



MEMORANDUM

To: Clinton P. Carter, Senior Vice President for Finance and Administration and Chief Financial Officer, University of North Carolina System Office

From: Fran Lawrence, CFO/Deputy Treasurer, North Carolina Department of State Treasurer

Date: March 30, 2020

Subject: Temporary Exemption from the Daily Deposit Requirement (N.C.G.S. § 147-77)

This memorandum is in response to your recent request for exemption from the daily deposit requirement of N.C.G.S. § 147-77. As you know, N.C.G.S. § 147-77 requires agencies, institutions and other units of State government to deposit daily any funds belonging to the State of North Carolina in a bank selected or approved by the State Treasurer. The statute also provides that the Treasurer may authorize exemptions to this requirement.

On March 10, 2020, Governor Cooper declared a state of emergency in response to the rapid proliferation of COVID-19 in our country and state. In connection with that declaration, the Governor, in consultation with State health experts, has recommended that agencies, institutions and other units and offices of State Government, wherever situated, take certain measures to help mitigate the impact of COVID-19 on our population. Such recommendations include, but are not limited to, allowing employees to telework from home, implementing staggered work schedules for on-site staff, and eliminating non-essential work travel.

Your letter of March 27, 2020 indicates that, consistent with Governor Cooper's state-of-emergency declaration, Interim President Roper has implemented staffing limitations across all 17 constituent institutions, as well as at UNC Public Television ("UNCTV"), the North Carolina State Education Assistance Authority ("NCSEAA"), and the UNC System Office ("UNCSCO") itself (collectively, including each of the 17 constituent institutions, the "UNC System Entities"). Your letter further explains that these staffing limitations are making, or will make, compliance with N.C.G.S. § 147-77 particularly difficult for the UNC System Entities. Accordingly, the Department of State Treasurer ("DST") hereby approves your request for exemption for (i) each of the 17 constituent institutions of the UNC System; (ii) UNCTV; (iii) NCSEAA; and (iv) the UNCSCO itself. This exemption is subject to following conditions, which apply equally to each of the referenced UNC System Entities, including each of the individual constituent institutions: (i) funds otherwise subject to the daily deposit requirement must be deposited at least once a week and whenever as much as \$5,000 has been collected and received; and (ii) each of the UNC System Entities, including each of the 17 constituent institutions, must provide adequate safekeeping of any funds on hand prior to their deposit. See N.C.G.S. § 147-77.

Please note that the exemption granted herein shall only be valid for so long as the operational limitation necessitating the exemption for any particular UNC System Entity persists, but in no event longer than one year, starting from the date of this memorandum. In addition, DST expects that the UNCSCO and each of the other UNC System Entities will continue making a good-faith effort to comply with the daily deposit requirement where possible, even during the period of exemption. DST also expects that the UNCSCO will keep DST's Financial Operations Division apprised of any developments bearing on its capacity, or that of any other UNC System Entity, to resume making daily deposits in accordance with N.C.G.S. § 147-77. Finally, in light of the UNCSCO's general oversight responsibilities with respect to the other UNC System



Entities, DST expects that the UNCSCO will take reasonable measures to ensure that each of the 17 constituent institutions, UNCTV and NCSEAA comply with the parameters and limitations set forth in this memorandum (to the extent applicable).

Should you have any questions or require any additional information, please contact Brandon Watson, the State's Banking Director, at (919) 814-3911 or brandon.watson@nctreasurer.com.