

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

4

SENATE BILL 912
Finance Committee Substitute Adopted 6/29/99
Third Edition Engrossed 6/30/99
Fourth Edition Engrossed 7/1/99

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, (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, AND (4)
14 RESTRICT THE NAMING OF STATE CONSTRUCTION PROJECTS FOR
15 SITTING MEMBERS OF THE GENERAL ASSEMBLY AND THE COUNCIL OF
16 STATE.

17 The General Assembly of North Carolina enacts:

1 Section 1. This act shall be known as the Michael K. Hooker Higher
2 Education Facilities Financing Act.

3 Section 1.1. The General Assembly finds that although The University of
4 North Carolina is one of the State's most valuable assets, the current facilities of the
5 University have been allowed to deteriorate due to decades of neglect and have
6 unfortunately fallen into a state of disrepair because of inadequate attention to
7 maintenance. It is the intent of the General Assembly to reverse this trend and to provide
8 a mechanism to assure that the University's capital assets are adequately maintained. The
9 General Assembly commits to responsible stewardship of these assets to protect their
10 value over the years, as follows:

11 (1) The Board of Governors of The University of North Carolina shall
12 require each constituent and affiliated institution to monitor the
13 condition of its facilities and their needs or repair and renovation, and to
14 assure that all necessary maintenance is carried out within funds
15 available.

16 (2) The Board of Governors shall report annually to the Joint Legislative
17 Commission on Governmental Operations and the Joint Legislative
18 Education Oversight Committee on the condition of the University's
19 capital facilities, the repair, renovation, and maintenance projects being
20 undertaken, and all needs for additional funding to maintain the
21 facilities.

22 (3) It is the intent of the General Assembly to assure that adequate
23 oversight, funding, and accountability are continually provided so that
24 the capital facilities of the University are properly maintained to
25 preserve the level of excellence the citizens of this State deserve. To
26 this end, the Joint Legislative Education Oversight Committee shall
27 report to the General Assembly annually its recommendations for
28 legislative changes to implement this policy.

29 Section 1.2. The General Statutes are amended by adding a new Chapter to
30 read:

31 **"CHAPTER 116D.**
32 **"HIGHER EDUCATION BONDS.**
33 **"ARTICLE 1.**
34 **"GENERAL PROVISIONS.**

35 **"§ 116D-1. Definitions.**

36 The following definitions apply in this Chapter:

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

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

40 a. One or more buildings, utilities, structures, or other facilities or
41 property developments, including streets and landscaping, and
42 the acquisition of equipment and furnishings in connection
43 therewith.

- 1 b. Additions, extensions, enlargements, renovations, and
2 improvements to existing buildings, utilities, structures, or other
3 facilities or property developments, including streets and
4 landscaping.
- 5 c. Land or an interest in land.
- 6 d. Other infrastructure.
- 7 The term includes, without limitation, classroom buildings, laboratory
8 buildings, research facilities, libraries, physical education facilities,
9 continuing education centers, student cafeterias, and activity facilities,
10 including sports facilities, student and faculty housing facilities, and
11 administrative office facilities.
- 12 (3) Cost. – Any of the following in financing the cost of capital facilities
13 and special obligation bond projects, as authorized by this Chapter:
- 14 a. The cost of constructing, reconstructing, renovating, repairing,
15 enlarging, acquiring, and improving capital facilities and special
16 obligation bond projects, including the acquisition of land, rights-
17 of-way, easements, franchises, equipment, furnishings, and other
18 interests in real or personal property acquired or used in
19 connection with a capital facility or special obligation bond
20 project.
- 21 b. The cost of engineering, architectural, and other consulting
22 services as may be required.
- 23 c. The cost of providing personnel to ensure effective project
24 management.
- 25 d. Finance charges, reserves for debt service, and interest prior to
26 and during construction.
- 27 e. Administrative expenses and charges incurred by the State in
28 connection with the administration of a bond program created
29 under this Chapter.
- 30 f. The cost of bond insurance, investment contracts, credit
31 enhancement, and liquidity facilities, interest-rate swap
32 agreements or other derivative products, financial and legal
33 consultants, and related costs of bond and note issuance.
- 34 g. The cost of reimbursing the State for any payments made for any
35 cost described in this subdivision.
- 36 h. Any other costs and expenses necessary or incidental to the
37 purposes of this Chapter.
- 38 (4) Credit facility. – An agreement entered into by the State Treasurer on
39 behalf of the State with a bank, savings and loan association or other
40 banking institution, an insurance company, reinsurance company, surety
41 company or other insurance institution, a corporation, investment
42 banking firm or other investment institution, or any financial institution
43 or other similar provider of a credit facility, which provider may be

1 located within or without the United States, and providing for prompt
2 payment of all or any part of the principal or purchase price (whether at
3 maturity, presentment or tender for purchase, redemption or
4 acceleration), redemption premium, if any, and interest on any bonds or
5 notes payable on demand or tender by the owner, in consideration of the
6 State's agreeing to repay the provider of the credit facility in accordance
7 with the terms and provisions of the agreement.

8 (5) Fiscal period. – A fiscal biennium or a fiscal year of the fiscal biennium.

9 (6) Fiscal year. – The fiscal year of the State beginning on July 1 of one
10 calendar year and ending on June 30 of the next calendar year.

11 (7) Par formula. – A provision or formula adopted by the State to provide
12 for the adjustment, from time to time, of the interest rate or rates borne
13 or provided for by any bonds or notes, including:

14 a. A provision providing for an adjustment so that the purchase
15 price of bonds or notes in the open market would be as close to
16 par as possible.

17 b. A provision providing for an adjustment based upon a percentage
18 or percentages of a prime rate or base rate, which percentages
19 may vary or be applied for different periods of time.

20 c. A provision that the State Treasurer determines is consistent with
21 this Chapter and will not materially and adversely affect the
22 financial position of the State and the marketing of bonds or
23 notes at a reasonable interest cost to the State.

24 (8) Securities issued under this Chapter. – Any of the following:

25 a. University improvement security interest bonds, refunding
26 bonds, notes, and refunding notes issued under Article 2 of this
27 Chapter.

28 b. Special obligation bonds, bond anticipation notes, and refunding
29 bonds issued under Article 3 of this Chapter.

30 c. Community college security interest bonds, refunding bonds,
31 notes, and refunding notes issued under Article 4 of this Chapter.

32 (9) State. – The State of North Carolina.

33 (10) State Treasurer. – The incumbent Treasurer, from time to time, of the
34 State.

35 (11) University. – The University of North Carolina and its constituent and
36 affiliated institutions, including, without limitation, the University of
37 North Carolina Center for Public Television, the University of North
38 Carolina Health Care System, the North Carolina School of Science and
39 Mathematics, and the North Carolina Arboretum.

40 "**§ 116D-2. General provisions.**

41 (a) Signatures. – Should any officer whose signature or facsimile signature
42 appears on securities issued under this Chapter cease to be that officer before the delivery
43 of the securities, the signature or facsimile signature shall nevertheless have the same

1 validity for all purposes as if the officer had remained in office until delivery of the
2 securities. Securities issued under this Chapter may bear the facsimile signatures of
3 persons, who at the actual time of the execution of the securities were the proper officers
4 to sign any security although at the date of the security those persons may not have been
5 officers.

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

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

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

23 **"§ 116D-3. Reports.**

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

27 (1) University Improvement Security Interest Bonds. – The Board of
28 Governors shall report on projects funded by university improvement
29 security interest bonds under Article 2 of this Chapter, including the
30 total project costs, the amount to be funded from the bonds, the
31 expenditures to date from the bonds and other sources, and the
32 percentage of each project completed. Each annual report shall include
33 estimated operating costs for each project begun in the preceding fiscal
34 year, including proposed sources of funds and anticipated dates for
35 occupancy. Operating costs shall be projected for a period of at least 20
36 years from the date of anticipated project completion.

37 (2) Special Obligation Bonds. – The Board of Governors shall report on
38 special obligation bonds issued under Article 3 of this Chapter,
39 including the amount of debt, itemized for each institution of the
40 University, by bond issue, and by project. The report shall include
41 schedules of debt service requirements and actual payments, as well as
42 evidence of compliance with additional financial covenants required by
43 bond documents. The report shall identify the trends and current

1 revenue streams of the sources of obligated resources pledged for each
2 bond issue.

3 (b) Treasurer. – Upon issuance of university improvement security interest bonds
4 under Article 2 of this Chapter or community college security interest bonds under
5 Article 4 of this Chapter, the Treasurer shall forward a schedule of required payments of
6 principal and interest over the life of the bonds to the Director of the Budget, with copies
7 to the Joint Legislative Commission on Governmental Operations and the Fiscal
8 Research Division. The Treasurer shall report to the Joint Legislative Commission on
9 Governmental Operations by September 15 of each year, and more frequently as the
10 Commission requests, on the university improvement security interest bonds issued under
11 Article 2 of this Chapter and community college security interest bonds issued under
12 Article 4 of this Chapter, including the annual debt service requirements over the
13 remainder of the life of the bonds.

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

19 "ARTICLE 2.

20 "SECURITY INTEREST BONDS FOR FINANCING

21 CAPITAL FACILITIES FOR THE UNIVERSITY OF NORTH CAROLINA.

22 "§ 116D-5. Short title.

23 This Article may be cited as the University Improvement Security Interest Bonds
24 Finance Act.

25 "§ 116D-6. Findings and purpose.

26 The General Assembly finds that:

27 (1) Article IX of the North Carolina Constitution requires the General
28 Assembly to maintain a public system of higher education comprising
29 The University of North Carolina, that the benefits of the University, as
30 far as practicable, be extended to the people of North Carolina without
31 expense.

32 (2) Recent studies have shown that billions of dollars will be necessary to
33 repair and renovate the current facilities of the University, to expand the
34 facilities to meet future enrollment demands, to modernize existing
35 facilities of the University in order for the University to continue to
36 provide excellent educational opportunities for the people of North
37 Carolina, and to meet the challenges of changing technologies and
38 globalization of economies.

39 (3) The University is one of the most valuable assets of the State, and the
40 State cannot afford to permit the quality of the University to decline due
41 to failure to maintain, expand, and modernize the facilities of the
42 University. The failure to expend the required amounts to maintain,
43 modernize, and expand the University will have a significant negative

1 impact upon the continuing quality of the University. Such a negative
 2 impact is unacceptable to the citizens of the State.

3 (4) The University's capital facilities have been and will continue to be
 4 provided from University funds on hand, direct appropriations by the
 5 State, the proceeds of University self-liquidating debt obligations, and
 6 the proceeds of State general obligation bonds secured by a pledge of
 7 the faith and credit of the State. There is a need, however, for the use of
 8 alternative financing methods to facilitate funding capital facilities when
 9 circumstances and conditions warrant the use of financing methods
 10 other than those currently used.

11 (5) The use of State of North Carolina University Improvement Security
 12 Interest Bonds, secured by a lien on or security interest in University
 13 property acquired, constructed, or improved with the bond proceeds,
 14 with the payments of principal and interest appropriated by the General
 15 Assembly, will provide flexibility to the State in the financing of
 16 facilities for the University and will permit the State to take advantage
 17 of changing financial and economic environments.

18 **"§ 116D-7. Definitions.**

19 The following definitions apply in this Article:

20 (1) Bonds. – Bonds authorized to be issued under this Article, including
 21 refunding bonds.

22 (2) Notes. – Notes issued under this Article.

23 (3) University improvement security interest bonds. – Bonds authorized to
 24 be issued under this Article, including refunding bonds.

25 **"§ 116D-8. Authorization of bonds and notes.**

26 The State Treasurer may, by and with the consent of the Council of State, issue and
 27 sell, at one time or from time to time, university improvement security interest bonds of
 28 the State to be designated 'State of North Carolina University Improvement Security
 29 Interest Bonds', with any additional designations as may be determined to indicate the
 30 issuance of bonds from time to time, or notes of the State. Except as otherwise provided
 31 by this Article, the aggregate amount of bonds and notes issued pursuant to this Article
 32 shall not exceed two billion seven hundred million dollars (\$2,700,000,000). The bonds
 33 and notes shall be issued in the following years up to the following amounts:

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

34
 35
 36
 37
 38
 39
 40 If less than the aggregate amount of bonds or notes authorized to be issued in a fiscal
 41 year is issued in that fiscal year, the balance for that fiscal year may be issued in any
 42 subsequent fiscal year. Refunding bonds and notes issued pursuant to G.S. 116D-11(f)

1 shall not be included in the limitation on the aggregate amount of bonds and notes that
2 may be issued pursuant to this Article.

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

8 **"§ 116D-9. Designation of capital facilities and preconditions to bond issuance.**

9 The capital facilities to be financed in whole or in part with the proceeds of university
10 improvement security interest bonds shall be set forth in legislation enacted from time to
11 time by the General Assembly. The proceeds of university improvement security interest
12 bonds shall not be expended to pay the costs of any capital facilities other than those set
13 forth in that legislation.

14 **"§ 116D-10. Security; other requirements.**

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

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

26 Chapter 146 of the General Statutes does not apply to any transfer of the State's interest
27 in property authorized by this Article, whether to a deed of trust trustee or other secured
28 party as security for university improvement security interest bonds, or to a purchaser of
29 property in connection with a foreclosure or similar conveyance of property to realize
30 upon the security for university improvement security interest bonds following the State's
31 default on its obligations under the bonds or notes or any trust agreement or other
32 instrument securing payment of the bonds or notes. The security for an issue of bonds
33 shall be set forth in general terms in the resolution of the Council of State authorizing the
34 issuance of the bonds. The property that will be the subject of a lien, deed of trust, or
35 security interest to secure the bonds need not bear any particular relationship to the
36 principal amount of the bonds or notes. The State may grant multiple liens or security
37 interests in a capital facility to the extent not otherwise limited by the terms of other
38 issues of bonds or notes.

39 (b) Default. – If university improvement security interest bonds are secured by a
40 lien, deed of trust, or security interest in multiple items of property, the mortgage, deed of
41 trust, or security agreement or other instrument creating the lien, deed of trust, or security
42 interest shall provide that if the State defaults on its obligations with respect to university
43 improvement security interest bonds, the Board of Governors, on behalf of the State, shall

1 determine the order in which the property comprising the security shall be sold or
2 otherwise conveyed to satisfy the obligations of the State. In carrying out the provisions
3 of this subsection, the Board of Governors shall endeavor to select for sale or conveyance
4 to satisfy the obligations of the State those items of property that, in the judgment of the
5 Board of Governors, if sold, would result in the least amount of interruption to the
6 operations of the University as a whole and its ability to carry out its mission. Any
7 determination made by the Board of Governors in carrying out this endeavor shall be
8 conclusive. Nothing in this subsection prohibits the sale or conveyance of up to all of the
9 property securing university improvement security interest bonds to the extent necessary
10 to satisfy the obligations of the State under the bonds.

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

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

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

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

37 (g) Terms Protecting Lender. – The documentation relating to an issue of bonds or
38 notes may contain provisions for protecting and enforcing the rights and remedies of the
39 owners of the bonds or notes that are reasonable and proper and not in violation of law.
40 It may include covenants setting forth the duties of the State in respect of the purposes to
41 which the proceeds of the bonds or notes may be applied, the disposition and application
42 of any appropriations of the State, and the duties of the State with respect to the capital
43 facilities financed, including, without limitation, the payment of the costs of insurance

1 and maintenance of the capital facilities, the terms under which the collateral securing the
2 bonds may be released or substitute collateral may be delivered, the terms and conditions
3 of the issuance of additional bonds or notes similarly secured, and the custody,
4 safeguarding, investment, and application of all moneys.

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

9 **§ 116D-11. Issuance of bonds and notes.**

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

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

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

41 (d) Application of Proceeds. – The proceeds of any bonds or notes shall be used
42 solely for the purposes for which the bonds or notes were issued and shall be disbursed in
43 the manner and under the restrictions, if any, that the Council of State may provide in the

1 resolution authorizing the issuance of, or in any trust agreement securing, the bonds or
2 notes.

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

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

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

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

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

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

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

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

26 (f) Refunding Bonds and Notes. – By and with the consent of the Council of State,
27 the State Treasurer is authorized to issue and sell refunding bonds and notes for the
28 purpose of refunding bonds or notes issued pursuant to this Article and to pay the cost of
29 issuance of the refunding bonds or notes. The refunding bonds and notes may be
30 combined with any other issues of State bonds and notes similarly secured. Refunding
31 bonds or notes may be issued at any time prior to the final maturity of the debt or
32 obligation to be refunded. The proceeds from the sale of any refunding bonds or notes
33 shall be applied to the immediate payment and retirement of the bonds or notes being
34 refunded or, if not required for the immediate payment of the bonds or notes being
35 refunded, the proceeds shall be deposited in trust to provide for the payment and
36 retirement of the bonds or notes being refunded and to pay any expenses incurred in
37 connection with the refunding. Money in a trust fund may be invested in (i) direct
38 obligations of the United States government, (ii) obligations the principal of and interest
39 on which are guaranteed by the United States government, (iii) obligations of any agency
40 or instrumentality of the United States government if the timely payment of principal and
41 interest on the obligations is unconditionally guaranteed by the United States
42 government, or (iv) certificates of deposit issued by a bank or trust company located in
43 the State if the certificates are secured by a pledge of any of the obligations described in

1 (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest,
2 equal at least to the principal amount of the certificates so secured. This section does not
3 limit the duration of any deposit in trust for the retirement of bonds or notes being
4 refunded but that have not matured and are not presently redeemable, or if presently
5 redeemable, have not been called for redemption.

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

35 **"§ 116D-12. Variable rate demand bonds and notes.**

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

- 38 (1) Be made payable from time to time on demand or tender for purchase
39 by the owner, if a credit facility supports the bonds or notes, unless the
40 State Treasurer specifically determines that a credit facility is not
41 required upon a finding and determination by the State Treasurer that
42 the absence of a credit facility will not materially and adversely affect

- 1 the financial position of the State and the marketing of the bonds or
- 2 notes at a reasonable interest cost to the State.
- 3 (2) Be additionally supported by a credit facility.
- 4 (3) Be made subject to redemption or a mandatory tender for purchase prior
- 5 to maturity.
- 6 (4) Bear interest at rates that may vary from any periods of time, as may be
- 7 provided in the proceedings providing for the issuance of the bonds or
- 8 notes, including, without limitation, any variations as may be permitted
- 9 pursuant to a par formula.
- 10 (5) Be made the subject of a remarketing agreement whereby an attempt is
- 11 made to remarket bonds or notes to new purchasers prior to their
- 12 presentment for payment to the provider of the credit facility or to the
- 13 State.

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

22 **"§ 116D-13. Other agreements.**

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

30 **"ARTICLE 3.**

31 **"SPECIAL OBLIGATION BONDS FOR IMPROVEMENTS TO THE**
 32 **FACILITIES OF THE UNIVERSITY OF NORTH CAROLINA.**

33 **"§ 116D-21. Purpose.**

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

39 **"§ 116D-22. Definitions.**

40 The following definitions apply in this Article:

- 41 (1) Existing facilities. – Buildings and facilities then existing that generate
- 42 income or receipts to the Board of Governors that are pledged, under the

1 provisions of a resolution authorizing the issuance of the special
2 obligation bonds under this Article, to the payment of the bonds.

3 (2) Institution. – Each of the institutions enumerated in G.S. 116-2, and any
4 affiliated institutions of the University, including, without limitation, the
5 University of North Carolina Center for Public Television, the
6 University of North Carolina Health Care System, the North Carolina
7 School of Science and Mathematics, and the North Carolina Arboretum.

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

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

16 b. Earnings on the investment of the endowment fund of the
17 institution at which a special obligation project will be located, to
18 the extent that the use of the earnings will not violate any lawful
19 condition placed by the donor upon the part of the endowment
20 fund that generates the investment earnings.

21 c. Funds to be received under a contract or a grant agreement,
22 including 'overhead costs reimbursement' under a grant
23 agreement, entered into by the Board of Governors or the
24 institution to the extent the use of the funds is not restricted by
25 the terms of the contract or grant agreement or the use of the
26 funds as provided in this Article does not violate the restriction.

27 Obligated resources do not include funds appropriated to the Board of
28 Governors or the institution from the General Fund by the General
29 Assembly from funds derived from general tax and other revenues of
30 the State, and obligated resources do not include tuition payment by
31 students.

32 (4) Special obligation bonds. – Bonds issued under this Article to finance
33 the cost of a special obligation project, which bonds are secured by and
34 payable from obligated resources designated by the Board of Governors
35 at the time the issuance of the bonds is authorized in accordance with
36 this Article.

37 (5) Special obligation bond project. – Any capital facilities located or to be
38 located at an institution for the purpose of carrying out the mission of
39 that institution and designated specifically by the Board of Governors as
40 a 'special obligation bond project' for purposes of this Article. A special
41 obligation bond project need not necessarily consist of buildings or
42 facilities that are expected to generate 'self-liquidating revenues' to the
43 Board of Governors or the institution from direct rentals, charges, or

1 fees from the services provided by the building or facility, and may
2 include facilities such as classroom buildings, administration buildings,
3 research facilities, libraries, and equipment that do not produce direct, or
4 indirect, income to the Board of Governors or the institution.

5 **"§ 116D-23. Credit and taxing power of State not pledged; statement on face of**
6 **bonds.**

7 Special obligation bonds issued under this Article shall not constitute a debt or
8 liability of the State or any political subdivision of the State or a pledge of the faith and
9 credit of the State or of any political subdivision of the State. Special obligation bonds
10 shall be secured solely by the obligated resources pledged to their payment. All of the
11 special obligation bonds shall contain on their face a statement to the effect that neither
12 the State nor the Board of Governors is obligated to pay the bonds or the interest on the
13 bonds except from the obligated resources pledged for payment and that neither the faith
14 and credit nor the taxing power of the State or of any political subdivision or
15 instrumentality of the State is pledged to the payment of the principal of or the interest on
16 the bonds. The issuance of special obligation bonds under this Article does not directly
17 or indirectly or contingently obligate the State or any political subdivision of the State to
18 levy or to pledge any taxes for the bonds.

19 **"§ 116D-24. General powers of Board of Governors.**

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

- 22 (1) Determine the location and character of any special obligation bond
23 project, to acquire, construct, and provide the project, and to maintain,
24 repair, and operate and enter into contracts for the management, lease,
25 use, or operation of all or any portion of any special obligation bond
26 project and any existing facilities.
- 27 (2) Issue special obligation bonds to pay all or any part of the cost of a
28 special obligation bond project, and to fund or refund any bonds
29 previously issued by the Board of Governors to finance facilities
30 designated as a special obligation bond project.
- 31 (3) Fix and revise from time to time and charge and collect fees, rates,
32 rents, charges, and other income for the use of and for the services
33 furnished by the institution that are designated as obligated resources in
34 connection with a special obligation bond issue.
- 35 (4) Establish and enforce, and to agree through any resolution or trust
36 agreement authorizing or securing bonds under this Article to make and
37 enforce, rules for the use of and services rendered by the institution of
38 the income or receipts to be obtained from the use or services
39 designated as obligated resources in connection with a special obligation
40 bond issue.
- 41 (5) Acquire, hold, lease, and dispose of real and personal property in the
42 exercise of its powers and the performance of its duties and to lease all
43 or any part of a special obligation bond project and any existing

1 facilities for any periods of years, not exceeding 40 years, upon any
2 terms and conditions as the Board of Governors determines, subject to
3 the provisions of G.S. 143-341.

4 (6) Employ consulting engineers, attorneys, accountants, construction and
5 financial experts, superintendents, managers, and any other employees
6 and agents as may be necessary in its judgment in connection with a
7 special obligation bond project and existing facilities, and to fix their
8 compensation.

9 (7) Enter into all contracts and agreements necessary or incidental to the
10 performance of its duties and the execution of its powers under this
11 Article.

12 (8) Receive and accept from any federal, State, or other public agency and
13 any private agency, person, or other entity donations, loans, grants, aid,
14 or contributions of any money, property, labor, or other things of value
15 for a special obligation bond project or any other services provided by
16 the institution that is designated as the obligated resource in connection
17 with a special obligation bond issue, and to agree to apply and use them
18 in accordance with the terms and conditions under which they are
19 provided.

20 (9) Do all acts and things necessary or convenient to carry out the powers
21 granted by this Article.

22 **"§ 116D-25. Consultation with the Joint Legislative Commission on Governmental**
23 **Operations.**

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

27 **"§ 116D-26. Issuance of special obligation bonds and bond anticipation notes.**

28 (a) Authority. – The Board of Governors may issue, subject to the approval of the
29 Director of the Budget, at one time or from time to time, special obligation bonds of the
30 Board of Governors for the purpose of paying all or any part of the cost of acquiring,
31 constructing, or providing a special obligation project. Before issuing special obligation
32 bonds, the Board of Governors shall first adopt a resolution (i) setting forth the
33 designation by the Board of Governors that the buildings or facilities to be financed by
34 the bond issue are the special obligation bond project being financed and (ii) designating
35 the obligated resources that will secure and be the source of payment of the special
36 obligation bonds to be issued. The Board of Governors shall not issue any special
37 obligation bonds unless the Board of Governors finds that sufficient obligated resources
38 are reasonably expected to be available (i) to pay the principal and interest on the special
39 obligation bonds proposed to be issued, (ii) to create and maintain any reserves for the
40 payment of the special obligation bonds, to the extent the Board of Governors is required
41 to maintain reserves for this purpose by the terms of the trust agreement or resolution
42 authorizing the issuance of the special obligation bonds, and (iii) to provide for the
43 maintenance and operation of the facilities that are to generate the obligated resources to

1 the extent the Board of Governors is required to maintain those facilities by the terms of
2 the trust agreement or resolution authorizing the issuance of the special obligation bonds.
3 Notwithstanding any other provision of this Article, the proceeds of special obligation
4 bonds to be secured by obligated resources derived from the operation of or activities at
5 one institution may not be applied to finance a special obligation project to be located at
6 another institution.

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

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

28 (c) Term; Form. – The special obligation bonds of each issue shall be dated, shall
29 mature at any times not exceeding 25 years from their dates, shall bear interest at any
30 rates as may be determined by the Board of Governors, and may be redeemable before
31 maturity at the option of the Board, at any prices and under any terms and conditions as
32 may be fixed by the Board prior to the issuance of the special obligation bonds. The
33 Board of Governors shall determine the form and manner of execution of the special
34 obligation bonds and shall fix the denominations of the special obligation bonds and the
35 places of payment of principal and interest, which may be at any bank or trust company
36 within or without the State. Notwithstanding any of the other provisions of this Article or
37 any recitals in any special obligation bonds issued under the provisions of this Article, all
38 special obligation bonds shall be negotiable instruments under the laws of this State,
39 subject only to the provisions for registration in a resolution authorizing the issuance of
40 the special obligation bonds or a trust agreement securing the bonds. The Board of
41 Governors may sell the special obligation bonds in any manner, at public or private sale,
42 and for any price, as it may determine to be for its best interests.

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

12 The resolution providing for the issuance of special obligation bonds, and any trust
13 agreement securing them, may also contain limitations upon the issuance of additional
14 special obligation bonds as the Board of Governors considers proper, and the additional
15 special obligation bonds must be issued under the restrictions and limitations prescribed
16 by the resolution or trust agreement.

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

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

27 (f) Bond Anticipation Notes. – The Board of Governors may issue, subject to the
28 approval of the Director of the Budget, at one time or from time to time, bond
29 anticipation notes of the Board of Governors in anticipation of the issuance of special
30 obligation bonds authorized by this Article. The principal of and the interest on these
31 notes shall be payable solely from the proceeds of special obligation bonds or renewal
32 notes or, in the event bond or renewal note proceeds are not available, from the obligated
33 resources designated for their payment. The notes of each issue shall be dated, shall
34 mature at any times not exceeding two years from their dates, shall bear interest at any
35 rates as may be determined by the Board of Governors, and may be redeemable before
36 maturity, at the option of the Board of Governors, at any prices and under any terms and
37 conditions as may be fixed by the Board of Governors prior to the issuance of the notes.
38 The Board shall determine the form and the manner of execution of the notes and shall
39 fix the denominations of the notes and the places of payment of principal and interest,
40 which may be at any bank or trust company within or without the State. Notwithstanding
41 any of the other provisions of this Article or any recitals in any notes issued under the
42 provisions of this Article, all notes shall be negotiable instruments under the laws of this
43 State, subject only to the provisions for registration in a resolution authorizing the

1 issuance of the notes or any trust agreement securing the bonds in anticipation of which
2 the notes are being issued. The Board of Governors may sell the notes in any manner, at
3 public or private sale, and for any price, as it may determine to be for its best interests.

4 The proceeds of the notes of each issue shall be used solely for the purpose for which
5 the special obligation bonds in anticipation of which the notes are being issued have been
6 authorized, and the note proceeds shall be disbursed in any manner and under any
7 restrictions as the Board of Governors may provide in the resolution authorizing the
8 issuance of the notes or bonds or in the trust agreement securing the special obligation
9 bonds.

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

16 Except as provided in this Article, notes may be issued under this Article and other
17 powers vested in the Board of Governors under this Article may be exercised by the
18 Board without obtaining the consent of any department, division, commission, board,
19 bureau, or agency of the State and without any other proceedings or the happening of any
20 other conditions or things than those proceedings, conditions, or things which are
21 specifically required by this Article.

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

24 **"§ 116D-27. Trust agreement; money received deemed trust funds; insurance;**
25 **remedies.**

26 (a) Trust Agreement Securing Bonds. – In the discretion of the Board of
27 Governors and subject to the approval of the Director of the Budget, any special
28 obligation bonds issued under this Article may be secured by a trust agreement by and
29 between the Board of Governors and a corporate trustee, which may be any trust
30 company or bank having the powers of a trust company within or without the State. The
31 trust agreement or the resolution providing for the issuance of special obligation bonds
32 may pledge or assign the obligated resources designated as security for the special
33 obligation bonds, but shall not convey or mortgage any property of the institution. The
34 trust agreement or resolution providing for the issuance of special obligation bonds may
35 contain provisions for protecting and enforcing the rights and remedies of the holders of
36 the special obligation bonds that are reasonable and proper and not in violation of law,
37 including covenants setting forth the duties of the Board of Governors in relation to the
38 acquisition, construction, or provision of any of the charging and collecting of any rates,
39 fees, or charges that have been designated as obligated resources, the maintenance, repair,
40 operation, and insurance of any property of the institution, and the custody, safeguarding,
41 and application of all moneys. It shall be lawful for any bank or trust company
42 incorporated under the laws of the State which may act as depository of the proceeds of
43 special obligation bonds or funds securing special obligation bonds to furnish any

1 indemnifying bonds or to pledge any securities as may be required by the Board of
2 Governors. A trust agreement or resolution may set forth the rights and remedies of the
3 holders of the special obligation bonds and the rights, remedies, and immunities of the
4 trustee or trustees, if any, and may restrict the individual right of action by the holders. In
5 addition to the foregoing, a trust agreement or resolution may contain other provisions the
6 Board of Governors considers reasonable and proper for the security of the holders. All
7 expenses incurred in carrying out the provisions of the trust agreement or resolution may
8 be treated as a part of the cost of the special obligation bond projects for which the
9 special obligation bonds are issued or as an expense of operation of the special obligation
10 bond project.

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

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

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

34 **"§ 116D-28. Fixing and collecting obligated resources.**

35 (a) Board to Provide Sufficient Resources. – For the purpose of aiding in the
36 financing of a special obligation bond project and to provide security to the owners of the
37 special obligation bonds issued to finance the special obligation bond project, the Board
38 of Governors is authorized, to the extent the generation of the obligated resources is in
39 the control of the Board, to fix, revise from time to time, charge, and collect the rents,
40 charges, fees, or other revenues constituting the obligated resources. Fees and other
41 revenue sources constituting obligated resources may be imposed or increased only with
42 the approval of the Board of Governors. As long as any special obligation bonds issued
43 under this Article and payable from those obligated resources are outstanding, the

1 obligated resources, to the extent within the control of the Board of Governors, shall be
2 so fixed and adjusted, with relation to other funds available, as to provide funds pursuant
3 to the requirements of the resolution or trust agreement authorizing or securing the
4 special obligation bonds and at least sufficient to pay the principal of and the interest on
5 the special obligation bonds as they become due and payable, to assure the continued
6 collection of the obligated resources, and to create and maintain reserves for these
7 purposes. A sufficient amount of the obligated resources, except any part that may be
8 necessary to pay the cost of maintenance, repair, and operation, and to provide reserves
9 for these purposes and for renewals, replacements, extensions, enlargements, and
10 improvements as may be provided for in the resolution authorizing the issuance of the
11 special obligation bonds or in the trust agreement securing the same, shall be set aside at
12 regular intervals as may be provided in the resolution or trust agreement authorizing the
13 issuance of the special obligation bonds in a sinking fund which is hereby pledged to, and
14 charged with, the payment of the principal of and the interest on the special obligation
15 bonds as they become due and the redemption price or the purchase price of special
16 obligation bonds retired by call or purchase as provided in the resolution or trust
17 agreement. This pledge shall be valid and binding from the time it is made, the obligated
18 resources so pledged and thereafter received by the Board of Governors shall
19 immediately be subject to the lien of the pledge without any physical delivery of the
20 pledge or further act, and the lien of the pledge shall be valid and binding as against all
21 parties having claims of any kind in tort, contract, or otherwise against the Board of
22 Governors, irrespective of whether the parties have notice of the pledge. Neither the
23 resolution nor any trust agreement by which a pledge is created need be filed or recorded
24 except in the records of the Board of Governors. The use and disposition of moneys to
25 the credit of the sinking fund shall be subject to the provisions of the resolution
26 authorizing the issuance of the special obligation bonds or of the trust agreement securing
27 the bonds.

28 (b) State Pledge. – The State pledges to, and agrees with, the holders of any
29 special obligation bonds or notes issued by the Board of Governors pursuant to this
30 Article that as long as any of the special obligation bonds or notes are outstanding and
31 unpaid, the State will not limit or alter the rights vested in the Board of Governors at the
32 time of issuance of the special obligation bonds or notes to set the terms and conditions of
33 the special obligation bonds or notes and to fulfill the terms of any agreements made with
34 the bondholders or noteholders. The State shall in no way impair the rights and remedies
35 of the bondholders or noteholders until the special obligation bonds or notes and all costs
36 and expenses in connection with any action or proceedings by or on behalf of the
37 bondholders or noteholders are fully paid, met, and discharged.

38 **"§ 116D-29. Vesting powers in committee.**

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

"§ 116D-30. Refunding bonds.

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

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

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

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

"ARTICLE 4.**"COMMUNITY COLLEGES FACILITIES SECURITY INTEREST FINANCE ACT.****"§ 116D-40. Short title.**

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

"§ 116D-41. Findings and purpose.

The General Assembly finds as follows:

(1) There is a continuing need for capital facilities for the State's community colleges, many of which will continue to be provided from current appropriations by counties, proceeds of various types of indebtedness incurred by counties for community college purposes, appropriations by the State, and the proceeds of State general obligation bonds secured by a pledge of the faith and credit of the State. There is a need, however, for the use of alternative financing methods such as authorized in this Article to facilitate the providing of capital facilities when circumstances and conditions warrant the providing of capital facilities through a financing method other than those previously used.

(2) The use of State of North Carolina Community College Security Interest Bonds, secured by a lien on or security interest in the community

1 college property acquired, constructed, or improved with the bond
2 proceeds, and the payment of principal and interest on which are subject
3 to appropriation at the discretion of the General Assembly, will provide
4 financing flexibility to counties and the State and permit the counties
5 and the State to take advantage of changing financial and economic
6 environments.

7 **"§ 116D-42. Definitions.**

8 The following definitions apply in this Article:

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

22 **"§ 116D-43. Authorization of bonds and notes.**

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

33 The proceeds of bonds or notes issued under this Article shall be applied to finance
34 the cost of grants to be made by the State to community colleges to finance the cost of
35 capital facilities for the community college or to refund any outstanding bonds or notes
36 issued under this Article. The capital facilities to be improved, constructed, or acquired
37 with the proceeds of bonds or notes shall be determined as provided in G.S. 116D-44.

38 **"§ 116D-44. Designation of capital facilities and preconditions to bond issuance.**

39 The capital facilities to be financed in whole or in part with the proceeds of
40 community college security interest bonds shall be described in legislation enacted from
41 time to time by the General Assembly. The proceeds of community college security
42 interest bonds shall not be expended to pay the costs of any capital facilities other than
43 those described in that legislation.

1 "§ 116D-45. Security; other requirements.

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

7 (1) In all or any part of the capital facilities to be financed by the bonds or
8 notes.

9 (2) In the case of construction of improvements on real property, in all or
10 some portion of the land on which the improvements are to be located or
11 in all or part of the improvements.

12 (3) In the case of renovations or improvements to or the installation of
13 fixtures in existing facilities, in all or some portion of the existing
14 facilities or in all or part of the renovations or improvements.

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

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

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

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

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

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

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

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

37 **"§ 116D-46. Issuance of bonds and notes.**

38 (a) Terms and Conditions. – Bonds or notes may bear any dates, may be serial or
39 term bonds or notes, or any combination of these, may mature in any amounts and at any
40 times, not exceeding 25 years from their dates, may be payable at any places, either
41 within or without the United States, in any coin or currency of the United States that at
42 the time of payment is legal tender for payment of public and private debts, may bear
43 interest at any rates, which may vary from time to time, and may be made redeemable

1 before maturity, at the option of the State or otherwise as may be provided by the State, at
2 any prices, including a price greater than the face amount of the bonds or notes, and
3 under any terms and conditions, all as may be determined by the State Treasurer, by and
4 with the consent of the Council of State.

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

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

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

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

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

- 38 (1) For anticipating the sale of bonds the issuance of which the Council of
39 State has approved, if the State Treasurer considers it advisable to
40 postpone the issuance of the bonds.
- 41 (2) For the payment of interest on or any installment of principal of any
42 bonds then outstanding, if there are not sufficient funds in the State

1 treasury with which to pay the interest or installment or principal as they
2 respectively become due.

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

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

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

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

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

35 (g) Trust Agreement. – In the discretion of the State Treasurer, any bonds and
36 notes issued under the provisions of this Article may be secured by a trust agreement or
37 similar instrument by and between the State and a corporate trustee or by a resolution of
38 the Council of State providing for the appointment of a corporate trustee. The corporate
39 trustee may be, in either case, any trust company or bank having the powers of a trust
40 company within or without the State. The trust agreement or resolution may provide for
41 security and pledges and assignments with respect to the security, as permitted under this
42 Article, and may provide for the granting of a lien or security interest in the property as
43 authorized in G.S. 116D-10. The trust agreement or resolution may contain provisions

1 for the terms and conditions of the issuance of additional bonds and notes, and the
2 custody, safeguarding, investment, and application of all moneys. All bonds and notes
3 issued under this Article shall be equally and ratably secured as provided in the trust
4 agreement or resolution, without priority by reasons of number, or dates of bonds or
5 notes, execution, or delivery, in accordance with the provisions of this Article and of the
6 trust agreement or resolution. The trust agreement or resolution may, however, provide
7 that the bonds or notes shall, to the extent and in the manner prescribed in the trust
8 agreement or resolution, be subordinated and junior in standing, with respect to the
9 payment of principal and interest and to the security thereof, to any other bonds or notes.
10 It shall be lawful for any bank or trust company that may act as depository of the
11 proceeds of bonds or notes, revenues, or any other money under this Article to furnish
12 any indemnifying bonds or to pledge any securities as may be required by the State
13 Treasurer. Any trust agreement or resolution may set out the rights and remedies of the
14 owners of any bonds or notes and of any trustee, and may restrict the individual rights of
15 action by the owners. In addition to the foregoing, any trust agreement or resolution may
16 contain other provisions that the State Treasurer considers reasonable and proper for the
17 security of the owners of any bonds or notes. Expenses incurred in carrying out the
18 provisions of any trust agreement or resolution may be treated as a part of the cost of any
19 capital facility or as an administrative charge and may be paid from the proceeds of the
20 bonds or notes or from any other available funds.

21 **"§ 116D-47. Variable rate demand bonds and notes.**

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

- 24 (1) Be made payable from time to time on demand or tender for purchase
25 by the owner, if a credit facility supports the bonds or notes, unless the
26 State Treasurer specifically determines that a credit facility is not
27 required upon a finding and determination by the State Treasurer that
28 the absence of a credit facility will not materially and adversely affect
29 the financial position of the State and the marketing of the bonds or
30 notes at a reasonable interest cost to the State.
- 31 (2) Be additionally supported by a credit facility.
- 32 (3) Be made subject to redemption or a mandatory tender for purchase prior
33 to maturity.
- 34 (4) Bear interest at rates that may vary from any periods of time, as may be
35 provided in the proceedings providing for the issuance of the bonds or
36 notes, including, without limitation, any variations as may be permitted
37 pursuant to a par formula.
- 38 (5) Be made the subject of a remarketing agreement whereby an attempt is
39 made to remarket bonds or notes to new purchasers prior to their
40 presentment for payment to the provider of the credit facility or to the
41 State.

42 (b) If the aggregate principal amount payable by the State under a credit facility is
43 in excess of the aggregate principal amount of bonds or notes secured by the credit

1 facility, whether as a result of the inclusion in the credit facility of a provision for the
 2 payment of interest for a limited period of time or the payment of a redemption premium,
 3 or for any other reason, then the amount of authorized but unissued bonds or notes during
 4 the term of the credit facility shall not be less than the amount of the excess, unless the
 5 payment of the excess is otherwise provided for by agreement of the State executed by
 6 the State Treasurer.

7 **"§ 116D-48. Other agreements.**

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

15 **"§ 116D-49. Procurement of capital facilities.**

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

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

<u>Constituent or Affiliated Institution or</u>	<u>Projected</u>
<u>Board of Governors Capital Improvement</u>	<u>Allocation</u>
Appalachian State University	
Central Library Complex	\$ 47,586,735
New Science Building.....	1,260,000
Rankin Science Building - Renovation and modernization 7,750,000	
Belk Library Renovation - Planning	545,020
Living and Learning Center - Academic Facility	4,022,725
Visual Arts Center - Renovation and Addition.....	6,063,435
Smith Wright Hall - Renovation and modernization.	1,636,111
Founders Hall - Renovation and modernization.	1,044,082
Land Acquisition.....	4,977,675
Potable Water - Infrastructure improvements.....	2,625,000
Technology Infrastructure Expansion.....	4,838,909

1		
2	East Carolina University	
3	Science Laboratories and Technology Building	55,125,315
4	Expansion of the Rivers Building	11,997,300
5	Nursing, Allied Health and DEC Complex:	
6	Medical School 46,882,500	
7	Flanagan Building - Renovations.....	13,421,276
8	Land Acquisition - Phase I.....	5,000,000
9	Classroom Improvements - Phase II	3,648,435
10	Belk Allied Health - Renovations and modernization	7,791,348
11	Library and Study Space Requirements - Phase I.....	12,600,000
12	Old Cafeteria - Renovations.....	4,442,103
13	Infrastructure	16,125,165
14	Rivers School of Nursing - North Wing Renovations	2,688,174
15	Materials Warehouse.....	3,045,315
16	Campus Computing Center - Renovation.....	1,785,000
17	Academic Space Requirements - Teaching Labs.....	5,250,000
18	Technology Infrastructure Expansion.....	807,575
19		
20	Elizabeth City State University	
21	New Student Center	9,178,313
22	New Residence Hall.....	6,510,000
23	General Campus Development	1,811,250
24	Historic Structures Preservation - Phase I.....	1,050,000
25	Lester Hall - Renovation and modernization	2,912,177
26	Williams Hall - Renovation and modernization	3,236,156
27	Lane Hall - Renovation and modernization	2,360,568
28	Trigg Hall - Renovation and modernization	2,109,017
29	White Graduate/Cont. Educ. Bldg -	
30	Renovation and modernization 1,575,000	
31	Johnson Hall - Renovation and modernization	3,156,308
32	Wamack Hall - Renovation and modernization.....	3,334,303
33	Bias Hall - Renovation and modernization.....	1,858,222
34	Mitchell-Lewis - Renovation and modernization	2,123,675
35	Roebuck Stadium Field House.....	1,260,000
36	Campus Property Development - Phase I.....	650,000
37	Technology Infrastructure Expansion.....	3,149,387
38		
39	Fayetteville State University	
40	New Residence Hall.....	6,872,250
41	Charles A. Lyons Science - Renovation/	
42	modernization and addition 16,800,000	
43	Seabrook Auditorium - Renovation and	

1	modernization	6,825,000	
2	Lauretta J. Taylor Gymnasium - Renovations,		
3	modernization, and addition	3,360,000	
4	Lilly Gymnasium - Renovation.....		3,256,367
5	Cook Dining Hall - Renovation.....		1,773,450
6	Howard School Museum.....		210,000
7	Fire Safety Improvements, Student Residence Halls.....		611,730
8	Roads, Parking, Landscaping Improvements - Phase I.....		3,675,000
9	Spaulding Infirmary and Roadway/Entrance.....		1,000,000
10	Technology Infrastructure Expansion.....		1,137,582
11			
12	North Carolina Agricultural and Technical State University		
13	General Classroom & Laboratory Building		
14	Complex #1	29,470,665	
15	Land Acquisition.....		6,300,000
16	Chemistry Building.....		21,831,600
17	Harrison Auditorium - Renovation and		
18	modernization	3,193,196	
19	Curtis Hall - Replacement.....		3,723,510
20	Scott Hall - Replacement.....		24,165,330
21	Gamble Complex.....		1,449,420
22	Hazardous Materials and Waste Storage Facility.....		1,575,000
23	Replace Barn - Agricultural Farm.....		919,185
24	Replace Poultry Complex Laying Houses -		
25	Agricultural Farm	913,500	
26	Zoe Barbee Hall - Renovation and modernization.....		5,876,786
27	Barnes Hall - Renovation and modernization.....		6,097,128
28	Graham Hall - Renovation and modernization.....		5,899,838
29	Corbett Sports Center Addition.....		7,035,000
30	Replacement of Steamlines and Manholes.....		1,568,280
31	Electrical Distribution System - upgrade		
32	and expansion.	2,256,802	
33	Central Cooling Plant - North and South		
34	chiller loops	6,405,000	
35	Parking Enhancements, Phase I.....		4,725,735
36	Cherry Hall - Renovation and modernization.....		8,613,152
37	General Renovations and Modernizations.....		8,872,918
38	Technology Infrastructure Expansion.....		2,921,662
39			
40	North Carolina Central University		
41	New Science Complex and Demolition of		
42	Old Hillside High School	36,780,000	
43	Chidley Hall - Renovation and modernization.....		6,621,943

1	General Campus Master Plan.....	250,000
2	Farrison-Newton Bldg. - Renovation and	
3	modernization 7,048,652	
4	Graduate Apartments, George Street - Replacement.....	1,556,642
5	Rush Hall - Renovation and modernization.....	2,089,387
6	Baynes Hall - Replacement.....	15,091,127
7	Eagleson Hall - Renovation and modernization	6,869,505
8	Shepard Dormitory - Renovation and modernization.....	7,284,923
9	Latham Hall - Renovation and modernization.....	3,411,600
10	McLean Hall - Renovation and modernization.....	1,942,070
11	Pearson Cafeteria - Renovation and modernization.....	1,263,570
12	Fire Safety Improvements - Student Residence Halls	1,612,695
13	Landscape Campus Perimeter	840,000
14	Landscape Pedestrian Corridors.....	787,500
15	Directional Signage - Vehicular/pedestrian	735,000
16	Pedestrian Corridor on Campus Drive.....	892,500
17	Pedestrian Mall at George Street.	472,500
18	Dormitory Security System.....	630,000
19	Parking Enhancements Phase 1 - Nelson St. Pkg. Deck.....	6,353,235
20	Electrical Power - New transformers	858,654
21	Life-Safety/OSHA Corrections.....	3,675,000
22	Land Acquisition.....	4,000,000
23	Relocate Campus Police Station	840,000
24	Replace Power Distribution Cables	1,115,940
25	Underground Piping Repairs.....	4,252,710
26	Technology Infrastructure Expansion.....	1,422,080
27		
28	North Carolina School of the Arts	
29	Basic Performance & Education Complex	19,130,685
30	Stevens Center - Renovation and modernization.....	4,434,480
31	New Student Activities Building - Renovation.....	2,500,000
32	Roanoke Island Music & Theatrical Complex.....	10,500,000
33	Landscaping Improvements	1,050,000
34	Costume Shop - Renovations and relocations.....	420,000
35	Land Acquisition.....	2,650,000
36	Technology Infrastructure Expansion.....	1,862,312
37		
38	North Carolina State University	
39	I. BUILDINGS	
40	A. Renovation, Modernization, & Replacements:	
41	Classroom/Office Space	
42	Renovation and modernization of buildings.....	91,312,249
43	Laboratory Space	

1	Renovation and modernization of buildings	49,000,000
2	Student Support Space	
3	Renovation, modernization, and fire	
4	safety improvements	2,070,000
5	B. Building Capacity:	
6	Construction of College of Engineering Complex -	
7	Phase I and Phase II; Undergraduate Science	
8	Teaching Lab - Phase I and Phase II; Jordan Hall	
9	Addition; Gymnasium; Library Space; Student	
10	Services Space; and David-Clark Laboratory	
11	Renovation and addition	149,978,194
12	C. Other Building Needs:	
13	Construction of Administrative Services	
14	Center - II; Extension Facilities; Field Research	
15	Laboratories and Outlying Research - Phase I;	
16	Research Laboratory Space, Phase I; Hazardous	
17	Materials Facility; Partners Building V;	
18	College of Veterinary Medicine Research Addition	
19	and renovations; Physical Sciences Research;	
20	Genomic Sciences Research; Services Buildings	
21	at Sullivan Site and Centennial Campus.	43,960,952
22		
23	II. OTHER CAMPUS REQUIREMENTS	
24	A. General Campus:	
25	University Signage; Pedestrian Tunnel; Security	
26	CardAccess; and Public Safety Facility.	15,579,475
27	B. Infrastructure:	
28	Construction of Chilled Water Plant; Potable	
29	Water Building Backflow Preventers; College of	
30	Veterinary Medicine Indoor Air Quality Upgrade;	
31	North Campus Chiller Service; Brickyard Loop	
32	Chilled Water Extension and Cooling Tower;	
33	Infrastructure for Centennial Campus Partnership;	
34	Infrastructure for Veterinary Medicine Private/	
35	Public Partnership; and Steam Distribution and	
36	Capacity Improvements.	92,999,130
37	Technology Infrastructure Expansion	2,308,681
38	C. Land Acquisition.	2,100,000
39		
40	University of North Carolina at Asheville	
41	New Math/Science Building	22,203,195
42	Highsmith Center Renovation and Addition.....	9,473,100
43	New Physical Plant Building.	6,318,900

1	Carmichael Hall - Renovation and modernization.....	3,912,805
2	Zaiger Hall - Renovation and modernization.....	3,524,624
3	General Campus Improvements.....	3,728,550
4	Technology Infrastructure Expansion.....	751,235

5
6 University of North Carolina at Chapel Hill

7 I. BUILDINGS

8 A. Renovation, Modernization, & Replacements:

9 Classroom/Office Space

10 Renovation and modernization of buildings..... 104,861,491

11 Laboratory Space

12 Renovation and modernization of buildings..... 93,531,460

13 B. Building Capacity:

14 Construction of Multidisciplinary Environmental

15 Studies Building; Addition to Carrington Hall

16 - School of Nursing; Teaching Research Bldg

17 - School of Public Health; and Interdisciplinary

18 Physical Science Bldg 87,465,000

19 C. Other Building Needs:

20 Construction of Health Affairs Biomolecular

21 Research Bldg, Phase I; Health Affairs Frank

22 Porter Graham Child Development Center; Health

23 Affairs Institute on Aging Bldg; Center for

24 Global and International Education; Digital

25 Multimedia Instructional Center; Medical School

26 Office Bldg No. 1; Sports Medicine Facility;

27 Ackland Art Museum Renovation and Expansion;

28 Relocate Physical Plant Grounds Dept; Administration

29 Office Bldg; Chapel Hill North; Campus Mail

30 Center; and Physical Plant Maintenance Shops

31 Addition 48,000,000

32
33 II. OTHER CAMPUS REQUIREMENTS

34 A. General Campus:

35 Campus Signage System..... 2,100,000

36 B. Infrastructure:

37 Construction of Storm Drainage Replacement;

38 Heating Line Installation; Cogeneration Facility

39 Turbine Generator; Gilsulate Replacement;

40 Steam Line Installation; East and South Chiller

41 Plant Expansion; North and South Chiller Plant

42 Replacements; Energy Management & Control System

43 Upgrade; Campus Fiber Optics Network; Horace

1	Williams Infrastructure - Phase I; Main Campus	
2	Infrastructure Expansion - Phase I; Chilled Water	
3	Air Conditioning Systems in Classroom Bldgs;	
4	and Coal Silo Replacement.....	154,041,090
5	Technology Infrastructure Expansion.....	1,287,051
6	C. Land Acquisition:	
7	Land Acquisition - South Campus Expansion.....	8,000,000
8		
9	University of North Carolina at Charlotte	
10	Academic Facilities - Humanities.....	10,046,925
11	Science and Technology Building.....	35,707,035
12	Classroom and Office Building.....	26,102,475
13	College of Education Building.....	24,654,476
14	College of Nursing and Health Professions.....	34,125,000
15	Graduate Engineering Complex.....	14,700,000
16	Research Facility - Phase I.....	16,800,000
17	University Conference Center.....	10,500,000
18	Central Heating Plant Improvement.....	2,625,000
19	Technology Infrastructure Expansion.....	3,345,507
20		
21	University of North Carolina at Greensboro	
22	Science Instructional Building.....	38,412,150
23	Roadway Improvements.....	6,825,000
24	Land Acquisition.....	7,000,000
25	Brown - Renovation and modernization.....	6,493,859
26	Petty Science Building - Renovation and	
27	modernization 16,272,270	
28	McIver Building - Renovation and modernization.....	21,636,510
29	Aycock Auditorium - Renovation and	
30	modernization 17,662,980	
31	Stone - Renovation and modernization.....	8,930,354
32	Heating Plant - Renovation, modernization,	
33	and expansion 4,851,288	
34	Forney Building - Renovation and modernization.....	3,565,364
35	McNutt Building - Renovation and modernization.....	2,723,956
36	Research Space Phase I.....	5,250,000
37	Electrical Power Distribution Upgrades.....	4,091,038
38	McIver Chiller Plant.....	8,373,750
39	Technology Infrastructure Expansion.....	7,859,789
40		
41	University of North Carolina at Pembroke	
42	Regional Center for Economic, Professional, and	
43	Community Development 4,004,385	

1	New Science Building.....	9,408,000
2	Chavis Center Expansion.....	3,221,400
3	Jones PE Building - Renovation and modernization	8,925,000
4	Business Administration Building - Renovation	
5	and modernization 2,140,762	
6	ADA Renovations	525,000
7	Locklear - Renovation and modernization.....	2,464,319
8	Moore Hall - Renovation and modernization	2,464,661
9	D.F. Lowery Building - Renovation and	
10	modernization 2,680,528	
11	Jacobs Hall - Renovation and modernization	4,155,525
12	West Hall - Renovation and modernization.....	4,961,580
13	Belk Hall - Renovation and modernization.....	3,055,985
14	Land Acquisition.....	1,500,000
15	Wellons Hall - Renovation and modernization.....	4,323,382
16	Technology Infrastructure Expansion.....	2,798,476
17		
18	University of North Carolina at Wilmington	
19	School of Education Building.....	17,576,370
20	Fine Arts Building/Concert Hall.....	26,250,000
21	General Classroom Building.....	12,646,935
22	Arnold K. King Hall - Renovation and	
23	modernization 2,697,442	
24	Hoggard Hall - Renovation and modernization.....	3,550,430
25	Alderman Admin. - Renovation and modernization.....	2,940,843
26	Westside Hall - Renovation and modernization	2,687,347
27	Kenan Hall - Renovation and modernization.....	3,056,633
28	Hinton James Hall - Renovation and	
29	modernization 1,843,981	
30	Deloach Hall - Renovation and modernization.....	5,193,585
31	Friday Hall - Renovation and modernization.....	7,693,351
32	S. G. Kenan Auditorium - Renovation and	
33	modernization. 3,095,303	
34	Marine Sciences Research Center - Operations Facilities	3,559,912
35	Computing Center	1,512,000
36	Print Shop 672,000	
37	Warehouse Expansion.....	1,890,000
38	Land Acquisition.....	2,100,000
39	Sprinkler Systems - Hoggard, Trask, & Nixon.....	823,620
40	Miscellaneous HVAC Projects	1,027,320
41	Miscellaneous Electrical Projects	676,305
42	Facility Improvements for Energy Efficiency	747,390
43	Primary Electrical Distribution System Upgrade	2,238,158

1	Storm Drainage Improvements	743,185
2	Technology Infrastructure Expansion.....	2,948,927
3		
4	Western Carolina University	
5	Fine and Performing Arts Center	25,805,745
6	Stillwell - Renovation and modernization	15,057,541
7	McKee Building	5,289,690
8	Bird Building - Renovation.....	1,836,450
9	Living - Learning Center - Conversion.....	1,887,113
10	Land Acquisition.....	3,618,000
11	Breese - Renovation and modernization	1,161,332
12	Vehicular Traffic Relocation.....	4,989,600
13	Indoor Recreation Facility	6,306,300
14	Hinds University Center - Addition	4,158,000
15	New Housing Facility.	13,308,750
16	Chiller Replacement and Retrofit	1,418,655
17	Replace steam and condensate lines	3,937,500
18	Upgrade Electrical Distribution System	883,995
19	Campus Pedestrian Corridors.....	1,386,000
20	Perimeter Parking Lots.....	1,039,500
21	Steam Plant Improvements - Phase III.....	644,595
22	Automated Energy Management System Enhancements	700,455
23	Technology Infrastructure Expansion.....	5,018,607
24		
25	Winston-Salem State University	
26	Computer Science Facility	5,748,330
27	New Physical and Life Sciences Building - Phase I.....	12,109,545
28	Anderson School Building - Renovation and	
29	modernization	6,917,905
30	Health Center Building and Old Nursing	
31	Building - Renovation and modernization	2,265,865
32	Carolina Hall - Renovation and modernization	4,270,688
33	Hauser Union - Renovation and modernization.....	3,895,461
34	Pegram Hall - Renovation and modernization.....	2,287,613
35	General Campus Improvements - Phase I.....	3,104,640
36	Technology Infrastructure Expansion.....	1,676,127
37		
38	University of North Carolina Center for Public Television	
39	Conversion to Digital TV - Phase I.....	64,995,000
40	Mobile Satellite Uplink.....	895,545
41	UNC Public Radio - Building Addition	478,938
42	North Carolina School of Science and Mathematics	
43	Renovation of Bryan Center	3,172,575

1	Renovation of Royall Outreach Center (Wyche	
2	House) 1,990,380	
3	North Carolina Arboretum	
4	Maintenance & Operations Facility	1,541,295
5	Entrance Gates and Gatehouses	785,610
6	Main Entrance Road Utility & Landscape Development	2,259,180
7	Demonstration Greenhouse.....	3,776,325
8	Bus Parking	969,255
9	North Carolina Botanical Gardens - Herbarium Research Building	
10	7,061,355	
11	J. C. Raulston Arboretum Education & Visitors Center	3,639,510
12	General Administration Building Renovation.....	2,887,500
13	Central Library Storage Facility and Central Records	
14	Storage - Planning	500,000
15	Matching Gift Incentive Program Projects.....	<u>282,648,212</u>
16		
17	TOTAL	\$ 2,700,000,000
18		

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

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

39 Section 2.(d) The proceeds of two hundred eighty-two million six hundred
 40 forty-eight thousand two hundred twelve dollars (\$282,648,212) university improvement
 41 security interest bonds authorized by this act and allocated in subsection (a) of this
 42 section for matching gift incentive program projects shall be allocated and expended for
 43 particular projects as provided in this subsection. The Board of Governors of The

1 University of North Carolina shall employ a private consultant to develop a list of capital
 2 facilities which are to be funded jointly from these bonds and private donations. The
 3 Board of Governors shall submit this list of recommended projects, including the
 4 proposed matching requirements by the University or its constituent or affiliated
 5 institutions, to the General Assembly by April 1, 2000. The matching requirements must
 6 be based on analyses of the fund-raising capabilities of each institution as determined by
 7 a private consultant in order to maximize private fund-raising for capital projects. The
 8 proceeds of these bonds or notes shall not be issued or allocated until the General
 9 Assembly authorizes the issuance of some or all of these bonds or notes and appropriates
 10 the proceeds for specific projects by separate legislative action at any subsequent session.

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

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

23	COLLEGE	NEW REPAIR & CONSTRUCTION	TOTAL RENOVATION	ALLOCATION
24	Alamance CC	4,044,756	491,415	
25		4,536,171		
26	Anson CC	1,061,903	840,055	
27		1,901,958		
28	Asheville-			
29	Buncombe TCC	1,381,875	1,722,802	
30	3,104,677			
31	Beaufort County CC	1,061,903	1,128,185	
32		2,190,088		
33	Bladen CC	1,061,903	279,588	
34		1,341,491		
35	Blue Ridge CC	2,030,342	2,305,387	
36		4,335,729		

1				
2	Brunswick CC	1,061,903		248,261
3		1,310,164		
4				
5	Caldwell CC & TI	3,353,211		377,326
6		3,730,537		
7				
8	Cape Fear CC	1,061,903		2,068,435
9		3,130,338		
10				
11	Carteret CC	1,061,903		1,882,001
12		2,943,904		
13				
14	Catawba Valley CC	1,242,780		2,743,429
15		3,986,209		
16				
17	Central Carolina CC	8,125,128		244,147
18		8,369,275		
19				
20	Central Piedmont CC	31,492,890		6,129,832
21		37,622,722		
22				
23	Cleveland CC	1,061,903		486,221
24		1,548,124		
25				
26	Coastal Carolina CC	15,659,820		348,511
27		16,008,331		
28				
29	College of the			
30	Albemarle	4,516,924	128,735	4,645,659
31				
32	Craven CC	3,833,227		573,564
33		4,406,791		
34				
35	Davidson County CC	1,061,903		2,287,656
36		3,349,559		
37				
38	Durham TCC	6,071,653		842,633
39		6,914,286		
40				
41	Edgecombe CC	7,864,395		1,563,500
42		9,427,895		
43				

1	Fayetteville TCC	15,469,002	2,166,691
2		17,635,693	
3			
4	Forsyth TCC	1,061,903	1,039,816
5		2,101,719	
6			
7	Gaston College	1,061,903	270,458
8		1,332,361	
9			
10	Guilford TCC	2,311,980	3,083,432
11		5,395,412	
12			
13	Halifax CC	1,061,903	817,189
14		1,879,092	
15			
16	Haywood CC	1,061,903	2,195,573
17		3,257,476	
18			
19	Isothermal CC	1,061,903	949,267
20		2,011,170	
21			
22	James Sprunt CC	1,061,903	516,788
23		1,578,691	
24			
25	Johnston CC	1,061,903	921,977
26		1,983,880	
27			
28	Lenoir CC	2,308,020	1,048,459
29		3,356,479	
30			
31	Martin CC	1,340,460	142,636
32		1,483,096	
33			
34	Mayland CC	3,148,914	213,742
35		3,362,656	
36			
37	McDowell TCC	1,128,600	273,269
38		1,401,869	
39			
40	Mitchell CC	1,061,903	983,677
41		2,045,580	
42			

1	Montgomery CC	1,061,903	301,703
2		1,363,606	
3			
4	Nash CC	1,061,903	1,021,442
5		2,083,345	
6			
7	Pamlico CC	1,061,903	302,049
8		1,363,952	
9			
10	Piedmont CC	1,909,710	2,111,177
11		4,020,887	
12			
13	Pitt CC	13,844,565	2,091,308
14		15,935,873	
15			
16	Randolph CC	1,061,903	551,886
17		1,613,789	
18			
19	Richmond CC	3,110,085	984,167
20		4,094,252	
21			
22	Roanoke-Chowan CC	1,061,903	567,718
23		1,629,621	
24			
25	Robeson CC	5,485,095	2,192,511
26		7,677,606	
27			
28	Rockingham CC	1,061,903	1,278,538
29		2,340,441	
30			
31	Rowan-Cabarrus CC	4,813,887	2,925,850
32		7,739,737	
33			
34	Sampson CC	1,061,903	1,653,903
35		2,715,806	
36			
37	Sandhills CC	2,575,320	2,831,582
38		5,406,902	
39			
40	Southeastern CC	1,061,886	1,112,304
41		2,174,190	
42			

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

35 Section 3.(b) Except as provided in this subsection and subsection (d) of this
36 section, a community college may use the bond proceeds allocated in subsection (a) of
37 this section only in accordance with the State Board of Community Colleges' consultant's
38 report on the capital allocation and repairs and renovations funding formula. Funds
39 allocated for repair and renovations must be used in accordance with exhibit 5-6 of the
40 Funding Formula Study: Phase 3 Report, submitted May 15, 1998. Funds allocated for
41 new construction must be used in accordance with exhibits 15 and 16 of the Funding
42 Formula Study: Phase 4 Report, submitted February 4, 1999.

1 Except as provided in this paragraph, new construction funds allocated by the
2 report to a specific site may not be allocated to another site. If the local board of trustees
3 of a community college determines that new construction funds allocated to a specific
4 site are not needed at that site, the board may request that the State Board of Community
5 Colleges reallocate those funds for new construction at another site of the community
6 college. If the State Board of Community Colleges determines that the funds are not
7 needed for new construction at the site for which they were originally allocated, it shall
8 approve the reallocation to the other site and shall substitute the proposed facility at the
9 other site in the Community Colleges System Office's application to the State Treasurer
10 pursuant to G.S. 116D-43.

11 Each community college shall submit to the State Board of Community
12 Colleges a statement (i) proposing the capital facilities to be financed with the proceeds
13 of community college security interest bonds allocated to that community college, (ii)
14 certifying that the proposed site is included in the consultant's report referred to in this
15 section or is a substitute facility at another site because the funds are not needed for new
16 construction at the site for which they are allocated in the consultant's report, (iii)
17 certifying that the community college is prepared to proceed with the construction,
18 acquisition, or improvement of the proposed capital facilities, and (iv) demonstrating that
19 the applicable matching requirements have been or will be met.

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

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

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

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

1 State Board of Community Colleges' consultant's Funding Formula Study: Phase 4
2 Report, submitted February 4, 1999, are not required to match, and community colleges
3 assigned a matching rate of forty percent (40%) or more in the adjusted matching
4 requirements are required to match only at the assigned rate.

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

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

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

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

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

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

39 Section 5. The Board of Governors of The University of North Carolina shall
40 report annually to the Joint Legislative Commission on Governmental Operations and the
41 Joint Legislative Education Oversight Committee on the condition of all of the
42 University's capital facilities, including a status report on all repair, renovation, and

1 maintenance projects being undertaken and an assessment of needs for additional funding
2 to repair, renovate, and maintain the facilities.

3 The Board of Governors of The University of North Carolina shall also study
4 the repairs and renovations formula currently utilized with respect to funding for the
5 Repairs and Renovations Reserve Account to determine whether it adequately takes into
6 account all of the appropriate maintenance needs of each constituent and affiliated
7 institution, and shall recommend to the Joint Legislative Commission on Governmental
8 Operations and the Joint Legislative Education Oversight Committee any changes
9 necessary to improve the formula. The Board shall make recommendations on the scope
10 and adequacy of the methodology used to calculate the funding for the repairs and
11 renovations reserve as specified in G.S. 143-15.2.

12 Section 6. Minority Business Participation. The goals set by G.S. 143-128 for
13 participation in projects by minority businesses apply to projects funded by the proceeds
14 of bonds or notes issued under this act. The following State agencies shall monitor
15 compliance with this requirement and shall report to the General Assembly by January 1
16 of each year on the participation by minority businesses in these projects. The State
17 Construction Office, Department of Administration, shall monitor compliance with
18 regard to projects funded by the proceeds of university improvement security interest
19 bonds and notes and special obligation bonds and notes; the Board of Governors of The
20 University of North Carolina shall provide the State Construction Office any information
21 required by the State Construction Office to monitor compliance. The Community
22 Colleges System Office shall monitor compliance with regard to projects funded by the
23 proceeds of community college security interest bonds and notes.

24 Section 7. The Board of Governors of The University of North Carolina shall
25 review the recommendations in the "Capital Equity and Adequacy Study" regarding the
26 potential for increased use of private resources in providing university facilities. The
27 Board of Governors shall study the potential for private development of these facilities as
28 student housing, public/private partnerships for joint development of facilities,
29 establishment of a private nonprofit corporation to assist in development of university
30 facilities, and any other alternatives the Board considers appropriate and feasible. The
31 Board of Governors shall develop recommendations and proposals to implement these
32 recommendations and report these proposals to the Joint Legislative Education Oversight
33 Committee by April 15, 2000.

34 Section 8. Article 36 of Chapter 143 of the General Statutes is amended by
35 adding a new section to read:

36 "**§ 143-342.2. Restriction on naming construction projects funded by the State.**

37 Notwithstanding any other provision of law, no construction project funded in whole
38 or part from State funds shall be named for a member of the General Assembly or the
39 Council of State during the time the person is holding office either as a member of the
40 General Assembly or the Council of State."

41 Section 9. This act is effective when it becomes law.