

# HOUSE BILL No. 4480

March 20, 2013, Introduced by Rep. Leonard and referred to the Committee on Commerce.

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending sections 9, 88c, and 88i (MCL 125.2009, 125.2088c, and  
125.2088i), sections 9 and 88c as amended by 2012 PA 145 and  
section 88i as added by 2005 PA 225.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 9. (1) The fund shall transmit to ~~the~~ **EACH MEMBER OF THE**  
2 legislature, **THE GOVERNOR, THE CLERK OF THE HOUSE OF**  
3 **REPRESENTATIVES, AND THE SECRETARY OF THE SENATE** annually a ~~status~~  
4 report of its activities. ~~The report shall include, but not be~~  
5 ~~limited to, information on name and location of all applicants,~~  
6 ~~amount and type of financial assistance being requested, type of~~  
7 ~~project or product being financed, number of net jobs created or~~  
8 ~~retained, duration of financial assistance, amount of financial~~  
9 ~~support other than state resources, and the status of any loans of~~

1 ~~the fund, excluding industrial development revenue loans, which are~~  
2 ~~in default.~~ THE REPORT SHALL BE TRANSMITTED NOT LATER THAN APRIL 10  
3 OF EACH YEAR FOR ACTIVITIES IN THE IMMEDIATELY PRECEDING STATE  
4 FISCAL YEAR. The report shall not include information exempt from  
5 disclosure under section 5. THE REPORT SHALL INCLUDE, BUT NOT BE  
6 LIMITED TO, ALL OF THE FOLLOWING FOR EACH PROGRAM OPERATED UNDER  
7 THIS ACT:

8 (A) A LIST OF ENTITIES THAT RECEIVED FINANCIAL ASSISTANCE.

9 (B) THE TYPE OF PROJECT OR PRODUCT BEING FINANCED.

10 (C) THE TYPE OF FINANCIAL ASSISTANCE.

11 (D) THE NUMBER OF NET JOBS COMMITTED OR RETAINED.

12 (E) THE DURATION OF THE FINANCIAL ASSISTANCE.

13 (F) THE AMOUNT OF FINANCIAL SUPPORT OTHER THAN STATE  
14 RESOURCES.

15 (G) MONEY OR OTHER REVENUE OR PROPERTY RETURNED TO THE FUND.

16 (H) THE STATUS OF ALL LOANS OF THE FUND, EXCLUDING INDUSTRIAL  
17 DEVELOPMENT REVENUE LOANS, THAT ARE IN DEFAULT.

18 (I) A SUMMARY OF THE APPROXIMATE ADMINISTRATIVE COSTS USED TO  
19 ADMINISTER THE PROGRAMS AND ACTIVITIES AUTHORIZED UNDER THIS ACT.

20 (J) ANY OTHER INFORMATION AS REQUIRED IN THIS SECTION.

21 (2) The auditor general or a certified public accountant  
22 appointed by the auditor general annually shall conduct and remit  
23 to the legislature an audit of the fund and, in the conduct of the  
24 audit, shall have access to all records of the fund at any time,  
25 whether or not confidential. Each audit required by this section  
26 shall include a determination of whether the fund is likely to be  
27 able to continue to meet its obligations, including a report on the

1 status of outstanding loans and agreements made by the fund.

2 (3) The fund shall also transmit the ~~status report described~~  
3 ~~in subsection (1) and~~ audit described in subsection (2) to the  
4 chairperson and minority vice-chairperson of the senate  
5 appropriations subcommittee on general government and the house of  
6 representatives appropriations subcommittee on general government.  
7 The fund shall make the ~~status report~~ and audit available to the  
8 public on the fund's website.

9 (4) THE REPORT DESCRIBED IN SUBSECTION (1) SHALL ALSO CONTAIN  
10 ALL OF THE FOLLOWING THAT ARE RELATED TO A 21ST CENTURY INVESTMENT  
11 MADE BY THE FUND BOARD UNDER CHAPTER 8A:

12 (A) THE AMOUNT OF QUALIFIED VENTURE CAPITAL FUND INVESTMENTS,  
13 QUALIFIED MEZZANINE FUND INVESTMENTS, AND QUALIFIED PRIVATE EQUITY  
14 FUND INVESTMENTS UNDER MANAGEMENT IN THIS STATE, INCLUDING YEAR-TO-  
15 YEAR GROWTH.

16 (B) THE VALUE OF LOAN ENHANCEMENT PROGRAM INVESTMENTS,  
17 QUALIFIED PRIVATE EQUITY FUND INVESTMENTS, QUALIFIED MEZZANINE FUND  
18 INVESTMENTS, AND QUALIFIED VENTURE CAPITAL INVESTMENTS IN QUALIFIED  
19 BUSINESSES, INCLUDING YEAR-TO-YEAR GROWTH.

20 (C) A STATEMENT OF THE AMOUNT OF MONEY IN EACH LOAN RESERVE  
21 FUND ESTABLISHED UNDER THE SMALL BUSINESS CAPITAL ACCESS PROGRAM  
22 REQUIRED UNDER CHAPTER 8A.

23 (5) THE REPORT DESCRIBED IN SUBSECTION (1) SHALL ALSO INCLUDE,  
24 BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING FOR ALL ACTIONS UNDER  
25 SECTION 88R:

26 (A) THE TOTAL ACTUAL AMOUNT OF QUALIFIED INVESTMENT ATTRACTED  
27 UNDER SECTION 88R AS REPORTED TO THE FUND.

1 (B) THE TOTAL ACTUAL NUMBER OF NEW JOBS CREATED UNDER SECTION  
2 88R AS REPORTED TO THE FUND.

3 (C) THE ACTUAL AMOUNT OF THE GRANT, LOAN, OR OTHER ECONOMIC  
4 ASSISTANCE MADE UNDER SECTION 88R SEPARATELY FOR EACH QUALIFIED  
5 BUSINESS VERIFIED BY THE FUND.

6 (D) FOR EACH QUALIFIED BUSINESS, WHETHER IT IS A NEW BUSINESS,  
7 WHETHER IT IS AN EXPANSION OF AN EXISTING BUSINESS, OR WHETHER IT  
8 RELOCATED FROM OUTSIDE OF THIS STATE.

9 (E) AN EVALUATION OF THE AGGREGATE RETURN ON INVESTMENT THAT  
10 THIS STATE REALIZES ON THE ACTUAL QUALIFIED NEW JOBS AND ACTUAL  
11 QUALIFIED INVESTMENT MADE BY QUALIFIED BUSINESSES.

12 (6) THE REPORT DESCRIBED IN SUBSECTION (1) SHALL ALSO INCLUDE,  
13 BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING FOR ALL ACTIONS UNDER  
14 CHAPTER 8B:

15 (A) FOR TOURISM PROMOTION EFFORTS, ALL OF THE FOLLOWING:

16 (i) AN ITEMIZED LIST BY MARKET OF HOW MUCH WAS SPENT, WHEN THE  
17 PROMOTION OCCURRED, AND THE TYPES OF MEDIA PURCHASED.

18 (ii) THE RETURN ON INVESTMENT ANALYSIS THAT UTILIZES EXISTING  
19 BASELINE DATA AND COMPARES RESULTS WITH PRIOR OUTCOME EVALUATIONS  
20 FUNDED BY TRAVEL MICHIGAN.

21 (B) FOR BUSINESS DEVELOPMENT EFFORTS, ALL OF THE FOLLOWING:

22 (i) AN ITEMIZED LIST BY MARKET OF HOW MUCH WAS SPENT, WHEN THE  
23 PROMOTION OCCURRED, AND THE TYPES OF MEDIA PURCHASED.

24 (ii) A PERFORMANCE ANALYSIS THAT COMPARES THE PROGRAM OR  
25 CAMPAIGN OBJECTIVES AND OUTCOME OF THE CAMPAIGN OR PROGRAM.

26 (7) THE REPORT DESCRIBED IN SUBSECTION (1) SHALL ALSO INCLUDE,  
27 BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING FOR ALL ACTIONS UNDER

1 SECTION 90D:

2 (A) THE TOTAL ACTUAL AMOUNT OF PRIVATE INVESTMENT ATTRACTED  
3 UNDER SECTION 90D AS REPORTED TO THE FUND.

4 (B) THE ACTUAL AMOUNT OF THE COMMUNITY REVITALIZATION  
5 INCENTIVES MADE UNDER CHAPTER 8C SEPARATELY FOR EACH PROJECT.

6 (C) THE TOTAL ACTUAL AMOUNT OF SQUARE FOOTAGE REVITALIZED OR  
7 ADDED FOR EACH PROJECT APPROVED UNDER SECTION 90D AS REPORTED TO  
8 THE FUND. WHEN REPORTING SQUARE FOOTAGE, THE PERSON MUST REPORT THE  
9 SQUARE FOOTAGE BY CATEGORY, INCLUDING, BUT NOT LIMITED TO,  
10 COMMERCIAL, RESIDENTIAL, OR RETAIL.

11 (D) THE AGGREGATE INCREASE IN TAXABLE VALUE OF ALL PROPERTY  
12 SUBJECT TO A WRITTEN AGREEMENT UNDER CHAPTER 8C WHEN ESTABLISHED  
13 AND RECORDED BY THE LOCAL UNITS OF GOVERNMENT AND AS REPORTED TO  
14 THE FUND.

15 (E) THE TOTAL ACTUAL NUMBER OF RESIDENTIAL UNITS REVITALIZED  
16 OR ADDED FOR EACH PROJECT APPROVED UNDER SECTION 90D AS REPORTED TO  
17 THE FUND.

18 (F) EACH PROJECT THAT RECEIVED A COMMUNITY REVITALIZATION  
19 INCENTIVE OUTSIDE THE FUND PROGRAM STANDARDS AND GUIDELINES AND WHY  
20 THE VARIANCE WAS GIVEN.

21 (G) A SUMMARY OF THE PROJECTED AND ACTUAL AGGREGATED TAXPAYER  
22 RETURN ON INVESTMENT FOR EACH ELIGIBLE INVESTMENT THAT RECEIVED A  
23 DISTRIBUTION IN THE REPORTING PERIOD.

24 (8) BEGINNING ON AND AFTER JANUARY 1, 2012, ON A MONTHLY BASIS  
25 THE FUND SHALL PROVIDE EXACT COPIES OF ALL INFORMATION REGARDING  
26 ALL ACTIONS UNDER CHAPTER 8C THAT IS PROVIDED TO BOARD MEMBERS OF  
27 THE FUND FOR THE PURPOSE OF MONTHLY BOARD MEETINGS, SUBJECT TO

1 CONFIDENTIALITY UNDER SECTION 5, TO EACH OF THE FOLLOWING AND POST  
2 THAT INFORMATION ON THE FUND'S WEBSITE:

3 (A) THE CHAIRPERSON AND MINORITY VICE-CHAIRPERSON OF THE HOUSE  
4 COMMERCE COMMITTEE.

5 (B) THE CHAIRPERSON AND MINORITY VICE-CHAIRPERSON OF THE HOUSE  
6 APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT.

7 (C) THE CHAIRPERSON AND MINORITY VICE-CHAIRPERSON OF THE  
8 SENATE ECONOMIC DEVELOPMENT COMMITTEE.

9 (D) THE CHAIRPERSON AND MINORITY VICE-CHAIRPERSON OF THE  
10 SENATE APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT.

11 (9) THE REPORT DESCRIBED IN SUBSECTION (1) SHALL ALSO INCLUDE  
12 THE ACTUAL ADMINISTRATIVE COSTS AND THE ACTUAL ADMINISTRATIVE COSTS  
13 AS A PERCENTAGE OF TOTAL COSTS USED TO ADMINISTER THE PROGRAMS  
14 DESCRIBED IN THE FOLLOWING SECTIONS:

15 (A) SECTION 88B.

16 (B) SECTION 88H.

17 (C) SECTION 90D(8).

18 (10) AS USED IN THIS SECTION, "FINANCIAL ASSISTANCE" MEANS  
19 GRANTS, LOANS, OTHER ECONOMIC ASSISTANCE, AND ANY OTHER INCENTIVES  
20 OR ASSISTANCE UNDER THIS ACT.

21 Sec. 88c. (1) The fund board shall exercise the duties of a  
22 fiduciary with respect to 21st century investments consistent with  
23 the purposes of this chapter. The prudent investor rule shall be  
24 applied by the fund board and any agent of the fund board in the  
25 management of 21st century investments. The prudent investor rule  
26 as applied to 21st century investments means that in making 21st  
27 century investments, the fund board shall exercise the judgment and

1 care under the circumstances then prevailing that an institutional  
2 investor of ordinary prudence, discretion, and intelligence would  
3 exercise in similar circumstances in a like position. The fund  
4 board shall maintain a reasonable diversification among 21st  
5 century investments consistent with the requirements of this  
6 chapter.

7 (2) The fund board shall select qualified private equity  
8 funds, qualified venture capital funds, and qualified mezzanine  
9 funds by issuing a request for proposal. At a minimum, the request  
10 for proposal shall require a responding entity to disclose any  
11 conflict of interest, disclose any criminal convictions, disclose  
12 any investigations by the internal revenue service, the securities  
13 and exchange commission, or any other federal or state taxing or  
14 securities regulatory body, or court, or pertinent litigation  
15 regarding the conduct of the person or entity. The fund board shall  
16 establish a standard process to evaluate proposals submitted as a  
17 result of a request for proposal and appoint a committee to review  
18 the proposals.

19 (3) The fund board shall ensure that a recipient of money  
20 under sections 88d, 88e, 88f, 88g, 88q, and 88r and chapter 8C  
21 agrees as a condition of receiving the money not to use the money  
22 for any of the following:

23 (a) The development of a stadium or arena for use by a  
24 professional sports team.

25 (b) The development of a casino regulated by this state under  
26 the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201  
27 to 432.226, a casino at which gaming is conducted under the Indian

1 gaming regulatory act, Public Law 100-497, 102 Stat. 2467, or  
2 property associated or affiliated with the operation of either type  
3 of casino described in this subdivision, including, but not limited  
4 to, a parking lot, hotel, motel, or retail store.

5 (4) The fund, ~~board shall establish requirements to ensure~~  
6 ~~that money expended under sections 88d, 88e, 88f, 88g, 88q, and 88r~~  
7 ~~and chapter 8C shall not be used for any of the following:~~**WITH**  
8 **ASSISTANCE FROM THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AND**  
9 **THE OFFICE OF THE CHIEF COMPLIANCE OFFICER, SHALL ESTABLISH**  
10 **POLICIES AND PROCEDURES TO CONDUCT BACKGROUND CHECKS ON EACH**  
11 **APPLICANT APPLYING FOR A GRANT, LOAN, OTHER ECONOMIC ASSISTANCE, OR**  
12 **ANY OTHER INCENTIVES OR ASSISTANCE UNDER THIS ACT.**

13 ~~—— (a) Provision of money to a person who has been convicted of a~~  
14 ~~criminal offense incident to the application for or performance of~~  
15 ~~a state contract or subcontract. As used in this subdivision, if a~~  
16 ~~person is a business entity, person includes affiliates,~~  
17 ~~subsidiaries, officers, directors, managerial employees as~~  
18 ~~determined by the board, and any person who, directly or~~  
19 ~~indirectly, holds a pecuniary interest in that business entity of~~  
20 ~~20% or more.~~

21 ~~—— (b) Provision of money to a person who has been convicted of a~~  
22 ~~criminal offense, or held liable in a civil proceeding, that~~  
23 ~~negatively reflects on the person's business integrity, based on a~~  
24 ~~finding of embezzlement, theft, forgery, bribery, falsification or~~  
25 ~~destruction of records, receiving stolen property, or violation of~~  
26 ~~state or federal antitrust statutes. As used in this subdivision,~~  
27 ~~if a person is a business entity, person includes affiliates,~~

1 ~~subsidiaries, officers, directors, managerial employees, and any~~  
2 ~~person who, directly or indirectly, holds a pecuniary interest in~~  
3 ~~that business entity of 20% or more.~~

4 ~~—— (c) Provision of money to a business enterprise to induce~~  
5 ~~qualified businesses or small businesses to leave this state.~~

6 ~~—— (d) Provision of money that would contribute to the violation~~  
7 ~~of internationally recognized workers rights, as defined in section~~  
8 ~~507(4) of the trade act of 1974, 19 USC 2467(4), of workers in a~~  
9 ~~country other than the United States, including any designated zone~~  
10 ~~or area in that country.~~

11 ~~—— (e) Provision of money to a corporation or an affiliate of the~~  
12 ~~corporation who is incorporated in a tax haven country after~~  
13 ~~September 11, 2001, while maintaining the United States as the~~  
14 ~~principal market for the public trading of the corporation's stock.~~  
15 ~~As used in this section, "tax haven country" includes a country~~  
16 ~~with tax laws that facilitate avoidance by a corporation or an~~  
17 ~~affiliate of the corporation of United States tax obligations,~~  
18 ~~including Barbados, Bermuda, British Virgin Islands, Cayman~~  
19 ~~Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of~~  
20 ~~Man, the principality of Liechtenstein, the principality of Monaco,~~  
21 ~~and the Republic of the Seychelles.~~

22 (5) Before adopting a resolution that establishes or  
23 substantially changes a 21st century investment program, including  
24 any fees, charges, or penalties attached to that program, the fund  
25 board shall give notice of the proposed resolution to the governor,  
26 to the clerk of the house of representatives, to the secretary of  
27 the senate, to members of the senate and house of representatives

1 appropriation committees, and to each person who requested from the  
2 fund in writing or electronically to be notified regarding proposed  
3 resolutions. The notice and proposed resolution and all attachments  
4 shall be published on the fund's internet website at least 10 days  
5 prior to the date that the proposed resolution is considered by the  
6 fund board. The fund board shall hold a public hearing and offer a  
7 person an opportunity to present data, views, questions, and  
8 arguments. Members of the fund board or 1 or more persons  
9 designated by the fund board who have knowledge of the subject  
10 matter of the proposed resolution shall be present at the public  
11 hearing and shall participate in the discussion of the proposed  
12 resolution. The fund board may act on the proposed resolution on  
13 the day of the public hearing. The fund board shall produce a final  
14 decision document that describes the basis for its decision. The  
15 final resolution and all attachments and the decision document  
16 shall be provided to the governor, to the clerk of the house of  
17 representatives, to the secretary of the senate, and to members of  
18 the senate and house of representatives appropriation committees  
19 and shall be published on the fund's internet website.

20 (6) The notice described in subsection (5) shall include all  
21 of the following:

22 (a) A copy of the proposed resolution and all attachments.

23 (b) A statement that the addressee may express any data,  
24 views, or arguments regarding the proposed resolution.

25 (c) The address to which written comments may be sent and the  
26 date by which comments must be mailed or electronically  
27 transmitted, which date shall not be before the date of the public

1 hearing.

2 (d) The date, time, and place of the public hearing.

3 (7) The fund board shall employ or contract with a fund  
4 manager or other persons it considers necessary to implement this  
5 section. The person employed or contracted under this subsection  
6 shall have not less than 10 years' experience in commercial  
7 lending, private equity, mezzanine funding, or venture capital. The  
8 person employed or contracted under this section shall exercise the  
9 duties of a fiduciary toward investments from the investment fund  
10 under this section. Management fees payable by the fund and other  
11 investors in a qualified private equity fund, a qualified mezzanine  
12 fund, or a qualified venture capital fund shall be considered an  
13 investment expense and not an administrative cost incurred by the  
14 fund.

15 (8) Subject to subsection (9), a record received, prepared,  
16 used, or retained by an investment fiduciary in connection with an  
17 investment or potential investment of the investment fund that  
18 relates to investment information pertaining to a portfolio company  
19 in which the investment fiduciary has invested or has considered an  
20 investment that is considered by the portfolio company and  
21 acknowledged by the investment fiduciary as confidential, or that  
22 relates to investment information whether prepared by or for the  
23 investment fiduciary regarding loans and assets directly owned by  
24 the investment fiduciary and acknowledged by the investment  
25 fiduciary as confidential, is exempt from the disclosure  
26 requirements of the freedom of information act, 1976 PA 442, MCL  
27 15.231 to 15.246, if at least annually the fund provides to the

1 fund board, and makes available to the public, a report of fund  
2 investments during the prior state fiscal year that includes all of  
3 the following:

4 (a) The name of each portfolio company in which the investment  
5 fund invested during the reporting period.

6 (b) The aggregate amount of money invested by the investment  
7 fund in portfolio companies during the reporting period.

8 (c) The rate of return realized during the reporting period on  
9 the investments of the investment fund in portfolio companies.

10 (d) The source of any public funds invested by the investment  
11 fund in portfolio companies during the reporting period.

12 (9) If a record described in subsection (8) is an agreement or  
13 instrument to which an investment fiduciary is a party, only those  
14 parts of the record that contain investment information are exempt  
15 from the disclosure requirements of the freedom of information act,  
16 1976 PA 442, MCL 15.231 to 15.246.

17 (10) As used in subsections (8) and (9):

18 (a) "Investment fiduciary" means a person who exercises any  
19 discretionary authority or control over an investment of the  
20 investment fund or renders investment advice for the fund for a fee  
21 or other direct or indirect compensation.

22 (b) "Investment information" means information that has not  
23 been publicly disseminated or that is unavailable from other  
24 sources, the release of which might cause a portfolio company or an  
25 investment fiduciary significant competitive harm. Investment  
26 information includes, but is not limited to, financial performance  
27 data and projections, financial statements, list of coinvestors and

1 their level of investment, product and market data, rent rolls, and  
2 leases.

3 (c) "Portfolio company" means an entity in which an investment  
4 fiduciary has made or considered an investment on behalf of the  
5 investment fund.

6 (d) "Record" means all or part of a writing, as that term is  
7 defined in section 2 of the freedom of information act, 1976 PA  
8 442, MCL 15.232.

9 Sec. 88i. (1) The office of the chief compliance officer is  
10 created within the ~~fund.~~ **DEPARTMENT OF TREASURY**. The office shall  
11 exercise its powers and duties under this section independently of  
12 the fund.

13 (2) The office shall assist the fund board with the creation,  
14 implementation, monitoring, and enforcement of policies and  
15 procedures to prevent illegal, unethical, or improper conduct on  
16 the part of fund board members, commercialization board members and  
17 employees, or agents of the fund board and commercialization board  
18 in carrying out their duties under this chapter.

19 (3) The principal executive officer of the office is the chief  
20 compliance officer. The ~~state administrative board~~ **DEPARTMENT OF**  
21 **TREASURY** shall be the appointing authority of the chief compliance  
22 officer.

23 (4) A person may not interfere with, prevent, or prohibit the  
24 chief compliance officer from carrying out his or her duties as  
25 established in this section and set by the state administrative  
26 board. The chief compliance officer is an employee for purposes of  
27 the whistleblowers' protection act, 1980 PA 469, MCL 15.361 to

1 15.369.

2 (5) All departments, state agencies, committees,  
3 commissioners, or officers of this state, the MEDC, and any  
4 political subdivision of this state, so far as is compatible with  
5 their duties, shall give the chief compliance officer any necessary  
6 assistance required by the chief compliance officer in the  
7 performance of the duties of the chief compliance officer. All  
8 departments, state agencies, committees, commissioners, or officers  
9 of this state, the MEDC, and any political subdivision of this  
10 state shall provide the chief compliance officer free access to any  
11 book, record, or document in their custody, relating to the matters  
12 within the scope of the chief compliance officer in the performance  
13 of his or her duties.

14 (6) The chief compliance officer shall do all of the  
15 following:

16 (a) Recommend policies and procedures, including, but not  
17 limited to, a conflict of interest policy, an investment policy,  
18 and an ethics policy to the fund board and the commercialization  
19 board that shall protect the state's assets consistent with the  
20 requirements of this chapter and applicable state and federal law.  
21 The chief compliance officer shall also assist in the design of the  
22 policies and procedures that will prevent violations from  
23 occurring, detect violations that have occurred, and correct such  
24 violations promptly.

25 (b) Assist employees and agents of the board and the  
26 commercialization board to ensure that they are in compliance with  
27 internal policies and procedures and with applicable state and

1 federal law.

2 (c) Provide guidance to the board, the commercialization  
3 board, and employees of the board and the commercialization board  
4 on matters related to compliance with internal policies and  
5 procedures and with applicable state and federal law.

6 (d) Make recommendations to the board, the commercialization  
7 board, and employees of the board and the commercialization board  
8 regarding the appropriate evaluation, investigation, and resolution  
9 of issues and concerns regarding compliance with internal policies  
10 and procedures and with applicable state and federal law.

11 (e) Review and evaluate compliance with internal policies and  
12 procedures and with applicable state and federal law.

13 (f) Cooperate with the office of the auditor general as the  
14 auditor general carries out his or her duties.

15 (g) Report quarterly to the fund board and the state  
16 administrative board regarding compliance with internal policies  
17 and procedures and with applicable state and federal law.

18 (h) Contact persons receiving awards, investments, grants, and  
19 loans under this chapter to the extent necessary to carry out  
20 responsibilities under this chapter.

21 (i) Prepare a written annual report that evaluates compliance  
22 with internal policies and procedures and with applicable state and  
23 federal law, explains any compliance matters that arose during the  
24 previous year, and suggests revisions to agency policies and  
25 procedures. Copies of the report shall be provided to the governor,  
26 the clerk of the house of representatives, the secretary of the  
27 senate, the chairpersons of the senate and house of representatives

1 committees on commerce, and the chairpersons of the senate and  
2 house of representatives committees on appropriations. The annual  
3 report shall also be published on the fund's internet website.

4 (j) Do all other things necessary to carry out the chief  
5 compliance officer's responsibilities under this section.

6 (7) As used in this section, "office" means the office of the  
7 chief compliance officer.