budget, submit the budget to the governor and the
614 Legislature;

- 615 (k) direct and control budget expenditures;
616 (l) establish job descriptions and, within budgetary constraints, employ staff necessary
617 to accomplish the purposes of the office;
618 (m) in accordance with generally accepted principles of fund accounting, establish a
619 system to identify and account for the trust fund assets;
620 (n) notify the director of the school children's trust section of major items that the
621 director knows may be useful to the director of the school children's trust section in protecting
622 the rights of beneficiaries;
623 (o) maintain appropriate records of trust fund activities to enable auditors to conduct
624 periodic audits;
625 (p) respond in writing within a reasonable time to a request by the director of the
626 school children's trust section for information on policies and practices affecting the
627 management of the trust fund; and
628 (q) respond to a question that the board submits under Subsection [53D-1-303\(4\)\(c\)](#)
629 within a reasonable time after receiving the question.
630 (3) The office may:
631 (a) sue or be sued; and
632 (b) contract with other public agencies for personnel management services.
633 Section 19. Section **53D-1-403** is enacted to read:
634 **53D-1-403. Reports.**
635 (1) At least annually, the director shall report in person to the Legislative Management
636 Committee, the governor, and the State Board of Education, concerning the office's
637 investments, performance, estimated distributions, and other activities.
638 (2) The director shall report to the board concerning the work of the director and the
639 investment activities and other activities of the office:
640 (a) in a public meeting at least nine times per year; and
641 (b) as otherwise requested by the board.
642 (3) (a) Before November 1 of each year, the director shall:
643 (i) submit a written report to each school community council, created under Section
644 [53A-1a-108](#), concerning the office's investments, performance, estimated distributions, and
645 other activities; and

- 646 (ii) post the written report described in Subsection (3)(a)(i) on the office's website.
 - 647 (b) A report under Subsection (3)(a) shall be prepared in simple language designed to
 - 648 be understood by the general public.
 - 649 (4) The director shall provide to the board:
 - 650 (a) monthly written reports on the activities of the office;
 - 651 (b) quarterly financial reports; and
 - 652 (c) any other report requested by the board.
 - 653 (5) The director shall:
 - 654 (a) invite the director of the school children's trust section to attend any meeting at
 - 655 which the director gives a report under this section; and
 - 656 (b) provide the director of the school children's trust section:
 - 657 (i) a copy of any written report prepared under this section; and
 - 658 (ii) any other report requested by the director of the school children's trust section.
- 659 Section 20. Section **53D-1-501** is enacted to read:

660 **Part 5. Nominating Committee**

661 **53D-1-501. Nominating committee -- Membership -- Terms -- Vacancies --**

662 **Compensation.**

- 663 (1) There is established a School and Institutional Trust Fund Nominating Committee.
- 664 (2) The nominating committee consists of:
- 665 (a) two members appointed by the State Board of Education;
- 666 (b) two members, appointed by the director of the school children's trust section, each
- 667 of whom is a member of a respected professional organization;
- 668 (c) the chief investment officer of the University of Utah endowment;
- 669 (d) the chief investment officer of the Utah State University endowment; and
- 670 (e) the director of the school children's trust section.
- 671 (3) An individual appointed as a member of the nominating committee under
- 672 Subsections (2)(a) or (b) shall be appointed based on the individual's expertise in:
- 673 (a) investment finance;
- 674 (b) institutional asset management;
- 675 (c) trust administration; or
- 676 (d) the practice of law in the areas of capital markets, securities law, trusts,

677 foundations, endowments, investment finance, institutional asset management, or trust
 678 administration.

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

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

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

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

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

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

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

691 (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and
 692 [63A-3-107](#).

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

694 **53D-1-502. Chair and vice chair -- Quorum and voting requirements -- Bylaws --**
 695 **Staff.**

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

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

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

700 (3) The nominating committee shall establish bylaws to govern the nominating
 701 committee.

702 (4) The school children's trust section shall provide staff support to the nominating
 703 committee.

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

705 **53D-1-503. Nominating process -- Replacement list of candidates -- Interim**
 706 **appointment.**

707 (1) The nominating committee shall nominate at least two candidates for each position

708 or vacancy on the board.

709 (2) The nominating committee shall:

710 (a) nominate candidates who meet the criteria stated in Subsection 53D-1-301(3); and

711 (b) consider the character and reputation of candidates the nominating committee

712 nominates.

713 (3) If the state treasurer considers the candidates nominated under Subsection (1) to be

714 unacceptable, the state treasurer may request the nominating committee to nominate at least

715 two other candidates per appointment.

716 (4) As many times as the state treasurer considers candidates nominated by the

717 nominating committee to be unacceptable under Subsection (3), the nominating committee

718 shall follow the process described in Subsections (1) and (2) until the state treasurer appoints a

719 candidate.

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

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

722 **53D-1-601. General management and investment principles -- Duty of person with**
723 **special skills or expertise.**

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

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

727 (a) manage and invest in good faith and with the care a prudent professional in a like

728 position would exercise under similar circumstances;

729 (b) consider, as relevant:

730 (i) general economic conditions;

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

732 (iii) any expected tax consequences of investment decisions or strategies;

733 (iv) the role that each investment or course of action plays within the overall

734 investment portfolio of the trust fund;

735 (v) the expected net return from income and the appreciation of investments;

736 (vi) the expected returns and risk characteristics of individual assets;

737 (vii) the needs of the beneficiaries to receive distributions and to preserve capital;

738 (viii) liquidity;

739 (ix) asset allocation; and
740 (x) costs and management fees; and
741 (c) make management and investment decisions about an individual asset not in
742 isolation but in the context of the trust fund's portfolio of investments as a whole and as part of
743 an overall investment strategy, having risk and return objectives reasonably suited to the trust
744 fund and to the beneficiaries.

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

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

750 **53D-1-602. Office authority, responsibilities, and duties.**

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

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

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

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

758 (a) consistent with this part; and

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

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

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

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

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

768 **53D-1-603. Director authority, responsibilities, and duties.**

769 (1) (a) The director may delegate to an external agent the management of a portion of

770 the trust fund money or assets, if the delegation is prudent under the circumstances and
771 consistent with the purposes of the trust fund.

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

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

777 (a) selecting an agent;

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

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

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

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

783 **53D-1-604. Compliance not determined by hindsight.**

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

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

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

789 **53D-1-701. Petition for review of director or office decision or action -- Hearing**
790 **examiner -- Decision -- Judicial review.**

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

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

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

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

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

799 (b) If the board appoints a hearing examiner under Subsection (2)(a), the board shall, in
800 conducting its review and making its decision on the petition, consider the hearing examiner's

801 recommendation.

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

803 (a) make findings and conclusions and base its decision on the findings and
804 conclusions;

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

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

810 (4) A person aggrieved by a final decision of the board on a petition filed under this
811 section may seek judicial review of that decision as provided in Sections [63G-4-402](#) and
812 [63G-4-403](#).

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

814 **53D-1-702. Board rules on petition for review of director or office decision or**
815 **action.**

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

818 (2) Rules under Subsection (1) shall ensure procedural due process in proceedings
819 relating to a petition under Section [53D-1-701](#).

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

821 **63E-1-102. Definitions -- List of Independent entities.**

822 As used in this title:

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

824 (2) "Committee" means the Retirement and Independent Entities Committee created by
825 Section [63E-1-201](#).

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

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

831 (i) independent state agency; or

- 832 (ii) independent corporation.
- 833 (b) "Independent entity" includes the:
- 834 (i) Utah Dairy Commission created by Section 4-22-2;
- 835 (ii) Heber Valley Historic Railroad Authority created by Section 63H-4-102;
- 836 (iii) Utah State Railroad Museum Authority created by Section 63H-5-102;
- 837 (iv) Utah Science Center Authority created by Section 63H-3-103;
- 838 (v) Utah Housing Corporation created by Section 35A-8-704;
- 839 (vi) Utah State Fair Corporation created by Section 63H-6-103;
- 840 (vii) Workers' Compensation Fund created by Section 31A-33-102;
- 841 (viii) Utah State Retirement Office created by Section 49-11-201;
- 842 (ix) School and Institutional Trust Lands Administration created by Section
- 843 53C-1-201;
- 844 (x) School and Institutional Trust Fund Office created by Section 53D-1-201;
- 845 [~~(x)~~] (xi) Utah Communications Agency Network created by Section 63C-7-201;
- 846 [~~(xi)~~] (xii) Utah Energy Infrastructure Authority created by Section 63H-2-201;
- 847 [~~(xii)~~] (xiii) Utah Capital Investment Corporation created by Section 63M-1-1207; and
- 848 [~~(xiii)~~] (xiv) Military Installation Development Authority created by Section
- 849 63H-1-201.
- 850 (c) Notwithstanding this Subsection (4), "independent entity" does not include:
- 851 (i) the Public Service Commission of Utah created by Section 54-1-1;
- 852 (ii) an institution within the state system of higher education;
- 853 (iii) a city, county, or town;
- 854 (iv) a local school district;
- 855 (v) a local district under Title 17B, Limited Purpose Local Government Entities - Local
- 856 Districts; or
- 857 (vi) a special service district under Title 17D, Chapter 1, Special Service District Act.
- 858 (5) "Independent state agency" means an entity that is created by the state, but is
- 859 independent of the governor's direct supervisory control.
- 860 (6) "Money held in trust" means money maintained for the benefit of:
- 861 (a) one or more private individuals, including public employees;
- 862 (b) one or more public or private entities; or

863 (c) the owners of a quasi-public corporation.

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

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

871 Section 30. **Repealer.**

872 This bill repeals:

873 Section **51-7a-101, Title.**

874 Section **51-7a-102, Definitions.**

875 Section **51-7a-201, Investment of land grant trust funds.**

876 Section **51-7a-202, State treasurer to follow "prudent investor" rule -- Standard of**
877 **care.**

878 Section **51-7a-301, Investment advisory committee -- Creation.**

879 Section **51-7a-302, Investment advisory committee -- Duties.**

880 Section 31. **Effective date.**

881 This bill takes effect on July 1, 2014.