

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

**H**

**1**

**HOUSE BILL 164**

Short Title: Community College Bond Act.

(Public)

---

Sponsors: Representatives Redwine; Alexander, Alphin, Baddour, Barbee, Bowman, D. Brown, J. Brown, Brubaker, Church, Culp, Dockham, Gardner, Gottovi, Grady, Hill, Ives, Lee, Luebke, Lutz, McCombs, McCrary, McLawhorn, Mercer, Mitchell, Morgan, Richardson, Smith, Spears, Stewart, Sutton, Wilkins, and Wright.

---

Referred to: Education.

---

February 16, 1993

**A BILL TO BE ENTITLED**

1  
2 AN ACT TO AUTHORIZE THE ISSUANCE OF THREE HUNDRED ELEVEN  
3 MILLION TWO HUNDRED THOUSAND DOLLARS GENERAL OBLIGATION  
4 BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED  
5 VOTERS OF THE STATE, TO PROVIDE FUNDS, WITH ANY OTHER  
6 AVAILABLE FUNDS, FOR CAPITAL IMPROVEMENTS FOR COMMUNITY  
7 COLLEGES.

8 The General Assembly of North Carolina enacts:

9       Section 1. Short title. This act shall be known and may be cited as the  
10 "Community Colleges Bond Act."

11       Sec. 2. Findings and determinations. It is the intent and purpose of the  
12 General Assembly by this act to provide for the issuance of general obligation bonds of  
13 the State in order to make grants to particular community colleges for specified capital  
14 improvements as provided in this act.

15       Sec. 3. Definitions. As used in this act, unless the context otherwise  
16 requires:

17       (1) "Bonds" means bonds issued under this act.

18       (2) "Cost" means, without intending thereby to limit or restrict any proper  
19 definition of such word in financing the cost of facilities or purposes  
20 authorized by this act:

- 1 a. The cost of constructing, reconstructing, enlarging, acquiring,  
2 and improving facilities, and acquiring equipment and land  
3 therefor,  
4 b. The cost of engineering, architectural, and other consulting  
5 services as may be required,  
6 c. Administrative expenses and charges,  
7 d. The cost of bond insurance, investment contracts, credit  
8 enhancement and liquidity facilities, interest-rate swap  
9 agreements, financial and legal consultants, and related costs of  
10 bond and note issuance, to the extent and as determined by the  
11 State Treasurer, and  
12 e. Any other costs and expenses necessary or incidental to the  
13 purposes of this act.

14 Allocations in this act of proceeds of bonds to the costs of a project or  
15 undertaking in each case may include allocations to pay the costs set  
16 forth in items c., d., and e. in connection with the issuance of bonds for  
17 such project or undertaking.

- 18 (3) "Credit facility" means an agreement entered into by the State  
19 Treasurer on behalf of the State with a bank, savings and loan  
20 association, or other banking institution, an insurance company,  
21 reinsurance company, surety company, or other insurance institution, a  
22 corporation, investment banking firm, or other investment institution,  
23 or any financial institution or other similar provider of a credit facility,  
24 which provider may be located within or without the United States of  
25 America, such agreement providing for prompt payment of all or any  
26 part of the principal or purchase price (whether at maturity,  
27 presentment or tender for purchase, redemption or acceleration),  
28 redemption premium, if any, and interest on any bonds or notes  
29 payable on demand or tender by the owner, in consideration of the  
30 State agreeing to repay the provider of the credit facility in accordance  
31 with the terms and provisions of such agreement.

- 32 (4) "Notes" means notes issued under this act.

- 33 (5) "Par formula" means any provision or formula adopted by the State to  
34 provide for the adjustment, from time to time, of the interest rate or  
35 rates borne by any bonds or notes, including:

- 36 a. A provision providing for such adjustment so that the purchase  
37 price of such bonds or notes in the open market would be as  
38 close to par as possible,  
39 b. A provision providing for such adjustment based upon a  
40 percentage or percentages of a prime rate or base rate, which  
41 percentage or percentages may vary or be applied for different  
42 periods of time, or  
43 c. Such other provision as the State Treasurer may determine to be  
44 consistent with this act and will not materially and adversely

1 affect the financial position of the State and the marketing of  
2 bonds or notes at a reasonable interest cost to the State.

3 Sec. 4. Authorization of bonds and notes. Subject to a favorable vote of a  
4 majority of the qualified voters of the State who vote on the question of issuing  
5 Community College bonds in the election held as provided in this act, the State  
6 Treasurer is authorized, by and with the consent of the Council of State, to issue and  
7 sell, at one time or from time to time, general obligation bonds of the State to be  
8 designated "State of North Carolina Community College Bonds," with any additional  
9 designations as may be determined to indicate the issuance of bonds from time to time,  
10 or notes of the State as provided in this act, in an aggregate principal amount not  
11 exceeding three hundred eleven million two hundred thousand dollars (\$311,200,000)  
12 for the purposes authorized in this act.

13 Sec. 5. Uses of bond and note proceeds. The proceeds of Community  
14 College bonds and notes shall be used for the purpose of making grants to community  
15 or technical colleges, as defined in Chapter 115D of the General Statutes, the proceeds  
16 of the grants to be allocated and expended for paying the cost of community college  
17 capital improvements, including, without limitation, construction and renovation of  
18 classroom buildings, laboratory buildings, research facilities, libraries, physical  
19 education facilities, continuing education centers, student cafeteria and activity facilities  
20 including sports facilities, administrative office buildings, and land acquisition.

21 The proceeds of Community College bonds and notes, including premium  
22 thereon, if any, except the proceeds of bonds the issuance of which has been anticipated  
23 by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed  
24 by the State Treasurer in a special fund to be designated "Community College Bonds  
25 Fund" and shall be disbursed as provided in this act.

26 Any additional moneys which may be received by means of a grant or grants  
27 from the United States of America or any agency or department thereof or from any  
28 other source to aid in financing the cost of any community college grants authorized by  
29 this act may be placed by the State Treasurer in the Community College Bonds Fund or  
30 in a separate account or fund and shall be disbursed, to the extent permitted by the terms  
31 of the grant or grants, without regard to any limitations imposed by this act.

32 The proceeds of Community College bonds and notes may be used with any  
33 other moneys made available by the General Assembly for the making of community  
34 college grants, including the proceeds of any other State bond issues, whether heretofore  
35 made available or which may be made available at the session of the General Assembly  
36 at which this act is ratified or any subsequent sessions. The proceeds of Community  
37 College bonds and notes shall be expended and disbursed under the direction and  
38 supervision of the Director of the Budget. The funds provided by this act for  
39 community college improvements shall be disbursed for the purposes provided in this  
40 act upon warrants drawn on the State Treasurer by the State Controller, which warrants  
41 shall not be drawn until requisition has been approved by the Director of the Budget and  
42 which requisition shall be approved only after full compliance with the Executive  
43 Budget Act, Article 1 of Chapter 143 of the General Statutes.

1 The State Board of Community Colleges shall provide quarterly reports to the  
 2 Joint Legislative Commission on Governmental Operations, the chairs of the Senate and  
 3 House of Representatives Appropriations Committees, and the Fiscal Research Division  
 4 on the expenditure of moneys from the Community College Bonds Fund.

5 Sec. 6. Allocation of proceeds. Moneys in the Community College Bonds  
 6 Fund shall be used for the purposes provided in this act. The proceeds of Community  
 7 College bonds and notes shall be used for making grants to community or technical  
 8 colleges, as set forth in this act, the proceeds of the grants to be allocated and expended  
 9 for paying the cost of community college capital improvements, to the extent and as  
 10 provided in this act and subject to change as provided in this act, as follows:

			PROJECTED
COLLEGE	CAPITAL IMPROVEMENT	ALLOCATION	
13 Alamance CC	Phase 11B-Science Labs/Classrooms		\$3,060,495
14	Phase 111-LRC Expansion		2,000,000
15			
16 Anson CC	Advanced Technology Center		2,999,105
17	LRC/Student Center		2,500,000
18 Union Cty.	Advanced Technology Center		2,500,000
19			
20 Asheville-			
21 Buncombe TCC	Classroom/Lab/Office Building		5,000,640
22	LRC Expansion		3,350,000
23			
24 Beaufort County CC	Student Services Center		2,900,640
25	Science/Fine Arts Classroom Bldg.		2,500,000
26			
27 Bladen CC	Allied Health Care Center		1,016,112
28	Child Care Center		447,045
29			
30 Blue Ridge CC	Allied Health Building		5,000,640
31	Center for Lifelong Learning		2,932,658
32 Transylvania Cty.	Classroom/Office Bldg.		502,225
33			
34 Brunswick CC	Allied Health/Classroom		4,000,640
35	Vocational Building Renovations		450,000
36			
37 Caldwell CC & TI	Classroom/Lab Building		6,100,640
38	Addition & Renov. Class/		
39	Library Bldg.		3,190,290
40 Watauga Cty.	Classroom/Lab Bldg.		2,261,539
41			
42 Cape Fear CC	Health Sciences Building		7,341,125
43	LRC/Classroom Building		2,500,000
44 Pender Cty.	Classroom Building		690,212

1			
2	Carteret CC	Classroom/Student Center	2,438,544
3		Classroom Building	1,580,188
4			
5	Catawba Valley CC	Classroom/Lab Building	4,218,915
6		Physical Ed/Classroom Building	4,241,014
7			
8	Central Carolina CC	Classroom Building	2,000,640
9		Renovation of Main Bldg. & Library	1,120,000
10	Chatham Cty.	Classroom Building	2,000,000
11	Harnett Cty.	Classroom Building	1,000,000
12			
13	Central Piedmont CC	Science Labs Expansion	3,950,640
14		Regional Law Enforcement	
15		Trng. Ctr.	3,620,000
16			
17	Cleveland CC	Advanced Technology Building	2,213,662
18		Allied Health Building	706,368
19			
20	Coastal Carolina CC	Public Service Technology Bldg.	3,000,640
21		Classroom Building	2,500,000
22			
23	College of the		
24	Albemarle	Classroom/Administration Bldg.	3,216,564
25	Dare Cty.	Class/Lab/Student Services Bldg.	1,500,000
26			
27	Craven CC	Academic Studies/Basic Skills Bldg.	2,790,916
28		Classroom/Lab-Havelock	1,280,000
29			
30	Davidson County CC	Advanced Technology Building	3,875,640
31		Campus Development Project	1,175,000
32	Davie Cty.	Class/Lab/Instructional Support Bldg.	1,980,000
33			
34	Durham TCC	Classroom/Office Building	5,800,640
35		Classroom/Lab Building	1,435,000
36			
37	Edgecombe CC	Class/Lab Addition-Rocky Mount	1,200,640
38		Shop Building Renovation-Tarboro	264,762
39			
40	Fayetteville TCC	Literacy & Continuing Education Bldg.	6,000,640
41		Renov. Two Classroom Bldgs.	1,797,411
42			
43	Forsyth TCC	Class/Lab/Admin. - East Campus	7,900,640
44		Campus Renovations	3,100,000

1			
2	Gaston College	Work Force Preparedness Center	5,860,640
3		Student/Community Center	2,385,257
4			
5	Guilford TCC	Applied Technology Building	7,740,640
6		Classroom Building	7,260,000
7			
8	Halifax CC	Literacy Ed/Science Building	2,009,232
9		Renovations Existing Bldg/Parking Areas	490,000
10			
11	Haywood CC	Student Center Completion	275,640
12		Classroom Building	1,100,000
13			
14	Isothermal CC	Cultural Arts Center	5,445,084
15		Campus Renovations	125,000
16	Polk Cty.	Classrooms/Labs Addition	358,686
17			
18	James Sprunt CC	Library/Cont. Ed/Business & Industry	2,600,640
19		Multi-Purpose Center	2,408,406
20			
21	Johnston CC	Allied Health Building	3,000,640
22		Cafeteria/Student Lounge	1,343,985
23			
24	Lenoir CC	Renovations/Additions	2,653,337
25		Classroom/Auditorium Bldg.	2,000,000
26	Greene Cty.	New Instructional Facility	1,500,000
27	Jones Cty.	New Vocational Annex	100,000
28			
29	Martin CC	Equine Arena	578,193
30		Heating & Cooling Renovations	350,000
31	Bertie Cty.	Class/Lab/Office Building	250,000
32			
33	Mayland CC	Shop/Student Lecture Hall	4,038,206
34		Classroom Building	255,000
35			
36	McDowell TCC	Renov. Bookstore/Amphitheatre/Mezzanine	284,440
37		Classroom Building	1,900,000
38			
39	Mitchell CC	Renovate Main Building	2,200,640
40		Mooresville Center Addition	1,000,000
41			
42	Montgomery CC	LRC Building	2,593,349
43			
44	Nash CC	LRC/Student Center	4,409,819

1		Center for Business & Industry	2,092,223
2			
3	Pamlico CC	Multi-Purpose Class/Office Bldg.	1,178,143
4			
5	Piedmont CC	Classroom/Faculty Office Bldg.	460,455
6	Caswell Cty.	Adult Learning Center	1,300,000
7			
8	Pitt CC	Student Services Building	4,500,640
9		Multi-Purpose Training Facility	4,500,000
10			
11	Randolph CC	Photography Studio	1,018,140
12		Allied Hlth/Science & Tech Center	2,308,128
13			
14	Richmond CC	Fine Arts Ctr/Auditorium	2,252,054
15		Student Center/Classroom Building	1,500,000
16			
17	Roanoke-Chowan CC	Classroom/Student Support Center	2,549,727
18		LRC Expansion & Renovations	200,000
19			
20	Robeson CC	Emergency Training Grounds	856,027
21		Teaching Theaters/Allied Hlth Classroom	1,430,228
22			
23	Rockingham CC	Multi-Purpose Building	2,700,640
24		Fire Service Training Center	595,250
25			
26	Rowan-Cabarrus CC	Engineering Building	4,200,640
27		Business Building	1,790,378
28	Cabarrus Cty.	Classroom Building	1,573,312
29			
30	Sampson CC	Multi-Purpose Building	2,500,640
31		Academic Building	1,276,000
32			
33	Sandhills CC	Cont. Ed. Center/Classrooms	5,100,639
34		Physical Education Facility	2,011,280
35			
36	Southeastern CC	Nursing/Allied Health Building	1,310,039
37		Addition & Renovation of "G"Bldg.	896,070
38			
39	Southwestern CC	Classroom Renov./Expanded Parking	700,639
40		General Classroom Building	1,783,141
41	Macon Cty.	Region Law Enf. Defensive Dr. Course	300,000
42	Swain Cty.	Class/Lab/Office Bldg.	900,000
43			
44	Stanly CC	Learning Resource Center	2,341,849

1		Classroom Building	600,000
2			
3	Surry CC	Health/Day Care/Library Building	4,055,056
4		Office/Cafeteria/Student Ctr. Bldg.	1,000,000
5			
6	Tri-County CC	Student Services Ctr. Classroom Bldg.	1,123,649
7		Childcare Center/Classroom Bldg.	480,000
8	Graham Cty.	Class/Lab/Study Bldg.	480,000
9			
10	Vance-Granville CC	Allied Health/Day Care/Classroom Bldg.	2,128,039
11	Franklin Cty.	Class/Lab/Office Building	1,500,000
12	Granville Cty.	Additional Classrooms	377,500
13	Warren Cty.	Campus Renovations	212,500
14			
15	Wake TCC	Student Education Bldg.	11,000,639
16		Site Acquisition	3,000,000
17			
18	Wayne CC	Classroom/Laboratory Building	3,900,639
19		Student & Telecommunications Bldg.	5,836,122
20			
21	Western		
22	Piedmont CC	Class/Office Bldg. (Bus. Tech.)	3,420,807
23		Class/Office Bldg. (Cont. Ed.)	1,662,000
24			
25	Wilkes CC	LRC-Student Development	4,700,639
26		Beacon Building Purchase	551,185
27	Ashe Cty.	Classroom Building	200,000
28			
29	Wilson TCC	Multi-Purpose Building	1,000,639
30		Building I Renovation	175,000
31		TOTAL	\$311,200,000

32 The particular capital improvements and the amount of the allocation for the  
33 improvements set out above may be changed from time to time as the General  
34 Assembly may decide. The matching requirements of G.S. 115D-31(a)(1) apply to the  
35 proceeds of Community College bonds and notes used to make grants to technical or  
36 community colleges.

37 No Community College bonds or notes shall be issued and no proceeds of  
38 Community College bonds and notes shall be allocated for the purposes provided in this  
39 act, however, until the General Assembly authorizes issuance of some or all Community  
40 College bonds and notes and appropriates the proceeds of the bonds and notes for  
41 specific projects within these purposes by legislative action at the 1993 Session or any  
42 subsequent session. Nothing in this act or as a result of the approval of the bonds at the  
43 election provided for in this act restricts the right of the General Assembly at the 1993  
44 Session or at a subsequent session to:



- 1 (1) Establish a procedure whereby projected allocations set forth in  
2 subsequent legislation may be increased or decreased to reflect the  
3 availability of other funds, including, without limitation, contingency  
4 funds, income earned on the investment of bond and notes proceeds  
5 and the proceeds of grants.
- 6 (2) Establish a contingency account and provide for an allocation of bond  
7 proceeds thereto. The funds in the contingency account may be used  
8 to pay the cost of projects, the costs of issuance of bonds and notes,  
9 and increased project costs resulting from construction costs exceeding  
10 projections, inflationary factors and changes in projects and  
11 allocations. The funds allocated to the contingency account shall be  
12 placed by the State Treasurer in a separate account in the Community  
13 College Bonds Fund and shall be disbursed in accordance with the  
14 procedures herein established for disbursements from the Community  
15 College Bonds Fund.
- 16 (3) Empower the State Board of Community Colleges, when the State  
17 Board of Community Colleges determines it is in the best interest of  
18 the State and the community college system to do so, and if the cost of  
19 a particular project is less than the projected allocation, to use the  
20 excess funds to increase the size of that project or increase the size of  
21 any other project described by the General Assembly, or to increase  
22 the amount allocated to a particular institution within the aggregate  
23 amount of funds available under this section. To the extent that funds  
24 are not required to be expended for the specific projects prescribed by  
25 the General Assembly, the General Assembly may provide that  
26 allocations authorized by it may be used for capital outlay projects at  
27 any community college or colleges, including community colleges not  
28 described by the General Assembly as replacement projects, but none  
29 of the funds may be used for operating expenditures.

30 Allocations to the costs of a capital improvement or undertaking in each case  
31 may include allocations to pay the costs set forth in Section 3(2)c., d., and e. of this act  
32 in connection with the issuance of bonds for that capital improvement or undertaking.

33 Sec. 7. Election. The question of the issuance of the three hundred eleven  
34 million two hundred thousand dollars (\$311,200,000) North Carolina Community  
35 College Bonds authorized by this act shall be submitted to the qualified voters of the  
36 State at an election to be held on the first Tuesday after the first Monday of November  
37 1993. Any other primary, election, or referendum validly called or scheduled by law at  
38 the time the election on the bond questions provided for in this section is held may be  
39 held as called or scheduled. Notice of the election on the bond question shall be given  
40 by publication twice in a newspaper or newspapers having general circulation in each  
41 county in the State, and the election and the registration of voters therefor shall be held  
42 under and in accordance with the general laws of the State. Absentee ballots shall be  
43 authorized in the election.

1 The State Board of Elections shall reimburse the counties of the State for all  
2 necessary expenses incurred in holding the election which are in addition to those which  
3 would have otherwise been incurred, the same to be paid out of the Contingency and  
4 Emergency Fund or other funds available to the State Board of Elections.

5 Voting machines may be used in accordance with rules prescribed by the  
6 State Board of Elections. The State Board of Elections may also provide, to the extent  
7 necessary, ballots for use in the election. The bond question to be used in the voting  
8 machines and any ballots shall be in substantially the following form:

9 "[] FOR the issuance of three hundred eleven million two hundred  
10 thousand dollars (\$311,200,000) State of North Carolina Community  
11 College Bonds secured by a pledge of the faith and credit and taxing  
12 power of the State for making grants to community and technical  
13 colleges to pay, together with other available funds, the cost of capital  
14 improvements.

15 [] AGAINST the issuance of three hundred eleven million two hundred  
16 thousand dollars (\$311,200,000) State of North Carolina Community  
17 College Bonds secured by a pledge of the faith and credit and taxing  
18 power of the State for making grants to community and technical  
19 colleges to pay, together with other available funds, the cost of capital  
20 improvements."

21 If a majority of those voting on the bond question in the election vote in favor  
22 of the issuance of the bonds described in the question, those bonds may be issued as  
23 provided in this act. If a majority of those voting on the bond question in the election  
24 vote against the issuance of the bonds described in the question, those bonds shall not be  
25 issued.

26 The results of the election shall be canvassed and declared as provided by law  
27 for elections for State officers; the results of the election shall be certified by the State  
28 Board of Elections to the Secretary of State, in the manner and at the time provided by  
29 the general election laws of the State.

30 Sec. 8. Issuance of bonds and notes. (a) Terms and conditions. Bonds or notes  
31 may bear such date or dates, may be serial or term bonds or notes, or any combination  
32 thereof, may mature in such amounts and at such time or times, not exceeding 40 years  
33 from their date or dates, may be payable at such place or places, either within or without  
34 the United States of America, in such coin or currency of the United States of America  
35 as at the time of payment is legal tender for payment of public and private debts, may  
36 bear interest at such rate or rates, which may vary from time to time, and may be made  
37 redeemable before maturity, at the option of the State or otherwise as may be provided  
38 by the State, at such price or prices, including a price less than the face amount of the  
39 bonds or notes, and under such terms and conditions, all as may be determined by the  
40 State Treasurer, by and with the consent of the Council of State.

41 (b) Signatures; form and denomination; registration. Bonds or notes may be  
42 issued as certificated or uncertificated obligations. If issued as certificated obligations,  
43 bonds or notes shall be signed on behalf of the State by the Governor or shall bear his  
44 facsimile signature, shall be signed by the State Treasurer or shall bear his facsimile

1 signature, and shall bear the Great Seal of the State or a facsimile thereof shall be  
2 impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the  
3 Governor and the State Treasurer, the bonds or notes shall also bear a manual signature  
4 which may be that of a bond registrar, trustee, paying agent, or designated assistant of  
5 the State Treasurer. Should any officer whose signature or facsimile signature appears  
6 on bonds or notes cease to be such officer before the delivery of the bonds or notes, the  
7 signature or facsimile signature shall nevertheless have the same validity for all  
8 purposes as if the officer had remained in office until delivery and bonds or notes may  
9 bear the facsimile signatures of persons who at the actual time of the execution of the  
10 bonds or notes shall be the proper officers to sign any bond or note although at the date  
11 of the bond or note such persons may not have been such officers. The form and  
12 denomination of bonds or notes, including the provisions with respect to registration of  
13 the bonds or notes and any system for their registration, shall be as the State Treasurer  
14 may determine in conformity with this act; provided, however, that nothing in this act  
15 shall prohibit the State Treasurer from proceeding, with respect to the issuance and form  
16 of the bonds or notes, under the provisions of Chapter 159E of the General Statutes, the  
17 Registered Public Obligations Act, as well as under this act.

18 (c) Manner of sale; expenses. Subject to determination by the Council of State as  
19 to the manner in which bonds or notes shall be offered for sale, whether at public or  
20 private sale, whether within or without the United States of America and whether by  
21 publishing notices in certain newspapers and financial journals, mailing notices, inviting  
22 bids by correspondence, negotiating contracts of purchase or otherwise, the State  
23 Treasurer is authorized to sell bonds or notes at one time or from time to time at such  
24 rate or rates of interest, which may vary from time to time, and at such price or prices,  
25 including a price less than the face amount of the bonds or the notes, as the State  
26 Treasurer may determine. All expenses incurred in preparation, sale, and issuance of  
27 bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes  
28 or other available moneys.

29 (d) Notes; repayment.

30 (1) By and with the consent of the Council of State, the State Treasurer is  
31 hereby authorized to borrow money and to execute and issue notes of  
32 the State for the same, but only in the following circumstances and  
33 under the following conditions:

- 34 a. For anticipating the sale of bonds to the issuance of which the  
35 Council of State shall have given consent, if the State Treasurer  
36 shall deem it advisable to postpone the issuance of the bonds;
- 37 b. For the payment of interest on or any installment of principal of  
38 any bonds then outstanding, if there shall not be sufficient funds  
39 in the State treasury with which to pay the interest or  
40 installment of principal as they respectively become due;
- 41 c. For the renewal of any loan evidenced by notes herein  
42 authorized;
- 43 d. For the purposes authorized in this act; and
- 44 e. For refunding bonds or notes as herein authorized.

1 (2) Funds derived from the sale of bonds or notes may be used in the  
2 payment of any bond anticipation notes issued under this act. Funds  
3 provided by the General Assembly for the payment of interest on or  
4 principal of bonds shall be used in paying the interest on or principal  
5 of any notes and any renewals thereof, the proceeds of which shall  
6 have been used in paying interest on or principal of the bonds.

7 (e) Refunding bonds and notes. By and with the consent of the Council of  
8 State, the State Treasurer is authorized to issue and sell refunding bonds and notes  
9 pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding  
10 bonds or notes issued pursuant to this act. The refunding bonds and notes may be  
11 combined with any other issues of State bonds and notes similarly secured.

12 (f) Tax exemption. Bonds and notes shall be exempt from all State, county,  
13 and municipal taxation or assessment, direct or indirect, general or special, whether  
14 imposed for the purpose of general revenue or otherwise, excluding inheritance and gift  
15 taxes. The gain from the transfer of bonds and notes shall be exempt from State income  
16 taxation to the same extent as gain from the transfer of federal obligations. The interest  
17 on bonds and notes shall not be subject to taxation as to income, nor shall the bonds and  
18 notes be subject to taxation when constituting a part of the surplus of any bank, trust  
19 company, or other corporation.

20 (g) Investment eligibility. Bonds and notes are hereby made securities in  
21 which all public officers, agencies, and public bodies of the State and its political  
22 subdivisions, all insurance companies, trust companies, investment companies, banks,  
23 savings banks, savings and loan associations, credit unions, pension or retirement funds,  
24 other financial institutions engaged in business in the State, executors, administrators,  
25 trustees, and other fiduciaries may properly and legally invest funds, including capital in  
26 their control or belonging to them. Bonds and notes are hereby made securities which  
27 may properly and legally be deposited with and received by any officer or agency of the  
28 State or political subdivision of the State for any purpose for which the deposit of  
29 bonds, notes, or obligations of the State or any political subdivision is now or may  
30 hereafter be authorized by law.

31 (h) Faith and credit. The faith and credit and taxing power of the State are  
32 hereby pledged for the payment of the principal of and the interest on bonds and notes.

33 Sec. 9. Variable interest rates. In fixing the details of bonds and notes, the  
34 State Treasurer may provide that any of the bonds or notes may:

35 (1) Be made payable from time to time on demand or tender for purchase  
36 by the owner thereof provided a credit facility supports the bonds or  
37 notes, unless the State Treasurer specifically determines that a credit  
38 facility is not required upon a finding and determination by the State  
39 Treasurer that the absence of a credit facility will not materially or  
40 adversely affect the financial position of the State and the marketing of  
41 the bonds or notes at a reasonable interest cost to the State;

42 (2) Be additionally supported by a credit facility;

43 (3) Be made subject to redemption or a mandatory tender for purchase  
44 prior to maturity;

- 1 (4) Bear interest at a rate or rates that may vary for such period or periods  
2 of time, all as may be provided in the proceedings providing for the  
3 issuance of the bonds or notes, including, without limitation, such  
4 variations as may be permitted pursuant to a par formula; and  
5 (5) Be made the subject of a remarketing agreement whereby an attempt is  
6 made to remarket bonds or notes to new purchasers prior to their  
7 presentment for payment to the provider of the credit facility or to the  
8 State.

9 If the aggregate principal amount repayable by the State under a credit facility  
10 is in excess of the aggregate principal amount of bonds or notes secured by the credit  
11 facility, whether as a result of the inclusion in the credit facility of a provision for the  
12 payment of interest for a limited period of time or the payment of a redemption  
13 premium or for any other reason, then the amount of authorized but unissued bonds or  
14 notes during the term of such credit facility shall not be less than the amount of such  
15 excess, unless the payment of such excess is otherwise provided for by agreement of the  
16 State executed by the State Treasurer.

17 Sec. 10. Interpretation of act. (a) Additional method. The foregoing sections of  
18 this act shall be deemed to provide an additional and alternative method for the doing of  
19 the things authorized thereby and shall be regarded as supplemental and additional to  
20 powers conferred by other laws, and shall not be regarded as in derogation of any  
21 powers now existing.

22 (b) Statutory references. References in this act to specific sections or chapters of  
23 the General Statutes or to specific acts are intended to be references to these sections,  
24 chapters, or acts as they may be amended from time to time by the General Assembly.

25 (c) Liberal construction. This act, being necessary for the health and welfare of  
26 the people of the State, shall be liberally construed to effect the purposes thereof.

27 (d) Inconsistent provisions. Insofar as the provisions of this act are inconsistent  
28 with the provisions of any general laws, or parts thereof, the provisions of this act shall  
29 be controlling.

30 (e) Severability. If any provision of this act or the application thereof to any  
31 person or circumstance is held invalid, such invalidity shall not affect other provisions  
32 or applications of the act which can be given effect without the invalid provision or  
33 application, and to this end the provisions of this act are declared to be severable.

34 Sec. 11. Effective date. This act is effective upon ratification.