



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

May 20, 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, June 2, 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 June 2nd Council of State agenda should be submitted by May 21, 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

June 2, 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/JuneCOS2026>
Password: JuneCOS2026**

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B) Approval of May 12, 2026, Minutes		
C) Interest Matters/Bond Resolution	Brad Briner	
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June 2, 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 (Mar)</u>
Annualized Net Cash Return	4.17%

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

	<u>General</u> <u>Fund</u>	<u>Highway</u> <u>Trust Fund</u>
April 2026		
Credits	\$45,000,380	\$8,094,441
2025-26 Fiscal		
Y-T-D Credits	\$430,021,971	\$78,364,238
2024-25 Fiscal		
Y-T-D Credits	\$532,774,413	\$96,100,872

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

(Cumulative Since July 1, 2025 as of April 30, 2026)

Beginning Balance	7/1/2025	43,056,566.01
Premium Received		49,808,751.00
Legislative Funding		0.00
Reinsurance Reimbursement		0.00
Interest Income		2,517,497.89
Unrealized Gain - Investments		21,837.98
Insurance Recoveries		600,000.00
Total Revenue		52,948,086.87
Claims Paid		11,033,861.14
Losses Paid (Reinsurer)		0.00
Return of Expenditure		0.00
Reinsurance Premium Paid		0.00
Realized Loss - Sale of Investments		0.00
Administrative Expenses		2,558,103.48
Adjustments to Cash Basis		97,643.09
Total Expenditures		13,689,607.71
Fund Balance	4/30/2026	82,315,045.17

FIRE INSURANCE MATTERS
PROPERTY INSURANCE LOSSES

April 2026

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

NC School of Science & Math
Location of Loss: Beall & Reynolds Residence Hall (#1)
Cause of Loss: Water damage
Coverage Type: All Risk Special Form
Date of Loss: 2/2/2026
Loss Number: 20260007-60005020
Amount of Loss: \$98,586.11

BOARD OF TRANSPORTATION
RIGHT OF WAY MATTERS INDEX

SALE OF RESIDUE TO HIGHEST BIDDER VIA REAL ESTATE

AGENT AND/OR AUCTIONEER

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SALE OF RESIDUE TO THE HIGHEST BIDDER VIA DIVISION OFFICE

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SALE OF SURPLUS RIGHT OF WAY TO THE ONLY INTERESTED PARTY
VIA DIVISION OFFICE

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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: Rene Leal and Desiree Leal

LOCATION: US-70
Carteret County

AREA: 2.280 Acres

CONSIDERATION: \$21,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-3307 in Carteret County for \$21,163.00 in 2011. The current appraised value of this residue property is \$15,000.00. The Grantees, Rene Leal and Desiree Leal, the highest bidders after auctioneer advertisement, have agreed to pay the Department the high bid amount of \$21,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

ITEM 2

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: TDR-HL, LLC

LOCATION: SR-1409 (Military Cutoff Rd. ext.) to US-17
New Hanover County

AREA: 2.434 Acres

CONSIDERATION: \$71,603.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project U-4751 in New Hanover County for \$158,331.87 as a total take advanced acquisition in 2013. The current appraised value of this residue property is \$10,000.00. The Grantee, TDR-HL, LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$71,603.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 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: Tanisha Stokes

LOCATION: Greensboro Eastern Loop
Guilford County

AREA: 2.100 Acres

CONSIDERATION: \$15,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project U-2525B in Guilford County for \$95,500.00 as a total take advanced acquisition 1997. The current appraised value of this residue property is \$15,000.00. The Grantee, Tanisha Stokes, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$15,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

ITEM 4

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Hanan Elferyhy and Abdelillah Lahrech

LOCATION: SR-1486/SR-1421 (Greensboro/High Point Rd.) from SR-4228 (Vickrey Chapel Rd.) to SR-1424 (Hilltop Rd.)
Guilford County

AREA: 0.710 Acres

CONSIDERATION: \$235,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project U-2412B in Guilford County for \$40,000.00 as a total take in 2006. The current appraised value of this residue property is \$255,000.00. The Grantees, Hanan Elferyhy and Abdelillah Lahrech, the highest bidders after auctioneer advertisement, have agreed to pay the Department the high bid amount of \$235,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 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: Lubaba Gallatin-Mitchell

LOCATION: Future I-74
Forsyth County

AREA: 22.391 Acres

CONSIDERATION: \$92,614.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired these residues during the construction of Highway Project U-2579DEF in Forsyth County for \$95,051.00 between 2018-2019 in conjunction with Map Act Settlements. The current appraised value of these residue properties is \$72,187.00. The Grantee, Lubaba Gallatin-Mitchell, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$92,614.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

ITEM 6

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Running Bear Capital, LLC, a Virginia Limited Liability Company

LOCATION: NC-268;NC-18 to SR-1966 (Airport Rd.)
Wilkes County

AREA: 1.202 Acres

CONSIDERATION: \$22,905.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-2603 in Wilkes County for \$135,200.00 in 2014. The current appraised value of this residue property is \$20,000.00. The Grantee, Running Bear Capital, LLC, a Virginia Limited Liability Company, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$22,905.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 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: WRGJR Properties, LLC

LOCATION: I-40/I-77 Interchange
Iredell County

AREA: 0.447 Acres

CONSIDERATION: \$45,190.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired these residues during the construction of Highway Project I-3819A in Iredell County for \$11.00 between 1959-2011. The current appraised value of these residue properties is \$29,000.00. The Grantee, WRGJR Properties, LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$45,190.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

ITEM 8

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Dry Pond Brewing Company, LLC

LOCATION: Intersection of NC-16 Bus. and SR-1439 (Unity Church Rd.)/SR-1387
(Triangle Cir.)
Lincoln County

AREA: 0.367 Acres

CONSIDERATION: \$15,000.00

COMMISSION: Buyer's Premium

COMMENTS: The Department acquired this residue during the construction of Highway Project R-5712 in Lincoln County for \$31,025.00 in 2020. The current appraised value of this residue property is \$5,500.00. The Grantee, Dry Pond Brewing Company, LLC, the highest bidder after auctioneer advertisement, has agreed to pay the Department the high bid amount of \$15,000.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS (Continued)
SALE OF RESIDUE TO THE HIGHEST BIDDER VIA DIVISION OFFICE

ITEM 1

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Canterbury School

LOCATION: Greensboro Eastern Loop
Guilford County

AREA: 3.552 Acres

CONSIDERATION: \$51,921.00

COMMENTS: The Department acquired this residue during the construction of Highway Project U-2525C in Guilford County for \$76,650.00 in 2012 as a total take advanced acquisition. The current appraised value of this residue property is \$50,970.00. The Grantee, Canterbury School, the highest bidder after advertisement, has agreed to pay the Department the high bid amount of \$51,921.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

ITEM 2

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Canterbury School

LOCATION: Greensboro Eastern Loop
Guilford County

AREA: 9.310 Acres

CONSIDERATION: \$124,500.00

COMMENTS: The Department acquired this residue during the construction of Highway Project U-2525C in Guilford County for \$100.00 in 2026. The current appraised value of this residue property is \$124,500.00. The Grantee, Canterbury School, the highest bidder after advertisement, has agreed to pay the Department the high bid amount of \$124,500.00. The Secretary of Transportation approved this conveyance with the concurrence of the Board of Transportation in a resolution adopted on May 7, 2026.

BOARD OF TRANSPORTATION RIGHT OF WAY MATTERS (Continued)
SALE OF SURPLUS RIGHT OF WAY TO THE ONLY INTERESTED PARTY
VIA DIVISION OFFICE

ITEM 1

GRANTOR: State of North Carolina Department of Transportation

GRANTEE: Roxboro Community School, Inc.

LOCATION: Intersection of Foushee St. and Academy St. along new alignment
Person County

AREA: 0.150 Acres

CONSIDERATION: \$17,975.00

COMMENTS: The Department acquired this Highway Right of Way during the construction of Highway Project 9.8052215 in Person County for \$4,343.63 in 1975, the acquisition price is inclusive of Damages paid by the Department. The Grantee, Roxboro Community School, Inc., has agreed to purchase the surplus 0.150 acres for its enhanced appraised value of \$17,975.00. The Secretary of Transportation approved this conveyance with concurrence of the Board of Transportation in a resolution adopted May 7, 2026.

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STATE PROPERTY INDEX

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STATE PROPERTY MATTERS
ACQUISITION BY DEED

ITEM 1

GRANTOR: Blue Ridge Buffalo Partners, LLC

GRANTEE: State of North Carolina, Department of Environmental Quality,
Division of Wildlife Resources Commission

LOCATION: off Penley Road, Boone, Watauga and Caldwell Counties

AREA: ±1,242.76 acres

UNIT COST: ±\$10,862.92/acre

CONSIDERATION: \$13,500,000

COMMENTS: Game Land Addition. Property proposed for acquisition will be incorporated into Buffalo Cove Game Land. This acquisition is a bargain sale. Acquisition of this property will protect the headwaters of Buffalo Creek. Funding for this acquisition is provided by a US Forest Legacy Program Grant (\$12,589,500) and NC Wildlife Resources Commission Agency Funds (\$910,500). 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.

ITEM 2

GRANTOR: The North Carolina A&T Real Estate Foundation, Inc.

GRANTEE: State of North Carolina, North Carolina A&T State University

LOCATION: 426 Banks Street, Greensboro, Guilford County

AREA: ±5,120 sq. ft. or 0.12 acre improved single family dwelling containing
925 sq. ft., built in 1960

UNIT COST: ±\$8.79/sq. ft. – land; ±\$102.70/sq. ft. – improvements

CONSIDERATION: \$140,000

COMMENTS: Campus Expansion. Property proposed for acquisition is needed for future expansion in accordance with the campus master plan. The improvements will be severed, and the site will be utilized for future development. The grantor will be reimbursed for direct expenses associated with this acquisition. Funding for this acquisition is provided by Title III Education Grants Funds. 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.

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

ITEM 3

GRANTOR: The North Carolina A&T Real Estate Foundation, Inc.

GRANTEE: State of North Carolina, North Carolina A&T State University

LOCATION: 503 Stewart Street, Greensboro, Guilford County

AREA: ±6,400 sq. ft. or 0.15 acre improved single family dwelling containing 963 sq. ft., built in 1958

UNIT COST: ±7.03/sq. ft. – land; ±\$119.42/sq. ft. – improvements

CONSIDERATION: \$160,000

COMMENTS: Campus Expansion. Property proposed for acquisition is needed for future expansion in accordance with the campus master plan. The improvements will be severed, and the site will be utilized for future development. The grantor will be reimbursed for direct expenses associated with this acquisition. Funding for this acquisition is provided by Title III Education Grants Funds. 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.

ITEM 4

GRANTOR: The North Carolina A&T Real Estate Foundation, Inc.

GRANTEE: State of North Carolina, North Carolina A&T State University

LOCATION: 412 Stewart Street, Greensboro, Guilford County

AREA: ±5,120 sq. ft. or 0.12 acre improved single family dwelling containing 988 sq. ft., built in 1923

UNIT COST: ±\$8.79/sq. ft. – land; ±\$98.18/sq. ft. – improvements

CONSIDERATION: \$142,000

COMMENTS: Campus Expansion. Property proposed for acquisition is needed for future expansion in accordance with the campus master plan. The improvements will be severed, and the site will be utilized for future development. The grantor will be reimbursed for direct expenses associated with this acquisition. Funding for this acquisition is provided by Title III Education Grants Funds. 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.

STATE PROPERTY MATTERS (Continued)
ACQUISITION BY LEASE

ITEM 1

LESSOR: Roundtable Road Property, LLC

LESSEE: State of North Carolina, Department of Adult Correction,
District 20 Division 3

LOCATION: 2602 W Roosevelt Boulevard, 2nd Floor, Monroe, Union County

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

AREA: ±2,432 sq. ft. of office space

UNIT COST: \$26.28/sq. ft. (average) – including parking, utilities, water, and sewer
\$29.74/sq. ft. (average) – renewal option

ANNUAL RENTAL: \$63,917 (average)
\$72,316 (average) – renewal option

COMMENTS: New Lease. New relocation and expansion lease to replace an expired eight-year lease for 1,226 square feet housing the Judicial District Manager's office. Additional space is needed to accommodate meeting and storage areas as well as adequate parking. One proposal was received through advertising. Space accessible to the disabled. 100% State Funds.

ITEM 2

LESSOR: PMT Capital, LLC and 324 Causeway Drive LLC

LESSEE: State of North Carolina, Department of Commerce,
Division of Employment Security

LOCATION: 4101 Capital Boulevard, Raleigh, Wake County

TERM: Ten years effective April 1, 2027, or possession with two 5-year renewal options

AREA: ±66,000 sq. ft. of office and warehouse space

UNIT COST: \$32.49/sq. ft. (average) initial term including utilities, janitorial,
water/sewer and parking
\$39.03/sq. ft. (average) – 1st renewal option
\$44.15/sq. ft. (average) – 2nd renewal option

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

ITEM 2 (Continued)

ANNUAL RENTAL: \$2,144,327 (average) initial term
\$2,575,687 (average) – 1st renewal option
\$2,914,153 (average) – 2nd renewal option

COMMENTS: New Lease. New lease to relocate the North Carolina Department of Commerce, Division of Employment Security, pursuant to Senate Bill 449 (SL 2025-97). One proposal received from advertising that met specifications. Space accessible to the disabled. 100% Federal Funds.

ITEM 3

LESSOR: Koury Associates Limited Partnership

LESSEE: State of North Carolina, North Carolina Education Lottery

LOCATION: 20-A Oak Branch Drive, Greensboro, Guilford County

TERM: Ten years effective June 1, 2026, or possession with two 5-year renewal options

AREA: ±8,100 sq. ft. of office and support/warehouse space

UNIT COST: \$22.60/sq. ft. (average) initial term including parking
\$27.05/sq. ft. (average) – 1st renewal option
\$30.01/sq. ft. (average) – 2nd renewal option

ANNUAL RENTAL: \$183,060 (average) initial term
\$219,095 (average) – 1st renewal option
\$247,886 (average) – 2nd renewal option

COMMENTS: New Lease. New lease replacing an expiring 10-year lease for office and support/warehouse space at the existing location. Five proposals received through advertising, three withdrew. Lowest proposal meeting advertised specifications selected. Space accessible to the disabled. 100% Receipts.

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

ITEM 4

LESSOR: LIDO PROPERTIES LLC

LESSEE: State of North Carolina, North Carolina Education Lottery

LOCATION: 2790 Dickinson Avenue, Greenville, Pitt County

TERM: Ten years effective July 1, 2026, or possession with two 5-year renewal options

AREA: ±7,283 sq. ft. of office and support/warehouse space

UNIT COST: \$14.63/sq. ft. (average) initial term including utilities, water/sewer and parking
\$15.52/sq. ft. – 1st renewal option
\$15.99/sq. ft. – 2nd renewal option

ANNUAL RENTAL: \$105,694 (average) initial term
\$113,032 – 1st renewal option
\$116,396 – 2nd renewal option

COMMENTS: New Lease. New lease replacing an expiring 10-year lease for office and support/warehouse space at the existing location. Lowest of three proposals received through advertising. Space accessible to the disabled. 100% Receipts.

STATE PROPERTY MATTERS (Continued)
DISPOSITION BY DEED

ITEM 1

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

GRANTEE: Town of Black Mountain

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

AREA: ±4.49 acres

CONSIDERATION: Gift

COMMENTS: Surplus Property. Property proposed for disposition is no longer utilized and has been declared surplus by the agency. The Town of Black Mountain is proposing to construct a new public safety training facility to improve response capabilities for their police department. The property will be conveyed subject to a reversionary interest held by the State. This item was reported to the Joint Legislative Commission on Governmental Operations.

DISPOSITION BY EASEMENT

ITEM 1

GRANTOR: State of North Carolina, Department of Administration

GRANTEE: Cape Fear Public Utility Authority

LOCATION: Causeway Drive, Intracoastal Waterway, Wrightsville Beach,
New Hanover County

EASEMENT AREA: ±11,885 sq. ft. (±0.273 acre)

CONSIDERATION: \$500

COMMENTS: Subaqueous Easement. Proposed easement is needed for the construction, repair, renovation and maintenance of a water and sewer line crossing the Intracoastal Waterway to serve Wrightsville Beach.

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

ITEM 2

GRANTOR: State of North Carolina, Department of Environmental Quality,
Division of Wildlife Resources Commission

GRANTEE: NorthStar Investment Properties LLC

LOCATION: off Egypt Road, Ash, Brunswick County

AREA: ±0.0083 acre

CONSIDERATION: Gift

COMMENTS: Proposed easement is being requested by the grantee, an adjacent landowner, for ingress and egress across a portion of Juniper Creek Game Land.

ITEM 3

GRANTOR: State of North Carolina, Department of Environmental Quality,
Division of Wildlife Resources Commission

GRANTEE: State of North Carolina, Department of Transportation,
Division of Highways, Right of Way

LOCATION: Tillery Game Land, off HWY 561, Brinkleyville Township,
Halifax County

EASEMENT AREA: Permanent Easement Area: ±45' x ±450' or ± 20,250 sq. ft. (±0.465 acre)
Temporary Construction Easement: ±50' x ±582' or ± 29,100 sq. ft.
(±0.668 acre)

CONSIDERATION: \$632

COMMENTS: Right of Way. Proposed right of way and temporary construction easement are needed by the Department of Transportation to accommodate a bridge replacement project along NC Highway 561. The temporary construction easement will terminate upon completion of the project.

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

ITEM 4

GRANTOR: State of North Carolina, Department of Environmental Quality,
Division of Wildlife Resources Commission

GRANTEE: State of North Carolina, Department of Transportation,
Division of Highways, Right of Way

LOCATION: off Big Hungry Road, Flat Rock Township, Henderson County

EASEMENT AREA: Permanent Easement Area: ± 9,812 sq. ft. (±0.225 acre)
Temporary Construction Easement: ± 4,688 sq. ft. (±0.107 acre)

CONSIDERATION: \$2,750

COMMENTS: Right of Way. Proposed right of way and temporary construction easement are needed to accommodate a bridge replacement project along Big Hungry Road (SR 1802). The temporary construction easement will terminate upon completion of the project.

ITEM 5

GRANTOR: State of North Carolina, Department of Public Safety,
Division of Juvenile Justice and Delinquency Prevention

GRANTEE: Duke Energy Carolinas, LLC

LOCATION: Cabarrus Youth Development Center, Old Charlotte Road and Hwy. 49
South, Concord, Cabarrus County

EASEMENT AREA: ±313 sq. ft. (±0.007 acre)

CONSIDERATION: Benefit

COMMENTS: Utility Easement. Proposed easement is needed for the expansion of an existing utility easement to accommodate the installation, operation, and maintenance of a new down guy and appurtenant equipment supporting wiring upgrades on an existing utility pole.

STATE PROPERTY MATTERS (Continued)
SEVERANCE (Continued)

ITEM 1

PROPOSED ACTION: Severance by demolition

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

LOCATION: 49487 Morrow Mountain Road, Morrow Mountain State Park, Albemarle, Stanly County

STRUCTURE: Pumphouse Near Boathouse, built in 1975, containing 80 sq. ft., Complex #84-6, Asset #58

COMMENTS: This structure is in poor condition, is no longer in use. Demolition 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: Kerr Lake State Recreation Area, Henderson, Vance County

STRUCTURES: 1) Washhouse-Nutbush, built in 1968, containing 564 sq. ft., Complex #91-11, Asset #111
2) Washhouse-Satterwhite, built in 1991, containing 1,285 sq ft., Complex #91-11, Asset #142

COMMENTS: These structures are in poor condition and beyond repair. They will be replaced with new shower houses. Demolition will be handled by a contractor.

STATE PROPERTY MATTERS (Continued)
SEVERANCE (Continued)

ITEM 3

PROPOSED ACTION: Severance by demolition

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

LOCATION: 13304 Creedmoor Road, Falls Lake State Recreational Area, Wake Forest, Wake County

STRUCTURE: Maintenance Complex Water Storage, built in 1981, containing 50 sq. ft., Complex #92-65, Asset #96

COMMENTS: This structure is in poor condition, beyond repair and no longer in use. 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: 181 Westside Drive, Mocksville, Davie County

STRUCTURE: Maintenance I-40 Storage Old Equipment Shop, built in 1939, containing ±1,384 sq. ft., Complex #30-2, Asset #13

COMMENTS: This structure is in poor condition and no longer serves a useful purpose. Demolition will be handled by a contractor.

ITEM 5

PROPOSED ACTION: Severance by demolition

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

LOCATION: North Green Street, DOT Division Office and Maintenance Site, Greenville, Pitt County

STRUCTURE: Equipment Steel Storage Building, built in 1947, containing 2,400 sq. ft., Complex #74-3, Asset #30

COMMENTS: This structure is in poor condition and no longer serves a useful purpose. Demolition will be handled by a contractor.

STATE PROPERTY MATTERS (Continued)
SEVERANCE (Continued)

ITEM 6

PROPOSED ACTION: Severance by demolition

DEPARTMENT/AGENCY: State of North Carolina, Department of Transportation,
District Offices

LOCATION: 110 Locust Street, Columbus, Polk County

STRUCTURE: SUB-SHOP, built in 1947, containing ±2,094 sq. ft.,
Complex #75-3, Asset #3

COMMENTS: This structure is in poor condition and no longer safe. The building will be demolished and replaced with a new equipment storage building. Demolition will be handled by a contractor.

ITEM 7

PROPOSED ACTION: Severance by demolition

DEPARTMENT/AGENCY: State of North Carolina, East Carolina University

LOCATION: 514 E. 14th Street, Greenville, NC, Pitt County

STRUCTURE: Building #172, built in 1967,
containing ±5,235 sq. ft. Complex #74-5, Asset #166

COMMENTS: This structure is in poor condition and beyond its serviceable life, with a long history of flooding. Ongoing water intrusion has made maintenance increasingly costly, and repairs are no longer cost-effective. Demolition will be handled by a contractor.

OTHER MATTERS

ITEM 1

On December 3, 2024, the Governor and the Council of State approved a severance by demolition on behalf of the Department of Transportation, Division of Highways for the equipment generator building described as being in Complex #74-3; Asset #50, Pitt County. Subsequent to approval, it was determined that the incorrect asset was reported by the agency for demolition and is currently being utilized. Therefore, authorization is hereby requested to reinstate this building asset.

PROPERTY MATTERS NOT SUBJECT TO N.C.G.S. §146
NORTH CAROLINA STATE BAR – LAWYER ASSISTANCE PROGRAM
ACQUISITION BY LEASE – RENEWAL

LESSOR: VV Dilworth Square, LLC

LESSEE: North Carolina State Bar

LOCATION: 312 Rensselaer Ave.
Suite 100
Charlotte, NC 28203

TERM: Lease renewal for 2 years (July 1, 2026 – June 30, 2028)

AREA: 1,307 sq. ft.

RATE:	<u>Renewal Term</u>	<u>Monthly Rental</u>
	July 1, 2026 - June 30, 2027	\$3,045.29
	July 1, 2027 - June 30, 2028	\$3,136.64

COMMENTS: Lease renewal of office space for the western regional offices of the Lawyer Assistance Program. The Council of State approved the original three-year lease in 2015 and renewals of the lease in subsequent years. The annual increase of 3% has remained consistent throughout the entirety of the lease.

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COUNCIL OF STATE RULES
TECHNICAL CHANGES

The Council of State's proposed rules were submitted to the Rules Review Commission in March 2026 following the public comment period and the Council of State's adoption of proposed rules at the March 3, 2026, meeting. On April 9, 2026, the Rules Review Commission staff attorney requested changes to the proposed rules pursuant to G.S. 150B-21.10. The Rules Review Commission then agreed to extend until June 2026 the time period for the Council of State to respond to the requested changes.

The Office of State Budget & Management (OSBM) recommends making the following changes to the proposed rules in response to the changes requested by the Rules Review Commission staff attorney.

The proposed rules will be submitted to the Rules Review Commission (RRC) for consideration at the RRC's June 25, 2026 meeting. If the RRC approves the proposed rules, then the rules will become effective on July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0108

[For the following proposed rule, the only change would be to the proposed effective date, since the Rules Review Commission staff attorney did not suggest any technical changes.

Here and in all the following proposed rules in this packet, the new effective date assumes that the Rules Review Commission approves the proposed rule at its June 25, 2026 meeting.]

06 NCAC 01 .0108 is adopted as published in 40:11 NCR 858-859 as follows:

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. ~~May~~ July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0109

[The following proposed rule would be withdrawn.

The Rules Review Commission staff attorney noted, “The RRC generally frowns upon Purpose rules as they can be unnecessary and more akin to statements of policy. Is this rule necessary? And if so, why?”]

06 NCAC 01 .0109 ~~is withdrawn from the proposed rules. is adopted as published in 40:11 NCR 858-859 as follows:~~

~~**06 NCAC 01 .0109 ——— PURPOSE**~~

~~The Council of State shall function as an executive advisory committee to aid in the establishment and implementation of policy. It shall also act as statutorily mandated.~~

~~*History Note: — Authority North Carolina Constitution, Article III, Section 8;*~~

~~*Eff. May 1, 2026.*~~

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0110

[For the following proposed rule, the Rules Review Commission staff attorney did not suggest any technical changes. Therefore, there would be no change except for updating the effective date.]

06 NCAC 01 .0110 is adopted as published in 40:11 NCR 858-859 as follows:

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. ~~May~~ July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0111

[The following text changes “should” to “shall,” as requested by the Rules Review Commission staff attorney, in the first line of the main text. This was the only comment from the RRC staff attorney on this rule.]

06 NCAC 01 .0111 is adopted with changes as published in 40:11 NCR 858-859 as follows:

06 NCAC 01 .0111 LOCATION

The Council of State has no permanent office or staff. Matters to be brought before the Council of State ~~should~~ 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. ~~May~~ July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0112

[The following text changes “will” to “shall,” as requested by the Rules Review Commission staff attorney, in the first line of the main text. This was the only comment from the RRC staff attorney on this rule.]

06 NCAC 01 .0112 is adopted with changes as published in 40:11 NCR 858-859 as follows:

06 NCAC 01 .0112 PROXIES

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

History Note: *Authority G.S. 147-13;*

Eff. ~~May~~ July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0113

[For the following proposed rule, the Rules Review Commission staff attorney did not suggest any technical changes. We recommend no change except for updating the effective date and changing “insure” to “ensure” in order to match the more common use of those two words.]

06 NCAC 01 .0113 is adopted with changes as published in 40:11 NCR 858-859 as follows:

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 insure 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. ~~May~~ July 1, 2026.*

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 01 .0114

[For the following proposed rule, there would be no change except for updating the effective date.

The Rules Review Commission staff attorney's only comment was to consider a URL in the rule if the journal is also made available online for public inspection. Since the journal is not currently available online, no URL would be added to the proposed rule.]

06 NCAC 01 .0114 is adopted as published in 40:11 NCR 858-859 as follows:

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. ~~May~~ July 1, 2026.*

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 02 .0105

[For the following proposed rule, the Rules Review Commission staff attorney did not suggest any technical changes. Therefore, there would be no change except for updating the effective date.]

06 NCAC 02 .0105 is adopted as published in 40:11 NCR 858-859 as follows:

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. ~~May~~ July 1, 2026.*

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 02 .0106

[For the following proposed rule, the Rules Review Commission staff attorney noted that G.S. 150B-20(d) states, “Denial of a rulemaking petition is a final agency decision and is subject to judicial review under Article 4 of this Chapter.” Because section 150B-20 states the appeal process for denials of rulemaking petitions, the RRC staff attorney questioned whether proposed Council of State rule 02 .0106 should suggest that the Council of State has authority to review appeals of determinations made by other agencies on rulemaking petitions.

As a result of this comment, the following proposed text would eliminate the discussion about the Council of State reviewing denials of petitions for rulemaking. Instead, the rule would simply cite the statute.]

06 NCAC 02 .0106 is adopted with changes as published in 40:11 NCR 858-859 as follows:

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). to the Council of State by filing a request for review of the denial decision with the secretary to the Council within 15 days after receipt of the notice of denial. If the Council determines that a hearing would serve the public interest, it may direct the chief executive official of the responsible executive department to designate a hearing officer and conduct a rule-making hearing or the Council itself may conduct a rule-making hearing.

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

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 02 .0107

[For the following proposed rule, the first technical change would replace “will” with “shall,” as requested by the Rules Review Commission staff attorney, in the first line of the main text.

The second technical change is in the History Note. The predecessor Council of State rule, former 06 NCAC 02 .0103, cited G.S. 150B-9 in its History Note. That statute has now been repealed. The Rules Review Commission staff attorney asked whether a different APA provision would be relevant here today. As a result, we propose a technical change to add G.S. 150B-18 to the History Note section. Section 150B-18 now states the general principle, formerly found in section 150B-9, that rules must be adopted in accordance with the Administrative Procedure Act.

These were the only comments from the RRC staff attorney on this rule.]

06 NCAC 02 .0107 is adopted with changes as published in 40:11 NCR 858-859 as follows:

06 NCAC 02 .0107 ADOPTION OR APPROVAL OF RULES

Upon completion of the departmental rule-making process, the department will 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. ~~May~~ July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 02 .0108

[For the following proposed rule, the only change would be to add a legal citation following “the North Carolina Administrative Procedure Act,” as requested by the Rules Review Commission staff attorney. This was the only comment from the RRC staff attorney on this rule.]

06 NCAC 02 .0108 is adopted with changes as published in 40:11 NCR 858-859 as follows:

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-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. ~~May~~ July 1, 2026.

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 04 .0103

[The first technical change below would conform to the standard in G.S. 150B-4 for who may request a declaratory ruling. The Rules Review Commission staff attorney noted that the phrase “substantially affected” in the first line of the proposed rule could be a different standard from G.S. 150B-4, which simply reads, “On request of a person aggrieved, an agency shall issue a declaratory ruling....”

The Rules Review Commission staff attorney also requested explanation of how the Council of State will exercise any discretion regarding proposed declaratory rulings that are generated from a state department. The RRC staff attorney wrote, “How and when are these discretionary decisions made by the Council? Is there a process or standard? Are there factors considered? As written, the rule does not provide clear explanation as to what will guide the agency....” In response, we recommend adding the following factors to guide the Council of State if it reviews a proposed declaratory ruling generated by another state department.

These were the only comments from the RRC staff attorney on this rule.]

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 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 declaratory ruling concerning the statute under which the rule was adopted. 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 proposed 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. ~~May~~ **July 1, 2026.***

COUNCIL OF STATE RULES (Continued)
PROPOSED RULE 06 NCAC 04 .0104

[For the following proposed rule, the Rules Review Commission staff attorney did not suggest any technical changes. Therefore, there would be no change except for updating the effective date.]

06 NCAC 04 .0104 is adopted as published in 40:11 NCR 858-859 as follows:

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;
Eff. ~~May~~ July 1, 2026.

OTHER DISCUSSION

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