

**Representative Steve Waldrip** proposes the following substitute bill:

**FUND OF FUNDS MODIFICATIONS**

2022 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Scott D. Sandall**

House Sponsor: Steve Waldrip

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**LONG TITLE**

**General Description:**

This bill relates to the Utah Capital Investment Corporation and the Utah fund of funds.

**Highlighted Provisions:**

This bill:

- ▶ repeals the Utah Capital Investment Board;
- ▶ modifies and repeals certain provisions relating to the Utah Capital Investment Corporation and the Utah fund of funds to begin the process of winding up the affairs of those entities;
- ▶ modifies the Utah Capital Investment Restricted Account to accept funds disbursed to the state by the Utah Capital Investment Corporation or the Utah fund of funds;
- ▶ exempts the Utah fund of funds from the Utah Money Management Act; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:



- 26            **51-7-2**, as last amended by Laws of Utah 2021, Chapter 33
- 27            **63N-6-103**, as last amended by Laws of Utah 2021, Chapter 438
- 28            **63N-6-204**, as enacted by Laws of Utah 2021, Chapter 438
- 29            **63N-6-301**, as last amended by Laws of Utah 2021, Chapter 438
- 30            **63N-6-303**, as last amended by Laws of Utah 2021, Chapter 438
- 31            **63N-6-305**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 32            **63N-6-401**, as last amended by Laws of Utah 2015, Chapter 420 and renumbered and
- 33 amended by Laws of Utah 2015, Chapter 283
- 34            **63N-6-402**, as last amended by Laws of Utah 2021, Chapter 438
- 35            **63N-6-404**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 36            **63N-6-405**, as last amended by Laws of Utah 2015, Chapter 420 and renumbered and
- 37 amended by Laws of Utah 2015, Chapter 283
- 38            **63N-6-410**, as last amended by Laws of Utah 2015, Chapter 420 and renumbered and
- 39 amended by Laws of Utah 2015, Chapter 283
- 40 REPEALS:
- 41            **63N-6-101**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 42            **63N-6-102**, as last amended by Laws of Utah 2015, Chapter 420 and renumbered and
- 43 amended by Laws of Utah 2015, Chapter 283
- 44            **63N-6-201**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 45            **63N-6-202**, as last amended by Laws of Utah 2019, Chapter 136
- 46            **63N-6-203**, as last amended by Laws of Utah 2019, Chapter 214
- 47            **63N-6-302**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 48            **63N-6-304**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 49            **63N-6-306**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 50            **63N-6-403**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 51            **63N-6-406**, as last amended by Laws of Utah 2021, Chapter 438
- 52            **63N-6-407**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 53            **63N-6-408**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 54            **63N-6-409**, as renumbered and amended by Laws of Utah 2015, Chapter 283
- 55            **63N-6-411**, as renumbered and amended by Laws of Utah 2015, Chapter 283

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

58 Section 1. Section **51-7-2** is amended to read:

59 **51-7-2. Exemptions from chapter.**

60 The following funds are exempt from this chapter:

61 (1) funds invested in accordance with the participating employees' designation or  
62 direction pursuant to a public employees' deferred compensation plan established and operated  
63 in compliance with Section 457 of the Internal Revenue Code of 1986, as amended;

64 (2) funds of the Utah State Retirement Board;

65 (3) funds of the Utah Housing Corporation;

66 (4) endowment funds of higher education institutions;

67 (5) permanent and other land grant trust funds established pursuant to the Utah  
68 Enabling Act and the Utah Constitution;

69 (6) the State Post-Retirement Benefits Trust Fund;

70 (7) the funds of the Utah Educational Savings Plan;

71 (8) funds of the permanent state trust fund created by and operated under Utah  
72 Constitution, Article XXII, Section 4;

73 (9) the funds in the Navajo Trust Fund;

74 (10) the funds in the Radioactive Waste Perpetual Care and Maintenance Account;

75 (11) the funds in the Employers' Reinsurance Fund;

76 (12) the funds in the Uninsured Employers' Fund;

77 (13) the Utah State Developmental Center Long-Term Sustainability Fund, created in  
78 Section [62A-5-206.7](#); ~~and~~

79 (14) the funds in the Risk Management Fund created in Section [63A-4-201](#)[:]; and

80 (15) the Utah fund of funds created in Section [63N-6-401](#).

81 Section 2. Section **63N-6-103** is amended to read:

82 **63N-6-103. Definitions.**

83 As used in this part:

84 (1) "Board" means the ~~[Utah Capital Investment Board]~~ board of directors of the  
85 corporation.

86 ~~[(2) "Certificate" means a contract between the board and a designated investor under~~  
87 ~~which a contingent tax credit is available and issued to the designated investor.]~~

88 ~~[(3) (a) Except as provided in Subsection (3)(b), "claimant" means a resident or~~  
89 ~~nonresident person.]~~

90 ~~[(b) "Claimant" does not include an estate or trust.]~~

91 ~~[(4) "Commitment" means a written commitment by a designated purchaser to~~  
92 ~~purchase from the board certificates presented to the board for redemption by a designated~~  
93 ~~investor. Each commitment shall state the dollar amount of contingent tax credits that the~~  
94 ~~designated purchaser has committed to purchase from the board.]~~

95 ~~[(5) "Contingent tax credit" means a contingent tax credit issued under this part that is~~  
96 ~~available against tax liabilities imposed by Title 59, Chapter 7, Corporate Franchise and~~  
97 ~~Income Taxes, or Title 59, Chapter 10, Individual Income Tax Act, if there are insufficient~~  
98 ~~funds in the redemption reserve and the board has not exercised other options for redemption~~  
99 ~~under Subsection [63N-6-408\(3\)\(b\)](#).]~~

100 ~~[(6) (2) "Corporation" means the Utah Capital Investment Corporation created under~~  
101 ~~Section [63N-6-301](#).~~

102 ~~[(7) "Designated investor" means:]~~

103 ~~[(a) a person who makes a private investment; or]~~

104 ~~[(b) a transferee of a certificate or contingent tax credit.]~~

105 ~~[(8) "Designated purchaser" means:]~~

106 ~~[(a) a person who enters into a written undertaking with the board to purchase a~~  
107 ~~commitment; or]~~

108 ~~[(b) a transferee who assumes the obligations to make the purchase described in the~~  
109 ~~commitment.]~~

110 ~~[(9) "Estate" means a nonresident estate or a resident estate.]~~

111 ~~[(10) "Person" means an individual, partnership, limited liability company, corporation,~~  
112 ~~association, organization, business trust, estate, trust, or any other legal or commercial entity.]~~

113 ~~[(11) "Private investment" means:]~~

114 ~~[(a) an equity interest in the Utah fund of funds; or]~~

115 ~~[(b) a loan to the Utah fund of funds initiated before July 1, 2014, including a loan that~~  
116 ~~was originated before July 1, 2014, and that is refinanced one or more times on or after July 1,~~  
117 ~~2014.]~~

118 ~~[(12) "Redemption reserve" means the reserve established by the corporation to:]~~

119 ~~[(a) facilitate the cash redemption of certificates; and]~~  
 120 ~~[(b) provide money for the state as directed by statute.]~~  
 121 ~~[(13)]~~ (3) "Restricted account" means the Utah Capital Investment Restricted Account  
 122 created in Section 63N-6-204.

123 ~~[(14) "Taxpayer" means a taxpayer:]~~  
 124 ~~[(a) of an investor; and]~~  
 125 ~~[(b) if that taxpayer is a:]~~  
 126 ~~[(i) claimant;]~~  
 127 ~~[(ii) estate; or]~~  
 128 ~~[(iii) trust.]~~

129 ~~[(15) "Trust" means a nonresident trust or a resident trust.]~~

130 ~~[(16)]~~ (4) "Utah fund of funds" means a ~~[limited partnership or]~~ limited liability  
 131 company established under Section 63N-6-401 ~~[in which a designated investor purchases an~~  
 132 ~~equity interest].~~

133 Section 3. Section 63N-6-204 is amended to read:

134 **63N-6-204. Utah Capital Investment Restricted Account.**

135 (1) There is created a restricted account within the General Fund known as the Utah  
 136 Capital Investment Restricted Account.

137 (2) The restricted account shall be funded by~~[:]~~ disbursements from the Utah fund of  
 138 funds or the corporation.

139 ~~[(a) redemption reserve money and other money from the corporation as directed by~~  
 140 ~~statute; and]~~

141 ~~[(b) appropriations made to the account by the Legislature.]~~

142 (3) The state treasurer shall:

143 (a) administer the account;

144 ~~[(a)]~~ (b) invest money in the restricted account in accordance with Title 51, Chapter 7,  
 145 State Money Management Act; and

146 ~~[(b)]~~ (c) deposit interest or other earnings derived from investment of restricted  
 147 account money into the restricted account.

148 (4) The Legislature may appropriate funds from the restricted account to the General  
 149 Fund or for any other lawful purpose.

150           ~~[(4) Subject to appropriations by the Legislature, the restricted account shall be~~  
151 ~~administered by the Governor's Office of Economic Opportunity for economic development,~~  
152 ~~infrastructure, state parks, recreation, education innovation, or other purposes as directed by the~~  
153 ~~Legislature.]~~

154           ~~[(5) An appropriation from the restricted account is nonlapsing.]~~

155           Section 4. Section **63N-6-301** is amended to read:

156           **63N-6-301. Utah Capital Investment Corporation -- Powers and purposes --**  
157 **Reporting requirements.**

158           (1) (a) There is created an independent quasi-public nonprofit corporation known as the  
159 Utah Capital Investment Corporation.

160           (b) The corporation:

161           (i) may exercise all powers conferred on independent corporations under Section  
162 [63E-2-106](#);

163           (ii) is subject to the prohibited participation provisions of Section [63E-2-107](#); and

164           (iii) is subject to the other provisions of Title 63E, Chapter 2, Independent  
165 Corporations Act, except as otherwise provided in this part.

166           (c) The corporation shall file with the Division of Corporations and Commercial Code:

167           (i) articles of incorporation; and

168           (ii) any amendment to its articles of incorporation.

169           (d) In addition to the articles of incorporation, the corporation may adopt bylaws and  
170 operational policies that are consistent with this chapter.

171           (e) Except as otherwise provided in this part, this part does not exempt the corporation  
172 from the requirements under state law which apply to other corporations organized under Title  
173 63E, Chapter 2, Independent Corporations Act.

174           (2) The purposes of the corporation are to:

175           (a) ~~[organize]~~ administer the Utah fund of funds;

176           (b) select an investment fund allocation manager to ~~[make venture capital and private~~  
177 ~~equity fund]~~ manage investments by the Utah fund of funds;

178           (c) negotiate the terms of a contract with the investment fund allocation manager;

179           (d) execute the contract with the selected investment fund manager on behalf of the  
180 Utah fund of funds; and

181 ~~[(e) receive funds paid by designated investors for the issuance of certificates by the~~  
182 ~~board for private investment in the Utah fund of funds;]~~

183 ~~[(f)] (e) receive investment returns from the Utah fund of funds[; and].~~

184 ~~[(g) establish the redemption reserve to be used by the corporation to:]~~

185 ~~[(i) redeem certificates; and]~~

186 ~~[(ii) provide money for the state as directed by statute.]~~

187 (3) The corporation may not:

188 (a) exercise governmental functions;

189 (b) have members;

190 (c) pledge the credit or taxing power of the state or any political subdivision of the  
191 state; or

192 (d) make its debts payable out of any money except money of the corporation.

193 (4) The obligations of the corporation are not obligations of the state or any political  
194 subdivision of the state within the meaning of any constitutional or statutory debt limitations,  
195 but are obligations of the corporation payable solely and only from the corporation's funds.

196 (5) The corporation may:

197 (a) engage consultants and legal counsel;

198 (b) expend funds;

199 (c) invest funds;

200 (d) issue debt and equity, and borrow funds;

201 (e) enter into contracts;

202 (f) insure against loss;

203 (g) hire employees; and

204 (h) perform any other act necessary to carry out its purposes.

205 (6) (a) The corporation shall~~[-in consultation with the board,]~~ publish on or before  
206 September 1 an annual report of the activities conducted by the Utah fund of funds and submit,  
207 in accordance with Section [68-3-14](#), the written report to:

208 (i) the governor;

209 (ii) the Business, Economic Development, and Labor Appropriations Subcommittee;

210 (iii) the Business and Labor Interim Committee; and

211 (iv) the Retirement and Independent Entities Interim Committee.

- 212 (b) The annual report shall:
- 213 (i) be designed to provide clear, accurate, and accessible information to the public, the  
214 governor, and the Legislature;
- 215 (ii) include a copy of the audit of the Utah fund of funds described in Section  
216 [63N-6-405](#);
- 217 (iii) include a detailed balance sheet, revenue and expenses statement, and cash flow  
218 statement;
- 219 [~~(iv) include detailed information regarding new fund commitments made during the~~  
220 ~~year, including the amount of money committed;~~]
- 221 [~~(v) include the net rate of return of the Utah fund of funds from the inception of the~~  
222 ~~Utah fund of funds, after accounting for all expenses, including administrative and financing~~  
223 ~~costs;~~]
- 224 [~~(vi)~~ (iv) include detailed information regarding:
- 225 (A) realized gains from investments and any realized losses; and
- 226 (B) unrealized gains and any unrealized losses based on the net present value of  
227 ongoing investments;
- 228 [~~(vii)~~ (v) include detailed information regarding all yearly expenditures, including:
- 229 (A) administrative, operating, and financing costs;
- 230 (B) aggregate compensation information for full- and part-time employees, including  
231 benefit and travel expenses; and
- 232 (C) expenses related to the allocation manager;
- 233 [~~(viii)~~ (vi) include detailed information regarding all funding sources for  
234 administrative, operations, and financing expenses, including expenses charged by or to the  
235 Utah fund of funds, including management and placement fees;
- 236 [~~(ix) review the progress of the investment fund allocation manager in implementing~~  
237 ~~its investment plan and provide a general description of the investment plan;~~]
- 238 [~~(x)~~ (vii) for each individual fund that the Utah fund of funds is invested in that  
239 represents at least 5% of the net assets of the Utah fund of funds, include the name of the fund,  
240 the total value of the fund, the fair market value of the Utah fund of funds' investment in the  
241 fund, and the percentage of the total value of the fund held by the Utah fund of funds; and
- 242 [~~(xi) include the number of companies in Utah where an investment was made from a~~



243 fund that the Utah fund of funds is invested in, and provide an aggregate count of new full-time  
244 employees in the state added by all companies where investments were made by funds that the  
245 Utah fund of funds is invested in;]

246 [(xii) (viii) include an aggregate total value for all funds the Utah fund of funds is  
247 invested in[, and an aggregate total amount of money invested in the state by the funds the Utah  
248 fund of funds is invested in;].

249 [(xiii) describe any redemption or transfer of a certificate issued under this part;]

250 [(xiv) include actual and estimated potential appropriations the Legislature will be  
251 required to provide as a result of redeemed certificates or tax credits during the following five  
252 years;]

253 [(xv) include an evaluation of the state's progress in accomplishing the purposes stated  
254 in Section [63N-6-102](#); and]

255 [(xvi) be directly accessible to the public via a link from the main page of the Utah  
256 fund of fund's website:]

257 [(c) The annual report may not identify a specific designated investor who has  
258 redeemed or transferred a certificate.]

259 [(7) (a) On or before December 1, 2021, the corporation shall provide a written report  
260 to the president of the Senate and the speaker of the House of Representatives that includes a  
261 detailed plan, time line, and recommendations for the future of the corporation:]

262 [(b) The plan shall include recommendations describing:]

263 [(i) the divestment of the state from any future liability of the corporation and a time  
264 line for realizing gains and winding down all investments from the current Utah fund of funds;]

265 [(ii) any plans that the corporation has to raise capital for a fund similar to the current  
266 Utah fund of funds that does not require certificates, contingent tax credits, or other guarantees  
267 from the state to be provided to equity investors;]

268 [(iii) whether the corporation should continue as an independent quasi-public nonprofit  
269 corporation under Title 63E, Chapter 2, Independent Corporations Act;]

270 [(iv) if the corporation recommends continuing as an independent quasi-public  
271 nonprofit corporation, why the corporation should continue, and what benefits the corporation  
272 will provide to the state in terms of economic development, job growth, or other benefits;]

273 [(v) whether the corporation should be liquidated or dissolved under Section

274 ~~63N-3-306;~~]

275 ~~[(vi) if the corporation recommends that the corporation be liquidated or dissolved, a~~  
276 ~~detailed plan and time line for dissolution that includes recommendations regarding how assets~~  
277 ~~and realized gains of the corporation should be distributed;]~~

278 ~~[(vii) whether the corporation should be privatized in accordance with Title 63E,~~  
279 ~~Chapter 1, Part 4, Privatization of Independent Entities; and]~~

280 ~~[(viii) if the corporation recommends that the corporation be privatized, a detailed plan~~  
281 ~~and time line for privatization that includes recommendations regarding the distribution of~~  
282 ~~assets and realized gains of the corporation.]~~

283 ~~[(8) In relation to the written report described in Subsection (7), the corporation:]~~

284 ~~[(a) may seek potential commitments through letters of intent or other means to~~  
285 ~~demonstrate the viability of raising capital for a new fund as described in Subsection (7)(b)(ii);~~  
286 ~~and]~~

287 ~~[(b) may not enter into any binding commitments related to a new fund as described in~~  
288 ~~Subsection (7)(b)(ii), unless the corporation receives specific authorization through legislation~~  
289 ~~passed by the Legislature after the report described in Subsection (7) is provided.]~~

290 Section 5. Section **63N-6-303** is amended to read:

291 **63N-6-303. Board of directors.**

292 ~~[(1) The initial board of directors of the corporation shall consist of five members.]~~

293 ~~[(2) The persons elected to the initial board of directors by the appointment committee~~  
294 ~~shall include persons who have an expertise, as considered appropriate by the appointment~~  
295 ~~committee, in the areas of:]~~

296 ~~[(a) the selection and supervision of investment managers;]~~

297 ~~[(b) fiduciary management of investment funds; and]~~

298 ~~[(c) other areas of expertise as considered appropriate by the appointment committee.]~~

299 ~~[(3) After the election of the initial board of directors, vacancies in the board of~~  
300 ~~directors of the corporation shall be filled by election by the remaining directors of the~~  
301 ~~corporation.]~~

302 ~~[(4) (a) Board members shall serve four-year terms, except that of the five initial~~  
303 ~~members:]~~

304 ~~[(i) two shall serve four-year terms;]~~

305 ~~[(ii) two shall serve three-year terms; and]~~

306 ~~[(iii) one shall serve a two-year term.]~~

307 ~~[(b) Board members shall serve until their successors are elected and qualified and may~~  
308 ~~serve up to a maximum of two successive terms.]~~

309 ~~[(c) A majority of the board members may remove a board member for cause.]~~

310 ~~[(d) (i) The board shall select a chair by majority vote.]~~

311 ~~[(ii) The chair's term is for one year, which may be extended annually by a majority~~  
312 ~~vote of the members of the board of directors.]~~

313 (1) The corporation's board of directors comprises the state treasurer and two  
314 individuals designated by the state treasurer.

315 ~~[(5)]~~ (2) ~~[(Three)]~~ Two members of the board are a quorum for the transaction of  
316 business.

317 ~~[(6)]~~ (3) Members of the board of directors:

318 (a) are subject to any restrictions on conflicts of interest specified in the organizational  
319 documents of the corporation; and

320 ~~[(b) shall annually disclose any venture capital and private equity interests to the~~  
321 ~~corporation; and]~~

322 ~~[(c)]~~ (b) may not participate in a vote by the board of directors related to an investment  
323 by the Utah fund of funds, if the member has an interest in the investment.

324 ~~[(7)]~~ (4) Directors of the corporation:

325 (a) shall be compensated for direct expenses and mileage; and

326 (b) may not receive a director's fee or salary for service as directors.

327 Section 6. Section **63N-6-305** is amended to read:

328 **63N-6-305. Management fee -- Additional financial assistance.**

329 (1) The corporation may charge a management fee on assets under management in the  
330 Utah fund of funds.

331 ~~[(2) The fee shall:]~~

332 ~~[(a) be in addition to any fee charged to the Utah fund of funds by the venture capital~~  
333 ~~investment fund allocation manager selected by the corporation; and]~~

334 ~~[(b) be charged only to pay for reasonable and necessary costs of the corporation.]~~

335 ~~[(3) The corporation may apply for and, when qualified, receive financial assistance~~

336 ~~from the Industrial Assistance Account under Chapter 3, Part 1, Industrial Assistance Account,~~  
337 ~~and under rules made by the Board of Business and Economic Development in accordance with~~  
338 ~~Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to help establish the program~~  
339 ~~authorized under this part.]~~

340 (2) The management fee described in Subsection (1) may not, in a calendar year,  
341 exceed 1% of the asset value of the Utah fund of funds on the immediately preceding  
342 December 31.

343 (3) In addition to the management fee, the Utah fund of funds will pay directly or  
344 reimburse the corporation for out-of-pocket expenses, including fund administration, tax and  
345 audit fees and costs, investment and monitoring costs, and similar expenses incurred in  
346 connection with the operation of the corporation or the Utah fund of funds.

347 Section 7. Section **63N-6-401** is amended to read:

348 **63N-6-401. Organization of Utah fund of funds.**

349 (1) The corporation shall organize, and be the sole member and manager of, the Utah  
350 fund of funds.

351 (2) The Utah fund of funds shall ~~[make investments in venture capital and private~~  
352 ~~equity partnerships or entities in a manner and for the following purposes:]~~ hold and manage  
353 investments made by the Utah fund of funds and proceeds from those investments until  
354 disbursed to the restricted account or used to pay the fees and expenses described in this  
355 chapter.

356 ~~[(a) to encourage the availability of a wide variety of venture capital in the state;]~~

357 ~~[(b) to strengthen the economy of the state;]~~

358 ~~[(c) to help business in the state gain access to sources of capital;]~~

359 ~~[(d) to help build a significant, permanent source of capital available to serve the needs~~  
360 ~~of businesses in the state; and]~~

361 ~~[(e) to accomplish all these benefits in a way that minimizes the use of contingent tax~~  
362 ~~credits:]~~

363 (3) The Utah fund of funds shall be organized~~[-(a)]~~ as a ~~[limited partnership or]~~  
364 limited liability company ~~[under Utah law having the corporation and qualified investment~~  
365 ~~professionals as the general partner or manager;],~~ with the corporation as the sole member and  
366 manager.

367 ~~[(b) to provide for equity interests for designated investors, which provide for a~~  
 368 ~~designated scheduled return and a scheduled redemption in accordance with rules made by the~~  
 369 ~~board pursuant to Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and]~~

370 ~~[(c) to provide for loans by or the issuance of debt obligations to designated investors~~  
 371 ~~that provide for designated payments of principal, interest, or interest equivalent in accordance~~  
 372 ~~with rules made by the board pursuant to Title 63G, Chapter 3, Utah Administrative~~  
 373 ~~Rulemaking Act.]~~

374 ~~[(4) Public money may not be invested in the Utah fund of funds.]~~

375 (4) The Utah fund of funds may not invest money after May 4, 2022, unless the Utah  
 376 fund of funds committed to the investment before May 4, 2022.

377 (5) The corporation may disburse proceeds of investments from the Utah fund of funds  
 378 into the restricted account at any time the corporation determines is in the best interest of the  
 379 state, leaving sufficient funds to pay expenses and fees owed by, or needed to wind up the  
 380 affairs of, the corporation or the Utah fund of funds.

381 (6) The state treasurer shall notify the Executive Appropriations Committee when all  
 382 investments held by the Utah fund of funds mature and the state treasurer determines it is  
 383 advisable to complete winding up the affairs of the corporation.

384 Section 8. Section **63N-6-402** is amended to read:

385 **63N-6-402. Compensation from the Utah fund of funds to the corporation --**  
 386 **Transfer to restricted account.**

387 (1) The corporation shall be compensated for its involvement in the Utah fund of funds  
 388 through the payment of the management fee described in Section **63N-6-305**.

389 ~~[(2) Before any returns may be reinvested in the Utah fund of funds:]~~

390 ~~[(a) any returns shall be paid to designated investors, including the repayment by the~~  
 391 ~~Utah fund of funds of any outstanding loans;]~~

392 ~~[(b) any returns in excess of those payable to designated investors shall be deposited in~~  
 393 ~~the redemption reserve and shall be:]~~

394 ~~[(i) held by the corporation as a first priority reserve for the redemption of certificates;~~  
 395 ~~and]~~

396 ~~[(ii) used by the corporation to provide money for the state as directed by statute;]~~

397 ~~[(c) any returns received by the corporation from investment of amounts held in the~~

398 ~~redemption reserve that are not used to provide money for the state as directed by statute shall~~  
399 ~~be added to the redemption reserve until the redemption reserve has reached a total of~~  
400 ~~\$250,000,000; and]~~

401 ~~[(d) if at the end of a calendar year the redemption reserve exceeds the \$250,000,000~~  
402 ~~limitation referred to in Subsection (2)(c), the corporation may reinvest the excess in the Utah~~  
403 ~~fund of funds.]~~

404 ~~[(3) Funds held by the corporation in the redemption reserve shall be invested in~~  
405 ~~accordance with Title 51, Chapter 7, State Money Management Act.]~~

406 ~~[(4)] (2) (a) [By June 30, 2021] On or before June 30, 2022, the [corporation] Utah~~  
407 ~~fund or funds shall transfer [ \$20,000,000 from the redemption reserve or other assets of the~~  
408 ~~corporation] \$15,000,000 to the state treasurer.~~

409 (b) The state treasurer shall deposit the money described in Subsection ~~[(4)] (2)~~(a) into  
410 the restricted account.

411 Section 9. Section ~~63N-6-404~~ is amended to read:

412 **63N-6-404. Powers of Utah fund of funds.**

413 ~~[(1)]~~ The Utah fund of funds may:

414 ~~[(a)] (1)~~ engage consultants and legal counsel;

415 ~~[(b)] (2)~~ expend funds;

416 ~~[(c)]~~ invest funds;]

417 ~~[(d)]~~ issue debt and borrow funds;]

418 ~~[(e)] (3)~~ enter into contracts; and

419 ~~[(f)]~~ insure against loss;]

420 ~~[(g)]~~ hire employees;]

421 ~~[(h)]~~ issue equity interests to designated investors that have purchased equity interest  
422 certificates from the board; and]

423 ~~[(i)] (4)~~ perform any other act necessary to carry out its purposes.

424 ~~[(2) (a)]~~ The Utah fund of funds shall engage a venture capital investment fund  
425 allocation manager;]

426 ~~[(b)]~~ The compensation paid to the fund manager shall be in addition to the  
427 management fee paid to the corporation under Section ~~63N-6-305~~.]

428 ~~[(3)]~~ The Utah fund of funds may;]

429 ~~[(a) open and manage bank and short-term investment accounts as considered~~  
430 ~~necessary by the venture capital investment fund allocation manager; and]~~

431 ~~[(b) expend money to secure investment ratings for investments by designated~~  
432 ~~investors in the Utah fund of funds.]~~

433 Section 10. Section **63N-6-405** is amended to read:

434 **63N-6-405. Annual audits.**

435 (1) Each calendar year, an audit of the activities of the Utah fund of funds shall be  
436 made as described in this section.

437 (2) (a) The audit shall be conducted by:

438 (i) the state auditor; or

439 (ii) an independent auditor engaged by the state auditor.

440 (b) An independent auditor used under Subsection (2)(a)(ii) must have no business,  
441 contractual, or other connection to:

442 (i) the corporation; or

443 (ii) the Utah fund of funds.

444 (3) The corporation shall pay the costs associated with the annual audit.

445 (4) The annual audit report shall:

446 (a) be delivered to:

447 (i) the corporation; and

448 (ii) the ~~[board]~~ state treasurer;

449 (b) include a valuation of the assets owned by the Utah fund of funds as of the end of  
450 the reporting year;

451 (c) include an opinion regarding the accuracy of the information provided in the annual  
452 report described in Subsection **63N-6-301(6)**; and

453 ~~[(d) include an opinion regarding the accuracy of the information that supports the~~  
454 ~~economic development impact in the state of the Utah fund of funds as described in~~  
455 ~~Subsections **63N-6-203(3)(b)(ii)** and **63N-6-406(3)**; and]~~

456 ~~[(e)]~~ (d) be completed on or before September 1 for the previous calendar year so that  
457 it may be included in the annual report described in Subsection **63N-6-301(6)**.

458 Section 11. Section **63N-6-410** is amended to read:

459 **63N-6-410. Powers and effectiveness.**

460 (1) This chapter may not be construed as a restriction or limitation upon any power  
461 which the board might otherwise have under any other law of this state and the provisions of  
462 this chapter are cumulative to those powers.

463 (2) This chapter shall be construed to provide a complete, additional, and alternative  
464 method for performing the duties authorized and shall be regarded as supplemental and  
465 additional powers to those conferred by any other laws.

466 ~~[(3) With respect to a debt-based private investment only, the provisions of any~~  
467 ~~contract entered into by the board or the Utah fund of funds may not be compromised,~~  
468 ~~diminished, invalidated, or affected by the:]~~

469 ~~[(a) level, timing, or degree of success of the Utah fund of funds or the investment~~  
470 ~~funds in which the Utah fund of funds invests; or]~~

471 ~~[(b) extent to which the investment funds are:]~~

472 ~~[(i) invested in Utah venture capital projects; or]~~

473 ~~[(ii) successful in accomplishing any economic development objectives:]~~

474 Section 12. **Repealer.**

475 This bill repeals:

476 Section **63N-6-101, Title.**

477 Section **63N-6-102, Findings -- Purpose.**

478 Section **63N-6-201, Utah Capital Investment Board.**

479 Section **63N-6-202, Board members -- Meetings -- Expenses.**

480 Section **63N-6-203, Board duties and powers.**

481 Section **63N-6-302, Incorporator -- Appointment committee.**

482 Section **63N-6-304, Investment manager.**

483 Section **63N-6-306, Dissolution.**

484 Section **63N-6-403, Investments by Utah fund of funds.**

485 Section **63N-6-406, Certificates and contingent tax credits.**

486 Section **63N-6-407, Transfer and registration of certificates.**

487 Section **63N-6-408, Redemption of certificates.**

488 Section **63N-6-409, Use of commitments to redeem certificates.**

489 Section **63N-6-411, Permissible investments.**

490 Section 13. **Effective date.**



491            This bill takes effect on July 1, 2022, except that the changes to Sections [63N-6-401](#)  
492 and [63N-6-402](#) take effect on May 4, 2022.