

HOUSE BILL 1467

N2

8lr3169

By: **Delegates Carter, Vallario, Anderson, and Conaway**

Introduced and read first time: February 15, 2008

Assigned to: Rules and Executive Nominations

Re-referred to: Judiciary, February 29, 2008

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 25, 2008

CHAPTER _____

1 AN ACT concerning

2 **Uniform Prudent Management of Institutional Funds Act**

3 FOR the purpose of repealing certain provisions of law relating to the management of
4 institutional funds; establishing the Maryland Uniform Prudent Management of
5 Institutional Funds Act; establishing a standard of conduct in managing and
6 investing a certain institutional fund; authorizing a certain institution to
7 appropriate for expenditure or accumulate so much of a certain endowment
8 fund as the institution determines is prudent for certain purposes; requiring the
9 institution to consider certain factors in making a certain determination;
10 providing certain rules of construction; ~~providing for a certain rebuttable~~
11 ~~presumption of imprudence~~; providing for the delegation of certain management
12 and investment functions; establishing how certain restrictions on
13 management, investment, or purpose of an institutional fund may be released
14 or modified; requiring that compliance with this Act be determined in a certain
15 manner; providing for the application of this Act; establishing that this Act
16 modifies, limits, and supersedes certain provisions of federal law; defining
17 certain terms; and generally relating to the management of institutional funds.

18 BY repealing

19 Article – Estates and Trusts

20 Section 15–401 through 15–409

21 Annotated Code of Maryland

22 (2001 Replacement Volume and 2007 Supplement)

23 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Estates and Trusts
2 Section 15–401 through 15–410 to be under the amended subtitle “Subtitle 4.
3 Maryland Uniform Prudent Management of Institutional Funds Act”
4 Annotated Code of Maryland
5 (2001 Replacement Volume and 2007 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article – Estates and Trusts**

9 Subtitle 4. Maryland Uniform **PRUDENT** Management of Institutional Funds Act.
10 [15–401.

11 (a) In this subtitle the following words or phrases have the meanings
12 indicated.

13 (b) “Endowment fund” means an institutional fund, or any part of it not
14 wholly expendable by the institution on a current basis under the terms of the
15 applicable gift instrument.

16 (c) “Gift instrument” means a will, deed, grant, conveyance, agreement,
17 memorandum, writing, or other governing document, including the terms of any
18 institutional solicitations from which an institutional fund results, under which
19 property is transferred to or held by an institution as an institutional fund.

20 (d) “Governing board” means the body responsible for the management of an
21 institution or of an institutional fund.

22 (e) “Historic dollar value” means the aggregate fair value in dollars of (1) an
23 endowment fund at the time it became an endowment fund, (2) each subsequent
24 donation to the fund at the time it is made, and (3) each accumulation made pursuant
25 to a direction in the applicable gift instrument at the time the accumulation is added
26 to the fund. The determination of historic dollar value made in good faith by the
27 institution is conclusive.

28 (f) “Institutional” means an incorporated or unincorporated organization
29 organized and operated exclusively for educational, religious, charitable, or other
30 eleemosynary purposes, or a governmental organization to the extent that it holds
31 funds exclusively for any of these purposes.

32 (g) “Institutional fund” means a fund held by an institution for its exclusive
33 use, benefit, or purposes but does not include (1) a fund held for an institution by a
34 trustee that is not an institution or (2) a fund in which a beneficiary that is not an
35 institution has an interest, other than possible rights that could arise upon violation
36 or failure of the purposes of the fund.]

1 [15-402.

2 The governing board may appropriate for expenditure for the uses and purposes
3 for which an endowment fund is established so much of the net appreciation, realized
4 and unrealized, in the fair value of the assets of an endowment fund over the historic
5 dollar value of the fund as is prudent under the standard established by § 15-406.
6 This section does not limit the authority of the governing board to expend funds as
7 permitted under other law, the terms of the applicable gift instrument, or the charter
8 of the institution.]

9 [15-403.

10 Section 15-402 does not apply if the applicable gift instrument indicates the
11 intention of the donor that net appreciation shall not be expended. A restriction upon
12 the expenditure of net appreciation may not be implied from a designation of a gift as
13 an endowment, or from a direction or authorization in the applicable gift instrument
14 to use only “income”, “interest”, “dividends”, or “rents, issues or profits”, or “to preserve
15 the principal intact”, or a direction which contains other words of similar import. This
16 rule of construction applies to gift instruments executed or in effect before or after the
17 effective date of this act.]

18 [15-404.

19 In an addition to an investment otherwise authorized by law or by the
20 applicable gift instrument, and without restriction to investments a fiduciary may
21 make, the governing board, subject to any specific limitations set forth in the
22 applicable gift instrument or in the applicable law other than law relating to
23 investments by a fiduciary, may:

24 (1) Invest and reinvest an institutional fund in any real or personal
25 property deemed advisable by the governing board, whether or not it produces a
26 current return, including mortgages, stocks, bonds, debentures, and other securities of
27 profit or nonprofit corporations, shares in or obligations of associations, partnerships,
28 or individuals, and obligations of any government or subdivision or instrumentality
29 thereof;

30 (2) Retain property contributed by a donor to an institutional fund for
31 as long as the governing board deems advisable;

32 (3) Include all or any part of an institutional fund in any pooled or
33 common fund maintained by the institution; and

34 (4) Invest all or any part of an institutional fund in any other pooled
35 or common fund available for investment, including shares or interests in regulated
36 investment companies, mutual funds, common trust funds, investment partnerships,

1 real estate investment trust, or similar organizations in which funds are commingled
2 and investment determinations are made by persons other than the governing board.]

3 [15-405.

4 Except as otherwise provided by the applicable gift instrument or by applicable
5 law relating to governmental institutions or funds, the governing board may (1)
6 delegate to its committees, officers, or employees of the institution or the fund, or
7 agents, including investment counsel, the authority to act in place of the board in
8 investment and reinvestment of institutional funds, (2) contract with independent
9 investment advisors, investment counsel or managers, banks, or trust companies, so to
10 act, and (3) authorize the payment of compensation for investment advisory or
11 management services.]

12 [15-406.

13 In the administration of the powers to appropriate appreciation, to make and
14 retain investments, and to delegate investment management of institutional funds,
15 members of a governing board shall exercise ordinary business care and prudence
16 under the facts and circumstances prevailing at the time of the action or decision. In
17 so doing they shall consider long and short term needs of the institution in carrying
18 out its educational, religious, charitable, or other eleemosynary purposes, its present
19 and anticipated financial requirements, expected total return on its investments, price
20 level trends, and general economic conditions.]

21 [15-407.

22 (a) With the written consent of the donor, the governing board may release,
23 in whole or in part, a restriction imposed by the applicable gift instrument on the use
24 or investment of an institutional fund.

25 (b) If written consent of the donor cannot be obtained by reason of his death,
26 disability, unavailability, or impossibility of identification, the governing board may
27 apply in the name of the institution to the circuit court for the county where the office
28 of the governing board is located, for release of a restriction imposed by the applicable
29 gift instrument on the use or investment of an institutional fund. The Attorney
30 General shall be notified of the application and given an opportunity to be heard. If
31 the court finds that the restriction is obsolete, inappropriate, or impracticable, it may
32 by order release the restriction in whole or in part. A release under this subsection
33 may not change an endowment fund to a fund that is not an endowment fund.

34 (c) A release under this section may not allow a fund to be used for purposes
35 other than the educational, religious, charitable, or other eleemosynary purposes of
36 the institution affected.

37 (d) This section does not limit the application of the doctrine of cy pres.]

1 [15-408.

2 This subtitle shall be so applied and construed as to effectuate its general
3 purpose to make uniform the law with respect to the subject of this subtitle among
4 those states which enact it.]

5 [15-409.

6 This subtitle may be cited as the "Maryland Uniform Management of
7 Institutional Funds Act".]

8 **15-401.**

9 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
10 **INDICATED.**

11 (B) **"CHARITABLE PURPOSE" MEANS THE RELIEF OF POVERTY, THE**
12 **ADVANCEMENT OF EDUCATION OR RELIGION, THE PROMOTION OF HEALTH, THE**
13 **PROMOTION OF A GOVERNMENTAL PURPOSE, OR ANY OTHER PURPOSE THE**
14 **ACHIEVEMENT OF WHICH IS BENEFICIAL TO THE COMMUNITY.**

15 (C) (1) **"ENDOWMENT FUND" MEANS AN INSTITUTIONAL FUND OR**
16 **PART OF AN INSTITUTIONAL FUND THAT, UNDER THE TERMS OF A GIFT**
17 **INSTRUMENT, IS NOT WHOLLY EXPENDABLE BY THE INSTITUTION ON A**
18 **CURRENT BASIS.**

19 (2) **"ENDOWMENT FUND" DOES NOT INCLUDE ASSETS THAT AN**
20 **INSTITUTION DESIGNATES AS AN ENDOWMENT FUND FOR THE USE OF THE**
21 **INSTITUTION.**

22 (D) **"GIFT INSTRUMENT" MEANS A RECORD, INCLUDING AN**
23 **INSTITUTIONAL SOLICITATION, UNDER WHICH PROPERTY IS GRANTED TO,**
24 **TRANSFERRED TO, OR HELD BY AN INSTITUTION AS AN INSTITUTIONAL FUND.**

25 (E) **"INSTITUTION" MEANS:**

26 (1) **A PERSON, OTHER THAN AN INDIVIDUAL, ORGANIZED AND**
27 **OPERATED EXCLUSIVELY FOR CHARITABLE PURPOSES;**

28 (2) **A GOVERNMENT OR GOVERNMENTAL SUBDIVISION, AGENCY,**
29 **OR INSTRUMENTALITY, TO THE EXTENT THAT THE SUBDIVISION, AGENCY, OR**
30 **INSTRUMENTALITY HOLDS FUNDS EXCLUSIVELY FOR A CHARITABLE PURPOSE;**
31 **OR**

1 (3) A TRUST THAT HAD BOTH CHARITABLE AND NONCHARITABLE
2 INTERESTS, AFTER ALL NONCHARITABLE INTERESTS HAVE TERMINATED.

3 (F) (1) "INSTITUTIONAL FUND" MEANS A FUND HELD BY AN
4 INSTITUTION EXCLUSIVELY FOR CHARITABLE PURPOSES.

5 (2) "INSTITUTIONAL FUND" DOES NOT INCLUDE:

6 (I) PROGRAM-RELATED ASSETS;

7 (II) A FUND HELD FOR AN INSTITUTION BY A TRUSTEE THAT
8 IS NOT AN INSTITUTION; OR

9 (III) A FUND IN WHICH A BENEFICIARY THAT IS NOT AN
10 INSTITUTION HAS AN INTEREST, OTHER THAN AN INTEREST THAT COULD ARISE
11 ON VIOLATION OR FAILURE OF THE PURPOSES OF THE FUND.

12 (G) "PERSON" MEANS AN INDIVIDUAL, CORPORATION, BUSINESS
13 TRUST, ESTATE, TRUST, PARTNERSHIP, LIMITED LIABILITY COMPANY,
14 ASSOCIATION, JOINT VENTURE, PUBLIC CORPORATION, GOVERNMENT OR
15 GOVERNMENTAL SUBDIVISION, AGENCY, OR INSTRUMENTALITY, OR ANY OTHER
16 LEGAL OR COMMERCIAL ENTITY.

17 ~~(G)~~ (H) "PROGRAM-RELATED ASSET" MEANS AN ASSET HELD BY AN
18 INSTITUTION PRIMARILY TO ACCOMPLISH A CHARITABLE PURPOSE OF THE
19 INSTITUTION AND NOT PRIMARILY FOR INVESTMENT.

20 ~~(H)~~ (I) "RECORD" MEANS INFORMATION THAT IS INSCRIBED ON A
21 TANGIBLE MEDIUM OR THAT IS STORED IN AN ELECTRONIC OR OTHER MEDIUM
22 AND IS RETRIEVABLE IN PERCEIVABLE FORM.

23 15-402.

24 (A) SUBJECT TO THE INTENT OF A DONOR EXPRESSED IN A GIFT
25 INSTRUMENT, AN INSTITUTION, IN MANAGING AND INVESTING AN
26 INSTITUTIONAL FUND, SHALL CONSIDER THE CHARITABLE PURPOSES OF THE
27 INSTITUTION AND THE PURPOSES OF THE INSTITUTIONAL FUND.

28 (B) IN ADDITION TO COMPLYING WITH THE DUTY OF LOYALTY IMPOSED
29 BY LAW OTHER THAN THIS SUBTITLE, EACH PERSON RESPONSIBLE FOR
30 MANAGING AND INVESTING AN INSTITUTIONAL FUND SHALL MANAGE AND
31 INVEST THE FUND IN GOOD FAITH AND WITH THE CARE AN ORDINARILY
32 PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE UNDER SIMILAR
33 CIRCUMSTANCES.

1 (C) IN MANAGING AND INVESTING AN INSTITUTIONAL FUND, AN
2 INSTITUTION:

3 (1) MAY INCUR ONLY COSTS THAT ARE APPROPRIATE AND
4 REASONABLE IN RELATION TO THE ASSETS, THE PURPOSES OF THE
5 INSTITUTION, AND THE SKILLS AVAILABLE TO THE INSTITUTION; AND

6 (2) SHALL MAKE A REASONABLE EFFORT TO VERIFY FACTS
7 RELEVANT TO THE MANAGEMENT AND INVESTMENT OF THE FUND.

8 (D) AN INSTITUTION MAY POOL TWO OR MORE INSTITUTIONAL FUNDS
9 FOR PURPOSES OF MANAGEMENT AND INVESTMENT.

10 (E) (1) THE PROVISIONS OF THIS SUBSECTION APPLY EXCEPT AS
11 OTHERWISE PROVIDED BY A GIFT INSTRUMENT.

12 (2) IN MANAGING AND INVESTING AN INSTITUTIONAL FUND, THE
13 FOLLOWING FACTORS, IF RELEVANT, SHALL BE CONSIDERED:

14 (I) GENERAL ECONOMIC CONDITIONS;

15 (II) THE POSSIBLE EFFECT OF INFLATION OR DEFLATION;

16 (III) THE EXPECTED TAX CONSEQUENCES, IF ANY, OF
17 INVESTMENT DECISIONS OR STRATEGIES;

18 (IV) THE ROLE THAT EACH INVESTMENT OR COURSE OF
19 ACTION PLAYS WITHIN THE OVERALL INVESTMENT PORTFOLIO OF THE FUND;

20 (V) THE EXPECTED TOTAL RETURN FROM INCOME AND THE
21 APPRECIATION OF INVESTMENTS;

22 (VI) OTHER RESOURCES OF THE INSTITUTION;

23 (VII) THE NEEDS OF THE INSTITUTION AND THE FUND TO
24 MAKE DISTRIBUTIONS AND TO PRESERVE CAPITAL; AND

25 (VIII) THE SPECIAL RELATIONSHIP OR SPECIAL VALUE OF
26 THE ASSET, IF ANY, TO THE CHARITABLE PURPOSES OF THE INSTITUTION.

27 (3) MANAGEMENT AND INVESTMENT DECISIONS ABOUT AN
28 INDIVIDUAL ASSET SHALL BE MADE NOT IN ISOLATION BUT IN THE CONTEXT OF
29 THE PORTFOLIO OF INVESTMENTS OF THE INSTITUTIONAL FUND AS A WHOLE
30 AND AS A PART OF AN OVERALL INVESTMENT STRATEGY HAVING RISK AND

1 RETURN OBJECTIVES REASONABLY SUITED TO THE FUND AND TO THE
2 INSTITUTION.

3 (4) EXCEPT AS OTHERWISE PROVIDED BY LAW OTHER THAN THIS
4 SUBTITLE, AN INSTITUTION MAY INVEST IN ANY KIND OF PROPERTY OR TYPE OF
5 INVESTMENT CONSISTENT WITH THIS SECTION.

6 (5) AN INSTITUTION SHALL DIVERSIFY THE INVESTMENTS OF AN
7 INSTITUTIONAL FUND UNLESS THE INSTITUTION REASONABLY DETERMINES
8 THAT, BECAUSE OF SPECIAL CIRCUMSTANCES, THE PURPOSES OF THE FUND
9 ARE BETTER SERVED WITHOUT DIVERSIFICATION.

10 (6) WITHIN A REASONABLE TIME AFTER RECEIVING PROPERTY,
11 AN INSTITUTION SHALL MAKE AND CARRY OUT DECISIONS CONCERNING THE
12 RETENTION OR DISPOSITION OF THE PROPERTY OR TO REBALANCE A
13 PORTFOLIO, IN ORDER TO BRING THE INSTITUTIONAL FUND INTO COMPLIANCE
14 WITH THE PURPOSES, TERMS, AND DISTRIBUTION REQUIREMENTS OF THE
15 INSTITUTION AS NECESSARY TO MEET OTHER CIRCUMSTANCES OF THE
16 INSTITUTION AND THE REQUIREMENTS OF THIS SUBTITLE.

17 (7) A PERSON THAT HAS SPECIAL SKILLS OR EXPERTISE, OR IS
18 SELECTED IN RELIANCE ON THE REPRESENTATION BY THE PERSON THAT THE
19 PERSON HAS SPECIAL SKILLS OR EXPERTISE, HAS A DUTY TO USE THOSE SKILLS
20 OR THAT EXPERTISE IN MANAGING AND INVESTING INSTITUTIONAL FUNDS.

21 15-403.

22 (A) (1) SUBJECT TO THE INTENT OF A DONOR EXPRESSED IN THE
23 GIFT INSTRUMENT AND SUBJECT TO SUBSECTION (D) OF THIS SECTION, AN
24 INSTITUTION MAY APPROPRIATE FOR EXPENDITURE OR ACCUMULATE SO MUCH
25 OF AN ENDOWMENT FUND AS THE INSTITUTION DETERMINES IS PRUDENT FOR
26 THE USES, BENEFITS, PURPOSES, AND DURATION FOR WHICH THE ENDOWMENT
27 FUND IS ESTABLISHED.

28 (2) UNLESS STATED OTHERWISE IN THE GIFT INSTRUMENT, THE
29 ASSETS IN AN ENDOWMENT FUND ARE DONOR-RESTRICTED ASSETS UNTIL
30 APPROPRIATED FOR EXPENDITURE BY THE INSTITUTION.

31 (3) IN MAKING A DETERMINATION TO APPROPRIATE FOR
32 EXPENDITURE OR ACCUMULATE UNDER PARAGRAPH (1) OF THIS SUBSECTION,
33 THE INSTITUTION SHALL ACT IN GOOD FAITH, WITH THE CARE THAT AN
34 ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE UNDER
35 SIMILAR CIRCUMSTANCES, AND SHALL CONSIDER, IF RELEVANT, THE
36 FOLLOWING FACTORS:

1 (I) THE DURATION AND PRESERVATION OF THE
2 ENDOWMENT FUND;

3 (II) THE PURPOSES OF THE INSTITUTION AND THE
4 ENDOWMENT FUND;

5 (III) GENERAL ECONOMIC CONDITIONS;

6 (IV) THE POSSIBLE EFFECT OF INFLATION OR DEFLATION;

7 (V) THE EXPECTED TOTAL RETURN FROM INCOME AND THE
8 APPRECIATION OF INVESTMENTS;

9 (VI) OTHER RESOURCES OF THE INSTITUTION; AND

10 (VII) THE INVESTMENT POLICY OF THE INSTITUTION.

11 (B) TO LIMIT THE AUTHORITY TO APPROPRIATE FOR EXPENDITURE OR
12 ACCUMULATE UNDER SUBSECTION (A) OF THIS SECTION, A GIFT INSTRUMENT
13 MUST SPECIFICALLY STATE THE LIMITATION.

14 (C) TERMS IN A GIFT INSTRUMENT DESIGNATING A GIFT AS AN
15 ENDOWMENT, OR A DIRECTION OR AUTHORIZATION IN THE GIFT INSTRUMENT
16 TO USE ONLY "INCOME", "INTEREST", "DIVIDENDS", OR "RENTS, ISSUES, OR
17 PROFITS", OR "TO PRESERVE THE PRINCIPAL INTACT", OR WORDS OF SIMILAR
18 IMPORT:

19 (1) CREATE AN ENDOWMENT FUND OF PERMANENT DURATION
20 UNLESS OTHER LANGUAGE IN THE GIFT INSTRUMENT LIMITS THE DURATION OR
21 PURPOSE OF THE FUND; AND

22 (2) DO NOT OTHERWISE LIMIT THE AUTHORITY TO APPROPRIATE
23 FOR EXPENDITURE OR ACCUMULATE UNDER SUBSECTION (A) OF THIS SECTION.

24 ~~(D) (1) THIS SUBSECTION DOES NOT:~~

25 ~~(i) APPLY TO AN APPROPRIATION FOR EXPENDITURE~~
26 ~~PERMITTED UNDER LAW OTHER THAN THIS SUBTITLE OR BY THE GIFT~~
27 ~~INSTRUMENT; OR~~

28 ~~(ii) CREATE A PRESUMPTION OF PRUDENCE FOR AN~~
29 ~~APPROPRIATION FOR EXPENDITURE OF AN AMOUNT LESS THAN OR EQUAL TO~~
30 ~~7% OF THE FAIR MARKET VALUE OF THE ENDOWMENT FUND.~~

~~(2) THE APPROPRIATION FOR EXPENDITURE IN ANY YEAR OF AN AMOUNT GREATER THAN 7% OF THE FAIR MARKET VALUE OF AN ENDOWMENT FUND, CALCULATED ON THE BASIS OF MARKET VALUES DETERMINED AT LEAST QUARTERLY AND AVERAGED OVER A PERIOD OF NOT LESS THAN 3 YEARS IMMEDIATELY PRECEDING THE YEAR IN WHICH THE APPROPRIATION FOR EXPENDITURE IS MADE, CREATES A REBUTTABLE PRESUMPTION OF IMPRUDENCE.~~

~~(3) FOR AN ENDOWMENT FUND IN EXISTENCE FOR FEWER THAN 3 YEARS, THE FAIR MARKET VALUE OF THE ENDOWMENT FUND MUST BE CALCULATED FOR THE PERIOD THE ENDOWMENT FUND HAS BEEN IN EXISTENCE.~~

15-404.

(A) (1) SUBJECT TO ANY SPECIFIC LIMITATION SET FORTH IN A GIFT INSTRUMENT OR IN LAW OTHER THAN THIS SUBTITLE, AN INSTITUTION MAY DELEGATE TO AN EXTERNAL AGENT THE MANAGEMENT AND INVESTMENT OF AN INSTITUTIONAL FUND TO THE EXTENT THAT AN INSTITUTION COULD PRUDENTLY DELEGATE UNDER THE CIRCUMSTANCES.

(2) AN INSTITUTION SHALL ACT IN GOOD FAITH, WITH THE CARE THAT AN ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE UNDER SIMILAR CIRCUMSTANCES, IN:

(I) SELECTING AN AGENT;

(II) ESTABLISHING THE SCOPE AND TERMS OF THE DELEGATION, CONSISTENT WITH THE PURPOSES OF THE INSTITUTION AND THE INSTITUTIONAL FUND; AND

(III) PERIODICALLY REVIEWING THE ACTIONS OF THE AGENT IN ORDER TO MONITOR THE PERFORMANCE AND COMPLIANCE OF THE AGENT WITH THE SCOPE AND TERMS OF THE DELEGATION.

(B) IN PERFORMING A DELEGATED FUNCTION, AN AGENT OWES A DUTY TO THE INSTITUTION TO EXERCISE REASONABLE CARE TO COMPLY WITH THE SCOPE AND TERMS OF THE DELEGATION.

(C) AN INSTITUTION THAT COMPLIES WITH SUBSECTION (A) OF THIS SECTION IS NOT LIABLE FOR THE DECISIONS OR ACTIONS OF AN AGENT TO WHICH THE FUNCTION WAS DELEGATED.

(D) BY ACCEPTING DELEGATION OF A MANAGEMENT OR INVESTMENT FUNCTION FROM AN INSTITUTION THAT IS SUBJECT TO THE LAWS OF THE

1 STATE, AN AGENT SUBMITS TO THE JURISDICTION OF THE COURTS OF THE
2 STATE IN ALL PROCEEDINGS ARISING FROM OR RELATED TO THE DELEGATION
3 OR THE PERFORMANCE OF THE DELEGATED FUNCTION.

4 (E) AN INSTITUTION MAY DELEGATE MANAGEMENT AND INVESTMENT
5 FUNCTIONS TO THE COMMITTEES, OFFICERS, OR EMPLOYEES OF THE
6 INSTITUTION AS AUTHORIZED BY LAW OTHER THAN THIS SUBTITLE.

7 14-405.

8 (A) (1) IF THE DONOR CONSENTS IN A RECORD, AN INSTITUTION MAY
9 RELEASE OR MODIFY, IN WHOLE OR IN PART, A RESTRICTION CONTAINED IN A
10 GIFT INSTRUMENT ON THE MANAGEMENT, INVESTMENT, OR PURPOSE OF AN
11 INSTITUTIONAL FUND.

12 (2) A RELEASE OR MODIFICATION MAY NOT ALLOW A FUND TO BE
13 USED FOR A PURPOSE OTHER THAN A CHARITABLE PURPOSE OF THE
14 INSTITUTION.

15 (B) (1) THE COURT, ON APPLICATION OF AN INSTITUTION, MAY
16 MODIFY A RESTRICTION CONTAINED IN A GIFT INSTRUMENT REGARDING THE
17 MANAGEMENT OR INVESTMENT OF AN INSTITUTIONAL FUND IF THE
18 RESTRICTION HAS BECOME IMPRACTICABLE OR WASTEFUL, IF THE
19 RESTRICTION IMPAIRS THE MANAGEMENT OR INVESTMENT OF THE FUND, OR IF,
20 BECAUSE OF CIRCUMSTANCES NOT ANTICIPATED BY THE DONOR, A
21 MODIFICATION OF A RESTRICTION WILL FURTHER THE PURPOSES OF THE
22 FUND.

23 (2) (I) THE INSTITUTION SHALL NOTIFY THE ATTORNEY
24 GENERAL OF THE APPLICATION OF AN INSTITUTION UNDER PARAGRAPH (1) OF
25 THIS SUBSECTION, AND THE ATTORNEY GENERAL SHALL BE GIVEN AN
26 OPPORTUNITY TO BE HEARD.

27 (II) TO THE EXTENT PRACTICABLE, ANY MODIFICATION
28 MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION MUST BE MADE IN
29 ACCORDANCE WITH THE DONOR'S PROBABLE INTENTION.

30 (C) (1) IF A PARTICULAR CHARITABLE PURPOSE OR A RESTRICTION
31 CONTAINED IN A GIFT INSTRUMENT ON THE USE OF AN INSTITUTIONAL FUND
32 BECOMES UNLAWFUL, IMPRACTICABLE, IMPOSSIBLE TO ACHIEVE, OR
33 WASTEFUL, THE COURT, ON APPLICATION OF AN INSTITUTION, MAY MODIFY THE
34 PURPOSE OF THE FUND OR THE RESTRICTION ON THE USE OF THE FUND IN A
35 MANNER CONSISTENT WITH THE CHARITABLE PURPOSES EXPRESSED IN THE
36 GIFT INSTRUMENT.

1 (2) THE INSTITUTION SHALL NOTIFY THE ATTORNEY GENERAL
2 OF THE APPLICATION OF THE INSTITUTION UNDER PARAGRAPH (1) OF THIS
3 SUBSECTION, AND THE ATTORNEY GENERAL SHALL BE GIVEN AN OPPORTUNITY
4 TO BE HEARD.

5 (D) IF AN INSTITUTION DETERMINES THAT A RESTRICTION CONTAINED
6 IN A GIFT INSTRUMENT ON THE MANAGEMENT, INVESTMENT, OR PURPOSE OF
7 AN INSTITUTIONAL FUND IS UNLAWFUL, IMPRACTICABLE, IMPOSSIBLE TO
8 ACHIEVE, OR WASTEFUL, THE INSTITUTION, 60 DAYS AFTER NOTIFICATION TO
9 THE ATTORNEY GENERAL, MAY RELEASE OR MODIFY THE RESTRICTION, IN
10 WHOLE OR PART, IF:

11 (1) THE INSTITUTIONAL FUND SUBJECT TO THE RESTRICTION
12 HAS A TOTAL VALUE OF LESS THAN ~~\$25,000~~ \$50,000;

13 (2) MORE THAN 20 YEARS HAVE ELAPSED SINCE THE FUND WAS
14 ESTABLISHED; AND

15 (3) THE INSTITUTION USES THE PROPERTY IN A MANNER
16 CONSISTENT WITH THE CHARITABLE PURPOSES EXPRESSED IN THE GIFT
17 INSTRUMENT.

18 **15-406.**

19 COMPLIANCE WITH THIS SUBTITLE SHALL BE DETERMINED IN LIGHT OF
20 THE FACTS AND CIRCUMSTANCES EXISTING AT THE TIME A DECISION IS MADE
21 OR ACTION IS TAKEN.

22 **15-407.**

23 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS
24 SUBTITLE APPLIES TO INSTITUTIONAL FUNDS EXISTING ON OR ESTABLISHED
25 AFTER OCTOBER 1, 2008.

26 (B) AS APPLIED TO INSTITUTIONAL FUNDS EXISTING ON OCTOBER 1,
27 2008, THIS SUBTITLE GOVERNS ONLY DECISIONS MADE OR ACTIONS TAKEN ON
28 OR AFTER THAT DATE.

29 **15-408.**

30 THIS SUBTITLE MODIFIES, LIMITS, AND SUPERSEDES THE ELECTRONIC
31 SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT, 15 U.S.C. § 7001 ET
32 SEQ., BUT DOES NOT MODIFY, LIMIT, OR SUPERSEDE § 101 OF THAT ACT, 15
33 U.S.C. § 7001(A), OR AUTHORIZE ELECTRONIC DELIVERY OF THE NOTICES
34 DESCRIBED IN § 103 OF THAT ACT, 15 U.S.C. § 7003(B).

1 **15-409.**

2 **IN APPLYING AND CONSTRUING THIS SUBTITLE, WHICH IS A UNIFORM**
3 **ACT, CONSIDERATION SHALL BE GIVEN TO THE NEED TO PROMOTE UNIFORMITY**
4 **OF THE LAW WITH RESPECT TO THE SUBJECT MATTER OF THE LAW AMONG THE**
5 **STATES THAT ENACT THE LAW.**

6 **15-410.**

7 **THIS SUBTITLE MAY BE CITED AS THE “MARYLAND UNIFORM PRUDENT**
8 **MANAGEMENT OF INSTITUTIONAL FUNDS ACT”.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2008.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.