

THE UNIVERSITY OF NORTH CAROLINA

OFFICE OF THE PRESIDENT

# ADMINISTRATIVE MEMORANDUM

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SUBJECT Operation of Endowment Funds

NUMBER 32

DATE April 16, 1974

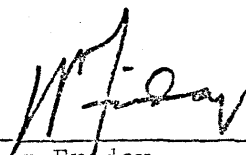
TO ALL CHANCELLORS:

Attached is a copy of the Resolution concerning the operation of endowment funds which was passed by the Board of Governors at its meeting on April 11, 1974.

If your institution has any endowment funds, the Resolution requires that your Board of Trustees take the following formal actions:

1. Adopt one of the three options specified in Section 1 of the Resolution.
2. If your Board elects either the second or third option, a board of trustees of the endowment fund should be appointed according to the provisions of Section 2 of the Resolution.
3. You should advise me in writing of your Board's actions concerning 1. and 2. above.

I would appreciate your taking this matter to your Board of Trustees at your earliest convenience. Should you have questions, please direct them to Vice President Joyner.

  
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William Friday

Attachment

BE IT RESOLVED BY THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA

Section 1. The board of trustees of each of the constituent institutions of The University of North Carolina may provide for the acquisition, management, and disposition of endowment properties and the income thereof in the following ways:

- (1) The board of trustees may establish and maintain a permanent endowment fund in the manner provided in G.S. 116-36; or
- (2) the board of trustees may establish and maintain an endowment fund in the manner provided in Section 2 of this resolution; or
- (3) the board of trustees may employ both of those methods to establish endowment funds.

Sec. 2. The board of trustees of each of the constituent institutions may establish and maintain an endowment fund for the institution in the following manner:

(1) The board of trustees may 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 institution), and the board of trustees of the endowment fund shall be an agency of the board of trustees of the constituent institution and shall have the powers and duties prescribed in this section.

(2) The board of trustees of the endowment fund shall consist of five members, one of whom shall be the chairman of the board of trustees of the constituent institution, one of whom shall be the chancellor of the constituent institution, and three of whom may be (but need not be) members of the board of trustees of the constituent institution and who shall be elected by the board of trustees of the constituent institution for overlapping terms of three years each. The terms of the initial members of the board of trustees

shall be 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 succeeds.

(3) The chairman of the board of trustees of the constituent institution shall be ex officio the chairman of the board of trustees of the endowment fund of that institution.

(4) The board of trustees of the endowment fund may receive gifts, donations, and bequests. They may in their discretion retain such properties in the form in which they are acquired and may use them as a permanent endowment fund. They may acquire and retain in the permanent endowment fund any other monies or securities of any kind that may come to them from the Board of Governors of The University of North Carolina or from any other source, excepting always the monies received from State appropriations and from tuition, fees, and similar payments by students which are received to support the general operation of the institution.

(5) The board of trustees of the endowment fund may sell any property, real or personal, of the endowment fund at either public or private sale. In the acquisition and disposition of real property for the benefit of an endowment fund, irrespective of the value of such property, all transactions shall be conducted directly between the board of trustees of the endowment fund and the State Department of Administration, the Governor, and the Council of State, without the necessity of approval by the President or the Board of Governors of The University of North Carolina.

(6) The board of trustees of the endowment fund shall be responsible for the prudent investment of the endowment fund, in the exercise of their

sound discretion, without restriction by any statute or rule of law relating to the investment of funds by fiduciaries.

(7) The board of trustees of the endowment fund may designate a fiscal agent or agents and from time to time may change such designations.

(8) The principal and income of all endowment properties shall be held and expended in strict accordance with the terms of the gift, devise, or bequest by which they were acquired and for the benefit of the constituent institution which it was the intention of the donor or testator to benefit.

(9) It is the intent of the Board of Governors that the income from such endowment fund shall not take the place of State appropriations or any part thereof, but that it shall supplement the State appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

(10) All expenditures of monies from the endowment fund shall, upon the recommendation of the chancellor of the constituent institution, be approved by the board of trustees of the constituent institution.

(11) The board of trustees of the endowment fund shall submit a comprehensive report to the Board of Governors annually.

Sec. 3. The Committee on Budget and Finance of the Board of Governors of The University of North Carolina 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 as a whole or for the joint benefit of any two or more constituent institutions of The University. That Committee shall function in all respects as heretofore provided for the board of trustees of the endowment fund of a constituent institution created under authority of Section 2, above, except that expenditures from the endowment funds under its

control shall be made upon recommendation of the President of The University of North Carolina.

Sec. 4. 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. That board shall function in all respects as heretofore provided for the board of trustees of the endowment fund of constituent institution created under authority of Section 2, above, except that expenditures from the endowment funds under its control shall be made upon recommendation of the President of The University of North Carolina.

Sec. 5. This resolution shall become effective upon its adoption by the Board of Governors of The University of North Carolina.