

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 72  
PROPOSED COMMITTEE SUBSTITUTE H72-PCS80096-TL-2

Short Title: Community College Investment Flexibility.

(Public)

Sponsors:

Referred to:

February 14, 2011

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

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 115D-58.6 reads as rewritten:

6 "**§ 115D-58.6. Investment of idle cash.**

7 (a) Definitions. – As used in this section:

8 (1) "Cash balance" means the amount equal to all moneys received into  
9 institutional fund accounts minus all expenses and withdrawals from those  
10 accounts in an official depository of the institution as designated by the local  
11 board of trustees consistent with G.S. 115D-58.7.

12 (2) "Official depository" means one or more banks, savings and loan  
13 associations, or trust companies in North Carolina that a community college  
14 board of trustees has designated consistent with G.S. 115D-58.7.

15 (a1) Deposits. – The institution may deposit at interest ~~or invest~~ all or part of the cash  
16 balance of any fund in an official depository of the institution. ~~The institution shall manage~~  
17 ~~investments subject to whatever restrictions and directions the board of trustees may impose.~~  
18 ~~The institution shall have the power to purchase, sell, and exchange securities on behalf of the~~  
19 ~~board of trustees. The investment program shall be so managed that investments and deposits~~  
20 ~~can be converted into cash when needed. Moneys may be deposited at interest in any official~~  
21 ~~depository of the institution in the form of certificates of deposit or such other forms of time~~  
22 ~~deposits as may be approved for county governments. In addition, moneys may be deposited in~~  
23 ~~the form of certificates of deposit as provided for a local government or public authority in~~  
24 ~~G.S. 159-30(b1). Investment deposits shall be secured as provided in G.S. 159-31(b).~~

25 (b) ~~Moneys may be deposited at interest in any bank, savings and loan association or~~  
26 ~~trust company in this State in the form of certificates of deposit or such other forms of time~~  
27 ~~deposits as may be approved for county governments. In addition, moneys may be deposited in~~  
28 ~~the form of certificates of deposit as provided for a local government or public authority in~~  
29 ~~G.S. 159-30(b1). Investment deposits shall be secured as provided in G.S. 159-31(b).~~

30 (e)(b) Investments. – The institution may invest all or part of the cash balance of any fund  
31 in an official depository of the institution. The institution shall manage investments subject to  
32 whatever restrictions and directions the board of trustees may impose. The institution shall have  
33 the power to purchase, sell, and exchange securities on behalf of the board of trustees. The



1 investment program shall be so managed that investments and deposits can be converted into  
2 cash when needed.

3 (1) ~~Moneys may~~ shall only be invested in the form of investments pursuant to  
4 G.S. 159-30(c) to county governments ~~and no others~~ or in any form of  
5 investment established or managed by an investment advisor who is  
6 registered and in good standing with either the Securities and Exchange  
7 Commission or the North Carolina Secretary of State, Securities Division,  
8 and is a member of the Securities Investor Protection Corporation. Money in  
9 endowment funds may be invested pursuant to G.S. 147-69.2. Provided,  
10 however, the institution may elect to deposit at interest any local funds with  
11 the State Treasurer for investment as special trust funds pursuant to the  
12 provisions of G.S. 147-69.3, and the interest thereon shall accrue to the  
13 institution as local funds.

14 ~~(d)~~ **Investment**

15 (2) The investment securities listed in G.S. 159-30(c) may be bought, sold, and  
16 traded by private negotiation, and the institutions may pay all incidental  
17 costs thereof and all reasonable costs of administering the investment and  
18 deposit program from local funds. The institution shall be responsible for  
19 their safekeeping and for keeping accurate investment accounts and records.

20 ~~(e)(c)~~ Interest earned on deposits and investments shall be credited to the fund whose cash  
21 is deposited or invested. Cash of several funds may be combined for deposit or investment if  
22 not otherwise prohibited by law; and when such joint deposits or investments are made, interest  
23 earned shall be prorated and credited to the various funds on the basis of the amounts thereof  
24 invested, figured according to an average periodic balance or some other sound accounting  
25 principle. Interest earned on the deposit or investment of bond funds shall be deemed a part of  
26 the bond proceeds.

27 ~~(f)(d)~~ Registered securities acquired for investment may be released from registration and  
28 transferred by signature of the official designated by the board of ~~trustees.~~ trustees.

29 (e) The Board of Trustees shall appoint an Investment Committee which shall consist of  
30 a minimum of three people who have sufficient financial background to review and evaluate  
31 investment options. These individuals should have experience in institutional or retail  
32 investment management with knowledge of fixed income and public equities. This committee  
33 shall make recommendations to the Board on those investment options, as well as monitor the  
34 performance of investments once made.

35 (f) The Board of Trustees shall discharge their duties with respect to the management  
36 and investment of college funds as follows:

37 (1) Investment decisions shall be solely in the interest of the college, and the  
38 students, faculty, and staff of the college.

39 (2) The investments shall be for the exclusive purpose of providing an adequate  
40 return to the college.

41 (3) Investments shall be made with the care, skill, and caution under the  
42 circumstances then prevailing which a prudent person acting in a like  
43 capacity and familiar with those matters would use in the conduct of an  
44 activity of like character and purpose.

45 (4) Investment decisions shall be made impartially, taking into account the best  
46 interest of the college, with special attention to conflicts of interest or  
47 potential conflicts of interest.

48 (5) Investments shall incur only costs that are appropriate and reasonable."

49 **SECTION 2.** G.S. 147-69.2 is amended by adding a new subdivision to read:

50 "(20) Institutional funds of the colleges of the North Carolina Community College  
51 System."

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**SECTION 3.** This act becomes effective July 1, 2011.