

Article 6.

Treasurer.

Part 1. General.

§ 147-65. Recodified as G.S. 147-65.2 by Session Laws 2025-6, s. 1.2(a), effective June 13, 2025.

§ 147-65.1. Definitions.

The following definitions apply in this Article:

- (1) Board of Directors. – The Board of Directors of the North Carolina Investment Authority.
- (2) Chief Investment Officer or CIO. – The Chief Investment Officer of the Investment Authority.
- (3) Department. – The Department of State Treasurer.
- (4) Escheats Fund. – The Escheats Fund established under Article 1A of Chapter 116B of the General Statutes.
- (5) Investment Authority. – The North Carolina Investment Authority, established under Part 4 of this Article.
- (6) Reserved for future codification purposes.
- (7) Retirement Systems. – This term includes all of the following retirement systems:
 - a. The Teachers' and State Employees' Retirement System, established under Article 1 of Chapter 135 of the General Statutes.
 - b. The Consolidated Judicial Retirement System, established under Article 4 of Chapter 135 of the General Statutes.
 - c. The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund, established under Article 86 of Chapter 58 of the General Statutes.
 - d. The Local Governmental Employees' Retirement System, established under Article 3 of Chapter 128 of the General Statutes.
 - e. The Legislative Retirement System of North Carolina, established under Article 1A of Chapter 120 of the General Statutes.
 - f. The North Carolina National Guard Pension Fund, established under Article 3 of Chapter 127A of the General Statutes.
 - g. The Registers of Deeds' Supplemental Pension Fund, established under Article 3 of Chapter 161 of the General Statutes.
 - h. The Retiree Health Benefit Fund, established under G.S. 135-7(f).
 - i. The North Carolina Teachers' and State Employees' Benefit Trust, established under G.S. 135-7(g).
- (8) Treasurer. – The State Treasurer. (2025-6, s. 2.1.)

§ 147-65.2. Salary of State Treasurer and certain Department employees.

(a) State Treasurer. – The salary of the State Treasurer shall be as established in the Current Operations Appropriations Act. In addition to the salary set by the General Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on the same basis as is provided to employees of the State who are subject to the North Carolina Human Resources Act.

(b) Certain Departmental Employees. – The State Treasurer is authorized to establish, consistent with the duties of the State Treasurer as prescribed by law, market-oriented compensation plans, including salaries and performance-related bonuses, for employees possessing specialized skills or knowledge necessary for the proper administration of investment programs. In accordance with G.S. 126-5(c12), these employees are exempt from the classification and compensation rules established by the Office of State Human Resources. The design and administration of those compensation plans shall be based on compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation. The compensation and other associated employee benefits shall be apportioned and paid equitably among the funds and programs utilizing the services of these employees in a manner prescribed by the State Treasurer. The Treasurer shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government annually. (Code, s. 3723; 1891, c. 505; Rev., s. 2739; 1907, c. 830, s. 3; c. 994, s. 2; 1917, c. 161; 1919, c. 233; c. 247, s. 3; C.S., s. 3868; Ex. Sess. 1920, c. 49, s. 2; 1921, c. 11, s. 1; 1935, c. 249; 1941, c. 1; 1947, c. 1041; 1949, c. 1278; 1953, c. 1, s. 2; 1957, c. 1; 1963, c. 1178, s. 1; 1967, c. 1130; c. 1237, s. 1; 1969, c. 1214, s. 1; 1971, c. 912, s. 1; 1973, c. 778, s. 1; 1975, 2nd Sess., c. 983, s. 16; 1977, c. 802, s. 42.9; 1983, c. 761, s. 215; 1983 (Reg. Sess., 1984), c. 1034, s. 164; 1987, c. 738, s. 32(b); 2013-382, s. 9.1(c); recodified from N.C. Gen. Stat. 147-65 by 2025-6, s. 1.2(a).; 2025-6, ss. 1.3, 4.1(a).)

§ 147-66. Repealed by Session Laws 2025-6, s. 1.2(a1), effective June 13, 2025.

§ 147-66.2. Deputy to act for Treasurer.

The Treasurer may authorize a deputy to perform any duties pertaining to the office. The Treasurer may authorize a deputy to affix the Treasurer's signature to any check, warrant or any other instrument the Treasurer is required to sign. The Treasurer shall be responsible for the conduct of his or her deputies. (2016-55, s. 1.5; recodified from N.C. Gen. Stat. 147-75, by 2025-6, s. 1.2(i).)

§ 147-67. Repealed by Session Laws 1981, c. 884, s. 14.

§ 147-67.1. Liability insurance for State Treasurer.

(a) The State Treasurer may purchase commercial insurance of any kind to cover all risks or potential liability of the State Treasurer, boards in the Department of the State Treasurer, members of boards in the Department of the State Treasurer, and employees and agents of the State Treasurer, including the risks and potential liability related to investments managed by the State Treasurer.

(b) Board members and employees of boards in the Department of the State Treasurer shall be considered State employees for purposes of Articles 31 and 31A of Chapter 143 of the General Statutes. To the extent that the State Treasurer 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 State Treasurer 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.

(c) The purchase of insurance by the State Treasurer under this section shall not be construed to waive sovereign immunity or any other defense available to the State Treasurer,

boards in the Department of the State Treasurer, members of boards in the Department of the State Treasurer, or employees or agents of the State Treasurer in an action or contested matter in any court, agency, or tribunal. The purchase of insurance by the State Treasurer 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 State Treasurer, board members, employees, or agents to defense by the State as provided by G.S. 143-300.3. (2011-300, s. 1; recodified from N.C. Gen. Stat. 147-69.3A by 2025-6, s. 1.2(b).)

§ 147-68. To receive and disburse moneys; to make reports.

(a) It is the duty of the Treasurer to receive all moneys which shall from time to time be paid into the treasury of this State; and to pay all warrants legally drawn on the Treasurer.

(b) No moneys shall be paid out of the treasury except on warrant or pursuant to an electronic transfer initiated by the State, unless one of the following applies:

(1) There is a legislative appropriation or authority to pay the same.

(2) There is an electronic debit initiated by the federal government or by the government of another state to satisfy a bona fide financial obligation of the State.

(c) It shall be the responsibility of the Treasurer to determine that all warrants presented to him for payment are valid and legally drawn on the Treasurer.

(d) Recodified as G.S. 147-69.12(c) by Session Laws 2016-55, s. 4.1(b), effective July 1, 2016, and applicable to all reporting periods beginning on or after that date.

(d1) Repealed by Session Laws 2016-55, s. 4.1(d), effective July 1, 2016, and applicable to all reporting periods beginning on or after that date.

(d2) Repealed by by Session Laws 2021-180, s. 37.12(a), effective November 18, 2021, and applicable to reports submitted on or after that date.

(e) The State Treasurer, in carrying out the responsibilities of this section, shall be independent of any fiscal control exercise by the Director of the Budget or the Department of Administration and shall be responsible to the General Assembly and the people of North Carolina for the efficient and faithful exercise of the responsibilities of his office. The State Treasurer, for all other purposes, is subject to Chapter 143C of the General Statutes. (1868-9, c. 270, s. 71; Code, s. 3356; Rev., s. 5370; C.S., s. 7682; 1955, c. 577; 1957, c. 269, s. 1; 1981 (Reg. Sess., 1982), c. 1282, s. 65; 1983, c. 913, s. 52; 2000-67, s. 24A; 2003-284, s. 28.2(a); 2004-129, s. 46A; 2006-203, s. 118; 2007-323, s. 13.2(b); 2016-55, ss. 4.1(b), (d); 2020-29, s. 5; 2021-180, s. 37.12(a).)

§ 147-68.1. Banking operations.

The cost of administration, management, and operations of the banking operations of the Department of State Treasurer shall be apportioned and paid equitably among the funds and programs using these services, in a manner prescribed by the State Treasurer. To the extent not otherwise chargeable directly to the income or assets of a specific fund or program, the cost of administration, management and operations of the banking operations of the Department of State Treasurer shall be paid from the income and assets of the funds and programs using these services. Any apportionment and payment under this section shall be accounted for in a manner determined by the State Treasurer. (1983 (Reg. Sess., 1984), c. 1034, s. 118; 2023-93, s. 1.)

§ 147-68.2. Confidentiality of warrants issued by the State.

Information contained in records held by the State about outstanding, unpaid warrants issued by the State are confidential and not available for public inspection to the extent that the Treasurer determines that information would be sufficient to counterfeit a warrant. (2017-129, s. 6.)

§ 147-68.3. To make short-term notes in emergencies.

Subject to the approval of the Governor and Council of State, the State Treasurer is authorized to make short-term notes for temporary emergencies, but such notes must only be made to provide for appropriations already made by the General Assembly. (1915, c. 168, s. 3; C.S., s. 7685; recodified from N.C. Gen. Stat. 147-70 by 2025-6, s. 1.2(e).)

§ 147-68.4. May demand and sue for money and property of State.

The Treasurer is authorized to demand, sue for, collect and receive all money and property of the State not held by some person under authority of law. (1866, c. 46; Code, s. 3359; Rev., s. 5375; C.S., s. 7688; recodified from N.C. Gen. Stat. 147-71 by 2025-6, s. 1.2(f).)

§ 147-68.5. Criminal record checks for the Department of State Treasurer.

(a) The Department of State Treasurer may obtain from the State and National Repositories of Criminal Histories or from any other lawful source the criminal history of any of the following individuals:

- (1) A current or prospective permanent or temporary employee of the Department of State Treasurer.
- (2) A contractor with the Department of State Treasurer.
- (3) An employee or agent of a contractor with the Department of State Treasurer who is performing or will perform work for the Department of State Treasurer.
- (4) A volunteer of the Department of State Treasurer.
- (5) Any other individual otherwise engaged by the Department of State Treasurer who will have access to health or financial information or data maintained by the Department of State Treasurer that is confidential or otherwise nonpublic.

(b) The Department of State Treasurer may deny employment to or dismiss any individual identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who refuses to consent to a criminal history record check or to the use of fingerprints or other identifying information required by the State or National Repositories of Criminal Histories. Any refusal shall constitute just cause for the employment denial or the dismissal from employment.

(c) The Department of State Treasurer may extend a conditional offer of employment pending the results of a criminal history record check authorized by this section. (2020-29, s. 9; recodified from N.C. Gen. Stat. 147-75.1 by 2025-6, s. 1.2(j).)

§ 147-68.6. Information Technology fees; dispute resolution panel.

The State Treasurer or the State Treasurer's designee, in conjunction with the State Controller and the State Budget Officer or their designees, shall handle the resolution of fee disputes between the Department of Information Technology and the State agencies receiving information technology services from the Department. (2009-136, s. 3; 2015-241, s. 7A.3; recodified from N.C. Gen. Stat. 147-86.2 by 2025-6, s. 1.2(k).)

§ 147-69. Deposits of State funds in banks and savings and loan associations regulated.

Banks and savings and loan associations having State deposits shall furnish to the Auditor of the State, upon the Auditor's request, a statement of the moneys which have been received and paid by them on account of the treasury. The Treasurer shall keep in the Treasurer's office a full account of all moneys deposited in and drawn from all banks and savings and loan associations in which the Treasurer may deposit or cause to be deposited any of the public funds, and these accounts shall be open to the inspection of the Auditor. The Treasurer shall sign all checks, and no depository bank or savings and loan association shall be authorized to pay checks not bearing the Treasurer's official signature. The Treasurer is authorized to use a facsimile signature machine or device in affixing the Treasurer's signature to warrants, checks or any other instrument the Treasurer is required by law to sign. The Commissioner of Banks, the bank examiners, and the savings and loan examiners, when so required by the State Treasurer, shall keep the State Treasurer fully informed at all times as to the condition of all these depository banks and savings and loan associations, so as to fully protect the State from loss. The State Treasurer shall, before making deposits in any bank or savings and loan association, require ample security from the bank or savings and loan association for these deposits. (1905, c. 520; Rev., s. 5371; 1915, c. 168; 1917, c. 159; C.S., s. 7684; 1931, c. 127, s. 1; c. 243, s. 5; 1933, c. 175, s. 1; 1945, c. 644; 1949, c. 1183; 1967, c. 398, s. 2; 1977, c. 401, s. 1; 1983, c. 158, s. 4; 1987, c. 751, s. 1; 1989, c. 76, s. 27; 2001-193, s. 16; 2004-203, s. 11.)

Part 2. Investments and Funds.

§ 147-69.1. Investments authorized for General Fund and Highway Funds assets.

(a) The Governor and Council of State, with the advice and assistance of the State Treasurer and the Investment Authority, may adopt rules necessary and appropriate for the implementation of this section.

(b) This section applies to funds deposited with the State Treasurer to the credit of all of the following:

- (1) The General Fund.
- (2) The Highway Fund and Highway Trust Fund.

(c) It is the duty of the Investment Authority to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on those funds, selecting from among the following:

- (1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.
- (2) Obligations of the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
- (3) Repurchase Agreements with respect to one or more of the following:
 - a. Securities issued or guaranteed by the United States government or its agencies.
 - b. Securities eligible for investment by this section executed by a bank or trust company or by primary or other reporting dealers to the Federal Reserve Bank of New York.
 - c. Securities eligible for investment by this section executed by a registered broker-dealer that is subject to the rules and regulations of the

U.S. Securities and Exchange Commission and is a member in good standing of the Financial Industry Regulatory Authority.

- (4) Obligations of the State of North Carolina.
- (5) Certificates of deposit and other deposit accounts of financial institutions under any of the following conditions:
 - a. With financial institutions with a physical presence in the State for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity.
 - b. With financial institutions with a physical presence inside or outside the State, in accordance with all of the following conditions:
 - 1. The funds are initially deposited through a bank or savings and loan association in the State that is an official depository and that is selected by the State Treasurer, provided that the rate of return or investment yield shall not be less than that available in the market on United States government or agency obligations of comparable maturity.
 - 2. The selected bank or savings and loan association arranges for the redeposit of the funds in deposit accounts of the State in one or more federally insured banks or savings and loan associations wherever located, provided that no State funds shall be deposited in a bank or savings and loan association that at the time holds other deposits from the State.
 - 3. The full amount of principal and any accrued interest of each deposit account are covered by federal deposit insurance.
 - 4. The selected bank or savings and loan association acts as custodian for the State with respect to the deposit in the State's account.
 - 5. On the same date that the State funds are redeposited, the selected bank or savings and loan association receives an amount of federally insured deposits from customers of other financial institutions wherever located equal to or greater than the amount of the funds invested by the State through the selected bank or savings and loan association pursuant to this sub-subdivision.
- (6) Repealed by Session Laws 1989 (Regular Session, 1990), c. 813, s. 10.
- (7) Prime quality commercial paper that, when acquired, bears the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

- (8) Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that when bills or drafts are acquired, the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations that bear the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligations.
- (9) Asset-backed securities (whether considered debt or equity) provided, when acquired, the securities bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest rating by any nationally recognized rating service which rates the particular securities.
- (10) Corporate bonds and notes provided they, when acquired, bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

(d) Unless otherwise provided by law, the interest or income received and accruing from all deposits or investments of such cash balances shall be paid into the State's General Fund, except that all interest or income received and accruing on the monthly balance of the Highway Fund and Highway Trust Fund shall be paid into the State Highway Fund and Highway Trust Fund. The cash balances of the several funds may be combined for deposit or investment purposes; and when such combined deposits or investments are made, the interest or income received and accruing from all deposits or investments shall be prorated among the funds in conformity with applicable law and the rules and regulations adopted by the Governor and Council of State.

(e) Repealed by Session Laws 2016-55, s. 4.1(c), effective July 1, 2016, and applicable to all reporting periods beginning on or after that date.

(f) Repealed by Session Laws 1989 (Regular Session, 1990), c. 813, s. 10.

(g) Repealed by Session Laws 2001-444, s. 1, effective October 1, 2001. (1943, c. 2; 1949, c. 213; 1957, c. 1401; 1961, c. 833, s. 2.2; 1967, c. 398, s. 1969, c. 125; 1975, c. 482; 1979, c. 467, s. 1; c. 717, s. 1; 1981, c. 801, ss. 1, 2; 1985, c. 313, s. 3; 1987, c. 751, ss. 2-4; 1987 (Reg. Sess., 1988), c. 882, s. 5; 1989, c. 76, s. 28; c. 751, s. 7(43); 1989 (Reg. Sess., 1990), c. 813, s. 10; 1991 (Reg. Sess., 1992), c. 959, s. 75; 1993, c. 105, s. 2; 1999-251, s. 1; 2001-444, s. 1; 2001-487, s. 14(m); 2005-394, s. 1; 2013-305, s. 3; 2015-241, s. 21.2(c); 2015-268, s. 7.5; 2016-55, ss. 1.2, 4.1(c); 2025-6, ss. 1.1(2), 3.1(a).)

§ 147-69.2. Investments authorized for special funds held by State Treasurer.

(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

- (1) The Teachers' and State Employees' Retirement System of North Carolina.
- (2) The Consolidated Judicial Retirement System of North Carolina.
- (3) The State Health Plan for Teachers and State Employees.
- (4) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- (5) The Disability Salary Continuation Income Plan of North Carolina.

- (6) The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
- (7) The North Carolina Local Governmental Employees' Retirement System.
- (8) The Legislative Retirement System of North Carolina.
- (9) The Escheat Fund.
- (10) The Legislative Retirement Fund.
- (11) The State Education Assistance Authority.
- (12) The State Property Fire Insurance Fund.
- (13) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- (14) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- (15) The State Public Education Property Insurance Fund.
- (15a) Repealed by Session Laws 2020-69, s. 9(b), effective July 1, 2020.
- (16) The Liability Insurance Trust Fund.
- (16a) The University of North Carolina Hospitals at Chapel Hill funds, except appropriated funds, deposited with the State Treasurer pursuant to G.S. 116-350.40.
- (17) Trust funds of The University of North Carolina and its constituent institutions deposited with the State Treasurer pursuant to G.S. 116-36.1.
- (17a) North Carolina Veterans Home Trust Fund.
- (17b) North Carolina National Guard Pension Fund.
- (17c) Retiree Health Benefit Fund.
- (17d) The Election Fund.
- (17e) The North Carolina State Lottery Fund.
- (17f) Funds deposited with the State Treasurer by public hospitals pursuant to G.S. 159-39(g).
- (17g) Funds deposited with the State Treasurer by Local Government Other Post-Employment Benefits Trusts pursuant to G.S. 159-30.1.
- (17h) The Local Government Law Enforcement Special Separation Allowance Fund.
- (17i) The North Carolina Conservation Easement Endowment Fund.
- (17j) The Conservation Grant Fund.
- (17k) The Wildlife Endowment Fund.
- (17l) The Ecosystem Restoration Fund.
- (17m) The Needs-Based Public School Capital Fund.
- (17n) The Riparian Buffer Restoration Fund.
- (18) Any other special fund created by or pursuant to law for purposes other than meeting appropriations made pursuant to the Executive Budget Act.
- (19) The Swain County Settlement Trust Fund.
- (20) Institutional funds of the colleges of the North Carolina Community College System.
- (21) The Disability Income Plan of North Carolina.
- (22) Repealed by Session Laws 2022-74, s. 20.4(b), as amended by Session Laws 2023-46, s. 22(a), and as amended by Session Laws 2024-3, s. 9.1(a), effective retroactively to July 1, 2022.
- (23) The Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust Fund established by North Carolina Municipal Power Agency Number 1, as described in G.S. 159B-18(b)(6).

(24) Funds deposited with the State Treasurer by charter schools pursuant to G.S. 115C-218.15(f).

(b) It shall be the duty of the Investment Authority to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on these funds. The Investment Authority may invest the funds as provided in this subsection in the manner authorized by subsection (e) of this section. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the Investment Authority to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter. Notwithstanding anything in this section to the contrary, the Investment Authority shall categorize investment management arrangements according to the primary investment type or primary strategy utilized under the arrangement authorized under subsection (e) of this section. No investment management arrangement may be categorized in more than one of the subdivisions of this section. The Investment Authority shall select from among the following investments subject to any stipulated limitations and requirements:

- (1) Investments authorized by G.S. 147-69.1(c)(1)-(7).
- (2) General obligations of other states of the United States.
- (3) General obligations of cities, counties and special districts in North Carolina.
- (4) Obligations of any company, other organization or legal entity incorporated or otherwise created or located within or outside the United States, including obligations that are convertible into equity securities, if, when acquired, the obligations are within one of the four highest rating categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission.
- (5) Repealed by Session Laws 2001-444, s. 2, effective October 1, 2001.
- (6) Asset-backed securities, whether considered debt or equity, if, when acquired, the obligations are within one of the four highest ratings categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission.
- (6a) In addition to the limitations and requirements with respect to the investments of the Retirement Systems under this subsection, the Investment Authority shall select investments of the assets of the Retirement Systems such that investments made pursuant to subdivisions (1) through (6) of this subsection shall at all times equal or exceed twenty percent (20%) of the market value of all invested assets of the Retirement Systems.
- (6b) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- (6c) Retirement Systems' assets may be invested, within or outside the United States, in obligations, debt securities, and asset-backed securities, whether considered debt or equity, including obligations and securities convertible into

- other securities, that do not meet the requirements of any of subdivisions (1) through (6) of this subsection nor subdivision (7) of this subsection.
- (7) Retirement Systems' assets may be invested in strategies managed primarily for the purpose of owning real estate or related debt financing, excluding asset-backed financing and timberlands, located within or outside the United States.
 - (8) Retirement Systems' assets may be invested in a strategy composed primarily of equity securities traded on a public securities exchange or market organized and regulated pursuant to the laws of the jurisdiction of the exchange or market and issued by any company incorporated or otherwise created or located within or outside the United States as long as the investments meet the conditions of this subdivision.
 - (9) Retirement Systems' assets may be invested in (i) a strategy composed primarily of private equity, or corporate buyout transactions, within or outside the United States or (ii) an arrangement authorized under subsection (e) of this section with the primary purpose to engage in other strategies not expressly authorized by any other subdivision of this subsection.
 - (9a) Retirement Systems' assets may be invested, within or outside the United States, in obligations, debt securities, asset-backed securities, whether considered debt or equity, and other investments that are acquired by the Investment Authority for the primary purpose of owning real assets or related debt financing, including, but not limited to, timberland, natural resources, commodities, infrastructure, transportation, agriculture, and other tangible and intangible real assets.
 - (10) Recodified as part of subdivision (b)(9) by Session Laws 2000-160, s. 2.
 - (10a) The aggregate market value of all assets invested pursuant to subdivisions (6c), (7), (8), (9), and (9a) of this subsection shall not exceed eighty percent (80%) of the market value of all invested assets of the Retirement Systems.
 - (10b) The market value of illiquid investments, as determined by the Board of Directors, shall not exceed forty percent (40%) of the market value of all invested assets of the Retirement System.
 - (11) Repealed by Session Laws 2013-360, s. 6.3(c), effective July 1, 2013.
 - (12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions apply to the assets of the Escheat Fund:
 - a. The Investment Authority may invest the assets of the Escheat Fund in those investments authorized by subdivisions (1) through (6) of this subsection. Up to eighty percent (80%) of the assets may be invested in the investments authorized under subdivisions (6c) through (9a) of this subsection. The Investment Authority may invest the assets as provided in subsection (e) of this section.
 - b. Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
 - c. The Investment Authority may invest, in addition to those investments authorized by sub-subdivision a. ten percent (10%) of the net assets of the Escheat Fund as authorized under G.S. 147-69.2A.

(b1) Repealed by Session Laws 2025-6, s. 3.1(a), effective January 1, 2026.

(b2) The Investment Authority may invest funds deposited pursuant to subdivision (a)(17f) of this section in any of the investments authorized under subdivisions (b)(1) through (6), subdivision (b)(6c), and subdivision (b)(8) of this section. The Investment Authority may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to this subsection by a hospital shall remain the funds of that hospital, and interest or other investment income earned thereon shall be prorated and credited to the contributing hospital on the basis of the amounts thereof contributed, figured according to sound accounting principles. Fees assessed by the Investment Authority may be used to defray the cost of administering investments pursuant to this subsection and expenditures authorized under this section.

(b3) The Investment Authority may invest funds deposited pursuant to subdivision (a)(16a) of this section in any of the investments authorized under subdivisions (1) through (6), subdivision (6c) and subdivision (b)(8) of this section. The Investment Authority may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to this subsection by the University of North Carolina Hospitals at Chapel Hill shall remain the funds of the University of North Carolina Hospitals at Chapel Hill, and interest or other investment income earned thereon shall be prorated and credited to the University of North Carolina Hospitals at Chapel Hill on the basis of the amounts thereof contributed, figured according to sound accounting principles. Fees assessed by the Investment Authority may be used to defray the cost of administering investments pursuant to this subsection and expenditures authorized under this section.

(b4) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the Investment Authority may invest funds deposited pursuant to subdivision (17g) of subsection (a) of this section in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section. Funds deposited pursuant to this subsection by a Local Government Other Post-Employment Benefits Trust and interest or other investment income earned from those funds shall be prorated and credited to the contributing trust on the basis of the amounts contributed, figured according to sound accounting principles. For investments under subdivisions (b)(6c) and (b)(8) of this section, the Investment Authority may require a minimum deposit of up to one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of participation pursuant to this subsection. Fees assessed by the Investment Authority may be used to defray the costs of administering the Fund and expenditures authorized under this section.

(b5) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the Investment Authority may invest funds deposited in the Local Government Law Enforcement Special Separation Allowance Fund in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section. For investments from that Fund made under subdivisions (b)(6c) and (b)(8) of this section, the Investment Authority may require a minimum deposit of up to one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of making the investment. The fee may be used to defray the costs of administering the Fund and expenditures authorized under this section.

(b6) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the Investment Authority may invest funds deposited in the Catawba Unit No. 1

Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust Fund in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section. For investments from the Funds made under subdivisions (b)(6c) and (b)(8) of this section, the Investment Authority may require a minimum deposit of up to one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of making the investment. The fee may be used to defray the costs of administering the Fund and expenditures authorized under this section.

(b7) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the Investment Authority may invest funds deposited in the Swain County Settlement Trust Fund in any of the investments authorized under subdivision (b)(8) of this section. For investments from that Fund made under subdivision (b)(8) of this section, the Investment Authority may require a minimum deposit of up to one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of making the investment. The fee may be used to defray the costs of administering the Fund and expenditures authorized under this section.

(b8) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the Investment Authority may invest funds deposited pursuant to subdivision (24) of subsection (a) of this section in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations imposed on the Retirement Systems' investments therein. For investments from that Fund made under subdivisions (b)(6c) and (b)(8) of this section, the Investment Authority may require a minimum deposit of up to fifty thousand dollars (\$50,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of making the investment. The fee may be used to defray the costs of administering investments and expenditures authorized under this section.

(c) Repealed by Session Laws 1995, c. 501, s. 2.

(d) The Investment Authority may invest funds deposited pursuant to subdivisions (17i), (17j), (17k), (17l), and (17n) of subsection (a) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The Investment Authority may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Fees assessed by the Investment Authority may be used to defray the costs of administering the funds and expenditures authorized under this section. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts contributed to the respective Funds, figured according to sound accounting principles.

(e) Investments made pursuant to this section may be made as internally managed investments by the Investment Authority or may be made through third-party investment management arrangements, under the following conditions:

- (1) Internally managed portfolios shall be subject to industry standard portfolio guidelines.

- (2) In assessing whether to invest directly or to utilize indirect third-party investment management arrangements, the Investment Authority shall consider all relevant material factors consistent with the Investment Authority's fiduciary duties under G.S. 147-70.6, including financial, operational, and investment expertise and resources, alignment of interests and investor protections, transparency and repeatability of investment process, risk controls, and cost-effectiveness.
- (3) Repealed by Session Laws 2025-6, s. 3.1(a), effective January 1, 2026.
- (4) Third-party investment management arrangements may be with persons and legal entities located within or outside the United States, including through any of the following:
- a. Contractual arrangements in which the investment manager has delegated discretion and authority to invest assets.
 - b. Investment companies as defined under United States generally accepted accounting principles as promulgated by the Financial Accounting Standards Board, including without limitation entities registered under the Investment Company Act of 1940; individual, common, or collective trust funds of banks and trust companies; limited partnerships; limited liability companies or other limited liability investment vehicles; and insurance contracts that provide for participation in individual or pooled separate accounts of insurance companies.
Any limited liability investment vehicles organized by the Investment Authority shall be deemed investment companies for the purposes of this subdivision.
- (5) Investment companies shall provide annual audited financial statements to the Investment Authority, unless the Investment Authority waives the requirement after conducting a cost-benefit analysis.
- (6) In connection with any investment otherwise authorized under this section, the Investment Authority may enter into an indemnification agreement provided that, under any agreement, the liability of the Investment Authority will be limited to the amount of the Investment Authority's contractual investment. (1979, c. 467, s. 2; 1983, c. 702, ss. 1-9; 1987, c. 446, s. 1; c. 751, s. 5; 1987 (Reg. Sess., 1988), c. 1070; 1989, c. 770, s. 54; 1989 (Reg. Sess., 1990), c. 813, s. 11; c. 848, s. 5; 1991, c. 542, s. 16; c. 636, s. 3; c. 749, s. 8; 1993 (Reg. Sess., 1994), c. 777, s. 4(i); 1995, c. 346, s. 2; c. 501, s. 2; 1997-456, s. 27; 1999-237, s. 27.16; 1999-251, s. 2; 2000-160, s. 2; 2001-444, ss. 2, 3; 2003-12, s. 2; 2004-124, s. 30.22(b); 2005-144, s. 7; 2005-201, s. 2; 2005-252, s. 1; 2005-276, s. 28.17; 2005-344, s. 10; 2005-417, s. 2; 2007-323, s. 27.7; 2007-384, ss. 2, 3, 7, 8.; 2008-13, s. 2; 2008-107, ss. 12.9(b), (c), 12.13; 2009-98, s. 1; 2009-283, s. 2; 2009-451, s. 25.2(a); 2010-175, ss. 3, 4; 2011-145, ss. 6.10(a), 8.20(c); 2011-211, s. 1; 2011-340, s. 4(a), (b); 2012-130, s. 10; 2012-142, s. 6.4; 2012-178, s. 6; 2013-284, s. 1(d); 2013-360, s. 6.3(c); 2013-398, s. 1; 2015-164, s. 3(a); 2015-241, ss. 6.3(a), 14.2; 2016-55, s. 1.3; 2017-57, s. 13A.2(b), (c); 2017-102, s. 28.1(a); 2017-125, s. 6; 2018-5, ss. 5.3(e), 13.5; 2019-162, s. 5; 2019-176, s. 3(e); 2020-69, s. 9(a), (b); 2020-78, s. 7.3(a), (b); 2021-73, ss. 1(b),

2(a); 2022-53, s. 9.5(c); 2022-74, s. 20.4(b); 2023-46, s. 22(a); 2023-134, s. 4.10(y); 2024-3, s. 9.1(a); 2025-6, ss. 1.1(2), 3.1(a).)

§ 147-69.2A. Investments; special funds held by the State Treasurer.

(a) Firm to Administer Venture Capital Multiplier Fund. – The Investment Authority may select a third-party professional investment management firm, subject to the rules and regulations of the U.S. Securities and Exchange Commission, to administer a special fund created to invest assets of the Escheats Fund and select investment opportunities appropriate for receiving allocations from the Venture Capital Multiplier Fund on the basis of potential return on investment and the risks attendant thereto. The Investment Authority shall assign professional and clerical staff to assist in the oversight of the Venture Capital Multiplier Fund. All costs for the third-party investment management firm and the professional and clerical staff shall be borne by the Venture Capital Multiplier Fund pursuant to G.S. 147-69.3(f). The Investment Authority shall discharge its duties with respect to the Venture Capital Multiplier Fund as a fiduciary consistent with G.S. 147-70.6.

(b) Organization and Reporting [Investment Policy.] – The Investment Authority shall develop and adopt an investment policy statement for the Venture Capital Multiplier Fund.

(b1) Conflict of Interest Policy. – The Investment Authority shall adopt a policy to prevent conflicts of interest. This policy shall include a provision prohibiting all of the following individuals from providing services for compensation to any entity in which an investment from the Venture Capital Multiplier Fund was made within two years after the end of that individual's service to the Fund:

- (1) The designee of the State Treasurer and Governor who selected the third-party investment management firm prior to the creation of the Investment Authority.
- (2) The designee of the Investment Authority who selected the third-party investment management firm.
- (3) The staff of the Department of State Treasurer or of the Investment Authority overseeing the Fund.
- (4) The third-party investment management firm's employees selecting or overseeing Fund investments.

(c) Types of Investments. – Assets of the Venture Capital Multiplier Fund may be invested in those types of investments authorized for the Retirement Systems by G.S. 147-69.2(b).

(d) Report on Escheat Fund Financial Status. – The State Treasurer, in coordination with the Investment Authority, shall conduct an assessment and projection of the financial status of the Escheat Fund. A third-party professional consultant may be engaged to conduct the required assessment. The associated costs for the services may be directly charged to the Escheat Fund. No later than December 31 of each year, the State Treasurer shall communicate the assessment in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall include all of the following:

- (1) An evaluation of claims by owners upon the Escheat Fund, current and projected investment returns, projected contributions to the Escheat Fund, current and projected legislative appropriations, and authorized expenses.
- (2) An assessment of the State Treasurer, with the assistance of the Investment Authority of the status of utilizing the Escheat Fund as an endowment fund and a recommendation of an annual amount available for the funding of

scholarships, loans, and grants from the Fund. (2015-241, s. 6.3(b); 2016-55, ss. 1.4(a), (b), 4.3; 2017-129, s. 10; 2021-180, s. 37.12(b); 2025-6, s. 3.1(a).)

§ 147-69.3. Administration of Investment Authority's investment programs.

(a) The State Treasurer shall deposit with the Investment Authority assets of the funds under G.S. 147-69.1 and the special funds under G.S. 147-69.2. The Investment Authority shall establish, maintain, administer, manage, and operate one or more investment programs for the deposit to the credit of the State Treasurer of the investment of assets of the funds under G.S. 147-69.1 and the special funds under G.S. 147-69.2. Funds of each of the Retirement Systems and other funds held by the Investment Authority may be invested collectively or separately in the Investment Authority's discretion consistent with the fiduciary duties under G.S. 147-70.6.

(b) Any official, board, commission, other public authority, local government, school administrative unit, charter school, local ABC board, or community college of the State having custody of any funds not required by law to be deposited with and invested by the State Treasurer or the Investment Authority may deposit all or any portion of those funds with the Investment Authority for investment in one of the investment programs authorized under this section, subject to any provisions of law with respect to eligible investments. Any occupational licensing board as defined in G.S. 93B-1 may participate in one of the investment programs authorized under this section regardless of whether or not the funds were required by law to be deposited with and invested by the State Treasurer or the Investment Authority. In the absence of specific statutory provisions to the contrary, any funds described in this subsection may be invested by the Investment Authority in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Upon request from any depositor eligible under this subsection, the State Treasurer may authorize moneys invested pursuant to this subsection to be withdrawn by warrant on the State Treasurer.

(c) The Investment Authority's investment programs shall be so managed that, in the judgment of the Investment Authority, funds may be readily converted into cash when needed.

(d) Except as provided by G.S. 147-69.1(d), the total return earned on investments shall accrue pro rata to the fund whose assets are invested.

(e) The Investment Authority has full powers as a fiduciary to hold, purchase, sell, assign, transfer, lend and dispose of any of the securities or investments in which any of the investment programs created pursuant to this section have been invested, and may reinvest the proceeds from the sale of those securities or investments and any other investable assets of the program.

(f) The cost of administration, management, and operation of investment programs established pursuant to this section shall be apportioned and paid equitably among the programs in a manner prescribed by the Investment Authority, including through administrative fees if approved by the Board of Directors. To the extent not otherwise chargeable directly to the income or assets of a specific investment program or pooled investment vehicle, the cost of administration, management, and operation of investment programs established pursuant to this section shall be paid from the income and assets of the investment programs. Any apportionment and payment under this section shall be accounted for in a manner determined by the Investment Authority.

(g) Repealed by Session Laws 2025-6, s. 3.1(a), effective January 1, 2026.

(g1) Notwithstanding G.S. 114-8.3, the Investment Authority's designated attorneys shall review all proposed investment contracts and all proposed contracts for investment-related services entered into pursuant to the Investment Authority's authority under this Article. All of the following apply to the required review:

- (1) This review shall include confirmation that a proposed contract meets all of the following criteria:
 - a. The proposed contract is in proper legal form.
 - b. The proposed contract is legally enforceable to the extent governed by North Carolina law.
 - c. The proposed contract accomplishes the intended purposes of the contract.
 - (2) The Investment Authority's designated attorneys shall establish procedures regarding the review.
 - (3) The required review does not constitute approval or disapproval of the policy merit, or lack thereof, of the proposed contract.
 - (4) A designated attorney under this subsection includes any attorney employed or retained by the Investment Authority to review contracts as required by this subsection.
 - (5) For purposes of this subsection, "investment contract" means investments to be acquired, held, or sold, directly or indirectly, by or for the Investment Authority or an investment entity created by the Investment Authority, either on its own behalf or on behalf of another beneficial owner.
- (h), (i) Repealed by Session Laws 2016-55, s. 2.1, effective January 31, 2017.
- (i1) Repealed by Session Laws 2025-6, s. 3.1(a), effective January 1, 2026.
- (i2) Recodified as G.S. 147-65.2(b) by Session Laws 2025-6, s. 1.3, effective June 13, 2025.
- (i3) The Investment Authority may invest in the countries of Sudan and South Sudan to the extent not prohibited by the United States Government, or to the extent that such investment is part of an index or index replication strategy, a commingled fund, limited partnership, or similar investment vehicle, or a derivative instrument.
- (j) Subject to the provisions of G.S. 147-69.1(d), the Investment Authority may adopt any rules necessary to carry out the provisions of this section. (1979, c. 467, s. 3; 1981, c. 445, ss. 4, 5; 1983, c. 515, s. 1; c. 702, s. 10; 1983 (Reg. Sess., 1984), c. 1034, ss. 116, 117; 1987, c. 751, ss. 6-8; 2001-444, s. 4; 2002-126, s. 6.12; 2005-276, s. 27.3; 2006-203, s. 119; 2008-132, s. 5; 2014-100, s. 33.2(a); 2016-55, s. 2.1; 2021-58, s. 1(a); 2022-53, s. 9.5(d); 2023-93, s. 2; 2025-6, ss. 1.1(2), 3.1(a).)

§ 147-69.3A. Recodified as G.S. 147-67.1 by Session Laws 2025-6, s. 1.2(b), effective June 13, 2025.

§ 147-69.4: Repealed by Session Laws 2010-175, s. 5, effective July 1, 2010.

§ 147-69.4A. Support and assistance; Supplemental Retirement Board of Trustees.

(a) The Supplemental Retirement Board of Trustees, as established under G.S. 135-96, may request the Investment Authority to provide monitoring, evaluation, reporting, and other support or assistance for the investments of the Supplemental Retirement Income Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan.

(b) Upon the consent of the Investment Authority to provide requested support or assistance under this section, the Investment Authority's responsibilities shall be documented in a Statement of Investment Policy approved by the Supplemental Retirement Board of Trustees.

(c) In providing any support or assistance under this section, the Investment Authority shall discharge its duties as a fiduciary to the participants in the Supplemental Retirement Income Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan. (2025-6, s. 3.1(a).)

§ 147-69.5. Local Government Law Enforcement Special Separation Allowance Fund.

The Local Government Law Enforcement Special Separation Allowance Fund is established as a fund in the Office of the State Treasurer under the management of the Investment Authority. The Fund consists of contributions made by entities authorized to make contributions to the Fund and interest and other investment income earned by the Fund. Contributions to the Fund are irrevocable. Assets of the Fund may be used only to provide law enforcement special separation allowance benefits to individuals who are former employees of a unit of local government that contributes to the Fund and are entitled to law enforcement special separation allowance payable by the unit. The assets of the Fund are not subject to the claims of creditors of an entity that contributes to the Fund. (2007-384, s. 6; 2025-6, ss. 1.1(2), 3.1(a).)

§ 147-69.6. Swain County Settlement Trust Fund.

(a) The Swain County Settlement Trust Fund is established as a special fund in the Office of the State Treasurer under the management of the Investment Authority. The Investment Authority may invest the assets of the Fund in any of the investments authorized under subdivisions (b)(1) through (6) and subdivision (b)(8) of G.S. 147-69.2. The Fund shall consist of the proceeds of any payments made by the United States in settlement of the 1943 agreement between Swain County and the United States Department of Interior, such other contributions as Swain County or other entities may choose to make to the Fund, and the interest and other investment income earned by the Fund. For the purposes of this section, the initial balance of the Fund shall be defined as fifty-two million dollars (\$52,000,000).

(a1) Contributions to the Fund are irrevocable. Assets in the Fund may be disbursed only to Swain County.

(b) The State Treasurer shall disburse to Swain County amounts requested by the Swain County Board of Commissioners pursuant to a majority vote of that body, provided that disbursements to Swain County under this subsection shall not be made from the initial balance of the Fund. Disbursements made pursuant to this subsection shall occur no more frequently than once per quarter.

(c) No portion of the initial balance of the Fund may be disbursed to Swain County absent a request by the Swain County Board of Commissioners accompanied by a certification by the Swain County Board of Elections that two-thirds of the registered voters of Swain County voted in favor of the disbursement and subsequent expenditure of the amount requested in a referendum conducted under subsection (f) of this section.

(d) Funds disbursed to Swain County under subsections (b) or (c) of this section shall be managed by the county in accordance with the requirements of the Local Government Budget and Fiscal Control Act, as amended.

(e) No part of the initial balance of the Swain County Settlement Trust Fund or of any interest or other income earned on that initial balance may be paid to or received by any agent or attorney on account of services rendered in connection with negotiating the settlement agreement between Swain County and the United States Department of Interior or obtaining the monetary settlement from the United States.

(f) The Board of Commissioners of Swain County may direct the Swain County Board of Elections to conduct an advisory referendum on the question of whether any portion of the initial balance of the Fund should be disbursed to and expended by the county for a particular purpose. The election shall be held in accordance with the procedures of G.S. 163-287. The question to be presented on the ballot shall disclose the specific purpose proposed for expenditure of the initial balance of the Trust Fund and the amount proposed for expenditure.

(g) The Swain County Settlement Trust Fund is subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes.

(h) The Swain County Settlement Trust Fund and the income therefrom shall not take the place of or be counted against any other State appropriations or program providing funds or disbursements to Swain County. (2008-13, s. 3; 2013-381, s. 10.22; 2017-6, s. 3; 2018-146, ss. 3.1(a), (b), 6.1; 2019-133, s. 1; 2021-73, s. 2(b); 2025-6, ss. 1.1(2), 3.1(a).)

§ 147-69.6A. (Repealed) Lumbee Tribe of North Carolina Trust Fund. (2019-162, s. 6; repealed by 2022-74, s. 20.4(b), effective July 1, 2022.)

§ 147-69.7. (Recodified) Recodified as G.S. 147-70.6 by Session Laws 2025-6, s. 1.2(d), effective June 13, 2025.

Part 3. Reports and Audits.

§ 147-69.8. Annual report on new investment authority.

Whenever the General Assembly broadens the investment authority of the Investment Authority as to the General Fund, the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Squad Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, or any idle funds, the Investment Authority shall annually report in detail to the General Assembly the investments made under such new authority, including the returns on those investments, earnings, changes to value, and gains and losses in disposition of such investments. The report shall be made no later than the first six months of each calendar year, covering performance in the prior fiscal year. As to each type of new investment authority, the report shall be made for at least four years. To the extent the information required by this section is also required in the reports under G.S. 147-69.12, the Investment Authority may combine reports or make cross-reference to those reports. (2009-283, s. 4; 2013-284, s. 1(f); 2016-55, s. 4.2; 2025-6, ss. 1.1(3), 3.1(b).)

§ 147-69.9. Third-party audit of State Treasurer's investments.

(a) In addition to all other audits and reports required by the law, the State Treasurer, with the active assistance of the Investment Authority, shall prepare and issue, at the end of each fiscal year, a set of consolidated stand-alone financial statements regarding investments authorized in G.S. 147-69.1 and G.S. 147-69.2. These financial statements shall be audited by a commercial independent third-party audit firm selected and engaged by the State Treasurer, in consultation with the Investment Authority. The audit firm's report and the financial statement shall be provided to the Joint Legislative Commission on Governmental Operations, the House of Representative Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division within six months after the closing of the reporting period.

(b) The management discussion and analysis section of the report accompanying the financial statements shall be prepared by the Investment Authority and shall include a discussion of the investment programs' risk and returns compared to benchmarks, total management fees and incentives paid, and comparison to peer cost benchmarks. (2016-55, s. 3; 2025-6, ss. 1.1(3), 3.1(b).)

§ 147-69.10. Investment policies and performance reviews of Retirement Systems investment programs.

(a) On at least a biennial basis, the Chief Investment Officer shall present an investment policy statement to the Board of Directors for approval. The investment policy statement must include descriptions of investment objectives and strategy, roles and responsibilities, permissible asset classes, asset allocation targets and ranges, risk management and compliance guidelines, and evaluation criteria necessary to measure investment performance.

(b) At least once every four years, the Investment Authority shall engage a commercial independent expert firm, pursuant to G.S. 147-71.2(c), to evaluate the governance, operations, and investment practices of the Investment Authority in order to develop recommendations for improvement. The report of the independent expert firm shall be provided to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division within 30 days of receipt. (2016-55, s. 3; 2025-6, ss. 1.1(3), 3.1(b).)

§ 147-69.11. (Recodified) Recodified as G.S. 147-73.2 by Session Laws 2025-6, s. 1.2(c), effective June 13, 2025.

§ 147-69.12. Reporting on the Investment Authority's investment programs.

(a) Repealed by Session Laws 2025-6, s. 3.1(b), effective January 1, 2026.

(a1) On a monthly basis, the Investment Authority shall report on the performance of all investments for which the Investment Authority is in any way responsible. The monthly report shall include all of the following information:

- (1) The beginning and ending market value of each investment program and deposits or withdrawals.
- (2) The rate of return, net of all fees, and expenses for various time periods, including comparisons to an appropriate benchmark, if available. For the Retirement Systems' investment program, asset class level information shall also be provided.
- (3) The asset allocation of each investment program and compliance with any statutory limitations or limitations set by the Board of Directors.
- (4) All of the following information for each investment program:
 - a. The location on the Investment Authority's website where the public may find a statement of the investment policies.
 - b. The location on the Department's or Investment Authority's website where the public may find a list of new commitments to external investment managers and on the use of placement agents by investment managers.

- c. Any other information that may be helpful in understanding the Investment Authority's investment policies, investment practices, and investment results.

(b) No later than the date set by G.S. 147-69.9 for the submission of consolidated stand-alone financial statements, the Investment Authority shall report annually on the fees and performance of all externally and internally managed investments for the Retirement Systems. Externally managed investments shall be reported on the basis of each investment vehicle or investment manager, as applicable. Internally managed investments shall be reported on a portfolio-by-portfolio basis. The Investment Authority's annual report shall include all of the following, as applicable, reported separately for each investment:

- (1) The name, commitment amount, statutory classification, and inception year.
- (2) Either a statement that the investment is managed internally by the staff of the Investment Authority or the names of the external investment manager and the investment vehicle for that investment.
- (3) The value of the investment.
- (4) The dollar amount of the management fees and incentive fees.
- (5) For public market investment manager accounts, the periodic net annualized time-weighted rate of return for that fiscal year and since inception, reported net of fees.
- (6) For all investments other than public market investment manager accounts, all of the following:
 - a. The net annualized internal rate of return and investment multiple since inception, reported net of fees.
 - b. The total cash contributions or other investments made.
 - c. The total distribution received with respect to that investment since inception, reported net of fees.
- (7) Repealed by Session Laws 2025-6, s. 3.1(b), effective January 1, 2026.
- (8) If any placement agent fees relating to the investment were directly or indirectly borne by the Investment Authority or Retirement Systems, a list of the amount and type of those fees.

(c) The Treasurer shall report to the Governor annually the exact balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the preceding fiscal year, and so far as practicable an account of the same down to the termination of the current calendar year.

(d) The reports required by this section shall be delivered to the Joint Legislative Commission on Governmental Operations, chairs of the House of Representatives and Senate Appropriations Committees, chairs of the House of Representative and Senate Finance Committees, Fiscal Research Division, Governor, Council of State, and State Auditor. The reports shall also be made available for public review by the official, institution, board, commission, or other agency investing in the programs, including by posting on the Investment Authority's website. (2016-55, s. 4.1(a), (b); 2017-102, s. 28.1(b); 2017-125, s. 8; 2021-180, s. 37.12(c); 2023-134, s. 27.10(h); 2025-6, ss. 1.1(3), 3.1(b); 2025-25, s. 29(5).)

§ 147-70. Recodified as G.S. 147-68.3 by Session Laws 2025-6, s. 1.2(e), effective June 13, 2025.

Part 4. North Carolina Investment Authority.

§ 147-70.1. Creation of Investment Authority.

(a) Creation. – The North Carolina Investment Authority is created as a body corporate and politic having the powers and jurisdiction as provided under this Article or any other law. The Investment Authority is a State agency for the performance of essential governmental and public functions. The Investment Authority is located within, but independent from the control of, the Department of State Treasurer. The Investment Authority shall have perpetual succession.

(b) Independence. – The Investment Authority, in carrying out its statutory responsibilities, shall be independent of any fiscal control exercised by the Director of the Budget, the Department of Administration, and the Department of State Treasurer, including for organizational, staffing, procurement, and budgetary purposes. Except as provided under subsection (c) of this section and unless otherwise explicitly provided by law, the Investment Authority is exempt from the State Budget Act, and the provisions of Chapter 143C of the General Statutes do not apply to the Investment Authority.

(c) Fiduciary Funds. – In order for the Investment Authority to effectively operate the investment programs under its management, all funds while under management of the Investment Authority are Fiduciary Funds described under subdivisions (8) through (10) of G.S. 143C-1-3(a) and shall be accounted for as specified in G.S. 147-69.3(f). (2025-6, s. 2.2.)

§ 147-70.2. Powers and duties of the Investment Authority.

(a) In addition to the authority granted to the Investment Authority under this Article or any other law, the Investment Authority shall have all of the powers necessary to execute the provisions of this Part, including, at a minimum, the following powers:

- (1) The right to sue and be sued.
- (2) To take, demand, receive, and possess all kinds of real and personal property necessary and proper for its purposes.
- (3) To bargain, sell, grant, alienate, or dispose of all real and personal property as it may lawfully acquire.

(b) The Investment Authority shall have the right to acquire fidelity bonds, fiduciary insurance, directors' and officers' insurance, or errors and omissions coverage, as determined by the Investment Authority board. This right is independent of any purchase of insurance by the State Treasurer under G.S. 147-67.1.

(c) Pursuant to G.S. 143B-1320(b), the Investment Authority shall be exempt from the provisions of Article 15 of Chapter 143B of the General Statutes. (2025-6, s. 2.2.)

§ 147-70.3. Taxation of Investment Authority.

(a) Property owned or acquired by the Authority is exempt from all taxes imposed by the State or any political subdivision of the State.

(b) The Investment Authority shall not be subject to State income taxes.

(c) This section shall not be construed to apply in any way to individual members of the Board of Directors or any employee of the Investment Authority. (2025-6, s. 2.2.)

§ 147-70.4. Confidentiality of Investment Authority records.

Any record or other information received or generated by the Investment Authority in order to negotiate at arm's length investment transactions that constitute a trade secret, as defined in G.S. 66-152, is not public record and is exempt from the requirements of Chapter 132 of the

General Statutes until the applicable negotiation is completed and unless the record or information substantiates a conflict with the duties of the Investment Authority under G.S. 147-70.6(a). (2025-6, s. 2.2.)

§ 147-70.5. Criminal record checks.

(a) The Investment Authority may obtain from the State and National Repositories of Criminal Histories or from any other lawful source the criminal history of any of the following individuals:

- (1) A current or prospective permanent or temporary employee of the Investment Authority.
- (2) A contractor with the Investment Authority.
- (3) An employee or agent of a contractor with the Investment Authority who is performing or will perform work for the Investment Authority.
- (4) A volunteer of the Investment Authority.
- (5) Any other individual otherwise engaged by the Investment Authority who will have access to health or financial information or data maintained by the Investment Authority that is confidential or otherwise nonpublic.

(b) The Investment Authority may deny employment to or dismiss any individual identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who refuses to consent to a criminal history record check or to the use of fingerprints or other identifying information required by the State or National Repositories of Criminal Histories. Any refusal shall constitute just cause for the employment denial or the dismissal from employment.

(c) The Investment Authority may extend a conditional offer of employment pending the results of a criminal history record check authorized by this section. (2025-6, s. 2.2.)

§ 147-70.6. Discharge of duties to funds.

(a) The Investment Authority, including the Board of Directors, shall discharge all duties with respect to each fund or investment program held by the Investment Authority to the credit of the State Treasurer, including each of the funds enumerated in G.S. 147-69.1 and G.S. 147-69.2, in all of the following manners:

- (1) Solely in the interest of the intended beneficiaries of the fund, if any.
- (2) For the exclusive purpose of carrying out the purpose of the fund, including providing benefits to participants and beneficiaries, and paying reasonable expenses of administering the fund.
- (3) With the care, skill, and caution that a prudent investor would use after considering the purposes, distribution requirements, and other circumstances then prevailing.
- (4) Impartially, taking into account any differing interests of participants and beneficiaries.
- (5) Incurring only costs that are appropriate and reasonable.
- (6) In accordance with a good-faith interpretation of the provisions of G.S. 147-69.2 and any other applicable law governing the fund.

(b) In investing and managing assets of any fund or investment program pursuant to subsection (a) of this section, the Investment Authority shall do all of the following:

- (1) Consider all of the following circumstances:
 - a. General economic conditions.

- b. The possible effect of inflation or deflation.
 - c. The role that each investment or course of action plays within the overall portfolio of the fund.
 - d. The expected total return from income and the appreciation of capital.
 - e. Needs for liquidity, regularity of income, and preservation or appreciation of capital.
 - f. With respect to the Retirement Systems and any other pension plans, the adequacy of funding for the Retirement Systems or other pension plan based on reasonable actuarial factors.
 - g. The purpose of the fund, if established.
- (2) Diversify the investments of the fund, unless the Investment Authority reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly prudent not to do so.
 - (3) Make a reasonable effort to verify facts relevant to the investment and management of assets of the funds.
 - (4) Repealed by Session Laws 2025-6, 3.1(c), effective June 13, 2025.
 - (5) In the evaluation of an investment, or in the evaluation or exercise of any right appurtenant to an investment, consider only pecuniary factors as follows:
 - a. For the purposes of this section, a pecuniary factor is a factor that has a material effect on the financial risk or financial return of an investment based on appropriate investment horizons consistent with the purpose of the fund, if established.
 - b. Environmental or social considerations are pecuniary factors only if they present economic risks or opportunities that qualified investment professionals would treat as material economic considerations under generally accepted investment theories. The weight given to those factors shall solely reflect a prudent assessment of their impact on risk and return.
 - (6) Recodified and amended as new subsection (b1) of this section by Session Laws 2025-6, s. 3.1(c), effective January 1, 2026.

(b1) In investing and managing assets of any fund or investment program pursuant to subsection (a) of this section, the Investment Authority may, in the evaluation or exercise of any right appurtenant to an investment, reasonably conclude that not exercising that right is in the best interest of the fund's beneficiaries.

(c) Compliance by the Investment Authority with this section must be determined in light of the facts and circumstances existing at the time of the Investment Authority's decision or action and not by hindsight.

(d) The Investment Authority's investment and management decisions must be evaluated not in isolation but in the context of the portfolio of the fund as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the fund.

(e) Notwithstanding any other provision of this section to the contrary, the Investment Authority shall have no duty to assist or advise any official, board, commission, local government, other public authority, school administrative unit, local ABC board, community college of the State, or other person, trust, agency, institution, or entity in connection with any of the following decisions and directions with respect to any funds to be deposited with the State Treasurer and invested by the Investment Authority.

- (1) The voluntary decision to deposit or withdraw funds in accordance with applicable law in one or more of the Investment Authority's investment programs.
- (2) The voluntary direction as to the allocation of deposited funds in accordance with applicable law among the Investment Authority's investment programs.
- (3) Any other decision or direction by which the depositor exercises control over assets deposited or to be deposited with the State Treasurer or the Investment Authority in accordance with applicable law. (2009-283, s. 3; 2013-284, s. 1(e); 2013-398, s. 2; 2013-410, s. 27.5; 2016-55, s. 2.2; 2020-48, s. 1.18; 2023-64, s. 2; recodified from N.C. Gen. Stat. 147-69.7 by 2025-6, s. 1.2(d); 2025-6, ss. 1.1(4), 3.1(c).)

§ 147-71. (Recodified.) Recodified as G.S. 147-68.4 by Session Laws 2025-6, s. 1.2(f), effective June 13, 2025.

§ 147-71.1. Board of Directors.

(a) **Membership.** – The Investment Authority shall be governed by a Board of Directors. The Board of Directors shall consist of the following voting members:

- (1) The State Treasurer, who shall serve as an ex officio member.
- (2) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.
- (3) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.
- (4) One member appointed by the Governor, subject to confirmation by the General Assembly by joint resolution.
- (5) One member appointed by the State Treasurer, subject to confirmation by the General Assembly by joint resolution.

(b) **Terms.** – The four appointive directors of the Board of Directors shall be appointed for staggered six-year terms, except for the initial term. The initial term of the director appointed by the President Pro Tempore of the Senate is one year. The initial term of the director appointed by the Speaker of the House of Representatives is two years. The initial term of the director appointed by the State Treasurer is three years. The initial term of the director appointed by the Governor is four years. An appointive director whose term has expired but whose qualified successor has not been appointed shall continue to serve on the Board of Directors until a qualified successor is duly appointed, including by the State Treasurer after a holdover period of six months or more as provided for under subsection (f) of this section.

(c) **Qualifications to Serve.** – No appointed director of the Board of Directors shall hold any other public office in North Carolina, except that an appointed director may also have membership on either or both of the Boards of Trustees under G.S. 128-28 and G.S. 135-6. All appointed members of the Board of Directors shall have expert knowledge of investments and a minimum of a 10-year track record of successful management in pension, endowment, or other relevant investment management fields.

(d) **Disqualifications to Serve.** – An individual is not eligible to serve on the Board of Directors if any of the following apply to that individual:

- (1) The individual has been indicted or charged with, been convicted of, pleaded guilty or nolo contendere to, or forfeited bail concerning a felony, or a

misdemeanor involving fraud, theft, or dishonesty under the laws of any jurisdiction in the United States.

- (2) The individual has had a judgment entered against him or her by a court of competent jurisdiction in a civil matter involving a breach of fiduciary duties.
- (3) The individual has been the subject of an adverse action by the Securities and Exchange Commission which resulted in any sanction, payment of a fine, injunction, or other negative finding, whether individually or as a partner, principal member, managing director, or other position of leadership of any entity subject to the penalty or finding.
- (4) The individual, or the individual's spouse or immediate family member, is or becomes employed by the Department of State Treasurer or by a service provider engaged to invest or assist in the oversight of assets overseen by the Investment Authority.
- (5) The individual, or the individual's spouse or immediate family member, is an endorser, obligor, or provider of surety for, or is a borrower of, any money loaned to or borrowed from the assets overseen by the Board of Directors.

(e) Removal of Appointive Members. – A duly appointed member of the Board of Directors may be removed by the applicable appointing authority for misfeasance, malfeasance, or nonfeasance.

(f) Vacancies. – Any vacancy in a position held by an appointive member shall be filled by a new appointment made by the applicable appointing authority for the vacant seat. If a seat on the Board of Directors is vacant or held over for six months or more without an appointment by the applicable appointing authority of an individual meeting the qualifications in this section, then the State Treasurer may nominate a member for approval by the Board of Directors. Any individual appointed to fill a vacancy shall serve only for the unexpired term. A vacancy automatically occurs upon the death or resignation of a member of the Board of Directors or upon the failure of a member of the Board of Directors to do any of the following:

- (1) Attend meetings for three consecutive meetings unless excused by majority vote of the other Board of Directors members.
- (2) Cure a conflict of interest within 30 days of identification of the conflict.
- (3) Agree to abide by the ethics policy adopted by the Board of Directors.

(g) Reappointment. – Any member of the Board of Directors is eligible for reappointment, except that no appointive member of the Board of Directors may serve for more than two consecutive, full, six-year terms without at least a one-year break in membership on the Board of Directors.

(h) Oath. – Each appointive member of the Board of Directors shall take an oath of office to administer the duties of office faithfully and impartially, and a record of the oath shall be filed in the office of the Secretary of State.

(i) Officers. – The following shall apply to officers of the Board of Directors:

- (1) The State Treasurer shall serve as chair of the Board of Directors.
- (2) The State Treasurer shall designate a vice-chair from among the remaining members of the Board of Directors. The term of the vice-chair extends to the earlier of either three years or the date of expiration of the vice-chair's then current term as a member of the Board of Directors. In the absence of the State Treasurer or the Treasurer's designee, the vice-chair shall preside over the proceedings of the Board of Directors.

(3) The Board of Directors shall appoint and prescribe the duties of a secretary, who need not be a member of the Board of Directors. The secretary is the custodian of all books, documents, and papers filed with the Board of Directors and the minute book or journal of the Board of Directors. The secretary shall keep a record of the proceedings of the Board of Directors. The secretary has the authority to make copies of all minutes and other records and documents of the Board of Directors.

(j) Designees. – The State Treasurer is authorized to appoint a designee. No other member of the Board of Directors is authorized to appoint a designee.

(k) Compensation and Reimbursement. – Members of the Board of Directors shall receive no compensation for their services. For attendance at meetings of the Board of Directors or any committee of the Board of Directors, and for other services for the Investment Authority, members of the Board of Directors shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

(l) Meetings and Voting. – The Board of Directors shall meet at least quarterly. A meeting may be called by the State Treasurer or by a majority of the Board of Directors. The State Treasurer or the Treasurer's designee shall establish the agenda for each meeting. A minimum of three members of the Board of Directors is required for quorum. The affirmative vote of a majority of the members of the Board of Directors present at a meeting of the Board of Directors that has been duly called and held is required for any action taken by the Investment Authority, except that the State Treasurer's vote shall prevail in the event of a tied vote. (2025-6, s. 2.2.)

§ 147-71.2. Duties of the Board of Directors.

(a) Investment-Related Powers and Duties. – The Board of Directors has all of the following investment-related powers and duties:

- (1) The Board of Directors has the authority to approve all of the following:
 - a. Investment policy statements to include investment objectives, strategic asset allocation, and policy benchmarks.
 - b. Risk budgets, including related limits for key risk indicators.
 - c. The appointment of a master global custodian bank.
 - d. Annual operating budgets for investment programs.
 - e. Market-oriented compensation plans.
- (2) The Board of Directors shall periodically review all of the following:
 - a. Investment performance and investment manager appointment and termination activities.
 - b. Investment strategies, policies, and tactical considerations.
 - c. Asset liability studies.
 - d. Performance benchmarks and key risk indicators.
 - e. Audited investment financial statements and audit reports pursuant to G.S. 147-69.9.
 - f. Independent evaluation of governance, operations, and investment practices.
 - g. Periodic cost-effectiveness studies of the investment programs.
- (3) The Board of Directors shall appoint a Chief Investment Officer of the Investment Authority.

- (4) With respect to Retirement Systems' assets, at least biennially, the Board of Directors shall approve an absolute risk operating range. The absolute risk operating range shall be expressed in equity and debt allocation equivalency terms and shall meet all of the following criteria:
 - a. The range is deemed appropriate in seeking to maximize long-term returns.
 - b. The risk is not considered undue relative to other similarly situated U.S. public pension funds. An assessment of compliance with this requirement related to undue risk shall be construed in a manner consistent with subsections (c) and (d) of G.S. 147-70.6.
 - c. In setting the range, the Board of Directors has taken into consideration all of the factors affecting the funding of the Retirement Systems and each of the Retirement Systems' ability to meet its financial obligations.
- (5) The Board of Directors shall utilize the approved absolute risk operating range under subdivision (4) of this subsection to recommend investment return assumptions to (i) the Board of Trustees of the Local Governmental Retirement System, (ii) the Board of Trustees of the Teachers' and State Employees' Retirement System, and (iii) the actuaries engaged to prepare annual actuarial valuations.
- (6) The Board of Directors has the following liquidity monitoring duties:
 - a. Upon the quarterly receipt of liquidity monitoring requirements from the Chief Investment Officer, the Board of Directors shall ensure that a portion of the Retirement Systems' invested assets are at all times available to be converted in an orderly fashion to cash proceeds sufficient to meet projected net benefit payments and highly probable contractual obligations.
 - b. The Board of Directors shall annually certify the allocation of illiquid investment.
 - c. If the Board of Directors determines that liquidity is insufficient, then the Board of Directors may direct the CIO to pause new contractual commitments to illiquid investments or implement other mitigation activities.

(b) Annual Internal Budget. – The Board of Directors shall not approve an annual internal budget for the Investment Authority that exceeds three basis points of a rolling three-year average of total assets invested by the Investment Authority, unless the Investment Authority reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly not prudent to do so. The annual internal budget includes expenditures directly associated with services retained by the Investment Authority in accordance with subsection (c) of this section and employee compensation and benefits. The Investment Authority's approved annual internal budget as well as the Investment Authority's actual spending for the prior fiscal year shall be annually reported to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division.

(c) Authority to Contract for Services. – Notwithstanding Article 3 of Chapter 143 of the General Statutes, G.S. 114-2.3, and G.S. 147-17, the Investment Authority is authorized to independently retain the services of appraisers, auditors, actuaries, attorneys, investment

consultants, statisticians, custodians, information technology professionals, or other persons or firms possessing specialized skills or knowledge necessary for the proper administration of investment programs created pursuant to this section.

(d) **Setting of Compensation Plans.** – In order to promote achievement of long-term investment objectives and to retain key public employees with investment functions, the Investment Authority is authorized to establish, consistent with the Investment Authority's fiduciary duties, market-oriented compensation plans, including salaries and performance-related bonuses, for employees possessing specialized skills or knowledge necessary for the proper administration of investment programs. The design and administration of those compensation plans shall be based on compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation. The compensation and other associated employee benefits shall be apportioned directly from the investment program. The Investment Authority shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government annually. (2025-6, ss. 2.2, 3.1(d).)

§ 147-71.3. Liability of Board of Directors.

An individual serving on the Board of Directors shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

- (1) The individual was not acting within the scope of that individual's official duties.
- (2) The individual was not acting in good faith.
- (3) The individual committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
- (4) The individual derived an improper personal financial benefit, either directly or indirectly, from the transaction.
- (5) The individual incurred the liability from the operation of a motor vehicle. (2025-6, s. 2.2.)

§ 147-72. Repealed by Session Laws 2025-6, s. 1.2(g), effective June 13, 2025.

§ 147-72.1. Chief Investment Officer.

(a) **Principal Executive Officer.** – The Chief Investment Officer is the Investment Authority's principal executive officer and is responsible to the Board of Directors.

(b) **Appointment and Term.** – The CIO shall be appointed by a majority vote of the Board of Directors, and any vacancy may be so filled by the Board of Directors. An individual appointed as the CIO shall have expert knowledge of investments and a minimum of a 15-year track record of successful management in pension, endowment, or other relevant investment management arenas. The term of employment and compensation of the CIO is set by the Board of Directors, except that each term of employment shall be limited to five years or less. The CIO is eligible for multiple terms of employment without interruption. The CIO may be removed from office by the Board of Directors.

(c) **Employment of Staff.** – The Chief Investment Officer shall employ staff necessary to assist the CIO and the Board of Directors in carrying out duties and responsibilities under this Article or as prescribed in any other law. Unless otherwise provided by law, Investment Authority employees shall serve at the pleasure of the CIO and any vacancies in these positions may be filled

by the CIO. The CIO may designate managerial, professional, and policy-making positions as exempt from the North Carolina Human Resources Act, in accordance with G.S. 126-5(c1). Compensation of employees is set by the CIO within the limits set by the compensation plan approved by the Board of Directors under G.S. 147-71.2.

(d) Contract Negotiation. – The CIO may negotiate, renegotiate, and execute contracts with third parties in the performance of the CIO's duties and responsibilities under this Article. Any delegation of authority by the Board of Directors shall require Board of Directors approval and shall reserve certain strategic decisions and extraordinary investment decisions to the Board of Directors. Contract execution with master global custodian banks and external auditors shall be done only after approved by the Board of Directors.

(e) Management of Retirement Systems Investments. – The Chief Investment Officer shall manage the Retirement Systems investments to remain within the approved absolute risk operating range set by the Board of Directors in accordance with G.S. 147-71.2(a)(4). (2025-6, ss. 2.2, 3.1(e).)

§ 147-73. Repealed by Session Laws 2025-6, s. 1.2(h), effective June 13, 2025.

§ 147-73.2. Ethics policies.

To ensure that the Investment Authority investment programs operate under a strong governance framework with rigorous internal controls and a high degree of operational transparency and are managed with the highest ethical and professional standards and in the most efficient and effective manner possible, the Board of Directors shall adopt policies and procedures on the following topics:

- (1) Requiring that the Investment Authority adopt a code of ethics.
- (2) Requiring all employees of the Investment Authority who have responsibility for matters related to investments to be provided with training with respect to the discharge of their duties and responsibilities to the funds.
- (3) Governing gifts to employees of the Investment Authority who have responsibility for matters related to investments.
- (4) Imposing limitations on external investment managers' use of placement agents and other persons that appear before the Investment Authority to ensure that these persons play only a proper role in investment opportunities.
- (5) As a component of the investment due diligence, negotiations, and contracting process, requiring an independent assessment of whether circumstances exist that create a material risk that professional judgement or actions regarding a potential investment arrangement's recommendation, approval, or execution have been or will be unduly influenced by a direct or indirect personal interest. (2016-55, s. 3; recodified from N.C. Gen. Stat. 147-69.11 by 2025-6, s. 1.2(c); 2025-6, s. 2.2.)

Part 5. Department Bookkeeping and Deposits.

§ 147-74. Office of State Treasurer declared office of deposit and disbursement.

The office of the State Treasurer is declared to be an office of deposit and disbursement and only such records and accounts as may be necessary to disclose the accountability of the State Treasurer shall be kept. The purpose of this section is to prevent duplication in account and record

keeping and such accounts as may be necessary shall be prescribed by the Director of the Budget under the terms of the Executive Budget Act. (1929, c. 337, s. 2; 2025-6, s. 1.1(5).)

§ 147-75. Recodified as G.S. 147-66.2 by Session Laws 2025-6, s. 1.2(i), effective June 13, 2025.

§ 147-75.1. Recodified as G.S. 147-68.5 by Session Laws 2025-6, s. 1.2(j), effective June 13, 2025.

§ 147-76. Bookkeeping.

(a) The cost of administration, management, and operations of the Department of State Treasurer shall be accounted for in a manner determined by the State Treasurer.

(b) If the State Treasurer shall wittingly or falsely make, or cause to be made, any false entry or charge in any book by him as State Treasurer, or shall wittingly or falsely form, or procure to be formed, any statement of the treasury, to be by him laid before the Governor, the General Assembly, or any committee thereof, or to be by him used in any settlement which he is required to make with intent, in any of said instances, to defraud the State or any person, such State Treasurer shall be guilty of a Class 1 misdemeanor. (R.C., c. 34, s. 68; Code, s. 1119; Rev., s. 3606; C.S., s. 7691; 1983, c. 913, s. 53; 1993, c. 539, s. 1055; 1994, Ex. Sess., c. 24, s. 14(c); 2023-93, s. 3; 2025-6, s. 1.1(5).)

§ 147-76.1. Require deposit into the State treasury of funds received by the State.

(a) Definition. – For purposes of this section, the term "cash gift or donation" means any funds provided, without valuable consideration, to the State, for use by the State, or for the benefit of the State.

(b) Requirement. – Except as otherwise specifically provided by law, all funds received by the State, including cash gifts and donations, shall be deposited into the State treasury. Nothing in this subsection shall be construed as exempting from the requirement set forth in this subsection funds received by a State officer or employee acting on behalf of the State.

(c) Terms Binding. – Except as otherwise provided by subsection (b) of this section, the terms of an instrument evidencing a cash gift or donation are a binding obligation of the State. Nothing in this section shall be construed to supersede, or authorize a deviation from the terms of an instrument evidencing a gift or donation setting forth the purpose for which the funds may be used. (2019-250, s. 5.7(a); 2025-6, s. 1.1(5).)

§ 147-77. Daily deposit of funds to credit of Treasurer.

All funds belonging to the State of North Carolina, in the hands of any head of any department of the State which collects revenue for the State in any form whatsoever, and every institution, agency, officer, employee, or representative of the State or any agency, department, division or commission thereof, except officers and the clerks of the Supreme Court and Court of Appeals, collecting or receiving any funds or money belonging to the State of North Carolina, shall daily deposit the same in some bank, or trust company, selected or designated by the State Treasurer, in the name of the State Treasurer, at noon, or as near thereto as may be, and shall report the same daily to the Treasurer. The State Treasurer may authorize exemptions from the provisions of this section so long as funds are deposited and reported pursuant to the provisions of this section at least once a week and, in addition, so long as funds are deposited and reported pursuant to the provisions

of this section whenever as much as five thousand dollars (\$5,000) has been collected and received. Each State agency that has custody of funds less than five thousand dollars (\$5,000) shall provide adequate safekeeping of such funds. The Treasurer may refund the amount of any bad checks which have been returned to the department by the Treasurer when the same have not been collected after 30 days' trial. (1925, c. 128, s. 1; 1945, c. 159; 1969, c. 44, s. 77; 1985, c. 708; 2015-164, s. 3(b); 2025-6, s. 1.1(5).)

§ 147-78. Treasurer to select depositories.

The State Treasurer is hereby authorized and empowered to select and designate, wherever necessary, in this State some bank or banks, savings and loan association or associations, or trust company as an official depository of the State. (1925, c. 128, s. 2; 1979, c. 637, s. 4; 1983, c. 158, s. 5; 2025-6, s. 1.1(5).)

§ 147-78.1. Good faith deposits; use of master trust.

Notwithstanding any other provision of law, the State Treasurer is authorized to select a bank or trust company as master trustee to hold cash or securities to be pledged to the State when deposited with the State Treasurer pursuant to statute or at the request of another State agency. Securities may be held by the master trustee in any form that, in fact, perfects the security interest of the State in the securities. The State Treasurer shall contractually establish the manner in which the master trust shall operate. The master trustee may charge reasonable fees for services rendered to each person who deposits the cash or securities with the State. (1985, c. 496, s. 1; 2016-55, s. 1.6; 2025-6, s. 1.1(5).)

§ 147-79. Deposits to be secured; reports of depositories.

(a) The amount of funds deposited by the State Treasurer in an official depository shall be adequately secured by deposit insurance, surety bonds, letters of credit issued by a Federal Home Loan Bank, or investment securities of such nature, in such amounts, and in such manner, as may be prescribed by rule or regulation of the State Treasurer with the approval of the Governor and Council of State. No security is required for the protection of funds remitted to and received by a bank or trust company designated by the State Treasurer under G.S. 142-1 and acting as paying agent for the payment of the principal of or interest on bonds or notes of the State.

(b) Each official depository having deposits required to be secured by subsection (a) of this section may be required to report to the State Treasurer on January 1 and July 1 of each year (or such other dates as he may prescribe) a list of all surety bonds or investment securities securing such deposits. If the State Treasurer finds at any time that any funds of the State are not properly secured, he shall so notify the depository. Upon such notification, the depository shall comply with the applicable law or regulations forthwith.

(c) Violation of the provisions of this section shall be a Class 1 misdemeanor. (1933, c. 461, ss. 1, 11/2; 1979, c. 637, s. 3; 1993, c. 539, s. 1056; 1994, Ex. Sess., c. 24, s. 14(c); 2016-108, s. 4; 2025-6, s. 1.1(5).)

§ 147-80. Deposit in other banks unlawful; liability.

It shall be unlawful for any funds of the State to be deposited by any person, institution, or department or agency in any place or bank or trust company, other than those so selected and designated as official depositories of the State of North Carolina by the State Treasurer, and any person so offending or aiding and abetting in such offense shall be guilty of a Class 1 misdemeanor

and any person so offending or aiding and abetting in such offense shall also immediately become civilly liable to the State of North Carolina in the amount of the money or funds unlawfully deposited, and, at the instance of the State Treasurer, or at the instance of the Governor, the Attorney General shall forthwith institute the civil action in the name of the State of North Carolina against such person or persons, either in the courts of Wake County, according to their respective jurisdiction, or in the county in which said unlawful deposit has been made, according to the selection made by the officer requesting the institution of such action, for the purpose of recovering the amount of the money so unlawfully deposited, with interest thereon at six percent (6%) per annum, and for the cost of said action, and the court in which said action is tried may also tax, as a part of the cost in said action, to the use of the State of North Carolina, a sum sufficient to reimburse the State of North Carolina for all expense incidental to or connected with the preparation and prosecution of such action. (1925, c. 128, s. 3; 1993, c. 539, s. 1057; 1994, Ex. Sess., c. 24, s. 14(c); 2025-6, s. 1.1(5).)

§ 147-81. Number of depositories; contract.

The State Treasurer is authorized and empowered to select as many depositories in one place and in the State as may appear to him to be necessary and convenient for the various officers, representatives and employees of the State, to comply with the purposes of G.S. 147-77, 147-78, 147-80, 147-81, 147-82, 147-83 and 147-84, and may make such contracts with said depositories for the payment of interest on average daily or monthly balances as may appear advantageous to the State in the opinion of such Treasurer and the Governor. (1925, c. 128, s. 4; 2025-6, s. 1.1(5).)

§ 147-82. Accounts of funds kept separate.

In order to preserve and keep them separate, all funds that are now required by law to be kept separate or to be separately administered, both by State departments, institutions, commissions, and other agencies or divisions of the State which collect or receive funds belonging to the State, or funds handled or maintained as trust funds in any form by such department, division or institution shall be evidenced in daily reports by distribution sheets, which shall reflect and show an exact copy of the accounts, showing the distribution of said money kept by such collecting departments, institutions and agencies, and the same shall be entered in the records of the office of the State Treasurer, so as to keep and maintain in the office where the same is first collected or received the same account thereof, and of the distribution thereof, the same records and accounts as are kept in the office of the State Treasurer relating thereto. (1925, c. 128, s. 5; 2025-6, s. 1.1(5).)

§ 147-83. Receipts from federal government not affected.

General Statutes 147-77, 147-78, 147-80, 147-81, 147-82, 147-83 and 147-84 shall not be held or construed to affect or interfere with the receipts and disbursements of any funds received by any institution or department of this State from the federal government when in the act of Congress, relating to such funds received from the federal government, a contrary disposition or handling is prescribed or required, and the said sections shall not apply to any moneys paid to any department, institution or agency, or undertaking of the State of North Carolina, as a part of any legislative appropriation, or allotment from any contingent fund, as provided by law, after the same has been paid out of the State treasury. (1925, c. 128, s. 6; 2019-250, s. 5.7(b); 2025-6, s. 1.1(5).)

§ 147-84. Refund of excess payments.

Whenever taxes or other receipts of any kind are or have been by clerical error, misinterpretation of the law, or otherwise, collected and paid into the State treasury in excess of the amount found legally due the State, said excess amount shall be refunded to the person entitled thereto. (1925, c. 128, s. 7; 1983, c. 913, s. 54; 2025-6, s. 1.1(5).)

§ 147-85. Fiscal year.

The fiscal year of the State government shall annually close on the thirtieth day of June. (1868-9, c. 270, s. 77; 1883, c. 60; Code, s. 3360; 1885, c. 334; 1905, c. 430; Rev., s. 5378; C.S., s. 7692; 1921, c. 229; Ex. Sess. 1921, c. 7; 1925, c. 89, s. 21; 1983, c. 913, s. 55; 2025-6, s. 1.1(5).)

§ 147-86. Additional clerical assistance authorized; compensation and duties.

The State Treasurer, by and with the consent and advice of the Governor and Council of State, is authorized to employ an additional clerk in the Treasury Department, whose compensation and duties shall be fixed by the State Treasurer, by and with the consent and advice of the Governor and Council of State. The compensation of such additional clerk as may be employed pursuant to this section shall be paid as other officers and clerks are paid. (1923, c. 172; C.S., s. 7693 (a); 2025-6, s. 1.1(5).)

§ 147-86.1. Pool account for local government unemployment compensation.

(a) The State Treasurer is authorized to establish a pool account, in accordance with rules of the Division of Employment Security (DES), in cooperation with any one or more units of local government, for the purpose of reimbursing the DES for unemployment benefits paid by the DES and chargeable to each local unit of government participating in the pool account. In the pool account established pursuant to this section, the funds contributed by a unit of local government shall remain the funds of the particular unit, and interest or other investment income earned by the pool account shall be prorated and credited to the various contributing local units on the basis of the amounts thereof contributed, figured according to an average periodic balance or some other sound accounting principle.

(b) The State Treasurer shall pay to the Division of Employment Security, within 25 days from receipt of a list thereof, all unemployment benefits charged by the DES to each unit of local government participating in the pool account from the funds in the pool account belonging to each such unit, to the extent that said funds are sufficient to do so.

(c) Notwithstanding the participation by a unit of local government in the pool account authorized by this section, such unit shall remain liable to the Division of Employment Security for any benefits duly charged by the Division to the unit which are not paid by the State Treasurer from funds in the pool account belonging to the unit. Notwithstanding its participation in the pool account, each unit of local government shall continue to maintain an individual account with the DES.

(d) The Director of the Budget shall be authorized to transfer from the interest earned on the pool account, to the State Treasurer's departmental budget, such funds as may be necessary to defray the Treasurer's cost of administering the pool account. (1977, c. 1124; 1983, c. 717, s. 89; 2011-401, s. 3.23; 2025-6, s. 1.1(5).)

§ 147-86.2. Recodified as G.S. 147-68.6 by Session Laws 2025-6, s. 1.2(k), effective June 13, 2025.

§ 147-86.3. Reserved for future codification purposes.

§ 147-86.4. Reserved for future codification purposes.

§ 147-86.5. Reserved for future codification purposes.

§ 147-86.6. Reserved for future codification purposes.

§ 147-86.7. Reserved for future codification purposes.

§ 147-86.8. Reserved for future codification purposes.

§ 147-86.9. Reserved for future codification purposes.