

ADMINISTRATIVE MEMORANDUM

SUBJECT Regulations of the Board of Governors and
procedural guidance relative to endowment
funds under G. S. 116-36, as amended

NUMBER 93

DATE October 28, 1977

Effective June 8, 1977, the General Assembly amended G. S. 116-36 (endowment funds within The University), as set forth in Chapter 506, 1977 Session Laws. The amended law, which is attached to this Administrative Memorandum, provides a more convenient and serviceable basis for the creation and maintenance of endowment funds of the constituent institutions than had been available under either the old law or the resolution of the Board of Governors of April 11, 1974. As amended, the law requires, rather than merely permits, each constituent institution to create an endowment fund.

On October 14, 1977, the Board of Governors established regulations to assist the creation and operation of endowment funds under G. S. 116-36, as amended. This Administrative Memorandum furnishes you a copy of those regulations and, through the following paragraphs, presents a procedural guide for establishing the endowment fund as required under G. S. 116-36(a). Following this guide, your institution should have its endowment fund established not later than March 17, 1978.

1. The board of trustees of the constituent institution should convene and determine the three elective members of the endowment board as provided in paragraph A4 of the regulations. The institutional board should then name for the record all the members, ex officio and elective, of the endowment board and declare the endowment board established as required by paragraph A15.
2. The endowment board should then convene to establish procedures for the execution of business, to include at least specifying a quorum, establishing the necessary vote for transaction of business, and requiring the keeping of minutes, as set forth in paragraph A4.
3. The institutional board should then direct the Chancellor to inventory endowment property of the institution as required under paragraph A16.
4. All personal property (1) reposing in an endowment fund established pursuant to Section 2 of the Board of Governors resolution of April 11, 1974, or reposing as endowment property in any endowment, trust, or account having no corporate identity other than under G. S. 116-3 and (2) not deemed by the Chancellor improper for placement in the endowment fund under paragraph A7, should be presented by the Chancellor to the new endowment board as provided in paragraph A16.

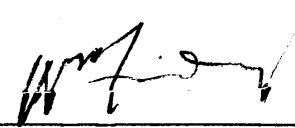
5. All real property (1) reposing in an endowment fund established pursuant to Section 2 of the Board of Governors resolution of April 11, 1974, or reposing as endowment property in any endowment, trust, or account having no corporate identity other than under G. S. 116-3 and (2) not deemed by the Chancellor to be improper for placement in the endowment fund under paragraph A7, should be presented by the Chancellor to the institutional board of trustees to initiate transfer of the real property to the endowment board according to policies of the Board of Governors, policies of the Council of State, and provisions of G. S. Chapter 146 concerning disposition of State real property other than by lease or rental. Pursuant to G. S. 146-75 the actual transfer must be effected by a deed from "the State of North Carolina" signed by the Governor and attested by the Secretary of State. The grantee should be named "the Board of Trustees of the Endowment Fund of [the constituent institution]." Deeds from the State are normally prepared by the State Property Office in the Department of Administration, Raleigh.

6. Any real property coming expressly to the new endowment board or pursuant to paragraph A6 coming by presumption on or after June 8, 1977 to the endowment fund may be placed in or transferred into the new endowment fund without reference to G. S. Chapter 146.

7. As property is presented to the endowment board through the procedures of steps 4 through 6, the endowment board should receive the written inventories and instruments of title of the property, accept by motion the property offered, and make the inventories and motions a part of the minutes of the endowment board.

8. The grantor or transferor of any property from the new endowment fund should be designated "The Board of Trustees of the Endowment Fund of [the constituent institution]." Although conveyances and transfers from the new endowment fund may be executed by the endowment board without reference to G. S. Chapter 146, the form of pertinent documents should be consistent with requirements of the State Property Office.

9. Conveyances of title or transfers of the useful possession of real property valued at \$50,000 or more among the endowment fund, the institution, and the State of North Carolina would require prior approval of the Board of Governors; but conveyances or transfers of real property valued at \$50,000 or more pursuant to accepting gifts and devises of benefactors at large into the endowment fund or in managing the corpus of the endowment would not require prior approval of the Board of Governors.



William Friday

Attachments

- Regulations
- Statute

REGULATIONS OF THE BOARD OF GOVERNORS OF THE UNIVERSITY
OF NORTH CAROLINA WITH RESPECT TO ENDOWMENT PROPERTY

- A. Regulations for Endowment Property Exclusively for the Benefit of One Constituent Institution.
1. Under the provisions of G. S. 116-36, as amended by Chapter 506, 1977 Session Laws, and pursuant to these regulations, 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.
 2. It is not the statutory intent underlying these regulations 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 these regulations that those proceeds shall supplement the State appropriations to the end that the constituent institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.
 3. Pursuant to these regulations 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).
 4. 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 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 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. The board of trustees of the endowment fund may establish procedures, consistent with these regulations, 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.

5. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts, devises, and bequests 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.
6. Any gift, devise, or bequest of real or personal property to the constituent institution shall be presumed, nothing to the contrary appearing, a gift,

devise, or bequest, 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.

7. 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.
8. 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.

9. 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 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 Advisory Budget Commission 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, 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.
10. 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 A9 relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Advisory Budget Commission as otherwise provided in paragraph A9. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

11. 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 these endowment regulations, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph A10 may expend or use interest and principal of gifts, devises, and bequests; 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 A9.
12. To realize the statutory intent underlying these endowment regulations, 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.
13. 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.

14. 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.
15. The board of trustees of each constituent institution shall within a reasonable time establish an endowment fund as provided in these regulations.
16. After a constituent institution has established an endowment fund as provided in these regulations, 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 A7, 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.
17. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph A16, 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.

18. These regulations shall be effective upon their enactment by the Board of Governors.

- B. Regulations for Endowment Property for the Benefit of The University of North Carolina as a Whole or for the Benefit of Two or More Constituent Institutions.
1. Under the provisions of G. S. 116-36, as amended by Chapter 506, 1977 Session Laws, and pursuant to these regulations, uniformly applicable to all constituent institutions, the Board of Governors of The University of North Carolina 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.
 2. It is not the statutory intent underlying these regulations 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 these regulations that those proceeds shall supplement the State appropriations to the end that The University 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.
 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, to be known as "The Board of Trustees of the Endowment Fund of The University of North

Carolina." The Chairman of the Committee on Budget and Finance shall be ex officio the chairman 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 of The Board of Governors of The University of North Carolina.

4. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts, devises, and bequests 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.
5. Any gift, devise, or bequest of real or personal property to The University of North Carolina shall be presumed, nothing to the contrary appearing, a gift, devise, or bequest, 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.
6. Any gift, devise, or bequest 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 B8. 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.
7. Any gift, devise, or bequest 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 B8. 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.
8. 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 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.
9. 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.

10. 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 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 Advisory Budget Commission by the board of trustees of the endowment fund upon the endorsement of the Board of Governors; 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 upon recommendation of the President.
11. 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 B10 relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Advisory Budget Commission as otherwise provided in paragraph B10. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

12. 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 these endowment regulations, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph B11 may expend or use interest and principal of gifts, devises, and bequests; 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 B10.
13. To realize the statutory intent underlying these endowment regulations, 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 Board of Governors of The University of North Carolina and for the purpose identified by the Board of Governors, upon recommendation of the President.

14. 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, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.
15. 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.
16. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the Board of Governors.
17. The President shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph B8, 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.
18. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph B17, 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.

19. These regulations shall be effective upon their enactment by the Board of Governors.

C. Regulations for Endowment Property for the Benefit of The University of North Carolina Press.

1. Under the provisions of G. S. 116-36, as amended by Chapter 506, 1977 Session Laws, and pursuant to these regulations, uniformly applicable to all constituent institutions, the Board of Governors of The University of North Carolina hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of The University of North Carolina Press.
2. It is not the statutory intent underlying these regulations 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 these regulations 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.
3. 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 Chairman of the Board of Governors of The University of North Carolina Press 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 Governors of The University of North Carolina Press, Incorporated.

4. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts, devises, and bequests 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 University.
5. Any gift, devise, or bequest of real or personal property to The University of North Carolina Press shall be presumed, nothing to the contrary appearing, a gift, devise, or bequest, 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.
6. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the President of The University of North Carolina 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.
7. 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.
 8. 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 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 Advisory Budget Commission by the board of trustees of the endowment fund upon the endorsement of the Board of Governors of The University of North Carolina; 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.

9. 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 C8 relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Advisory Budget Commission as otherwise provided in paragraph C8. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.
10. 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 these endowment regulations, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph C9 may expend or use interest and principal of gifts, devises, and bequests; 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 C8.

11. To realize the statutory intent underlying these endowment regulations, 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.
12. 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 transferor, as the case may be, is the board of trustees of the endowment fund.
13. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the Board of Governors of The University of North Carolina, through the President.
14. The President shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph C6, 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.

15. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph C14, 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.
16. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph C14, 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.
17. These regulations shall be effective upon their enactment by the Board of Governors of The University of North Carolina.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1977

RATIFIED BILL

CHAPTER 506

SENATE BILL 691

AN ACT TO AMEND G.S. 116-36, CONCERNING ENDOWMENT FUNDS FOR
CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. G.S. 116-36 is hereby rewritten in its
entirety to read as follows:

"§ 116-36. Endowment fund.--(a) The board of trustees of each
constituent institution shall establish and maintain, pursuant to
such terms and conditions, uniformly applicable to all
constituent institutions, as the Board of Governors of The
University of North Carolina may from time to time prescribe, an
endowment fund for the constituent institution.

(b) It is not the intent of this section that the proceeds
from any endowment fund shall take the place of State
appropriations or any part thereof, but it is the intent of this
section that those proceeds 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.

(c) Pursuant to the foregoing subsections and consistent with
the powers and duties prescribed in this section, 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 trustees of the endowment fund may receive and administer as part of the endowment fund gifts, devises, and bequests 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.

(e) 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.

(f) In the process of prudent investment of the fund or to realize the statutory intent of the endowment, the board of trustees of the endowment fund may expend or use interest and principal of gifts, devises, and bequests; 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. To realize the statutory intent of the endowment fund, 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.

(g) 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 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 Advisory Budget Commission.

(h) The Board of Governors of The University of North Carolina shall establish and maintain in a manner not inconsistent with the provisions of this section or with regulations established under this section 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.

(i) The Board of Governors of The University of North Carolina shall establish and maintain in a manner not inconsistent with the provisions of this section or with regulations established under this section an endowment fund for all endowment funds now held or hereafter acquired for the benefit of The University of North Carolina Press.

(j) Any gift, devise, or bequest of real or personal property

to a constituent institution of The University of North Carolina or to The University of North Carolina or to The University of North Carolina Press shall be presumed, nothing to the contrary appearing, a gift, devise, or bequest, as the case may be, to the endowment fund of the respective institution or agency.

(k) Whenever any property of an endowment fund authorized by this section is disposed of or otherwise transferred from the endowment fund, 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."

Sec. 2. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 8th day of June, 1977.

JAMES C. GREEN, SR.

James C. Green

President of the Senate

CARL J. STEWART, JR.

Carl J. Stewart, Jr.

Speaker of the House of Representatives