



STATE ETHICS COMMISSION

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Via Email

March 7, 2023

The Honorable Phil Berger
President Pro Tempore of the Senate
16 West Jones Street, Room 2008
Raleigh, North Carolina 27601

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Orris Temple Sloan III
Prospective Appointee to the University of North Carolina Board of Governors**

Dear Senator Berger:

Our office has received **Mr. Orris Temple Sloan III's** 2023 Statement of Economic Interest as a prospective appointee to the **University of North Carolina Board of Governors (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

Chapter 116 of the North Carolina General Statutes provides for the development of a coordinated system of higher education known as the University of North Carolina, a public, multi-campus university system governed by the Board. Although each constituent institution of the University has a board of trustees, the Board has retained the authority to determine degree programs offered by each institution; set enrollment levels, tuition rates, and uniform admissions requirements; elect the system president; consider the nomination of the president's principal staff and of the principal administrators and tenured faculty of each institution; establish dependent care assistance and flexible compensation plans; administer certain scholarship and financial aid programs; oversee the preparation of the comprehensive University system budget; approve or recommend the acquisition and disposition of real and personal property; license certain nonpublic entities offering post-secondary degrees; and manage the system's endowment and trust funds, including the ability to designate one or more banks or trust companies as the "official depository" of fees and other payments for medical, dental, or other health care services.

By law, no member of the General Assembly, or officer or employee of the State or of any constituent institution, or spouse of any such member, officer, or employee, may be a member of the Board. Any member of the Board who is elected or appointed to the General Assembly or who becomes an officer or

employee of the State or of any constituent institution, or whose spouse is elected or appointed to the General Assembly or becomes such officer or employee, shall be deemed to resign from his membership on the Board.

The Act establishes ethical standards for certain public servants and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Sloan is the Chairman of Trail Creek Investments, LLC, a family office management and holding company. He owns a financial interest in First Bancorp and serves on its board of directors in addition to serving as an officer, director, or manager for several other entities, including Sheser Creek Company LLC. Sheser Creek Company, LLC has financial interests in several real estate investment companies, including Tryon Investment Partners, Tryon Investment Partners II, 42 East LLC, Greenfield 40 Associates, LLC, S.J. Company I, LLC and Trail Creek Properties, LLC. Additionally, Sheser Creek Company, LLC owns financial interests in the telecommunications company Meritage Investors (Smart Sky), the management services company Sloan Brothers and the asset management services company Principal Leasing Company, LLC. As such, Mr. Sloan has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving any entity with which he is affiliated or issues involving any entity in which he or his spouse own a financial interest come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Orris Temple Sloan III
Attachments: 2023 Statement of Economic Interest
Ethics Education Guide