

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 236
Education/Higher Education Committee Substitute Adopted 5/15/13
Third Edition Engrossed 5/15/13

Short Title: Counties Responsible for School Construction.

(Local)

Sponsors:

Referred to:

March 11, 2013

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING COUNTIES TO ASSUME RESPONSIBILITY FOR
3 CONSTRUCTION, IMPROVEMENT, OWNERSHIP, AND ACQUISITION OF PUBLIC
4 SCHOOL PROPERTY.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Chapter 153A of the General Statutes is amended by adding a new
7 section to read:

8 "**§ 153A-158.1A. Authority to assume responsibility for construction, improvement,**
9 **ownership, and acquisition of public school property.**

10 (a) Scope. – This section applies only in a county that elects by resolution to assume
11 responsibility for some or all of owning, siting, acquiring, constructing, equipping, expanding,
12 improving, repairing, and renovating property for use by a named school administrative unit
13 located wholly within the county but only to the extent and under the terms and conditions
14 specified in the board of county commissioners' resolution. If such election is made, that school
15 administrative unit shall no longer exercise such power for any construction, improvement,
16 ownership, or acquisition of any property for which the county has made that election; the
17 election may, however, leave the school administrative unit with responsibility for equipment
18 and for maintenance and repairs in categories or amounts named in the resolution.

19 Any responsibility for school property transferred by resolution pursuant to this section
20 shall be for a minimum period of 10 years, renewable by subsequent resolution of the board of
21 commissioners in 10-year increments.

22 (b) Construction or Improvement by County. – A county may by resolution elect to
23 construct, equip, expand, improve, repair, renovate, or otherwise make available property for
24 use by a school administrative unit within the county. The county shall consult the board of
25 education in the siting, design, construction, equipping, expansion, improvement, or renovation
26 of the property.

27 (c) Ownership of School Property. – A county may by resolution provide that any
28 interest in real property or school capital funds presently held by the board of education shall
29 vest in the county. A county may also by resolution provide that any interest in real property or
30 school capital funds acquired for the use of a school administrative unit in the future shall vest
31 in the county. A copy of any such resolution shall be certified by the clerk of the board of
32 commissioners and sent to the clerk of the board of education. The board of education shall,
33 within 30 days of entry of the resolution, execute any documents or deeds necessary to
34 effectuate the transfer under the exact terms set forth in the resolution. The county shall pay the
35 costs of executing the documents or deeds and effectuating the transfer.



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1 As used in this section:

2 (1) Interest in real property includes, but is not limited to, (i) fixtures, (ii)
3 leaseholds, and (iii) other capital assets.

4 (2) School capital funds includes, but is not limited to, all or part of (i) funds
5 appropriated to the school capital outlay fund as provided in
6 G.S. 115-426(f)(1) and (2), and (ii) funds allocated for school capital from
7 the Public School Building Capital Fund to the county or to local school
8 administrative units located wholly within that county in accordance with
9 G.S. 115C-546.2(a) and (d).

10 (d) Insurance of Public School Property. – For school property affected by a resolution
11 entered pursuant to this section, a county may elect to (i) leave current risk management
12 programs operated by the local board of education in place, (ii) secure insurance from the
13 system of insurance operated by the State Board of Education pursuant to Article 38 of Chapter
14 115C of the General Statutes, (iii) secure insurance from other sources, or (iv) utilize any
15 combination of these options.

16 Monies paid to a county pursuant to contracts of insurance against loss of capital assets
17 through fire or casualty shall be used to repair or replace the damaged asset or if the asset is not
18 repaired or replaced, placed to the credit of the county capital outlay fund for public schools for
19 appropriation at some future time.

20 (e) Liability. – A county shall not be liable for the acts or omissions of school
21 employees in or on school property owned, acquired, leased, or improved by the county by a
22 resolution entered pursuant to this section.

23 (f) Use of School Property. – Any interest in school property, whether real or personal,
24 acquired by a county under the provisions of this section shall be conclusively presumed to be
25 for the exclusive use of the school administrative unit for public school purposes to the same
26 extent as if the property were owned by the local board of education. Therefore, property
27 acquired by a county from a board of education under the provisions of this act shall not
28 constitute the exercise of eminent domain power and shall not otherwise entitle the board of
29 education or school administrative unit to any funds or other consideration for any property so
30 acquired by or transferred to the county.

31 For school property affected by a resolution entered pursuant to this section, the board of
32 education shall continue to have the exclusive authority to determine whether and when such
33 school property is unnecessary or undesirable for public school purposes, in which event the
34 board of education shall so inform the county board of commissioners. The county shall then
35 either (i) dispose of the property and use the proceeds to reduce the county's bonded
36 indebtedness for schools or for school capital outlay purposes or (ii) use the property for
37 nonschool purposes and use an amount negotiated by the two boards as the fair market value of
38 the property to reduce the county's bonded indebtedness for schools or for school capital outlay
39 purposes."

40 **SECTION 2.** G.S. 115C-207(2) reads as rewritten:

41 **"§ 115C-207. Authority and responsibility of local boards of education.**

42 Every local board of education that uses State funds to implement programs under this
43 Article shall:

44 (1) Develop programs and plans for increased community involvement in the
45 public schools based upon policies and guidelines adopted by the State
46 Board of Education.

47 (1a) Develop policies and programs designed to encourage the use of
48 community-based academic booster organizations, which may be known as
49 Community Achievement Network – Developing Our Educational
50 Resources (CAN DOER) organizations, to provide tutoring and other

1 appropriate services to encourage and support student academic
2 achievement.

3 (1b) Develop policies and/or procedures for approving the use of volunteer
4 organizations and for approving the use of individual volunteers.

5 (1c) Develop policies and/or procedures designed to make information available
6 to parents and students about what tutoring and other academic support
7 services are available to students in the community or through school
8 volunteers or other community organizations.

9 (2) Develop programs and plans for increased community use of public school
10 facilities based upon policies and guidelines adopted by the State Board of
11 Education. If a county has assumed ownership of school property pursuant to
12 G.S. 153A-158.1A, the local board of education shall permit the use of that
13 property by nonschool groups, only as authorized by the county
14 commissioners.

15 (3) Establish rules governing the implementation of such programs and plans in
16 its public schools and submit these rules along with adopted programs and
17 plans to the State Board of Education for approval by the State Board of
18 Education.

19 Programs and plans developed by a local board of education may provide for the
20 establishment of one or more community schools advisory councils for the public schools
21 under the board's jurisdiction and for the employment of one or more community schools
22 coordinators. The local board of education shall establish the terms and conditions of
23 employment for the community schools coordinators.

24 Every local board of education using State funds to implement a community schools
25 program under this Article may enter into agreements with other local boards of education,
26 agencies and institutions for the joint development of plans and programs and the joint
27 expenditure of these State funds."

28 **SECTION 3.** G.S. 115C-426 reads as rewritten:

29 **"§ 115C-426. Uniform budget format.**

30 ...

31 (f) ~~The~~ Except as otherwise provided in subsection (f1) of this section, the capital
32 outlay fund shall include appropriations for:

33 (1) The acquisition of real property for school purposes, including but not
34 limited to school sites, playgrounds, athletic fields, administrative
35 headquarters, and garages.

36 (2) The acquisition, construction, reconstruction, enlargement, renovation, or
37 replacement of buildings and other structures, including but not limited to
38 buildings for classrooms and laboratories, physical and vocational
39 educational purposes, libraries, auditoriums, gymnasiums, administrative
40 offices, storage, and vehicle maintenance.

41 (3) The acquisition or replacement of furniture and furnishings, instructional
42 apparatus, data-processing equipment, business machines, and similar items
43 of furnishings and equipment.

44 (4) The acquisition of school buses as additions to the fleet.

45 (5) The acquisition of activity buses and other motor vehicles.

46 (6) Such other objects of expenditure as may be assigned to the capital outlay
47 fund by the uniform budget format.

48 The cost of acquiring or constructing a new building, or reconstructing, enlarging, or
49 renovating an existing building, shall include the cost of all real property and interests in real
50 property, and all plants, works, appurtenances, structures, facilities, furnishings, machinery, and
51 equipment necessary or useful in connection therewith; financing charges; the cost of plans,

1 specifications, studies, reports, and surveys; legal expenses; and all other costs necessary or
2 incidental to the construction, reconstruction, enlargement, or renovation.

3 No contract for the purchase of a site shall be executed nor any funds expended therefor
4 without the approval of the board of county commissioners as to the amount to be spent for the
5 site; and in case of a disagreement between a board of education and a board of county
6 commissioners as to the amount to be spent for the site, the procedure provided in
7 G.S. 115C-431 shall, insofar as the same may be applicable, be used to settle the disagreement.

8 Appropriations in the capital outlay fund shall be funded by revenues made available for
9 capital outlay purposes by the State Board of Education and the board of county
10 commissioners, supplemental taxes levied by or on behalf of the local school administrative
11 unit pursuant to a local act or G.S. 115C-501 to 115C-511, the proceeds of the sale of capital
12 assets, the proceeds of claims against fire and casualty insurance policies, and other sources.

13 (f1) To the extent that a county has assumed responsibility for the ownership,
14 acquisition, construction, and improvement of school property pursuant to G.S. 153A-158.1A,
15 the capital outlay shall not include appropriations for those purposes provided in subsections
16 (f)(1) and (f)(2) of this section.

17"

18 **SECTION 4.** G.S. 115C-431 reads as rewritten:

19 **"§ 115C-431. Procedure for resolution of dispute between board of education and board**
20 **of county commissioners.**

21 (a) If the board of education determines that the amount of money appropriated to the
22 local current expense fund, or the capital outlay fund, or both, by the board of county
23 commissioners is not ~~sufficient~~-sufficient, when added to the moneys appropriated by the
24 county for school capital projects for which the county has assumed responsibility pursuant to
25 G.S. 153A-158.1A, to support a system of free public schools, the chairman of the board of
26 education and the chairman of the board of county commissioners shall arrange a joint meeting
27 of the two boards to be held within seven days after the day of the county commissioners'
28 decision on the school appropriations.

29 Prior to the joint meeting, the Senior Resident Superior Court Judge shall appoint a
30 mediator unless the boards agree to jointly select a mediator. The mediator shall preside at the
31 joint meeting and shall act as a neutral facilitator of disclosures of factual information,
32 statements of positions and contentions, and efforts to negotiate an agreement settling the
33 boards' differences.

34 At the joint meeting, the entire school budget shall be considered carefully and judiciously,
35 and the two boards shall make a good-faith attempt to resolve the differences that have arisen
36 between them.

37 ...

38 (f) If a county has assumed responsibility for the ownership, acquisition, construction,
39 and improvement of school property pursuant to G.S. 153A-158.1A, the section shall not apply
40 to disputes over capital outlay funds as provided in G.S. 115C-426(f)(1) and (f)(2)."

41 **SECTION 5.** G.S. 115C-517 reads as rewritten:

42 **"§ 115C-517. Acquisition of sites.**

43 Local boards of education or boards of county commissioners acting pursuant to
44 G.S. 153A-158.1 or G.S. 153A-158.1A may acquire suitable sites for schoolhouses or other
45 school facilities either within or without the local school administrative unit; but no school may
46 be operated by a local school administrative unit outside its own boundaries, although other
47 school facilities such as repair shops, may be operated outside the boundaries of the local
48 school administrative unit. Whenever any such local board of education is unable to acquire or
49 enlarge a suitable site or right-of-way for a school, school building, school bus garage or for a
50 parking area or access road suitable for school buses or for other school facilities by gift or
51 purchase, condemnation proceedings to acquire same may be instituted by such board under the

1 provisions of Chapter 40A of the General Statutes, and the determination of the local board of
2 education of the land necessary for such purposes shall be conclusive. A board of county
3 commissioners may acquire such property pursuant to G.S. 153A-158.1 or G.S. 153-158.1A."

4 **SECTION 6.** G.S. 115C-519 reads as rewritten:

5 **"§ 115C-519. Deeds to property.**

6 All deeds to school property owned by a local board of education shall, after registration, be
7 delivered to the superintendent of the local school administrative unit in which the property is
8 ~~located~~-located, and ~~he~~-the superintendent shall provide a safe place for preserving all such
9 deeds. All deeds to school property owned by a county shall, after registration, be delivered to
10 the clerk of the board of county commissioners, and the clerk shall provide a safe place for
11 preserving all such deeds."

12 **SECTION 7.** G.S. 115C-521 reads as rewritten:

13 **"§ 115C-521. Erection of school buildings.**

14 (a) It shall be the duty of local boards of education to provide classroom facilities
15 adequate to meet the requirements of G.S. 115C-47(10) and 115C-301. Local boards of
16 education shall submit their long-range plans for meeting school facility needs to the State
17 Board of Education by January 1, 1988, and every five years thereafter.

18 In developing these plans, local boards of education shall consider the costs and feasibility
19 of renovating old school buildings instead of replacing them. For school facilities for which a
20 county has assumed responsibility pursuant to G.S. 153A-158.1A, the county shall provide the
21 local board of education with information necessary for this consideration.

22 (b) It shall be the duty of the boards of education of the several local school
23 administrative school units of the State to make provisions for the public school term by
24 providing adequate school buildings equipped with suitable school furniture and apparatus. The
25 needs and the cost of those buildings, equipment, and apparatus, except those for which the
26 county has assumed responsibility pursuant to G.S. 153A-158.1A, shall be presented each year
27 when the school budget is submitted to the respective tax-levying authorities. If the county has
28 assumed responsibility pursuant to G.S. 153A-158.1A for school buildings, the local board of
29 education shall present each year, concurrent with submission of the school budget, the needs
30 for school buildings necessary to provide adequate provisions for the public school term. The
31 boards of commissioners shall be given a reasonable time to provide the funds which they,
32 upon investigation, shall find to be necessary for providing their respective units with buildings
33 suitably equipped, and it shall be the duty of the several boards of county commissioners to
34 provide funds for the same. If the county has assumed responsibility pursuant to G.S. 153A-
35 158.1A for school buildings and there is a dispute regarding whether adequate school buildings
36 have been provided for the public school term by the county, the local board of education and
37 county commissioners may resolve the dispute using the mediation process provided in
38 G.S. 115C-431(a) and (b).

39 Upon determination by a local board of education that the existing permanent school
40 building does not have sufficient classrooms to house the pupil enrollment anticipated for the
41 school, the local board of education may acquire and use as temporary classrooms for the
42 operation of the school, relocatable or mobile classroom units, whether built on the lot or ~~not,~~
43 ~~which~~not. If the county has assumed responsibility pursuant to G.S. 153A-158.1A for providing
44 such classrooms, the county may acquire these units upon notice of a determination by the local
45 board of education that the existing permanent school building does not have sufficient
46 classrooms to house the pupil enrollment anticipated for the school. If there is a dispute over
47 the sufficiency of classrooms and need for mobile units between the local board and county
48 commissioners, the local board of education and county commissioners may resolve the dispute
49 using the mediation process provided in G.S. 115C-431(a) and (b). These units and method of
50 use shall meet the approval of the School Planning Division of the State Board of Education,
51 Education and which units shall comply with all applicable requirements of the North Carolina

1 State Building Code and of the local building and electrical codes applicable to the area in
2 which the school is located. These units shall also be anchored in a manner required to assure
3 their structural safety in severe weather. The acquisition and installation of these units shall be
4 subject in all respects to the provisions of Chapter 143 of the General Statutes. The provisions
5 of Chapter 87, Article 1, of the General Statutes, shall not apply to persons, firms or
6 corporations engaged in the sale or furnishing to local boards of education or boards of county
7 commissioners and the delivery and installation upon school sites of classroom trailers as a
8 single building unit or of relocatable or mobile classrooms delivered in less than four units or
9 sections.

10 (c) The building of all new school buildings and the repairing of all old school
11 buildings shall be under the control and direction of, and by contract with, the board of
12 education for which the building and repairing is ~~done~~ done, or if the county has assumed
13 responsibility pursuant to G.S. 153A-158.1A for such activities, under the control and direction
14 of and by contract with the county. If a board of education or a board of county commissioners
15 is considering building a new school building to replace an existing school building, the board
16 shall not invest any construction money in the new building unless it submits to the State
17 Superintendent and the State Superintendent submits to the North Carolina Historical
18 Commission an analysis that compares the costs and feasibility of building the new building
19 and of renovating the existing building and that clearly indicates the desirability of building the
20 new building. No board of education or board of county commissioners shall invest any money
21 in any new building until it has (i) developed plans based upon a consideration of the State
22 Board's facilities guidelines, (ii) submitted these plans to the State Board for its review and
23 comments, and (iii) reviewed the plans based upon a consideration of the comments it receives
24 from the State Board. No local board of education or board of county commissioners shall
25 contract for more money than is made available for the erection of a new building. However,
26 this subsection shall not be construed so as to prevent boards of education from investing any
27 money in buildings that are being constructed pursuant to a continuing contract of construction
28 as provided for in G.S. 115C-441(c). All contracts for buildings shall be in writing and all
29 buildings shall be inspected, received, and approved by the local superintendent and the
30 architect before full payment is made therefor. Nothing in this subsection shall prohibit boards
31 of education from repairing and altering buildings with the help of janitors and other regular
32 employees of the board.

33 In the design and construction of new school buildings and in the renovation of existing
34 school buildings that are required to be designed by an architect or engineer under
35 G.S. 133-1.1, the local board of education or the board of county commissioners shall
36 participate in the planning and review process of the Energy Guidelines for School Design and
37 Construction that are developed and maintained by the Department of Public Instruction and
38 shall adopt local energy-use goals for building design and operation that take into account local
39 conditions in an effort to reduce the impact of operation costs on local and State budgets. In the
40 design and construction of new school facilities and in the repair and renovation of existing
41 school facilities, the local board of education or the board of county commissioners shall
42 consider the placement and design of windows to use the climate of North Carolina for both
43 light and ventilation in case of power shortages. A local board shall also consider the
44 installation of solar energy systems in the school facilities whenever practicable.

45 In the case of any school buildings erected, repaired, or equipped with any money loaned or
46 granted by the State to any local school administrative unit, no board of education or board of
47 county commissioners, if the county has assumed responsibility pursuant to G.S. 153A-158.1A
48 for such activities, shall invest any money until it has (i) developed plans based upon a
49 consideration of the State Board's facilities guidelines, (ii) submitted these plans to the State
50 Board for its review and comments, and (iii) reviewed the plans based upon a consideration of
51 the comments it receives from the State Board.

1 (c1) No local board of education or board of county commissioners shall apply for a
2 certificate of occupancy for any new middle or high school building until the plans for the
3 science laboratory areas of the building have been reviewed and approved to meet accepted
4 safety standards for school science laboratories and related preparation rooms and stockrooms.
5 The review and approval of the plans may be done by the State Board of Education or by any
6 other entity that is licensed or authorized by the State Board to do so.

7 (d) Local boards of education shall make no contract for the erection of any school
8 building unless the site upon which it is located is owned in fee simple by the board: Provided,
9 that the board of education of a local school administrative unit, with the approval of the board
10 of county commissioners, may appropriate funds to aid in the establishment of a school facility
11 and the operation thereof in an adjoining local school administrative unit when a written
12 agreement between the boards of education of the administrative units involved has been
13 reached and the same recorded in the minutes of the boards, whereby children from the
14 administrative unit making the appropriations shall be entitled to attend the school so
15 established.

16 In all cases where title to property has been vested in the trustees of a special charter district
17 which has been abolished and has not been reorganized, title to the property shall be vested in
18 the local board of education of the county embracing the former special charter district.

19 (e) The State Board of Education shall establish within the Department of Public
20 Instruction a central clearinghouse for access by local boards of education or boards of county
21 commissioners that may want to use a prototype design in the construction of school facilities.
22 The State Board shall compile necessary publications and a computer database to distribute
23 information on prototype designs to local school administrative ~~units~~ units and to counties that
24 have assumed responsibility for construction of school facilities pursuant to G.S. 153A-158.1A.
25 All architects and engineers registered in North Carolina may submit plans for inclusion in the
26 computer database and these plans may be accessed by any person. The original architect of
27 record or engineer of record shall retain ownership and liability for a prototype design. The
28 State Board may adopt rules it considers necessary to implement this subsection."

29 **SECTION 8.** G.S. 115C-524 reads as rewritten:

30 **"§ 115C-524. Repair of school property; use of buildings for other than school purposes.**

31 (a) Repair of school buildings is subject to the provisions of G.S. 115C-521(c) and (d).

32 (b) It shall be the duty of local boards of education and tax-levying authorities, in order
33 to safeguard the investment made in public schools, to keep all school buildings in good repair
34 to the end that all public school property shall be taken care of and be at all times in proper
35 condition for use. It shall be the duty of all principals, teachers, and janitors to report to their
36 respective boards of education immediately any unsanitary condition, damage to school
37 property, or needed repair. All principals, teachers, and janitors shall be held responsible for the
38 safekeeping of the buildings during the school session and all breakage and damage shall be
39 repaired by those responsible for same, and where any principal or teacher shall permit damage
40 to the public school buildings by lack of proper discipline of pupils, such principal or teacher
41 shall be held responsible for such damage: Provided, principals and teachers shall not be held
42 responsible for damage that they could not have prevented by reasonable supervision in the
43 performance of their duties.

44 Notwithstanding the provisions of G.S. 115C-263 and 115C-264, local boards of education
45 may adopt rules and regulations under which they may enter into agreements permitting
46 non-school groups to use school real and personal property, except for school buses, for other
47 than school purposes so long as such use is consistent with the proper preservation and care of
48 the public school property. If a county has assumed ownership of school property pursuant to
49 G.S. 153A-158.1A, the local board of education shall permit the use of that property by
50 nonschool groups only as authorized by the county commissioners. No liability shall attach to
51 any board of education, individually or collectively, or any board of commissioners,

1 individually or collectively, for personal injury suffered by reason of the use of such school
2 property pursuant to such agreements."

3 **SECTION 9.** G.S. 115C-526 reads as rewritten:

4 "**§ 115C-526. Reward for information leading to arrest of persons damaging school**
5 **property.**

6 Local boards of education and counties are authorized and empowered to offer and pay
7 rewards in an amount not exceeding three hundred dollars (\$300.00) for information leading to
8 the arrest and conviction of any persons who willfully deface, damage, destroy or commit acts
9 of vandalism or larceny of, the property belonging to the public school system or the county
10 under the jurisdiction of and administered by any local board of education."

11 **SECTION 10.** G.S. 115C-530 reads as rewritten:

12 "**§ 115C-530. Operational leases of school buildings and school facilities.**

13 (a) Local boards of education or counties acting pursuant to G.S. 153A-158.1A may
14 enter into operational leases of real or personal property for use as school buildings or school
15 facilities. Operational leases entered into by local boards of education for terms of less than
16 three years shall not be subject to the approval of the board of county commissioners.
17 Operational leases entered into by local boards of education for terms of three years or longer,
18 including periods that may be added to the original term through the exercise of options to
19 renew or extend, are permitted if all of the following conditions are met:

- 20 (1) The budget resolution includes an appropriation authorizing the current
21 fiscal year's portion of the obligation.
- 22 (2) An unencumbered balance remains in the appropriation sufficient to pay in
23 the current fiscal year the sums obligated by the lease for the current fiscal
24 year.
- 25 (3) The leases are approved by a resolution adopted by the board of county
26 commissioners. If an operational lease is approved by the board of county
27 commissioners, in each year the county commissioners shall appropriate
28 sufficient funds to meet the amounts to be paid during the fiscal year under
29 the lease.
- 30 (4) Any construction, repair, or renovation of the property is in compliance with
31 the requirements of G.S. 115C-521(c) relating to energy guidelines.

32 For purposes of this section, an operational lease is defined according to generally accepted
33 accounting principles and may be for new or existing buildings.

34 (b) Local boards of education or counties acting pursuant to G.S. 153A-158.1A may
35 enter into contracts for the construction, repair, or renovation of leased property if (i) the
36 budget resolution includes an appropriation authorizing the obligation, (ii) an unencumbered
37 balance remains in the appropriation sufficient to pay in the current fiscal year the sums
38 obligated by the transaction for the current fiscal year, and (iii) the construction, repair, or
39 renovation is in compliance with the requirements of G.S. 115C-521(c) relating to energy
40 guidelines. Construction, repair, or renovation work undertaken or contracted by a private
41 developer is subject to the requirements of Article 8 of Chapter 143 of the General Statutes.
42 Contracts for new construction and renovation entered into by a local board of education that
43 are subject to the bidding requirements of G.S. 143-129(a) and which do not constitute
44 continuing contracts for capital outlay must be approved by the board of county commissioners.

45 (c) Operational leases and contracts entered into under this section are subject to
46 approval by the Local Government Commission under Article 8 of Chapter 159 of the General
47 Statutes if they meet the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and
48 159-148(a)(3). For purposes of determining whether the standards set out in G.S. 159-148(a)(3)
49 have been met, only the five hundred thousand dollar (\$500,000) threshold shall apply."

50 **SECTION 11.** G.S. 115C-533 reads as rewritten:

51 "**§ 115C-533. Duty of State Board to operate insurance system.**

1 The State Board shall have the duty to manage and operate a system of insurance for public
2 school property. The State Board shall make this insurance available to counties for school
3 property owned by counties under the same terms and conditions as if the school administrative
4 unit had owned such property."

5 **SECTION 12.** G.S. 115C-534(a) reads as rewritten:

6 "**§ 115C-534. Duty to insure property.**

7 (a) The local board of every local school administrative unit in the public school system
8 of this ~~State~~, State or the board of county commissioners if the county has ownership of a
9 school building, in order to safeguard the investment made in public schools, shall:

10 (1) Insure and keep insured to the extent of not less than seventy-five percent
11 (75%) of the current insurable value as determined by the insurer and the
12 insured of each of its insurable buildings against fire, lightning and the perils
13 embraced in extended coverage.

14 (2) Insure and keep insured adequately the equipment and contents of said
15 building."

16 **SECTION 13.** This act shall apply only in the following counties: Beaufort, Dare,
17 Davie, Guilford, Harnett, Lee, Rockingham, Rowan, and Wake. This act shall not apply to the
18 Kannapolis City School System or school facilities physically located in or to be located within
19 its boundaries.

20 **SECTION 14.** This act is effective when it becomes law.