

NORTH CAROLINA GENERAL ASSEMBLY  
1971 SESSION

CHAPTER 723  
SENATE BILL 622

AN ACT TO CREATE A COMMISSION TO STUDY, AND IN ITS DISCRETION TO RECOMMEND THE RETENTION OR THE SALE, LEASE, RENTAL, TRANSFER, OR OTHER DISPOSITION OF CERTAIN UNIVERSITY ENTERPRISES OR PROJECTS IN THE JURISDICTION OF AND OPERATED BY THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL, AND TO AUTHORIZE SAID DISPOSITION IN THE EVENT OF SUCH A RECOMMENDATION.

Whereas, the Executive Committee of the Board of Trustees of the University of North Carolina has voted to authorize a study of the electric, water and telephone companies serving Chapel Hill and Carrboro as well as the University, which the University now owns and operates, to determine whether or not these utilities shall be retained or sold; and

Whereas, said Executive Committee directed that a bill be prepared for introduction in the 1971 General Assembly to provide for a commission to study the matter and make recommendations: Now, therefore,

The General Assembly of North Carolina enacts:

**Section 1.** The Governor shall appoint as soon as feasible and prior to July 1, 1971, a Special Commission to consist of a chairman and not more than fifteen other members, the chairman to be designated by the Governor. The Commission so appointed shall include at least two members of the Board of Trustees of the University of North Carolina, the Mayor or a member of the Board of Aldermen of the Town of Carrboro, the Mayor or a member of the Board of Aldermen of the Town of Chapel Hill, a member of the Board of Commissioners of Orange County, the State Director of Administration, and two or more persons who have expert knowledge of each type of utility involved.

**Sec. 2.** It shall be the duty of the Commission to study the feasibility and desirability of retaining or "selling, leasing, renting, transferring or otherwise disposing of (hereinafter referred to collectively as 'conveying' or 'conveyance')" the telephone, electric, water and sewer systems, facilities, properties, assets, plants, works, and instrumentalities (identified as enterprises or projects by Article 1 of General Statutes Chapter 116) in the jurisdiction of and operated by the University of North Carolina at Chapel Hill, or any one or more of said enterprises or projects, or any part of one or more of the enterprises or projects, including but not limited to any part thereof located on the University campus. The Commission shall complete its study within six months of its appointment; provided, however, for good cause shown the Governor may grant the Commission an additional period, not to exceed six months, to complete the study. The Commission, during its deliberations, shall make interim reports to any meeting of the Executive Committee of the Board of Trustees indicating the status of its study.

**Sec. 3.** The Commission shall make its final "report and recommendations" to the full Board of Trustees indicating its findings, and recommending retention in whole or in part of the enterprises or projects, or detailed plans, specifications and requirements for the sale, lease, rental, transfer or other disposition of the enterprises or projects or any portion thereof. This report shall include a recommendation as to the property to be conveyed and shall fully

describe said property, whether it be real or personal or both. The Commission's report shall contain recommendations as to terms and conditions of the conveyance and may include qualifications and considerations that should be required of the transferee. The report may recommend the appropriate time for making the transfer, and may further recommend the retention of those projects or enterprises or any part thereof, essential or desirable for University needs.

**Sec. 4.** The Board of Trustees shall forthwith consider the report and recommendations of the Special Commission and may approve the report and recommendations in their entirety or approve any part of said report and recommendations, or may modify by addition or deletion the recommendations of the Special Commission.

**Sec. 5.** Approval by the Board of Trustees of all or any part of the action recommended by the Special Commission (as modified by the Trustees) shall constitute authority for the Executive Committee of the Board of Trustees to proceed with the sale, lease, rental, transfer, disposition, or other action approved. The Special Commission in consultation with appropriate University officials is empowered to proceed with negotiation for the sale, lease, rental, transfer, or other disposition of the enterprises by negotiation, by bid, or in any other manner determined by the Commission to be in the interest of the State of North Carolina, the University of North Carolina at Chapel Hill, the employees of the enterprises or projects involved, and those served by the enterprises or projects. The Special Commission shall consult with the State Utilities Commission during the course of negotiations concerning the ability and capacity of every prospective transferee to render proper service. When an agreement of sale, lease, rental, transfer, or other disposition has been developed by the Commission, the proposed transaction shall then be submitted to the Executive Committee of the Board of Trustees for approval or disapproval and, if approved, to the Governor and Council of State for their approval or disapproval. If a proposal is disapproved by the Executive Committee of the Board of Trustees, or by the Governor and Council of State, the Executive Committee may request the Commission to re-open the matter for possible modification of terms and re-submission to the Executive Committee and thereafter to the Governor and Council of State. The conveyance of both real and personal property shall be made and executed in the manner prescribed in Article 16 of G.S. Chapter 146 setting forth the "form of conveyances" of State lands.

**Sec. 6.** The operation of any enterprise or project so sold, leased, rented, transferred, or otherwise disposed of shall be regulated by the State Utilities Commission in the same manner and to the same extent as other telephone, electric, water and sewer systems, unless the purchaser or other transferee be a municipality or other legal entity exempt from such regulation. If the transferee is exempt from such regulation, then any agreement entered into must set forth a formula or other method for determining the rates to be charged the University for the utility service involved.

**Sec. 7.** The sale, lease, rental, transfer, or other disposition may be for cash or for such other property or -thing of value as may be approved in writing by the State Treasurer. It shall be the duty of the Treasurer to approve the form of said consideration, but not the amount.

**Sec. 8.** The acquisition of the property by a public utility as defined in Chapter 62 of the General Statutes shall be subject to approval of the Utilities Commission, except as to the compensation to be paid therefor.

**Sec. 9.** The University of North Carolina at Chapel Hill is hereby authorized and directed to furnish clerical assistance and to secure such information as the Commission may require in order to make the report and recommendations herein described. In addition, the Special Commission may employ such attorneys, accountants, engineers, and other experts needed by the Commission to make an appraisal of the enterprises or projects involved, and as otherwise required to make said report and recommendations. All costs and expenditures

incurred under the authority of this paragraph shall be paid by the University of North Carolina at Chapel Hill from utility operations funds.

**Sec. 10.** The members of the Special Commission shall be paid such per diem and travel expenses as are provided for members of State boards and commissions generally; these expenses shall be paid by the University of North Carolina at Chapel Hill from utility operations funds.

**Sec. 11.** Net proceeds from real and personal property sold, leased, rented, transferred or otherwise disposed of pursuant to this act shall be applied as provided in G.S. 146-30, third, which governs the "application of net proceeds" from the disposition of State property by State agencies and institutions.

**Sec. 12.** Chapter 653 of the North Carolina Session Laws of 1949 and all other laws and clauses of laws in conflict with this act are hereby repealed.

**Sec. 13.** This act shall be effective upon its ratification.

In the General Assembly read three times and ratified, this the 1st day of July, 1971.