



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**



JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

June 5, 2026

TO: Department Heads and Chief Fiscal Officers
State Departments, Agencies, and Institutions

FROM: Kristin Walker *Kristin Walker*

SUBJECT: Council of State Meeting Notification

The next Council of State (COS) meeting is scheduled for 9:00 am on Tuesday, July 7, 2026. Although space is limited, members and guests are invited to attend in person at the Transportation Building, 1 South Wilmington Street, DOT Board Room (#150), Raleigh. For those who wish to participate virtually, a link will be provided closer to the meeting date.

Submissions to be considered for the July Council of State agenda should be submitted by June 23, 2026. If there are questions, please email them to MaryGrace.Corr@osbm.nc.gov.

Thank you.

KW/mgc

COUNCIL OF STATE
ETHICS AWARENESS AND CONFLICT OF
INTEREST REMINDER

In accordance with the State Government Ethics Act, it is the duty of every Council member to avoid both conflicts of interest and the appearances of conflict.

If any Council member has any known conflict of interest or is aware of facts that might create the appearance of such conflict, with respect to any matters coming before the Council today, please identify the conflict or the facts that might create the appearance of a conflict to ensure that any inappropriate participation in that matter may be avoided. If at any time, any new matter raises a conflict during the meeting, please be sure to identify it at that time.

AGENDA
COUNCIL OF STATE

July 7, 2026
9:00 a.m.

Department of Transportation
1 S Wilmington St
Raleigh, NC 27601

Webex public link for guests wishing to participate virtually - <https://bit.ly/JulyCOS26>

Password: JulyCOS26

Page

A)	Ethics Awareness and Conflict of Interest Reminder		
B)	Approval of June 2, 2026, Minutes		
C)	Interest Matters/Bond Resolution	Brad Briner	
	i) STIF Rate and Report on Earnings		
D)	Fire Insurance Matters	Mike Causey	1
E)	Board of Transportation Right of Way Matters	Charles Grady	3
F)	State Property Matters	Tim Walton	9
G)	Changes to Council of State Rules	Blake Thomas	15
H)	Other Matters	Governor	21
	i) Other Discussion		



July 7, 2026

MEMORANDUM

To: The Council of State

From: Bradford Briner
State Treasurer

Subject: Current STIF crediting interest rate and report on the earnings credited to the General Fund and Highway Trust Fund for the periods indicated.

Short-Term Investment Fund (STIF)	<u>Current Month (Apr)</u>
Annualized Net Cash Return	3.92%

The earnings of the Short-Term Investment Fund credited to the General Fund and Highway Trust Fund are shown below:

	General <u>Fund</u>	Highway <u>Trust Fund</u>
May 2026		
Credits	\$43,493,870	\$7,910,848
2025-26 Fiscal		
Y-T-D Credits	\$473,515,841	\$86,275,087
2024-25 Fiscal		
Y-T-D Credits	\$581,543,730	\$105,713,424

Fund earnings and STIF Annualized Net Cash Return provided by DST Financial Operations Division.

Note the Highway Fund was removed because the accounts have moved under the Highway Trust Fund. If the Highway Fund earns interest again it will be presented.

FIRE INSURANCE MATTERS
FUND CONDITION REPORT

State Property Fire Insurance Fund
Fund Condition April Council of State
(Cumulative Since July 1, 2025 as of May 31, 2026)

Beginning Balance	7/1/2025	43,056,566.01
Premium Received		50,501,645.00
Legislative Funding		0.00
Reinsurance Reimbursement		0.00
Interest Income		2,818,030.16
Unrealized Gain - Investments		15,404.23
Insurance Recoveries		1,040,000.00
Total Revenue		54,375,079.39
Claims Paid		11,744,552.82
Losses Paid (Reinsurer)		0.00
Return of Expenditure		0.00
Reinsurance Premium Paid		21,988,562.50
Realized Loss - Sale of Investments		0.00
Administrative Expenses		2,809,847.53
Adjustments to Cash Basis		101,770.31
Total Expenditures		36,644,733.16
Fund Balance	5/31/2026	60,786,912.24

FIRE INSURANCE MATTERS
PROPERTY INSURANCE LOSSES

May 2026

Office of State Fire Marshal Requests permission to pay the following loss(es) from the State Property Fire Insurance Fund:

UNC Health

Location of Loss: Old Infirmary - Manning Bldg (1-68-2 #8)
Cause of Loss: Water damage
Coverage Type: All Risk Special Form
Date of Loss: 12/29/2023
Loss Number: 20260008-60005018
Amount of Loss: \$101,247.22

UNC Wilmington

Location of Loss: McNeill Hall (1-65-6 #115)
Cause of Loss: Water Damage
Coverage Type: All Risk Special Form
Date of Loss: 4/7/2026
Loss Number: 20260009-60005007
Amount of Loss: 34,884.13

UNC Health

Location of Loss: Panther Creek MOB (1-92-259 #1)
Cause of Loss: Water damage
Coverage Type: All Risk Special Form
Date of Loss: 09/03/2024
Loss Number: 20260010-60005018
Amount of Loss: \$113,627.80

BOARD OF TRANSPORTATION
RIGHT OF WAY MATTERS INDEX

SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE

AGENT AND/OR AUCTIONEER

	<u>Page</u>
1. Rashawn Miller & Lanae Miller	4
2. Keri Britt	4
3. 503 Hastings Hill, LLC	5
4. David Austin	5
5. HELIOS ALBERMARLE PROPERTIES LLC	6
6. HELIOS ALBERMARLE PROPERTIES LLC	6
7. Catawba Lands Conservancy	7
8. HUSB LLC	7
9. Bobby Honeycutt Contracting LLC	8

CORRECTION OF RESIDUE TO THE HIGHEST BIDDER VIA REAL ESTATE

AGENT AND/OR ACUTIONEER

1. FOUNDATION CHEIKH AHMADOU BAMBA, NORTH AMERICA, INC.	8
---	---

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS
SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE AGENT AND/OR
AUCTIONEER

ITEM 1

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Rashawn Miller & Lanae Miller

LOCATION: US-421
Randolph County

AREA: 1.515 Acres

CONSIDERATION: \$30,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project HE-0004 in Randolph County for \$20,200.00 in 2023. The current appraised value of this residue property is \$30,000.00. The Grantees, Rashawn Miller and Lanae Miller, the highest bidders after auctioneer advertisement, have agreed to pay the Department the high bid amount of \$30,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

ITEM 2

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Keri Britt

LOCATION: US-421 and SR-2667
Forsyth County

AREA: 7.570 Acres

CONSIDERATION: \$59,102.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired these residues during the construction of Highway Project U-2579G in Forsyth County for \$21,175.83 as a map act settlement in 2011. The current appraised value of these residue properties is \$40,000.00. The Grantee, Keri Britt, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$59,102.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS (Continued)
SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE AGENT AND/OR
AUCTIONEER (Continued)

ITEM 3

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: 503 Hastings Hill, LLC

LOCATION: Winston-Salem Northern Beltway
Forsyth County

AREA: 4.130 Acres

CONSIDERATION: \$30,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired these residues during the construction of Highway Project U-2579B in Forsyth County for \$350,900.00 as a map act settlement between 2006-2013. The current appraised value of these residue properties is \$12,300.00. The Grantee, 503 Hastings Hill, LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$30,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

ITEM 4

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: David Austin

LOCATION: Kannapolis Westside Bypass
Cabarrus County

AREA: 0.250 Acres

CONSIDERATION: \$10,800.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project U-2009B in Cabarrus County for \$1.00 in 1998. The current appraised value of this residue property is \$12,000.00. The Grantee, David Austin, the highest bidder after auctioneer advertisement, have agreed to pay the Department the high bid amount of \$10,800.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS (Continued)
SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE AGENT AND/OR
AUCTIONEER (Continued)

ITEM 5

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: HELIOS ALBERMARLE PROPERTIES LLC

LOCATION: NC-24/27 from NC-740 to east of the Pee Dee River
Stanly County

AREA: 0.335 Acres

CONSIDERATION: \$35,640.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-2530B in Stanly County for \$4,000.00 in 2018. The current appraised value of this residue property is \$39,600.00. The Grantee, HELIOS ALBEMARLE PROPERTIES LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$35,640.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

ITEM 6

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: HELIOS ALBERMARLE PROPERTIES LLC

LOCATION: NC-24/27 from NC-740 to east of the Pee Dee River
Stanly County

AREA: 0.289 Acres

CONSIDERATION: \$50,424.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-2530B in Stanly County for \$13,325.00 in 2018. The current appraised value of this residue property is \$37,000.00. The Grantee, HELIOS ALBEMARLE PROPERTIES LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$50,424.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS (Continued)
SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE AGENT AND/OR
AUCTIONEER (Continued)

ITEM 7

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Catawba Lands Conservancy

LOCATION: NC-16 Bypass
Lincoln County

AREA: 3.060 Acres

CONSIDERATION: \$13,403.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-2206B in Lincoln County for \$6,300.00 in 2001. The current appraised value of this residue property is \$14,000.00. The Grantee, Catawba Lands Conservancy, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$13,403.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

ITEM 8

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: HUSB LLC

LOCATION: I-40 & SR-1922 (Enola Rd.)
Burke County

AREA: 0.389 Acres

CONSIDERATION: \$27,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project U-2551 in Burke County for \$27,700.00 in 2011. The current appraised value of this residue property is \$30,000.00. The Grantee, HUSB LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$27,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS (Continued)
SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE AGENT AND/OR
AUCTIONEER (Continued)

ITEM 9

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Bobby Honeycutt Contracting LLC

LOCATION: US-19E, Mitchell County

AREA: 0.834 Acres

CONSIDERATION: \$140,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-2519B in Mitchell County for \$118,875.00 in 2017. The current appraised value of this residue property is \$124,000.00. The Grantee, Bobby Honeycutt Contracting LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$140,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on June 4, 2026.

CORRECTION OF RESIDUE TO THE HIGHEST BIDDER VIA REAL ESTATE
AGENT AND/OR AUCTIONEER

ITEM 1

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: FOUNDATION CHEIKH AHMADOU BAMBA, NORTH AMERICA,
INC.

LOCATION: Winston-Salem Northern Beltway, Forsyth County

AREA: 0.789 Acres

CONSIDERATION: \$30,698.00

COMMISSION: Buyer's Premium

COMMENTS: The January 8, 2026 Council of State agenda, had an incorrect spelling of the purchaser's name in Item 6 under Residue to the Highest Bidder Via Real Estate Agent and/or Auctioneer. The name was presented as FOUNDATION CHEIKH AHMADOU BAMA, NORTH AMERICA, INC. but is hereby corrected to FOUNDATION CHEIKH AHMADOU BAMBA, NORTH AMERICA, INC.

COUNCIL OF STATE
STATE PROPERTY INDEX

July 2026

<u>ACQUISITION BY DEED</u>	<u>Page</u>
1. Rajkaran Investments, LLC (TRANSPORTATION) Wake County	10
<u>ACQUISITION BY LEASE</u>	
1. TM Equity Corporation (DHHS-CFWB) Henderson County	10
<u>DISPOSITION BY EASEMENT</u>	
1. Virginia Electric and Power Company (ADULT CORRECTIONS) Tyrrell County	11
2. Duke Energy Progress, LLC (AGRICULTURE) Buncombe County	11
3. Town of Black Mountain (DHHS) Buncombe County	12
4. STOTAN INDUSTRIAL, LLC (NCSU) Johnston County	12
<u>SEVERANCE</u>	
1. Severance (AGRICULTURE) Granville County	13
2. Severance (DNCR-PARKS) Alleghany County	13
3. Severance (TRANSPORTATION) Durham County	14
4. Severance (TRANSPORTATION) Union County	14
<u>OTHER MATTERS</u>	
1. County of Rowan (STATE HIGHWAY PATROL) Rowan County	14

STATE PROPERTY MATTERS
ACQUISITION BY DEED

ITEM 1

GRANTOR: Rajkaran Investments, LLC
Sunmeet Saluja, President

GRANTEE: State of North Carolina, Department of Transportation,
Division of Motor Vehicles

LOCATION: 816 North Main Street, Fuquay-Varina, Wake County

AREA: ±49,223 sq. ft. or ±1.13 acre improved commercial building containing
11,538 sq. ft., built in 1996

UNIT COST: ±\$23.97/sq. ft. – land
±\$192.42/sq. ft. – improvements

CONSIDERATION: \$3,400,000

COMMENTS: New Office. Property proposed for acquisition is for a new Division of Motor Vehicles combined driver licensing and motor vehicle registration office. Funding for this acquisition is provided by appropriations from the Highway Fund in Session Law 2025-89. This item was reported to the Joint Legislative Commission on Governmental Operations. Notifications of acquisitions were made to the County and/or Municipality in accordance with G.S.§146-22.

ACQUISITION BY LEASE

ITEM 1

LESSOR: TM Equity Corporation

LESSEE: State of North Carolina, Department of Health and Human Services,
Division of Child and Family Well-Being

LOCATION: 1303 5th Avenue, Hendersonville, Henderson County

TERM: Ten years, effective August 1, 2026, or possession with one 5-year
renewal option

AREA: ±3,415 sq. ft. of office space

UNIT COST: \$21.48/sq. ft. (average) including water/sewer and parking
\$26.74/sq. ft. (average) renewal option

ANNUAL RENTAL: \$73,365.50 (average)
\$91,324.30 (average) renewal option

STATE PROPERTY MATTERS (Continued)
ACQUISITION BY LEASE (Continued)

ITEM 1 (Continued)

COMMENTS: New Lease. New lease to replace an expired seven-year lease for 3,415 sq. ft. at the same location including water/sewer and parking. One proposal was received through advertising. Space accessible to the disabled. 100% State Funds.

DISPOSITION BY EASEMENT

ITEM 1

GRANTOR: State of North Carolina, Department of Agriculture and Consumer Services, Market Division

GRANTEE: Duke Energy Progress, LLC

LOCATION: 1301 Fanning Bridge Road, Fletcher, Buncombe County

EASEMENT AREA: ± 80 sq. ft. (± 0.018 acre)

CONSIDERATION: Benefit

COMMENTS: Utility Easement. Proposed easement is needed to accommodate the installation and maintenance of a new power line to enhance electrical service for a new building at the Western NC Agricultural Center and provide service to 24 additional RV hookups at the facility. This will include the installation of two new pad-mounted transformers.

ITEM 2

GRANTOR: State of North Carolina, Department of Adult Correction, Division of Prisons

GRANTEE: Virginia Electric and Power Company

LOCATION: Tyrrell Prison Work Farm, 620 Snell Road, Columbia, Tyrrell County

EASEMENT AREA: $\pm 4,425$ sq. ft. (± 0.10 acre)

CONSIDERATION: Benefit

COMMENTS: Utility Easement. Proposed easement is needed for the installation and maintenance of underground electrical service needed to improvement the prison's HVAC system.

STATE PROPERTY MATTERS (Continued)
DISPOSITION BY EASEMENT (Continued)

ITEM 3

GRANTOR: State of North Carolina, Department of Health and Human Services,
Mental Health Services

GRANTEE: Town of Black Mountain

LOCATION: off North Fork Road, Black Mountain, Buncombe County

EASEMENT AREA: $\pm 7,100$ sq. ft. (± 0.16 acre)

CONSIDERATION: \$0

COMMENTS: Access Easement. Proposed easement is needed for the Town of Black Mountain and emergency services to access a future safety training facility. All maintenance of the easement area will be shared evenly between any allocated State agencies and property owners adjoining the access road.

ITEM 4

GRANTOR: State of North Carolina, North Carolina State University

GRANTEE: STOTAN INDUSTRIAL LLC

LOCATION: Central Crops Research Station, 13223 US Business 70 West, Clayton,
Johnston County

EASEMENT AREA: $\pm 122,880$ sq. ft. (± 2.82 acres)

CONSIDERATION: \$63,450

COMMENTS: Sewer Easement. Proposed non-exclusive easement is needed for the installation, maintenance, and operation of a sewer line to serve a proposed industrial site on Guy Road in Clayton. Upon completion, the easement will be transferred to the Town of Clayton.

STATE PROPERTY MATTERS (Continued)
SEVERANCE

ITEM 1

PROPOSED ACTION: Severance by demolition

DEPARTMENT/AGENCY: State of North Carolina, Department of Agriculture and Consumer Services, Research Stations

LOCATION: Umstead Research Station, NC 75 Hwy, Butner, Granville County

STRUCTURE: Grain Bin (#33C), containing 220 sq. ft., unknown age, Complex #39-15, Asset #2

COMMENTS: This structure has collapsed and is considered a safety hazard. Demolition and salvage will be handled by a contractor.

ITEM 2

PROPOSED ACTION: Severance by demolition

DEPARTMENT/AGENCY: State of North Carolina, Department of Natural and Cultural Resources, Division of Parks and Recreation

LOCATION: 104 Ranger Road, Stone Mountain State Park, Roaring Gap, Alleghany County

STRUCTURES: 1) Storage Shed/Carport, age unknown, containing 2,279 sq. ft., Complex #3-4, Asset #101
2) Burned Down Metal Shed, age unknown, containing 545 sq. ft., Complex #3-4, Asset #120

COMMENTS: These structures were damaged by wildfire and are beyond repair. They will be replaced with a new shed. Demolition will be handled by staff.

STATE PROPERTY MATTERS (Continued)
SEVERANCE (Continued)

ITEM 3

PROPOSED ACTION: Severance by demolition

DEPARTMENT/AGENCY: State of North Carolina, Department of Transportation,
Division of Highways, Maintenance

LOCATION: Prison Camp Road, Durham, Durham County

STRUCTURE: Truck Shed #31, built in 1940, wood frame structure containing
±3,175 sq. ft., Complex #32-7, Asset #2

COMMENTS: This structure has become hazardous and is no longer useful. Demolition will be handled by a contractor.

ITEM 4

PROPOSED ACTION: Severance by demolition

DEPARTMENT/AGENCY: State of North Carolina, Department of Transportation,
Division of Highways, Maintenance

LOCATION: 109 S Sutherland Avenue, Monroe, Union County

STRUCTURE: District Engineers Office #24, built in 1973, containing ±3,780 sq.
ft., Complex #90-1 Asset #23

COMMENTS: This structure will be replaced by a new modular office to be purchased by the Department of Transportation for Union County District Engineer offices. Demolition will be handled by a contractor.

OTHER MATTERS

ITEM 1

Lease Revision. On May 12, 2026, the Governor and Council of State approved a 5-year acquisition lease with one 3-year renewal option and two 1-year renewal options at 3250 Airport Loop Road, Salisbury, Rowan County, on behalf of the North Carolina State Highway Patrol for ±11,743 sq. ft. of office and hangar space from the County of Rowan. The annual rent for the initial term is \$90,852 (average). The annual rent for the first renewal is \$120,000 (average). It has been determined that the annual rental for the second and third renewals are \$138,000 and \$151,800 respectively.

With the approval of the Council of State, the lease will be amended to reflect these changes. All other terms and conditions will remain the same.

COUNCIL OF STATE RULES
CONSIDERATION OF PROPOSED RULES BY RULES REVIEW COMMISSION

At the Council of State meeting on June 2, 2026, the Council adopted technical changes to its proposed rules. The proposed rules, with these changes, were then considered by the Rules Review Commission on June 25, 2026. The Rules Review Commission [approved](#) all the proposed rules except [06 NCAC 04 .0103](#), the proposed rule on the declaratory ruling process.

As a result, the rules other than 04 .0103 are now effective July 1, 2026. A copy of the approved rules is enclosed for your reference.

The Rules Review Commission [objected](#) to proposed rule 04 .0103. This objection was based on a [recommendation](#) from the Rules Review Commission's staff attorney seeking further changes to two segments. First, the [proposed language](#), taken from the old 1989 Council of State rules, incorrectly referred to "either type of declaratory ruling" concerning a statute, although [G.S. 150B-4\(a\)](#) discusses for statutes only one type of declaratory ruling (how the statute applies to a given set of facts). Second, the sentence in the proposed text that referred to "the effect of the proposed rule" should simply have read "the effect of the rule," since the sentence could apply to either a proposed rule or existing rule.

[G.S. 150B-21.12](#) allows the Council of State to provide changes to proposed rule 04 .0103 in response to the Rule Review Commission's objection. Staff have prepared the following changes to respond to both issues raised by the Rules Review Commission. If the Council of State adopts these changes, the revised proposed rule will be submitted to the Rules Review Commission for consideration at the Commission's meeting on July 30, 2026.

COUNCIL OF STATE RULES (Continued)
RULE CHANGE IN RESPONSE TO RULES REVIEW COMMISSION

06 NCAC 04 .0103 is adopted with changes as published in 40:11 NCR 858-859 as follows:

CHAPTER 4 - DECLARATORY RULINGS

06 NCAC 04 .0103 DECLARATORY RULING PROCESS

Any person ~~substantially affected or aggrieved~~ by a rule approved or adopted by the Council of State may request a declaratory ruling as to either the manner in which the rule applies to a given factual situation, if at all, or as to whether a particular rule of the Council is valid. Such persons may also request ~~either type of a~~ declaratory ruling concerning the applicability to a given factual situation of a statute under which the rule was adopted, administered by the Council.

All requests for declaratory rulings shall be submitted to the executive department responsible for administering the statute to which the rule relates. All such requests shall be in accordance with the administrative procedures of the responsible executive department. The chief executive officer of the responsible executive department shall respond to the request in accord with the applicable administrative procedures of the department. The chief executive officer of the responsible department shall also notify the Council of any such request received and the department's proposed disposition thereof. The Council may, in its discretion, review and amend any such proposed departmental declaratory rulings. In its determination whether to review, whether to amend, and how to amend the proposed declaratory ruling, the Council shall consider at least the following factors: whether there is authority to adopt the rule; the effect of the ~~proposed~~ rule on existing rules, programs, and practices; probable costs and cost factors of the rule; and the impact of the rule on the public and regulated entities. It may also take such other action in regard thereto as it deems necessary.

History Note: Authority G.S. 147-13; 150B-4;

Eff. ~~July 1, 1~~ August 1, 2026.

COUNCIL OF STATE RULES (Continued)
RULES APPROVED BY RULES REVIEW COMMISSION ON JUNE 25, 2026

[The following proposed rules were approved by the Rules Review Commission on June 25, 2026, and are effective July 1, 2026. No action is necessary on these rules; they are included only for your reference.

These rules have the changes adopted by the Council of State on June 2, 2026, including withdrawal of proposed rule 01 .0109. No changes were made to text after the June 2 meeting.]

CHAPTER 01 - DEPARTMENTAL RULES

06 NCAC 01 .0108 ADMINISTRATION

The Council shall be served by a secretary who shall be appointed by the Governor. In the absence of the Governor, the Lieutenant Governor shall preside. In the absence of the Lieutenant Governor, the Council shall be chaired by a member of the Council to be determined by the order in which members are listed in Article III, Section 7 of the North Carolina Constitution.

History Note: *Authority North Carolina Constitution, Article III, Section 2,7,8;*
 Eff. July 1, 2026.

06 NCAC 01 .0110 MEETINGS

The Council of State shall convene at such times and places, as the Governor shall deem necessary.

History Note: *Authority G.S. 147-13;*
 Eff. July 1, 2026.

06 NCAC 01 .0111 LOCATION

The Council of State has no permanent office or staff. Matters to be brought before the Council of State shall be submitted to the Council's Secretary through the Office of the Governor unless by statute or specific rule they must first be presented to an executive department for transmittal to the Council.

History Note: *Authority G.S. 147-13;*
 Eff. July 1, 2026.

06 NCAC 01 .0112 PROXIES

No proxies shall be counted in order to establish a quorum for conducting business.

History Note: *Authority G.S. 147-13;*
 Eff. July 1, 2026.

COUNCIL OF STATE RULES (Continued)
RULES APPROVED BY RULES REVIEW COMMISSION ON JUNE 25, 2026 (Continued)

06 NCAC 01 .0113 AGENDA

The agenda for each Council of State meeting shall be compiled by the Council's Secretary. The Secretary is authorized to make sufficient inquiries and request sufficient information to ensure that the Council will have adequate information with which to consider any agenda item. On each agenda there shall be an occasion provided for any individual Council of State member to bring before the Council any other matter desired.

*History Note: Authority G.S. 147-13;
 Eff. July 1, 2026.*

06 NCAC 01 .0114 RECORDS OF MEETINGS

The minutes of the Council of State meetings shall be kept by the Secretary and shall be compiled into the journal of the Council of State. The journal shall be kept in the Office of the Governor and shall be open to public inspection during regular business hours.

*History Note: Authority G.S. 132-1; 147-13;
 Eff. July 1, 2026.*

CHAPTER 2 - RULE-MAKING PROCEDURES

06 NCAC 02 .0105 PRELIMINARY STEPS FOR RULE-MAKING

In those instances where the Council of State must approve a rule adopted by an executive department or when it adopts a rule itself, proposed text for the rule must be submitted to the Council for review beforehand. The proposed text shall be submitted by the executive department responsible for administering the statute to which the proposed rule relates. The executive department must follow Chapter 150B of the General Statutes on rule-making before submitting its recommendation to the Council. The hearing procedures applicable to that executive department apply. The Council may initiate rule-making in those matters which require its approval.

*History Note: Authority G.S. 126-12; 143-260.8(g); 143-341(4),(8)(k); 143-345.1; 146-1;
 Eff. July 1, 2026.*

COUNCIL OF STATE RULES (Continued)
RULES APPROVED BY RULES REVIEW COMMISSION ON JUNE 25, 2026 (Continued)

06 NCAC 02 .0106 PETITIONS FOR RULE-MAKING HEARINGS

Whenever any person submits a petition for rule-making relating to matters for which the Council of State must approve or promulgate rules, the chief executive official of the responsible department shall determine if the public interest will be served by granting the request. If the request is denied, the petitioning party may appeal that decision as stated in G.S. 150B-20(d).

History Note: *Authority G.S. 126-12; 143-260.8(g); 143-341(4),(8)(k); 143-345.1; 146-1; 150B-20;*
 Eff. July 1, 2026.

06 NCAC 02 .0107 ADOPTION OR APPROVAL OF RULES

Upon completion of the departmental rule-making process, the department shall forward proposed rules which must be approved or adopted by the Council, along with a record or minutes of the rule-making hearing and any other written submissions desired, to the Council's secretary for inclusion on the agenda of the Council's next meeting. The Council may request such other information as it deems necessary and appropriate from the department.

History Note: *Authority G.S. 126-12; 143-260.8(g); 143-341(4),(8)(k); 143-345.1; 146-1; 147-13; 150B-18;*
 Eff. July 1, 2026.

06 NCAC 02 .0108 FILING OF RULES

Rules adopted by the Council of State are recorded in the journal of the Council and are codified pursuant to the provisions of the North Carolina Administrative Procedure Act, Chapter 150B of the North Carolina General Statutes, with the rules of the executive department responsible for administering the rules and related statutes.

History Note: *Authority G.S. 147-13; 150B-21.18; 150B-21.19;*
 Eff. July 1, 2026.

[There is no Chapter 3 of the Council of State rules. The last rule in that chapter was repealed in 2016.]

CHAPTER 4 - DECLARATORY RULINGS

[See the earlier page in this packet for proposed rule 04 .0103, which has not yet been approved by the Rules Review Commission.]

COUNCIL OF STATE RULES (Continued)

RULES APPROVED BY RULES REVIEW COMMISSION ON JUNE 25, 2026 (Continued)

06 NCAC 04 .0104 RECORDS OF DECLARATORY RULINGS

A record of all declaratory ruling proceedings shall be maintained in the executive department responsible for administering the statute to which the questioned rule relates. The record shall be maintained in accordance with the department's administrative procedures. Also, a record of the dispositions of all such declaratory ruling proceedings shall be kept in the Council journal.

History Note: Authority G.S. 147-13; 150B-4;

OTHER DISCUSSION

Governor allows time for each member to share updates from respective agency.