

NORTH CAROLINA GENERAL ASSEMBLY
1979 SESSION

CHAPTER 165
HOUSE BILL 359

AN ACT TO AMEND VARIOUS SECTIONS OF ARTICLE 23 OF THE GENERAL STATUTES PERTAINING TO THE STATE EDUCATION ASSISTANCE AUTHORITY, INCLUDING G.S. 116-209.4 TO REMOVE THE LIMITATIONS UPON THE AGGREGATE PRINCIPAL AMOUNT OF BONDS AND OTHER OBLIGATIONS OF THE AUTHORITY THAT MAY BE OUTSTANDING AT ANY ONE TIME.

The General Assembly of North Carolina enacts:

Section 1. Subsection (b) of G.S. 116-201 is rewritten to read as follows:

"(b) As used in this Article, the following terms shall have the following meanings unless the context indicates a contrary intent:

- (1) 'Article' or this 'Article' means this Article 23 of the General Statutes of North Carolina, presently comprising G.S. 116-201 through G.S. 116-109.23;
- (2) 'Authority' means the State Education Assistance Authority created by this Article or, if the Authority is abolished, the board, body, commission or agency succeeding to its principal functions, or on whom the powers given by this Article to the Authority shall be conferred by law;
- (3) 'Bond resolution' or 'resolution' when used in relation to the issuance of bonds is deemed to mean either any resolution authorizing the issuance of bonds or any trust agreement or other instrument securing any bonds;
- (4) 'Bonds' or 'revenue bonds' means the obligations authorized to be issued by the Authority under this Article, which may consist of revenue bonds, revenue refunding bonds, bond anticipation notes and other notes and obligations, evidencing the Authority's obligation to repay borrowed money from revenues, funds and other money pledged or made available therefor by the Authority under this Article;
- (5) 'Eligible institution', with respect to student loans, has the same meaning as the term has in Section 1085 of Title 20 of the United States Code;
- (6) 'Eligible institution', with respect to grants and work-study programs, includes all state-supported institutions organized and administered pursuant to Chapter 115A of the General Statutes and all private institutions as defined in subdivision (8) of this subsection;
- (7) 'Student obligations' means student loan notes and other debt obligations evidencing loans to students which the Authority may take, acquire, buy, sell, endorse or guarantee under the provisions of this Article, and may include any direct or indirect interest in the whole or any part of any such notes or obligations;
- (8) 'Private institution' means an institution other than a seminary, Bible school, Bible college or similar religious institution in this State that is not owned or operated by the State or any agency or political subdivision thereof, or by any combination thereof, that offers post-high school education and is accredited by the Southern Association of Colleges and Schools or, in the

- case of institutions that are not eligible to be considered for accreditation, accredited in those categories and by those nationally recognized accrediting agencies that the Authority may designate;
- (9) 'Reserve Trust Fund' means the trust fund authorized under Section 116-209 of this Article;
 - (10) 'State Education Assistance Authority Loan Fund' means the trust fund so designated and authorized by Section 116-209.3 of this Article;
 - (11) 'Student' means a resident of the State, in accordance with definitions of residency that may from time to time be prescribed by the Board of Governors of The University of North Carolina and published in the residency manual of the Board, who, under regulations adopted by the Authority, has enrolled or will enroll in an eligible institution for the purpose of pursuing his education beyond the high school level, who is making suitable progress in his education in accordance with standards acceptable to the Authority and, for the purposes of G.S. 116-209.19, who has not received a bachelor's degree, or qualified for it and who is otherwise classified as an undergraduate under those regulations that the Authority may promulgate; and
 - (12) 'Student loans' means loans to residents of this State to aid them in pursuing their education beyond the high school level."

Sec. 2. The second paragraph of G.S. 116-202 is rewritten to read as follows:

"No bonds, as this term is defined in this Article, are deemed to constitute a debt of the State, or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision, but are payable solely from the funds of the Authority. All bonds shall contain on their faces a statement to the effect that neither the State nor the Authority is obligated to pay the same or the interest thereon except from revenues of the Authority and that neither the faith and credit nor the taxing power of the State or of any political subdivision is pledged to the payment of the principal of or the interest on the bonds."

Sec. 3. The last three sentences of the second paragraph of G.S. 116-203 are rewritten to read as follows:

"The favorable vote of at least a majority of the members of the board present at any meeting is required for the adoption of any resolution or motion or for other official action. The members of the board are entitled to the travel expenses, subsistence allowances and compensation provided in G.S. 138-5. These expenses and compensation shall be paid from funds provided under this Article, or as otherwise provided."

Sec. 4. G.S. 116-209 is amended by adding the following paragraph at the end:

"The trust fund is designated 'Reserve Trust Fund' and shall be maintained by the Authority, except as otherwise provided, pursuant to the provisions of this Article, as security for or insurance respecting any bonds or other obligations issued by the Authority under this Article. The corpus of the Escheat Fund, including all future additions other than the income, are transferred to, and become, a part of the Reserve Trust Fund and shall be accounted for, administered, invested, reinvested, used and applied as provided in G.S. 116A-8, 116A-9 and 116A-10. The Authority may pledge and vest a security interest in all or any part of the Reserve Trust Fund by resolution adopted or trust agreement approved by it as security for or insurance respecting the payment of bonds or other obligations issued under this Article. The Reserve Trust Fund shall be held, administered, invested, reinvested, used and applied as provided in any resolution adopted or trust agreement approved by the Authority, subject to the provisions of this Article and G.S. 116A-8 through 116A-11."

Sec. 5. G.S. 116-209.3 is amended by adding at the end of the first paragraph the following:

"There is also deposited to the credit of the Loan Fund the income derived from the investment or deposit of the Escheat Fund distributed to the Authority pursuant to G.S. 116A-9. The income shall be held, administered and applied by the Authority as provided in any resolution adopted or trust agreement approved by the Authority, subject to the provisions of G.S. 116A-9 and this Article."

Sec. 6. G.S. 116-209.4 is amended by deleting "in an aggregate principal amount outstanding at any time of not exceeding fifty million dollars (\$50,000,000)" from the first sentence and substituting the phrase "in such principal amounts as the Board of Directors shall determine to be necessary." G.S. 116-209.4 is further amended by deleting the last paragraph and substituting the following:

"The Authority is authorized to provide by resolution or in any trust agreement for the issuance of revenue refunding bonds of the Authority for the purpose of refunding, or advance refunding and paying, any bonds then outstanding, which have been issued under the provisions of this Article, including the payment of any redemption premium and of any interest accrued or to accrue up to the date of redemption of the bonds, and, if deemed advisable by the Authority, for making student loans or acquiring obligations under this Article. The issuance of the revenue refunding bonds, the maturities and other details, the rights of the holders and the rights, duties and obligations of the Authority, shall be governed by the appropriate provisions of this Article relating to the issuance of revenue bonds. Revenue refunding bonds issued under this section may be sold or exchanged for outstanding bonds issued under this Article. If sold, in addition to any other authorized purpose, the proceeds may be deposited in an escrow or other trust fund and invested, in whole or in part, and with the earnings from the investments, may be applied to the purchase or to the redemption prior to, or to payment at maturity, of outstanding bonds, all as provided by resolution or in trust agreement securing the bonds."

Sec. 7. G.S. 116-209.14 is rewritten to read as follows:

"The Authority shall, following the close of each fiscal year, publish an annual report of its activities for the preceding year to the Governor and the General Assembly. Each report shall set forth a complete operating and financial statement covering the operations of the Authority during the year. The Authority shall cause an audit of its books and accounts to be made at least once in each year by the State Auditor or by certified public accountants."

Sec. 8. The last sentence of G.S. 116-209.17 is rewritten to read as follows:

"With respect to grants made pursuant to this Article, no student is eligible to receive benefits under this student assistance program for a total of more than 45 months of full-time, post-high school level education."

Sec. 9. The last paragraph of G.S. 116-209.19 is rewritten to read as follows:

"The Authority, in determining the needs of students for grants, may among other factors, give consideration to the amount of other financial assistance that may be available to the students, such as nonrepayable awards under the Basic Educational Opportunity Grant Program, the Health Professions Education Assistance Act or other student assistance programs created by federal law."

Sec. 10. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 20th day of March, 1979.