

**§ 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.)