

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 912
Finance Committee Substitute Adopted 6/29/99

Short Title: Bonds for Higher Education.

(Public)

Sponsors:

Referred to:

April 14, 1999

1 A BILL TO BE ENTITLED
2 AN ACT (1) TO PROVIDE FOR THE FINANCING OF CAPITAL FACILITIES FOR
3 THE UNIVERSITY OF NORTH CAROLINA THROUGH THE ISSUANCE OF
4 STATE OF NORTH CAROLINA UNIVERSITY IMPROVEMENT SECURITY
5 INTEREST BONDS, (2) TO AUTHORIZE THE BOARD OF GOVERNORS OF
6 THE UNIVERSITY OF NORTH CAROLINA TO ISSUE SPECIAL OBLIGATION
7 BONDS FOR IMPROVEMENTS TO THE FACILITIES OF THE UNIVERSITY OF
8 NORTH CAROLINA AND FOR THE UNIVERSITY OF NORTH CAROLINA
9 HOSPITALS AT CHAPEL HILL AND OTHER FACILITIES OF THE
10 UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM, AND (3) TO
11 PROVIDE FOR THE FINANCING OF CAPITAL IMPROVEMENTS FOR
12 COMMUNITY COLLEGES THROUGH THE ISSUANCE OF STATE OF NORTH
13 CAROLINA COMMUNITY COLLEGE SECURITY INTEREST BONDS.

14 The General Assembly of North Carolina enacts:

15 Section 1. The General Statutes are amended by adding a new Chapter to read:

16 **"CHAPTER 116D.**
17 **"HIGHER EDUCATION BONDS.**
18 **"ARTICLE 1.**
19 **"GENERAL PROVISIONS.**

1 **"§ 116D-1. Definitions.**

2 The following definitions apply in this Chapter:

3 (1) Board of Governors. – The Board of Governors of the University.

4 (2) Capital facility. – Any one or more of the following for the University
5 or for a community college:

6 a. One or more buildings, utilities, structures, or other facilities or
7 property developments, including streets and landscaping, and
8 the acquisition of equipment and furnishings in connection
9 therewith.

10 b. Additions, extensions, enlargements, renovations, and
11 improvements to existing buildings, utilities, structures, or other
12 facilities or property developments, including streets and
13 landscaping.

14 c. Land or an interest in land.

15 d. Other infrastructure.

16 The term includes, without limitation, classroom buildings, laboratory
17 buildings, research facilities, libraries, physical education facilities,
18 continuing education centers, student cafeterias, and activity facilities,
19 including sports facilities, student and faculty housing facilities, and
20 administrative office facilities.

21 (3) Cost. – Any of the following in financing the cost of capital facilities
22 and special obligation bond projects, as authorized by this Chapter:

23 a. The cost of constructing, reconstructing, renovating, repairing,
24 enlarging, acquiring, and improving capital facilities and special
25 obligation bond projects, including the acquisition of land, rights-
26 of-way, easements, franchises, equipment, furnishings, and other
27 interests in real or personal property acquired or used in
28 connection with a capital facility or special obligation bond
29 project.

30 b. The cost of engineering, architectural, and other consulting
31 services as may be required.

32 c. The cost of providing personnel to ensure effective project
33 management.

34 d. Finance charges, reserves for debt service, and interest prior to
35 and during construction.

36 e. Administrative expenses and charges incurred by the State in
37 connection with the administration of a bond program created
38 under this Chapter.

39 f. The cost of bond insurance, investment contracts, credit
40 enhancement, and liquidity facilities, interest-rate swap
41 agreements or other derivative products, financial and legal
42 consultants, and related costs of bond and note issuance.

- 1 g. The cost of reimbursing the State for any payments made for any
2 cost described in this subdivision.
- 3 h. Any other costs and expenses necessary or incidental to the
4 purposes of this Chapter.
- 5 (4) Credit facility. – An agreement entered into by the State Treasurer on
6 behalf of the State with a bank, savings and loan association or other
7 banking institution, an insurance company, reinsurance company, surety
8 company or other insurance institution, a corporation, investment
9 banking firm or other investment institution, or any financial institution
10 or other similar provider of a credit facility, which provider may be
11 located within or without the United States, and providing for prompt
12 payment of all or any part of the principal or purchase price (whether at
13 maturity, presentment or tender for purchase, redemption or
14 acceleration), redemption premium, if any, and interest on any bonds or
15 notes payable on demand or tender by the owner, in consideration of the
16 State's agreeing to repay the provider of the credit facility in accordance
17 with the terms and provisions of the agreement.
- 18 (5) Fiscal period. – A fiscal biennium or a fiscal year of the fiscal biennium.
- 19 (6) Fiscal year. – The fiscal year of the State beginning on July 1 of one
20 calendar year and ending on June 30 of the next calendar year.
- 21 (7) Par formula. – A provision or formula adopted by the State to provide
22 for the adjustment, from time to time, of the interest rate or rates borne
23 or provided for by any bonds or notes, including:
- 24 a. A provision providing for an adjustment so that the purchase
25 price of bonds or notes in the open market would be as close to
26 par as possible.
- 27 b. A provision providing for an adjustment based upon a percentage
28 or percentages of a prime rate or base rate, which percentages
29 may vary or be applied for different periods of time.
- 30 c. A provision that the State Treasurer determines is consistent with
31 this Chapter and will not materially and adversely affect the
32 financial position of the State and the marketing of bonds or
33 notes at a reasonable interest cost to the State.
- 34 (8) Securities issued under this Chapter. – Any of the following:
- 35 a. University improvement security interest bonds, refunding
36 bonds, notes, and refunding notes issued under Article 2 of this
37 Chapter.
- 38 b. Special obligation bonds, bond anticipation notes, and refunding
39 bonds issued under Article 3 of this Chapter.
- 40 c. Community college security interest bonds, refunding bonds,
41 notes, and refunding notes issued under Article 4 of this Chapter.
- 42 (9) State. – The State of North Carolina.

1 (10) State Treasurer. – The incumbent Treasurer, from time to time, of the
2 State.

3 (11) University. – The University of North Carolina and its constituent and
4 affiliated institutions, including, without limitation, the University of
5 North Carolina Center for Public Television, the University of North
6 Carolina Health Care System, the North Carolina School of Science and
7 Mathematics, and the North Carolina Arboretum.

8 **"§ 116D-2. General provisions.**

9 (a) Signatures. – Should any officer whose signature or facsimile signature
10 appears on securities issued under this Chapter cease to be that officer before the delivery
11 of the securities, the signature or facsimile signature shall nevertheless have the same
12 validity for all purposes as if the officer had remained in office until delivery of the
13 securities. Securities issued under this Chapter may bear the facsimile signatures of
14 persons, who at the actual time of the execution of the securities were the proper officers
15 to sign any security although at the date of the security those persons may not have been
16 officers.

17 (b) Tax Exemption. – Securities issued under this Chapter shall at all times be free
18 from taxation by the State or any political subdivision or any of their agencies, excepting
19 estate, inheritance, or gift taxes, income taxes on the gain from the transfer of the
20 securities, and franchise taxes. The interest on the securities is not subject to taxation as
21 income.

22 (c) Investment Eligibility. – Securities issued under this Chapter are securities in
23 which all of the following may invest, including capital in their control or belonging to
24 them: public officers, agencies, and public bodies of the State and its political
25 subdivisions, insurance companies, trust companies, investment companies, banks,
26 savings banks, savings and loan associations, credit unions, pension or retirement funds,
27 other financial institutions engaged in business in the State, executors, administrators,
28 trustees, and other fiduciaries. Securities issued under this Chapter are securities which
29 may properly and legally be deposited with and received by any officer or agency of the
30 State or a political subdivision of the State for any purpose for which the deposit of bonds
31 or notes of the State or any political subdivision is now or may later be authorized by law.

32 (d) Inconsistent Laws. – All general, special, or local laws that are inconsistent
33 with this Chapter do not apply to this Chapter.

34 **"§ 116D-3. Reports.**

35 (a) Board of Governors. – The Board of Governors shall report to the Joint
36 Legislative Commission on Governmental Operations by September 15 of each year, and
37 more frequently as the Commission requests, on the following:

38 (1) University Improvement Security Interest Bonds. – The Board of
39 Governors shall report on projects funded by university improvement
40 security interest bonds under Article 2 of this Chapter, including the
41 total project costs, the amount to be funded from the bonds, the
42 expenditures to date from the bonds and other sources, and the
43 percentage of each project completed. Each annual report shall include

1 estimated operating costs for each project begun in the preceding fiscal
2 year, including proposed sources of funds and anticipated dates for
3 occupancy. Operating costs shall be projected for a period of at least 20
4 years from the date of anticipated project completion.

5 (2) Special Obligation Bonds. – The Board of Governors shall report on
6 special obligation bonds issued under Article 3 of this Chapter,
7 including the amount of debt, itemized for each institution of the
8 University, by bond issue, and by project. The report shall include
9 schedules of debt service requirements and actual payments, as well as
10 evidence of compliance with additional financial covenants required by
11 bond documents. The report shall identify the trends and current
12 revenue streams of the sources of obligated resources pledged for each
13 bond issue.

14 (b) Treasurer. – Upon issuance of university improvement security interest bonds
15 under Article 2 of this Chapter or community college security interest bonds
16 under Article 4 of this Chapter, the Treasurer shall forward a schedule of required payments of
17 principal and interest over the life of the bonds to the Director of the Budget, with copies
18 to the Joint Legislative Commission on Governmental Operations and the Fiscal
19 Research Division. The Treasurer shall report to the Joint Legislative Commission on
20 Governmental Operations by September 15 of each year, and more frequently as the
21 Commission requests, on the university improvement security interest bonds issued under
22 Article 2 of this Chapter and community college security interest bonds issued under
23 Article 4 of this Chapter, including the annual debt service requirements over the
24 remainder of the life of the bonds.

25 (c) Community Colleges. – The Community Colleges System Office shall report
26 quarterly to the Joint Legislative Education Oversight Committee on the projects funded
27 from community college security interest bonds. Each report shall include the total
28 project costs, the amount to be funded from the bonds, the expenditures to date from the
29 bonds and other sources, and the percentage of each project completed.

30 **"ARTICLE 2.**

31 **"SECURITY INTEREST BONDS FOR FINANCING**

32 **CAPITAL FACILITIES FOR THE UNIVERSITY OF NORTH CAROLINA.**

33 **"§ 116D-5. Short title.**

34 This Article may be cited as the University Improvement Security Interest Bonds
35 Finance Act.

36 **"§ 116D-6. Findings and purpose.**

37 The General Assembly finds that:

38 (1) Article IX of the North Carolina Constitution requires the General
39 Assembly to maintain a public system of higher education comprising
40 The University of North Carolina, that the benefits of the University, as
41 far as practicable, be extended to the people of North Carolina without
42 expense.

- 1 (2) Recent studies have shown that billions of dollars will be necessary to
2 repair and renovate the current facilities of the University, to expand the
3 facilities to meet future enrollment demands, to modernize existing
4 facilities of the University in order for the University to continue to
5 provide excellent educational opportunities for the people of North
6 Carolina, and to meet the challenges of changing technologies and
7 globalization of economies.
- 8 (3) The University is one of the most valuable assets of the State, and the
9 State cannot afford to permit the quality of the University to decline due
10 to failure to maintain, expand, and modernize the facilities of the
11 University. The failure to expend the required amounts to maintain,
12 modernize, and expand the University will have a significant negative
13 impact upon the continuing quality of the University. Such a negative
14 impact is unacceptable to the citizens of the State.
- 15 (4) The University's capital facilities have been and will continue to be
16 provided from University funds on hand, direct appropriations by the
17 State, the proceeds of University self-liquidating debt obligations, and
18 the proceeds of State general obligation bonds secured by a pledge of
19 the faith and credit of the State. There is a need, however, for the use of
20 alternative financing methods to facilitate funding capital facilities when
21 circumstances and conditions warrant the use of financing methods
22 other than those currently used.
- 23 (5) The use of State of North Carolina University Improvement Security
24 Interest Bonds, secured by a lien on or security interest in University
25 property acquired, constructed, or improved with the bond proceeds,
26 with the payments of principal and interest appropriated by the General
27 Assembly, will provide flexibility to the State in the financing of
28 facilities for the University and will permit the State to take advantage
29 of changing financial and economic environments.

30 **"§ 116D-7. Definitions.**

31 The following definitions apply in this Article:

- 32 (1) Bonds. – Bonds authorized to be issued under this Article, including
33 refunding bonds.
- 34 (2) Notes. – Notes issued under this Article.
- 35 (3) University improvement security interest bonds. – Bonds authorized to
36 be issued under this Article, including refunding bonds.

37 **"§ 116D-8. Authorization of bonds and notes.**

38 The State Treasurer may, by and with the consent of the Council of State, issue and
39 sell, at one time or from time to time, university improvement security interest bonds of
40 the State to be designated 'State of North Carolina University Improvement Security
41 Interest Bonds', with any additional designations as may be determined to indicate the
42 issuance of bonds from time to time, or notes of the State. Except as otherwise provided
43 by this Article, the aggregate amount of bonds and notes issued pursuant to this Article

1 shall not exceed two billion seven hundred million dollars (\$2,700,000,000). The bonds
2 and notes shall be issued in the following years up to the following amounts:

<u>Fiscal Year</u>	<u>Aggregate Amount</u>
4 <u>1999-2000</u>	<u>\$240,000,000</u>
5 <u>2000-2001</u>	<u>480,000,000</u>
6 <u>2001-2002</u>	<u>700,000,000</u>
7 <u>2002-2003</u>	<u>640,000,000</u>
8 <u>2003-2004</u>	<u>640,000,000</u>

9 If less than the aggregate amount of bonds or notes authorized to be issued in a fiscal
10 year is issued in that fiscal year, the balance for that fiscal year may be issued in any
11 subsequent fiscal year. Refunding bonds and notes issued pursuant to G.S. 116D-11(f)
12 shall not be included in the limitation on the aggregate amount of bonds and notes that
13 may be issued pursuant to this Article.

14 The proceeds of bonds or notes issued under this Article shall be applied to finance
15 the cost of improvement, construction, and acquisition of capital facilities for the
16 University or to refund any outstanding bonds or notes issued under this Article. The
17 capital facilities to be improved, constructed, or acquired with the proceeds of bonds or
18 notes shall be determined as provided in G.S. 116D-9.

19 **"§ 116D-9. Designation of capital facilities and preconditions to bond issuance.**

20 The capital facilities to be financed in whole or in part with the proceeds of university
21 improvement security interest bonds shall be set forth in legislation enacted from time to
22 time by the General Assembly. The proceeds of university improvement security interest
23 bonds shall not be expended to pay the costs of any capital facilities other than those set
24 forth in that legislation.

25 **"§ 116D-10. Security; other requirements.**

26 (a) Security. – To secure payment of the principal of and interest on bonds or
27 notes issued under this Article, the State may create a lien on or a security interest in one
28 or more of the following:

- 29 (1) In all or any part of the capital facilities to be financed by the bonds or
30 notes.
31 (2) In the case of construction of improvements on real property, in all or
32 some portion of the land on which the improvements are to be located or
33 in all or part of the improvements.
34 (3) In the case of renovations or improvements to or the installation of
35 fixtures in existing facilities, in all or some portion of the existing
36 facilities, or in all or part of the renovations or improvements.

37 Chapter 146 of the General Statutes does not apply to any transfer of the State's interest
38 in property authorized by this Article, whether to a deed of trust trustee or other secured
39 party as security for university improvement security interest bonds, or to a purchaser of
40 property in connection with a foreclosure or similar conveyance of property to realize
41 upon the security for university improvement security interest bonds following the State's
42 default on its obligations under the bonds or notes or any trust agreement or other
43 instrument securing payment of the bonds or notes. The security for an issue of bonds

1 shall be set forth in general terms in the resolution of the Council of State authorizing the
2 issuance of the bonds. The property that will be the subject of a lien, deed of trust, or
3 security interest to secure the bonds need not bear any particular relationship to the
4 principal amount of the bonds or notes. The State may grant multiple liens or security
5 interests in a capital facility to the extent not otherwise limited by the terms of other
6 issues of bonds or notes.

7 (b) Default. – If university improvement security interest bonds are secured by a
8 lien, deed of trust, or security interest in multiple items of property, the mortgage, deed of
9 trust, or security agreement or other instrument creating the lien, deed of trust, or security
10 interest shall provide that if the State defaults on its obligations with respect to university
11 improvement security interest bonds, the Board of Governors, on behalf of the State, shall
12 determine the order in which the property comprising the security shall be sold or
13 otherwise conveyed to satisfy the obligations of the State. In carrying out the provisions
14 of this subsection, the Board of Governors shall endeavor to select for sale or conveyance
15 to satisfy the obligations of the State those items of property that, in the judgment of the
16 Board of Governors, if sold, would result in the least amount of interruption to the
17 operations of the University as a whole and its ability to carry out its mission. Any
18 determination made by the Board of Governors in carrying out this endeavor shall be
19 conclusive. Nothing in this subsection prohibits the sale or conveyance of up to all of the
20 property securing university improvement security interest bonds to the extent necessary
21 to satisfy the obligations of the State under the bonds.

22 (c) Governor's Budget. – Documentation relating to any bonds or notes may
23 include provisions requiring the Governor to submit in the Governor's budget proposal, or
24 in any amendments or supplements to the budget proposal, appropriations necessary to
25 make the payments required to pay the bonds or notes.

26 (d) Appropriations. – Amounts payable by the State in respect of an issue of bonds
27 or notes during any fiscal period shall be limited to funds appropriated for that purpose
28 by the General Assembly in its discretion.

29 (e) State Liability. – No deficiency judgment may be rendered against the State in
30 any action for breach of any obligation contained in an issue of bonds or notes or any
31 trust agreement or other instrument securing payment of the bonds or notes. The taxing
32 power of the State is not and may not be pledged directly or indirectly to secure any
33 moneys due under an issue of bonds or notes. In the event that the State fails to pay any
34 payments required under or with respect to an issue of bonds or notes, whether on
35 account of a failure by the General Assembly to appropriate sufficient funds for the
36 payment or for some other reason, the net proceeds received from the sale or other
37 disposition of the capital facilities subject to the lien or security interest securing the
38 bonds or notes shall be applied to satisfy the payment obligations in accordance with the
39 deed of trust, security agreement, or other documentation relating to the lien or security
40 interest, and the net proceeds are hereby appropriated for the purpose of making those
41 payments. Any net proceeds in excess of the amount required to satisfy the obligations of
42 the State under an issue of bonds or notes shall be paid to the State Treasurer for deposit
43 to the General Fund.

1 (f) Nonsubstitution Clause. – No documentation relating to an issue of bonds or
2 notes may contain a nonsubstitution clause that restricts the right of the State to (i)
3 continue to provide a service or conduct an activity or (ii) replace or provide a substitute
4 for any capital facility financed or purchased by the bonds or notes.

5 (g) Terms Protecting Lender. – The documentation relating to an issue of bonds or
6 notes may contain provisions for protecting and enforcing the rights and remedies of the
7 owners of the bonds or notes that are reasonable and proper and not in violation of law.
8 It may include covenants setting forth the duties of the State in respect of the purposes to
9 which the proceeds of the bonds or notes may be applied, the disposition and application
10 of any appropriations of the State, and the duties of the State with respect to the capital
11 facilities financed, including, without limitation, the payment of the costs of insurance
12 and maintenance of the capital facilities, the terms under which the collateral securing the
13 bonds may be released or substitute collateral may be delivered, the terms and conditions
14 of the issuance of additional bonds or notes similarly secured, and the custody,
15 safeguarding, investment, and application of all moneys.

16 (h) Statement on Face of Bonds. – Bonds issued under this Article shall contain on
17 their face a statement to the effect that neither the faith and credit nor the taxing power of
18 the State or of any political subdivision or instrumentality of the State is pledged to the
19 payment of the principal of or the interest on the bonds.

20 **"§ 116D-11. Issuance of bonds and notes.**

21 (a) Terms and Conditions. – Bonds or notes may bear any dates, may be serial or
22 term bonds or notes, or any combination of these, may mature in any amounts and at any
23 times, not exceeding 25 years from their dates, may be payable at any places, either
24 within or without the United States, in any coin or currency of the United States that at
25 the time of payment is legal tender for payment of public and private debts, may bear
26 interest at any rates, which may vary from time to time, and may be made redeemable
27 before maturity, at the option of the State or otherwise as may be provided by the State, at
28 any prices, including a price greater than the face amount of the bonds or notes, and
29 under any terms and conditions, all as may be determined by the State Treasurer, by and
30 with the consent of the Council of State.

31 (b) Signatures; Form and Denomination; Registration. – Bonds or notes may be
32 issued in certificated or uncertificated form. If issued in certificated form, bonds or notes
33 shall be signed on behalf of the State by the Governor or shall bear the Governor's
34 facsimile signature, shall be signed by the State Treasurer or shall bear the State
35 Treasurer's facsimile signature, and shall bear the Great Seal of the State or a facsimile of
36 the Seal impressed or imprinted on them. If bonds or notes bear the facsimile signatures
37 of the Governor and the State Treasurer, the bonds or notes shall also bear a manual
38 signature which may be that of a bond registrar, trustee, paying agent, or designated
39 assistant of the State Treasurer. The form and denomination of bonds or notes, including
40 the provisions with respect to registration of the bonds or notes and any system for their
41 registration, shall be as the State Treasurer may determine in conformity with this Article.

42 (c) Manner of Sale; Expenses. – Subject to the approval by the Council of State as
43 to the manner in which bonds or notes shall be offered for sale, whether at public or

1 private sale, whether within or without the United States, and whether by publishing
2 notices in certain newspapers and financial journals, mailing notices, inviting bids by
3 correspondence, negotiating contracts of purchase or otherwise, the State Treasurer is
4 authorized to sell bonds or notes at one time or from time to time at any rates of interest,
5 which may vary from time to time, and at any prices, including a price less than the face
6 amount of the bonds or notes, as the State Treasurer may determine. All expenses
7 incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State
8 Treasurer from the proceeds of bonds or notes or other available moneys.

9 (d) Application of Proceeds. – The proceeds of any bonds or notes shall be used
10 solely for the purposes for which the bonds or notes were issued and shall be disbursed in
11 the manner and under the restrictions, if any, that the Council of State may provide in the
12 resolution authorizing the issuance of, or in any trust agreement securing, the bonds or
13 notes.

14 Any additional moneys which may be received by means of a grant or grants from the
15 United States or any agency or department thereof or from any other source to aid in
16 financing the cost of a capital facility may be disbursed, to the extent permitted by the
17 terms of the grant or grants, without regard to any limitations imposed by this Article.

18 (e) Notes; Repayment. – By and with the consent of the Council of State, the State
19 Treasurer is authorized to borrow money and to execute and issue notes of the State for
20 the same, but only in the following circumstances and under the following conditions:

21 (1) For anticipating the sale of bonds, the issuance of which the Council of
22 State has approved, if the State Treasurer considers it advisable to
23 postpone the issuance of the bonds.

24 (2) For the payment of interest on or any installment of principal of any
25 bonds then outstanding, if there are not sufficient funds in the State
26 treasury with which to pay the interest or installment or principal as they
27 respectively become due.

28 (3) For the renewal of any loan evidenced by notes authorized in this
29 Article.

30 (4) For the purposes authorized in this Article.

31 (5) For refunding bonds or notes as authorized in this Article.

32 Funds derived from the sale of bonds or notes may be used in the payment of any
33 bond anticipation notes issued under this Article. Funds provided by the General
34 Assembly for the payment of interest on or principal of bonds shall be used in paying the
35 interest on or principal of any notes and any renewals thereof, the proceeds of which have
36 been used in paying interest on or principal of the bonds.

37 (f) Refunding Bonds and Notes. – By and with the consent of the Council of State,
38 the State Treasurer is authorized to issue and sell refunding bonds and notes for the
39 purpose of refunding bonds or notes issued pursuant to this Article and to pay the cost of
40 issuance of the refunding bonds or notes. The refunding bonds and notes may be
41 combined with any other issues of State bonds and notes similarly secured. Refunding
42 bonds or notes may be issued at any time prior to the final maturity of the debt or
43 obligation to be refunded. The proceeds from the sale of any refunding bonds or notes

1 shall be applied to the immediate payment and retirement of the bonds or notes being
2 refunded or, if not required for the immediate payment of the bonds or notes being
3 refunded, the proceeds shall be deposited in trust to provide for the payment and
4 retirement of the bonds or notes being refunded and to pay any expenses incurred in
5 connection with the refunding. Money in a trust fund may be invested in (i) direct
6 obligations of the United States government, (ii) obligations the principal of and interest
7 on which are guaranteed by the United States government, (iii) obligations of any agency
8 or instrumentality of the United States government if the timely payment of principal and
9 interest on the obligations is unconditionally guaranteed by the United States
10 government, or (iv) certificates of deposit issued by a bank or trust company located in
11 the State if the certificates are secured by a pledge of any of the obligations described in
12 (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest,
13 equal at least to the principal amount of the certificates so secured. This section does not
14 limit the duration of any deposit in trust for the retirement of bonds or notes being
15 refunded but that have not matured and are not presently redeemable, or if presently
16 redeemable, have not been called for redemption.

17 (g) Trust Agreement. – In the discretion of the State Treasurer, any bonds and
18 notes issued under the provisions of this Article may be secured by a trust agreement or
19 similar instrument by and between the State and a corporate trustee or by a resolution of
20 the Council of State providing for the appointment of a corporate trustee. The corporate
21 trustee may be, in either case, any trust company or bank having the powers of a trust
22 company within or without the State. The trust agreement or resolution may provide for
23 security, and pledges and assignments with respect to the security, as permitted under this
24 Article and may provide for the granting of a lien or security interest in the property as
25 authorized in G.S. 116D-10. The trust agreement or resolution may contain provisions
26 for the terms and conditions of the issuance of additional bonds and notes, and the
27 custody, safeguarding, investment, and application of all moneys. All bonds and notes
28 issued under this Article shall be equally and ratably secured as provided in the trust
29 agreement or resolution, without priority by reasons of number, or dates of bonds or
30 notes, execution, or delivery, in accordance with the provisions of this Article and of the
31 trust agreement or resolution. The trust agreement or resolution may, however, provide
32 that the bonds or notes shall, to the extent and in the manner prescribed in the trust
33 agreement or resolution, be subordinated and junior in standing, with respect to the
34 payment of principal and interest and to the security thereof, to any other bonds or notes.
35 It shall be lawful for any bank or trust company that may act as depository of the
36 proceeds of bonds or notes, revenues, or any other money under this Article to furnish
37 any indemnifying bonds or to pledge any securities as may be required by the State
38 Treasurer. Any trust agreement or resolution may set out the rights and remedies of the
39 owners of any bonds or notes and of any trustee, and may restrict the individual rights of
40 action by the owners. In addition to the foregoing, any trust agreement or resolution may
41 contain other provisions that the State Treasurer considers reasonable and proper for the
42 security of the owners of any bonds or notes. Expenses incurred in carrying out the
43 provisions of any trust agreement or resolution may be treated as a part of the cost of any

1 capital facility or as an administrative charge and may be paid from the proceeds of the
2 bonds or notes or from any other available funds.

3 **"§ 116D-12. Variable rate demand bonds and notes.**

4 (a) In fixing the details of bonds and notes, the State Treasurer may provide that
5 the bonds and notes may:

6 (1) Be made payable from time to time on demand or tender for purchase
7 by the owner, if a credit facility supports the bonds or notes, unless the
8 State Treasurer specifically determines that a credit facility is not
9 required upon a finding and determination by the State Treasurer that
10 the absence of a credit facility will not materially and adversely affect
11 the financial position of the State and the marketing of the bonds or
12 notes at a reasonable interest cost to the State.

13 (2) Be additionally supported by a credit facility.

14 (3) Be made subject to redemption or a mandatory tender for purchase prior
15 to maturity.

16 (4) Bear interest at rates that may vary from any periods of time, as may be
17 provided in the proceedings providing for the issuance of the bonds or
18 notes, including, without limitation, any variations as may be permitted
19 pursuant to a par formula.

20 (5) Be made the subject of a remarketing agreement whereby an attempt is
21 made to remarket bonds or notes to new purchasers prior to their
22 presentment for payment to the provider of the credit facility or to the
23 State.

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

32 **"§ 116D-13. Other agreements.**

33 The State Treasurer may authorize, execute, obtain, or otherwise provide for bond
34 insurance, investment contracts, credit and liquidity facilities, interest rate swap
35 agreements and other derivative products, and any other related instruments and matters
36 the State Treasurer determines are desirable in connection with the issuance of bonds or
37 notes. The State Treasurer is authorized to employ and designate any financial
38 consultants, underwriters, and bond attorneys to be associated with any bond issue under
39 this Article as the State Treasurer considers necessary.

40 **"ARTICLE 3.**

41 **"SPECIAL OBLIGATION BONDS FOR IMPROVEMENTS TO THE**
42 **FACILITIES OF THE UNIVERSITY OF NORTH CAROLINA.**

43 **"§ 116D-21. Purpose.**

1 The purpose of this Article is to authorize the Board of Governors of The University
2 of North Carolina to issue special obligation bonds, payable from obligated resources, but
3 with no pledge of taxes or the faith and credit of the State or any agency or political
4 subdivision of the State, to pay the cost, in whole or in part, of improvements to the
5 facilities of the University.

6 **"§ 116D-22. Definitions.**

7 The following definitions apply in this Article:

8 (1) Existing facilities. – Buildings and facilities then existing that generate
9 income or receipts to the Board of Governors that are pledged, under the
10 provisions of a resolution authorizing the issuance of the special
11 obligation bonds under this Article, to the payment of the bonds.

12 (2) Institution. – Each of the institutions enumerated in G.S. 116-2, and any
13 affiliated institutions of the University, including, without limitation, the
14 University of North Carolina Center for Public Television, the
15 University of North Carolina Health Care System, the North Carolina
16 School of Science and Mathematics, and the North Carolina Arboretum.

17 (3) Obligated resources. – Any sources of income or receipts of the Board
18 of Governors or the institution at which a special obligation bond
19 project is or will be located that are designated by the Board as the
20 security and source of payment for bonds issued under this Article to
21 finance a special obligation bond project, including, without limitation,
22 any of the following:

23 a. Rents, charges, or fees to be derived by the Board of Governors
24 or the institution from any activities conducted at the institution.

25 b. Earnings on the investment of the endowment fund of the
26 institution at which a special obligation project will be located, to
27 the extent that the use of the earnings will not violate any lawful
28 condition placed by the donor upon the part of the endowment
29 fund that generates the investment earnings.

30 c. Funds to be received under a contract or a grant agreement,
31 including 'overhead costs reimbursement' under a grant
32 agreement, entered into by the Board of Governors or the
33 institution to the extent the use of the funds is not restricted by
34 the terms of the contract or grant agreement or the use of the
35 funds as provided in this Article does not violate the restriction.

36 Obligated resources do not include funds appropriated to the Board of
37 Governors or the institution from the General Fund by the General
38 Assembly from funds derived from general tax and other revenues of
39 the State, and obligated resources do not include tuition payment by
40 students.

41 (4) Special obligation bonds. – Bonds issued under this Article to finance
42 the cost of a special obligation project, which bonds are secured by and
43 payable from obligated resources designated by the Board of Governors

1 at the time the issuance of the bonds is authorized in accordance with
2 this Article.

- 3 (5) Special obligation bond project. – Any capital facilities located or to be
4 located at an institution for the purpose of carrying out the mission of
5 that institution and designated specifically by the Board of Governors as
6 a 'special obligation bond project' for purposes of this Article. A special
7 obligation bond project need not necessarily consist of buildings or
8 facilities that are expected to generate 'self-liquidating revenues' to the
9 Board of Governors or the institution from direct rentals, charges, or
10 fees from the services provided by the building or facility, and may
11 include facilities such as classroom buildings, administration buildings,
12 research facilities, libraries, and equipment that do not produce direct, or
13 indirect, income to the Board of Governors or the institution.

14 **"§ 116D-23. Credit and taxing power of State not pledged; statement on face of**
15 **bonds.**

16 Special obligation bonds issued under this Article shall not constitute a debt or
17 liability of the State or any political subdivision of the State or a pledge of the faith and
18 credit of the State or of any political subdivision of the State. Special obligation bonds
19 shall be secured solely by the obligated resources pledged to their payment. All of the
20 special obligation bonds shall contain on their face a statement to the effect that neither
21 the State nor the Board of Governors is obligated to pay the bonds or the interest on the
22 bonds except from the obligated resources pledged for payment and that neither the faith
23 and credit nor the taxing power of the State or of any political subdivision or
24 instrumentality of the State is pledged to the payment of the principal of or the interest on
25 the bonds. The issuance of special obligation bonds under this Article does not directly
26 or indirectly or contingently obligate the State or any political subdivision of the State to
27 levy or to pledge any taxes for the bonds.

28 **"§ 116D-24. General powers of Board of Governors.**

29 The Board of Governors is authorized, subject to the requirements of this Article, to
30 do all of the following:

- 31 (1) Determine the location and character of any special obligation bond
32 project, to acquire, construct, and provide the project, and to maintain,
33 repair, and operate and enter into contracts for the management, lease,
34 use, or operation of all or any portion of any special obligation bond
35 project and any existing facilities.
- 36 (2) Issue special obligation bonds to pay all or any part of the cost of a
37 special obligation bond project, and to fund or refund any bonds
38 previously issued by the Board of Governors to finance facilities
39 designated as a special obligation bond project.
- 40 (3) Fix and revise from time to time and charge and collect fees, rates,
41 rents, charges, and other income for the use of and for the services
42 furnished by the institution that are designated as obligated resources in
43 connection with a special obligation bond issue.

- 1 (4) Establish and enforce, and to agree through any resolution or trust
2 agreement authorizing or securing bonds under this Article to make and
3 enforce, rules for the use of and services rendered by the institution of
4 the income or receipts to be obtained from the use or services
5 designated as obligated resources in connection with a special obligation
6 bond issue.
- 7 (5) Acquire, hold, lease, and dispose of real and personal property in the
8 exercise of its powers and the performance of its duties and to lease all
9 or any part of a special obligation bond project and any existing
10 facilities for any periods of years, not exceeding 40 years, upon any
11 terms and conditions as the Board of Governors determines, subject to
12 the provisions of G.S. 143-341.
- 13 (6) Employ consulting engineers, attorneys, accountants, construction and
14 financial experts, superintendents, managers, and any other employees
15 and agents as may be necessary in its judgment in connection with a
16 special obligation bond project and existing facilities, and to fix their
17 compensation.
- 18 (7) Enter into all contracts and agreements necessary or incidental to the
19 performance of its duties and the execution of its powers under this
20 Article.
- 21 (8) Receive and accept from any federal, State, or other public agency and
22 any private agency, person, or other entity donations, loans, grants, aid,
23 or contributions of any money, property, labor, or other things of value
24 for a special obligation bond project or any other services provided by
25 the institution that is designated as the obligated resource in connection
26 with a special obligation bond issue, and to agree to apply and use them
27 in accordance with the terms and conditions under which they are
28 provided.
- 29 (9) Do all acts and things necessary or convenient to carry out the powers
30 granted by this Article.

31 **"§ 116D-25. Consultation with the Joint Legislative Commission on Governmental**
32 **Operations.**

33 Whenever this Article requires the approval of the Director of the Budget of an action,
34 the Director of the Budget may consult with the Joint Legislative Commission on
35 Governmental Operations before giving approval.

36 **"§ 116D-26. Issuance of special obligation bonds and bond anticipation notes.**

37 (a) Authority. – The Board of Governors may issue, subject to the approval of the
38 Director of the Budget, at one time or from time to time, special obligation bonds of the
39 Board of Governors for the purpose of paying all or any part of the cost of acquiring,
40 constructing, or providing a special obligation project. Before issuing special obligation
41 bonds, the Board of Governors shall first adopt a resolution (i) setting forth the
42 designation by the Board of Governors that the buildings or facilities to be financed by
43 the bond issue are the special obligation bond project being financed and (ii) designating

1 the obligated resources that will secure and be the source of payment of the special
2 obligation bonds to be issued. The Board of Governors shall not issue any special
3 obligation bonds unless the Board of Governors finds that sufficient obligated resources
4 are reasonably expected to be available (i) to pay the principal and interest on the special
5 obligation bonds proposed to be issued, (ii) to create and maintain any reserves for the
6 payment of the special obligation bonds, to the extent the Board of Governors is required
7 to maintain reserves for this purpose by the terms of the trust agreement or resolution
8 authorizing the issuance of the special obligation bonds, and (iii) to provide for the
9 maintenance and operation of the facilities that are to generate the obligated resources to
10 the extent the Board of Governors is required to maintain those facilities by the terms of
11 the trust agreement or resolution authorizing the issuance of the special obligation bonds.
12 Notwithstanding any other provision of this Article, the proceeds of special obligation
13 bonds to be secured by obligated resources derived from the operation of or activities at
14 one institution may not be applied to finance a special obligation project to be located at
15 another institution.

16 (b) Approval Required. – The Board of Governors shall not issue any special
17 obligation bonds for a project at an institution unless the board of trustees of that
18 institution has approved the issuance of bonds for that project. The Board of Governors
19 shall not issue special obligation bonds under this Article until the effective date of
20 legislation enacted by the General Assembly authorizing the undertaking of the special
21 obligation bond project to be financed and fixing the maximum aggregate principal
22 amount of special obligation bonds that shall be issued for that purpose. In submitting
23 proposed special obligation bond projects to the General Assembly for approval, the
24 Board of Governors shall submit information on the need for each project, project costs,
25 estimates of increased operating costs upon completion, estimated debt service
26 requirements, and the sources and amounts of obligated resources to be pledged for the
27 repayment of the bonds. If the obligated resources to repay the bonds or to operate the
28 proposed project potentially involve increased costs to students or to the General Fund,
29 these costs shall be identified in the Board of Governors' submission.

30 Except as provided in this Article, special obligation bond projects may be
31 undertaken, special obligation bonds may be issued, and other powers vested in the Board
32 of Governors under this Article may be exercised by the Board without obtaining the
33 consent of any department, division, commission, board, bureau, or agency of the State
34 and without any other proceedings or the happening of any other conditions or things
35 other than those proceedings, conditions, or things which are specifically required by this
36 Article.

37 (c) Term; Form. – The special obligation bonds of each issue shall be dated, shall
38 mature at any times not exceeding 25 years from their dates, shall bear interest at any
39 rates as may be determined by the Board of Governors, and may be redeemable before
40 maturity at the option of the Board, at any prices and under any terms and conditions as
41 may be fixed by the Board prior to the issuance of the special obligation bonds. The
42 Board of Governors shall determine the form and manner of execution of the special
43 obligation bonds and shall fix the denominations of the special obligation bonds and the

1 places of payment of principal and interest, which may be at any bank or trust company
2 within or without the State. Notwithstanding any of the other provisions of this Article or
3 any recitals in any special obligation bonds issued under the provisions of this Article, all
4 special obligation bonds shall be negotiable instruments under the laws of this State,
5 subject only to the provisions for registration in a resolution authorizing the issuance of
6 the special obligation bonds or a trust agreement securing the bonds. The Board of
7 Governors may sell the special obligation bonds in any manner, at public or private sale,
8 and for any price, as it may determine to be for its best interests.

9 (d) Proceeds; Additional Bonds. – The proceeds of the special obligation bonds of
10 each issue shall be used solely for the purpose for which the bonds have been authorized
11 and shall be disbursed in the manner and under such restrictions, if any, as the Board of
12 Governors may provide in the resolution authorizing the issuance of the bonds or in the
13 trust agreement securing them. Unless otherwise provided in the authorizing resolution
14 or in the trust agreement securing the special obligation bonds, if the proceeds of the
15 special obligation bonds, by error of estimates or otherwise, are less than the cost of the
16 special obligation bond project, additional bonds may in like manner be issued to provide
17 the amount of the deficit and shall be deemed to be of the same issue and shall be entitled
18 to payment from the same fund without preference or priority of the bonds first issued for
19 the same purpose.

20 The resolution providing for the issuance of special obligation bonds, and any trust
21 agreement securing them, may also contain limitations upon the issuance of additional
22 special obligation bonds as the Board of Governors considers proper, and the additional
23 special obligation bonds must be issued under the restrictions and limitations prescribed
24 by the resolution or trust agreement.

25 (e) Temporary Bonds; Notes. – Before preparing definitive bonds, the Board of
26 Governors may, under like restrictions, issue interim receipts or temporary bonds
27 exchangeable for definitive bonds when the bonds have been executed and are available
28 for delivery. The Board may also provide for the replacement of any bonds which
29 become mutilated, destroyed, or lost.

30 The Board of Governors may enter into or negotiate a note with an acceptable bank or
31 trust company in lieu of issuing special obligation bonds for the financing of special
32 obligation bond projects covered under this Article. The terms and conditions of any
33 note of this nature shall be in accordance with the terms and conditions surrounding
34 issuance of the special obligation bonds.

35 (f) Bond Anticipation Notes. – The Board of Governors may issue, subject to the
36 approval of the Director of the Budget, at one time or from time to time, bond
37 anticipation notes of the Board of Governors in anticipation of the issuance of special
38 obligation bonds authorized by this Article. The principal of and the interest on these
39 notes shall be payable solely from the proceeds of special obligation bonds or renewal
40 notes or, in the event bond or renewal note proceeds are not available, from the obligated
41 resources designated for their payment. The notes of each issue shall be dated, shall
42 mature at any times not exceeding two years from their dates, shall bear interest at any
43 rates as may be determined by the Board of Governors, and may be redeemable before

1 maturity, at the option of the Board of Governors, at any prices and under any terms and
2 conditions as may be fixed by the Board of Governors prior to the issuance of the notes.
3 The Board shall determine the form and the manner of execution of the notes and shall
4 fix the denominations of the notes and the places of payment of principal and interest,
5 which may be at any bank or trust company within or without the State. Notwithstanding
6 any of the other provisions of this Article or any recitals in any notes issued under the
7 provisions of this Article, all notes shall be negotiable instruments under the laws of this
8 State, subject only to the provisions for registration in a resolution authorizing the
9 issuance of the notes or any trust agreement securing the bonds in anticipation of which
10 the notes are being issued. The Board of Governors may sell the notes in any manner, at
11 public or private sale, and for any price, as it may determine to be for its best interests.

12 The proceeds of the notes of each issue shall be used solely for the purpose for which
13 the special obligation bonds in anticipation of which the notes are being issued have been
14 authorized, and the note proceeds shall be disbursed in any manner and under any
15 restrictions as the Board of Governors may provide in the resolution authorizing the
16 issuance of the notes or bonds or in the trust agreement securing the special obligation
17 bonds.

18 The resolution providing for the issuance of notes, and any trust agreement securing
19 the special obligation bonds in anticipation of which the notes are being authorized, may
20 also contain limitations upon the issuance of additional notes as the Board of Governors
21 considers proper, and such additional notes shall be issued under the restrictions and
22 limitations prescribed by the resolution or trust agreement. The Board may also provide
23 for the replacement of any notes which shall become mutilated, destroyed, or lost.

24 Except as provided in this Article, notes may be issued under this Article and other
25 powers vested in the Board of Governors under this Article may be exercised by the
26 Board without obtaining the consent of any department, division, commission, board,
27 bureau, or agency of the State and without any other proceedings or the happening of any
28 other conditions or things than those proceedings, conditions, or things which are
29 specifically required by this Article.

30 Unless the context indicates otherwise, the word 'bonds', wherever used in this
31 Article, include the words 'bond anticipation notes'.

32 **"§ 116D-27. Trust agreement; money received deemed trust funds; insurance;
33 remedies.**

34 (a) Trust Agreement Securing Bonds. – In the discretion of the Board of
35 Governors and subject to the approval of the Director of the Budget, any special
36 obligation bonds issued under this Article may be secured by a trust agreement by and
37 between the Board of Governors and a corporate trustee, which may be any trust
38 company or bank having the powers of a trust company within or without the State. The
39 trust agreement or the resolution providing for the issuance of special obligation bonds
40 may pledge or assign the obligated resources designated as security for the special
41 obligation bonds, but shall not convey or mortgage any property of the institution. The
42 trust agreement or resolution providing for the issuance of special obligation bonds may
43 contain provisions for protecting and enforcing the rights and remedies of the holders of

1 the special obligation bonds that are reasonable and proper and not in violation of law,
2 including covenants setting forth the duties of the Board of Governors in relation to the
3 acquisition, construction, or provision of any of the charging and collecting of any rates,
4 fees, or charges that have been designated as obligated resources, the maintenance, repair,
5 operation, and insurance of any property of the institution, and the custody, safeguarding,
6 and application of all moneys. It shall be lawful for any bank or trust company
7 incorporated under the laws of the State which may act as depository of the proceeds of
8 special obligation bonds or funds securing special obligation bonds to furnish any
9 indemnifying bonds or to pledge any securities as may be required by the Board of
10 Governors. A trust agreement or resolution may set forth the rights and remedies of the
11 holders of the special obligation bonds and the rights, remedies, and immunities of the
12 trustee or trustees, if any, and may restrict the individual right of action by the holders. In
13 addition to the foregoing, a trust agreement or resolution may contain other provisions the
14 Board of Governors considers reasonable and proper for the security of the holders. All
15 expenses incurred in carrying out the provisions of the trust agreement or resolution may
16 be treated as a part of the cost of the special obligation bond projects for which the
17 special obligation bonds are issued or as an expense of operation of the special obligation
18 bond project.

19 (b) Trust Funds. – All moneys received pursuant to the authority of this Article,
20 whether as proceeds from the sale of bonds, or as obligated resources, are trust funds to
21 be held and applied solely as provided in this Article. The Board of Governors may
22 provide for the payment of all or part of the proceeds of the sale of the special obligation
23 bonds and the obligated resources to any officer, board, or depository that it may
24 designate for their custody, and may provide for their method of disbursement, with any
25 safeguards and restrictions it may determine. Any officer with whom, or any bank or
26 trust company with which, moneys are deposited shall act as trustee of the moneys and
27 shall hold and apply them for the purposes of this Article, subject to any requirements
28 provided in this Article and in the resolution or trust agreement, authorizing or securing
29 the special obligation bonds.

30 (c) Insurance. – Notwithstanding the provisions of any other law, the Board of
31 Governors may carry insurance on any special obligation bond projects and any existing
32 facilities in any amounts and covering any risks it considers advisable.

33 (d) Remedies. – Any holder of special obligation bonds issued under this Article
34 and the trustees under a trust agreement, except to the extent the rights given in this
35 section may be restricted by the trust agreement or the resolution authorizing the issuance
36 of the special obligation bonds, may, either at law or in equity, by suit, action,
37 mandamus, or other proceedings, protect and enforce any and all rights under the laws of
38 the State or granted under this Article or under the trust agreement or resolution, and may
39 enforce and compel the performance of all duties required by this Article or by the trust
40 agreement or resolution to be performed by the Board of Governors or by any of its
41 officers, including the fixing, charging, and collecting of obligated resources.

42 **"§ 116D-28. Fixing and collecting obligated resources.**

1 (a) Board to Provide Sufficient Resources. – For the purpose of aiding in the
2 financing of a special obligation bond project and to provide security to the owners of the
3 special obligation bonds issued to finance the special obligation bond project, the Board
4 of Governors is authorized, to the extent the generation of the obligated resources is in
5 the control of the Board, to fix, revise from time to time, charge, and collect the rents,
6 charges, fees, or other revenues constituting the obligated resources. Fees and other
7 revenue sources constituting obligated resources may be imposed or increased only with
8 the approval of the Board of Governors. As long as any special obligation bonds issued
9 under this Article and payable from those obligated resources are outstanding, the
10 obligated resources, to the extent within the control of the Board of Governors, shall be
11 so fixed and adjusted, with relation to other funds available, as to provide funds pursuant
12 to the requirements of the resolution or trust agreement authorizing or securing the
13 special obligation bonds and at least sufficient to pay the principal of and the interest on
14 the special obligation bonds as they become due and payable, to assure the continued
15 collection of the obligated resources, and to create and maintain reserves for these
16 purposes. A sufficient amount of the obligated resources, except any part that may be
17 necessary to pay the cost of maintenance, repair, and operation, and to provide reserves
18 for these purposes and for renewals, replacements, extensions, enlargements, and
19 improvements as may be provided for in the resolution authorizing the issuance of the
20 special obligation bonds or in the trust agreement securing the same, shall be set aside at
21 regular intervals as may be provided in the resolution or trust agreement authorizing the
22 issuance of the special obligation bonds in a sinking fund which is hereby pledged to, and
23 charged with, the payment of the principal of and the interest on the special obligation
24 bonds as they become due and the redemption price or the purchase price of special
25 obligation bonds retired by call or purchase as provided in the resolution or trust
26 agreement. This pledge shall be valid and binding from the time it is made, the obligated
27 resources so pledged and thereafter received by the Board of Governors shall
28 immediately be subject to the lien of the pledge without any physical delivery of the
29 pledge or further act, and the lien of the pledge shall be valid and binding as against all
30 parties having claims of any kind in tort, contract, or otherwise against the Board of
31 Governors, irrespective of whether the parties have notice of the pledge. Neither the
32 resolution nor any trust agreement by which a pledge is created need be filed or recorded
33 except in the records of the Board of Governors. The use and disposition of moneys to
34 the credit of the sinking fund shall be subject to the provisions of the resolution
35 authorizing the issuance of the special obligation bonds or of the trust agreement securing
36 the bonds.

37 (b) State Pledge. – The State pledges to, and agrees with, the holders of any
38 special obligation bonds or notes issued by the Board of Governors pursuant to this
39 Article that as long as any of the special obligation bonds or notes are outstanding and
40 unpaid, the State will not limit or alter the rights vested in the Board of Governors at the
41 time of issuance of the special obligation bonds or notes to set the terms and conditions of
42 the special obligation bonds or notes and to fulfill the terms of any agreements made with
43 the bondholders or noteholders. The State shall in no way impair the rights and remedies

1 of the bondholders or noteholders until the special obligation bonds or notes and all costs
2 and expenses in connection with any action or proceedings by or on behalf of the
3 bondholders or noteholders are fully paid, met, and discharged.

4 **"§ 116D-29. Vesting powers in committee.**

5 The Board of Governors may authorize its budget and finance committee to sell any
6 special obligation bonds which the Board has, with the approval of the Director of the
7 Budget, authorized to be issued under this Article in any manner and under any
8 limitations or conditions as the Board prescribes and to perform other functions under
9 this Article the Board determines.

10 **"§ 116D-30. Refunding bonds.**

11 The Board of Governors may, subject to the approval of the Director of the Budget,
12 issue from time to time refunding bonds for the purpose of refunding any bonds by the
13 Board under this Article or under any Article of Chapter 116 of the General Statutes,
14 including the payment of any redemption premium on them and any interest accrued or to
15 accrue to the date of redemption of the bonds refunded. The Board of Governors is
16 further authorized, subject to the approval of the Director of the Budget, to issue from
17 time to time refunding bonds for the combined purpose of (i) refunding any bonds issued
18 by the Board under this Article or under any Article of Chapter 116 of the General
19 Statutes, including the payment of any redemption premium on them and any interest
20 accrued or to accrue to the date of redemption of the bonds, and (ii) paying all or any part
21 of the cost of acquiring or constructing any additional special obligation bond projects.

22 This Article, as applicable, governs the issuance of refunding bonds, their maturities
23 and other details, the rights and remedies of their holders, and the rights, powers,
24 privileges, duties, and obligations of the Board of Governors with respect to them.

25 **"§ 116D-31. Additional and alternative method.**

26 This Article provides an additional and alternative method for the doing of the things
27 authorized and is supplemental and additional to powers conferred by other laws,
28 including G.S. 116-175 to G.S. 116-185, inclusive and G.S. 116-197 and G.S. 116-198,
29 and is not in derogation of or repealing any powers now existing under any other law,
30 whether general, special, or local. The issuance of special obligation bonds or refunding
31 bonds under this Article, however, need not comply with the requirements of any other
32 law applicable to the issuance of bonds.

33 **"ARTICLE 4.**

34 **"COMMUNITY COLLEGES FACILITIES SECURITY INTEREST FINANCE**
35 **ACT.**

36 **"§ 116D-40. Short title.**

37 This Article may be cited as the Community College Facilities Security Interest
38 Finance Act.

39 **"§ 116D-41. Findings and purpose.**

40 The General Assembly finds as follows:

- 41 (1) There is a continuing need for capital facilities for the State's
42 community colleges, many of which will continue to be provided from
43 current appropriations by counties, proceeds of various types of

1 indebtedness incurred by counties for community college purposes,
2 appropriations by the State, and the proceeds of State general obligation
3 bonds secured by a pledge of the faith and credit of the State. There is a
4 need, however, for the use of alternative financing methods such as
5 authorized in this Article to facilitate the providing of capital facilities
6 when circumstances and conditions warrant the providing of capital
7 facilities through a financing method other than those previously used.

- 8 (2) The use of State of North Carolina Community College Security Interest
9 Bonds, secured by a lien on or security interest in the community
10 college property acquired, constructed, or improved with the bond
11 proceeds, and the payment of principal and interest on which are subject
12 to appropriation at the discretion of the General Assembly, will provide
13 financing flexibility to counties and the State and permit the counties
14 and the State to take advantage of changing financial and economic
15 environments.

16 **"§ 116D-42. Definitions.**

17 The following definitions apply in this Article:

- 18 (1) Bonds. – Bonds authorized to be issued under this Article, including
19 refunding bonds.
20 (2) Community college. – Defined in G.S. 115D-2.
21 (3) Community college security interest bonds. – Bonds authorized to be
22 issued under this Article, including refunding bonds.
23 (4) Community Colleges System Office. – The North Carolina Community
24 Colleges System Office, created by Article 1 of Chapter 115D of the
25 General Statutes, or if the Community Colleges System Office is
26 abolished or otherwise divested of its functions under this Article, the
27 public body succeeding it in its principal functions, or upon which are
28 conferred by law the rights, powers, and duties given by this Article to
29 the Community Colleges System Office.
30 (5) Notes. – Notes issued under this Article.

31 **"§ 116D-43. Authorization of bonds and notes.**

32 Upon the application of the Community Colleges System Office, the State Treasurer
33 may, by and with the consent of the Council of State, issue and sell, at one time or from
34 time to time, community college security interest bonds of the State to be designated
35 'State of North Carolina Community College Security Interest Bonds', with any additional
36 designations as may be determined to indicate the issuance of bonds from time to time, or
37 notes of the State. Except as otherwise provided by this Article, the aggregate amount of
38 bonds and notes issued pursuant to this Article shall not exceed three hundred million
39 dollars (\$300,000,000). Refunding bonds and notes issued pursuant to G.S. 116D-46(f)
40 shall not be included in the limitation on the aggregate amount of bonds and notes that
41 may be issued pursuant to this Article.

42 The proceeds of bonds or notes issued under this Article shall be applied to finance
43 the cost of grants to be made by the State to community colleges to finance the cost of

1 capital facilities for the community college or to refund any outstanding bonds or notes
2 issued under this Article. The capital facilities to be improved, constructed, or acquired
3 with the proceeds of bonds or notes shall be determined as provided in G.S. 116D-44.

4 **"§ 116D-44. Designation of capital facilities and preconditions to bond issuance.**

5 The capital facilities to be financed in whole or in part with the proceeds of
6 community college security interest bonds shall be described in legislation enacted from
7 time to time by the General Assembly. The proceeds of community college security
8 interest bonds shall not be expended to pay the costs of any capital facilities other than
9 those described in that legislation.

10 **"§ 116D-45. Security; other requirements.**

11 (a) Security. – To secure payment of the principal of and interest on bonds or
12 notes issued under this Article, each community college that receives a grant pursuant to
13 this Article, and each county to the extent it owns the capital facilities to be acquired or
14 improved by a grant from the State pursuant to this Article, may create a lien on or a
15 security interest in one or more of the following:

- 16 (1) In all or any part of the capital facilities to be financed by the bonds or
17 notes.
- 18 (2) In the case of construction of improvements on real property, in all or
19 some portion of the land on which the improvements are to be located or
20 in all or part of the improvements.
- 21 (3) In the case of renovations or improvements to or the installation of
22 fixtures in existing facilities, in all or some portion of the existing
23 facilities or in all or part of the renovations or improvements.

24 The security for an issue of bonds shall be set forth in general terms in the resolution of
25 the Council of State authorizing the issuance of the bonds. The property that will be the
26 subject of a lien, deed of trust, or security interest to secure the bonds need not bear any
27 particular relationship to the principal amount of the bonds or notes. A community
28 college or county may grant multiple liens or security interests in a capital facility to the
29 extent not otherwise limited by the terms of other issues of bonds or notes.

30 (b) Default. – If community college security interest bonds are secured by a lien,
31 deed of trust, or security interest in multiple items of property, the mortgage, deed of
32 trust, or security agreement or other instrument creating the lien, deed of trust, or security
33 interest shall provide that if the State defaults on its obligations with respect to
34 community college security interest bonds, the Community Colleges System Office, on
35 behalf of the State, shall determine the order in which the property comprising the
36 security shall be sold or otherwise conveyed to satisfy the obligations of the State. In
37 carrying out the provisions of this subsection, the Community Colleges System Office
38 shall endeavor to select for sale or conveyance to satisfy the obligations of the State those
39 items of property that, in the judgment of the Community Colleges System Office, if
40 sold, would result in the least amount of interruption to the operations of the State's
41 community college system as a whole and its ability to carry out its mission. Any
42 determination made by the Community Colleges System Office in carrying out this
43 endeavor shall be conclusive. Nothing in this subsection prohibits the sale or conveyance

1 of up to all of the property securing community college security interest bonds to the
2 extent necessary to satisfy the obligations of the State under the bonds.

3 (c) Governor's Budget. – Documentation relating to any bonds or notes may
4 include provisions requiring the Governor to submit in the Governor's budget proposal, or
5 in any amendments or supplements to the budget proposal, appropriations necessary to
6 make the payments required to pay the bonds or notes.

7 (d) Appropriations. – Amounts payable by the State in respect of an issue of bonds
8 or notes during any fiscal period shall be limited to funds appropriated for that purpose
9 by the General Assembly in its discretion.

10 (e) State Liability. – No deficiency judgment may be rendered against the State in
11 any action for breach of any obligation contained in an issue of bonds or notes. The
12 taxing power of the State is not and may not be pledged directly or indirectly to secure
13 any moneys due under an issue of bonds or notes. In the event that the State fails to pay
14 any payments required under or with respect to an issue of bonds or notes, whether on
15 account of a failure by the General Assembly to appropriate sufficient funds for the
16 payment or for some other reason, the net proceeds received from the sale or other
17 disposition of the capital facilities subject to the lien or security interest securing the
18 bonds or notes shall be applied to satisfy the payment obligations in accordance with the
19 deed of trust, security agreement, or other documentation relating to the lien or security
20 interest, and the net proceeds are hereby appropriated for the purpose of making those
21 payments. Any net proceeds in excess of the amount required to satisfy the obligations of
22 the State under an issue of bonds or notes shall be paid to the State Treasurer for deposit
23 to the General Fund.

24 (f) Nonsubstitution Clause. – No documentation relating to an issue of bonds or
25 notes may contain a nonsubstitution clause that restricts the right of the State, a
26 community college, or a county to (i) continue to provide a service or conduct an activity
27 or (ii) replace or provide a substitute for any capital facility financed or purchased by the
28 bonds or notes.

29 (g) Terms Protecting Lender. – The documentation relating to an issue of bonds or
30 notes, or relating to the security for an issue of bonds or notes, may contain provisions for
31 protecting and enforcing the rights and remedies of the owners of the bonds or notes that
32 are reasonable and proper and not in violation of law. The documentation may include
33 covenants setting forth the duties of the State or a community college in respect of the
34 purposes to which the proceeds of the bonds or notes may be applied, the disposition and
35 application of any appropriations of the State, and the duties of the State or a community
36 college with respect to the capital facilities financed, including, without limitation, the
37 payment of the costs of insurance and maintenance of the capital facilities, the terms
38 under which the collateral securing the bonds may be released or substitute collateral may
39 be delivered, the terms and conditions of the issuance of additional bonds or notes
40 similarly secured, and the custody, safeguarding, investment, and application of all
41 moneys.

42 (h) Statement on Face of Bonds. – Bonds issued under this Article shall contain on
43 their face a statement to the effect that neither the faith and credit nor the taxing power of

1 the State or of any political subdivision or instrumentality of the State is pledged to the
2 payment of the principal of or the interest on the bonds.

3 **"§ 116D-46. Issuance of bonds and notes.**

4 (a) Terms and Conditions. – Bonds or notes may bear any dates, may be serial or
5 term bonds or notes, or any combination of these, may mature in any amounts and at any
6 times, not exceeding 25 years from their dates, may be payable at any places, either
7 within or without the United States, in any coin or currency of the United States that at
8 the time of payment is legal tender for payment of public and private debts, may bear
9 interest at any rates, which may vary from time to time, and may be made redeemable
10 before maturity, at the option of the State or otherwise as may be provided by the State, at
11 any prices, including a price greater than the face amount of the bonds or notes, and
12 under any terms and conditions, all as may be determined by the State Treasurer, by and
13 with the consent of the Council of State.

14 (b) Signatures; Form and Denomination; Registration. – Bonds or notes may be
15 issued in certificated or uncertificated form. If issued in certificated form, bonds or notes
16 shall be signed on behalf of the State by the Governor or shall bear the Governor's
17 facsimile signature, shall be signed by the State Treasurer or shall bear the State
18 Treasurer's facsimile signature, and shall bear the Great Seal of the State or a facsimile of
19 the Seal impressed or imprinted on them. If bonds or notes bear the facsimile signatures
20 of the Governor and the State Treasurer, the bonds or notes shall also bear a manual
21 signature which may be that of a bond registrar, trustee, paying agent, or designated
22 assistant of the State Treasurer. The form and denomination of bonds or notes, including
23 the provisions with respect to registration of the bonds or notes and any system for their
24 registration, shall be as the State Treasurer may determine in conformity with this Article.

25 (c) Manner of Sale; Expenses. – Subject to the approval by the Council of State as
26 to the manner in which bonds or notes shall be offered for sale, whether at public or
27 private sale, whether within or without the United States, and whether by publishing
28 notices in certain newspapers and financial journals, mailing notices, inviting bids by
29 correspondence, negotiating contracts of purchase or otherwise, the State Treasurer is
30 authorized to sell bonds or notes at one time or from time to time at any rates of interest,
31 which may vary from time to time, and at any prices, including a price less than the face
32 amount of the bonds or notes, as the State Treasurer may determine. All expenses
33 incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State
34 Treasurer from the proceeds of bonds or notes or other available moneys.

35 (d) Application of Proceeds. – The proceeds of any bonds or notes shall be used
36 solely for the purposes for which the bonds or notes were issued and shall be disbursed in
37 the manner and under the restrictions, if any, that the Council of State may provide in the
38 resolution authorizing the issuance of, or in any trust agreement securing, the bonds or
39 notes.

40 Any additional moneys which may be received by means of a grant or grants from the
41 United States or any agency or department thereof or from any other source to aid in
42 financing the cost of a capital facility may be disbursed, to the extent permitted by the
43 terms of the grant or grants, without regard to any limitations imposed by this Article.

1 (e) Notes; Repayment. – By and with the consent of the Council of State, the State
2 Treasurer is authorized to borrow money and to execute and issue notes of the State for
3 the same, but only in the following circumstances and under the following conditions:

4 (1) For anticipating the sale of bonds the issuance of which the Council of
5 State has approved, if the State Treasurer considers it advisable to
6 postpone the issuance of the bonds.

7 (2) For the payment of interest on or any installment of principal of any
8 bonds then outstanding, if there are not sufficient funds in the State
9 treasury with which to pay the interest or installment or principal as they
10 respectively become due.

11 (3) For the renewal of any loan evidenced by notes authorized in this
12 Article.

13 (4) For the purposes authorized in this Article.

14 (5) For refunding bonds or notes as authorized in this Article.

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

20 (f) Refunding Bonds and Notes. – By and with the consent of the Council of State,
21 the State Treasurer is authorized to issue and sell refunding bonds and notes for the
22 purpose of refunding bonds or notes issued pursuant to this Article and to pay the cost of
23 issuance of the refunding bonds or notes. The refunding bonds and notes may be
24 combined with any other issues of State bonds and notes similarly secured. Refunding
25 bonds or notes may be issued at any time prior to the final maturity of the debt or
26 obligation to be refunded. The proceeds from the sale of any refunding bonds or notes
27 shall be applied to the immediate payment and retirement of the bonds or notes being
28 refunded or, if not required for the immediate payment of the bonds or notes being
29 refunded, the proceeds shall be deposited in trust to provide for the payment and
30 retirement of the bonds or notes being refunded and to pay any expenses incurred in
31 connection with the refunding. Money in a trust fund may be invested in (i) direct
32 obligations of the United States government, (ii) obligations the principal of and interest
33 on which are guaranteed by the United States government, (iii) obligations of any agency
34 or instrumentality of the United States government if the timely payment of principal and
35 interest on the obligations is unconditionally guaranteed by the United States
36 government, or (iv) certificates of deposit issued by a bank or trust company located in
37 the State if the certificates are secured by a pledge of any of the obligations described in
38 (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest,
39 equal at least to the principal amount of the certificates so secured. This section does not
40 limit the duration of any deposit in trust for the retirement of bonds or notes being
41 refunded but that have not matured and are not presently redeemable, or if presently
42 redeemable, have not been called for redemption.

1 (g) Trust Agreement. – In the discretion of the State Treasurer, any bonds and
2 notes issued under the provisions of this Article may be secured by a trust agreement or
3 similar instrument by and between the State and a corporate trustee or by a resolution of
4 the Council of State providing for the appointment of a corporate trustee. The corporate
5 trustee may be, in either case, any trust company or bank having the powers of a trust
6 company within or without the State. The trust agreement or resolution may provide for
7 security and pledges and assignments with respect to the security, as permitted under this
8 Article, and may provide for the granting of a lien or security interest in the property as
9 authorized in G.S. 116D-10. The trust agreement or resolution may contain provisions
10 for the terms and conditions of the issuance of additional bonds and notes, and the
11 custody, safeguarding, investment, and application of all moneys. All bonds and notes
12 issued under this Article shall be equally and ratably secured as provided in the trust
13 agreement or resolution, without priority by reasons of number, or dates of bonds or
14 notes, execution, or delivery, in accordance with the provisions of this Article and of the
15 trust agreement or resolution. The trust agreement or resolution may, however, provide
16 that the bonds or notes shall, to the extent and in the manner prescribed in the trust
17 agreement or resolution, be subordinated and junior in standing, with respect to the
18 payment of principal and interest and to the security thereof, to any other bonds or notes.
19 It shall be lawful for any bank or trust company that may act as depository of the
20 proceeds of bonds or notes, revenues, or any other money under this Article to furnish
21 any indemnifying bonds or to pledge any securities as may be required by the State
22 Treasurer. Any trust agreement or resolution may set out the rights and remedies of the
23 owners of any bonds or notes and of any trustee, and may restrict the individual rights of
24 action by the owners. In addition to the foregoing, any trust agreement or resolution may
25 contain other provisions that the State Treasurer considers reasonable and proper for the
26 security of the owners of any bonds or notes. Expenses incurred in carrying out the
27 provisions of any trust agreement or resolution may be treated as a part of the cost of any
28 capital facility or as an administrative charge and may be paid from the proceeds of the
29 bonds or notes or from any other available funds.

30 **"§ 116D-47. Variable rate demand bonds and notes.**

31 (a) In fixing the details of bonds and notes, the State Treasurer may provide that
32 the bonds and notes may:

- 33 (1) Be made payable from time to time on demand or tender for purchase
34 by the owner, if a credit facility supports the bonds or notes, unless the
35 State Treasurer specifically determines that a credit facility is not
36 required upon a finding and determination by the State Treasurer that
37 the absence of a credit facility will not materially and adversely affect
38 the financial position of the State and the marketing of the bonds or
39 notes at a reasonable interest cost to the State.
40 (2) Be additionally supported by a credit facility.
41 (3) Be made subject to redemption or a mandatory tender for purchase prior
42 to maturity.

(4) Bear interest at rates that may vary from any periods of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, any variations as may be permitted pursuant to a par formula.

(5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

(b) If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium, or for any other reason, then the amount of authorized but unissued bonds or notes during the term of the credit facility shall not be less than the amount of the excess, unless the payment of the excess is otherwise provided for by agreement of the State executed by the State Treasurer.

"§ 116D-48. Other agreements.

The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interest rate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with the issuance of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond issue under this Article as the State Treasurer considers necessary.

"§ 116D-49. Procurement of capital facilities.

Any laws, rules, or regulations of the State that relate to the acquisition and construction of capital facilities shall apply to the capital facilities financed pursuant to this Article."

Section 2. Proceeds of University Improvement Security Interest Bonds. – (a) The proceeds of university improvement security interest bonds and notes, including any premium thereon, except the proceeds of university improvement security interest bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be allocated and expended for paying the cost of university capital facilities, to the extent and as provided in Article 2 of Chapter 116D of the General Statutes, as enacted by this act and subject to change as provided in this act, as follows:

<u>Constituent or Affiliated Institution or Board of Governors Capital Improvement</u>	<u>Projected Allocation</u>
Appalachian State University	
Central Library Complex	\$ 47,586,735
New Science Building	1,260,000
Rankin Science Building - Renovation and	

1	modernization 7,750,000	
2	Belk Library Renovation - Planning	545,020
3	Living and Learning Center - Academic Facility	4,022,725
4	Visual Arts Center - Renovation and Addition	6,063,435
5	Smith Wright Hall - Renovation and	
6	modernization	1,636,111
7	Founders Hall - Renovation and modernization	1,044,082
8	Land Acquisition	4,977,675
9	Potable Water - Infrastructure improvements	2,625,000
10	Technology Infrastructure Expansion	4,838,909
11		
12	East Carolina University	
13	Science Laboratories and Technology Building	55,125,315
14	Expansion of the Rivers Building	11,997,300
15	Nursing, Allied Health and DEC Complex:	
16	Medical School 46,882,500	
17	Flanagan Building - Renovations	13,421,276
18	Land Acquisition - Phase I	5,000,000
19	Classroom Improvements - Phase II	3,648,435
20	Belk Allied Health - Renovations and modernization	7,791,348
21	Library and Study Space Requirements - Phase I	12,600,000
22	Old Cafeteria - Renovations	4,442,103
23	Infrastructure	16,125,165
24	Rivers School of Nursing - North Wing Renovations	2,688,174
25	Materials Warehouse	3,045,315
26	Campus Computing Center - Renovation	1,785,000
27	Academic Space Requirements - Teaching Labs	5,250,000
28	Technology Infrastructure Expansion	807,575
29		
30	Elizabeth City State University	
31	New Student Center	9,178,313
32	New Residence Hall	6,510,000
33	General Campus Development	1,811,250
34	Historic Structures Preservation - Phase I	1,050,000
35	Lester Hall - Renovation and modernization	2,912,177
36	Williams Hall - Renovation and modernization	3,236,156
37	Lane Hall - Renovation and modernization	2,360,568
38	Trigg Hall - Renovation and modernization	2,109,017
39	White Graduate/Cont. Educ. Bldg -	
40	Renovation and modernization 1,575,000	
41	Johnson Hall - Renovation and modernization	3,156,308
42	Wamack Hall - Renovation and modernization	3,334,303
43	Bias Hall - Renovation and modernization	1,858,222

1	Mitchell-Lewis - Renovation and modernization	2,123,675
2	Roebuck Stadium Field House.....	1,260,000
3	Campus Property Development - Phase I.....	650,000
4	Technology Infrastructure Expansion.....	3,149,387
5		
6	Fayetteville State University	
7	New Residence Hall.....	6,872,250
8	Charles A. Lyons Science - Renovation/	
9	modernization and addition 16,800,000	
10	Seabrook Auditorium - Renovation and	
11	modernization 6,825,000	
12	Lauretta J. Taylor Gymnasium - Renovations,	
13	modernization, and addition 3,360,000	
14	Lilly Gymnasium - Renovation.....	3,256,367
15	Cook Dining Hall - Renovation.....	1,773,450
16	Howard School Museum.....	210,000
17	Fire Safety Improvements, Student Residence Halls.....	611,730
18	Roads, Parking, Landscaping Improvements - Phase I.....	3,675,000
19	Spaulding Infirmary and Roadway/Entrance.....	1,000,000
20	Technology Infrastructure Expansion.....	1,137,582
21		
22	North Carolina Agricultural and Technical State University	
23	General Classroom & Laboratory Building	
24	Complex #1 29,470,665	
25	Land Acquisition.....	6,300,000
26	Chemistry Building.....	21,831,600
27	Harrison Auditorium - Renovation and	
28	modernization 3,193,196	
29	Curtis Hall - Replacement.....	3,723,510
30	Scott Hall - Replacement.....	24,165,330
31	Gamble Complex.....	1,449,420
32	Hazardous Materials and Waste Storage Facility.....	1,575,000
33	Replace Barn - Agricultural Farm.....	919,185
34	Replace Poultry Complex Laying Houses -	
35	Agricultural Farm 913,500	
36	Zoe Barbee Hall - Renovation and modernization.....	5,876,786
37	Barnes Hall - Renovation and modernization.....	6,097,128
38	Graham Hall - Renovation and modernization.....	5,899,838
39	Corbett Sports Center Addition.....	7,035,000
40	Replacement of Steamlines and Manholes.....	1,568,280
41	Electrical Distribution System - upgrade	
42	and expansion. 2,256,802	
43	Central Cooling Plant - North and South	

1	chiller loops	6,405,000	
2	Parking Enhancements, Phase I		4,725,735
3	Cherry Hall - Renovation and modernization		8,613,152
4	General Renovations and Modernizations		8,872,918
5	Technology Infrastructure Expansion		2,921,662
6			
7	North Carolina Central University		
8	New Science Complex and Demolition of		
9	Old Hillside High School	36,780,000	
10	Chidley Hall - Renovation and modernization		6,621,943
11	General Campus Master Plan		250,000
12	Farrison-Newton Bldg. - Renovation and		
13	modernization	7,048,652	
14	Graduate Apartments, George Street - Replacement		1,556,642
15	Rush Hall - Renovation and modernization		2,089,387
16	Baynes Hall - Replacement		15,091,127
17	Eagleson Hall - Renovation and modernization		6,869,505
18	Shepard Dormitory - Renovation and modernization		7,284,923
19	Latham Hall - Renovation and modernization		3,411,600
20	McLean Hall - Renovation and modernization		1,942,070
21	Pearson Cafeteria - Renovation and modernization		1,263,570
22	Fire Safety Improvements - Student Residence Halls		1,612,695
23	Landscape Campus Perimeter		840,000
24	Landscape Pedestrian Corridors		787,500
25	Directional Signage - Vehicular/pedestrian		735,000
26	Pedestrian Corridor on Campus Drive		892,500
27	Pedestrian Mall at George Street.		472,500
28	Dormitory Security System		630,000
29	Parking Enhancements Phase 1 - Nelson St. Pkg. Deck		6,353,235
30	Electrical Power - New transformers		858,654
31	Life-Safety/OSHA Corrections		3,675,000
32	Land Acquisition		4,000,000
33	Relocate Campus Police Station		840,000
34	Replace Power Distribution Cables		1,115,940
35	Underground Piping Repairs		4,252,710
36	Technology Infrastructure Expansion		1,422,080
37			
38	North Carolina School of the Arts		
39	Basic Performance & Education Complex		19,130,685
40	Stevens Center - Renovation and modernization		4,434,480
41	New Student Activities Building - Renovation		2,500,000
42	Roanoke Island Music & Theatrical Complex		10,500,000
43	Landscaping Improvements		1,050,000

1	Costume Shop - Renovations and relocations.....	420,000
2	Land Acquisition.....	2,650,000
3	Technology Infrastructure Expansion.....	1,862,312

4
5 North Carolina State University

6 I. BUILDINGS

7 A. Renovation, Modernization, & Replacements:

8 Classroom/Office Space

9 Renovation and modernization of buildings..... 91,312,249

10 Laboratory Space

11 Renovation and modernization of buildings..... 49,000,000

12 Student Support Space

13 Renovation, modernization, and fire
14 safety improvements 2,070,000

15 B. Building Capacity:

16 Construction of College of Engineering Complex -

17 Phase I and Phase II; Undergraduate Science

18 Teaching Lab - Phase I and Phase II; Jordan Hall

19 Addition; Gymnasium; Library Space; Student

20 Services Space; and David-Clark Laboratory

21 Renovation and addition 149,978,194

22 C. Other Building Needs:

23 Construction of Administrative Services

24 Center - II; Extension Facilities; Field Research

25 Laboratories and Outlying Research - Phase I;

26 Research Laboratory Space, Phase I; Hazardous

27 Materials Facility; Partners Building V;

28 College of Veterinary Medicine Research Addition

29 and renovations; Physical Sciences Research;

30 Genomic Sciences Research; Services Buildings

31 at Sullivan Site and Centennial Campus. 43,960,952

32
33 II. OTHER CAMPUS REQUIREMENTS

34 A. General Campus:

35 University Signage; Pedestrian Tunnel; Security

36 CardAccess; and Public Safety Facility. 15,579,475

37 B. Infrastructure:

38 Construction of Chilled Water Plant; Potable

39 Water Building Backflow Preventers; College of

40 Veterinary Medicine Indoor Air Quality Upgrade;

41 North Campus Chiller Service; Brickyard Loop

42 Chilled Water Extension and Cooling Tower;

43 Infrastructure for Centennial Campus Partnership;

1	Infrastructure for Veterinary Medicine Private/	
2	Public Partnership; and Steam Distribution and	
3	Capacity Improvements.	92,999,130
4	Technology Infrastructure Expansion.....	2,308,681
5	C. Land Acquisition. 2,100,000	

6		
7	University of North Carolina at Asheville	
8	New Math/Science Building	22,203,195
9	Highsmith Center Renovation and Addition.....	9,473,100
10	New Physical Plant Building.	6,318,900
11	Carmichael Hall - Renovation and modernization.....	3,912,805
12	Zaiger Hall - Renovation and modernization.....	3,524,624
13	General Campus Improvements.....	3,728,550
14	Technology Infrastructure Expansion.....	751,235

15

16 University of North Carolina at Chapel Hill

17 I. BUILDINGS

18	A. Renovation, Modernization, & Replacements:	
19	Classroom/Office Space	
20	Renovation and modernization of buildings.....	104,861,491
21	Laboratory Space	
22	Renovation and modernization of buildings.....	93,531,460

23 B. Building Capacity:

24 Construction of Multidisciplinary Environmental

25 Studies Building; Addition to Carrington Hall

26 - School of Nursing; Teaching Research Bldg

27 - School of Public Health; and Interdisciplinary

28 Physical Science Bldg 87,465,000

29 C. Other Building Needs:

30 Construction of Health Affairs Biomolecular

31 Research Bldg, Phase I; Health Affairs Frank

32 Porter Graham Child Development Center; Health

33 Affairs Institute on Aging Bldg; Center for

34 Global and International Education; Digital

35 Multimedia Instructional Center; Medical School

36 Office Bldg No. 1; Sports Medicine Facility;

37 Ackland Art Museum Renovation and Expansion;

38 Relocate Physical Plant Grounds Dept; Administration

39 Office Bldg; Chapel Hill North; Campus Mail

40 Center; and Physical Plant Maintenance Shops

41 Addition 48,000,000

42

43 II. OTHER CAMPUS REQUIREMENTS

1	A. General Campus:	
2	Campus Signage System.....	2,100,000
3	B. Infrastructure:	
4	Construction of Storm Drainage Replacement;	
5	Heating Line Installation; Cogeneration Facility	
6	Turbine Generator; Gilsulate Replacement;	
7	Steam Line Installation; East and South Chiller	
8	Plant Expansion; North and South Chiller Plant	
9	Replacements; Energy Management & Control System	
10	Upgrade; Campus Fiber Optics Network; Horace	
11	Williams Infrastructure - Phase I; Main Campus	
12	Infrastructure Expansion - Phase I; Chilled Water	
13	Air Conditioning Systems in Classroom Bldgs;	
14	and Coal Silo Replacement.....	154,041,090
15	Technology Infrastructure Expansion.....	1,287,051
16	C. Land Acquisition:	
17	Land Acquisition - South Campus Expansion.....	8,000,000
18		
19	University of North Carolina at Charlotte	
20	Academic Facilities - Humanities.....	10,046,925
21	Science and Technology Building.....	35,707,035
22	Classroom and Office Building.....	26,102,475
23	College of Education Building.....	24,654,476
24	College of Nursing and Health Professions.....	34,125,000
25	Graduate Engineering Complex.....	14,700,000
26	Research Facility - Phase I.....	16,800,000
27	University Conference Center.....	10,500,000
28	Central Heating Plant Improvement.....	2,625,000
29	Technology Infrastructure Expansion.....	3,345,507
30		
31	University of North Carolina at Greensboro	
32	Science Instructional Building.....	38,412,150
33	Roadway Improvements.....	6,825,000
34	Land Acquisition.....	7,000,000
35	Brown - Renovation and modernization.....	6,493,859
36	Petty Science Building - Renovation and	
37	modernization	16,272,270
38	McIver Building - Renovation and modernization.....	21,636,510
39	Aycock Auditorium - Renovation and	
40	modernization	17,662,980
41	Stone - Renovation and modernization.....	8,930,354
42	Heating Plant - Renovation, modernization,	
43	and expansion	4,851,288

1	Forney Building - Renovation and modernization.....	3,565,364
2	McNutt Building - Renovation and modernization	2,723,956
3	Research Space Phase I.....	5,250,000
4	Electrical Power Distribution Upgrades	4,091,038
5	McIver Chiller Plant.....	8,373,750
6	Technology Infrastructure Expansion.....	7,859,789
7		
8	University of North Carolina at Pembroke	
9	Regional Center for Economic, Professional, and	
10	Community Development 4,004,385	
11	New Science Building.....	9,408,000
12	Chavis Center Expansion.....	3,221,400
13	Jones PE Building - Renovation and modernization	8,925,000
14	Business Administration Building - Renovation	
15	and modernization 2,140,762	
16	ADA Renovations	525,000
17	Locklear - Renovation and modernization.....	2,464,319
18	Moore Hall - Renovation and modernization	2,464,661
19	D.F. Lowery Building - Renovation and	
20	modernization 2,680,528	
21	Jacobs Hall - Renovation and modernization	4,155,525
22	West Hall - Renovation and modernization.....	4,961,580
23	Belk Hall - Renovation and modernization.....	3,055,985
24	Land Acquisition.....	1,500,000
25	Wellons Hall - Renovation and modernization.....	4,323,382
26	Technology Infrastructure Expansion.....	2,798,476
27		
28	University of North Carolina at Wilmington	
29	School of Education Building.....	17,576,370
30	Fine Arts Building/Concert Hall.....	26,250,000
31	General Classroom Building.....	12,646,935
32	Arnold K. King Hall - Renovation and	
33	modernization 2,697,442	
34	Hoggard Hall - Renovation and modernization.....	3,550,430
35	Alderman Admin. - Renovation and modernization.....	2,940,843
36	Westside Hall - Renovation and modernization	2,687,347
37	Kenan Hall - Renovation and modernization.....	3,056,633
38	Hinton James Hall - Renovation and	
39	modernization 1,843,981	
40	Deloach Hall - Renovation and modernization.....	5,193,585
41	Friday Hall - Renovation and modernization.....	7,693,351
42	S. G. Kenan Auditorium - Renovation and	
43	modernization. 3,095,303	

1	Marine Sciences Research Center - Operations Facilities	3,559,912
2	Computing Center	1,512,000
3	Print Shop 672,000	
4	Warehouse Expansion.....	1,890,000
5	Land Acquisition.....	2,100,000
6	Sprinkler Systems - Hoggard, Trask, & Nixon.....	823,620
7	Miscellaneous HVAC Projects	1,027,320
8	Miscellaneous Electrical Projects	676,305
9	Facility Improvements for Energy Efficiency	747,390
10	Primary Electrical Distribution System Upgrade	2,238,158
11	Storm Drainage Improvements	743,185
12	Technology Infrastructure Expansion.....	2,948,927
13		
14	Western Carolina University	
15	Fine and Performing Arts Center.....	25,805,745
16	Stillwell - Renovation and modernization	15,057,541
17	McKee Building.....	5,289,690
18	Bird Building - Renovation.....	1,836,450
19	Living - Learning Center - Conversion.....	1,887,113
20	Land Acquisition.....	3,618,000
21	Breese - Renovation and modernization	1,161,332
22	Vehicular Traffic Relocation.....	4,989,600
23	Indoor Recreation Facility	6,306,300
24	Hinds University Center - Addition	4,158,000
25	New Housing Facility.	13,308,750
26	Chiller Replacement and Retrofit	1,418,655
27	Replace steam and condensate lines	3,937,500
28	Upgrade Electrical Distribution System	883,995
29	Campus Pedestrian Corridors.....	1,386,000
30	Perimeter Parking Lots.....	1,039,500
31	Steam Plant Improvements - Phase III.....	644,595
32	Automated Energy Management System Enhancements	700,455
33	Technology Infrastructure Expansion.....	5,018,607
34		
35	Winston-Salem State University	
36	Computer Science Facility	5,748,330
37	New Physical and Life Sciences Building - Phase I.....	12,109,545
38	Anderson School Building - Renovation and	
39	modernization 6,917,905	
40	Health Center Building and Old Nursing	
41	Building - Renovation and modernization 2,265,865	
42	Carolina Hall - Renovation and modernization	4,270,688
43	Hauser Union - Renovation and modernization.....	3,895,461

1	Pegram Hall - Renovation and modernization.....	2,287,613
2	General Campus Improvements - Phase I.....	3,104,640
3	Technology Infrastructure Expansion.....	1,676,127
4		
5	University of North Carolina Center for Public Television	
6	Conversion to Digital TV - Phase I.....	64,995,000
7	Mobile Satellite Uplink.....	895,545
8	UNC Public Radio - Building Addition	478,938
9	North Carolina School of Science and Mathematics	
10	Renovation of Bryan Center	3,172,575
11	Renovation of Royall Outreach Center (Wyche	
12	House) 1,990,380	
13	North Carolina Arboretum	
14	Maintenance & Operations Facility	1,541,295
15	Entrance Gates and Gatehouses	785,610
16	Main Entrance Road Utility & Landscape Development	2,259,180
17	Demonstration Greenhouse.....	3,776,325
18	Bus Parking	969,255
19	North Carolina Botanical Gardens - Herbarium Research Building	7,061,355
20	J. C. Raulston Arboretum Education & Visitors Center	3,639,510
21	General Administration Building Renovation.....	2,887,500
22	Central Library Storage Facility and Central Records	
23	Storage - Planning	500,000
24	Matching Gift Incentive Program Projects.....	<u>282,648,212</u>
25		
26	TOTAL	\$ 2,700,000,000

28 Section 2.(b) The Director of the Budget is empowered, when the Director of
29 the Budget determines it is in the best interest of the State and the University to do so,
30 and if the cost of a particular capital facility is less than the amount allocated for it, to use
31 the excess funds to meet increased cost of other capital facilities itemized in this section
32 and located at the same institution. The Director of the Budget shall report to the Joint
33 Legislative Commission on Governmental Operations on changes made under this
34 subsection. In addition, any capital facility and the amount of the allocation for it set
35 forth above may be changed from time to time as the General Assembly may decide,
36 except that the General Assembly may not delete or remove from funding any capital
37 improvement that has been pledged as security for university improvement security
38 interest bonds that have been issued if such a change would impair the security of the
39 owners of the university improvement security interest bonds. The provisions of G.S.
40 116-11(9) with respect to appropriations to the Board of Governors of The University of
41 North Carolina shall not apply to proceeds of university improvement security interest
42 bonds and notes issued pursuant to Article 2 of Chapter 116D of the General Statutes, as
43 enacted by this act.

1 Section 2.(c) Allocations to the costs of a capital improvement or undertaking
 2 in each case may include allocations to pay the costs set forth in this act in connection
 3 with the issuance of university improvement security interest bonds for that capital
 4 improvement or undertaking.

5 Section 2.(d) The proceeds of two hundred eighty-two million six hundred
 6 forty-eight thousand two hundred twelve dollars (\$282,648,212) university improvement
 7 security interest bonds authorized by this act and allocated in subsection (a) of this
 8 section for matching gift incentive program projects shall be allocated and expended for
 9 particular projects as provided in this subsection. The Board of Governors of The
 10 University of North Carolina shall employ a private consultant to develop a list of capital
 11 facilities which are to be funded jointly from these bonds and private donations. The
 12 Board of Governors shall submit this list of recommended projects, including the
 13 proposed matching requirements by the University or its constituent or affiliated
 14 institutions, to the General Assembly by April 1, 2000. The matching requirements must
 15 be based on analyses of the fund-raising capabilities of each institution as determined by
 16 a private consultant in order to maximize private fund-raising for capital projects. The
 17 proceeds of these bonds or notes shall not be issued or allocated until the General
 18 Assembly authorizes the issuance of some or all of these bonds or notes and appropriates
 19 the proceeds for specific projects by separate legislative action at any subsequent session.

20 Section 2.(e) The validity of university improvement security interest bonds
 21 and notes issued under Article 2 of Chapter 116D of the General Statutes, as enacted by
 22 this act, is not affected by any subsequent adjustment of allocations, or by any failure to
 23 comply with the reporting requirements provided in this act.

24 Section 3. Proceeds of Community College Security Interest Bonds. – (a) The
 25 proceeds of community college security interest bonds and notes, including any premium
 26 thereon, except the proceeds of community college security interest bonds the issuance of
 27 which has been anticipated by bond anticipation notes or the proceeds of refunding bonds
 28 or notes, shall be allocated and expended for paying the cost of community college
 29 capital facilities, to the extent and as provided in Article 4 of Chapter 116D of the
 30 General Statutes, as enacted by this act and subject to change as provided in this act, to be
 31 located at the following community colleges:

COLLEGE	NEW REPAIR & CONSTRUCTION	TOTAL RENOVATION	ALLOCATION
Alamance CC	4,044,756	491,415	
	4,536,171		
Anson CC	1,061,903	840,055	
	1,901,958		
Asheville- Buncombe TCC	1,381,875	1,722,802	
3,104,677			

1				
2	Beaufort County CC	1,061,903		1,128,185
3		2,190,088		
4				
5	Bladen CC	1,061,903		279,588
6		1,341,491		
7				
8	Blue Ridge CC	2,030,342		2,305,387
9		4,335,729		
10				
11	Brunswick CC	1,061,903		248,261
12		1,310,164		
13				
14	Caldwell CC & TI	3,353,211		377,326
15		3,730,537		
16				
17	Cape Fear CC	1,061,903		2,068,435
18		3,130,338		
19				
20	Carteret CC	1,061,903		1,882,001
21		2,943,904		
22				
23	Catawba Valley CC	1,242,780		2,743,429
24		3,986,209		
25				
26	Central Carolina CC	8,125,128		244,147
27		8,369,275		
28				
29	Central Piedmont CC	31,492,890		6,129,832
30		37,622,722		
31				
32	Cleveland CC	1,061,903		486,221
33		1,548,124		
34				
35	Coastal Carolina CC	15,659,820		348,511
36		16,008,331		
37				
38	College of the			
39	Albemarle	4,516,924	128,735	4,645,659
40				
41	Craven CC	3,833,227		573,564
42		4,406,791		
43				

1	Davidson County CC	1,061,903	2,287,656
2		3,349,559	
3			
4	Durham TCC	6,071,653	842,633
5		6,914,286	
6			
7	Edgecombe CC	7,864,395	1,563,500
8		9,427,895	
9			
10	Fayetteville TCC	15,469,002	2,166,691
11		17,635,693	
12			
13	Forsyth TCC	1,061,903	1,039,816
14		2,101,719	
15			
16	Gaston College	1,061,903	270,458
17		1,332,361	
18			
19	Guilford TCC	2,311,980	3,083,432
20		5,395,412	
21			
22	Halifax CC	1,061,903	817,189
23		1,879,092	
24			
25	Haywood CC	1,061,903	2,195,573
26		3,257,476	
27			
28	Isothermal CC	1,061,903	949,267
29		2,011,170	
30			
31	James Sprunt CC	1,061,903	516,788
32		1,578,691	
33			
34	Johnston CC	1,061,903	921,977
35		1,983,880	
36			
37	Lenoir CC	2,308,020	1,048,459
38		3,356,479	
39			
40	Martin CC	1,340,460	142,636
41		1,483,096	
42			

1	Mayland CC	3,148,914	213,742
2		3,362,656	
3			
4	McDowell TCC	1,128,600	273,269
5		1,401,869	
6			
7	Mitchell CC	1,061,903	983,677
8		2,045,580	
9			
10	Montgomery CC	1,061,903	301,703
11		1,363,606	
12			
13	Nash CC	1,061,903	1,021,442
14		2,083,345	
15			
16	Pamlico CC	1,061,903	302,049
17		1,363,952	
18			
19	Piedmont CC	1,909,710	2,111,177
20		4,020,887	
21			
22	Pitt CC	13,844,565	2,091,308
23		15,935,873	
24			
25	Randolph CC	1,061,903	551,886
26		1,613,789	
27			
28	Richmond CC	3,110,085	984,167
29		4,094,252	
30			
31	Roanoke-Chowan CC	1,061,903	567,718
32		1,629,621	
33			
34	Robeson CC	5,485,095	2,192,511
35		7,677,606	
36			
37	Rockingham CC	1,061,903	1,278,538
38		2,340,441	
39			
40	Rowan-Cabarrus CC	4,813,887	2,925,850
41		7,739,737	
42			

1	Sampson CC	1,061,903	1,653,903
2		2,715,806	
3			
4	Sandhills CC	2,575,320	2,831,582
5		5,406,902	
6			
7	Southeastern CC	1,061,886	1,112,304
8		2,174,190	
9			
10	Southwestern CC	3,714,002	1,228,660
11		4,942,662	
12			
13	Stanly CC	3,675,885	1,506,808
14		5,182,693	
15			
16	Surry CC	4,607,701	225,489
17		4,833,190	
18			
19	Tri-County CC	1,822,425	712,338
20		2,534,763	
21			
22	Vance-Granville CC	11,072,160	805,858
23		11,878,018	
24			
25	Wake TCC	22,158,345	2,850,623
26		25,008,968	
27			
28	Wayne CC	3,422,100	202,099
29		3,624,199	
30			
31	Western		
32	Piedmont CC	1,220,959	1,292,053
33	2,513,012		
34			
35	Wilkes CC	2,776,724	776,451
36		3,553,175	
37			
38	Wilson TCC	<u>1,218,855</u>	<u>921,379</u>
39		<u>2,140,234</u>	
40			
41	TOTAL	\$228,237,450	\$71,762,550
42		\$300,000,000	
43			

1 Section 3.(b) Except as provided in subsection (d) of this section, a community
2 college may use the bond proceeds allocated in subsection (a) of this section only in
3 accordance with the State Board of Community Colleges' consultant's report on the
4 capital allocation and repairs and renovations funding formula. Funds allocated for repair
5 and renovations must be used in accordance with exhibit 5-6 of the Funding Formula
6 Study: Phase 3 Report, submitted May 15, 1998. Funds allocated for new construction
7 must be used in accordance with exhibits 15 and 16 of the Funding Formula Study: Phase
8 4 Report, submitted February 4, 1999. New construction funds allocated by the report to
9 a specific site may not be allocated to another site. Each community college shall submit
10 to the State Board of Community Colleges a statement (i) proposing the capital facilities
11 to be financed with the proceeds of community college security interest bonds allocated
12 to that community college, (ii) certifying that the proposed site is included in the
13 consultant's report referred to in this section, (iii) certifying that the community college is
14 prepared to proceed with the construction, acquisition, or improvement of the proposed
15 capital facilities, and (iv) demonstrating that the applicable matching requirements have
16 been or will be met.

17 Upon receipt by the State Board of Community Colleges of the information set
18 forth above, the Board shall add the proposed capital facilities to the next application of
19 the Community Colleges System Office to the State Treasurer to issue bonds pursuant to
20 G.S. 116D-43.

21 The board of trustees of an individual community college may use funds
22 allocated for new construction either for new construction or for repair and renovations.
23 The board of trustees of a community college may use funds allocated for repair and
24 renovations only for repair and renovations, and not for new construction.

25 The projected allocations set forth above may be changed from time to time as
26 the General Assembly may decide, except that the General Assembly may not delete or
27 remove from funding any capital improvement that has been pledged as security for
28 community college security interest bonds that have been issued if such a change would
29 impair the security of the owners of the university improvement security interest bonds.

30 Section 3.(c) Community colleges are not required to match bond proceeds
31 allocated in this section for repair and renovations. The match requirements of Chapter
32 115D of the General Statutes apply to bond proceeds allocated for new construction
33 except as provided in this subsection. The consultant hired by the State Board of
34 Community Colleges to determine funding formulas for the community college system
35 developed an index to measure each county's ability to pay. The consultant found that
36 some counties are unable to meet their local match requirement under Chapter 115D of
37 the General Statutes because of inability to pay. Accordingly, community colleges are
38 required to match bond proceeds allocated for new construction in subsection (a) or (d) of
39 this section only as follows: Community colleges assigned a matching rate of less than
40 forty percent (40%) in the "adjusted matching requirements" contained in exhibit 14 of the
41 State Board of Community Colleges' consultant's Funding Formula Study: Phase 4
42 Report, submitted February 4, 1999, are not required to match, and community colleges

1 assigned a matching rate of forty percent (40%) or more in the adjusted matching
2 requirements are required to match only at the assigned rate.

3 Section 3.(d) Each community college that was not allocated funds for new
4 construction in the State Board of Community Colleges' consultant's report on the capital
5 allocation funding formula may receive the bond proceeds allocated to it for new
6 construction in subsection (a) of this section only to the extent that it can document to the
7 State Board of Community Colleges its actual need for funds for new construction, or its
8 actual need for funds for repair and renovations in excess of the amount allocated to it for
9 repair and renovations in subsection (a) of this section. If any community college is
10 unable to document to the State Board of Community Colleges by January 1, 2001, these
11 needs in the amount of its entire allocation for new construction under subsection (a) of
12 this section, the State Board shall reallocate the excess of the allocation over the amount
13 the college was able to document among the remaining community colleges to the extent
14 they can document actual needs in excess of their allocations in subsection (a) of this
15 section for new construction, repair, and renovations, or both.

16 Section 3.(e) The validity of community college security interest bonds and
17 notes issued under Article 4 of Chapter 116D of the General Statutes, as enacted by this
18 act, is not affected by any subsequent adjustment of allocations or matching requirements
19 provided in this act, or by any failure to comply with matching requirements or reporting
20 requirements provided in this act.

21 Section 4. Interpretation of Act. (a) Additional Method. – This act provides an
22 additional and alternative method for the doing of the things authorized by this act and
23 shall be regarded as supplemental and additional to powers conferred by other laws.
24 Except where expressly provided, this act shall not be regarded as in derogation of any
25 powers now existing. The authority granted in this act is in addition to other laws now or
26 hereinafter enacted authorizing The University of North Carolina to issue self-liquidating
27 debt or other debt secured by designated sources of funds.

28 Section 4.(b) Statutory References. – References in this act to specific sections or
29 Chapters of the General Statutes are intended to be references to those sections or
30 Chapters as they may be amended from time to time by the General Assembly.

31 Section 4.(c) Liberal Construction. – This act, being necessary for the health and
32 welfare of the people of the State, shall be liberally construed to effect its purposes.

33 Section 4.(d) Severability. – If any provision of this act or its application to any
34 person or circumstance is held invalid, that invalidity does not affect other provisions or
35 applications of the act that can be given effect without the invalid provision or
36 application, and to this end the provisions of this act are severable.

37 Section 5. This act is effective when it becomes law.