

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 72  
Committee Substitute Favorable 3/22/11  
Committee Substitute #2 Favorable 5/18/11  
Fourth Edition Engrossed 5/19/11

Short Title: Community College Investment Flexibility.

(Local)

Sponsors:

Referred to:

February 14, 2011

1 A BILL TO BE ENTITLED  
2 AN ACT GRANTING CERTAIN COMMUNITY COLLEGES ADDITIONAL  
3 FLEXIBILITY WITH REGARD TO INVESTMENTS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** Definitions. – The definitions in G.S. 115D-2 apply in this section.

6 **SECTION 1.(b)** Additional Investment Flexibility. – The board of trustees of an  
7 institution may invest moneys held in the institution's fund accounts as provided in this section.  
8 The investment options provided in this section are in addition to the investment options  
9 available to institutions under G.S. 115D-58.6. The board of trustees must exercise the  
10 following duties when managing and investing institutional funds under this section:

11 (1) Investment decisions must be based solely upon the interest of the college  
12 and the students, faculty, and staff of the college.

13 (2) Investments must be made for the exclusive purpose of providing an  
14 adequate return on investment to the college.

15 (3) Investments must be made with the care, skill, and caution under the  
16 circumstances then prevailing which a prudent person acting in a like  
17 capacity and familiar with those matters would use in the conduct of an  
18 activity of like character and purpose.

19 (4) Investment decisions must be made impartially, taking into account the best  
20 interest of the college, with special attention to conflicts of interest or  
21 potential conflicts of interest.

22 (5) Investments may incur only those costs that are appropriate and reasonable.

23 **SECTION 1.(c)** Investment Committee. – The board of trustees of an institution  
24 may appoint an Investment Committee. The Committee must consist of a minimum of three  
25 people who have sufficient financial background to review and evaluate investment options.  
26 These individuals should have experience in institutional or retail investment management with  
27 knowledge of fixed income and public equities. This Committee must make recommendations  
28 to the board of trustees on investment options and must monitor the performance of  
29 investments made.

30 **SECTION 1.(d)** Form of Investment. – The board of trustees of an institution,  
31 based upon the recommendations of its Investment Committee, may invest moneys held in its  
32 institutional fund accounts in any form of investment established or maintained by an  
33 investment advisor who meets both of the following conditions:



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- 1           (1)    Is registered and in good standing with either the Securities and Exchange  
2                    Commission or the North Carolina Secretary of State, Securities Division.  
3           (2)    Is a member of the Securities Investor Protection Corporation.  
4       **SECTION 2.** This act applies only to the following community colleges:  
5           (1)    Caldwell Community College and Technical Institute.  
6           (2)    Davidson County Community College.  
7           (3)    Isothermal Community College.  
8           (4)    Southeastern Community College.  
9           (5)    Vance-Granville Community College.  
10          (6)    Wilkes Community College.  
11       **SECTION 3.** This act is effective when it becomes law.