

First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0061.01 Ed DeCecco

SENATE BILL 11-174

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SENATE SPONSORSHIP

Heath,

HOUSE SPONSORSHIP

Gerou and Riesberg,

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Senate Committees  
Business, Labor and Technology

House Committees

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A BILL FOR AN ACT

101 CONCERNING A STATE FUND OF FUNDS.

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill establishes the fund of funds advisory board. A fund of funds is a pool of capital that is raised to be invested by a management team in multiple venture and private equity partnerships. The advisory board is required to create a report, which it will present to the finance committees of the house of representatives and the senate, that includes the following:

! An analysis of any fund of funds created in other states;

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*



- 1 (I) DEEPEN THE CAPITAL POOL;
- 2 (II) EXPAND THE NUMBER OF VENTURE CAPITAL FUNDS ACTIVE IN
- 3 THE STATE;
- 4 (III) STIMULATE MORE INVESTMENT FROM EXISTING CAPITAL
- 5 FUNDS; AND
- 6 (IV) ENHANCE DEAL FLOW AND FINANCING VOLUME;
- 7 (f) TWENTY-THREE STATES CURRENTLY HAVE A FUND OF FUNDS;
- 8 AND
- 9 (g) IN ORDER TO ENHANCE THE SUCCESS OF A COLORADO FUND OF
- 10 FUNDS, IT IS NECESSARY TO IDENTIFY A SOURCE OF PUBLIC MONEYS THAT
- 11 CAN BE USED TO LEVERAGE ADDITIONAL PRIVATE INVESTMENT.

12 (2) IN ENACTING THIS PART 4, IT IS THE INTENT OF THE GENERAL

13 ASSEMBLY TO BEGIN THE PROCESS OF ESTABLISHING A STATE FUND OF

14 FUNDS BY ESTABLISHING A FUND OF FUNDS ADVISORY BOARD THAT WILL

15 PROVIDE A REPORT TO THE GENERAL ASSEMBLY.

16 **24-46-402. Definitions.** AS USED IN THIS PART 4, UNLESS THE

17 CONTEXT OTHERWISE REQUIRES:

18 (1) "ADVISORY BOARD" MEANS THE FUND OF FUNDS ADVISORY

19 BOARD CREATED IN SECTION 24-46-403 (1).

20 (2) "FUND OF FUNDS" MEANS A POOL OF CAPITAL THAT IS RAISED

21 TO BE INVESTED BY A MANAGEMENT TEAM IN MULTIPLE VENTURE AND

22 PRIVATE EQUITY PARTNERSHIPS.

23 **24-46-403. Fund of funds advisory board - created - report.**

24 (1) (a) THE FUND OF FUNDS ADVISORY BOARD IS HEREBY CREATED IN THE

25 COMMISSION. THE ADVISORY BOARD CONSISTS OF NINE MEMBERS, OF

26 WHOM FIVE SHALL BE APPOINTED BY THE GOVERNOR, TWO SHALL BE

27 APPOINTED BY THE PRESIDENT OF THE SENATE, AND TWO SHALL BE

1 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.  
2 MEMBERS SHALL BE APPOINTED NO LATER THAN SEPTEMBER 1, 2011,  
3 WITH TERMS THAT EXPIRE ON JULY 1, 2012. THE ORIGINAL APPOINTING  
4 AUTHORITY SHALL FILL ANY VACANCY BY APPOINTMENT FOR THE  
5 REMAINDER OF AN UNEXPIRED TERM.

6 (b) A MEMBER OF THE ADVISORY BOARD MUST BE A RESIDENT OF  
7 THIS STATE AND HAVE EXPERIENCE IN VENTURE CAPITAL, INVESTMENT  
8 BANKING, INSTITUTIONAL INVESTMENT, FUND MANAGEMENT, OR BANKING.

9 (c) MEMBERS OF THE ADVISORY BOARD SHALL SERVE WITHOUT  
10 COMPENSATION AND WITHOUT REIMBURSEMENT FOR EXPENSES.

11 (2) ON OR BEFORE FEBRUARY 1, 2012, THE ADVISORY BOARD  
12 SHALL PREPARE A REPORT REGARDING A POTENTIAL STATE FUND OF  
13 FUNDS. THE REPORT SHALL INCLUDE THE FOLLOWING:

14 (a) AN ANALYSIS OF ANY FUND OF FUNDS CREATED IN OTHER  
15 STATES;

16 (b) A RECOMMENDATION ON WHETHER A FUND OF FUNDS CAN BE  
17 IMPLEMENTED IN THE STATE;

18 (c) A RECOMMENDATION AS TO THE OPTIMAL STRUCTURE FOR THE  
19 STATE FUND OF FUNDS, IF ONE IS FEASIBLE; AND

20 (d) IDENTIFICATION OF ANY POSSIBLE SOURCES OF PUBLIC MONEYS  
21 TO BE INVESTED IN THE STATE FUND OF FUNDS.

22 (3) (a) ON OR BEFORE MARCH 1, 2012, THE ADVISORY BOARD  
23 SHALL PRESENT THE REPORT TO THE FINANCE COMMITTEES OF THE HOUSE  
24 OF REPRESENTATIVES AND THE SENATE, OR THEIR SUCCESSOR  
25 COMMITTEES.

26 (b) A COPY OF THE REPORT SHALL BE AVAILABLE ON THE WEB SITE  
27 MAINTAINED BY THE COMMISSION.

1           **24-46-404. Repeal of part.** THIS PART 4 IS REPEALED, EFFECTIVE  
2 JULY 1, 2012.

3           **SECTION 2. Act subject to petition - effective date.** This act  
4 shall take effect at 12:01 a.m. on the day following the expiration of the  
5 ninety-day period after final adjournment of the general assembly (August  
6 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a  
7 referendum petition is filed pursuant to section 1 (3) of article V of the  
8 state constitution against this act or an item, section, or part of this act  
9 within such period, then the act, item, section, or part shall not take effect  
10 unless approved by the people at the general election to be held in  
11 November 2012 and shall take effect on the date of the official  
12 declaration of the vote thereon by the governor.