

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

H

1

HOUSE BILL 1100*

Short Title: 1996 Sch. Bonds Act.

(Public)

Sponsors: Representatives Daughtry, Arnold, Shubert; Barnes, Buchanan, Church, Crawford, Cunningham, Davis, Hackney, Hill, H. Hunter, Justus, McComas, Owens, Pate, Preston, Rayfield, J. Robinson, Sexton, and Sharpe.

Referred to: Education, if favorable, Finance.

May 14, 1996

A BILL TO BE ENTITLED

1
2 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
3 CONSTRUCTION STUDY COMMISSION TO AUTHORIZE THE ISSUANCE OF
4 GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF
5 THE QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS FOR
6 GRANTS TO COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY
7 PROJECTS, IN ORDER TO PROMOTE EQUITY IN LOCAL SCHOOL
8 FACILITIES ACROSS THE STATE AND TO ENABLE LOCAL GOVERNMENTS
9 TO GIVE LOCAL PROPERTY TAX RELIEF.

10 The General Assembly of North Carolina enacts:

11 Section 1. Short Title. – This act shall be known and may be cited as the
12 "Public School Building Bond Act of 1996".

13 Sec. 2. Purpose. – It is the intent of the General Assembly by this act to
14 provide for the issuance of nine hundred fifty million dollars (\$950,000,000) general
15 obligation bonds of the State to facilitate the providing of public school buildings by
16 making grants to counties to provide funds for new public school capital outlay projects.

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

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

- 1 (2) " Cost" means, without intending thereby to limit or restrict any proper
2 definition of this term in financing the cost of facilities or purposes
3 authorized by this act:
4 a. The cost of constructing, reconstructing, enlarging, acquiring,
5 and improving facilities, and acquiring equipment and land
6 therefor,
7 b. The cost of engineering, architectural, and other consulting
8 services as may be required,
9 c. Administrative expenses and charges,
10 d. Finance charges and interest prior to and during construction and,
11 if deemed advisable by the State Treasurer, for a period not
12 exceeding two years after the estimated date of completion of
13 construction,
14 e. The cost of bond insurance, investment contracts, credit
15 enhancement and liquidity facilities, interest-rate swap
16 agreements or other derivative products, financial and legal
17 consultants, and related costs of bond and note issuance, to the
18 extent and as determined by the State Treasurer,
19 f. The cost of reimbursing the State for any payments made for any
20 cost described above, and
21 g. Any other costs and expenses necessary or incidental to the
22 purposes of this act.
23 Allocations in this act of proceeds of bonds to the costs of a project or
24 undertaking in each case may include allocations to pay the costs set
25 forth in items c., d., e., f., and g. in connection with the issuance of
26 bonds for the project or undertaking.
- 27 (3) " Credit facility" means an agreement entered into by the State
28 Treasurer on behalf of the State with a bank, savings and loan
29 association, or other banking institution, an insurance company,
30 reinsurance company, surety company, or other insurance institution, a
31 corporation, investment banking firm, or other investment institution, or
32 any financial institution or other similar provider of a credit facility,
33 which provider may be located within or without the United States of
34 America, such agreement providing for prompt payment of all or any
35 part of the principal or purchase price (whether at maturity, presentment
36 or tender for purchase, redemption, or acceleration), redemption
37 premium, if any, and interest on any bonds or notes payable on demand
38 or tender by the owner, in consideration of the State agreeing to repay
39 the provider of the credit facility in accordance with the terms and
40 provisions of such agreement.
- 41 (4) " Notes" means notes issued under this act.

- 1 (5) " Par formula" means any provision or formula adopted by the State to
2 provide for the adjustment, from time to time, of the interest rate or rates
3 borne by any bonds or notes, including:
4 a. A provision providing for such adjustment so that the purchase
5 price of such bonds or notes in the open market would be as close
6 to par as possible,
7 b. A provision providing for such adjustment based upon a
8 percentage or percentages of a prime rate or base rate, which
9 percentage or percentages may vary or be applied for different
10 periods of time, or
11 c. Such other provision as the State Treasurer may determine to be
12 consistent with this act and will not materially and adversely
13 affect the financial position of the State and the marketing of
14 bonds or notes at a reasonable interest cost to the State.
- 15 (6) " Public School Capital Outlay Projects" means the planning,
16 construction, reconstruction, enlargement, improvement, repair, or
17 renovation of public school buildings, the purchase of land necessary for
18 immediate construction of school buildings, and other related capital
19 outlay projects constituting facilities for individual schools that are used
20 for instructional and related purposes, but not including centralized
21 administration, maintenance, trailers, relocatable classrooms, mobile
22 classrooms, or other facilities.
- 23 (7) " State" means the State of North Carolina.

24 Sec. 4. Authorization of Bonds and Notes. – Subject to a favorable vote of a
25 majority of the qualified voters of the State who vote on the question of issuing Public
26 School Building Bonds in the election held as provided in this act, the State Treasurer is
27 authorized, by and with the consent of the Council of State, to issue and sell, at one time
28 or from time to time, general obligation bonds of the State to be designated "State of
29 North Carolina Public School Building Bonds", with any additional designations as may
30 be determined to indicate the issuance of bonds from time to time, or notes of the State as
31 provided in this act, in the aggregate principal amount not exceeding nine hundred fifty
32 million dollars (\$950,000,000) for the purposes authorized in this act. These bonds shall
33 be issued within a three-year period.

34 Sec. 5. Uses of Bond and Note Proceeds. – The proceeds of Public School
35 Building Bonds and notes shall be used for the purpose of making grants to counties for
36 paying the cost of public school capital outlay projects.

37 Any additional moneys that may be received by means of a grant or grants
38 from the United States of America or any agency or department thereof or from any other
39 source to aid in financing the cost of any public school capital outlay projects authorized
40 by this act may be placed by the State Treasurer in the Public School Building Bonds
41 Fund or in a separate account or fund and shall be disbursed, to the extent permitted by
42 the terms of the grant or grants, without regard to any limitations imposed by this act.

1 Moneys in the Public School Building Bonds Fund or in any separate fund or
2 account may be invested from time to time by the State Treasurer in the same manner
3 permitted for investment of moneys belonging to the State or held in the State treasury
4 except with respect to grant money to the extent otherwise directed by the terms of the
5 grant, and any investment earnings shall be credited to the Public School Building Bonds
6 Fund or the particular fund or account from which the investment was made.

7 All moneys deposited in, or accruing to the credit of, the Public School
8 Building Bonds Fund, other than moneys set aside for administrative expenses, including
9 expenses related to determining compliance with applicable requirements of the federal
10 tax law and cost of issuance, shall be used to pay the cost of public school buildings in
11 the manner authorized by this act.

12 The proceeds of Public School Building Bonds and notes may be used with
13 any other moneys made available by the General Assembly for public school capital
14 outlay projects, including the proceeds of any other State bond issues, whether heretofore
15 made available or that may be made available at the session of the General Assembly at
16 which this act is ratified or any subsequent sessions. The proceeds of Public School
17 Building Bonds and notes shall be expended and disbursed under the direction and
18 supervision of the Director of the Budget. The funds provided by this act for public
19 school capital outlay projects shall be disbursed for the purposes provided in this act upon
20 warrants drawn on the State Treasurer by the State Controller, which warrants shall not
21 be drawn until requisition has been approved by the Director of the Budget and which
22 requisition shall be approved only after full compliance with the Executive Budget Act,
23 Article 1 of Chapter 143 of the General Statutes.

24 The Director of the Budget shall provide quarterly reports to the State Board of
25 Education, the Superintendent of Public Instruction, and the General Assembly on the
26 expenditure of moneys from the Public School Building Bonds Fund. Reports to the
27 General Assembly shall be filed with the Legislative Library, the Speaker of the House of
28 Representatives, the President Pro Tempore of the Senate, and the Fiscal Research
29 Division.

30 Sec. 6. (a) Allocation of Proceeds. – The proceeds of Public School Building
31 Bonds and notes, including premium thereon, if any, except the proceeds of bonds the
32 issuance of which has been anticipated by bond anticipation notes or the proceeds of
33 refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be
34 designated "Public School Building Bonds Fund". Moneys in the Public School Building
35 Bonds Fund shall be used for the purposes set forth in this act. The proceeds of Public
36 School Building Bonds and notes shall be allocated to counties and expended for paying
37 the cost of public school capital outlay projects, to the extent and as provided in this act
38 and subject to change as provided in this act.

39 (b) Small County School System Allocation. – The State Board of Education shall
40 allocate the proceeds of thirty million dollars (\$30,000,000) Public School Building
41 Bonds and notes for grants to counties that have a small county school system, after
42 considering whether the counties demonstrate (i) greater than average school construction
43 needs in that system, (ii) high tax rates, and (iii) limited bonding capacity.

(c) Primary Allocation. – The proceeds of nine hundred twenty million dollars (\$920,000,000) shall be allocated to each county on the basis of the distribution amounts provided in the following table for the local school administrative units in the State. In the case of a local school administrative unit located entirely in one county, the unit's total distribution amount shall be allocated to that county. In the case of a local school administrative unit located in more than one county, the unit's distribution amount shall be allocated among the counties in which the unit is located in proportion to average daily membership of the unit in each county. A unit's distribution amount allocated to a county may be used only with respect to public school facilities of that unit.

Local School Admin. Unit	ADM Allocation	Low-Wealth Allocation	Growth Allocation	Total Bond
Alamance Co. 9,937,742	\$ 5,735,665	\$ -0-	\$ 4,202,077	\$
Alexander Co. 4,751,918	1,550,863	2,568,658	632,396	
Alleghany Co. 1,000,000	908,851	91,149	-0-	
Anson Co. 4,981,300	1,352,472	3,628,827	-0-	
Ashe Co. 2,168,062	1,058,695	1,109,367	-0-	
Avery Co. 1,000,000	1,000,000	-0-	-0-	
Beaufort Co. 6,012,158	2,337,114	3,675,044	-0-	
Bertie Co. 5,471,580	1,203,450	4,268,129	-0-	
Bladen Co. 5,783,177	1,716,037	3,939,734	127,406	
Brunswick Co. 4,072,428	2,865,547	-0-	1,206,881	
Buncombe Co. 11,500,276	7,485,834	-0-	4,014,443	
Asheville City 1,606,420	1,416,469	-0-	189,951	
Burke Co. 12,863,936	4,150,060	5,797,439	2,916,436	
Cabarrus Co. 11,816,759	5,034,135	-0-	6,782,624	
Kannapolis City 1,472,259	1,229,049	243,210	-0-	

1	Caldwell Co.	3,652,102	5,335,955	1,329,654
2	10,317,711			
3	Camden Co.	368,441	1,123,078	183,001
4	1,674,520			
5	Carteret Co.	2,573,903	-0-	1,012,297
6	3,586,200			
7	Caswell Co.	1,063,876	2,975,837	118,140
8	4,157,853			
9	Catawba Co.	4,430,733	-0-	3,655,390
10	8,086,123			
11	Hickory City	1,311,331	-0-	407,699
12	1,719,030			
13	Newton City	838,972	-0-	-0-
14	838,972			
15	Chatham Co.	2,075,944	-0-	1,797,581
16	3,873,525			
17	Cherokee Co.	1,063,571	2,326,833	23,165
18	3,413,569			
19	Chowan Co.	792,040	1,635,934	-0-
20	2,427,974			
21	Clay Co.	478,986	430,672	90,342
22	1,000,000			
23	Cleveland Co.	2,701,897	2,851,328	1,424,629
24	6,977,854			
25	Kings Mountain			
26	City	1,275,676	1,313,947	597,649
27	3,187,272			
28	Shelby City	1,040,410	1,077,680	449,395
29	2,567,486			
30	Columbus Co.	2,332,542	6,443,050	-0-
31	8,775,593			
32	Whiteville City	849,333	2,359,628	-0-
33	3,208,961			
34	Craven Co.	4,530,081	6,583,734	280,293
35	11,394,109			
36	Cumberland Co.	15,676,854	11,170,979	11,190,867
37	38,038,700			
38	Currituck Co.	910,587	-0-	646,295
39	1,556,883			
40	Dare Co.	1,324,740	-0-	1,728,087
41	3,052,827			
42	Davidson Co.	5,490,343	3,521,292	2,770,498
43	11,782,133			

1	Lexington City	945,938	606,862	347,471	
2	1,900,271				
3	Thomasville City	672,884	432,896	359,053	1,464,833
4	Davie Co.	1,506,980	-0-	676,409	
5	2,183,389				
6	Duplin Co.	2,552,875	5,964,831	924,272	
7	9,441,978				
8	Durham Co.	8,830,687	-0-	2,795,979	
9	11,626,667				
10	Edgecombe Co.	4,423,967	4,855,361	-0-	
11	7,279,328				
12	Forsyth Co.	12,726,588	-0-	8,608,003	
13	21,334,590				
14	Franklin Co.	2,095,448	5,261,042	1,702,606	
15	9,059,096				
16	Gaston Co.	9,082,104	-0-	1,264,793	
17	10,346,897				
18	Gates Co.	600,354	1,925,347	599,966	
19	3,125,667				
20	Graham Co.	376,059	1,119,790	-0-	
21	1,495,850				
22	Granville Co.	2,244,470	5,025,161	1,790,631	
23	9,060,263				
24	Greene Co.	869,446	2,145,293	261,761	
25	3,276,500				
26	Guilford Co.	17,893,288	-0-	11,776,934	
27	29,670,222				
28	Halifax Co.	1,927,227	5,231,956	-0-	
29	7,159,183				
30	Roanoke Rapids				
31	City	980,680	2,633,802	711,156	
32	4,325,638				
33	Weldon City	385,202	1,028,816	143,621	
34	1,557,639				
35	Harnett Co.	4,373,136	12,869,371	5,082,335	
36	22,324,842				
37	Haywood Co.	2,287,135	791,547	857,094	
38	3,935,776				
39	Henderson Co.	3,397,028	-0-	2,335,002	
40	5,732,030				
41	Hertford Co.	1,301,579	4,419,518	-0-	
42	5,721,097				

1	Hoke Co.	1,783,691	7,665,977	1,679,441	
2	11,129,108				
3	Hyde Co.	1,000,000	-0-	-0-	
4	1,000,000				
5	Iredell Co.	4,446,885	-0-	3,122,602	
6	7,569,487				
7	Mooreville City	1,041,934	-0-	1,081,792	2,123,725
8	Jackson Co.	1,086,427	-0-	196,900	
9	1,283,327				
10	Johnston Co.	5,341,930	9,217,492	5,862,986	
11	20,422,408				
12	Jones Co.	478,455	805,077	25,481	
13	1,309,013				
14	Lee Co.	2,564,151	483,947	1,345,869	
15	4,393,967				
16	Lenoir Co.	3,192,542	3,743,617	-0-	
17	6,936,159				
18	Lincoln Co.	2,976,780	1,705,618	2,365,116	
19	7,047,514				
20	Macon Co.	1,171,757	-0-	808,448	
21	1,980,205				
22	Madison Co.	794,174	1,686,382	150,571	
23	2,631,126				
24	Martin Co.	1,525,874	2,875,621	189,951	
25	4,591,446				
26	McDowell Co.	1,878,468	3,756,317	-0-	
27	5,634,784				
28	Mecklenburg Co.	28,264,782	-0-	33,903,856	
29	62,168,638				
30	Mitchell Co.	718,291	1,212,327	-0-	
31	1,930,618				
32	Montgomery Co.	1,320,778	2,696,756	398,433	
33	4,415,968				
34	Moore Co.	3,188,885	-0-	2,314,154	
35	5,503,038				
36	Nash Co.	5,455,906	7,653,676	1,918,037	
37	15,027,619				
38	New Hanover Co.	6,478,641	-0-	4,070,038	
39	10,548,679				
40	Northampton Co.	1,162,005	3,719,003	83,393	
41	4,964,401				
42	Onslow Co.	6,275,679	19,983,990	2,948,866	
43	29,208,535				

1	Orange Co.	1,764,492	-0-	1,336,603
2	3,101,095			
3	Chapel			
4	Hill-Carrboro	2,496,802	-0-	3,208,311
5	5,705,113			
6	Pamlico Co.	636,619	1,226,711	30,114
7	1,893,444			
8	Pasquotank Co.	1,905,590	4,223,352	748,220
9	6,877,162			
10	Pender Co.	1,813,252	2,957,863	2,022,278
11	6,793,393			
12	Perquimans Co.	585,421	1,551,196	9,266
13	2,145,883			
14	Person Co.	1,692,266	431,045	824,663
15	2,947,975			
16	Pitt Co.	5,915,162	5,709,923	3,254,640
17	14,879,725			
18	Polk Co.	814,683	-0-	185,318
19	1,000,000			
20	Randolph Co.	4,743,405	4,811,668	3,724,884
21	13,279,956			
22	Asheboro City	1,252,820	1,235,077	924,272
23	3,412,168			
24	Richmond Co.	2,548,304	7,495,136	363,686
25	10,407,126			
26	Robeson Co.	7,059,186	24,938,179	1,223,096
27	33,220,461			
28	Rockingham Co.	4,345,404	4,393,896	310,407
29	9,049,707			
30	Rowan Co.	5,897,181	4,544,389	5,601,225
31	16,042,795			
32	Rutherford Co.	3,090,146	4,156,637	780,650
33	8,027,434			
34	Sampson Co.	2,229,537	4,107,442	1,776,733
35	8,113,712			
36	Clinton City	782,289	1,495,425	-0-
37	2,277,714			
38	Scotland Co.	2,200,891	5,739,431	-0-
39	7,940,322			
40	Stanly Co.	2,253,003	3,461,105	1,169,817
41	6,883,925			
42	Albemarle City	671,970	1,016,341	412,332
43	2,100,642			

1	Stokes Co.	2,058,574	2,027,740	697,258	
2	4,783,572				
3	Surry Co.	2,417,262	2,115,798	1,225,413	
4	5,758,473				
5	Elkin City	323,643	281,580	176,052	
6	781,275				
7	Mount Airy City	621,991	524,801	231,647	
8	1,378,439				
9	Swain Co.	504,663	1,662,573	176,052	
10	2,343,288				
11	Transylvania Co.	1,206,193	-0-	145,938	1,352,131
12	Tyrrell Co.	291,447	567,248	141,305	
13	1,000,000				
14	Union Co.	5,767,054	3,218,683	5,374,211	
15	14,359,948				
16	Vance Co.	2,264,279	4,345,838	773,701	
17	7,383,817				
18	Wake Co.	26,153,791	-0-	37,825,640	
19	63,979,431				
20	Warren Co.	961,480	2,885,130	284,926	
21	4,131,536				
22	Washington Co.	793,564	2,133,723	-0-	
23	2,927,288				
24	Watauga Co.	1,503,627	-0-	495,725	
25	1,999,352				
26	Wayne Co.	5,813,376	12,332,062	1,575,200	
27	19,720,638				
28	Wilkes Co.	3,021,578	4,341,780	55,595	
29	7,418,954				
30	Wilson Co.	3,732,860	2,512,099	1,155,919	
31	7,400,878				
32	Yadkin Co.	1,664,230	2,457,797	1,160,552	
33	5,282,578				
34	Yancey Co.	754,252	1,109,435	118,140	
35	1,981,827				
36	GRAND				
37	TOTAL	<u>\$368,000,000</u>	<u>\$322,000,000</u>	<u>\$230,000,000</u>	
38		<u>\$920,000,000</u>			

39 If two or more local school administrative units are consolidated into one unit,
40 the distribution amounts provided above for the units shall be considered the distribution
41 amount for the merged unit.

42 (d) Match. – A county is not required to match bond proceeds allocated under
43 subsection (b) of this section. A county is not required to match bond proceeds allocated

1 under subsection (c) of this section on the basis of ability to pay. Bond proceeds
2 allocated under subsection (c) of this section on the basis of high growth and the basis of
3 average daily membership must be matched by the county at the rate of matching funds
4 equal to three cents (3¢) times the county's ability to pay rank for every one dollar (\$1.00)
5 of allocated bond proceeds. A county's ability to pay rank is its rank in the ranking of
6 counties from lowest to highest county wealth as a percentage of State average wealth
7 made by the State Board of Education for the 1995-96 fiscal year pursuant to Section
8 17.1 of Chapter 507 of the 1995 Session Laws. The match requirement may be satisfied
9 by non-State expenditures for public school capital outlay projects made on or after
10 January 1, 1992. A non-State expenditure has been made for the purpose of the match if
11 funds have been budgeted, earmarked, or committed or if debt has been authorized or
12 incurred.

13 As local school administrative units satisfy the match requirements of this
14 section, they shall document the extent to which they have done so in periodic reports to
15 the State Board of Education. These reports shall include any information and
16 documentation required by the State Board of Education. The State Board of Education
17 shall certify to the State Treasurer from time to time the extent to which the match
18 requirements of this section have been met with respect to each local school
19 administrative unit; this certification shall be binding and conclusive. Bond proceeds
20 shall be distributed for expenditure only as, and to the extent, the matching requirements
21 of this section are satisfied, as certified by the State Board of Education. The State Board
22 of Education shall also require counties to report annually on the impact of funds
23 provided under this act on the property tax rate for that year. These reports shall be
24 public documents and shall be furnished to any citizen upon request.

25 (e) Unmatched Proceeds. – If the State Board of Education determines that a
26 county has not met the matching requirements of this section by January 1, 2002, with
27 respect to any bond proceeds allocated under subsection (c) of this section, the State
28 Board of Education shall certify that fact to the State Treasurer by March 1, 2002. All of
29 the bond proceeds that are to be allocated on the basis of high growth under subsection
30 (c) of this section and with respect to which the State Board of Education certifies that the
31 matching requirement has not been met by January 1, 2002, shall be reallocated among
32 the remaining counties that were eligible to receive a primary allocation on the basis of
33 high growth in proportion to those eligible counties. All of the bond proceeds that are to
34 be allocated on the basis of average daily membership under subsection (c) of this section
35 and with respect to which the State Board of Education certifies that the matching
36 requirement has not been met by January 1, 2002, shall be reallocated among the
37 remaining counties on the basis of average daily membership of the local school
38 administrative units within the remaining counties. Bond proceeds reallocated to a
39 county because of a local school administrative unit's average daily membership within
40 the county may be used only with respect to public school facilities of that unit. Bond
41 proceeds reallocated to a county under this subsection must be matched at the same rate
42 as bond proceeds allocated to the county under subsection (d) of this section.

1 (f) Administration. – Funds disbursed under this act shall be administered and
2 supervised by the State Board of Education and shall be used only for the purposes
3 provided in this act. Each school administrative unit shall submit to the State Board of
4 Education its plans for the expenditure of funds allocated under this act. After the State
5 Board of Education determines that a school administrative unit's planned expenditure of
6 part or all of the funds allocated to it is within the purposes provided in this act, the State
7 Board of Education shall make the funds to which the plans apply available to the school
8 administrative unit.

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

12 Sec. 7. Election. – The question of the issuance of the bonds authorized by this
13 act shall be submitted to the qualified voters of the State at a statewide election to be held
14 on a date set by the General Assembly. Any other primary, election, or referendum
15 validly called or scheduled by law at the time the election on the bond question provided
16 for in this section is held, may be held as called or scheduled. Notice of the election shall
17 be given in the manner and at the times required by G.S. 163-33(8). The election and the
18 registration of voters therefor shall be held under and in accordance with the general laws
19 of the State. Absentee ballots shall be authorized in the election.

20 The State Board of Elections shall reimburse the counties of the State for all
21 necessary expenses incurred in holding the election that are in addition to those that
22 would have otherwise been incurred, the same to be paid out of the Contingency and
23 Emergency Fund or other funds available to the State Board of Elections.

24 Ballots, voting systems authorized by Article 14 of Chapter 163 of the General
25 Statutes, or both may be used in accordance with rules prescribed by the State Board of
26 Elections. The bond question to be used in the ballots or voting systems shall be in
27 substantially the following form:

28 **"[] FOR [] AGAINST**

29 The issuance of nine hundred fifty million dollars (\$950,000,000) State of North
30 Carolina Public School Building Bonds constituting general obligation bonds of the State
31 secured by a pledge of the faith and credit and taxing power of the State for the purpose
32 of providing funds to counties, with any other available funds, to pay the cost of public
33 school building capital improvements."

34 If a majority of those voting on the Public School Building Bond question in
35 the election vote in favor of the issuance of the bonds, the bonds may be issued as
36 provided in this act. If a majority of those voting on the Public School Building Bond
37 question in the election vote against the issuance of the bonds, the bonds shall not be
38 issued.

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

1 Sec. 8. Issuance of Bonds and Notes. – (a) Terms and Conditions. Bonds or notes
2 may bear such date or dates, may be serial or term bonds or notes, or any combination
3 thereof, may mature in such amounts and at such time or times, not exceeding 40 years
4 from their date or dates, may be payable at such place or places, either within or without
5 the United States of America, in such coin or currency of the United States of America as
6 at the time of payment is legal tender for payment of public and private debts, may bear
7 interest at such rate or rates, which may vary from time to time, and may be made
8 redeemable before maturity, at the option of the State or otherwise as may be provided by
9 the State, at such price or prices, including a price less than the face amount of the bonds
10 or notes, and under such terms and conditions, all as may be determined by the State
11 Treasurer, by and with the consent of the Council of State.

12 (b) Signatures; Form and Denomination; Registration. – Bonds or notes may be
13 issued as certificated or uncertificated obligations. If issued as certificated obligations,
14 bonds or notes shall be signed on behalf of the State by the Governor or shall bear his
15 facsimile signature, shall be signed by the State Treasurer or shall bear his facsimile
16 signature, and shall bear the Great Seal of the State or a facsimile thereof shall be
17 impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the
18 Governor and the State Treasurer, the bonds or notes shall also bear a manual signature
19 which may be that of a bond registrar, trustee, paying agent, or designated assistant of the
20 State Treasurer. Should any officer whose signature or facsimile signature appears on
21 bonds or notes cease to be such officer before the delivery of the bonds or notes, the
22 signature or facsimile signature shall nevertheless have the same validity for all purposes
23 as if the officer had remained in office until delivery and bonds or notes may bear the
24 facsimile signatures of persons who at the actual time of the execution of the bonds or
25 notes shall be the proper officers to sign any bond or note although at the date of the bond
26 or note such persons may not have been such officers. The form and denomination of
27 bonds or notes, including the provisions with respect to registration of the bonds or notes
28 and any system for their registration, shall be as the State Treasurer may determine in
29 conformity with this act; provided, however, that nothing in this act shall prohibit the
30 State Treasurer from proceeding, with respect to the issuance and form of the bonds or
31 notes, under the provisions of Chapter 159E of the General Statutes, the Registered
32 Public Obligations Act, as well as under this act.

33 (c) Manner of Sale; Expenses. – Subject to determination by the Council of State
34 as to the manner in which bonds or notes shall be offered for sale, whether at public or
35 private sale, whether within or without the United States of America, and whether by
36 publishing notices in certain newspapers and financial journals, mailing notices, inviting
37 bids by correspondence, negotiating contracts of purchase or otherwise, the State
38 Treasurer is authorized to sell bonds or notes at one time or from time to time at such rate
39 or rates of interest, which may vary from time to time, and at such price or prices,
40 including a price less than the face amount of the bonds or the notes, as the State
41 Treasurer may determine. All expenses incurred in preparation, sale, and issuance of
42 bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or
43 other available moneys.

1 (d) Notes; Repayment.

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

6 a. For anticipating the sale of bonds to the issuance of which the
7 Council of State shall have given consent, if the State Treasurer
8 shall deem it advisable to postpone the issuance of the bonds;

9 b. For the payment of interest on or any installment of principal of
10 any bonds then outstanding, if there shall not be sufficient funds
11 in the State treasury with which to pay the interest or installment
12 of principal as they respectively become due;

13 c. For the renewal of any loan evidenced by notes herein
14 authorized;

15 d. For the purposes authorized in this act; and

16 e. For refunding bonds or notes as herein authorized.

17 (2) Funds derived from the sale of bonds or notes may be used in the
18 payment of any bond anticipation notes issued under this act. Funds
19 provided by the General Assembly for the payment of interest on or
20 principal of bonds shall be used in paying the interest on or principal of
21 any notes and any renewals thereof, the proceeds of which shall have
22 been used in paying interest on or principal of the bonds.

23 (e) Refunding Bonds and Notes. – By and with the consent of the Council of
24 State, the State Treasurer is authorized to issue and sell refunding bonds and notes
25 pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding
26 bonds or notes issued pursuant to this act. The refunding bonds and notes may be
27 combined with any other issues of State bonds and notes similarly secured.

28 (f) Tax Exemption. – Bonds and notes shall be exempt from all State, county,
29 and municipal taxation or assessment, direct or indirect, general or special, whether
30 imposed for the purpose of general revenue or otherwise, excluding inheritance and gift
31 taxes, income taxes on the gain from the transfer of bonds and notes, and franchise taxes.
32 The interest on bonds and notes shall not be subject to taxation as to income.

33 (g) Investment Eligibility. – Bonds and notes are hereby made securities in
34 which all public officers, agencies, and public bodies of the State and its political
35 subdivisions, all insurance companies, trust companies, investment companies, banks,
36 savings banks, savings and loan associations, credit unions, pension or retirement funds,
37 other financial institutions engaged in business in the State, executors, administrators,
38 trustees, and other fiduciaries may properly and legally invest funds, including capital in
39 their control or belonging to them. Bonds and notes are hereby made securities which
40 may properly and legally be deposited with and received by any officer or agency of the
41 State or political subdivision of the State for any purpose for which the deposit of bonds,
42 notes, or obligations of the State or any political subdivision is now or may hereafter be
43 authorized by law.

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

3 Sec. 9. Variable Interest Rates. – In fixing the details of bonds and notes, the
4 State Treasurer may provide that any of the bonds or notes may:

- 5 (1) Be made payable from time to time on demand or tender for purchase
6 by the owner thereof provided a credit facility supports the bonds or
7 notes, unless the State Treasurer specifically determines that a credit
8 facility is not required upon a finding and determination by the State
9 Treasurer that the absence of a credit facility will not materially or
10 adversely affect the financial position of the State and the marketing of
11 the bonds or notes at a reasonable interest cost to the State;
- 12 (2) Be additionally supported by a credit facility;
- 13 (3) Be made subject to redemption or a mandatory tender for purchase prior
14 to maturity;
- 15 (4) Bear interest at a rate or rates that may vary for such period or periods
16 of time, all as may be provided in the proceedings providing for the
17 issuance of the bonds or notes, including, without limitation, such
18 variations as may be permitted pursuant to a par formula; and
- 19 (5) Be made the subject of a remarketing agreement whereby an attempt is
20 made to remarket bonds or notes to new purchasers prior to their
21 presentment for payment to the provider of the credit facility or to the
22 State.

23 If the aggregate principal amount repayable by the State under a credit facility
24 is in excess of the aggregate principal amount of bonds or notes secured by the credit
25 facility, whether as a result of the inclusion in the credit facility of a provision for the
26 payment of interest for a limited period of time or the payment of a redemption premium
27 or for any other reason, then the amount of authorized but unissued bonds or notes during
28 the term of such credit facility shall not be less than the amount of such excess, unless the
29 payment of such excess is otherwise provided for by agreement of the State executed by
30 the State Treasurer.

31 Sec. 10. Interpretation of Act. – (a) Additional Method. The foregoing sections of
32 this act shall be deemed to provide an additional and alternative method for the doing of
33 the things authorized thereby and shall be regarded as supplemental and additional to
34 powers conferred by other laws, and shall not be regarded as in derogation of any powers
35 now existing.

36 (b) Statutory References. – References in this act to specific sections or Chapters
37 of the General Statutes or to specific acts are intended to be references to these sections,
38 Chapters, or acts as they may be amended from time to time by the General Assembly.

39 (c) Liberal Construction. – This act, being necessary for the health and welfare of
40 the people of the State, shall be liberally construed to effect the purposes thereof.

41 (d) Inconsistent Provisions. – Insofar as the provisions of this act are inconsistent
42 with the provisions of any general laws, or parts thereof, the provisions of this act shall be
43 controlling.

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

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