

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

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**HOUSE BILL 72  
Committee Substitute Favorable 3/22/11  
Committee Substitute #2 Favorable 5/18/11**

Short Title: Community College Investment Flexibility. (Local)

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Sponsors:

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Referred to:

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February 14, 2011

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

The General Assembly of North Carolina enacts:

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

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

- (1) Investment decisions must be based solely upon the interest of the college and the students, faculty, and staff of the college.
- (2) Investments must be made for the exclusive purpose of providing an adequate return on investment to the college.
- (3) Investments must be made with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose.
- (4) Investment decisions must be made impartially, taking into account the best interest of the college, with special attention to conflicts of interest or potential conflicts of interest.
- (5) Investments may incur only those costs that are appropriate and reasonable.

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

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

- (1) Is registered and in good standing with either the Securities and Exchange Commission or the North Carolina Secretary of State, Securities Division.



- 1           (2)     Is a member of the Securities Investor Protection Corporation.  
2           **SECTION 2.** This act applies only to the following community colleges:  
3           (1)     Caldwell Community College and Technical Institute.  
4           (2)     Davidson County Community College.  
5           (3)     Isothermal Community College.  
6           (4)     Southeastern Community College.  
7           (5)     Vance-Granville Community College.  
8           **SECTION 3.** This act is effective when it becomes law.