



# THE UNIVERSITY OF NORTH CAROLINA SYSTEM

## TRANSMITTAL LETTER

Transmittal Number 145

June 9, 2022

Policy Manual Number	Title	Action
<a href="#">600.2.1</a>	Policy on Endowment Funds	Adopted 05/26/22
<a href="#">700.7.2[R]</a>	Regulation on Awarding Credit for Military Training or Experience	Adopted 05/26/22
<a href="#">900.1[R]</a>	Regulation on the Residence Status of Students Receiving Full Scholarships	Amended 05/26/22 <i>Redline version attached</i>
<b>Repealed</b>		
<a href="#">900.1[G]</a>	Guideline on the Residence Status of Students Receiving Full Scholarships	Repealed 05/11/22
<b>Technical Corrections</b>		
<a href="#">400.2.3[R]</a>	Regulation on Mission Statements	Technical Correction 06/07/22 <i>Redline version attached</i>
<a href="#">600.2.1</a>	Policy on Endowment Funds	Technical Correction 06/02/22 <i>Redline version attached</i>
<a href="#">Appendix 1, The Code</a>	Section V. Budget Development and Administration	Technical Correction 01/27/22 <i>Redline version attached</i>

The actions taken on the above policy/regulations/guideline were reviewed and approved by the Board and the president for inclusion in the UNC Policy Manual following the May 26, 2022, Board of Governors meetings. The entire UNC Policy Manual is accessible at: <https://www.northcarolina.edu/apps/policy/index.php>

### **Regulation on the Residence Status of Students Receiving Full Scholarships**

N.C. Gen. Statute § 116-143.6 provides the conditions for constituent institutions to consider nonresident students who receive a full scholarship as resident students, for tuition and all other purposes. The following regulation is hereby adopted.

- I. Constituent institutions may consider as resident students, for tuition and all other purposes, nonresident students who receive a full scholarship from entities recognized by the institution. Participation by constituent institutions is optional. Constituent institutions participating must do so based on a resolution by its board of trustees. The resolution of the board of trustees can be approved at any time.
- II. Only undergraduate students may be considered residents pursuant to this regulation.
- III. A student who receives a “full” scholarship is one who receives a grant or grants that cover tuition, mandatory fees, room and board for the academic year in which the student is to be considered a resident.
- IV. The scholarship must come from one or more entities recognized in the board of trustees’ resolution or recognized by the chancellor pursuant to delegated authority from the board of trustees. This list may include both entities with which the constituent institution has a formal relationship and entities which do not have a formal relationship with the constituent institution. If an entity is recognized by the board of trustees or chancellor, all students receiving full scholarships from that entity must be treated as resident students in accordance with this provision.
- V. An institution may phase in this provision by recognizing only a limited number of entities initially and then approving an amendment to add other recognized entities.
- VI. Neither the constituent institution itself, nor a fund of the constituent institution, may be a recognized entity. However, the institution’s endowment may be a recognized entity if it is awarding scholarships that are derived totally from private funding sources. Division 2 and Division 3 athletic scholarships from institutional trust funds designated for athletics are exempt from this section.
- VII. A full scholarship may not include grants from state or federal funds distributed by the constituent institutions or administered by the North Carolina State Education Assistance Authority. ~~Division 2 and Division 3 athletic scholarships from institutional trust funds designated for athletics are exempt from this section.~~ If a Division 2 or Division 3 school uses associated entity or institutional trust funds designated for athletics to support a full scholarship, the scholarship is exempt from this section.
- VIII. Constituent institutions may include students considered residents pursuant to this section as in-state students in its enrollment funding request.
- IX. Nonresident students considered residents pursuant to this section must be separately flagged for data collection purposes.

X. Other Matters

A. Effective Date. The requirements of this regulation shall apply beginning with the fall semester of the 2021-22 academic year.

B. Relation to Federal and State Laws and Policies. The foregoing regulation as adopted by the president is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern or relate to the subject matter of this regulation.

### Regulation on Mission Statements

I. Purpose. The following regulation is designed to provide consistency and clarity regarding implementation of Section 400.2.1 of the UNC Policy Manual and Section 301 C of *The Code*, examination and determination of the mission and purpose of each University of North Carolina (UNC) System constituent institution.

A. N.C. Gen. Stat. § 116-1 (hereinafter G.S.) identifies that each constituent institution of the UNC System shares in a single mission, “. . . to discover, create, transmit, and apply knowledge to address the needs of individuals and society.” This overall mission is achieved in a coordinated manner by ensuring that each constituent institution is assigned a mission and function that is aligned with the overall needs of the state.

B. G.S. 116-1 further notes that the UNC System mission is accomplished through instruction; research, scholarship, and creative activities; and public service. Teaching and learning are identified as the primary responsibility of each constituent institution. The relative importance and inclusion of research and public service varies by institutional mission.

C. In order to ensure a well-planned and coordinated system of higher education, each UNC constituent institution has a mission that summarizes their unique and complementary role as part of the statewide System. That mission addresses teaching and learning, as well as the relative importance of research and public service.

ED. Mission statements shall reflect national, state, and regional needs, from the System perspective, so that the programs and resources of all institutions serve the state and its regions in a manner that complement each other, maximize resources, and avoid unnecessary duplication.

E. The Board of Governors has sole responsibility for formally reviewing and approving the mission and associated mission statement of each constituent institution. Section 301 C of *The Code* notes that the “Committee on Educational Planning, Policies, and Programs shall receive the advice and recommendations of the president and make recommendations to the board in all areas pertaining to the development of a coordinated system of higher education in North Carolina, including (a) the definition of mission and assignment of functions of each constituent institution. . . .”

###I. Definitions. The following operational definitions apply to this regulation:

A. “Mission.” The overall purpose of the constituent institution is articulated through the mix and level of academic programs offered, the range of colleges, schools, and departments on campus, and the scope and scale of teaching, research, and public service activities.

B. “Mission Statement.” The official document that broadly captures the core focus of the constituent institution and the distinctiveness of its approach to: teaching; research, scholarship, and creative activity; and public service.

C. “Other Statement.” Institutions often develop and publish other related statements that provide additional history, context, and future objectives (e.g., vision statements). These statements do not require approval by the Board of Governors, but cannot contradict the institution’s approved mission statement nor provide a broader or more expansive purpose than what is assigned to it through that statement.

~~IV~~III Requirements and Timeline

A. The president shall submit to the Board of Governors a review and recommendation on institutional mission statements on a periodic basis, typically at five-year intervals.

B. Chancellors shall be responsible for overseeing the institutional mission statement review process in accordance with the process identified by the president. This shall include review and consultation with faculty, staff, students, and the board of trustees.

C. While the mission statement is not intended to capture the full contribution of the constituent institution to the state, it should be specific and focused enough to provide a clear understanding of the distinctive role of each institution. The mission statement shall include, at a minimum the:

1. Distinctiveness of the institution and its values;
2. Role of teaching and learning at the institution, including the relative importance of research, scholarship, creative activity, and public service; and
3. Full scope of educational programs and level of degrees offered at the institution

~~V~~IV Other Matters

A. Effective Date. The requirements of this regulation shall be effective on the date of adoption of this regulation by the president.

B. Relation to State Laws. The foregoing regulation as adopted by the president is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this regulation.

### Policy on Endowment Funds

I. Authority. G.S. 116-36 provides the Board of Governors with authority to prescribe such terms and conditions under which each of the board of trustees of each constituent institution shall establish and maintain ~~an end~~-endowment fund for the constituent institution. Pursuant to and consistent with its authority under the North Carolina General Statutes, including G.S. 116-36, the Board of Governors adopts the following policy regarding the establishment and maintenance of endowment funds.

II. Endowment Property Exclusively for the Benefit of One Constituent Institution

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the board of trustees of each constituent institution shall establish and maintain an endowment fund for the constituent institution.

B. It is not the statutory intent underlying this policy that the proceeds from any endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the constituent institution may improve and increase its functions, may enlarge its area of service, and may become more useful to a greater number of people.

C. Pursuant to this policy each board of trustees shall appoint an investment board to be known as the "Board of Trustees of the Endowment Fund of \_\_\_\_\_" (here shall be inserted the name of the constituent institution).

D. The board of trustees of the endowment fund shall consist of no fewer than six members and no more than nine members, as determined by the board of trustees of the constituent institution. One member of the board of trustees of the endowment fund shall be the chair of the board of trustees of the constituent institution, one member shall be the chancellor of the constituent institution, and a third ex officio member shall be designated by the board of trustees of the constituent institution from among the officers of that board or of the committees of that board. The remainder of the members may be (but need not be) members of the board of trustees of the constituent institution and shall be elected by the board of trustees of the constituent institution for overlapping terms of three years each. The terms of the three elected members of the board of trustees shall be initially for one, two, and three years each. All elections thereafter shall be for a regular term of three years, except that any person elected by the board of trustees to fill a vacancy created otherwise than by the expiration of a term shall be elected to serve the remainder of the term of the person whom he or she succeeds. The chair of the board of trustees of the constituent institution shall be *ex officio* the chair of the board of trustees of the endowment fund of that institution. The board of trustees of the endowment fund may establish procedures, consistent with this policy, for executing business and shall at least establish a quorum and a necessary vote for the transaction of business and require the keeping of minutes for meetings of the endowment board.

E. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the Board of Governors of the University of North Carolina or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the institution.

F. Any gift or devise of real or personal property to the constituent institution shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the constituent institution. This presumption shall not apply to property made available to the institution prior to June 8, 1977.

G. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the chancellor of the institution through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the constituent institution for its endowment fund shall be presented by the chancellor to the trustees of the endowment fund as provided in this paragraph unless the chancellor finds that the property: (1) though presumptively made available to the institution for its endowment fund, was in fact made available to the institution for some other purpose; (2) has been made available to the institution under conditions which make its acceptance or use illegal; or (3) is unsuitable for use as property of the endowment fund.

H. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

I. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund through successive endorsements by the Board of trustees of the institution and the Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the board of trustees of the institution upon recommendation of the chancellor. Notwithstanding any other provision of this Policy, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the

meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

J. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph II.I., to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget as otherwise provided in paragraph II.I. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

K. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph II.J. may expend or use interest and principal of gifts and devises;; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph II.I.

L. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the constituent institution; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the board of trustees of the institution and for the purpose identified by the board of trustees of the institution, upon recommendation of the chancellor.

M. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the constituent institution or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund

N. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund through the board of trustees of the institution to the Board of Governors. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

O. The board of trustees of each constituent institution shall within a reasonable time establish an endowment fund as provided in this policy.

P. After a constituent institution has established an endowment fund as provided in this policy, the board of trustees of the institution shall direct that the chancellor inventory, consider, and present for placement in the endowment fund, as provided in paragraph II.G., all property that reposes in any institutional endowment, trust, or account as endowment property. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

Q. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph II.P ., the provisions of the "Policy on Endowments" of April 11, 1974, of the Board of Governors and any resolution of the Board of Governors made in consequence of the "Policy on Endowments" shall be deemed inoperative with respect to the pertinent constituent institution; provided that, the transfer of title to any property by the Board of



Governors to the endowment fund of the constituent institution shall be deemed to have continued in effect.

III. Endowment Property for the Benefit of the University of North Carolina (UNC) as a Whole or for the Benefit of Two or More Constituent Institutions

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired by the University of North Carolina for the benefit of the University as a whole, or for the joint benefit of any two or more constituent institutions of the University.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that UNC and its constituent institutions may improve and increase their functions, may enlarge their areas of service, and may become more useful to a greater number of people.

C. The Committee on Budget and Finance of the UNC Board of Governors shall constitute the board of trustees of all endowment funds now held or hereafter acquired by the University of North Carolina for the benefit of the University System as a whole or for the joint benefit of any two or more constituent institutions of the University, to be known as the "Board of Trustees of the Endowment Fund of the University of North Carolina." The chair of the Committee on Budget and Finance shall be *ex officio* the chair of the board of trustees of the endowment fund. Procedure for the conduct of business by the board of trustees of the endowment fund shall be consistent with Section 302C of *The Code*.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises, and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the institution.

E. Any gift or devise of real or personal property to the University of North Carolina System shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be to the endowment fund. This presumption shall not apply to property made available to the University of North Carolina prior to June 8, 1977.

F. Any gift or devise of real or personal property to the University of North Carolina for the benefit of the University as a whole or for the joint benefit of any two or more constituent institutions that reposes in any endowment, trust, or account as endowment property shall be inventoried, considered, and presented by the president for placement in the endowment fund as provided in paragraph II.H. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

G. Any gift or devise of real or personal property jointly to two or more constituent institutions shall be presented through written description of the property by the chancellors of the beneficiary institutions to the president for his consideration and action as provided in paragraph II.H. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

H. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the endowment fund shall be presented by the president to the trustees of the endowment fund as provided in this paragraph unless the president finds that the property:

1. Though presumptively made available to the University of North Carolina System for its endowment fund, was in fact made available to the University for some other purpose;
2. Has been made available under conditions which make its acceptance or use illegal; or
3. Is unsuitable for use as property of the endowment fund.

I. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

J. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes, provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund upon the endorsement of the Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the Board of Governors upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

K. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph II.J. relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget otherwise provided in paragraph II.J. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

L. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph II.K. may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph II.J..

M. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina or to constituent institutions provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer, and provided further that, such transfer be executed only by direction of the UNC Board of Governors of the and for the purpose identified by the Board of Governors, upon recommendation of the president.

N. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina, to a constituent institution, or to any other recipient, any instrument of transfer shall indicate that the donor, grant or, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.

O The trustees of the endowment fund shall maintain discrete accounts for property received into the endowment fund identified as to those institutions made beneficiaries of the respective properties by their donors; and, upon distribution, the income and other proceeds from the various properties shall be provided only to those beneficiary institutions intended by the donor and in the proportion intended by the donor.

P. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the Board of Governors. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

Q. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph II.H., all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina as a whole or for the benefit of two or more constituent institutions. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

R. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph II.Q., the provisions of the "Policies on Endowments" of April 11, 1974, of the Board of Governors concerning endowment funds for the benefit of the University as a whole or for the joint benefit of any two or more constituent institutions shall be deemed inoperative.

#### IV. Endowment Property for the Benefit of The University of North Carolina Press

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the University of North Carolina Press may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

C. The Board of Governors of the University of North Carolina Press shall constitute the board of trustees of all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press, to be known as "the Board of Trustees of the Endowment Fund of the University of North Carolina Press." The chair of the Board of Governors of the University of North Carolina Press shall be *ex officio* the chair of the board of trustees of the endowment fund. Procedures for the conduct of business by the board of trustees of the endowment fund shall be consistent with procedures for the conduct of business by the Board of Governors of the University of North Carolina Press, Incorporated.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the University.

E. Any gift or devise of real or personal property to the University of North Carolina Press shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the University of North Carolina Press. This presumption shall not apply to property made available to the University of North Carolina Press prior to June 8, 1977.

F. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president of the UNC System through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the University of North Carolina Press for its endowment fund shall be presented by the president of the University of North Carolina to the trustees of the endowment fund as provided in this paragraph unless the president, in consultation with the director of the University of North Carolina Press, finds that the property: (1) though presumptively made available to the University of North Carolina Press for its endowment fund, was in fact made available to the Press for some other purpose; (2) has been made available under conditions which make its acceptance or use illegal; or (3) is unsuitable for use as property of the endowment fund.

G. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

H. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging the credit of the State of North Carolina or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina

created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund upon the endorsement of the UNC Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the Board of Governors of the University of North Carolina Press upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

I. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph III.H., relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget as otherwise provided in paragraph III.H. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

J. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph III.I., may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph III.H.

K. To realize the statutory intent underlying these this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina Press; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the Board of Governors of the University of North Carolina Press and for the purpose identified by the Board of Governors of the University of North Carolina Press, upon recommendation of the president.

L. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina Press or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transfer or, as the case may be, is the board of trustees of the endowment fund.

M. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the UNC Board of Governors, through the president. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

N. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph III.F., all property that presently reposes in any endowment, trust,

or account as endowment property for the benefit of the University of North Carolina Press. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3 or the University of North Carolina Press, Incorporated.

O. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph III.N., the provisions of the "Policies on Endowments" of April 11, 1974, of the Board of Governors of the University of North Carolina concerning endowment funds for the benefit of the University of North Carolina Press shall be deemed inoperative.

P. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph III.N., the resolution of May 10, 1974, of the Board of Governors of the University of North Carolina concerning property held for the use and benefit of the University of North Carolina Press shall be deemed inoperative; provided that, the transfer of title to property under Section 1 of the resolution of May 10, 1974, to the Board of Governors of the University of North Carolina Press shall be deemed to have continued in effect.

V. Endowment Property for the Benefit of the University of North Carolina Center for Public Media

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the University of North Carolina Center for Public Media may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

C. The Board of Trustees of the University of North Carolina Center for Public Media shall constitute the board of trustees of all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media, to be known as "the Board of Trustees of the Endowment Fund of the University of North Carolina Center for Public Media." The chair of the Board of Trustees of the University of North Carolina Center for Public Media shall be *ex officio* the chairman of the board of trustees of the endowment fund. Procedures for the conduct of business by the board of trustees of the endowment fund shall be consistent with procedures for the conduct of business by the Board of Trustees of the University of North Carolina Center for Public Media.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the University.

E. Any gift or devise of real or personal property to the University of North Carolina Center for Public Media shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the University of North Carolina Center for Public Media. This presumption shall not apply to property made available to the University of North Carolina



Center for Public Media or its functional predecessor prior to May 28, 1979.

F. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the University of North Carolina Center for Public Media for its endowment fund shall be presented by the president to the trustees of the endowment fund as provided in this paragraph unless the president, in consultation with the director of the University of North Carolina Center for Public Media finds that the property:

1. Though presumptively made available to the University of North Carolina Center for Public Media for its endowment fund, was in fact made available to the center for some other purpose;
2. Has been made available under conditions which make its acceptance or use illegal; or
3. Is unsuitable for use as property of the endowment fund.

G. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

H. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging the credit of the State of North Carolina or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund upon the endorsement of the UNC Board of Governors and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the board of trustees of the University of North Carolina Center for Public Media upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

I. The board of trustees of the endowment fund may appoint a fiscal agent or agents

having all the privileges, powers, and immunities set forth in paragraph IV.H relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget as otherwise provided in paragraph IV.H. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

J. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph IV.I may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph IV.H.

K. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina Center for Public Media; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the board of trustees of the University of North Carolina Center for Public Media and for the purpose identified by the board of trustees of the University of North Carolina Center for Public Media upon recommendation of the president.

L. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina Center for Public Media or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.

M. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the UNC Board of Governors, through the president. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

N. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph IV.F, all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina Center for Public Media. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

V. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy of the Board of Governors.

B. Relation to State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement and does not purport to supplant or modify, those statutory enactments which may govern or related to the subject matter of this policy.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.



*THE CODE*

Appendix 1 -

DELEGATIONS OF DUTY AND AUTHORITY TO BOARDS OF TRUSTEES

Pursuant to authority vested in it by the General Statutes, and consistent with the provisions of *The Code* of the University of North Carolina (*The Code*), the Board of Governors hereby delegates to the boards of trustees of the constituent institutions of the University of North Carolina the following duties and powers:

....

V. BUDGET DEVELOPMENT AND ADMINISTRATION

On an annual basis, the board of trustees shall approve a comprehensive, "all-funds" budget of the constituent institution for the upcoming fiscal year. The budget shall reflect estimated General Fund, Institutional Trust Fund, and other revenues and expenditures as defined by and in a manner prescribed by the president or his—the president's designee. The board of trustees' approval of a constituent institution all-funds budget shall not be delegated and shall be made by the full board of trustees.

The board of trustees shall advise the chancellor ~~with respect to the development of budget estimates for the institution and~~ with respect to the development, execution, and administration of the budget of the constituent institution, ~~as approved~~ consistent with actions by the General Assembly and the Board of Governors.