

Utah Code -- Title 51 -- Chapter 07a -- Investment of Land Grant Trust Fund Monies

51-7a-101. Title.

This chapter is known as the "Investment of Land Grant Trust Fund Monies."

51-7a-102. Definitions.

As used in this chapter, "land grant trust funds" means the permanent and other land grant trust funds established under the Utah Enabling Act and the Utah Constitution.

51-7a-201. Investment of land grant trust funds.

(1) The state treasurer shall:

(a) invest land grant trust funds with the primary goal of providing for the stability, income, and growth of the principal;

(b) in making investment decisions, consider:

(i) general economic conditions;

(ii) the possible effect of inflation or deflation;

(iii) the role that each investment or course of action plays within the overall trust portfolio;

(iv) the expected total return from income and the appreciation of capital;

(v) other resources of the beneficiaries; and

(vi) needs for liquidity, regularity of income, and preservation or appreciation of capital; and

(c) diversify the investments of the trust funds, unless the state treasurer reasonably determines that the purposes of the trust funds are better served without diversifying.

(2) Nothing in this section requires a specific outcome in investing.

(3) The state treasurer may deduct any administrative costs incurred in managing trust fund assets from earnings before distributing them.

(4) (a) The state treasurer may employ professional asset managers to assist in the investment of assets of the trust funds.

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

51-7a-202. State treasurer to follow "prudent investor" rule -- Standard of care.

(1) The state treasurer shall invest and manage the trust fund assets as a prudent investor would, by:

(a) considering the purposes, terms, distribution requirements, and other circumstances of the trust funds; and

(b) exercising reasonable care, skill, and caution in order to meet the standard of care of a prudent investor.

(2) In determining whether or not the state treasurer has met the standard of care of a prudent investor, the judge or finder of fact shall:

(a) consider the state treasurer's actions in light of the facts and circumstances existing at the time of the investment decision or action, and not by hindsight; and

(b) evaluate the state treasurer's investment and management decisions respecting individual assets:

(i) not in isolation, but in the context of a trust fund portfolio as a whole; and

(ii) as a part of an overall investment strategy that has risk and return objectives reasonably suited to the trust funds.

51-7a-301. Investment advisory committee -- Creation.

(1) (a) There is created an investment advisory committee of seven members appointed as follows:

- (i) one member appointed by the president of the University of Utah;
- (ii) one member appointed by the president of Utah State University;
- (iii) two members appointed by the state superintendent of public instruction;
- (iv) one member appointed by the president of the Utah Education Association;
- (v) one member appointed by the president of the Utah Parent Teachers

Association; and

(vi) one member appointed by the Board of Trustees of the School and Institutional Trust Lands Administration.

(b) In making appointments, the appointing authority shall appoint candidates with experience in securities, investments, or banking, or other experience that would aid the committee in fulfilling its responsibilities.

(2) (a) (i) Except as required by Subsection (2)(a)(ii), as terms of current committee members expire, the appointing authority shall appoint each new member or reappointed member to a four-year term.

(ii) The appointing authority shall, at the time of appointment or reappointment, adjust the length of terms to ensure that the terms of committee members are staggered so that approximately half of the committee is appointed every two years.

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

(3) The investment advisory committee shall meet at least quarterly.

(4) The investment advisory committee shall elect a chair and vice chair.

(5) (a) A committee member shall disclose any conflict of interest to the board.

(b) If the conflict involves a direct, personal financial interest in either the subject under consideration or an entity or asset that could be substantially affected by the outcome of committee advice, the member may not vote on the matter.

(6) (a) (i) Members who are not government employees shall receive no compensation or benefits for their services, but may receive per diem and expenses incurred in the performance of the member's official duties at the rates established by the Division of Finance under Sections **63A-3-106** and **63A-3-107**.

(ii) Members may decline to receive per diem and expenses for their service.

(b) (i) State government officer and employee members who do not receive salary, per diem, or expenses from their agency for their service may receive per diem and expenses incurred in the performance of their official duties from the committee at the rates established by the Division of Finance under Sections **63A-3-106** and **63A-3-107**.

(ii) A state government member who is a member because of his state government position may not receive per diem or expenses for his service.

(iii) State government officer and employee members may decline to receive per diem and expenses for their service.

(c) (i) Local government members who do not receive salary, per diem, or expenses from the entity that they represent for their service may receive per diem and expenses incurred in the performance of their official duties at the rates established by the

Division of Finance under Sections **63A-3-106** and **63A-3-107**.

(ii) Local government members may decline to receive per diem and expenses for their service.

51-7a-302. Investment advisory committee -- Duties.

(1) The investment advisory committee shall:

- (a) review investment reports prepared by the state treasurer's office; and
- (b) monitor portfolio composition and investment performance.

(2) The committee may prepare and present a report concerning the stability, income, and growth of the funds, if any, to:

- (a) the state treasurer;
- (b) affected beneficiary representatives; and
- (c) other interested parties.

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