

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS35176-LYx-105 (2/21)

Short Title: Public School Building Bond Act of 2007. (Public)

Sponsors: Senator Hoyle.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF THE STATE, AND TO PROVIDE FUNDS FOR GRANTS TO COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS.

The General Assembly of North Carolina enacts:

SECTION 1. This act is entitled "The Public School Building Bond Act of 2007."

SECTION 2. Purpose. – It is the intent of the General Assembly by this act to provide for the issuance of two billion dollars (\$2,000,000,000) general obligation bonds of the State to facilitate the provision of public school buildings by making grants to counties to provide funds for public school capital outlay projects.

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

- (1) "Bonds" means bonds issued under this act.
- (2) "Cost" means, without intending thereby to limit or restrict any proper definition of this term in financing the cost of public school capital outlay projects authorized by this act:
 - a. The cost of constructing, reconstructing, enlarging, acquiring, and improving projects, and acquiring equipment and land therefor,
 - b. The cost of engineering, architectural, and other consulting services as may be required,
 - c. Administrative expenses and charges,
 - d. Finance charges and interest prior to and during construction and, if deemed advisable by the State Treasurer, for a period not

1 exceeding two years after the estimated date of completion of
2 construction,

3 e. The cost of bond insurance, investment contracts, credit
4 enhancement and liquidity facilities, interest-rate swap
5 agreements or other derivative products, financial and legal
6 consultants, and related costs of bond and note issuance, to the
7 extent and as determined by the State Treasurer,

8 f. The cost of reimbursing the State for any payments made for
9 any cost described above, and

10 g. Any other costs and expenses necessary or incidental to the
11 purposes of this act.

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

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

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

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

34 a. A provision providing for such adjustment so that the purchase
35 price of such bonds or notes in the open market would be as
36 close to par as possible,

37 b. A provision providing for such adjustment based upon a
38 percentage or percentages of a prime rate or base rate, which
39 percentage or percentages may vary or be applied for different
40 periods of time, or

41 c. Such other provision as the State Treasurer may determine to be
42 consistent with this act and will not materially and adversely
43 affect the financial position of the State and the marketing of
44 bonds or notes at a reasonable interest cost to the State.

1 (6) "Public School Capital Outlay Projects" means the construction of new
2 public school buildings or the renovation of existing public school
3 buildings, the purchase of equipment for a newly constructed public
4 school building or equipment related to the improvement of an existing
5 public school building including but not limited to technology
6 equipment and infrastructure, the purchase of land necessary for
7 immediate construction of school buildings, and other related capital
8 outlay projects constituting facilities for individual schools that are
9 used for instructional and related purposes, but not including
10 centralized administration, maintenance, trailers, relocatable
11 classrooms, or mobile classrooms.

12 (7) "State" means the State of North Carolina.

13 **SECTION 4.** Authorization of Bonds and Notes. – Subject to a favorable
14 vote of a majority of the qualified voters of the State who vote on the question of
15 issuing 2007 Public School Building Bonds in the election held as provided in this act,
16 the State Treasurer is authorized, by and with the consent of the Council of State, to
17 issue and sell, at one time or from time to time, general obligation bonds of the State to
18 be designated "State of North Carolina 2007 Public School Building Bonds", with any
19 additional designations as may be determined to indicate the issuance of bonds from
20 time to time, or notes of the State as provided in this act, in the aggregate principal
21 amount not exceeding two billion dollars (\$2,000,000,000) for the purposes authorized
22 in this act. The principal amounts of bonds or notes issued in any 12-month period shall
23 not exceed five hundred million dollars (\$500,000,000). In determining whether this
24 limit has been reached, the issuance of a note or bond to pay an outstanding note is not
25 considered an issuance.

26 **SECTION 5.** Uses of Bond and Note Proceeds. – The proceeds of 2007
27 Public School Building Bonds and notes shall be used for the purpose of making grants
28 to counties for paying the cost of public school capital outlay projects.

29 Any additional moneys that may be received by means of a grant or grants
30 from the United States of America or any agency or department thereof or from any
31 other source to aid in financing the cost of any public school capital outlay projects
32 authorized by this act may be placed by the State Treasurer in the 2007 Public School
33 Building Bonds Fund or in a separate account or fund and shall be disbursed, to the
34 extent permitted by the terms of the grant or grants, without regard to any limitations
35 imposed by this act.

36 Moneys in the 2007 Public School Building Bonds Fund or in any separate
37 fund or account may be invested from time to time by the State Treasurer in the same
38 manner permitted for investment of moneys belonging to the State or held in the State
39 treasury except with respect to grant money to the extent otherwise directed by the
40 terms of the grant, and any investment earnings shall be credited to the 2007 Public
41 School Building Bonds Fund or the particular fund or account from which the
42 investment was made.

43 All moneys deposited in, or accruing to the credit of, the 2007 Public School
44 Building Bonds Fund, other than moneys set aside for administrative expenses,

1 including expenses related to determining compliance with applicable requirements of
2 the federal tax law and cost of issuance, shall be used to pay the cost of public school
3 capital outlay projects in the manner authorized by this act.

4 The proceeds of 2007 Public School Building Bonds and notes may be used
5 with any other moneys made available by the General Assembly for public school
6 capital outlay projects, including the proceeds of any other State bond issues, whether
7 heretofore made available or that may be made available at the session of the General
8 Assembly at which this act is ratified or any subsequent sessions. The proceeds of 2007
9 Public School Building Bonds and notes shall be expended and disbursed under the
10 direction and supervision of the Director of the Budget. The funds provided by this act
11 for public school capital outlay projects shall be disbursed for the purposes provided in
12 this act upon warrants drawn on the State Treasurer by the State Controller, which
13 warrants shall not be drawn until requisition has been approved by the Director of the
14 Budget and which requisition shall be approved only after full compliance with the
15 State Budget Act, Chapter 143C of the General Statutes.

16 The Director of the Budget shall provide quarterly reports to the State Board
17 of Education, the Superintendent of Public Instruction, and the General Assembly on the
18 expenditure of moneys from the 2007 Public School Building Bonds Fund. Reports to
19 the General Assembly shall be filed with the Legislative Library, the Speaker of the
20 House of Representatives, the President Pro Tempore of the Senate, and the Fiscal
21 Research Division.

22 **SECTION 6.(a)** Allocation of Proceeds. – The proceeds of 2007 Public
23 School Building Bonds and notes, including premium thereon, if any, except the
24 proceeds of bonds the issuance of which has been anticipated by bond anticipation notes
25 or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a
26 special fund to be designated "2007 Public School Building Bonds Fund". Moneys in
27 the 2007 Public School Building Bonds Fund shall be used for the purposes set forth in
28 this act. The proceeds of 2007 Public School Building Bonds and notes shall be
29 allocated to counties and expended for paying the cost of public school capital outlay
30 projects, to the extent and as provided in this act and subject to change as provided in
31 this act.

32 **SECTION 6.(b)** Allocation. – The proceeds of two billion dollars
33 (\$2,000,000,000) 2007 Public School Building Bonds and notes shall be allocated to
34 each county on the basis of the distribution amounts provided in the following table for
35 the local school administrative units in the State. No county shall receive less than one
36 million dollars (\$1,000,000). In the case of a local school administrative unit located
37 entirely in one county, the unit's total distribution amount shall be allocated to that
38 county. In the case of a county with more than one local school administrative unit, the
39 county's distribution amount shall be allocated among the local school administration
40 units in the county in proportion to average daily membership of each unit in the
41 county. A county's distribution amount allocated to a unit may be used only with
42 respect to public school capital outlay projects of that unit.

	Distribution	Distribution	Distribution
	Based on	Based on	Based on
Local School			

	Administrative Unit	High Growth	Ability to Pay	Average Daily Membership	Total
1					
2					
3					
4	Alamance	\$16,305,087.03	\$11,343,933.40	\$15,082,212.65	\$42,731,233.08
5	Alexander	\$4,141,286.68	\$2,881,216.16	\$3,830,692.00	\$10,853,194.84
6	Alleghany	\$1,137,123.75	\$791,130.77	–	\$1,928,254.52
7	Anson	\$3,043,499.69	–	\$2,815,238.55	\$5,858,738.24
8	Ashe	\$2,406,826.95	\$1,674,501.00	–	\$4,081,327.95
9	Avery	\$1,685,653.01	–	–	\$1,685,653.01
10	Beaufort	\$5,178,611.61	–	\$4,790,218.01	\$9,968,829.62
11	Bertie	\$2,280,075.16	–	\$2,109,070.53	\$4,389,145.69
12	Bladen	\$4,021,091.03	–	\$3,719,510.96	\$7,740,601.99
13	Brunswick	\$8,482,171.00	\$5,901,298.33	–	\$14,383,469.33
14	Buncombe	\$21,450,918.01	\$14,924,040.87	–	\$36,374,958.88
15	Burke	\$10,339,011.76	–	\$9,563,590.41	\$19,902,602.17
16	Cabarrus	\$22,163,350.44	\$15,419,701.27	\$20,501,108.88	\$58,084,160.59
17	Caldwell	\$9,534,793.56	\$6,633,639.11	\$8,819,688.22	\$24,988,120.89
18	Camden	\$1,362,217.43	\$947,735.13	\$1,260,051.72	\$3,570,004.28
19	Carteret	\$6,003,226.66	\$4,176,623.11	–	\$10,179,849.77
20	Caswell	\$2,389,343.94	–	\$2,210,144.19	\$4,599,488.13
21	Catawba	\$18,155,371.67	\$12,631,231.38	–	\$30,786,603.05
22	Chatham	\$5,556,681.58	\$3,865,948.44	–	\$9,422,630.02
23	Cherokee	\$2,669,800.47	\$1,857,459.50	\$2,469,566.61	\$6,996,826.58
24	Chowan	\$1,837,900.84	\$1,278,682.21	\$1,700,059.09	\$4,816,642.14
25	Clay	\$989,975.13	\$688,755.10	–	\$1,678,730.23
26	Cleveland	\$12,345,186.52	–	\$11,419,302.95	\$23,764,489.47
27	Columbus	\$6,963,334.98	–	\$6,441,087.91	\$13,404,422.89
28	Craven	\$10,725,823.23	\$7,462,273.84	\$9,921,391.19	\$28,109,488.26
29	Cumberland	\$38,550,753.29	\$26,820,904.22	\$35,659,463.69	\$101,031,121.20
30	Currituck	\$2,966,283.09	\$2,063,731.26	–	\$5,030,014.35
31	Dare	\$3,555,606.03	\$2,473,740.74	–	\$6,029,346.77
32	Davidson	\$19,130,777.63	\$13,309,850.28	\$17,695,97.69	\$50,136,605.60
33	Davie	\$4,777,959.43	\$3,324,168.30	–	\$8,102,127.73
34	Duplin	\$6,540,100.58	\$4,550,142.25	\$6,049,595.91	\$17,139,838.74
35	Durham	\$22,996,706.99	\$15,999,492.18	–	\$38,996,199.17
36	Edgecombe	\$5,450,326.64	–	\$5,041,554.53	\$10,491,881.17
37	Forsyth	\$36,869,471.03	\$25,651,186.21	–	\$62,520,657.24
38	Franklin	\$6,019,252.74	\$4,187,772.94	\$5,567,811.43	\$15,774,837.11
39	Gaston	\$23,552,520.84	\$16,386,188.38	–	\$39,938,709.22
40	Gates	\$1,506,452.22	\$1,048,083.56	\$1,393,468.96	\$3,948,004.74
41	Graham	\$884,348.64	\$615,267.62	\$818,022.88	\$2,317,639.14
42	Granville	\$6,484,009.28	\$4,511,117.86	\$5,997,711.43	\$16,992,838.57
43	Greene	\$2,373,317.86	\$1,651,187.73	\$2,195,320.06	\$6,219,825.65
44	Guilford	\$51,178,581.72	\$35,606,459.57	–	\$86,785,041.29

1	Halifax	\$6,392,951.96	–	\$5,913,483.37	\$12,306,435.33
2	Harnett	\$13,169,801.57	\$9,162,622.16	\$12,182,072.22	\$34,514,495.95
3	Haywood	\$5,742,438.51	\$3,995,185.05	\$5,311,758.14	\$15,049,381.70
4	Henderson	\$9,477,245.33	\$6,593,601.10	–	\$16,070,846.43
5	Hertford	\$2,498,612.72	–	\$2,311,217.86	\$4,809,830.58
6	Hoke	\$5,278,410.43	\$3,672,346.93	\$4,882,531.96	\$13,833,289.32
7	Hyde	–	–	–	\$1,000,000.00
8	Iredell	\$19,075,414.78	\$13,271,332.70	–	\$32,346,747.48
9	Jackson	\$2,669,072.01	\$1,856,952.69	–	\$4,526,024.70
10	Johnston	\$21,211,255.16	\$14,757,300.30	\$19,620,420.32	\$55,588,975.78
11	Jones	\$930,241.53	–	\$860,473.82	\$1,790,715.35
12	Lee	\$6,817,643.28	\$4,743,236.95	\$6,306,323.02	\$17,867,203.25
13	Lenoir	\$7,113,397.44	–	\$6,579,895.75	\$13,693,293.19
14	Lincoln	\$8,773,554.40	\$6,104,022.42	\$8,115,541.67	\$22,993,118.49
15	Macon	\$3,137,470.84	\$2,182,831.66	–	\$5,320,302.50
16	Madison	\$1,921,673.57	\$1,336,965.39	\$1,777,548.90	\$5,036,187.86
17	Martin	\$3,040,585.86	–	\$2,812,543.25	\$5,853,129.11
18	McDowell	\$4,704,385.12	\$3,272,980.47	\$4,351,558.29	\$12,328,923.88
19	Mecklenburg	\$93,716,188.48	\$65,201,136.19	–	\$158,917,324.67
20	Mitchell	\$1,603,337.20	–	\$1,483,087.61	\$3,086,424.81
21	Montgomery	\$3,295,546.34	\$2,292,809.48	\$3,048,381.81	\$8,636,737.63
22	Moore	\$8,923,616.86	\$6,208,425.33	–	\$15,132,042.19
23	Nash	\$13,201,853.74	\$9,184,921.81	\$12,211,720.50	\$34,598,496.05
24	New				
25	Hanover	\$17,509,228.96	\$12,181,690.71	–	\$29,690,919.67
26	Northampton	\$2,171,534.85	–	\$2,008,670.68	\$4,180,205.53
27	Onslow	\$16,789,511.95	\$11,680,962.20	\$15,530,305.91	\$44,000,780.06
28	Orange	\$13,057,618.95	\$9,084,573.39	–	\$22,142,192.34
29	Pamlico	\$1,113,813.08	–	\$1,030,277.58	\$2,144,090.66
30	Pasquotank	\$4,530,283.53	\$3,151,852.83	\$4,190,514.25	\$11,872,650.61
31	Pender	\$5,606,216.76	\$3,900,411.54	\$5,185,752.96	\$14,692,381.26
32	Perquimans	\$1,258,047.86	\$875,261.27	\$1,163,694.82	\$3,297,003.95
33	Person	\$4,126,717.51	–	\$3,817,215.51	\$7,943,933.02
34	Pitt	\$16,385,217.47	\$11,399,682.52	\$15,156,333.34	\$42,941,233.33
35	Polk	\$1,764,326.53	\$1,227,494.38	–	\$2,991,820.91
36	Randolph	\$17,000,036.46	\$11,827,430.36	\$15,725,041.18	\$44,552,508.00
37	Richmond	\$5,941,307.68	–	\$5,495,712.21	\$11,437,019.89
38	Robeson	\$17,525,983.51	\$12,193,347.34	\$16,211,542.43	\$45,930,873.28
39	Rockingham	\$10,470,134.29	–	\$9,684,878.81	\$20,155,013.10
40	Rowan	\$15,239,352.22	\$10,602,470.03	\$14,096,407.48	\$39,938,229.73
41	Rutherford	\$7,302,796.65	\$5,080,772.56	\$6,755,090.11	\$19,138,659.32
42	Sampson	\$8,222,839.76	\$5,720,873.88	\$7,606,130.39	\$21,549,844.03
43	Scotland	\$4,984,113.19	\$3,467,595.60	\$4,610,306.88	\$13,062,015.67
44	Stanly	\$7,026,710.87	–	\$6,499,710.64	\$13,526,421.51

1	Stokes	\$5,317,747.19	–	\$4,918,918.48	\$10,236,665.67
2	Surry	\$8,501,839.38	\$5,914,982.20	\$7,864,205.15	\$22,281,026.73
3	Swain	\$1,333,807.55	\$927,969.53	\$1,233,772.57	\$3,495,549.65
4	Transylvania	\$2,765,228.54	\$1,923,851.64	–	\$4,689,080.18
5	Tyrrell	–	–	–	\$1,000,000.00
6	Union	\$24,966,458.82	\$17,369,907.04	\$23,093,985.36	\$65,430,351.22
7	Vance	\$5,729,326.25	–	\$5,299,629.30	\$11,028,955.55
8	Wake	\$93,252,160.40	\$64,878,298.07	–	\$158,130,458.47
9	Warren	\$2,045,511.52	–	\$1,892,099.05	\$3,937,610.57
10	Washington	\$1,502,809.92	–	\$1,390,099.84	\$2,892,909.76
11	Watauga	\$3,297,731.72	–	–	\$3,297,731.72
12	Wayne	\$14,120,439.93	\$9,824,009.51	\$13,061,413.13	\$37,005,862.57
13	Wilkes	\$7,343,590.33	\$5,109,153.94	\$6,792,824.28	\$19,245,568.55
14	Wilson	\$9,133,412.91	\$6,354,386.67	\$8,448,410.95	\$23,936,210.53
15	Yadkin	\$4,501,873.65	\$3,132,087.23	\$4,164,235.10	\$11,798,195.98
16	Yancey	\$1,872,866.85	\$1,303,009.10	\$1,732,402.66	\$4,908,278.61
17					
18	TOTAL	\$999,000,000.00	\$499,500,000.00	\$499,500,000.00	\$2,000,000,000.00

19 **SECTION 6.(c)** Administration. – Funds disbursed under this act shall be
20 administered and supervised by the State Board of Education and shall be used only for
21 the purposes provided in this act. Each school administrative unit shall submit to the
22 State Board of Education its plans for the expenditure of funds allocated under this act.
23 After the State Board of Education determines that a school administrative unit's
24 planned expenditure of part or all of the funds allocated to it is within the purposes
25 provided in this act, the State Board of Education shall make the funds to which the
26 plans apply available to the applicable county.

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

31 **SECTION 7.** Election. – The question of the issuance of the bonds
32 authorized by this act shall be submitted to the qualified voters of the State at an
33 election to be held on the first Tuesday after the first Monday of November 2007. Any
34 other primary, election, or referendum validly called or scheduled by law at the time the
35 election on the bond question provided for in this section is held may be held as called
36 or scheduled. Notice of the election shall be given in the manner and at the times
37 required by G.S. 163-33(8). The election and the registration of voters therefor shall be
38 held under and in accordance with the general laws of the State. Absentee ballots shall
39 be authorized in the election.

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

1 Ballots, voting systems authorized by Article 14 of Chapter 163 of the
2 General Statutes, or both, may be used in accordance with rules prescribed by the State
3 Board of Elections. The bond questions to be used in the ballots or voting systems shall
4 be in substantially the following form:

5 "[] FOR [] AGAINST

6 The issuance of two billion dollars (\$2,000,000,000) State of North Carolina
7 2007 Public School Building Bonds constituting general obligation bonds of the State
8 secured by a pledge of the faith and credit and taxing power of the State for the purpose
9 of providing funds to counties, with any other available funds, to pay the cost of public
10 school building capital improvements."

11 If a majority of those voting on the bond question in the election vote in favor
12 of the issuance of the bonds, those bonds may be issued as provided in this act. If a
13 majority of those voting on the bond question in the election vote against the issuance of
14 the bonds, those bonds shall not be issued.

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

19 **SECTION 8.** Issuance of bonds and notes. (a) Terms and Conditions. –
20 Bonds or notes may bear such date or dates, may be serial or term bonds or notes, or any
21 combination thereof, may mature in such amounts and at such time or times, not
22 exceeding 40 years from their date or dates, may be payable at such place or places,
23 either within or without the United States of America, in such coin or currency of the
24 United States of America as at the time of payment is legal tender for payment of public
25 and private debts, may bear interest at such rate or rates, which may vary from time to
26 time, and may be made redeemable before maturity, at the option of the State or
27 otherwise as may be provided by the State, at such price or prices, including a price less
28 than or greater than the face amount of the bonds or notes, and under such terms and
29 conditions, all as may be determined by the State Treasurer, by and with the consent of
30 the Council of State.

31 **SECTION 8.(b)** Signatures; Form and Denomination; Registration. – Bonds
32 or notes may be issued in certificated or uncertificated form. If issued in certificated
33 form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear
34 the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear
35 the State Treasurer's facsimile signature, and shall bear the Great Seal of the State, or a
36 facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the
37 facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall
38 also bear a manual signature which may be that of a bond registrar, trustee, paying
39 agent, or designated assistant of the State Treasurer. Should any officer whose
40 signature or facsimile signature appears on bonds or notes cease to be such officer
41 before the delivery of the bonds or notes, the signature or facsimile signature shall
42 nevertheless have the same validity for all purposes as if the officer had remained in
43 office until delivery. Bonds or notes may bear the facsimile signatures of persons who
44 at the actual time of the execution of the bonds or notes shall be the proper officers to

1 sign any bond or note although at the date of the bond or note such persons may not
2 have been such officers. The form and denomination of bonds or notes, including the
3 provisions with respect to registration of the bonds or notes and any system for their
4 registration, shall be as the State Treasurer may determine in conformity with this act.

5 **SECTION 8.(c)** Manner of Sale; Expenses. – Subject to the approval by the
6 Council of State as to the manner in which bonds or notes shall be offered for sale,
7 whether at public or private sale, whether within or without the United States, and
8 whether by publishing notices in certain newspapers and financial journals, mailing
9 notices, inviting bids by correspondence, negotiating contracts of purchase or otherwise,
10 the State Treasurer is authorized to sell bonds or notes at one time or from time to time
11 at any rate or rates of interest, which may vary from time to time, and at any price or
12 prices, including a price less than or greater than the face amount of the bonds or the
13 notes, as the State Treasurer may determine. All expenses incurred in the preparation,
14 sale, and issuance of bonds or notes shall be paid by the State Treasurer from the
15 proceeds of bonds or notes or other available moneys.

16 **SECTION 8.(d)** Notes; Repayment.

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

- 21 a. For anticipating the sale of bonds the issuance of which the
22 Council of State has approved, if the State Treasurer considers
23 it advisable to postpone the issuance of the bonds;
- 24 b. For the payment of interest on or any installment of principal of
25 any bonds then outstanding, if there are not sufficient funds in
26 the State treasury with which to pay the interest or installment
27 of principal as they respectively become due;
- 28 c. For the renewal of any loan evidenced by notes herein
29 authorized;
- 30 d. For the purposes authorized in this act; and
- 31 e. For refunding bonds or notes as herein authorized.

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

38 **SECTION 8.(e)** Refunding Bonds and Notes. – By and with the consent of
39 the Council of State, the State Treasurer is authorized to issue and sell refunding bonds
40 and notes for the purpose of refunding bonds or notes issued pursuant to this act and to
41 pay the cost of issuance of the refunding bonds or notes. The refunding bonds and notes
42 may be combined with any other issues of State bonds and notes similarly secured.
43 Refunding bonds or notes may be issued at any time prior to the final maturity of the
44 debt or obligation to be refunded. The proceeds from the sale of any refunding bonds or

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

17 **SECTION 8.(f) Tax Exemption.** – Bonds and notes shall at all times be free
18 from taxation by the State or any political subdivision or any of their agencies,
19 excepting estate, inheritance, or gift taxes, income taxes on the gain from the transfer of
20 the securities, and franchise taxes. The interest on the bonds and notes is not subject to
21 taxation as income.

22 **SECTION 8.(g) Investment Eligibility.** – Bonds and notes are securities in
23 which all of the following may invest, including capital in their control or belonging to
24 them: public officers, agencies, and public bodies of the State and its political
25 subdivisions, all insurance companies, trust companies, investment companies, banks,
26 savings banks, savings and loan associations, credit unions, pension or retirement funds,
27 other financial institutions engaged in business in the State, executors, administrators,
28 trustees, and other fiduciaries. Bonds and notes are hereby made securities which may
29 properly and legally be deposited with and received by any officer or agency of the
30 State or political subdivision of the State for any purpose for which the deposit of
31 bonds, notes, or obligations of the State or any political subdivision is now or may
32 hereafter be authorized by law.

33 **SECTION 8.(h) Faith and Credit.** – The faith and credit and taxing power of
34 the State are hereby pledged for the payment of the principal of and the interest on
35 bonds and notes. In addition to the State's right to amend any provision of this act to the
36 extent it does not impair any contractual right of a bond owner, the State expressly
37 reserves the right to amend any provision of this act with respect to the making and
38 repayment of loans, the disposition of any repayments of loans, and any intercept
39 provisions relating to the failure of a local government unit to repay a loan, the bonds
40 not being secured in any respect by loans, any repayments thereof, or any intercept
41 provisions with respect thereto.

42 **SECTION 8.(i) Minority Business Participation.** – The State Treasurer shall
43 provide contracting opportunities for historically underutilized businesses in providing
44 professional services in connection with the issuance of bonds and notes authorized by

1 this act. As used in this subsection, the term "historically underutilized business" means
2 a business described in G.S. 143-48. The State Treasurer shall strive to increase the
3 amount of legal, financial, and other professional services acquired by it from
4 historically underutilized businesses. With the assistance of the Office for Historically
5 Underutilized Businesses in the Department of Administration, the State Treasurer shall
6 set objectives for contracting with these businesses, identify and eliminate barriers or
7 constraints that may restrict these businesses from contracting with the State Treasurer,
8 and develop a plan for meeting its objectives. The State Treasurer shall report quarterly
9 to the Office for Historically Underutilized Businesses on its progress in carrying out
10 the requirements of this subsection.

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

18 **SECTION 9.** Variable rate demand bonds and notes. – In fixing the details
19 of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

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

38 If the aggregate principal amount payable by the State under a credit facility
39 is in excess of the aggregate principal amount of bonds or notes secured by the credit
40 facility, whether as a result of the inclusion in the credit facility of a provision for the
41 payment of interest for a limited period of time or the payment of a redemption
42 premium or for any other reason, then the amount of authorized but unissued bonds or
43 notes during the term of such credit facility shall not be less than the amount of such

1 excess, unless the payment of such excess is otherwise provided for by agreement of the
2 State executed by the State Treasurer.

3 **SECTION 10.** Interpretation of act. – (a) Additional Method. – The
4 foregoing sections of this act shall be deemed to provide an additional and alternative
5 method for the doing of the things authorized thereby and shall be regarded as
6 supplemental and additional to powers conferred by other laws, and shall not be
7 regarded as in derogation of any powers now existing.

8 **SECTION 10.(b)** Statutory References. – References in this act to specific
9 sections or Chapters of the General Statutes or to specific acts are intended to be
10 references to these sections, Chapters, or acts as they may be amended from time to
11 time by the General Assembly.

12 **SECTION 10.(c)** Broad Construction. – This act, being necessary for the
13 health and welfare of the people of the State, shall be broadly construed to effect the
14 purposes thereof.

15 **SECTION 10.(d)** Inconsistent Provisions. – Insofar as the provisions of this
16 act are inconsistent with the provisions of any general, special, or local laws, or parts
17 thereof, the provisions of this act shall be controlling.

18 **SECTION 10.(e)** Severability. – If any provision of this act or the
19 application thereof to any person or circumstance is held invalid, such invalidity shall
20 not affect other provisions or applications of the act which can be given effect without
21 the invalid provision or application, and to this end the provisions of this act are
22 declared to be severable.

23 **SECTION 11.** This act is effective when it becomes law.