

**Chapter 116.**  
**Higher Education.**

Article 1.

The University of North Carolina.

Part 1. General Provisions.

**§ 116-1. Purpose.**

(a) In order to foster the development of a well-planned and coordinated system of higher education, to improve the quality of education, to extend its benefits and to encourage an economical use of the State's resources, the University of North Carolina is hereby redefined in accordance with the provisions of this Article.

(b) The University of North Carolina is a public, multicampus university dedicated to the service of North Carolina and its people. It encompasses the 16 diverse constituent institutions and other educational, research, and public service organizations. Each shares in the overall mission of the university. That mission is to discover, create, transmit, and apply knowledge to address the needs of individuals and society. This mission is accomplished through instruction, which communicates the knowledge and values and imparts the skills necessary for individuals to lead responsible, productive, and personally satisfying lives; through research, scholarship, and creative activities, which advance knowledge and enhance the educational process; and through public service, which contributes to the solution of societal problems and enriches the quality of life in the State. In the fulfillment of this mission, the university shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State.

Teaching and learning constitute the primary service that the university renders to society. Teaching, or instruction, is the primary responsibility of each of the constituent institutions. The relative importance of research and public service, which enhance teaching and learning, varies among the constituent institutions, depending on their overall missions. (1971, c. 1244, s. 1; 1995, c. 507, s. 15.17.)

**§ 116-2. Definitions.**

As used in this Article, unless the context clearly indicates a contrary intent:

- (1) "Board" means the Board of Governors of the University of North Carolina.
- (2) "Board of trustees" means the board of trustees of a constituent institution.
- (3) "Chancellor" means the chancellor of a constituent institution.
- (4) "Constituent institution" or "institution" means one of the 16 public institutions of higher education, to wit, the University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, the University of North Carolina at Greensboro, the University of North Carolina at Charlotte, the University of North Carolina at Asheville, the University of North Carolina at Wilmington, Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University, and Winston-Salem State University, and the

constituent high school, the North Carolina School of Science and Mathematics.

- (5) "President" means the President of the University of North Carolina.
- (6) "Vending facilities" has the same meaning as it does in G.S. 111-42(d), but also means any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means. (1971, c. 1244, s. 1; 1983 (Reg. Sess., 1984), c. 1034, s. 171; 1995 (Reg. Sess., 1996), c. 603, s. 1; 2006-66, s. 9.11(a); 2006-203, s. 39; 2008-192, s. 1.)

**§ 116-2.1. Repealed by Session Laws 1971, c. 1244, s. 1.**

Part 2. Organization, Governance and Property of the University.

**§ 116-3. Incorporation and corporate powers.**

The Board of Trustees of the University of North Carolina is hereby redesignated, effective July 1, 1972, as the "Board of Governors of the University of North Carolina." The Board of Governors of the University of North Carolina shall be known and distinguished by the name of "the University of North Carolina" and shall continue as a body politic and corporate and by that name shall have perpetual succession and a common seal. It shall be able and capable in law to take, demand, receive, and possess all moneys, goods, and chattels that shall be given for the use of the University, and to apply to same according to the will of the donors; and by gift, purchase, or devise to receive, possess, enjoy, and retain forever any and all real and personal estate and funds, of whatsoever kind, nature, or quality the same may be, in special trust and confidence that the same, or the profits thereof, shall be applied to and for the use and purpose of establishing and endowing the University, and shall have power to receive donations from any source whatever, to be exclusively devoted to the purposes of the maintenance of the University, or according to the terms of donation.

The corporation shall be able and capable in law to bargain, sell, grant, alien, or dispose of and convey and assure to the purchasers any and all such real and personal estate and funds as it may lawfully acquire when the condition of the grant to it or the will of the devisor does not forbid it; and shall be able and capable in law to sue and be sued in all courts whatsoever; and shall have power to open and receive subscriptions, and in general may do all such things as are usually done by bodies corporate and politic, or such as may be necessary for the promotion of learning and virtue. (1971, c. 1244, s. 1.)

**§ 116-3.3. Mediation matters.**

(a) Evidence of statements made and conduct occurring in a mediation of a personnel matter involving The University of North Carolina or a constituent institution shall not be subject to discovery and shall be inadmissible in any proceeding in any action on the same claim or any other claim, administrative or judicial, except in a proceeding to enforce a signed settlement agreement. Such evidence is not a public record under Chapter 132 of the General Statutes. Any evidence discoverable or admissible prior to the mediation shall remain discoverable and admissible, whether or not it is presented or discussed during mediation.

(b) No mediator, person training to become a mediator, nor participant in a mediation of a personnel matter involving The University of North Carolina or a constituent institution shall be

compelled to testify or produce evidence with respect to the mediation of the personnel matter in any civil proceeding, except to attest to the signing of any such agreement. (2004-154, s. 1.)

**§ 116-4. Constituent institutions of the University of North Carolina.**

The University of North Carolina shall be composed of the following institutions of higher education: the University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, the University of North Carolina at Greensboro, the University of North Carolina at Charlotte, the University of North Carolina at Asheville, the University of North Carolina at Wilmington, Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, and the constituent high school, the North Carolina School of Science and Mathematics. (1971, c. 1244, s. 1; 1995 (Reg. Sess., 1996), c. 603, s. 2; 2006-66, s. 9.11(b); 2008-192, s. 2.)

**§ 116-4.1. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-5. Initial membership of Board of Governors.**

(a) Commencing July 1, 1972, and continuing for the terms hereinafter stated and until their successors are chosen, the Board of Governors shall consist of the following members:

- (1) Three persons elected prior to January 1, 1972, by and from the membership of the Board of Trustees of East Carolina University and two persons elected prior to January 1, 1972, by and from the membership of the board of trustees of each of the following institutions: Appalachian State University, North Carolina Agricultural and Technical State University, North Carolina Central University, and Western Carolina University.
- (2) One person elected prior to January 1, 1972, by and from the membership of the board of trustees of each of the following institutions: Elizabeth City State University, Fayetteville State University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", and Winston-Salem State University.
- (3) Sixteen persons elected prior to January 1, 1972, by and from the membership of the Board of Trustees of the University of North Carolina.
- (4) Two persons elected prior to January 1, 1972, by the Board of Higher Education from its eight members-at-large. These shall be nonvoting members whose terms shall expire on June 30, 1973.

(b) Of the 16 persons elected by the Board of Trustees of the University of North Carolina, four shall serve a term ending on June 30, 1973, four shall serve a term ending on June 30, 1975, four shall serve a term ending on June 30, 1977, and four shall serve a term ending on June 30, 1979. On January 1, 1972, or as soon as practicable thereafter, those 16 persons shall by lot or other means acceptable to them determine which of them shall be assigned the terms ending in 1973, 1975, 1977, and 1979 respectively. Of the 11 persons elected by the boards of trustees of the

institutions listed in G.S. 116-5(a)(1), three shall serve a term ending in 1973, three shall serve a term ending on June 30, 1975, three shall serve a term ending on June 30, 1977, and two shall serve a term ending on June 30, 1979. On January 1, 1972, or as soon as practicable thereafter, those 11 persons shall by lot or other means acceptable to them determine which of them shall be assigned the terms ending in 1973, 1975, 1977, and 1979 respectively. Of the five persons elected by the boards of trustees of the institutions listed in G.S. 116-5(a)(2), the member elected from the Board of Trustees of the University of North Carolina School of the Arts shall serve a term ending on June 30, 1973, and of the remaining members, one shall serve a term ending on June 30, 1975, one shall serve a term ending on June 30, 1977, and two shall serve a term ending on June 30, 1979. On January 1, 1972, or as soon as practicable thereafter, those four persons, excluding the member from the University of North Carolina School of the Arts, shall by lot or other means acceptable to them determine which of them shall be assigned the terms ending in 1975, 1977, and 1979 respectively.

(c) Any vacancy occurring in the membership of the Board of Governors between July 1, 1972, and June 30, 1973, shall be filled by appointment of the Governor, and the person appointed shall serve for the remainder of the unexpired term.

(d) The Governor shall serve ex officio as a member and as chairman of the Board of Governors until December 31, 1972. (1971, c. 1244, s. 1; 1995 (Reg. Sess., 1996), c. 603, s. 3; 2008-192, ss. 3, 12.)

#### **§ 116-6. Election and terms of members of Board of Governors.**

(a) As the terms of members of the Board of Governors provided for in G.S. 116-5 expire, their successors shall be elected by the Senate and House of Representatives. Twelve members shall be elected at the regular legislative session in 2017 and every two years thereafter. The Senate and the House of Representatives shall each elect one-half of the persons necessary to fill the vacancies on the Board of Governors.

(b) Repealed by Session Laws 2001-503, s. 1, effective December 19, 2001.

(c) In electing members to the Board of Governors, the Senate and the House of Representatives shall select from a slate of candidates made in each house. The slate shall be prepared as provided by resolution of each house. If a sufficient number of nominees who are legally qualified are submitted, then the slate of candidates shall list at least twice the number of candidates for the total seats open. All qualified candidates shall compete against all other qualified candidates. In 1993 and biennially thereafter, each house shall hold their elections within 30 legislative days after appointments to their education committees are complete.

(d) All terms shall commence on July 1 of odd-numbered years and all members shall serve for four-year overlapping terms.

(e) Beginning with elections held on or after January 1, 2017, no person may be elected to more than three full four-year terms. Election for a partial term to fill a vacancy as provided in G.S. 116-7 shall not count toward the three-term limitation.

(f) Any person who has served at least one full term as chairman of the Board of Governors shall be a member emeritus of the Board of Governors for one four-year term beginning at the expiration of that member's regular elected term. Any person already serving as an emeritus member may serve an additional four-year term beginning July 1, 1991. Members emeriti have all the rights and privileges of membership except they do not have a vote.

(g) Effective July 1, 1991, and thereafter, any person who has served at least one term as a member of the Board of Governors after having served as Governor of North Carolina shall be a

member emeritus of the Board of Governors, with all the rights and privileges of membership as in G.S. 116-6(f). (1971, c. 1244, s. 1; 1987, c. 228; 1989, c. 274; 1991, c. 220, ss. 2, 3; c. 436, s. 1; 2001-503, s. 1; 2015-300, s. 1; 2017-1, s. 1.)

**§ 116-6.1. Student member of the Board of Governors.**

(a) Commencing July 1, 1991, and during a person's continuance as a student in good standing at a constituent institution of The University of North Carolina, the person serving as president of the University of North Carolina Association of Student Governments (UNCASG) or the person's designee shall serve ex officio as a member of the Board of Governors. This student member shall be in addition to the 24 members elected to the Board of Governors.

(b) The student member shall have all the rights and privileges of membership, except that the student member shall not have a vote. (1991, c. 220, s. 1; 2017-1, ss. 2, 3; 2017-6, s. 3.)

**§ 116-7. General provisions concerning members of the Board of Governors.**

(a) All members of the Board of Governors shall be selected for their interest in, and their ability to contribute to the fulfillment of, the purposes of the Board of Governors, and all members shall be deemed members-at-large, charged with the responsibility of serving the best interests of the whole State. In electing members, the objective shall be to obtain the services of the citizens of the State who are qualified by training and experience to administer the affairs of The University of North Carolina. Members shall be selected based upon their ability to further the educational mission of The University through their knowledge and understanding of the educational needs and desires of all the State's citizens, and their economic, geographic, political, racial, gender, and ethnic diversity.

(b) No member of the General Assembly or officer or employee of the State, The University of North Carolina, or any constituent institution may be a member of the Board of Governors. No spouse of a member of the General Assembly, or of an officer or employee of The University of North Carolina, or of any constituent institution may be a member of the Board of Governors. Any member of the Board of Governors who is elected or appointed to the General Assembly or who becomes an officer or employee of the State or of any constituent institution or whose spouse is elected or appointed to the General Assembly or becomes an officer or employee of The University of North Carolina or of any constituent institution shall be deemed thereupon to resign from his membership on the Board of Governors.

(b1) Upon receipt of a referral from the State Ethics Commission in accordance with G.S. 138A-12(m) concerning a member of the Board of Governors, the principal clerk of the house of the General Assembly receiving the referral shall immediately refer the matter to the appropriate education committee of that house. That committee may recommend to that house a resolution providing for the removal of the Board member. If the committee's proposed resolution is adopted by a majority of the members present and voting of that house, the public servant shall be removed and the seat previously held by that Board member becomes vacant.

(c) Whenever any vacancy shall occur in the elected membership of the Board of Governors, it shall be the duty of the Board to inform the Speaker of the House of Representatives and the President of the Senate of the vacancy. The chamber that originally elected the vacating member shall elect a person to fill the vacancy. The vacancy shall remain unfilled until the appropriate chamber of the General Assembly elects a person to fill the vacancy.

The vacancy shall be filled not later than the adjournment sine die of the next regular session of the General Assembly. The election shall be for the remainder of the unexpired term. Whenever a

member shall fail, for any reason other than ill health or service in the interest of the State or nation, to be present for four successive regular meetings of the Board, his place as a member shall be deemed vacant. (1971, c. 1244, s. 1; 1977, c. 875; 1982, Ex. Sess., c. 1, s. 1; 1991, c. 436, s. 2; 2001-503, s. 2; 2006-201, s. 2(b); 2007-278, s. 1; 2017-6, s. 3; 2018-146, ss. 3.1(a), (b), 6.1.)

**§ 116-8. Chairman, vice-chairman and secretary.**

The Board of Governors shall elect from its membership for two-year terms, and until their successors have been elected and qualified, a chairman, a vice-chairman and a secretary. No person may serve as chairman more than four years in succession. (1971, c. 1244, s. 1.)

**§ 116-9. Meetings of Board of Governors.**

The Board of Governors shall meet at stated times established by the Board, but not less frequently than six times a year. The Board of Governors shall also meet with the State Board of Education and the State Board of Community Colleges at least once a year to discuss educational matters of mutual interest and to recommend to the General Assembly such policies as are appropriate to encourage the improvement of public education at every level in this State; these joint meetings shall be hosted by the three Boards according to the schedule set out in G.S. 115C-11(b1). A quorum for the conduct of business shall consist of a majority of the members. (1971, c. 1244, s. 1; 1987 (Reg. Sess., 1988), c. 1102, s. 3.)

**§ 116-10. Committees.**

The Board of Governors shall have power to appoint from its own number committees which shall be clothed with such powers as the Board of Governors may confer. No committee may reverse a decision concerning policy taken by the Board of Governors at a regular meeting. (1971, c. 1244, s. 1.)

**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

- (1) The Board of Governors shall plan and develop a coordinated system of higher education in North Carolina. To this end it shall govern the 16 constituent institutions, subject to the powers and responsibilities given in this Article to the boards of trustees of the institutions, and to this end it shall maintain close liaison with the State Board of Community Colleges, the Community Colleges System Office and the private colleges and universities of the State. The Board, in consultation with representatives of the State Board of Community Colleges and of the private colleges and universities, shall prepare and from time to time revise a long-range plan for a coordinated system of higher education, supplying copies thereof to the Governor, the members of the General Assembly, and the institutions. Statewide federal or State programs that provide aid to institutions or students of post-secondary education through a State agency, except those related exclusively to the community college system, shall be administered by the Board pursuant to any requirements of State or federal statute in order to insure that all activities are consonant with the State's long-range plan for higher education.
- (2) The Board of Governors shall be responsible for the general determination, control, supervision, management and governance of all affairs of the

constituent institutions. For this purpose the Board may adopt such policies and regulations as it may deem wise. Subject to applicable State law and to the terms and conditions of the instruments under which property is acquired, the Board of Governors may acquire, hold, convey or otherwise dispose of, invest and reinvest any and all real and personal property, with the exception of any property that may be held by trustees of institutional endowment funds under the provisions of G.S. 116-36 or that may be held, under authority delegated by the Board of Governors, either by a board of trustees or by trustees of any other endowment or trust fund.

- (2a) The Board of Governors of The University of North Carolina may hire staff members deemed necessary by the Board to report directly to the Board. The Board of Governors shall determine the job titles, responsibilities, and salaries and benefits for all staff members hired by and reporting directly to the Board. Salaries and benefits for staff members hired pursuant to this subdivision shall be competitive with other positions of similar level and authority within The University of North Carolina System.

When the Board of Governors hires a staff member pursuant to this subdivision, the Board shall submit a report within 60 days of the date of employment to the Joint Legislative Education Oversight Committee that provides at least the following information regarding the position: job title, description of the position, responsibilities that accompany the position, salary and benefits, and supervisor, if any, of the position.

- (3) The Board shall determine the functions, educational activities and academic programs of the constituent institutions. The Board shall also determine the types of degrees to be awarded. The powers herein given to the Board shall not be restricted by any provision of law assigning specific functions or responsibilities to designated institutions, the powers herein given superseding any such provisions of law. The Board, after adequate notice and after affording the institutional board of trustees an opportunity to be heard, shall have authority to withdraw approval of any existing program if it appears that the program is unproductive, excessively costly or unnecessarily duplicative. The Board shall review the productivity of academic degree programs every two years, using criteria specifically developed to determine program productivity.
- (3a) The Board of Governors shall direct each constituent institution to adopt a policy that authorizes a minimum of two excused absences each academic year for religious observances required by the faith of a student. The policy may require that the student provide written notice of the request for an excused absence a reasonable time prior to the religious observance. The policy shall also provide that the student shall be given the opportunity to make up any tests or other work missed due to an excused absence for a religious observance.
- (3b) The Board of Governors shall adopt a policy to be applied uniformly throughout The University of North Carolina to provide that any student enrolled in a constituent institution who is a National Guard service member placed onto State active duty status during an academic term shall be given an excused absence for the period of time the student is on active duty. The policy shall further provide all of the following:

- a. The student shall be given the opportunity to make up any test or other work missed during the excused absence.
  - b. The student shall be given the option, when feasible, to continue classes and coursework during the academic term through online participation for the period of time the student is placed on active duty.
  - c. The student shall be given the option of receiving a temporary grade of "incomplete (IN)" or "absent from the final exam (AB)" for any course that the student was unable to complete as a result of being placed on State active duty status; however, the student must complete the course requirements within the period of time specified by the constituent institution to avoid receiving a failing grade for the course.
  - d. The student shall be permitted to drop, with no penalty, any course that the student was unable to complete as a result of being placed on State active duty status.
- (4) The Board of Governors shall elect officers as provided in G.S. 116-14. Subject to the provisions of section 18 of this act [Session Laws 1971, Chapter 1244, section 18], the Board shall also elect, on nomination of the President, the chancellor of each of the constituent institutions and fix his compensation. The President shall make his nomination from a list of not fewer than two names recommended by the institutional board of trustees.
  - (4b) The Board of Governors shall encourage the constituent institutions to offer courses in American Sign Language as a modern foreign language.
  - (4c) The Board of Governors shall require each constituent institution to develop and implement a policy that recognizes the Cherokee language as a language for which a student may satisfy the foreign language course requirement for degree completion at the institution.
  - (5) The Board of Governors shall, on recommendation of the President and of the appropriate institutional chancellor, appoint and fix the compensation of all vice-chancellors, senior academic and administrative officers and persons having permanent tenure.
  - (5a) [Expired.]
  - (5b) The Board of Governors may by resolution provide that, until July 1, 1998, every president, vice-president, and other administrative officer of the University whom it elects and who is not subject to Chapter 126 of the General Statutes, and every chancellor, vice-chancellor, senior academic officer, senior administrative officer, and faculty member who serves a constituent institution or agency of the University and who is not subject to Chapter 126 of the General Statutes, shall retire on July 1 coincident with or next following his seventieth birthday, unless continued in service on a year-to-year basis in accordance with regulations adopted by the Board of Governors.
  - (6) The Board shall approve the establishment of any new publicly supported institution above the community college level.
  - (7) The Board shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly.
  - (7a) The Board of Governors shall develop a uniform core set of notification principles regarding the tuition surcharge, including a process for each campus

to notify students and parents at orientation and through each semester's tuition statements, and a process to provide appropriate advance notification to a student when the student is approaching the credit hour limit regarding the tuition surcharge. The Board of Governors shall direct each constituent institution to implement these procedures.

- (8) The Board shall set enrollment levels of the constituent institutions.
- (8a) The Board of Governors, after consultation with representatives from nonpublic schools, including representatives of nonpublic schools operated under Parts 1 and 3 of Article 39 of Chapter 115C of the General Statutes, and after taking into consideration comments received from the Joint Legislative Education Oversight Committee, shall adopt a policy regarding uniform admissions requirements for applicants from nonpublic schools lawfully operated under Article 39 of Chapter 115C of the General Statutes. The policy shall not arbitrarily differentiate between applicants based upon whether the applicant attended a public or a lawfully operated nonpublic school.
- (8b) The Board of Governors shall adopt a policy that prohibits any constituent institution from soliciting or using information regarding the accreditation of a secondary school located in North Carolina that a person attended as a factor affecting admissions, loans, scholarships, or other educational activity at the constituent institution, unless the accreditation was conducted by a State agency. For purposes of this subdivision, the term 'accreditation' shall include certification or any other similar approval process.
- (9)a. The Board of Governors shall develop, prepare and present to the Governor and the General Assembly a single, unified recommended budget for all of the constituent institutions of The University of North Carolina. The recommendations shall consist of requests in three general categories: (i) funds for the continuing operation of each constituent institution, (ii) funds for salary increases for employees exempt from the North Carolina Human Resources Act and (iii) funds requested without reference to constituent institutions, itemized as to priority and covering such areas as new programs and activities, expansions of programs and activities, increases in enrollments, increases to accommodate internal shifts and categories of persons served, capital improvements, improvements in levels of operation and increases to remedy deficiencies, as well as other areas. The president may present to the General Assembly an updated estimate of tuition, fees, and other receipts by June 15 of each year to be included in the budget for the following fiscal year.
  - a1. The Board of Governors shall provide full documentation and justification of any enrollment change funding request at the time it is recommended. This documentation and justification shall include the following:
    - 1. If the enrollment change funding request is based in whole or in part on enrollment growth, the most recent academic year's actual enrollment numbers in the same format in which the growth increase request is made. The actual enrollment numbers shall be the actual student credit hours (SCH) or full-time equivalencies (FTE).

2. If the enrollment change funding request is based in whole or in part on one or more metrics other than enrollment growth, including student performance, identification of any metric used, and the portion of the funding request based on that metric for each constituent institution.
  - b. Funds for the continuing operation of each constituent institution shall be appropriated directly to the institution. Funds for salary increases for employees exempt from the North Carolina Human Resources Act shall be appropriated to the Board in a lump sum for allocation to the institutions. Funds for the third category in paragraph a of this subdivision shall be appropriated to the Board in a lump sum for allocation to the institutions. The Board shall make allocations among the institutions in accordance with the Board's schedule of priorities and any specifications in the Current Operations Appropriations Act. When both the Board and the Director of the Budget deem it to be in the best interest of the State, funds in the third category may be allocated, in whole or in part, for other items within the list of priorities or for items not included in the list. Provided, nothing herein shall be construed to allow the General Assembly, except as to capital improvements, to refer to particular constituent institutions in any specifications as to priorities in the third category.
  - c. The Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of the institutions.
  - d. Repealed by Session Laws 1987, c. 795, s. 27.
  - e. For the purposes of allocating enrollment funding to constituent institutions of The University of North Carolina, beginning with the 2021-2022 fiscal year, the Board of Governors shall allocate funds each fiscal year to constituent institutions on the same basis as full-time students enrolled in a curriculum program for up to 100 resident full-time students enrolled in either a four-semester or eight-semester certificate accomplishment program approved by the United States Department of Education as a Comprehensive Transition Program (CTP) pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f– 1140i. If more than 100 resident full-time students are enrolled in CTPs at constituent institutions in any academic year, the Board of Governors shall allocate funds to each eligible constituent institution on a pro rata basis.
  - f. Digital learning student credit hours provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20 shall not be included in an enrollment change funding request under sub-subdivision a1. of this subdivision.

- (9a) The Board of Governors shall report to the Joint Legislative Education Oversight Committee and the Office of State Budget and Management by March 1 of each year regarding the sum of facilities and administrative fees and overhead receipts for The University of North Carolina that are collected and expended by each constituent institution. The report shall include all of the following information:
- a. The collection of facilities and administrative fees and overhead receipts by grant or program.
  - b. The use of facilities and administrative fees and overhead receipts showing expenditures by grant or program.
  - c. The sum of facilities and administrative fees and overhead receipts collected or expended by each constituent institution for maintenance and operation of facilities that were constructed with or at any time operated by funds from the General Fund.
- (9b) The Board of Governors shall report by February 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:
- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
  - b. Budget allocations and reductions, including for operating expenses and specific programs.
  - c. Distribution of additional State allocations for enrollment funding.
  - d. Use of State funds and budget flexibility.
  - e. Availability of federal funds.
  - f. Tuition and fees.
  - g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
  - h. Student retention and graduation rates.
  - i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
  - j. A comparison to prior fiscal year expenditures and appropriations.
  - k. The total amount of mandatory student fee revenue collected by institution and fee type.
  - l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.

- m. Any source of sales revenue that represents greater than ten percent (10%) of the overall sales revenue by institution and sales revenue type.
- (10) The Board shall collect and disseminate data concerning higher education in the State. To this end it shall work cooperatively with the Community Colleges System Office and shall seek the assistance of the private colleges and universities. It may prescribe for the constituent institutions such uniform reporting practices and policies as it may deem desirable.
- (10a) The Board of Governors, the State Board of Community Colleges, and the State Board of Education, in consultation with nonprofit postsecondary educational institutions shall plan a system to provide an exchange of information among the public schools and institutions of higher education to be implemented no later than June 30, 1995. As used in this section, "institutions of higher education" shall mean (i) public higher education institutions defined in G.S. 116-143.1(a)(3), and (ii) those nonprofit postsecondary educational institutions as described in G.S. 116-280 that choose to participate in the information exchange. The information shall include:
  - a. The number of high school graduates who apply to, are admitted to, and enroll in institutions of higher education;
  - b. College performance of high school graduates for the year immediately following high school graduation including each student's: need for remedial coursework at the institution of higher education that the student attends; performance in standard freshmen courses; and continued enrollment in a subsequent year in the same or another institution of higher education in the State;
  - c. The progress of students from one institution of higher education to another; and
  - d. Consistent and uniform public school course information including course code, name, and description.

The Department of Public Instruction shall generate and the local school administrative units shall use standardized transcripts in an automated format for applicants to higher education institutions. The standardized transcript shall include grade point average, class rank, end-of-course test scores, and uniform course information including course code, name, units earned toward graduation, and credits earned for admission from an institution of higher education. The grade point average and class rank shall be calculated by a standard method to be devised by the institutions of higher education.
- (10b) The Board of Governors of The University of North Carolina shall report to each community college and to the State Board of Community Colleges on the academic performance of that community college's transfer students.
- (10c) The Board of Governors shall require each constituent institution to adhere fully to the Comprehensive Articulation Agreement between The University of North Carolina and the North Carolina Community College System that addresses the transfer of courses and academic credits between the two systems and the admission of transfer students. The Board of Governors shall further ensure that the agreement is applied consistently among the constituent institutions. The University of North Carolina and the North Carolina

Community College System shall conduct biannual joint reviews of the Comprehensive Articulation Agreement to ensure that the agreement is fair, current, and relevant for all students and institutions and shall report their findings to the Joint Legislative Education Oversight Committee, including all revisions to the Comprehensive Articulation Agreement and reports of noncompliance by November 1 of each year. The University of North Carolina and the North Carolina Community College System shall also jointly develop an articulation agreement advising tool for students, parents, and faculty to simplify the course transfer and admissions process.

- (11) The Board shall assess the contributions and needs of the private colleges and universities of the State and shall give advice and recommendations to the General Assembly to the end that the resources of these institutions may be utilized in the best interest of the State.
- (12) The Board shall give advice and recommendations concerning higher education to the Governor, the General Assembly, and the boards of trustees of the institutions.
- (12a) Repealed by Session Laws 2013-226, s. 4, effective July 3, 2013, applicable beginning with the 2013-2014 school year.
- (12b) The Board of Governors of The University of North Carolina shall designate the UNC programs that will comprise the UNC Center for School Leadership Development. The Board of Governors shall submit to the Governor and the General Assembly a single, unified recommended budget for the continued operation and expansion of the programs in the Center for School Leadership Development.
- (12c) Repealed by Session Laws 2011-266, s. 1.41(b), effective June 23, 2011.
- (12d) The Board of Governors shall provide a comprehensive annual report on educator preparation efforts at The University of North Carolina. The report shall include information about educator preparation and recruitment, initiatives to improve educator quality, student success measures, and strategic research and related efforts. The educator preparation report shall be due on October 15 of each year to the Joint Legislative Education Oversight Committee. The Board shall provide a copy of the report to the State Board of Education.
- (12e) The Board of Governors shall develop and operate an anonymous tip line in accordance with G.S. 115C-105.51 for all public secondary schools, as defined in that section, operated under the control of the Board of Governors.
- (13) The Board may delegate any part of its authority over the affairs of any institution to the board of trustees or, through the President, to the chancellor of the institution in any case where such delegation appears necessary or prudent to enable the institution to function in a proper and expeditious manner. The Board may delegate any part of its authority over the affairs of The University of North Carolina to the President in any case where such delegation appears necessary or prudent to enable The University of North Carolina to function in a proper and expeditious manner. Any delegation of authority may be rescinded by the Board at any time in whole or in part.

- (13a) The Board of Governors may authorize the President to purchase commercial insurance of any kind to cover all risks or potential liability of the University, the Board of Governors, boards of trustees, other administrative or oversight boards, the President, the University benefit plan administrators, and employees of the University relating to the management, direction, and administration of University employee benefit plans, including the risks and potential liability related to benefit plan investments managed by the University.

Members of the Board of Governors, boards of trustees, other administrative and oversight boards, and employees of the University shall be considered State employees for purposes of Articles 31 and 31A of Chapter 143 of the General Statutes. To the extent that the President purchases commercial liability insurance coverage in excess of one hundred fifty thousand dollars (\$150,000) per claim for liability arising under Article 31 or 31A of Chapter 143 of the General Statutes, the provisions of G.S. 143-299.4 shall not apply. To the extent that the President purchases commercial insurance coverage for liability arising under Article 31 or 31A of Chapter 143 of the General Statutes, the provisions of G.S. 143-300.6(a) shall not apply.

The purchase of insurance by the President under this section shall not be construed to waive sovereign immunity or any other defense available to the University, the Board of Governors, boards of trustees, other administrative and oversight boards, the President, University benefit plan administrators, and employees of the University in an action or contested matter in any court, agency, or tribunal. The purchase of insurance by the President shall not be construed to alter or expand the limitations on claims or payments established in G.S. 143-299.2 or limit the right of the University, the Board of Governors, boards of trustees, other administrative or oversight boards, the President, University benefit plan administrators, and employees of the University to defense by the State as provided by G.S. 143-300.3.

- (13b) Notwithstanding G.S. 114-2.3, G.S. 147-17, or any other provision of law, the Board may authorize the President to designate legal counsel, including private counsel, as the President deems necessary to represent the interests of the Board, The University of North Carolina, any constituent institution, or officer or employee of The University of North Carolina in any matter, case, or proceeding in or before any court or agency of this State, any other state, or the United States. The authority provided pursuant to this subdivision includes the discretion to designate whether legal representation in any given matter is provided by the Attorney General's office, attorneys employed on the legal affairs staff of The University of North Carolina, private counsel, or a combination thereof. In those instances when the President employs counsel in addition to or other than the Attorney General, the President may designate lead counsel to possess final decision-making authority with respect to the representation, counsel, or service for The University of North Carolina. Other counsel for The University of North Carolina shall, consistent with the Rules of Professional Conduct, cooperate with such designated lead counsel. The Board may authorize the expenditure of funds to hire private counsel to represent the Board, The University of North Carolina, and any constituent institution.

G.S. 114-2.3(d), 143C-6-9(b), and 147-17(c1) shall not apply to these expenditures.

- (14) The Board shall possess all powers not specifically given to institutional boards of trustees. (1971, c. 1244, s. 1; 1979, c. 862, s. 8; c. 896, s. 13; 1979, 2nd Sess., c. 1130, s. 1; 1983, c. 163; c. 717, ss. 29, 30; c. 761, s. 113; 1983 (Reg. Sess., 1984), c. 1019, s. 2; 1985, c. 757, s. 152; 1985 (Reg. Sess., 1986), c. 955, ss. 23-27; 1987, c. 795, s. 27; 1991 (Reg. Sess., 1992), c. 880, ss. 2, 6; c. 1039, s. 25; 1993, c. 407, s. 2; 1993 (Reg. Sess., 1994), c. 677, s. 14; 1995, c. 288, s. 3; 1997-221, s. 12(b); 1997-240, s. 3; 1998-212, s. 11.12(a); 1999-84, s. 19; 2001-424, s. 31.4(b); 2005-276, s. 9.34(b); 2006-66, s. 9.17(a); 2006-95, s. 2.2; 2006-203, s. 40; 2007-154, s. 3(a); 2008-107, s. 9.8; 2008-204, s. 4.1; 2010-31, s. 9.3(a); 2010-112, s. 3; 2011-145, s. 9.18(g); 2011-266, s. 1.41(b); 2011-306, s. 1; 2012-142, ss. 9.4(a), (b), 9.15; 2013-72, s. 1; 2013-226, s. 4; 2013-322, s. 1; 2013-325, s. 2; 2013-360, s. 11.6(a); 2013-382, s. 9.1(c); 2017-57, ss. 6.7(h), 10.1; 2017-155, s. 1(a); 2018-5, s. 7.26(e); 2020-78, s. 3.1; 2020-97, ss. 3.5, 3.6; 2021-80, ss. 2.2(b), 2.4(d); 2021-180, s. 8.24(e); 2022-74, s. 8.1.)

**§ 116-11.1. Transferred to G.S. 116-37 by Session Laws 1971, c. 1244, s. 6.**

**§ 116-11.2. Duties regarding programs in education administration.**

The Board of Governors shall direct the constituent institutions with programs in education administration to revise the programs to reflect any increased standards required for programs approved by the State Board of Education, including new requirements for school-based leadership in the public schools. The Board of Governors shall monitor the programs and devise an assessment plan for all programs leading to certification in education administration. (1991, c. 689, s. 200(e).)

**§ 116-11.3. UNC admissions policy for early college graduates.**

(a) The Board of Governors of The University of North Carolina shall adopt a policy to require each constituent institution to offer to any student who graduated from a cooperative innovative high school program with an associate degree and who applies for admission to the constituent institution the option of being considered for admission as a freshman or as a transfer student. The constituent institution shall also provide written information to the student regarding the consequences that accompany each option and any other relevant information that may be helpful to the student when considering which option to select.

(b) Beginning September 30, 2017, the Board of Governors shall report annually to the Joint Legislative Education Oversight Committee regarding the number of students who graduated from a cooperative innovative high school program with an associate degree and which option was chosen by those students when applying for admission to a constituent institution. (2015-241, s. 11.16(a), (b); 2017-68, s. 5(a).)

**§ 116-12. Property and obligations.**

All property of whatsoever kind and all rights and privileges held by the Board of Higher Education and by the Boards of Trustees of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina

Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, as said property, rights and privileges may exist immediately prior to July 1, 1972, shall be, and hereby are, effective July 1, 1972, transferred to and vested in the Board of Governors of the University of North Carolina. All obligations of whatsoever kind of the Board of Higher Education and of the Boards of Trustees of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, as said obligations may exist immediately prior to July 1, 1972, shall be, and the same hereby are, effective July 1, 1972, transferred to and assumed by the Board of Governors of the University of North Carolina. Any property, real or personal, held immediately prior to July 1, 1972, by a board of trustees of a constituent institution for the benefit of that institution or by the University of North Carolina for the benefit of any one or more of its six institutions, shall from and after July 1, 1972, be kept separate and distinct from other property held by the Board of Governors, shall continue to be held for the benefit of the institution or institutions that were previously the beneficiaries and shall continue to be held subject to the provisions of the respective instruments, grants or other means or process by which any property right was acquired. All property of whatsoever kind and all rights and privileges held by the Board of Trustees of the North Carolina School of Science and Mathematics, as said property, rights and privileges may exist immediately prior to July 1, 2007, shall be and hereby are, effective July 1, 2007, transferred to and vested in the Board of Governors of The University of North Carolina. All obligations of whatsoever kind of the Board of Trustees of the North Carolina School of Science and Mathematics as said obligations may exist immediately prior to July 1, 2007, shall be, and the same hereby are, effective July 1, 2007, transferred to and assumed by the Board of Governors of The University of North Carolina. In case a conflict arises as to which property, rights or privileges were held for the beneficial interest of a particular institution, or as to the extent to which such property, rights or privileges were so held, the Board of Governors shall determine the issue, and the determination of the Board shall constitute final administrative action. Nothing in this Article shall be deemed to increase or diminish the income, other revenue or specific property which is pledged, or otherwise hypothecated, for the security or liquidation of any obligations, it being the intent that the Board of Governors shall assume said obligations without thereby either enlarging or diminishing the rights of the holders thereof. (1971, c. 1244, s. 1; 1995 (Reg. Sess., 1996), c. 603, s. 4; 2006-66, s. 9.11(c); 2008-192, s. 4.)

**§ 116-13. Powers of Board regarding property and services subject to general law.**

(a) The power and authority granted to the Board of Governors with regard to the acquisition, operation, maintenance and disposition of real and personal property and services shall be subject to, and exercised in accordance with, the provisions of Chapters 143 and 146 of the General Statutes and related sections of the North Carolina Administrative Code, except when a purchase is being made that is not covered by a State term contract and either:

- (1) The funds used to procure personal property or services are not moneys appropriated from the General Fund or received as tuition or, in the case of multiple fund sources, moneys appropriated from the General Fund or received as tuition do not exceed thirty percent (30%) of the total funds; or
- (2) The funds used to procure personal property or services are contract and grant funds or, in the case of multiple fund sources, the contract and grant funds exceed fifty percent (50%) of the total funds.

When a special responsibility constituent institution makes a purchase under subdivision (1) or (2) of this subsection, the requirements of Chapter 143, Article 3 shall apply, except the approval or oversight of the Secretary of Administration or the State Purchasing Officer is not required, regardless of dollar value.

(b) Special responsibility constituent institutions shall have the authority to purchase equipment, materials, supplies, and services from sources other than those certified by the Secretary of Administration on term contracts, subject to the following conditions:

- (1) The purchase price, including the cost of delivery, is less than the cost under the State term contract;
- (2) The items are the same or substantially similar in quality, service, and performance as items available under State term contracts;
- (3) The cost of the purchase shall not exceed the benchmark established under G.S. 116-31.10; and
- (4) The special responsibility constituent institution notifies the Department of Administration of purchases consistently being made under this provision so that State term contracts may be improved.

(c) With the prior approval of the President of The University of North Carolina, constituent institutions of The University of North Carolina may transfer personal property, including, without limitation, personal property of athletic departments, to another constituent institution of The University of North Carolina, including its athletic department, at no cost and without obtaining prior approval from the State Surplus Property Agency under Article 3A of Chapter 143 of the General Statutes or any other approval otherwise required by law. (1971, c. 1244, s. 1; 2003-228, s. 1; 2013-234, s. 6; 2023-66, s. 2.)

### **§ 116-13.1. Capital facilities; reports.**

(a) The General Assembly finds that although The University of North Carolina is one of the State's most valuable assets, the current facilities of the University have been allowed to deteriorate due to decades of neglect and have unfortunately fallen into a state of disrepair because of inadequate attention to maintenance. It is the intent of the General Assembly to reverse this trend and to provide a mechanism to assure that the University's capital assets are adequately maintained. The General Assembly commits to responsible stewardship of these assets to protect their value over the years, as follows:

- (1) The Board of Governors of The University of North Carolina shall require each constituent and affiliated institution to monitor the condition of its facilities and their needs or repair and renovation, and to assure that all necessary maintenance is carried out within funds available.
- (2) Repealed by Session Laws 2012-142, s. 9.4(e), effective July 1, 2012.
- (3) It is the intent of the General Assembly to assure that adequate oversight, funding, and accountability are continually provided so that the capital facilities

of the University are properly maintained to preserve the level of excellence the citizens of this State deserve. To this end, the Joint Legislative Education Oversight Committee shall report to the General Assembly annually its recommendations for legislative changes to implement this policy.

(b) Equity in University Improvements. – The Board of Governors of The University of North Carolina shall continue to study and monitor any inequities in funding for capital improvements and facilities needs which may still exist on North Carolina's Public Historically Black Colleges and Universities and North Carolina's Historically American Indian University, the University of North Carolina at Pembroke, beyond the funding of the projects provided for in this act, and shall report annually to the Joint Legislative Commission on Governmental Operations on any remaining inequities found, including recommendations as to how those inequities should be addressed.

(c) Repealed by Session Laws 2014-100, s. 36.6, effective July 1, 2014. (2000-3, ss. 1.1, 8; 2005-153, s. 2; 2011-145, s. 9.6C; 2012-142, s. 9.4(e); 2013-360, s. 36.10; 2014-100, s. 36.6.)

### **§ 116-13.2. Report on University Fiscal Liabilities.**

The Board of Governors shall report on an annual basis to the Joint Legislative Commission on Governmental Operations on:

- (1) Any financing of buildings or other facilities, regardless of the ownership of those buildings or other facilities, located on land owned by The University of North Carolina or the constituent institutions of The University of North Carolina; and
- (2) All fiscal liabilities or contingent liabilities, including payments for debt service or other contractual arrangements, of The University of North Carolina or any constituent institution. (2002-126, s. 9.16.)

### **§ 116-14. President and staff.**

(a) The Board shall elect a President of the University of North Carolina. The President shall be the chief administrative officer of the University.

(a1) The Board shall use the following process whenever the Board conducts a search for a President of The University of North Carolina:

- (1) At least three final candidates shall be submitted to the full Board from which the full Board shall make its selection for the President.
- (2) The Board shall conduct a vote on the selection of the President and the candidate shall receive a majority of votes of the entire Board in order to be elected President of The University of North Carolina.

(a2) The Board may appoint an interim President. Subsection (a1) of this section shall not apply to the appointment of an interim President under this subsection. The Interim President shall serve until the Board appoints a President of The University of North Carolina using the procedures specified in subsection (a1) of this section.

(b) The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Article, who shall be elected by the Board on nomination of the President. The Board shall fix the compensation of the staff members it elects. These staff members shall include a senior vice-president and such other vice-presidents and officers as may be deemed desirable. Provision shall be made for persons of high competence and

strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Article, who shall be subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be established by the Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system. Subject to approval by the Board, the President may establish and abolish employment positions within the staff complement authorized by this subsection in the manner of and under the conditions prescribed by G.S. 116-30.4 for special responsibility constituent institutions.

(b1) The President shall receive General Fund appropriations made by the General Assembly for continuing operations of The University of North Carolina that are administered by the President and the President's staff complement established pursuant to G.S. 116-14(b) in the form of a single sum to Budget Code 16010 of The University of North Carolina in the manner and under the conditions prescribed by G.S. 116-30.2. The President, with respect to the foregoing appropriations, shall have the same duties and responsibilities that are prescribed by G.S. 116-30.2 for the Chancellor of a special responsibility constituent institution. The President may establish procedures for transferring funds from Budget Code 16010 to the constituent institutions for nonrecurring expenditures. The President may identify funds for capital improvement projects from Budget Code 16010, and the capital improvement projects may be established following the procedures set out in G.S. 143C-8-8 and G.S. 143C-8-9.

(b2) The President, in consultation with the State Auditor and the Director of the Office of State Human Resources, shall ascertain that the management staff and internal financial controls are in place and continue in place to successfully administer the additional authority authorized under G.S. 116-14(b1) and G.S. 116-30.3. All actions taken by the President pursuant to G.S. 116-14(b1) and G.S. 116-30.3 are subject to audit by the State Auditor.

(b3) The President shall have the authority to approve a reduction in force for positions subject to the North Carolina Human Resources Act in accordance with the reduction in force policies of the Office of State Human Resources without further approval by any other State agency. The President may delegate this authority to approve a reduction in force to a chancellor of a constituent institution. The authority to approve a reduction in force may include reorganization and payment of severance with non-State funds. The President and any chancellor of a constituent institution who approves a reduction in force pursuant to this section shall comply with the following:

- (1) Submit an annual informational report to the Office of State Human Resources on all approved reductions in force, reorganizations, and severance payments for employees who are subject to the North Carolina Human Resources Act under this section.
- (2) If State funds are used for payment of severance in connection with a reduction in force under this section, the payment of the severance shall be subject to any required preapproval by the Office of State Budget and Management.

(c) The President, with the approval of the Board, shall appoint an advisory committee composed of representative presidents of the private colleges and universities and may appoint

such additional advisory committees as are deemed necessary or desirable. (1971, c. 1244, s. 1; 1999-237, s. 10.14(b); 2000-140, s. 26; 2006-203, s. 41; 2007-117, s. 1; 2013-382, s. 9.1(c); 2014-100, s. 11.17(b); 2015-300, s. 1.5; 2021-80, s. 6.)

**§ 116-15. Licensing of certain nonpublic post-secondary educational institutions.**

(a1) The General Assembly of North Carolina in recognition of the importance of higher education and of the particular significance attached to the personal credentials accessible through higher education and in consonance with statutory law of this State making unlawful any "unfair or deceptive acts or practices in the conduct of any trade or commerce," hereby declares it the policy of this State that all institutions conducting post-secondary degree activity in this State that are not subject to Chapter 115 or 115D of the General Statutes, nor some other section of Chapter 116 of the General Statutes shall be subject to licensure under this section except as the institution or a particular activity of the institution may be exempt from licensure by one or another provision of this section.

(a2) Definitions. – As used in this section the following terms are defined as set forth in this subsection:

- (1) "Post-secondary degree". – A credential conferring on the recipient thereof the title of "Associate", "Bachelor", "Master", or "Doctor", or an equivalent title, signifying educational attainment based on (i) study, (ii) a substitute for study in the form of equivalent experience or achievement testing, or (iii) a combination of the foregoing; provided, that "post-secondary degree" shall not include any honorary degree or other so-called "unearned" degree.
- (2) "Institution". – Any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or university that engages in, purports to engage in, or intends to engage in any type of post-secondary degree activity.
- (3) "Post-secondary degree activity". – Any of the following is "post-secondary degree activity":
  - a. Awarding a post-secondary degree.
  - b. Conducting or offering study, experience, or testing for an individual or certifying prior successful completion by an individual of study, experience, or testing, under the representation that the individual successfully completing the study, experience, or testing will be awarded therefor, at least in part, a post-secondary degree.
- (4) "Publicly registered name". – The name of any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or institution that appears as the subject of any Articles of Incorporation, Articles of Amendment, or Certificate of Authority to Transact Business or to Conduct Affairs, properly filed with the Secretary of State of North Carolina and currently in force.
- (5) "Board". – The Board of Governors of The University of North Carolina.

(b) Required License. – No institution subject to this section shall undertake post-secondary degree activity in this State, whether through itself or through an agent, unless the institution is licensed as provided in this section to conduct post-secondary degree activity or is exempt from licensure under this section as hereinafter provided.

(c) Exemption from Licensure. – Any institution that has been continuously conducting post-secondary degree activity in this State under the same publicly registered name or series of

publicly registered names since July 1, 1972, shall be exempt from the provisions for licensure under this section upon presentation to the Board of information acceptable to the Board to substantiate such post-secondary degree activity and public registration of the institution's names. Any institution that, pursuant to a predecessor statute to this subsection, had presented to the Board proof of activity and registration such that the Board granted exemption from licensure, shall continue to enjoy such exemption without further action by the Board.

(d) Exemption of Institutions Relative to Religious Education. – Notwithstanding any other provision of this section, no institution shall be subject to licensure under this section with respect to post-secondary degree activity based upon a program of study, equivalent experience, or achievement testing the institutionally planned objective of which is the attainment of a degree in theology, divinity, or religious education or in any other program of study, equivalent experience, or achievement testing that is designed by the institution primarily for career preparation in a religious vocation. This exemption shall be extended to any institution with respect to each program of study, equivalent experience, and achievement test that the institution demonstrates to the satisfaction of the Board should be exempt under this subsection.

(e) Post-secondary Degree Activity within the Armed Forces of the United States. – To the extent that an institution undertakes post-secondary degree activity on the premises of military posts or reservations located in this State for military personnel stationed on active duty there, or their dependents, the institution shall be exempt from the licensure requirements of this section.

(f) Standards for Licensure. – To receive a license to conduct post-secondary degree activity in this State, an institution shall satisfy the Board that the institution has met the following standards:

- (1) That the institution is State-chartered. If chartered by a state or sovereignty other than North Carolina, the institution shall also obtain a Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina issued by the Secretary of State of North Carolina;
- (2) That the institution has been conducting post-secondary degree activity in a state or sovereignty other than North Carolina during consecutive, regular-term, academic semesters, exclusive of summer sessions, for at least the two years immediately prior to submitting an application for licensure under this section, or has been conducting with enrolled students, for a like period in this State or some other state or sovereignty, post-secondary educational activity not related to a post-secondary degree; provided, that an institution may be temporarily relieved of this standard under the conditions set forth in subsection (i), below;
- (3) That the substance of each course or program of study, equivalent experience, or achievement test is such as may reasonably and adequately achieve the stated objective for which the study, experience, or test is offered or to be certified as successfully completed;
- (4) That the institution has adequate space, equipment, instructional materials, and personnel available to it to provide education of good quality;
- (5) That the education, experience, and other qualifications of directors, administrators, supervisors, and instructors are such as may reasonably insure that the students will receive, or will be reliably certified to have received, education consistent with the stated objectives of any course or program of study, equivalent experience, or achievement test offered by the institution;

- (6) That the institution provides students and other interested persons with a catalog or brochure containing information describing the substance, objectives, and duration of the study, equivalent experience, and achievement testing offered, a schedule of related tuition, fees, and all other necessary charges and expenses, cancellation and refund policies, and such other material facts concerning the institution and the program or course of study, equivalent experience, and achievement testing as are reasonably likely to affect the decision of the student to enroll therein, together with any other disclosures that may be specified by the Board; and that such information is provided to prospective students prior to enrollment;
  - (7) That upon satisfactory completion of study, equivalent experience, or achievement test, the student is given appropriate educational credentials by the institution, indicating that the relevant study, equivalent experience, or achievement testing has been satisfactorily completed by the students;
  - (8) That records are maintained by the institution adequate to reflect the application of relevant performance or grading standards to each enrolled student;
  - (9) That the institution is maintained and operated in compliance with all pertinent ordinances and laws, including rules and regulations adopted pursuant thereto, relative to the safety and health of all persons upon the premises of the institution;
  - (10) That the institution is financially sound and capable of fulfilling its commitments to students and that the institution has provided a bond as provided in subsection (f1) of this section;
  - (11) That the institution, through itself or those with whom it may contract, does not engage in promotion, sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair;
  - (12) That the chief executive officer, trustees, directors, owners, administrators, supervisors, staff, instructors, and employees of the institution have no record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution;
  - (13) That the student housing owned, maintained, or approved by the institution, if any, is appropriate, safe, and adequate;
  - (14) That the institution has a fair and equitable cancellation and refund policy; and
  - (15) That no person or agency with whom the institution contracts has a record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution.
- (f1) (1) A guaranty bond is required for each institution that is licensed. The Board may revoke the license of an institution that fails to maintain a bond pursuant to this subsection.

If the institution has provided a bond pursuant to G.S. 115D-95, the Board may waive the bond requirement under this subsection. The Board may not waive the bond requirement under this subsection if the applicant has provided an alternative to a guaranty bond under G.S. 115D-95(c).

- (2) When application is made for a license or license renewal, the applicant shall file a guaranty bond with the clerk of the superior court of the county in which the institution will be located. The bond shall be in favor of the students. The

bond shall be executed by the applicant as principal and by a bonding company authorized to do business in this State. The bond shall be conditioned to provide indemnification to any student, or his parent or guardian, who has suffered a loss of tuition or any fees by reason of the failure of the institution to offer or complete student instruction, academic services, or other goods and services related to course enrollment for any reason, including the suspension, revocation, or nonrenewal of an institution's license, bankruptcy, foreclosure, or the institution ceasing to operate.

The bond shall be in an amount determined by the Board to be adequate to provide indemnification to any student, or his parent or guardian, under the terms of the bond. The bond amount for an institution shall be at least equal to the maximum amount of prepaid tuition held at any time during the last fiscal year by the institution. The bond amount shall also be at least ten thousand dollars (\$10,000).

Each application for a license shall include a letter signed by an authorized representative of the institution showing in detail the calculations made and the method of computing the amount of the bond, pursuant to this subdivision and the rules of the Board. If the Board finds that the calculations made and the method of computing the amount of the bond are inaccurate or that the amount of the bond is otherwise inadequate to provide indemnification under the terms of the bond, the Board may require the applicant to provide an additional bond.

The bond shall remain in force and effect until cancelled by the guarantor. The guarantor may cancel the bond upon 30 days notice to the Board. Cancellation of the bond shall not affect any liability incurred or accrued prior to the termination of the notice period.

(g) Review of Licensure. – Any institution that acquires licensure under this section shall be subject to review by the Board to determine that the institution continues to meet the standard for licensure of subsection (f), above. Review of such licensure by the Board shall always occur if the institution is legally reconstituted, or if ownership of a preponderance of all the assets of the institution changes pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements, or if two years has elapsed since licensure of the institution was granted by the Board.

Notwithstanding the foregoing paragraph, if an institution has continued to be licensed under this section and continuously conducted post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1979, or for six consecutive years, whichever is the shorter period, and is accredited by an accrediting commission recognized by the Council on Post-Secondary Accreditation, such institution shall be subject to licensure review by the Board every six years to determine that the institution continues to meet the standard for licensure of subsection (f), above. However, should such an institution cease to maintain the specified accreditation, become legally reconstituted, have ownership of a preponderance of all its assets transferred pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements to a person or organization not licensed under this section, or fail to meet the standard for licensure of subsection (f), above, then the institution shall be subject to licensure review by the Board every two years until a license to conduct post-secondary degree activity and the requisite accreditation have been restored for six consecutive years.

(h) Denial and Revocation of Licensure. – Any institution seeking licensure under the provisions of this section that fails to meet the licensure requirements of this section shall be denied a license to conduct post-secondary degree activity in this State. Any institution holding a license to conduct post-secondary degree activity in this State that is found by the Board of Governors not to satisfy the licensure requirements of this section shall have its license to conduct post-secondary degree activity in this State revoked by the Board; provided, that the Board of Governors may continue in force the license of an institution deemed by the Board to be making substantial and expeditious progress toward remedying its licensure deficiencies.

(i) Regulatory Authority in the Board. – The Board shall have authority to establish such rules, regulations, and procedures as it may deem necessary or appropriate to effect the provisions of this section. Such rules, regulations, and procedures may include provision for the granting of an interim permit to conduct post-secondary degree activity in this State to an institution seeking licensure but lacking the two-year period of activity prescribed by subsection (f)(2), above.

(j) Enforcement Authority in the Attorney General. – The Board shall call to the attention of the Attorney General, for such action as he may deem appropriate, any institution failing to comply with the requirements of this section.

(k) Severability. – The provisions of this section are severable, and, if any provision of this section is declared unconstitutional or invalid by the courts, such declaration shall not affect the validity of the section as a whole or any provision other than the provision so declared to be unconstitutional or invalid. (1971, c. 1244, s. 1; 1973, c. 1331, s. 3; 1975, c. 268; 1977, c. 563, ss. 1-4; 1979, c. 896, s. 13; 1979, 2nd Sess., c. 1130, s. 1; 1983 (Reg. Sess., 1984), c. 1006; 1989 (Reg. Sess., 1990), c. 824, s. 2; 1997-456, s. 27; 2011-183, s. 81.)

#### **§ 116-16. Tax exemption.**

The lands and other property belonging to the University of North Carolina shall be exempt from all kinds of public taxation. (Const., art. 5, s. 5; 1789, c. 306, s. 3; P.R.; R.S., vol. 2, p. 428; Code, s. 2614; Rev., s. 4262; C.S., s. 5783; 1971, c. 1244, s. 2.)

#### **§ 116-17. Purchase of annuity or retirement income contracts for faculty members, officers and employees.**

Notwithstanding any provision of law relating to salaries and/or salary schedules for the pay of faculty members, administrative officers, or any other employees of universities, colleges, constituent institutions, and other institutions of higher learning as named and set forth in this Article, and other State agencies qualified as educational institutions under section 501(c)(3) of the United States Internal Revenue Code, the governing boards of any such universities, colleges, constituent institutions, and other institutions of higher learning may authorize the business officer or agent of same to enter into annual contracts with any of the faculty members, administrative officers and employees of said institutions which provide for a reduction in salary below the total established compensation or salary schedule for a term of one year. The financial officer or agent shall use the funds derived from the reduction in the salary of the faculty member, administrative officer or employee to purchase a nonforfeitable annuity or retirement income contract for the benefit of said faculty member, administrative officer or employee of said universities, colleges and institutions. A faculty member, administrative officer or employee who has agreed to a salary reduction for this purpose shall not have the right to receive the amount of the salary reduction in cash or in any other way except the annuity or retirement income contract. Funds used for the purchase of an annuity or retirement income contract shall not be in lieu of any amount earned by the faculty member, administrative officer or employee before his election for a salary reduction

has become effective. The agreement for salary reductions referred to herein shall be effected under any necessary regulations and procedures adopted by the various governing boards of the various institutions and on forms prepared by said governing boards. Notwithstanding any other provision of this section or law, the amount by which the salary of any faculty member, administrative officer or employee is reduced pursuant to this section shall not be excluded, but shall be included, in computing and making payroll deductions for social security and retirement system purposes, and in computing and providing matching funds for retirement system purposes.

In lieu of the annuity and related contracts provided for under this section, interests in custodial accounts pursuant to Section 401(f), Section 403(b)(7), and related sections of the Internal Revenue Code of 1986 as amended may be purchased for the benefit of qualified employees under this section with the funds derived from the reduction in the salaries of such employees. (1965, c. 365; 1971, c. 1244, s. 3; 1989, c. 526, s. 3; 2006-66, s. 9.11(d).)

#### **§ 116-17.1. Dependent care assistance program.**

The Board of Governors of The University of North Carolina is authorized to provide eligible employees of constituent institutions a program of dependent care assistance as available under Section 129 and related sections of the Internal Revenue Code of 1986, as amended. The Board of Governors may authorize constituent institutions to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Board of Governors decide to contract with a third party to administer the terms and conditions of a program of dependent care assistance, it may select a contractor only upon a thorough and completely competitive procurement process. (1989, c. 458, s. 3; 1991 (Reg. Sess., 1992), c. 1044, s. 14(d); 1993, c. 561, s. 42; 1993 (Reg. Sess., 1994), c. 769, s. 7.28A; 1997-443, s. 33.20(a); 1999-237, s. 28.27(a).)

#### **§ 116-17.2. Flexible Compensation Plan.**

Notwithstanding any other provisions of law relating to the salaries of employees of The University of North Carolina, the Board of Governors of The University of North Carolina is authorized to provide a plan of flexible compensation to eligible employees of constituent institutions for benefits available under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This plan shall not include those benefits provided to employees under Articles 1, 3B, and 6 of Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any other leave that may be carried forward from year to year by employees as a form of deferred compensation. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the Board of Governors may authorize constituent institutions to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Board of Governors decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process. (1989 (Reg. Sess., 1990), c. 1059, s. 3; 1991 (Reg. Sess., 1992), c. 1044, s. 14(h); 1993, c. 561, s. 42; 1993 (Reg. Sess., 1994), c. 769, s. 7.28A; 1997-443, s. 33.20(a); 1999-237, s. 28.27(a); 2013-292, s. 3.)

§ 116-17.3: Repealed by Session Laws 2020-56, s. 1, effective June 30, 2020.

**§ 116-18. Information Center established.**

The Board of Governors of the University of North Carolina, with the cooperation of other concerned organizations, shall establish, as a function of the Board, an Educational Opportunities Information Center to provide information and assistance to prospective college and university students and to the several institutions, both public and private, on matters regarding student admissions, transfers and enrollments. The public institutions shall cooperate with the Center by furnishing such nonconfidential information as may assist the Center in the performance of its duties. Similar cooperation shall be requested of the private institutions in the State.

An applicant for admission to an institution who is not offered admission may request that the institution send to the Center appropriate nonconfidential information concerning his application. The Center may, at its discretion and with permission of the applicant, direct the attention of the applicant to other institutions and the attention of other institutions to the applicant. The Center is authorized to conduct such studies and analyses of admissions, transfers and enrollments as may be deemed appropriate. (1971, c. 1086, s. 1; c. 1244, s. 4.)

§ 116-19: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-20: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-21: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-21.1: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-21.2: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-21.3: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-21.4: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

§ 116-21.5: Repealed by Session Laws 2009-451, s. 9.15(a), effective July 1, 2009.

§ 116-21.6: Repealed by Session Laws 2011-145, s. 9.14, effective July 1, 2011.

§ 116-22: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.

**§§ 116-22.1 through 116-25. Transferred to §§ 116A-3 to 116A-7 by Session Laws 1971, c. 1135, s. 2.**

**§ 116-25.1. Semester limitation on eligibility for The University of North Carolina need-based financial aid grants. [Repealed effective July 1, 2023 — see note]**

(a) Except as otherwise provided by this section, a student shall not receive a grant from The University of North Carolina Need-Based Financial Aid Program for more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the student is enrolled in a

program officially designated by the Board of Governors as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a need-based grant from The University of North Carolina Need-Based Financial Aid Program for more than 12 full-time academic semesters or its equivalent if enrolled part-time.

(b) Upon application by a student, the constituent institution may grant a waiver to the student who may then receive a grant for the equivalent of one additional full-time academic semester if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish policies and procedures to implement the waiver provided by this subsection. (2011-145, s. 9.11(a); 2013-360, s. 11.15(d); repealed by 2021-180, s. 8A.2(i), effective July 1, 2023.)

**§ 116-26. Transferred to § 116-43 by Session Laws 1971, c. 1244, s. 17.**

**§ 116-27. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-28:** Repealed by Session Laws 1963, c. 448, s. 7.

**§ 116-29:** Repealed by Session Laws 1963, c. 448, s. 7.

**§ 116-29.1. University Cancer Research Fund.**

(a) Fund. – The University Cancer Research Fund is established as a special revenue fund in the Office of the President of The University of North Carolina. Allocations from the fund shall be made in the discretion of the Cancer Research Fund Committee and shall be used only for the purpose of cancer research under UNC Hospitals, the Lineberger Comprehensive Cancer Center, or both.

(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer Research Fund by the Secretary of Revenue from the tax on tobacco products other than cigarettes pursuant to G.S. 105-113.39D are appropriated for this purpose.

(c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall consist of five ex officio members and two appointed members. The five ex officio members shall consist of the following: (i) one member shall be the Chancellor of the University of North Carolina at Chapel Hill, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer Center, (iii) one member shall be the Dean of the School of Medicine at The University of North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The University of North Carolina, and (v) one member shall be the Dean of the School of Public Health at The University of North Carolina. The remaining two members shall be appointed by a majority vote of the standing members of the Committee and shall be selected from persons holding a leadership position in a nationally prominent cancer program.

If any of the specified positions cease to exist, then the successor position shall be deemed to be substituted in the place of the former one, and the person holding the successor position shall become an ex officio member of the Committee.

(d) Chair. – The chair shall be the Chancellor of the University of North Carolina at Chapel Hill.

(e) Quorum. – A majority of the members shall constitute a quorum for the transaction of business.

(f) Meetings. – The Committee shall meet at least once in each quarter and may hold special meetings at any time and place at the call of the chair or upon the written request of at least a majority of its members.

(g) Report. – By November 1 of each year, the Cancer Research Fund Committee shall provide to the Joint Legislative Education Oversight Committee and to the Office of State Budget and Management an annual financial report which shall include the following components:

- (1) Accounting of expenditures of State funds related to strategic initiatives, development of infrastructure, and ongoing administrative functions.
- (2) Accounting of expenditures of extramural funds related to strategic initiatives, development of infrastructure, and ongoing administrative functions.
- (3) Measures of impact to the State's economy in the creation of jobs, intellectual property, and start-up companies.
- (4) Other performance measures directly related to the investment of State funds.
- (5) Accounting of any fund balances retained by the Fund, along with information about any restrictions on the use of these funds. (2007-323, s. 6.23(b); 2009-451, s. 27A.5(e); 2010-31, s. 9.12; 2011-145, ss. 6.11(c), 9.4; 2013-360, s. 6.4(d); 2021-180, s. 42.9(h).)

§ 116-29.5: Repealed by Session Laws 2009-209, s. 3, effective June 29, 2009.

§ 116-30: Transferred to § 116-40 by Session Laws 1971, c. 1244, s. 9.

Part 2A. Fiscal Accountability and Flexibility.

§ 116-30.01: Recodified as G.S. 115C-296.4 by Session Laws 2006-66, s. 9.17(c), effective January 1, 2007.

**§ 116-30.1. Special responsibility constituent institutions.**

The Board of Governors of The University of North Carolina, acting on recommendation made by the President of The University of North Carolina after consultation by him with the State Auditor, may designate one or more constituent institutions of The University as special responsibility constituent institutions. That designation shall be based on an express finding by the Board of Governors that each institution to be so designated has the management staff and internal financial controls that will enable it to administer competently and responsibly all additional management authority and discretion to be delegated to it. The Board of Governors, on recommendation of the President, shall adopt rules prescribing management staffing standards and internal financial controls and safeguards, including the lack of any significant findings in the annual financial audit by the State Auditor's Office, that must be met by a constituent institution before it may be designated a special responsibility constituent institution and must be maintained in order for it to retain that designation. These rules shall not be designed to prohibit participation by a constituent institution because of its size. These rules shall establish procedures for the President and his staff to review the annual financial audit reports, special reports, electronic data processing reports, performance reports, management letters, or any other report issued by the State Auditor's Office for each special responsibility constituent institution. The President shall take immediate action regarding reported weaknesses in the internal control structure, deficiencies

in the accounting records, and noncompliance with rules and regulations. In any instance where significant findings are identified, the President shall notify the Chancellor of the particular special responsibility constituent institution that the institution must make satisfactory progress in resolving the findings, as determined by the President of The University, after consultation with the State Auditor, within a three-month period commencing with the date of receipt of the published financial audit report, any other audit report, or management letter. If satisfactory progress is not made within a three-month period, the President of The University shall recommend to the Board of Governors at its next meeting that the designation of the particular institution as a special responsibility constituent institution be terminated until such time as the exceptions are resolved to the satisfaction of the President of The University of North Carolina, after consultation with the State Auditor. However, once the designation as a special responsibility constituent institution has been withdrawn by the Board of Governors, reinstatement may not be effective until the beginning of the following fiscal year at the earliest. Any actions taken by the Board of Governors with respect to withdrawal or reinstatement of an institution's status as a special responsibility constituent institution shall be reported immediately to the Joint Legislative Education Oversight Committee.

The rules established under this section shall include review by the President, after consultation with the State Auditor, the Director of the Office of State Human Resources, and the Director of the Division of State Purchasing and Contracts in ascertaining whether or not a constituent institution has the management staff and internal financial controls to administer the additional authorities authorized under G.S. 116-30.2, 116-30.4, and 143-53.1. Such review and consultation must take place no less frequently than once each biennium. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 1996, 2nd Ex. Sess., c. 18, s. 7.4(k); 1997-71, s. 1; 2013-382, s. 9.1(c).)

#### **§ 116-30.2. Appropriations to special responsibility constituent institutions.**

(a) All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143C-6-4 and G.S.120-76(8), each special responsibility constituent institution may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. Special responsibility constituent institutions may transfer appropriations between budget codes. These transfers shall be considered certified even if as a result of agreements between special responsibility constituent institutions. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S. 143C-6-3 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions.

(b) Repealed by Session Laws 2006-66, s. 9.11(f), effective July 1, 2007.(1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); c. 769, s. 17.6(c); 1996, 2nd Ex. Sess.,

c. 18, s. 7.4(i); 1997-443, s. 10.8; 2001-449, s. 1; 2004-124, s. 9.6; 2006-66, ss. 9.8, 9.11(e), (f); 2006-203, s. 42.)

### **§ 116-30.3. Reversions.**

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed two and one-half percent (2.5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
  - (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
  - (3) University of North Carolina System Office Budget Code 16010.
- (b) Repealed by Session Laws 1998-212, s. 11(b).
- (c) Repealed by Session Laws 1998-212, s. 11(a).
- (d) Repealed by Session Laws 1998-212, s. 11(b).
- (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- (f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures; provided, however, expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 1995, c. 507, s. 15.16; 1997-443, s. 10.19; 1998-212, s. 11(a), (b); 1999-237, s. 10.14(a); 2006-203, s. 43; 2014-100, s. 11.17(a); 2018-12, s. 2; 2020-81, s. 4(h); 2021-180, s. 8.15.)

### **§ 116-30.3A. Availability of excess receipts.**

Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The University of North Carolina realized in excess of budgeted levels shall be available, up to a maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to appropriations to support the operations generating the receipts as approved by the Director of the Budget. Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The University of North Carolina Health Care System realized in excess of budgeted levels shall be available above budgeted levels, for each Budget Code, in addition to appropriations to support the operations generating the receipts as approved by the Director of the Budget. (2006-203, s. 4.)

### **§ 116-30.3B. Energy conservation savings.**

(a) In addition to the funds carried forward under G.S. 116-30.3, the General Fund current operations appropriations credit balance remaining at the end of each fiscal year for utilities of a constituent institution that is energy savings realized from implementing an energy conservation measure shall be carried forward by the institution to the next fiscal year. Sixty percent (60%) of the energy savings realized shall be utilized for energy conservation measures by that institution.

The use of funds under this section shall be limited to onetime capital and operating expenditures that will not impose additional financial obligations on the State. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code of each institution.

(b) It is the intent of the General Assembly that appropriations to the Board of Governors on behalf of a constituent institution not be reduced as a result of the institution's realization of energy savings. Instead, the General Assembly intends that the amount of appropriations be determined as if no energy savings had been realized. The Director of the Budget shall not decrease the recommended base budget requirements for utilities for constituent institutions by the amount of energy savings realized from implementing energy conservation measures, including savings achieved through a guaranteed energy savings contract.

(c) Constituent institutions shall submit biennial reports on the use of funds authorized pursuant to this section as required under G.S. 143-64.12.

(d) As used in this section, "energy savings," "guaranteed energy savings contract," and "energy conservation measure" have the same meaning as in G.S. 143-64.17. (2010-196, s. 1; 2011-145, s. 9.6D(c); 2014-100, s. 6.4(e); 2023-121, s. 5(b).)

#### **§ 116-30.4. Position management.**

The Chancellor of a special responsibility constituent institution, when he finds that to do so would help to maintain and advance the programs and services of the institution, may establish and abolish positions, acting in accordance with:

- (1) State personnel policies and procedures if these positions are subject to the North Carolina Human Resources Act and if the institution is operating under the terms of a Performance Agreement or a Decentralization Agreement authorized under Chapter 126 of the General Statutes; or
- (2) Policies and procedures of the Board of Governors if these positions are exempt from the North Carolina Human Resources Act.

The results achieved by establishing and abolishing positions pursuant to the conditions set forth in subdivision (1) of this section shall be subject to postauditing by the Office of State Human Resources. Implementation of personnel actions shall be subject to the availability of funds within the institution's current budget to fund the full annualized costs of these actions. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 2013-382, s. 9.1(c).)

#### **§ 116-30.5. Impact on education.**

The Board of Governors shall require each special responsibility constituent institution to include in its institutional effectiveness plan those assessment measures that are determined by the Board to be measures that will assure some standard measure of student learning and development in general undergraduate education at the special responsibility constituent institutions. The intent of this requirement is to measure the impact of G.S. 116-30.1 through G.S. 116-30.5, establishing and administering special responsibility constituent institutions, and their implementation on undergraduate student learning and development. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a).)

**§ 116-30.6:** Repealed by Session Laws 2007-322, s. 6, effective July 30, 2007.

**§ 116-30.7:** Repealed by Session Laws 2021-80, s. 2.7, effective July 8, 2021.

**§ 116-30.8. Special responsibility constituent institutions: annual audit by State Auditor.**

Each special responsibility constituent institution shall be audited annually by the State Auditor. The audit shall be provided to the Chancellor and Board of Trustees of the special responsibility institution, and the Board of Governors of The University of North Carolina. The audit shall also be included in the State's Comprehensive Annual Financial Report (CAFR).

The Board of Governors of The University of North Carolina shall ensure that all special responsibility constituent institutions are audited in accordance with this section. (2011-145, s. 9.16; 2012-142, s. 17.2; 2013-373, s. 2.)

**§ 116-30.9:** Reserved for future codification purposes.

**§ 116-30.10:** Reserved for future codification purposes.

**§ 116-30.11:** Reserved for future codification purposes.

**§ 116-30.12:** Reserved for future codification purposes.

**§ 116-30.13:** Reserved for future codification purposes.

**§ 116-30.14:** Reserved for future codification purposes.

**§ 116-30.15:** Reserved for future codification purposes.

**§ 116-30.16:** Reserved for future codification purposes.

**§ 116-30.17:** Reserved for future codification purposes.

**§ 116-30.18:** Reserved for future codification purposes.

**§ 116-30.19:** Reserved for future codification purposes.

Part 2B. Private, Nonprofit Corporations.

**§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation. (2005-276, s. 9.22.)

Part 3. Constituent Institutions.

**§ 116-31. Membership of the boards of trustees.**

(a) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 35, effective December 19, 2016. See editor's note for applicability.

(b) Effective July 1, 1972, a separate board of trustees shall be created for each of the following institutions: North Carolina State University at Raleigh, the University of North Carolina at Asheville, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Greensboro, and the University of North Carolina at Wilmington.

(c) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 35, effective December 19, 2016. See editor's note for applicability.

(d) Except as provided in G.S. 116-65, each of the 16 institutions of higher education set out in G.S. 116-2(4) shall have board of trustees composed of 13 persons chosen as follows:

(1) Eight elected by the Board of Governors.

(2) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 35, effective December 19, 2016. See editor's note for applicability.

(2a) Four members appointed by the General Assembly under G.S. 120-121, two of whom shall be appointed upon the recommendation of the President Pro Tempore of the Senate and two of whom shall be appointed upon the recommendation of the Speaker of the House of Representatives.

(3) The president of the student government ex officio.

The Board of Trustees of the North Carolina School of Science and Mathematics shall be established in accordance with G.S. 116-233.

(e) The term of office of all trustees, except the ex officio member, shall be four years, commencing on July 1 of odd-numbered years. In every odd-numbered year the Board of Governors shall elect four persons to each board of trustees and the General Assembly shall appoint one person upon the recommendation of the President Pro Tempore of the Senate and one person upon the recommendation of the Speaker of the House of Representatives to each such board.

(f) In electing boards of trustees to serve commencing July 1, 1973, the Board of Governors shall designate four persons for four-year terms and four for two-year terms. The Governor, in making appointments of trustees to serve commencing July 1, 1973, shall designate two persons for four-year terms and two for two-year terms.

(g) Any person who has served two full four-year terms in succession as a member of a board of trustees shall, for a period of one year, be ineligible for election or appointment to the same board but may be elected or appointed to the board of another institution.

(h) No member of the General Assembly or officer or employee of the State, The University of North Carolina, or any constituent institution shall be eligible for election or appointment as a trustee. No spouse of a member of the General Assembly, or of an officer or employee of a constituent institution may be a trustee of that constituent institution. Any trustee who is elected or appointed to the General Assembly or who becomes an officer or employee of the State, The University of North Carolina, or any constituent institution or whose spouse is elected or appointed to the General Assembly or becomes an officer or employee of that constituent institution shall be deemed thereupon to resign from his or her membership on the board of trustees.

(i) No person may serve simultaneously as a member of a board of trustees and as a member of the Board of Governors. Any trustee who is elected or appointed to the Board of Governors shall be deemed to resign as a trustee effective as of the date that his or her term commences as a member of the Board of Governors.

(j) Whenever any vacancy shall occur in the membership of a board of trustees among those appointed by the General Assembly, it shall be the duty of the secretary of the board to inform the General Assembly of the existence of such vacancy, and the vacancy shall be filled as provided in G.S. 120-122, and whenever any vacancy shall occur among those elected by the Board of Governors, it shall be the duty of the secretary of the board to inform the Board of Governors of the existence of the vacancy, and the Board of Governors shall elect a person to fill the unexpired term. Whenever a member shall fail, for any reason other than ill health or service in the interest of the State or nation, to be present for three successive regular meetings of a board of trustees, his or her place as a member shall be deemed vacant. (1971, c. 1244, s. 1; 2006-66, s. 9.11(g); 2007-278, s. 2; 2008-192, s. 5; 2016-126, 4th Ex. Sess., s. 35.)

**§ 116-31.10. Powers of Board regarding certain purchasing contracts.**

(a) Notwithstanding G.S. 143-53.1 or G.S. 143-53(a)(2), the expenditure benchmark for the President of The University of North Carolina or a special responsibility constituent institution with regard to competitive bid procedures and the bid value benchmark shall be an amount not greater than five hundred thousand dollars (\$500,000). The Board shall set the benchmark for the President and each institution from time to time. In setting the benchmark for the President or an institution in accordance with this section, the Board shall consider the overall capabilities including staff resources, purchasing compliance reviews, and audit reports of the President's administrative staff or the institution. The Board shall also consult with the Director of the Division of Purchase and Contract and the Director of the Budget prior to setting the benchmark.

(b) If the President or a constituent institution has an expenditure benchmark greater than two hundred fifty thousand dollars (\$250,000), the President or constituent institution shall comply with this subsection for any purchase greater than the President's or institution's benchmark set by the Board but not greater than five hundred thousand dollars (\$500,000). The President or institution shall submit to the Division of Purchase and Contract for that Division's approval or other action deemed necessary by the Division a copy of all offers received and the President's or institution's recommendation of award or other action. Notice of the Division's decision shall be sent to the President or the institution. The President or institution shall then proceed with the award of contract or other action recommended by the Division. (1997-412, s. 1; 2003-312, s. 1; 2011-145, s. 9.6F(a); 2017-68, s. 4(a).)

**§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.**

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments of The University of North Carolina requiring the estimated expenditure of public money of four million dollars (\$4,000,000) or less:

- (1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.
- (2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of

the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).

- (3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.
- (4) Use existing plans and specifications for construction projects, where feasible. Prior to designing a project, the Board shall consult with the Department of Administration on the availability of existing plans and specifications and the feasibility of using them for a project.

(b) The Board may delegate its authority under subsection (a) of this section to a constituent or affiliated institution if the institution is qualified under guidelines adopted by the Board and approved by the State Building Commission and the Director of the Budget.

(c) The University shall use the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

(d) A contract may not be divided for the purpose of evading the monetary limit under this section.

(e) Notwithstanding any other provision of this Chapter, the Department of Administration shall not be the awarding authority for contracts awarded pursuant to this section.

(f) The Board of Governors shall annually report to the State Building Commission the following:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.
- (3) The name of each person awarded a contract under this section.
- (4) Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g). (1997-412, s. 1; 2001-496, s. 8(a); 2005-300, ss. 1, 2; 2006-217, s. 2; 2022-74, s. 40.9(a).)

#### **§ 116-31.12. Acquisition and disposition of real property by lease.**

Notwithstanding G.S. 143-341(4), and in addition to the powers granted in G.S. 116-198.34(5), the Board of Governors may authorize the constituent institutions and The University of North Carolina System Office to acquire or dispose of real property by lease if the lease is for a term of not more than 10 years. The Board of Governors shall establish a policy for acquiring and disposing of an interest in real property for the use of The University of North Carolina and its constituent institutions by lease. This policy may delegate authorization of the acquisition or disposition of real property by lease to the boards of trustees of the constituent institutions or to the President of The University of North Carolina. The Board of Governors shall submit all initial policies adopted pursuant to this section to the State Property Office for review prior to adoption by the Board. Any subsequent changes to these policies adopted by the Board of Governors shall be submitted to the State Property Office for review. Any comments by the State Property Office shall be submitted to the President of The University of North Carolina. After the acquisition or disposition of an interest in real property by lease, The University of North Carolina shall promptly file a report concerning the acquisition or disposition to the Secretary of Administration. Acquisitions and dispositions of an interest in real property by lease pursuant to this section shall not be subject to the provisions of Article 36 of Chapter 143 of the General Statutes or to the

provisions of Article 6 or 7 of Chapter 146 of the General Statutes. (2007-322, s. 9; 2012-142, s. 9.10(a); 2013-360, s. 11.10(b); 2013-363, s. 3.12; 2014-100, s. 36.7(b); 2018-12, s. 4.)

**§ 116-32. Officers and meetings of the boards of trustees.**

At the first meeting after June 30 of each year each board of trustees shall elect from its membership a chairman, a vice-chairman and a secretary. Each board of trustees shall hold not less than three regular meetings a year and may hold such additional meetings as may be deemed desirable. (1971, c. 1244, s. 1.)

**§ 116-33. Powers and duties of the boards of trustees.**

Each board of trustees shall promote the sound development of the institution within the functions prescribed for it, helping it to serve the State in a way that will complement the activities of the other institutions and aiding it to perform at a high level of excellence in every area of endeavor. Each board shall serve as advisor to the Board of Governors on matters pertaining to the institution and shall also serve as advisor to the chancellor concerning the management and development of the institution. The powers and duties of each board of trustees, not inconsistent with other provisions of this Article, shall be defined and delegated by the Board of Governors. (1971, c. 1244, s. 1.)

**§ 116-33.1. Board of trustees to permit recruiter access.**

If a board of trustees provides access to its buildings and campus and the student information directory to persons or groups which make students aware of occupational or educational options, the board of trustees shall provide access on the same basis to official recruiting representatives of the military forces of the State and of the United States for the purpose of informing students of educational and career opportunities available in the military. (1981, c. 901, s. 3.)

**§ 116-33.2. Cooperative Extension Service employees.**

The Board of Trustees of North Carolina State University shall adopt personnel policies governing the employment of the employees of the North Carolina Cooperative Extension Service who are exempted from certain provisions of Chapter 126 of the General Statutes pursuant to G.S. 126-5(c1)(9a). (2007-195, s. 2.)

**§ 116-34. Duties of chancellor of institution.**

(a) The chancellor shall be the administrative and executive head of the institution and shall exercise complete executive authority therein, subject to the direction of the President. He shall be responsible for carrying out policies of the Board of Governors and of the board of trustees. As of June 30 of each year he shall prepare for the Board of Governors and for the board of trustees a detailed report on the operation of the institution for the preceding year.

(b) It shall be the duty of the chancellor to attend all meetings of the board of trustees and to be responsible for keeping the board of trustees fully informed on the operation of the institution and its needs.

(c) It shall be the duty of the chancellor to keep the President, and through him the Board of Governors, fully informed concerning the operations and needs of the institution. Upon request, he shall be available to confer with the President or with the Board of Governors concerning matters that pertain to the institution.

(d) Subject to policies prescribed by the Board of Governors and by the board of trustees, the chancellor shall make recommendations for the appointment of personnel within the institution and for the development of educational programs. (1971, c. 1244, s. 1.)

**§ 116-35. Electric power plants, campus school, etc.**

Institutions operating electric power plants and distribution systems as of October 30, 1971, are authorized to continue such operation and, after furnishing power to the institution, to sell any excess current to the people of the community at a rate or rates approved by the Utilities Commission. Any net profits derived from the operation, or any proceeds derived from the lease or sale, of such power plants and distribution systems are appropriated and shall be paid into the permanent endowment fund held for the institution as provided for in G.S. 116-36. Institutions operating or authorized to operate, as of October 30, 1971, water or sewer distribution systems, may continue to do so. Each of the institutions now operating a campus laboratory or demonstration school may continue to do so under the presently existing plan of operation, consistent with the appropriations made therefor. The provisions of this section shall not apply to the University Enterprises of the University of North Carolina at Chapel Hill, which shall continue to be governed in all respects as provided in Chapters 634 and 723 of the Session Laws of 1971, G.S. 116-41.1 through 116-41.12, and other applicable legislation. (1971, c. 1244, s. 1; 2006-203, s. 43.1.)

**§ 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, and devises 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 monies 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, and devises; 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, 143C, 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 Director of the Budget.

(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.

(i1) 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 Center for Public Media.

(j) Any gift or devise 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 or to the University of North Carolina Center for Public Media shall be presumed, nothing to the contrary appearing, a gift or devise, 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.

(l) The proceeds and funds described by this section are appropriated and may be used only as provided by this section.

(m) Chapter 36E of the General Statutes applies to an endowment fund authorized by this section. (1971, c. 1244, s. 1; 1977, c. 506; 1979, c. 649, ss. 2, 3; 1983, c. 717, s. 31; 1985 (Reg. Sess., 1986), c. 955, ss. 28, 29; 2006-203, ss. 44, 44.1; 2009-8, s. 5; 2011-284, s. 83(a), (b), (c); 2019-139, s. 2.1(a).)

### **§ 116-36.1. Regulation of institutional trust funds.**

(a) The Board is responsible for the custody and management of the trust funds of the University of North Carolina and of each institution. The Board shall adopt uniform policies and procedures applicable to the deposit, investment, and administration of these funds which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The Board may delegate authority, through the president, to the respective chancellors of the institutions when such delegation is necessary or prudent to enable the institution to function in a proper and expeditious manner.

(b) Trust funds and investment earnings thereon, are available for expenditure by each institution without further authorization from the General Assembly.

(c) Repealed by Session Laws 2011-145, s. 9.6E(a), effective July 1, 2011.

(d) Trust funds are subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes but are not subject to the provisions of the State Budget Act except for capital improvements projects which shall be authorized and executed in accordance with G.S. 143C-8-8 and G.S. 143C-8-9.

(e) Each institution shall submit such reports or other information concerning its trust fund accounts as may be required by the Board or by the Director of the Budget.

(f) Trust funds or the investment income therefrom shall not take the place of State appropriations or any part thereof, but any portion of these funds available for general institutional purposes is appropriated and shall be used to supplement 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.

(g) As used in this section, "trust funds" means:

- (1) Monies, or the proceeds of other forms of property, received by an institution as gifts or devises that are neither presumed nor designated to be gifts or devises to the endowment fund of the institution;
- (2) Moneys received by an institution pursuant to grants from, or contracts with, the United States government or any agency or instrumentality thereof;
- (3) Moneys received by an institution pursuant to grants from, or contracts with, any State agencies, any political subdivisions of the State, any other states or nations or political subdivisions thereof, or any private entities whereby the institution undertakes, subject to terms and conditions specified by the entity providing the moneys, to conduct research, training or public service programs, or to provide financial aid to students;
- (4) Moneys collected by an institution to support extracurricular activities of students of the institution;
- (5) Moneys received from or for the operation by an institution of activities established for the benefit of scholarship funds or student activity programs;
- (6) Moneys received from or for the operation by an institution of any of its self-supporting auxiliary enterprises, including institutional student auxiliary enterprise funds for the operation of housing, food, health, and laundry services;
- (7) Moneys received by an institution in respect to fees and other payments for services rendered by medical, dental or other health care professionals under an organized practice plan approved by the institution or under a contractual agreement between the institution and a hospital or other health care provider;
- (8) The net proceeds from the disposition effected pursuant to Chapter 146, Article 7, of any interest in real property owned by or under the supervision and control

of an institution if the interest in real property had first been acquired by gift or devise or through expenditure of monies defined in this subsection (g) as "trust funds," except the net proceeds from the disposition of an interest in real property first acquired by the institution through expenditure of monies received as a grant from a State agency;

- (9) Moneys received from the operation and maintenance of institutional forests and forest farmlands, provided, that such moneys shall be used, when used, by the institution for support of forest-related research, teaching, and public service programs;
- (10) Moneys received from an activity authorized by G.S. 66-58(b)(8)m., n., and o.;
- (11) Moneys deposited to the State Education Assistance Authority Fund pursuant to G.S. 116-209.3;
- (12) Any other moneys collected by an institution as student fees previously approved by the Board of Governors.
- (13) Moneys received by an institution as tuition for digital learning programs provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20.

(h) The Board may authorize, through the President, that the chancellors may deposit or invest each institution's available trust fund cash balances in interest-bearing accounts and other investments as may be authorized by the Board in the exercise of its sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. For any cash balances placed on deposit with a bank in the form of traditional demand or time deposits, such as checking, savings, or certificate of deposit accounts, these cash balances shall be secured by deposit insurance, surety bonds, or investment securities satisfying the rules or regulations prescribed under G.S. 147-79.

(i) The cash balances on hand as of June 30, 1978, and all future receipts accruing thereafter, of funds identified in this section are hereby appropriated to the use of the University of North Carolina and its constituent institutions. (1977, 2nd Sess., c. 1136, s. 30; 1981, c. 529; 1983, c. 913, s. 19; 1989 (Reg. Sess., 1990), c. 936, s. 1(c); 2005-397, s. 3; 2006-203, s. 45; 2011-145, s. 9.6E(a); 2011-284, s. 84; 2012-142, s. 9.9; 2014-100, s. 11.4; 2015-241, s. 11.2; 2021-180, s. 8.24(f).)

### **§ 116-36.2. Regulation of special funds of individual institutions.**

(a) Notwithstanding Chapter 143C or any provisions of law other than Article 5A of Chapter 147 of the General Statutes, the chancellor of each institution is responsible for the custody and management of the special funds of that institution. The Board shall adopt uniform policies and procedures applicable to the administration of these funds which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The special funds of individual institutions regulated by this section are appropriated and may be used only as authorized by this section.

(b) As used in this section, "special funds of individual institutions" means:

- (1) Moneys received from or for the operation by an institution of its program of intercollegiate athletics;
- (2) Moneys held by an institution as fiscal agent for individual students, faculty, staff members, and organizations. (1977, 2nd Sess., c. 1136, s. 31; 1983, c. 913, s. 19; 2006-203, s. 46.)

**§ 116-36.3: Repealed by Session Laws 1989 (Reg. Sess., 1990), c. 936, s. 1(b).**

**§ 116-36.4. Vending facilities.**

Each institution shall provide to the director of the Budget and the State Auditor such information as they may from time to time require concerning the use of net proceeds from operations of vending facilities for the previous fiscal year under G.S. 116-36.1. Net proceeds are appropriated and may be used only as authorized by the Board of Governors, but this section does not authorize expenditures for purposes not otherwise authorized by law.(1983 (Reg. Sess., 1984), c. 1034, s. 172; 1987, c. 738, s. 233(b); 1993, c. 406, s. 1; 1995, c. 507, s. 15.7; 2006-203, s. 46.1.)

**§ 116-36.5. Centennial Campus trust fund; Horace Williams Campus trust fund; Millennial Campuses' trust funds.**

(a) All moneys received through development of the Centennial Campus of North Carolina State University at Raleigh, from whatever source, including the net proceeds from the lease or rental of Centennial Campus real property, shall be placed in a special, continuing, and nonreverting trust fund having the sole and exclusive use for further development of the Centennial Campus, including its operational development. This fund shall be treated in the manner of institutional trust funds as provided in G.S. 116-36.1, and, like the institutional trust funds, is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund shall be deemed an additional and alternative method of funding the Centennial Campus and not an exclusive one. For purposes of this section the term "Centennial Campus" is defined by G.S. 116-198.33(4). To the extent that any general, special, or local law is inconsistent with this section, it is declared inapplicable to this section.

(b) All moneys received through development of the Horace Williams Campus of the University of North Carolina at Chapel Hill, from whatever source, including the net proceeds from the lease or rental of Horace Williams Campus real property, shall be placed in a special, continuing, and nonreverting trust fund having the sole and exclusive use for further development of the Horace Williams Campus, including its operational development. This fund shall be treated in the manner of institutional trust funds as provided in G.S. 116-36.1, and, like the institutional trust funds, is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund shall be deemed an additional and alternative method of funding the Horace Williams Campus and not an exclusive one. For purposes of this section the term "Horace Williams Campus" is defined by G.S. 116-198.33(4a). To the extent that any general, special, or local law is inconsistent with this section, it is declared inapplicable to this section.

(c) All moneys received through development of a Millennial Campus of a constituent institution of The University of North Carolina as defined by G.S. 116-198.33(4b), from whatever source, including the net proceeds from the lease or rental of real property on a Millennial Campus, shall be placed in a special, continuing, and nonreverting trust fund having the sole and exclusive use for further development of that Millennial Campus, including its operational development. This fund shall be treated in the manner of institutional trust funds as provided in G.S. 116-36.1, and, like the institutional trust funds, is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund shall be deemed an additional and alternative method of funding the Millennial Campus and not an exclusive one. To the extent that any general, special, or local law is inconsistent with this section, it is declared inapplicable to this section.

(d) The moneys described by this section are appropriated and may be used only as provided by this section.(1987, c. 790, s. 1; 1998-159, s. 1; 1999-234, s. 1; 2000-177, ss. 1, 2; 2006-203, s. 47.)

**§ 116-36.6. East Carolina University School of Medicine; Medicare receipts.**

The East Carolina University School of Medicine shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds are appropriated and shall be allocated as follows:

- (1) The portion of the Medicare reimbursement generated through the effort and expense of the School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.
- (2) Repealed by Session Laws 2005-276, s. 9.26(a).
- (2a) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission.
- (3) Repealed by Session Laws 2005-276, s. 9.26(a). (1995, c. 507, s. 15.4; 2005-276, s. 9.26(a); 2006-203, s. 47.1.)

**§ 116-36.7. Wake Forest Institute for Regenerative Medicine; profit sharing with State.**

(a) Wake Forest [Wake Forest University Health Sciences] shall reimburse the State for State funds appropriated for the Institute [Wake Forest Institute for Regenerative Medicine] under Section 11.12(a) of S.L. 2013-360 and in prior fiscal years by returning to the State five percent (5%) of the royalty revenue received by the Institute from commercialized projects arising under those research projects supported by the State funds, either through direct research support or through substantial utilization of the cGMP [current good manufacturing practices] facility not reimbursed through other funds ("Subject Projects"). Royalty revenue reimbursed to the State shall be subject to all of the following:

- (1) The total amount to be reimbursed to the State shall be limited to the aggregate amount of State funds allocated to Wake Forest for the Institute plus simple interest at the rate of four percent (4%) annually from the time of disbursement until reimbursement commences.
- (2) Wake Forest shall be entitled to deduct the expenses reasonably incurred in prosecuting, defending, and enforcing patent rights for the Subject Projects, except to the extent the expenses are recovered from a third party, before calculating the amount to be paid to the State.
- (3) Calculation of the payments to the State shall be based upon the formula provided in subsection (b) of this section.
- (4) Payments shall be made to the State and used by the State in a manner consistent with federal law.

(b) Wake Forest on behalf of the Institute shall annually calculate and remit reimbursement payments to the State based upon the following formula:

- (1) Payments to the State shall be based on that share of royalty revenue proportional to the State funds used for the Subject Project, which shall be calculated as the ratio of State funds to total funds used to support the Subject Project, based on budgets developed consistent with federal research funding accounting guidelines and including the fair market value of unreimbursed cGMP facility utilization.
  - (2) Wake Forest shall calculate net royalty revenue on a Subject Project-by-Subject-Project basis by deducting any expenses authorized under subdivision (a)(2) of this section from the total royalty revenue received from the Subject Project.
  - (3) Wake Forest shall multiply net royalty revenue by the support ratio calculated in subdivision (b)(1) of this section and then multiply the product by five percent (5%) to determine the State royalty share ("State Royalty Share").
  - (4) The State Royalty Share shall be remitted to the State unless the cumulative State Royalty Share payments have satisfied the total aggregate amount to be reimbursed as provided in subdivision (a)(1) of this section.
- (c) Wake Forest on behalf of the Institute shall comply with the following reporting requirements:
- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Board of Governors of The University of North Carolina on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. The annual report shall include a report of royalty revenues generated from the Subject Projects.
  - (2) Provide to the Fiscal Research Division a copy of the Institute's annual audited financial statement within 30 days of issuance of the statement.
- (d) Remaining allotments after September 1 shall not be released to the Institute if the reporting requirements provided in subsection (c) of this section are not satisfied.
- (e) No more than one hundred twenty thousand dollars (\$120,000) in State funds shall be used for the annual salary of any one employee of the Institute. For purposes of this subsection, the term "State funds" means funds appropriated by the State to the Institute and interest earned on those funds.
- (f) No State funds shall be used by the Institute (i) to hire or facilitate the hiring of a lobbyist or any person performing the duties or activities of a lobbyist, without regard to the person's title; or (ii) to facilitate any lobbying efforts. (2013-360, s. 11.12(b)-(g); 2022-74, s. 8.2.)

**§ 116-37. University of North Carolina Health Care System.**

(a) Creation of System. –

- (1) There is hereby established the University of North Carolina Health Care System, effective November 1, 1998, which shall be governed and administered as an affiliated enterprise of The University of North Carolina in accordance with the provisions of this section, to provide patient care, facilitate the education of physicians and other health care providers, conduct research collaboratively with the health sciences schools of the University of North

Carolina at Chapel Hill, and render other services designed to promote the health and well-being of the citizens of North Carolina.

- (2) As of November 1, 1998, all of the rights, privileges, liabilities, and obligations of the board of directors of the University of North Carolina Hospitals at Chapel Hill, not inconsistent with the provisions of this section, shall be transferred to and assumed by the board of directors of the University of North Carolina Health Care System.
  - (3) The University of North Carolina Hospitals at Chapel Hill and the clinical patient care programs established or maintained by the School of Medicine of the University of North Carolina at Chapel Hill shall be governed by the board of directors of the University of North Carolina Health Care System.
  - (4) With respect to the provisions of subsections (d), (e), (f), (h), (i), (j), and (k) of this section, the board of directors may adopt policies that make the authorities and responsibilities established by one or more of said subsections applicable to the University of North Carolina Hospitals at Chapel Hill, to the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill, to both, or to other persons or entities affiliated with or under the control of the University of North Carolina Health Care System.
  - (5) To effect an orderly transition, the policies and procedures of the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill and of the University of North Carolina Hospitals at Chapel Hill effective as of October 31, 1998, shall remain effective in accordance with their terms until changed by the Board of Directors of the University of North Carolina Health Care System.
- (b) Board of Directors. – The board of directors of the University of North Carolina Health Care System is hereby restructured effective November 1, 2012:
- (1) The board of directors shall be composed of 24 members as follows:
    - a. Eight members ex officio shall be the President of The University of North Carolina (or the President's designee); the Chief Executive Officer of the University of North Carolina Health Care System; the Chancellor of the University of North Carolina at Chapel Hill and one additional administrative officer of the University of North Carolina at Chapel Hill designated by the Chancellor; the President of the University of North Carolina Hospitals; the President of the UNC Faculty Physicians; and two members of the faculty of the School of Medicine of the University of North Carolina at Chapel Hill designated by the Dean of the School of Medicine. If the Dean of the School of Medicine of the University of North Carolina at Chapel Hill does not also hold one of the positions designated as an ex officio member of the board, the Dean shall serve in one of the positions reserved for a member of the faculty.
    - b. Sixteen members at large shall be appointed for four-year terms, commencing on November 1 of the year of appointment. Twelve of the members at large shall be appointed by the Board of Governors after consultation with the President of The University of North Carolina.

Four of the members at large shall be appointed by the board of directors.

c. The initial class of at-large members shall be composed of the following individuals:

1. The persons who hold the appointed memberships on the board of directors as of October 31, 2012, and whose terms do not expire on that date. The terms of membership for these at-large members will expire on the last day of October of the year in which their term would have expired.
2. Three persons appointed by the Board of Governors after consultation with the President of The University of North Carolina whose terms will commence on November 1, 2012, and will expire on October 31, 2016.
3. One person appointed by the board of directors whose term will commence on November 1, 2012, and will expire on October 31, 2016.

The Board of Governors shall appoint successor at-large members for those members whose terms end on October 31, 2013, October 31, 2014, and four of the five members whose terms end on October 31, 2016. The board of directors shall appoint successor at-large members for those members whose terms end on October 31, 2015, and one of the five members whose terms end on October 31, 2016.

d. All at-large positions shall be filled by the appointment of persons from the business and professional public at large who have special competence in business management, hospital administration, health care delivery, or medical practice or who otherwise have demonstrated dedication to the improvement of health care in North Carolina, and who are neither members of the Board of Governors, members of the board of trustees of a constituent institution of The University of North Carolina, nor officers or employees of the State. No member may be appointed to more than two full four-year terms in succession, including members serving as of June 30, 2012. Any vacancy in an unexpired term shall be filled by the appointing authority for the balance of the term remaining.

- (2) The board of directors, with each ex officio and at-large member having a vote, shall elect a chairman only from among the at-large members, for a term of two years. Notwithstanding the foregoing limitation, the Chancellor of the University of North Carolina at Chapel Hill may serve as Chairman. No person shall be eligible to serve as chairman for more than three terms in succession.
- (3) The board of directors of the University of North Carolina Health Care System shall meet at least every 60 days and may hold special meetings at any time and place within the State at the call of the chairman. Board members, other than ex officio members, shall receive the same per diem and reimbursement for travel expenses as members of the State boards and commissions generally.
- (4) In meeting the patient-care, educational, research, and public-service goals of the University of North Carolina Health Care System, the board of directors is

authorized to exercise such authority and responsibility and adopt such policies, rules, and regulations as it deems necessary and appropriate, not inconsistent with the provisions of this section or the policies of the Board of Governors or, to the extent the board's actions affect employees of the University of North Carolina at Chapel Hill, the policies of the University of North Carolina at Chapel Hill. The board may authorize any component of the University of North Carolina Health Care System, including the University of North Carolina Hospitals at Chapel Hill, to contract in its individual capacity, subject to such policies and procedures as the board of directors may direct. The board of directors may enter into formal agreements with the University of North Carolina at Chapel Hill with respect to the provision of clinical experience for students and for the provision of maintenance and supporting services. The board's action on matters within its jurisdiction is final, except that appeals may be made, in writing, to the Board of Governors with a copy of the appeal to the Chancellor of the University of North Carolina at Chapel Hill. The board of directors shall keep the Board of Governors and the board of trustees of the University of North Carolina at Chapel Hill fully informed about health care policy and recommend changes necessary to maintain adequate health care delivery, education, and research for improvement of the health of the citizens of North Carolina.

(c) Officers. –

- (1) The executive and administrative head of the University of North Carolina Health Care System shall have the title of "Chief Executive Officer." The board of directors, the board of trustees, and the Chancellor of the University of North Carolina at Chapel Hill, following such search process as the boards and the Chancellor deem appropriate, shall identify two or more persons as candidates for the office, who, pursuant to criteria agreed upon by the boards and the Chancellor, have the qualifications for both the positions of Chief Executive Officer of the University of North Carolina Health Care System and Vice-Chancellor for Medical Affairs of the University of North Carolina at Chapel Hill. The names of the candidates so identified, once approved by the board of directors and the board of trustees, shall be forwarded by the Chancellor to the President of The University of North Carolina, who if satisfied with the quality of one or more of the candidates, will nominate one as Chief Executive Officer, subject to selection by the Board of Governors. The individual serving as Chief Executive Officer shall have complete executive and administrative authority to formulate proposals for, recommend the adoption of, and implement policies governing the programs and activities of the University of North Carolina Health Care System, subject to all requirements of the board of directors. That same individual, when serving as Vice-Chancellor for Medical Affairs, shall have all authorities, rights, and responsibilities of a vice-chancellor of the University of North Carolina at Chapel Hill.
- (2) The executive and administrative head of the University of North Carolina Hospitals at Chapel Hill shall have the title of "President of the University of North Carolina Hospitals at Chapel Hill."

- (3) The board of directors shall elect, on nomination of the Chief Executive Officer, the President of the University of North Carolina Hospitals at Chapel Hill, and such additional administrative and professional staff employees of the University of North Carolina Health Care System as may be deemed necessary to assist in fulfilling the duties of the office of the Chief Executive Officer, all of whom shall serve at the pleasure of the Chief Executive Officer.

(d) Personnel. – Employees of the University of North Carolina Health Care System shall be deemed to be employees of the State and shall be subject to all provisions of State law relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 shall not apply to employees of the University of North Carolina Health Care System, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the board of directors; provided, that with respect to such employees as may be members of the faculty of the University of North Carolina at Chapel Hill, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina.

- (1) The board of directors shall fix or approve the schedules of pay, expense allowances, and other compensation and adopt position classification plans for employees of the University of North Carolina Health Care System.
- (2) The board of directors may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other measures that promote the hiring and retention of capable, diligent, and effective career employees. However, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by October 31, 1998, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by October 31, 1998, shall be subject to the rules regarding discipline or discharge that were effective on October 31, 1998, and shall not be subject to the rules regarding discipline or discharge adopted after October 31, 1998.
- (3) The board of directors may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of the University of North Carolina Health Care System.
- (4) The board of directors may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted, otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of directors may direct.

The board of directors shall submit all initial classification and pay plans and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources

for review. Any comments by the Office of State Human Resources shall be submitted to the Chief Executive Officer and to the President of The University of North Carolina.

(e) Finances. – The University of North Carolina Health Care System shall be subject to the provisions of the State Budget Act, except for trust funds as provided in G.S. 116-36.1 and G.S. 116-37.2. The Chief Executive Officer, subject to the board of directors, shall be responsible for all aspects of budget preparation, budget execution, and expenditure reporting. All operating funds of The University of North Carolina Health Care System may be budgeted and disbursed through special fund codes, maintaining separate auditable accounts for the University of North Carolina Hospitals at Chapel Hill and the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill. All receipts of The University of North Carolina Health Care System may be deposited directly to the special fund codes, and except for General Fund appropriations, all receipts of the University of North Carolina Hospitals at Chapel Hill may be invested pursuant to G.S. 116-37.2(h). General Fund appropriations for support of the University of North Carolina Hospitals at Chapel Hill shall be budgeted in a General Fund code under a single purpose, "Contribution to University of North Carolina Hospitals at Chapel Hill Operations" and be transferable to a special fund operating code as receipts. General Fund appropriations for the Rural Health Care Stabilization Program shall be deposited in the Rural Health Care Stabilization Fund pursuant to G.S. 131A-32 and shall only be used for the purposes set forth in Article 2 of Chapter 131A of the General Statutes.

(f) Finances – Patient/Health Care System Benefit. – The Chief Executive Officer of the University of North Carolina Health Care System, or the Chief Executive Officer's designee, may expend operating budget funds, including State funds, of the University of North Carolina Health Care System for the direct benefit of a patient, when, in the judgment of the Chief Executive Officer or the Chief Executive Officer's designee, the expenditure of these funds would result in a financial benefit to the University of North Carolina Health Care System. Any such expenditures are declared to result in the provision of medical services and create charges of the University of North Carolina Health Care System for which the health care system may bill and pursue recovery in the same way as allowed by law for recovery of other health care systems' charges for services that are unpaid.

These expenditures shall be restricted (i) to situations in which a patient is financially unable to afford ambulance or other transportation for discharge; (ii) to afford placement in an after-care facility; (iii) to assure availability of a bed in an after-care facility after discharge from the hospitals; (iv) to secure equipment or other medically appropriate services after discharge; or (v) to pay health insurance premiums. The Chief Executive Officer or the Chief Executive Officer's designee shall reevaluate at least once a month the cost-effectiveness of any continuing payment on behalf of a patient.

To the extent that the University of North Carolina Health Care System advances anticipated government entitlement benefits for a patient's benefit, for which the patient later receives a lump-sum "back-pay" award from an agency of the State, whether for the current admission or subsequent admission, the State agency shall withhold from this back pay an amount equal to the sum advanced on the patient's behalf by the University of North Carolina Health Care System, if, prior to the disbursement of the back pay, the applicable State program has received notice from the University of North Carolina Health Care System of the advancement.

(g) Reports. – The Chief Executive Officer and the President of The University of North Carolina jointly shall report by September 30 of each year on the operations and financial affairs of the University of North Carolina Health Care System to the Joint Legislative Commission on

Governmental Operations. The report shall include the actions taken by the board of directors under the authority granted in subsections (d), (h), (i), and (j) of this section.

(h) Purchases. – Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General Statutes to the contrary, the board of directors shall establish policies and regulations governing the purchasing requirements of the University of North Carolina Health Care System. These policies and regulations shall provide for requests for proposals, competitive bidding, or purchasing by means other than competitive bidding, contract negotiations, and contract awards for purchasing supplies, materials, equipment, and services which are necessary and appropriate to fulfill the clinical, educational, research, and community service missions of the University of North Carolina Health Care System. The board of directors shall submit all initial policies and regulations adopted pursuant to this subsection to the Division of Purchase and Contract for review upon adoption by the board. Any subsequent changes to these policies and regulations adopted by the board shall be submitted to the Division of Purchase and Contract for review. Any comments by the Division of Purchase and Contract shall be submitted to the Chief Executive Officer and to the President of The University of North Carolina.

(i) Property. – The board of directors shall establish rules and regulations for acquiring or disposing of any interest in real property for the use of the University of North Carolina Health Care System. These rules and regulations shall include provisions for development of specifications, advertisement, and negotiations with owners for acquisition by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent domain, on behalf of the University of North Carolina Health Care System. This section does not authorize the board of directors to encumber real property. The board of directors shall submit all initial policies and regulations adopted pursuant to this subsection to the State Property Office for review upon adoption by the board. Any subsequent changes to these policies and regulations adopted by the board shall be submitted to the State Property Office for review. Any comments by the State Property Office shall be submitted to the Chief Executive Officer and to the President of The University of North Carolina. After review by the Attorney General as to form and after the consummation of any such acquisition, the University of North Carolina Health Care System shall promptly file a report concerning the acquisition or disposition with the Governor. Acquisitions and dispositions of any interest in real property pursuant to this section shall not be subject to the provisions of Article 36 of Chapter 143 of the General Statutes or the provisions of Chapter 146 of the General Statutes.

(j) Property – Construction. – Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the board of directors shall adopt policies and procedures with respect to the design, construction, and renovation of buildings, utilities, and other property developments of the University of North Carolina Health Care System requiring the expenditure of public money for:

- (1) Conducting the fee negotiations for all design contracts and supervising the letting of all construction and design contracts.
- (2) Performing the duties of the Department of Administration, the Office of State Construction, and the State Building Commission under G.S. 133-1.1(d), Article 8 of Chapter 143 of the General Statutes, and G.S. 143-341(3).
- (3) Using open-end design agreements.
- (4) As appropriate, submitting construction documents for review and approval by the Department of Insurance and the Division of Health Service Regulation of the Department of Health and Human Services.

- (5) Using the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

The board of directors shall submit all initial policies and procedures adopted under this subsection to the Office of State Construction for review upon adoption by the board. Any subsequent changes to these policies and procedures adopted by the board shall be submitted to the Office of State Construction for review. Any comments by the Office of State Construction shall be submitted to the Chief Executive Officer and to the President of The University of North Carolina.

(k) Patient Information. – The University of North Carolina Health Care System shall, at the earliest possible opportunity, specifically make a verbal and written request to each patient to disclose the patient's social security number, if any. If the patient does not disclose that number, the University of North Carolina Health Care System shall deny benefits, rights, and privileges of the University of North Carolina Health Care System to the patient as soon as practical, to the maximum extent permitted by federal law or federal regulations. The University of North Carolina Health Care System shall make the disclosure to the patient required by Section 7(b) of P.L. 93-579. This subsection is supplementary to G.S. 105A-3(c).

(l) Rural Health Care Stabilization Program. – The University of North Carolina Health Care System shall administer the Rural Health Care Stabilization Program in accordance with Article 2 of Chapter 131A of the General Statutes in order to further its mission to promote the health and well-being of the citizens of North Carolina. (1971, c. 762, s. 1; c. 1244, s. 6; 1981, c. 859, s. 41.5; 1983, c. 717, s. 32; 1985 (Reg. Sess., 1986), c. 955, ss. 30, 31; 1989, c. 141, s. 1; 1991, c. 550, s. 2; c. 689, s. 206.2(d); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 1998-212, s. 11.8(a); 1999-252, s. 4(a); 2005-417, s. 3; 2006-203, s. 47.2; 2007-182, s. 1; 2007-306, s. 1; 2010-31, s. 9.11; 2011-145, s. 9.6E(b); 2012-174, s. 1; 2013-382, s. 9.1(c); 2019-240, s. 27.3; 2021-58, s. 6.)

### **§ 116-37.1. Center for public media.**

(a) The Board of Governors is hereby authorized and directed to establish "the University of North Carolina Center for Public Media" (hereinafter called "the Center"). It shall be the functions of the Center, through itself or agencies with whom it may contract, to provide research, development, and production of noncommercial educational and informational media programming, and program materials and communications; to provide distribution of noncommercial media programming and information through the broadcast facilities licensed to the University of North Carolina and other available distribution platforms and otherwise to enhance the uses of television, media, and related technology for public purposes.

(b) The Center shall have a board of trustees, to be named "the Board of Trustees of the University of North Carolina Center for Public Media" (hereinafter called "the Board of Trustees"). The Board of Governors is hereby authorized and directed to establish the Board of Trustees of the Center and to delegate to the Board of Trustees such powers and duties as the Board of Governors deems necessary or appropriate for the effective discharge of the functions of the Center; provided, that the Board of Governors shall not be deemed by the provisions of this section to have the authority to delegate any responsibility it may have as licensee of the broadcast facilities of the University of North Carolina.

- (1) The Board of Trustees of the University of North Carolina Center for Public Media shall be composed of the following membership: 11 persons appointed by the Board of Governors; four persons appointed by the Governor; two members appointed by the General Assembly, one upon the recommendation of

the Speaker of the House of Representatives, and one upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121; and ex officio, the Secretary of Natural and Cultural Resources, the Secretary of the Department of Health and Human Services, the Secretary of the Department of Public Safety, the Superintendent of Public Instruction, the President of the Community College System, and the President of the University of North Carolina. In making initial appointments to the Board of Trustees, the Board of Governors shall designate six persons for two-year terms and five persons for four-year terms, and the Governor shall designate two persons for two-year terms and two persons for four-year terms. The initial members appointed to the Board of Trustees by the General Assembly shall serve for terms expiring June 30, 1983, and notwithstanding anything else in this section, their successors shall be appointed in 1983 and biennially thereafter for two year terms. Thereafter, the term of office of appointed members of the Board of Trustees of the Center shall be four years. In making appointments to the Board of Trustees the appointing authorities shall consider promoting diversity among the membership, to the end that, in meeting the responsibilities delegated to it, the Board of Trustees will reflect and be responsive to the diverse needs, interests, and concerns of the citizens of North Carolina.

- (2) No person shall be appointed to the Board of Trustees who is an employee of the State or of any constituent institution; a public officer of the State as defined in G.S. 147-1, 147-2, and 147-3(c); a member of the Board of Governors; a trustee of a constituent institution; or the spouse of any of the foregoing. Any appointed member of the Board of Trustees who after appointment becomes any of the foregoing shall be deemed to have resigned from the Board of Trustees.
- (3) Each ex officio member of the Board of Trustees shall personally serve on the Board of Trustees but may designate in writing a proxy for specified meetings which the ex officio member finds he or she is unable reasonably to attend.
- (4) Each appointive member of the Board of Trustees shall personally serve on the Board of Trustees without benefit of proxy. Any appointive member who fails, for any reason other than ill health or service in the interest of the State or the nation, to attend three consecutive regular meetings of the Board of Trustees, shall be deemed to have resigned from the Board of Trustees.
- (5) Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122. Other vacancies occurring during a term among the appointive membership of the Board of Trustees shall be filled for the remainder of the unexpired term by appointment of the original appointing authority for the vacant seat. The principal officer of the Board of Trustees shall promptly notify the Secretary of the University of North Carolina of the vacancy and the Secretary shall give written notice of the vacancy to the appropriate appointing authority.

(c) The chief administrative officer of the Center shall be a Director, who shall be elected by the Board of Governors upon recommendation of the President and who shall be responsible to the President. The Center shall have such other staff as the Board of Governors may authorize. (1979, c. 649, s. 1; 1981 (Reg. Sess., 1982), c. 1191, ss. 54, 55; 1987, c. 564, s. 33; 1995, c. 490, s. 61; 1997-443, s. 11A.118(a); 2015-241, s. 14.30(x); 2019-139, s. 2.1(b).)

**§ 116-37.2. Regulation of University of North Carolina Hospitals at Chapel Hill Funds.**

(a) As used in this section, "funds" means:

- (1) Monies, or the proceeds of other forms of property, received by the University of North Carolina Hospitals at Chapel Hill as gifts or devises.
- (2) Moneys received by the University of North Carolina Hospitals at Chapel Hill pursuant to grants from, or contracts with, the United States government or any agency or instrumentality thereof.
- (3) Moneys received by the University of North Carolina Hospitals at Chapel Hill pursuant to grants from, or contracts with, any State agencies, any political subdivisions of the State, any other states or nations or political subdivisions thereof, or any private entities whereby the University of North Carolina Hospitals at Chapel Hill undertakes, subject to terms and conditions specified by the entity providing the moneys, to conduct research, training, or public service programs.
- (4) Moneys received from or for the operation by the University of North Carolina Hospitals at Chapel Hill of any of its self-supporting auxiliary enterprises, including the Liability Insurance Trust Fund.
- (5) Moneys received by the University of North Carolina Hospitals at Chapel Hill in respect to fees and other payments for services it renders in its hospital and/or clinical operations.
- (5a) Moneys received by the University of North Carolina Hospitals at Chapel Hill in respect to borrowings for capital equipment or construction projects to further services it renders in either or both of its hospital or clinical operations.
- (6) The net proceeds from the disposition effected pursuant to Article 7 of Chapter 146 of the General Statutes of any interest in real property owned by or under the supervision and control of the University of North Carolina Hospitals at Chapel Hill if the interest in real property had first been acquired by gift or devise or through expenditure of monies defined in this subsection, except the net proceeds from the disposition of an interest in real property first acquired by the University of North Hospitals at Chapel Hill through expenditure of monies received as a grant from a State agency.

(b) The Board of Directors of the University of North Carolina Health Care System, as established in G.S. 116-37(b), is responsible for the custody and management of the funds of the University of North Carolina Hospitals at Chapel Hill. The Board shall adopt uniform policies and procedures applicable to the deposit, investment, and administration of these funds, which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The Board may delegate authority, through the Chief Executive Officer of the University of North Carolina Health Care System to the President of the University of North Carolina Hospitals at Chapel Hill, when such delegation is necessary or prudent to enable the University of North Carolina Hospitals at Chapel Hill to function in a proper and expeditious manner.

(c) Funds under this section and investment earnings thereon are available for expenditure by the University of North Carolina Hospitals at Chapel Hill without further authorization from the General Assembly.

(d) Repealed by Session Laws 2011-145, s. 9.6E(c), effective July 1, 2011.

(e) Funds under this section are subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes but are not subject to the provisions of the State Budget Act except for capital improvements projects, which shall be authorized and executed in accordance with G.S. 143C-8-8 and G.S. 143C-8-9.

(f) The University of North Carolina Hospitals at Chapel Hill shall submit such reports or other information concerning its fund accounts under this section as may be required by the Board of Directors of the University of North Carolina Health Care System.

(g) Funds under this section, or the investment income therefrom, shall not take the place of State appropriations or any part thereof, but any portion of these funds available for general institutional purposes shall be used to supplement State appropriations to the end that the University of North Carolina Hospitals at Chapel Hill may improve and increase their functions, may enlarge their areas of service, and may become more useful to a greater number of people.

(h) The Board of Directors of the University of North Carolina Health Care System may deposit or invest the funds under this section in interest-bearing accounts and other investments in the exercise of its sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. (2005-417, s. 4; 2011-145, s. 9.6E(c); 2011-284, s. 85.)

### **§ 116-37.3. Personnel of Dental School Clinical Operations at the University of North Carolina at Chapel Hill.**

(a) UNC-CH Dental School Clinical Operations. – For purposes of this section, the term "UNC-CH Dental School Clinical Operations" refers to a division of the Adams School of Dentistry at the University of North Carolina at Chapel Hill that operates clinical programs and facilities in Chapel Hill, North Carolina, and across the State for the purpose of providing medical care to the general public and training dentists and other health care professionals.

(b) Personnel. – Employees of UNC-CH Dental School Clinical Operations shall be deemed to be employees of the State and shall be subject to all provisions of State law relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 of the General Statutes shall not apply to employees of UNC-CH Dental School Clinical Operations, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the Board of Trustees of the University of North Carolina at Chapel Hill; provided, that with respect to such employees as may be members of the faculty of the University of North Carolina at Chapel Hill, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina. Such policies and procedures shall be implemented on behalf of UNC-CH Dental School Clinical Operations by a personnel office maintained by the University of North Carolina at Chapel Hill. [The following provisions apply:]

(1) The board of trustees shall fix or approve the schedules of pay, expense allowances, and other compensation, and adopt position classification plans for employees of UNC-CH Dental School Clinical Operations.

(2) The board of trustees may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay, or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards, and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other

measures that promote the hiring and retention of capable, diligent, and effective career employees. However, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall be subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and shall not be subject to the rules regarding discipline or discharge adopted after June 30, 2022.

- (3) The board of trustees may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of UNC-CH Dental School Clinical Operations.
- (4) The board of trustees may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted, otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of trustees may direct.

The board of trustees shall submit all initial classification and pay plans, and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection, to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources for review. Any comments by the Office of State Human Resources shall be submitted to the Chancellor of the University of North Carolina at Chapel Hill and the President of The University of North Carolina. (2022-74, s. 8.4(a).)

#### **§ 116-38. Child development research and demonstration center.**

(a) The Chapel Hill City Board of Education is authorized to enter into long-term agreements and contracts with the University of North Carolina for the purpose of providing for the establishment and operation of a child development research and demonstration center. The Board is additionally authorized to lease or transfer title to real and personal property, including buildings and equipment, with or without compensation, to the University for this purpose.

(b) If an elementary school meeting the requirements for accreditation established by the State Board of Education is operated in conjunction with the center such school shall receive financial support through the Chapel Hill City Board of Education from State, county, and administrative unit sources on the same basis as the other elementary schools in the Chapel Hill city administrative unit.

(c) All personnel of the center whose salaries are paid in whole or part from funds administered by the State Board of Education or the Chapel Hill City Board of Education, from whatever sources derived, shall be employed only upon the mutual concurrence of the superintendent of the Chapel Hill city administrative unit and the director of the center. (1965, c. 690; 1971, c. 1244, s. 7.)

#### **§ 116-39. Agricultural research stations.**

The agricultural research stations shall be connected with North Carolina State University at Raleigh and shall be controlled by the Board of Governors of the University of North Carolina. (1907, c. 406, s. 12; C.S., s. 5825; 1963, c. 448, s. 9; 1965, c. 213; 1971, c. 1244, s. 8.)

**§§ 116-39.1 through 116-39.2. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-40. Board to accept gifts and congressional donations.**

The Board of Governors shall use, as in its judgment may be proper, for the purposes of the University and for the benefit of education in agriculture and mechanic arts, as well as in furtherance of the powers and duties now or which may hereafter be conferred upon such Board by law, any funds, buildings, lands, laboratories, and other property which may be in its possession. The Board of Governors shall have power to accept and receive on the part of the State, property, personal, real or mixed, and any donations from the United States Congress to the several states and territories for the benefit of agricultural experiment stations or the agricultural and mechanical colleges in connection therewith, and shall expend the amount so received in accordance with the acts of the Congress in relation thereto. (1907, c. 406, s. 6; C.S., s. 5816; 1963, c. 448, s. 8; 1971, c. 1244, s. 9.)

**§ 116-40.1. Land scrip fund.**

The Board of Governors shall own and hold the certificates of indebtedness, amounting to one hundred and twenty-five thousand dollars (\$125,000), issued for the principal of the land scrip fund, and the interest thereon shall be paid to them by the State Treasurer semiannually on the first day of July and January in each year for the purpose of aiding in the support of North Carolina State University at Raleigh in accordance with the act of the Congress approved July 2, 1862, entitled, "An act donating public lands to several states and territories which may provide colleges for the benefit of agriculture and mechanic arts." (1907, c. 406, s. 8; C.S., s. 5817; 1963, c. 448, s. 8; 1965, c. 213; 1971, c. 1244, s. 9.)

**§ 116-40.2. Authorization to purchase insurance in connection with construction and operation of nuclear reactors.**

In connection with the construction of, assembling of, use and operation of, any nuclear reactor now owned or hereafter acquired by it, North Carolina State University is hereby authorized and empowered to procure proper insurance against the hazards of explosion, implosion, radiation and any other special hazards unique to nuclear reactors, including nuclear fuel and all other components thereto. Further, North Carolina State University is authorized to enter into agreements with the United States Atomic Energy Commission prerequisite to licensing by that agency of nuclear reactors and to maintain as a part of such agreement or agreements appropriate insurance in amounts required by the Atomic Energy Commission of nuclear reactor licenses.

To the extent that North Carolina State University shall obtain insurance under the provisions of this section, it is hereby authorized and empowered to waive its governmental immunity from liability for damage to property or injury to or death to persons arising from the assembling, construction of, use and operation of nuclear reactors. Such immunity shall be deemed to have been waived by the act of obtaining such insurance, but only to the extent that North Carolina State University is indemnified by such insurance.

Any contract of insurance purchased pursuant to this section must be issued by a company or corporation duly licensed and authorized to do a business of insurance in this State except to the extent that such insurance may be furnished by or through a governmental agency created for the purpose of insuring against such hazards or through reinsurance pools or associations established to insure against such hazards.

Any person sustaining property damage or personal injury may sue North Carolina State University for damages for injury arising out of the construction, assembly, use or operation of a nuclear reactor on the campus of the University in the Superior Court of Wake County, and to the extent that the University is indemnified by insurance, it shall be no defense to any such action that the University was engaged in the performance of a governmental or discretionary function of the University. In the case of death alleged to have been caused by the assembly, construction, use or operation of such nuclear reactor, the personal representative of the deceased person may bring such action.

Nothing in this section shall in any way affect any other actions which have been or may hereafter be brought under the Tort Claims Act against North Carolina State University, nor shall the provisions of this section in any way abrogate or replace the provisions of the Workers' Compensation Act. (1969, c. 1023; 1971, c. 1244, s. 10; 1991, c. 636, s. 3; 1993, c. 553, s. 33.)

**§ 116-40.3. Participation in sixth-year program of graduate instruction for superintendents, assistant superintendents, and principals of public schools.**

Notwithstanding any other provision of law or the regulations of any administrative agency the educational institutions of East Carolina University, North Carolina Central University, North Carolina Agricultural and Technical State University, Appalachian State University, and Western Carolina University, are hereby authorized and shall be eligible colleges to participate in the sixth-year program adopted by the State Board of Education February 4, 1965, to provide a minimum of 60 semester hours of approved graduate, planned, nonduplicating instruction not beyond the master's degree for the education of superintendents, assistant superintendents, and principals of public schools. The satisfactory completion of such program and instruction shall qualify a person for the same certificate and stipend as now provided for other eligible educational institutions. (1965, c. 632; 1967, c. 1038; 1969, c. 114, s. 1; c. 608, s. 1; 1971, c. 1244, s. 10.)

**§ 116-40.4. School of medicine authorized at East Carolina University; meeting requirements of accrediting agencies.**

The Board of Trustees of East Carolina University is hereby authorized to create a school of medicine at East Carolina University, Greenville, North Carolina.

The school of medicine shall meet all requirements and regulations of the Council on Medical Education and Hospitals of the American Medical Association, the Association of American Medical Colleges, and other such accrediting agencies whose approval is normally required for the establishment and operation of a two-year medical school. (1965, c. 986, ss. 1, 2; 1967, c. 1038; 1971, c. 1244, s. 10.)

**§ 116-40.5. Campus law enforcement agencies.**

(a) The Board of Trustees of any constituent institution of The University of North Carolina, or of any teaching hospital affiliated with but not part of any constituent institution of The University of North Carolina, or the Board of Directors of the North Carolina Arboretum, may establish a campus law enforcement agency and employ campus police officers. Such officers shall meet the requirements of Article 1 of Chapter 17C of the General Statutes, shall take the oath of office prescribed by Article VI, Section 7 of the Constitution, and shall have all the powers of law enforcement officers generally. The territorial jurisdiction of a campus police officer shall include all property owned or leased to the institution employing the campus police officer and that portion

of any public road or highway passing through such property or immediately adjoining it, wherever located.

(a) Any teaching hospital having established a campus law enforcement agency pursuant to subsection (a) of this section may assign its campus police officers to any other facility within the teaching hospital's system network. Campus police officers assigned to any other facility within the teaching hospital's system network pursuant to this subsection shall have the same authority and jurisdiction exclusively upon the premises of the assigned facility, but not upon any portion of any public road or highway passing through the property of the facility or immediately adjoining it, as a campus police officer assigned to a teaching hospital under subsection (a) of this section.

(b) The Board of Trustees of any constituent institution of The University of North Carolina, or of any teaching hospital affiliated with but not part of any constituent institution of The University of North Carolina, or the Board of Directors of the North Carolina Arboretum, having established a campus law enforcement agency pursuant to subsection (a) of this section, may enter into joint agreements with the governing board of any municipality to extend the law enforcement authority of campus police officers into any or all of the municipality's jurisdiction and to determine the circumstances in which this extension of authority may be granted.

(c) The Board of Trustees of any constituent institution of The University of North Carolina, or of any teaching hospital affiliated with but not part of any constituent institution of The University of North Carolina, or the Board of Directors of the North Carolina Arboretum, having established a campus law enforcement agency pursuant to subsection (a) of this section, may enter into joint agreements with the governing board of any county, and with the consent of the sheriff, to extend the law enforcement authority of campus police officers into any or all of the county's jurisdiction and to determine the circumstances in which this extension of authority may be granted.

(d) The Board of Trustees of any constituent institution of The University of North Carolina, or the Board of Directors of the North Carolina Arboretum, having established a campus law enforcement agency pursuant to subsection (a) of this section, may enter into joint agreements with the governing board of any other constituent institution of The University of North Carolina to extend the law enforcement authority of its campus police officers into any or all of the other institution's jurisdiction and to determine the circumstances in which this extension of authority may be granted. (1987, c. 671, s. 2; 1997-194, s. 1; 2001-397, s. 1; 2007-285, s. 1; 2020-74, s. 25.)

#### **§ 116-40.6. Certain Personnel of East Carolina University.**

(a) The following definitions shall apply in this section:

- (1) ECU Dental School Clinical Operations. – A division of the School of Dental Medicine at East Carolina University that operates clinical programs and facilities in Greenville, North Carolina, and across the State for the purpose of providing medical care to the general public and training dentists and other health care professionals.
- (2) Medical Faculty Practice Plan. – A division of the School of Medicine of East Carolina University that operates clinical programs and facilities for the purpose of providing medical care to the general public and training physicians and other health care professionals.

(b) Personnel. – Employees of the Medical Faculty Practice Plan and ECU Dental School Clinical Operations shall be deemed to be employees of the State and shall be subject to all provisions of State law relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 shall not apply to employees of the Medical Faculty Practice Plan or ECU Dental School Clinical Operations, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the Board of Trustees of East Carolina University; provided, that with respect to such employees as may be members of the faculty of East Carolina University, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina. Such policies and procedures shall be implemented on behalf of the Medical Faculty Practice Plan and ECU Dental School Clinical Operations by a personnel office maintained by East Carolina University. [The following provisions apply:]

- (1) The board of trustees shall fix or approve the schedules of pay, expense allowances, and other compensation, and adopt position classification plans for employees of the Medical Faculty Practice Plan.
- (2) The board of trustees may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay, or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards, and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other measures that promote the hiring and retention of capable, diligent, and effective career employees with the following exceptions:
  - a. For employees of the Medical Faculty Practice Plan, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by October 31, 1998, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by October 31, 1998, shall be subject to the rules regarding discipline or discharge that were effective on October 31, 1998, and shall not be subject to the rules regarding discipline or discharge adopted after October 31, 1998.
  - b. For employees of ECU Dental School Clinical Operations, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall be subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and shall not be subject to the rules regarding discipline or discharge adopted after June 30, 2022.
- (3) The board of trustees may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of the Medical Faculty Practice Plan and ECU Dental School Clinical Operations.
- (4) The board of trustees may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted,

otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of trustees may direct.

The board of trustees shall submit all initial classification and pay plans, and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources for review. Any comments by the Office of State Human Resources shall be submitted to the Chancellor of East Carolina University and the President of The University of North Carolina.

(c) Purchases. – Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General Statutes to the contrary, the Board of Trustees of East Carolina University shall establish policies and regulations governing the purchasing requirements of the Medical Faculty Practice Plan. These policies and regulations shall provide for requests for proposals, competitive bidding, or purchasing by means other than competitive bidding, contract negotiations, and contract awards for purchasing supplies, materials, equipment, and services which are necessary and appropriate to fulfill the clinical and educational missions of the Medical Faculty Practice Plan. Pursuant to such policies and regulations, purchases for the Medical Faculty Practice Plan shall be effected by a purchasing office maintained by East Carolina University. The board of trustees shall submit all initial policies and regulations adopted under this subsection to the Division of Purchase and Contract for review upon adoption by the board. Any subsequent changes to these policies and regulations adopted by the board shall be submitted to the Division of Purchase and Contract for review. Any comments by the Division of Purchase and Contract shall be submitted to the Chancellor of East Carolina University and to the President of The University of North Carolina.

(d) Property. – The board of trustees shall establish rules and regulations for acquiring or disposing of any interest in real property for the use of the Medical Faculty Practice Plan. These rules and regulations shall include provisions for development of specifications, advertisement, and negotiations with owners for acquisition by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent domain, on behalf of the Medical Faculty Practice Plan. This section does not authorize the board of trustees to encumber real property. Such rules and regulations shall be implemented by a property office maintained by East Carolina University. The board of trustees shall submit all initial rules and regulations adopted pursuant to this subsection to the State Property Office for review upon adoption. Any subsequent changes to these rules and regulations shall be submitted to the State Property Office for review. Any comments by the State Property Office shall be submitted to the Chancellor of East Carolina University and to the President of The University of North Carolina. After review by the Attorney General as to form and after the consummation of any such acquisition, East Carolina University shall promptly file, on behalf of the Medical Faculty Practice Plan, a report concerning the acquisition or disposition with the Governor and Council of State. Acquisitions and dispositions of any interest in real property pursuant to this section shall not be subject to the provisions of Article 36 of Chapter 143 of the General Statutes or the provisions of Chapter 146 of the General Statutes.

(e) Property – Construction. – Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the board of trustees shall adopt policies and procedures to be implemented by the administration of East Carolina University, with respect to the design, construction, and renovation of buildings, utilities, and other property developments for the use of the Medical Faculty Practice Plan, requiring the expenditure of public money for:

- (1) Conducting the fee negotiations for all design contracts and supervising the letting of all construction and design contracts.
- (2) Performing the duties of the Department of Administration, the Office of State Construction, and the State Building Commission under G.S. 133-1.1(d), Article 8 of Chapter 143 of the General Statutes, and G.S. 143-341(3).
- (3) Using open-end design agreements.
- (4) As appropriate, submitting construction documents for review and approval by the Department of Insurance and the Division of Health Service Regulation of the Department of Health and Human Services.
- (5) Using the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

The board of trustees shall submit all initial policies and procedures adopted under this subsection to the Office of State Construction for review upon adoption by the board. Any subsequent changes to these policies and procedures adopted by the board shall be submitted to the Office of State Construction for review. Any comments by the Office of State Construction shall be submitted to the Chancellor of East Carolina University and to the President of The University of North Carolina. (1998-212, s. 11.8(f); 1999-252, s. 4(b); 2007-182, s. 1; 2013-382, s. 9.1(c); 2022-74, s. 8.4(b).)

#### **§ 116-40.7. Internal auditors.**

(a) Internal auditors within The University of North Carolina and its constituent institutions shall provide independent reviews and analyses of various functions and programs within The University of North Carolina that will provide management information to promote accountability, integrity, and efficiency within The University of North Carolina.

(b) An internal auditor shall have access to any records, data, or other information of The University of North Carolina or the relevant constituent institution that the internal auditor believes necessary to carry out the internal auditor's duties.

(c) An internal auditor shall maintain, for 10 years, a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews issued under the internal auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of that auditor's office shall be retained in accordance with Chapter 132 of the General Statutes. To promote cooperation and avoid unnecessary duplication of audit effort, audit work papers related to issued audit reports shall be, unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal governments in connection with some matter officially before them. Except as otherwise provided in this subsection, or upon subpoena issued by a duly authorized court or court official, audit work papers shall be kept confidential and shall not be open to examination or inspection under G.S. 132-6 until completion of the audit report that is based on the working paper. Audit reports and the working papers on which they are based shall be public records subject to examination and inspection to the extent that they do not include information that, under State law, is confidential and exempt from Chapter 132 of the General Statutes or would compromise the security systems of The University of North Carolina. At the time that audit working papers are made available for public examination or inspection, the custodian of the audit working paper may redact the name and personally identifying information of a person who has initiated an allegation of (i) a violation of State or federal law or rule or regulation; (ii) fraud; (iii) misappropriation of State resources; (iv)

substantial and specific danger to the public health and safety; or (v) gross mismanagement, gross waste of monies, or gross abuse of authority, if that person requests that the person's name and personally identifying information be kept confidential. (2004-203, s. 46; 2007-372, s. 3.)

**§ 116-40.8. University of North Carolina at Pembroke designated as North Carolina's Historically American Indian University.**

The University of North Carolina at Pembroke is officially designated as North Carolina's Historically American Indian University. (2005-153, s. 1.)

**§ 116-40.9:** Repealed by Session Laws 2011-74, s. 6(a), effective July 1, 2012.

**§ 116-40.10:** Repealed by Session Laws 2011-74, s. 5(a), effective July 1, 2012.

**§ 116-40.11. Disciplinary proceedings; right to counsel for students and organizations.**

(a) Any student enrolled at a constituent institution who is accused of a violation of the disciplinary or conduct rules of the constituent institution shall have the right to be represented, at the student's expense, by a licensed attorney or nonattorney advocate who may fully participate during any disciplinary procedure or other procedure adopted and used by the constituent institution regarding the alleged violation. However, a student shall not have the right to be represented by a licensed attorney or nonattorney advocate in either of the following circumstances:

- (1) If the constituent institution has implemented a "Student Honor Court" which is fully staffed by students to address such violations.
- (2) For any allegation of "academic dishonesty" as defined by the constituent institution.

(b) Any student organization officially recognized by a constituent institution that is accused of a violation of the disciplinary or conduct rules of the constituent institution shall have the right to be represented, at the organization's expense, by a licensed attorney or nonattorney advocate who may fully participate during any disciplinary procedure or other procedure adopted and used by the constituent institution regarding the alleged violation. However, a student organization shall not have the right to be represented by a licensed attorney or nonattorney advocate if the constituent institution has implemented a "Student Honor Court" which is fully staffed by students to address such violations.

(c) Nothing in this section shall be construed to create a right to be represented at a disciplinary proceeding at public expense. (2013-413, s. 6(c).)

**§ 116-40.12. Student organizations; rights and recognition.**

(a) No constituent institution that grants recognition to any student organization shall deny recognition to a student organization or deny to a student organization access to programs, funding, facilities, or other privileges associated with official recognition otherwise available to another student organization, on the basis of the organization's exercise of its rights pursuant to subsection (b) of this section.

(b) To the extent allowed by State and federal law, a religious or political student organization may, in conformity with the organization's established written doctrines expressing the organization's faith or mission, (i) determine that only persons professing the faith or mission of the group, and comporting themselves in conformity with, are qualified to serve as leaders of that

organization, (ii) order its internal affairs according to the established written doctrines, and (iii) resolve the organization's disputes according to the established written doctrines. (2014-28, s. 1.)

**§ 116-40.13. Authorization to secure liability insurance for alcohol sales.**

A constituent institution of The University of North Carolina is authorized to procure insurance to protect against liability arising from or in connection with the sale or serving of alcohol on the constituent institution's campus or at a facility leased or owned by the constituent institution. (2019-232, s. 1.)

**§ 116-40.14:** Reserved for future codification purposes.

**§ 116-40.15:** Reserved for future codification purposes.

**§ 116-40.16:** Reserved for future codification purposes.

**§ 116-40.17:** Reserved for future codification purposes.

**§ 116-40.18:** Reserved for future codification purposes.

**§ 116-40.19:** Reserved for future codification purposes.

Part 3A. Management Flexibility for Special Responsibility Constituent Institutions.

**§ 116-40.20. Legislative findings.**

(a) The General Assembly finds that The University of North Carolina and its constituent institutions is one of the State's most valuable assets. The General Assembly further finds that to provide the best benefit to North Carolina, the constituent institutions of The University of North Carolina need special budgeting flexibility in order to maximize resources, to enhance competitiveness with other peer institutions regionally, nationally, and internationally, and to provide the strongest educational and economic opportunity for the citizens of North Carolina.

(b) To ensure the continued preeminence of The University of North Carolina and its constituent institutions, it is the intent of the General Assembly to strengthen and improve these assets. The General Assembly commits to responsible stewardship and improvement of The University of North Carolina and its constituent institutions as provided by this Part. (2001-424, s. 31.11(a).)

**§ 116-40.21. Board of governors may authorize management flexibility.**

The Board of Governors of The University of North Carolina may authorize management flexibility for any special responsibility constituent institution as provided by this Part. The procedure for that authorization is the same as that to designate a constituent institution a special responsibility constituent institution under G.S. 116-30.1. (2001-424, s. 31.11(a).)

**§ 116-40.22. Management flexibility.**

(a) Definition. – For purposes of this section, the term "institution" means a special responsibility constituent institution that is granted management flexibility by the Board of Governors in compliance with this Part.

(b) Appoint and Fix Compensation of Senior Personnel. – Notwithstanding any provision in Chapter 116 of the General Statutes to the contrary, the Board of Trustees of an institution shall, on recommendation of the Chancellor, appoint and fix the compensation of all vice-chancellors, senior academic and administrative officers, and any person having permanent tenure at that institution. No later than January 1, 2002, the Board of Governors shall adopt policies, compensation structures, and pay ranges concerning the appointment and compensation of senior personnel appointed by the Board of Trustees pursuant to this section. Compensation for senior personnel fixed by the Board of Trustees pursuant to this section shall be consistent with the compensation structure, policies, and pay ranges set by the Board of Governors.

(c) Tuition and Fees. – Notwithstanding any provision in Chapter 116 of the General Statutes to the contrary, in addition to any tuition and fees set by the Board of Governors pursuant to G.S. 116-11(7), the Board of Trustees of the institution may recommend to the Board of Governors tuition and fees for program-specific and institution-specific needs at that institution without regard to whether an emergency situation exists and not inconsistent with the actions of the General Assembly. Any tuition and fees set pursuant to this subsection are appropriated for use by the institution. Notwithstanding this subsection, neither the Board of Governors of The University of North Carolina nor its Board of Trustees shall impose any tuition or mandatory fee at the North Carolina School of Science and Mathematics without the approval of the General Assembly, except as provided in subsection (f) of this section.

(d) Information Technology. – Notwithstanding any other provision of law, the Board of Trustees of an institution shall establish policies and rules governing the planning, acquisition, implementation, and delivery of information technology and telecommunications at the institution. These policies and rules shall provide for security and encryption standards; software standards; hardware standards; acquisition of information technology consulting and contract services; disaster recovery standards; and standards for desktop and server computing, telecommunications, networking, video services, personal digital assistants, and other wireless technologies; and other information technology matters that are necessary and appropriate to fulfill the teaching, educational, research, extension, and service missions of the institution. The Board of Trustees shall submit all initial policies and rules adopted pursuant to this subsection to the Department of Information Technology for review upon adoption by the Board of Trustees. Any subsequent changes to these policies and rules adopted by the Board of Trustees shall be submitted to the Department of Information Technology for review. Any comments by the Department of Information Technology shall be submitted to the Chancellor of that institution.

(e) Electronic Commerce. – The University is authorized to contract with service providers specializing in services offered to institutions of higher learning that offer systems or services under arrangements that provide for the receipt of funds electronically, provided the services are in compliance with the requirements of the payment industry security standards. For any funds collected and remitted to the University that are on deposit with the State Treasurer pursuant to G.S. 147-77, the funds shall be subject to the daily deposit requirements of the statute; provided that the State Treasurer may exempt the applicability of the daily deposit requirement for any standard business process resulting in a delay in the University receiving the funds from a service provider, when the exemption is based upon an acceptable business case that demonstrates an overall efficiency to the University and State. Such business case must first be endorsed by The University of North Carolina System Office before submission to the State Treasurer for consideration.

(f) The Board of Governors of The University of North Carolina may approve, upon the recommendation of the Board of Trustees of the North Carolina School of Science and Mathematics, the imposition of fees not inconsistent with actions of the General Assembly for distance education services provided by the North Carolina School of Science and Mathematics to nonresidents and for students participating in extracurricular enrichment programs sponsored by the School. (2001-424, s. 31.11(a); 2006-66, s. 9.11(h); 2006-203, s. 4.1; 2013-360, s. 11.7(a); 2013-375, s. 2; 2015-241, s. 7A.4(j); 2018-12, s. 5.)

**§ 116-40.23. Reporting requirement; effective date of reported policies, procedures, and rules.**

The Board of Trustees of a special responsibility constituent institution authorized to have management flexibility under this Part shall report to the Board of Governors and to the Joint Legislative Education Oversight Committee any policies, procedures, and rules adopted pursuant to G.S. 116-40.22 prior to implementation. The report shall be submitted to both at least 30 days before the next regularly scheduled meeting of the Board of Governors and shall become effective immediately following that same meeting unless otherwise provided for by the Board of Trustees. Any subsequent changes to the policies, procedures, or rules adopted by the Board of Trustees pursuant to G.S. 116-40.22 shall be reported to the Board of Governors and to the Joint Legislative Education Oversight Committee in the same manner. Failure of the Board of Governors to accept, review, or otherwise consider the report submitted by the Board of Trustees shall not affect in any manner the effective date of the policies, procedures, and rules contained in the report. (2001-424, s. 31.11(a).)

**§ 116-41: Repealed by Session Laws 1963, c. 448, s. 15.**

Part 4. Revenue Bonds for Service and Auxiliary Facilities.

**§ 116-41.1. Definitions.**

As used in this Part:

- (1) "Board" means the Board of Governors of the University of North Carolina;
- (2) "Construction" means acquisition, construction, provision, reconstruction, replacement, extension, improvement or betterment, or any combination thereof;
- (3) "Cost," as applied to a project, shall include the cost of construction (as herein defined), the cost of all labor, materials and equipment, the cost of all lands, property, rights and easements acquired, financing charges, interest prior to and during construction and, if deemed advisable by the Board, for one year after completion of construction, cost of plans and specifications, surveys and estimates of cost and/or revenues, cost of engineering and legal services, and all other expenses necessary or incident to such construction, administrative expense and such other expenses, including reasonable provisions for initial operating expenses necessary or incident to the financing herein authorized and a reserve for debt service, and any expense incurred by the Board in the issuance of bonds under the provisions of this Part in connection with any of the foregoing items of cost;
- (4) "Project" means any undertaking under this Part to acquire, construct or provide service and auxiliary facilities necessary or desirable for the proper and efficient

operation of the University Enterprises, either as additions, extensions, improvements or betterments to the University Enterprises or otherwise, including one or more or any combination of any system, facility, plant, works, instrumentality or other property used or useful:

- a. In obtaining, conserving, treating or distributing water for domestic, industrial, sanitation, fire protection or any other public or private use;
- b. For the collection, treatment, purification or disposal of sewage, refuse or wastes;
- c. For the production, generation, transmission or distribution of gas, electricity or heat;
- d. In providing communication facilities including telephone facilities;
- e. In providing storage, service, repair and duplicating facilities;
- f. In improving, extending or adding to the University Enterprises as herein defined; and
- g. In providing other service and auxiliary facilities serving the needs of the students, the staff or the physical plant of the University; and including all plants, works, appurtenances, machinery, equipment and properties, both personal and real, used or useful in connection therewith;

and in the case of the telephone, electric and water systems comprising a part of the University Enterprises such additions, extensions, improvements or betterments thereof as may be necessary or desirable, in the discretion of the Board, to provide service from such systems, where it may be reasonably made available, within the environs of the University, including, without limitation, areas presently served by the University Enterprises in Orange, Durham and Chatham Counties.

- (5) "Revenue bonds" or "bonds" means bonds of the University issued by the Board to pay the cost, in whole or in part, of any project pursuant to this Part and the bond resolution or resolutions of the Board; provided, however, that bonds, issued as a separate series which are stated to mature not later than 20 years from their date may be designated "revenue notes" or "notes";
- (6) "Revenues" means the income and receipts derived by or for the account of the University through the charging and collection of service charges;
- (7) "Service charges" means rates, fees, rentals or other charges for, or for the right to, the use, occupancy, services or commodities of or furnished by any project, or by any other service or auxiliary facility of the University, including the University Enterprises, any part of the income of which is pledged to the payment of the bonds or the interest thereon;
- (8) "University" means the body politic and corporate known and distinguished by the corporate name of the "University of North Carolina" under G.S. 116-3;
- (9) "University Enterprises" means the following existing facilities, systems, properties, plants, works and instrumentalities located in or near the Town of Chapel Hill, North Carolina, presently in the jurisdiction of and operated by the University; the telephone, electric, heating and water systems, the laundry, Carolina Inn, service and repair shops, the duplicating shop, bookstores and student supply stores, and rental housing properties for faculty members.

(1961, c. 1078, s. 1; 1963, c. 448, s. 16; c. 944, s. 1; 1965, c. 1033, s. 1; 1971, c. 636; c. 1244, s. 16.)

**§ 116-41.2. Powers of Board of Governors generally.**

In addition to the powers which the Board now has, the Board shall have the following powers subject to the provisions of this Part and subject to agreements with the holders of any revenue bonds issued hereunder:

- (1) To acquire by gift, purchase or the exercise of the power of eminent domain or to construct, provide, improve, maintain and operate any project or projects;
- (2) To borrow money for the construction of any project or projects, and to issue revenue bonds therefor in the name of the University;
- (3) To establish, maintain, revise, charge and collect such service charges (free of any control or regulation by any State regulatory body until January 1, 1973, and thereafter only by the North Carolina Utilities Commission) as will produce sufficient revenues to pay the principal of and interest on the bonds and otherwise to meet the requirements of the resolution or resolutions of the Board authorizing the issuance of the revenue bonds;
- (4) To pledge to the payment of any bonds of the University issued hereunder and the interest thereon the revenues of the project financed in whole or in part with the proceeds of such bonds, and to pledge to the payment of such bonds and interest any other revenues, subject to any prior pledge or encumbrance thereof;
- (5) To appropriate, apply, or expend in payment of the cost of the project the proceeds of the revenue bonds issued for the project;
- (6) To sell, furnish, distribute, rent, or permit, as the case may be, the use, occupancy, services, facilities and commodities of or furnished by any project or any system, facility, plant, works, instrumentalities or properties whose revenues are pledged in whole or in part for the payment of the bonds, and to sell, exchange, transfer, assign or otherwise dispose of any project or any of the University Enterprises or any other service or auxiliary facility or any part of any thereof or interest therein determined by resolution of the Board not to be required for any public purpose by the Board;
- (7) To insure the payment of service charges with respect to the telephone, electric and water systems of the University Enterprises, as the same shall become due and payable, the Board may, in addition to any other remedies which it may have:
  - a. Require reasonable advance deposits to be made with it to be subject to application to the payment of delinquent service charges, and
  - b. At the expiration of 30 days after any such service charges become delinquent, discontinue supplying the services and facilities of such telephone, electric and water systems.
- (8) To retain and employ consultants and other persons on a contract basis for rendering professional, technical or financial assistance and advice in undertaking and carrying out any project and in operating, repairing or maintaining any project or any system, facility, plant, works, instrumentalities or properties whose revenues are pledged in whole or in part for the payment of the bonds; and

- (9) To enter into and carry out contracts with the United States of America or this State or any municipality, county or other public corporation and to lease property to or from any person, firm or corporation, private or public, in connection with exercising the powers vested under this Part.
- (10) Notwithstanding any other provision of law and subject to policies established by the Board of Governors, to purchase or finance the purchase of computers, computer hardware, computer software, and emergency management equipment such as power generators through lease purchase or installment purchase contracts that create a security interest in the purchased property that secures payment of the purchase price to the seller or entity advancing monies or supplying financing for the purchase transaction. The contracts allowed in this subdivision shall be subject to State appropriations in accordance with the North Carolina State Constitution and shall not pledge directly or indirectly the taxing power of the State. No deficiency judgment may be rendered against the Board of Governors or the State in any action for breach of a contractual obligation authorized by this subdivision. (1961, c. 1078, s. 2; 1971, c. 634, s. 2; c. 636; c. 1244, s. 15; 2019-139, s. 2.2.)

**§ 116-41.3. University authorized to pay service charges; payments deemed revenues.**

The University is hereby authorized to pay service charges for, or for the right to, the use, occupancy, services or commodities of or furnished by any project or by any other service or auxiliary facility of the University, including the University Enterprises, and the income and receipts derive from such service charges paid by the University shall be deemed to be revenues under the provisions of this Part and shall be applied and accounted for in the same manner as other revenues. (1961, c. 1078, s. 3.)

**§ 116-41.4. Bonds authorized; amount limited; form, execution and sale; terms and conditions; use of proceeds; additional bonds; interim receipts or temporary bonds; replacement of lost, etc., bonds; approval or consent for issuance; bonds not debt of State; bond anticipation notes.**

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bonds of the University for the purpose of undertaking and carrying out any project or projects hereunder; provided, however, that the aggregate principal amount of revenue bonds which the Board is authorized to issue under this section during the biennium ending June 30, 1969, shall not exceed three million five hundred thousand dollars (\$3,500,000); provided, further, the Board shall have authority to issue revenue bonds under this section in an additional aggregate principal amount not to exceed three million five hundred thousand dollars (\$3,500,000) during the biennium ending June 30, 1971; provided, however, that the aggregate principal amount of revenue bonds which the Board is authorized to issue under this section during the biennium ending June 30, 1973, shall not exceed thirteen million dollars (\$13,000,000); provided, further, that the aggregate principal amount of revenue bonds which the Board is authorized to issue under this section during the biennium ending June 30, 1975, shall not exceed thirteen million dollars (\$13,000,000). The bonds shall be dated, shall mature at such time or times not exceeding 30 years from their date or dates, and shall bear interest at such rate or rates as may be determined by the Board, and may be made redeemable before maturity at the option of the Board at such price or prices and under such terms and conditions as may be fixed by the Board

prior to the issuance of the bonds. The Board shall determine the form and manner of execution of the bonds, and any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature appears on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Part or any recitals in any bonds issued under the provisions of this Part, all such bonds shall be deemed to be negotiable instruments under the laws of this State. The bonds may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The Board may sell such bonds in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the University.

The proceeds of the bonds of each issue shall be used solely for the purpose for which such bonds shall have been authorized and shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such bonds. Unless otherwise provided in the authorizing resolution, if the proceeds of such bonds, by error of estimates or otherwise, shall be less than such costs, additional bonds may in like manner be issued to provide the amount of such deficit and shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose.

The resolution providing for the issuance of revenue bonds may also contain such limitations upon the issuance of additional revenue bonds as the Board may deem proper, and such additional bonds shall be issued under such restrictions and limitations as may be prescribed by such resolution.

Prior to the preparation of definitive bonds, the Board may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Board may also provide for the replacement of any bonds which shall become mutilated or be destroyed or lost.

Bonds may be issued by the Board under the provisions of this Part, subject to the approval of the Director of the Budget, but without obtaining the consent of any other commission, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things than those consents, proceedings, conditions or things which are specifically required by this Part.

Revenue bonds issued under the provisions of this Part shall not be deemed to constitute a debt of the State of North Carolina or a pledge of the faith and credit of the State, but such bonds shall be payable solely from the funds herein provided therefor and a statement to that effect shall be recited on the face of the bonds.

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bond anticipation notes of the Board in anticipation of the issuance of bonds authorized pursuant to the provisions of this Part. The principal of and the interest on such notes shall be payable solely from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, any available revenues of the project or projects for which such bonds shall have been authorized. The notes of each issue shall be dated,

shall mature at such time or times not exceeding two years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be made redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board, and may be made redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the notes. The Board shall determine the form and manner of execution of the notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the notes and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer, whose signature or a facsimile of whose signature shall appear on any notes or coupons, shall cease to be such officer before the delivery of such notes, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Part or any recitals in any notes issued under the provisions of this Part, all such notes shall be deemed to be negotiable instruments under the laws of this State. The notes may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon notes of any notes registered as to both principal and interest. The Board may sell such notes in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the University.

The proceeds of the notes of each issue shall be used solely for the purpose for which the bonds in anticipation of which such notes are being issued shall have been authorized, and such note proceeds shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such notes or bonds.

The resolution providing for the issuance of notes or bonds may also contain such limitations upon the issuance of additional notes as the Board may deem proper, and such additional notes shall be issued under such restrictions and limitations as may be prescribed by such resolution.

Notes may be issued by the Board under the provisions of this Part, subject to the approval of the Director of the Budget, but without obtaining the consent of any other commission, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things than those consents, proceedings, conditions or things which are specifically required by this Part.

Revenue bond anticipation notes issued under the provisions of this Part shall not be deemed to constitute a debt of the State of North Carolina or a pledge of the faith and credit of the State, but such notes shall be payable solely from the funds herein provided therefor and a statement to that effect shall be recited on the face of the notes.

Unless the context shall otherwise indicate, the word "bonds," wherever used in this Part, shall be deemed and construed to include the words "bond anticipation notes." (1961, c. 1078, s. 4; 1963, c. 944, s. 2; 1965, c. 1033, s. 2; 1967, c. 724; 1969, c. 1236; 1971, c. 636; c. 1244, s. 15; 1973, c. 663; 1983, c. 577, s. 3; 1985 (Reg. Sess., 1986), c. 955, ss. 32, 33; 2006-203, s. 48.)

**§ 116-41.5. Contents of resolution authorizing issuance; powers liberally construed; deposit and use of revenues; rights and remedies of bondholders; service charges; insurance of projects; depositaries.**

The Board in the resolution authorizing the issuance of bonds under this Part may provide for a pledge to the payment of such revenue bonds and the interest thereon of the revenue derived from

the project and also for a pledge of the revenues derived from any system, facility, plant, works, instrumentalities or properties improved, bettered, or extended by the project or otherwise within the jurisdiction of or operated by the University in connection with the University of North Carolina at Chapel Hill, North Carolina, the revenues derived from any future improvements, betterments or extensions of the project, the revenues derived from the University Enterprises, or any part thereof, or the revenues from the project and any or all of the revenues mentioned in this sentence, without regard to whether the operations involved are deemed governmental or proprietary, it being the purpose hereof to vest in the Board broad powers which shall be liberally construed. So long as any revenues of the University mentioned in this paragraph are pledged for the payment of the principal of or interest on any bonds issued hereunder, such revenues shall be deposited in a special fund and shall be applied and used only as provided in the resolution authorizing such bonds, subject, however, to any prior pledge or encumbrance thereof.

The resolution authorizing the issuance of the bonds may contain provisions for protecting and enforcing the rights and remedies of the holders of the bonds, including covenants setting forth the duties of the University in relation to the construction of any project to be financed with the proceeds of said bonds, and to the maintenance, repair, operation and insurance of such project or any other project, systems, facilities, plants, works, instrumentalities, properties, the University Enterprises or any part thereof, if the revenues thereof are in any way pledged as security for the bonds; the fixing and revising of service charges and the collection thereof; and the custody, safeguarding and application of all moneys of the University pertaining to the project and the bonds, and all revenues pledged therefor. Notwithstanding the provisions of any other law, the Board may carry insurance on any such project in such amounts and covering such risks as it may deem advisable. It shall be lawful for any bank or trust company incorporated under the laws of the State of North Carolina which may act as depository of the proceeds of bonds or of revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Such resolution may set forth the rights and remedies of the bondholders and may restrict the individual right of action by bondholders. Such resolution may contain such other provisions in addition to the foregoing as the Board may deem reasonable and proper for the security of the bondholders.

The Board may provide for the payment of the proceeds of the bonds and any revenues pledged therefor to such officer, board or depository as it may designate for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out the provisions of such resolution may be treated as a part of the cost of operation. (1961, c. 1078, s. 5; 1971, c. 1244, s. 15.)

#### **§ 116-41.6. Pledge of revenues; lien.**

All pledges of revenues under the provisions of this Part shall be valid and binding from the time such pledges are made. All such revenues so pledged shall immediately upon receipt thereof be subject to the lien of such pledge without any physical delivery thereof or further action, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the University, irrespective of whether such parties have notice thereof. (1961, c. 1078, s. 6.)

#### **§ 116-41.7. Proceeds of bonds, revenues, etc., deemed trust funds.**

The proceeds of all bonds issued and all revenues and other moneys received pursuant to the authority of this Part shall be deemed to be trust funds, to be held and applied solely as provided in

this Part. The resolution authorizing the issuance of bonds shall provide that any officer to whom, or bank, trust company or fiscal agent to which, such moneys shall be paid shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as such resolution may provide. (1961, c. 1078, s. 7.)

**§ 116-41.8. Rights and remedies of bondholders.**

Any holder of revenue bonds issued under the provisions of this Part or of any of the coupons appertaining thereto, except to the extent that the rights herein given may be restricted by the resolution authorizing the issuance of such bonds, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State of North Carolina, including this Part, or under such resolution, and may enforce and compel the performance of all duties required by this Part or by such resolution to be performed by the University or by any officer thereof or the Board, including the fixing, charging and collecting of service charges. (1961, c. 1078, s. 8; 1971, c. 1244, s. 15.)

**§ 116-41.9. Refunding revenue bonds.**

The University is hereby authorized, subject to the approval of the Director of the Budget, to issue from time to time refunding revenue bonds for the purpose of refunding any revenue bonds issued by the University under this Part in connection with any project or projects, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. The University is further authorized, subject to the approval of the Director of the Budget, to issue from time to time refunding revenue bonds for the combined purpose of

- (1) Refunding any revenue bonds or refunding revenue bonds issued by the University in connection with any project or projects including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and
- (2) Paying all or any part of the cost of any project or projects.

The issuance of such refunding revenue bonds, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties and obligations of the University with respect to the same, shall be governed by the foregoing provisions of this Part insofar as the same may be applicable. (1961, c. 1078, s. 9; 1983, c. 577, s. 4; 1985 (Reg. Sess., 1986), c. 955, ss. 34, 35; 2006-203, s. 49.)

**§ 116-41.10. Exemption from taxation.**

The bonds issued under the provisions of this Part and the income therefrom shall at all times be free from taxation within the State. (1961, c. 1078, s. 10.)

**§ 116-41.11. Executive committee may be authorized to exercise powers and functions of Board.**

The Board by resolution may authorize its executive committee to exercise or perform any of the powers or functions vested in the Board under this Part. (1961, c. 1078, s. 11; 1971, c. 1244, s. 15.)

**§ 116-41.12. Part provides supplemental and additional powers; compliance with other laws not required.**

This Part shall be deemed to provide an additional and alternative method for the doing of the things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of or as repealing any powers now existing under any other law, either general, special or local; provided, however, that the issuance of revenue bonds or refunding revenue bonds under the provisions of this Part need not comply with the requirements of any other law applicable to the issuance of bonds and provided, further, that all general, special or local laws, or parts thereof, inconsistent herewith are hereby declared to be inapplicable to the provisions of this Part. (1961, c. 1078, s. 12.)

#### Part 4A. Distinguished Professors Endowment Trust Fund.

##### **§ 116-41.13. Distinguished Professors Endowment Trust Fund; purpose.**

The General Assembly of North Carolina recognizes that each constituent institution of The University of North Carolina would be greatly strengthened by the addition of distinguished scholars. It further recognizes that private as well as State support is preferred in helping to obtain distinguished scholars for constituent institutions and that private support will help strengthen the commitment of citizens and organizations in promoting excellence throughout The University of North Carolina. It is the intent of the General Assembly to establish a trust fund to provide the opportunity to each constituent institution to receive and match challenge grants to create endowments for selected distinguished professors to occupy chairs within the institution. The associated foundations that serve the constituent institutions shall solicit and receive gifts from private sources to provide for matching funds to the trust fund challenge grants for the establishment of endowments for chairs within constituent institutions. (1985, c. 757, s. 202; 2023-102, s. 1.)

##### **§ 116-41.13A. Distinguished Professors Endowment Trust Fund; definitions.**

The following definitions apply in this Part:

- (1) "Focused growth institution" means Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical University, North Carolina Central University, The University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University.
- (2) "Special needs institution" means the North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," the North Carolina School of Science and Mathematics, and The University of North Carolina at Asheville. (2003-293, s. 1; 2008-192, s. 6; 2023-102, s. 1.)

##### **§ 116-41.14. Distinguished Professors Endowment Trust Fund; establishment; maintenance.**

There is established a Distinguished Professors Endowment Trust Fund to be maintained by the Board to provide challenge grants to the constituent institutions. All appropriated funds deposited into the trust fund shall be invested pursuant to G.S. 116-36. Interest income accruing to that portion of the trust fund not matched shall increase the total funds available for challenge grants. (1985, c. 757, s. 202.)

##### **§ 116-41.15. Distinguished Professors Endowment Trust Fund; allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

- (1) On the basis of one three hundred thirty-four thousand dollar (\$334,000) challenge grant for each six hundred sixty-six thousand dollars (\$666,000) raised from private sources; or
- (2) On the basis of one one hundred sixty-seven thousand dollar (\$167,000) challenge grant for each three hundred thirty-three thousand dollars (\$333,000) raised from private sources; or
- (3) On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars (\$667,000) for funds raised from private sources in twice the amount of the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision (1), subdivision (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

- (1) On the basis of one five hundred thousand dollar (\$500,000) challenge grant for each five hundred thousand dollars (\$500,000) raised from private sources; or
- (2) On the basis of one two hundred fifty thousand dollar (\$250,000) challenge grant for each two hundred fifty thousand dollars (\$250,000) raised from private sources; or
- (3) On the basis of one challenge grant of up to one million dollars (\$1,000,000) for funds raised from private sources in the same amount as the challenge grant.

If an institution chooses to pursue the use of the allocated challenge grant funds described in either subdivision (1), subdivision (2), or subdivision (3) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund, and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created. (1985, c. 757, s. 202; 2003-293, s. 2; 2005-276, s. 9.21(a).)

#### **§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

- (1) A commitment to make a donation of at least six hundred sixty-six thousand dollars (\$666,000), as prescribed by G.S. 143C-4-5, and an initial payment of one hundred eleven thousand dollars (\$111,000) to receive a grant described in G.S. 116-41.15(a)(1); or

- (2) A commitment to make a donation of at least three hundred thirty-three thousand dollars (\$333,000), as prescribed by G.S. 143C-4-5, and an initial payment of fifty-five thousand five hundred dollars (\$55,500) to receive a grant described in G.S. 116-41.15(a)(2); or
- (3) A commitment to make a donation in excess of six hundred sixty-six thousand dollars (\$666,000), as prescribed by G.S. 143-31.4 [G.S. 143C-4-5], and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(3); and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching if there is:

- (1) A commitment to make a donation of at least five hundred thousand dollars (\$500,000), as prescribed by G.S. 143C-4-5, and an initial payment of eighty-three thousand three hundred dollars (\$83,300) to receive a grant described in G.S. 116-41.5(b)(1); or
- (2) A commitment to make a donation of at least two hundred fifty thousand dollars (\$250,000), as prescribed by G.S. 143C-4-5, and an initial payment of forty-one thousand six hundred dollars (\$41,600) to receive a grant described in G.S. 116-41.15(b)(2); or
- (3) A commitment to make a donation in excess of five hundred thousand dollars (\$500,000), as prescribed by G.S. 143-31.4 [G.S. 143C-4-5], and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(3);

and if the initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment. Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair. (1985, c. 757, s. 202; 2003-293, s. 3; 2005-276, s. 9.21(b); 2006-203, s. 50.)

**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment of chairs.**

When the sum of the challenge grant and matching funds in the Distinguished Professors Endowment Trust Fund reaches:

- (1) One million dollars (\$1,000,000), if the sum of funds described in G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or
- (2) Five hundred thousand dollars (\$500,000), if the sum of funds described in G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or

- (3) An amount up to two million dollars (\$2,000,000), if the sum of funds described in G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);

the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs. The Board, in considering whether to approve the recommendation, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees. (1985, c. 757, s. 202; 2005-276, s. 9.21(c).)

**§ 116-41.18. Distinguished Professors Endowment Trust Fund; selection of Distinguished Professors.**

(a) Each constituent institution that receives, through private gifts and an allocation by the Board of Governors, funds for the purpose shall, under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution, select a holder of the Distinguished Professorship. Once given, that designation shall be retained by the distinguished professor as long as he remains in the full-time service of the institution as a faculty member, or for more limited lengths of time when authorized by the Board of Governors and the board of trustees at the institution when the Distinguished Professorship is originally established or vacated. When a distinguished professorship becomes vacant, it shall remain assigned to the institution and another distinguished professor shall be selected under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution.

(a1) No rule shall prevent the constituent institutions of The University of North Carolina from selecting holders of Distinguished Professorships from among existing faculty members or newly hired faculty members.

(b) The Board of Governors of The University of North Carolina shall promulgate rules to implement this section.

(c) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two million dollars (\$2,000,000) for fiscal year 1985-86, and the sum of two million dollars (\$2,000,000) for fiscal year 1986-87, to implement this section. (1985, c. 757, s. 202; 1991 (Reg. Sess., 1992), c. 1030, s. 31; 1995, c. 507, s. 15.12; 1997-443, s. 10.6.)

**§ 116-41.19. Distinguished Professors Endowment Trust Fund; promulgation of rules.**

The Board of Governors of The University of North Carolina shall promulgate rules to implement this Part. (1985, c. 757, s. 202.)

Part 4B. Future Teachers of North Carolina.

**§ 116-41.30. Establishment of Future Teachers of North Carolina.**

(a) Purpose. – Future Teachers of North Carolina, hereinafter FTNC, is established to encourage high-achieving high school students with strong academic, interpersonal, and leadership skills to consider teaching as a career.

(b) Program. – FTNC shall be a selective, application-based symposium for high school juniors and seniors, offering a challenging introduction to teaching as a profession. FTNC courses shall provide instruction on pedagogy, ethics and professionalism, child development, successful teaching strategies and classroom management practices, effective lesson planning, assessment

and intervention, and requirements of teacher licensure. The FTNC Symposium should provide practical benefits to participating students, which may include interaction with current educators, administrators, and educator preparation program faculty members; a simulated student teaching experience; and information about financial aid and scholarship opportunities. (2017-57, s. 10.9(a); 2020-56, s. 4(a).)

**§ 116-41.31. Oversight of Future Teachers of North Carolina.**

(a) FTNC System Office. – FTNC shall be administratively located in The University of North Carolina System Office. The President shall establish a Future Teachers of North Carolina Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion, the FTNC Council shall coordinate with constituent institutions to utilize expertise from administrators, faculty, and staff members of institutions of higher education in designing the agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure diverse representation of the educator preparation programs represented at the FTNC Symposium. The FTNC Council shall also be responsible for creating an application process for interested high school students, reviewing submitted applications, selecting students to attend, and recruitment and outreach efforts.

(b), (c) Repealed by Session Laws 2020-56, s. 4(b), effective June 30, 2020. (2017-57, s. 10.9(a); 2018-12, s. 6; 2020-56, s. 4(b).)

**§ 116-41.32:** Repealed by Session Laws 2021-80, s. 2.4(b), effective July 8, 2021.

Part 5. Miscellaneous Provisions.

**§§ 116-42 through 116-42.4: Repealed by Session Laws 1973, c. 495, s. 2.**

**§ 116-43. Escheat receipts prior to July 1, 1971.**

All property that has heretofore escheated to the University of North Carolina, and all interest and earnings thereon, shall be set apart by the Board of Governors of the University for the six member campuses of the University of North Carolina as constituted on June 30, 1971, so that the interest and earnings from said fund shall be used for maintenance and/or for scholarships and loan funds for worthy and needy students, residents of the State, attending the member campuses of the University of North Carolina as constituted on June 30, 1971, under such rules and regulations as shall be adopted by the Board of Governors. (1874-5, c. 236, s. 2; Code, s. 2630; Rev., s. 4285; C.S., s. 5787; 1947, c. 614, s. 4; 1953, c. 1202, s. 3; 1971, c. 1244, s. 17.)

**§ 116-43.1. Institute for Transportation Research and Education.**

The Board of Governors of the University of North Carolina is authorized to establish an Institute for Transportation Research and Education to facilitate the development of a broad program of transportation research and education involving other organizations and institutions which have related programs. The immediate purpose of the Institute shall be to create a management structure to coordinate and eventually merge the Highway Safety Programs of the National Driving Center and the North Carolina Highway Safety Research Center. The Board of Governors of the University of North Carolina is further authorized to establish a Council for Transportation Research and Education to represent all interests in transportation research and education, including but not limited to transportation safety. (1975, 2nd Sess., c. 983, s. 57.)

§ 116-43.5: Repealed by Session Laws 2011-145, s. 9.18(c), as amended by Session Laws 2012-142, s. 9.2(c), effective July 1, 2012.

**§ 116-43.10. Academic Common Market program.**

(a) The Southern Regional Education Board operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs provides a cost-effective means of offering educational access for North Carolina residents. North Carolinians are able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State avoids the cost associated with the development of new academic programs.

(b) The Board of Governors of The University of North Carolina may continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina System and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina.

(c) Once a student is enrolled in The University of North Carolina System under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. (2005-276, s. 9.24; 2013-410, s. 36.5.)

**§ 116-43.15. Use of college or university facilities by public school students pursuant to cooperative programs.**

The existing facilities of any constituent institution of The University of North Carolina and the existing facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with the North Carolina State Building Code and applicable local ordinances for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs. Designs for new facilities of any constituent institution of The University of North Carolina and new facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with the North Carolina State Building Code and applicable local ordinances for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.

For the purpose of establishing Use and Occupancy Classifications, these programs shall be considered "Business – Group B" in the same manner as other college and university uses. (2006-66, s. 8.11(b); 2006-221, s. 5; 2009-305, s. 5.)

**§ 116-43.16. Small business counseling information.**

Documents submitted to The University of North Carolina's Small Business and Technology Development Centers by an individual seeking business counseling or technical assistance and documents created by a Center to provide the individual with counseling and technical assistance are not public records as defined by G.S. 132-1. (2011-297, s. 2.)

**§ 116-43.17. Confidentiality of research data, records, and information of a proprietary nature.**

Research data, records, or information of a proprietary nature, produced or collected by or for state institutions of higher learning in the conduct of commercial, scientific, or technical research where the data, records, or information has not been patented, published, or copyrighted are not public records as defined by G.S. 132-1. (2014-115, s. 52.)

**§ 116-43.20. Operation of 4-H camps.**

(a) North Carolina State University shall not close the 4-H camps listed in subdivisions (1) through (3) of this subsection. Further, North Carolina State University shall continue to operate each of those camps as 4-H camps and to offer programs and services at the sites of each of those camps at a level that is at least equivalent to the programs and services offered at each site as of June 30, 2013. The following three 4-H camps are to continue and are to be operated as 4-H camps as provided by this subsection:

- (1) Eastern 4-H Center located in Columbia, NC.
- (2) Millstone 4-H Camp located near Ellerbe, NC.
- (3) Betsy-Jeff Penn 4-H Educational Center located near Reidsville, NC.

(b) The 4-H camps that were located at the sites listed in subdivisions (1) and (2) of this subsection have ceased to operate as 4-H camps. At the request of the board of county commissioners of any county that is the site of one of the defunct 4-H camps listed in this subsection, North Carolina State University shall consult with the board regarding actions that may be taken to reopen the 4-H camp in that county and other options that may be available for the use of the site.

Within 90 days after any consultation with a board of county commissioners conducted pursuant to this subsection, North Carolina State University shall submit a written report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division regarding the feasibility of reopening the site as a 4-H camp and any other options considered for the use of the site.

The list of defunct 4-H camps follows:

- (1) Anita-Alta 4-H Camp in the Pisgah National Forest in Lenoir, NC.
- (2) Swannanoa 4-H Camp located at Swannanoa, NC.

(c) North Carolina State University shall take all practicable measures to operate the 4-H camps in a manner that will generate a positive fund balance in the institutional trust funds that account for the activities of the 4-H camps. (2014-100, s. 11.7(a).)

**§ 116-43.25. Availability of muscadine grape juice on campuses.**

Each constituent institution shall strive to make one hundred percent (100%) muscadine grape juice available as a beverage option in the operation of the institution's vending facilities. (2023-63, s. 5(g).)

**§ 116-43.30. Advanced Placement courses for secondary school students.**

(a) It is the intent of the State to enhance accessibility and encourage secondary school students to enroll in and successfully complete more rigorous Advanced Placement courses to enable success in postsecondary education for all students. To attain this goal, to the extent funds

are made available for this purpose, secondary school students enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts shall be exempt from paying any fees for registration and administration of examinations for Advanced Placement courses in which the student is enrolled, regardless of the score the student achieves on an examination.

(b) The University of North Carolina System Office shall report annually by December 15 to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on Advanced Placement course information for the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

- (1) Number of students enrolled in Advanced Placement courses and participating in Advanced Placement course examinations, including demographic information by gender and race.
- (2) Student performance on Advanced Placement course examinations, including information by course and school.
- (3) Amount of State funds expended for fees for Advanced Placement courses by school. (2021-180, s. 8.13(a).)

**§ 116-44. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-44.1. Transferred to § 116-42 by Session Laws 1971, c. 1244, s. 11.**

**§ 116-44.2. Transferred to § 116-38 by Session Laws 1971, c. 1244, s. 7.**

#### Part 6. Traffic and Parking.

**§ 116-44.3. Definitions.**

Unless the context clearly requires another meaning, the following words and phrases have the meanings indicated when used in this Part:

- (1) "Board of trustees" and "constituent institution" have the meanings assigned in G.S. 116-2.
- (2) "Campus" means that University property, without regard to location, which is used wholly or partly for the purposes of a particular constituent institution of the University of North Carolina.
- (3) "University" means a constituent institution as defined in G.S. 116-2.
- (4) "University property" means property that is owned or leased in whole or in part by the State of North Carolina and which is subject to the general management and control of the Board of Governors of the University of North Carolina. (1973, c. 495, s. 1.)

**§ 116-44.4. Regulation of traffic and parking and registration of motor vehicles.**

(a) Except as otherwise provided in this Part, all of the provisions of Chapter 20 of the General Statutes relating to the use of highways of the State and the operation of motor vehicles thereon are applicable to all streets, alleys, driveways, parking lots, and parking structures on University property. Nothing in this section modifies any rights of ownership or control of

University property, now or hereafter vested in the Board of Governors of the University of North Carolina or the State of North Carolina.

(b) Each board of trustees may by ordinance prohibit, regulate, divert, control, and limit pedestrian or vehicular traffic and the parking of motor vehicles and other modes of conveyance on the campus. In fixing speed limits, the board of trustees is not subject to G.S. 20-141(f1) or (g2), but may fix any speed limit reasonable and safe under the circumstances as conclusively determined by the board of trustees. The board of trustees may not regulate traffic on streets open to the public as of right, except as specifically provided in this Part.

(c) Each board of trustees may by ordinance provide for the registration of motor vehicles maintained or operated on the campus by any student, faculty member, or employee of the University, and may fix fees for such registration. The ordinance may make it unlawful for any person to operate an unregistered motor vehicle on the campus when the vehicle is required by the ordinance to be registered.

(d) Each board of trustees may by ordinance set aside parking lots and other parking facilities on the campus for use by students, faculty, and employees of the University and members of the general public attending schools, conferences, or meetings at the University, visiting or making use of any University facilities, or attending to official business with the University. The board of trustees may issue permits to park in these lots and garages and may charge a fee therefor. The board of trustees may also by ordinance make it unlawful for any person to park a motor vehicle in any lot or other parking facility without procuring the requisite permit and displaying it on the vehicle. No permit to park shall be issued until the student requesting the permit provides the name of the insurer, the policy number under which the student has financial responsibility, and the student certifies that the motor vehicle is insured at the levels set in G.S. 20-279.1(11) or higher. This subsection applies to motor vehicles that are registered in other states as well as motor vehicles that are registered in this State pursuant to Chapter 20 of the General Statutes.

(e) Each board of trustees may by ordinance set aside spaces in designated parking areas or facilities in which motor vehicles may be parked for specified periods of time. To regulate parking in such spaces, the board of trustees may install a system of parking meters and make it unlawful for any person to park a motor vehicle in a metered space without activating the meter for the entire time that the vehicle is parked, up to the maximum length of time allowed for that space. The meters may be activated by coins of the United States. The board of trustees may also install automatic gates, employ attendants, and use any other device or procedure to control access to and collect the fees for using its parking areas and facilities.

(f) The board of trustees may by ordinance provide for the issuance of stickers, decals, permits, or other indicia representing the registration status of vehicles or the eligibility of vehicles to park on the campus and may by ordinance prohibit the forgery, counterfeiting, unauthorized transfer, or unauthorized use of them.

(g) Violation of an ordinance adopted under any portion of this Part is an infraction as defined in G.S. 14-3.1 and is punishable by a penalty of not more than fifty dollars (\$50.00). An ordinance may provide that certain prohibited acts shall not be infractions and in such cases the provisions of subsection (h) may be used to enforce the ordinance.

(h) An ordinance adopted under any portion of this Part may provide that violation subjects the offender to a civil penalty. Penalties may be graduated according to the seriousness of the offense or the number of prior offenses by the person charged. Each board of trustees may establish procedures for the collection of these penalties and they may be enforced by civil action in the nature of debt. The board of trustees may also provide for appropriate administrative sanctions if an

offender does not pay a validly due penalty or upon repeated offenses. Appropriate administrative sanctions include, but are not limited to, revocation of parking permits, termination of vehicle registration, and termination or suspension of enrollment in or employment by the University.

(i) An ordinance adopted under any portion of this Part may provide that any vehicle illegally parked may be removed to a storage area. Regardless of whether a constituent institution does its own removal and disposal of motor vehicles or contracts with another person to do so, the institution shall provide a hearing procedure for the owner. For purposes of this subsection, the definitions in G.S. 20-219.9 apply.

(1) If the institution operates in such a way that the person who tows the vehicle is responsible for collecting towing fees, all provisions of Article 7A, Chapter 20, apply.

(2) If the institution operates in such a way that it is responsible for collecting towing fees, it shall:

- a. Provide by contract or ordinance for a schedule of reasonable towing fees,
- b. Provide a procedure for a prompt fair hearing to contest the towing,
- c. Provide for an appeal to district court from that hearing,
- d. Authorize release of the vehicle at any time after towing by the posting of a bond or paying of the fees due, and
- e. If the institution chooses to enforce its authority by sale of the vehicle, provide a sale procedure similar to that provided in G.S. 44A-4, 44A-5, and 44A-6, except that no hearing in addition to the probable cause hearing is required. If no one purchases the vehicle at the sale and if the value of the vehicle is less than the amount of the lien, the institution may destroy it.

(j) Evidence that a motor vehicle was found parked or unattended in violation of an ordinance of the board of trustees is prima facie evidence that the vehicle was parked by:

- (1) The person holding a University parking permit for the vehicle, or
- (2) If no University parking permit has been issued for the vehicle, the person in whose name the vehicle is registered with the University pursuant to subsection (c), or
- (3) If no University parking permit has been issued for the vehicle and the vehicle is not registered with the University, the person in whose name it is registered with the North Carolina Division of Motor Vehicles or the corresponding agency of another state or nation.

The rule of evidence established by this subsection applies only in civil, criminal, or administrative actions or proceedings concerning violations of ordinances of the board of trustees. G.S. 20-162.1 does not apply to such actions or proceedings.

(k) Each board of trustees shall cause to be posted appropriate notice to the public of applicable traffic and parking restrictions.

(l) All ordinances adopted under this Part shall be recorded in the minutes of the board of trustees and copies thereof shall be filed in the offices of the President of the University of North Carolina and the Secretary of State. Each board of trustees shall provide for printing and distributing copies of its traffic and parking ordinances.

(m) All moneys received pursuant to this Part, except for the clear proceeds of all civil penalties collected pursuant to subsection (h) of this section, shall be placed in a trust account in each constituent institution, are appropriated, and may be used for any of the following purposes:

- (1) To defray the cost of administering and enforcing ordinances adopted under this Part;
- (2) To develop, maintain, and supervise parking areas and facilities;
- (3) To provide bus service or other transportation systems and facilities, including payments to any public or private transportation system serving University students, faculty, or employees;
- (4) As a pledge to secure revenue bonds for parking facilities issued under Article 21 of this Chapter;
- (5) Other purposes related to parking, traffic, and transportation on the campus.

The clear proceeds of all civil penalties collected pursuant to subsection (h) of this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. (1973, c. 495, s. 1; 1975, c. 716, s. 5; 1981 (Reg. Sess., 1982), c. 1239, s. 3; 1983, c. 420, s. 5; 1985, c. 764, s. 36; 2001-336, s. 1; 2005-276, s. 6.37(r); 2006-203, s. 51.)

**§ 116-44.5. Special provisions applicable to identified constituent institutions of the University of North Carolina.**

In addition to the powers granted by G.S. 116-44.4, the board of trustees of each of the constituent institutions enumerated hereinafter shall have the additional powers prescribed:

- (1) The Board of Trustees of the University of North Carolina at Chapel Hill may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public streets in the Town of Chapel Hill where parking is not prohibited by an ordinance of the Town of Chapel Hill:
  - a. Battle Lane;
  - b. Country Club Road, between Raleigh Street and South Road;
  - c. Manning Drive;
  - d. McCauley Street, between Columbia Street and Pittsboro Street;
  - e. Pittsboro Street, between South Columbia Street and Cameron Avenue;
  - f. Boundary Street, between Country Club Road and East Franklin Street;
  - g. Park Place, between Boundary Street and East Franklin Street;
  - h. South Columbia Street, between Franklin Street and Manning Drive;
  - i. Cameron Avenue, between South Columbia Street and Raleigh Street;
  - j. Raleigh Street;
  - k. Ridge Road;
  - l. South Road, between Columbia Street and Country Club Road.

In addition, the Board of Trustees of the University of North Carolina at Chapel Hill may regulate traffic on Cameron Avenue, between Raleigh Street and South Columbia Street, and on Raleigh Street, in any manner not inconsistent with ordinances of the Town of Chapel Hill.

- (2) The Board of Trustees of Appalachian State University may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public streets in the Town of Boone where parking is not prohibited by an ordinance of the Town of Boone:

- a. Rivers Street, between U.S. 221-U.S. 321 (Hardin Street) and Water Street;
- b. Stadium Drive, between Rivers Street and Hemlock Drive;
- c. College Street, to the extent that it is bounded on both sides by the university campus;
- d. Appalachian Street, between Locust Street and Howard Street;
- e. Brown Street, between Locust Street and Howard Street;
- f. Hill Street, only on the half of Hill Street bounded by the university campus;
- g. Stansberry Circle, from Holmes Drive to the end of Stansberry Circle;
- h. Locust Street, from U.S. 221-U.S. 321 (Hardin Street) to the end of Locust Street; and
- i. Dale Street, from State Farm Road to the end of Dale Street.

(3) The Board of Trustees of the University of North Carolina at Charlotte may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public roads in the County of Mecklenburg where parking is not prohibited by ordinance or other source of legal regulation of the County of Mecklenburg or other governmental entity with jurisdiction to regulate parking on such public road:

- a. Mary Alexander Boulevard (State Road No. 2834), between its intersection with N.C. Highway 49 and its intersection with Mallard Creek Church Road.

In addition, the Board of Trustees of the University of North Carolina at Charlotte may regulate traffic on Mary Alexander Boulevard (State Road No. 2834), between its intersection with N.C. Highway 49 and its intersection with Mallard Creek Church Road, in any manner not inconsistent with any ordinances or other sources of legal regulation of the County of Mecklenburg or other governmental entity with jurisdiction to regulate traffic on such public road.

(3a) The Board of Trustees of the University of North Carolina at Wilmington may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public streets in the City of Wilmington where parking is not prohibited by an ordinance of the City of Wilmington:

- a. "H" Street.

(3b) The Board of Trustees of the University of North Carolina at Greensboro may by ordinance prohibit, regulate, and limit the parking of motor vehicles for those portions of any of the following public streets in the City of Greensboro where parking is not prohibited by an ordinance of the City of Greensboro:

- a. Forest Street between Oakland Avenue and Spring Garden Street.
- b. Highland Avenue between Oakland Avenue and Spring Garden Street.
- c. Jefferson Street between Spring Garden Street and the Walker/Aycock parking lot.
- d. Kenilworth Street between Oakland Avenue and Walker Avenue.
- e. McIver Street between Walker Avenue and West Market Street.
- f. Stirling Street between Oakland Avenue and Walker Avenue.
- g. Theta Street between Kenilworth Street and Stirling Street.

- h. Walker Avenue between Aycock Street and Jackson Library and between Tate Street and McIver Street.
- (3c) The Board of Trustees of North Carolina Agricultural and Technical State University may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following streets in the City of Greensboro where parking is not prohibited by an ordinance of the City of Greensboro:
- a. Dudley Street between Market Street and Bluford Street.
  - b. Bluford Street between Regan Street and Luther Street.
  - c. Laurel Street between Lindsay Street and East Market Street.
  - d. Benbow Road between Sullivan Street and East Market Street.
  - e. Sullivan Street between O'Henry Boulevard overpass and Lindsay Street.
  - f. Beech Street between Bluford Street and Lindsay Street.
  - g. Obermeyer Street between Bluford Street and Market Street.
  - h. Daniel Street between Bluford Street and Market Street.
  - i. Nocho Street between Bluford Street and Market Street.

In addition, the Board of Trustees of North Carolina A&T State University may regulate traffic on the following streets for the portion of those streets that abut the university: Benbow Road, Dudley Street, Lindsay Street, and Market Street, provided that the regulation is not inconsistent with ordinances of the City of Greensboro.

- (4) This section does not diminish the authority of any affected municipality, county or other governmental entity to prohibit parking on any public street or road listed herein. It is intended only to authorize the respective boards of trustees of the constituent institutions identified hereinabove to further prohibit, regulate, and limit parking on certain public streets and roads running through or adjacent to the campuses of the constituent institutions where parking is not prohibited by ordinance or other law of any affected municipality, county or other governmental entity. When an ordinance or other law of an affected municipality, county or other governmental entity is adopted to prohibit parking on any portion of any public street or road then regulated by an ordinance of a board of trustees, the ordinance of the board of trustees is superseded and the University, upon request of the municipality, county or other governmental entity, shall immediately remove any signs, devices, or markings erected or placed by the University on that portion of the street or road pursuant to the superseded ordinance. (1973, c. 495, s. 1; 1979, c. 238; 2001-170, s. 1; 2003-213, s. 1; 2005-165, s. 1.)

#### Part 7. Fire Safety.

##### § 116-44.6. Definitions.

Unless the context clearly requires another meaning, the following definitions apply in this Part:

- (1) Fraternity or sorority. – A social, professional, or educational incorporated organization that, by official recognition, is affiliated or identified with a public or nonpublic institution of higher education in this State and which maintains a

- living facility that provides accommodations for five or more students enrolled at the recognition-granting institution of higher education.
- (2) Fund. – The Fire Safety Loan Fund authorized by this Part.
  - (3) Living facility. – A sleeping facility capable of overnight accommodation and other capabilities which support continuous occupancy.
  - (4) Residence hall. – A living facility maintained by a public or nonpublic institution of higher education in North Carolina or by the North Carolina School of Science and Mathematics for use by enrolled students.
  - (5) Supplemental fire safety protection system. – A water system capability which is sized to accommodate the added water supply pressure and volume required for building fire protection.
  - (6) Water system. –
    - a. A city, county, or sanitary district; or
    - b. A water and sewer authority, a metropolitan water district, or county water and sewer district, established pursuant to Chapter 162A of the General Statutes. (1996, 2nd Ex. Sess., c. 18, s. 16.5(a).)

**§ 116-44.7. Exemption from certain fees and charges.**

No water system serving a residence hall or fraternity or sorority housing shall levy or collect any water-meter fee, water-hydrant fee, tap fee, or similar service fee on a residence hall or fraternity or sorority house with respect to supporting a supplemental fire safety protection system in excess of the marginal cost to the water system to support the fire safety protection system. (1996, 2nd Ex. Sess., c. 18, s. 16.5(a); 1997-443, s. 10.14.)

**§ 116-44.8. Fire Safety Loan Fund.**

(a) There is established the Fire Safety Loan Fund. The Fund shall be a revolving loan fund for installing fire safety equipment and systems in fraternity and sorority housing.

(b) The Fund shall be administered by the Office of the State Treasurer, and that office may establish the policies and procedures that it deems appropriate for the operation of the Fund. The Office of the State Treasurer may enlist the assistance of other State departments or entities which have expertise that would be useful in administering the Fund, and those State departments or entities shall provide the assistance requested.

(c) The Fund shall be operated on a revolving basis with proceeds from the repayment of prior loans being made available for subsequent loans.

(d) Loans from the Fund shall be secured by a first or second mortgage or other pledge. Loans shall be made for a period not to exceed 10 years. Interest shall not be charged on loans from the Fund. (1996, 2nd Ex. Sess., c. 18, s. 16.5(a).)

**§ 116-44.9. Reserved for future codification purposes.**