

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 789
HOUSE BILL 910

AN ACT CREATING THE NORTH CAROLINA AGRICULTURAL FACILITIES FINANCE AGENCY AND AUTHORIZING SAID AGENCY TO FINANCE THE CONSTRUCTION, ACQUISITION AND DEVELOPMENT OF AGRICULTURAL FACILITIES.

The General Assembly of North Carolina enacts:

Section 1. A new Chapter is added to the General Statutes to read:

"Chapter 122B.

"North Carolina Agricultural
Facilities Finance Act.

"§ 122B-1. Short title.—This Chapter shall be known, and may be cited, as the 'Agricultural Facilities Finance Act'.

"§ 122B-2. Legislative findings.—It is hereby declared that for the benefit of the people of the State of North Carolina, the increase in their commerce, welfare and prosperity and the improvement of their health and living conditions it is essential that action be taken to finance the construction, acquisition and development of agricultural facilities; that it is essential for agricultural facilities within the State to be able to construct and renovate facilities in order to accomplish the purposes of this Chapter; and that it is the purpose of this Chapter to provide a measure of assistance to agricultural facilities to provide the necessary financing for such development to accomplish the purposes of this Chapter, all to the public benefit and good, to the extent and in the same manner provided herein.

"§ 122B-3. Definitions.—As used or referred to in this Chapter, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

(1) 'Agency' means the North Carolina Agricultural Facilities Finance Agency created by this Chapter, or, should said agency be abolished or otherwise divested of its functions under this Chapter, the public body succeeding it in its principal functions, or upon which are conferred by law the rights, powers and duties given by this Chapter to the agency.

(2) 'Agricultural Facility' means:

- a. All real property constituting farms; or
- b. All real property of farmer-owned cooperatives used for the processing of agricultural products; or
- c. All structures, fixtures, machinery, equipment and personal property attached or to be attached to such real property as set forth in a. or b. or used in connection therewith and all improvements or alterations

thereon. In the case of farmer-owned cooperatives, such structures, fixtures, machinery, equipment, and personal property must be used for the processing of agricultural products.

(3) 'Bonds' or 'Notes' means the bonds or bond anticipation notes, respectively, authorized to be issued by the agency under this Chapter, including refunding bonds.

(4) 'Borrower' means any party to a loan agreement except the agency.

(5) 'Cost', as applied to any project or any portion thereof financed under the provisions of this Chapter, means all or any part of the cost of acquisition, construction, reconstruction, alteration, and enlargement of a project, including all lands, structures, fixtures, machinery or equipment, real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for or in connection with a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest during construction, the cost of consulting and legal services, the cost of administrative and other expenses related or incident to the construction or acquisition of a project and the financing of the construction or acquisition thereof, including reasonable provision for working capital and a reserve for debt service.

(6) 'Lender' means any bank or trust company, savings bank, national banking association, savings and loan association, or building and loan association, life insurance company, mortgage banking company, the Federal government and any other financial institution authorized to transact business in the State and making project loans.

(7) 'Loan Agreement' means an agreement providing for the agency, or a lender with which the agency has contracted, to loan the proceeds from the issuance of bonds or notes pursuant to this Chapter to one or more borrowers to be used to pay the costs of an agricultural facility and providing for the repayment of such loan.

(8) 'Project' means real property and all buildings, structures, improvements, additions, alterations, extensions, enlargements thereto or other facilities for the use primarily as an agricultural facility and other structures or facilities related thereto or required, useful or convenient therefor, or any combination of the foregoing, and shall also include site preparation, landscaping, furniture, machinery, equipment, personal property and all other items necessary or convenient for the operation of an agricultural facility in the manner for which its use is intended.

(9) 'Project Loan' means the lending of proceeds from the issuance of bonds or notes pursuant to this Chapter by one or more lenders to one or more borrowers to be used to pay the costs of a project.

(10) 'State' means the State of North Carolina.

"§ 122B-4. Agricultural Facilities Finance Agency.—There is hereby created a body politic and corporate to be known as the 'North Carolina Agricultural Facilities Finance Agency' which shall be constituted a public agency and an instrumentality of the State for the performance of essential public functions. All powers, rights and duties conferred by this Chapter or other provisions of law upon the agency shall be exercised by the board of directors of the agency, hereinafter referred to as the board.

"§ 122B-5. Board of directors; membership; terms; chairman and vice-chairman; expenses; record of proceedings; quorum.—(a) The board shall consist of the State Treasurer and the Commissioner of Agriculture, both of whom shall serve ex officio and five additional members, three of whom shall be appointed by the Governor. The General Assembly upon the recommendation of the President of the Senate shall appoint one member and upon the recommendation of the Speaker of the House of Representatives shall appoint one additional member. The five additional members of the board shall be residents of the State, shall not hold other public office and shall be engaged in agriculture, agribusiness or agricultural financing. The five appointive members of the board shall be appointed for staggered terms, the two members appointed by the General Assembly being appointed initially for one year, and the Governor's appointees being appointed initially one for two years, one for three years and one for four years, as designated by the Governor, and each member of the board shall continue in office until his successor shall be duly appointed by the appropriate appointing authority and qualified, except that any person appointed to fill a vacancy shall serve only for the unexpired term. The members appointed by the Governor shall be appointed for four-year terms after the original appointments and the members appointed by the General Assembly shall be appointed for two-year terms after the original appointments. Any member of the board shall be eligible for reappointment. Each appointive member of the board may be removed by the appropriate appointing authority for misfeasance, malfeasance or neglect of duty after reasonable notice and a public hearing, unless the same are in writing expressly waived. Each appointive member of the board shall before entering upon his duties take an oath of office to administer the duties of his office faithfully and impartially and a record of such oath shall be filed in the office of the Secretary of State. The Governor shall designate from among the members of the board a chairman and a vice-chairman. The terms of the chairman and vice-chairman shall extend to the earlier of either two years or the date of expiration of their then current terms as members of the board. The board shall elect and appoint and prescribe the duties of a secretary-treasurer and such other officers as it shall deem necessary or advisable, which officers need not be members of the board.

(b) No part of the revenues or assets of the agency shall inure to the benefit of or be distributable to its members or officers or other private persons. The members of the board shall receive no compensation for their services but shall be entitled to receive, for attendance at meetings of the agency or any committee thereof and for other services for the agency, reimbursement for such actual expenses as may be incurred for travel and subsistence in the performance of official duties and such per diem as is allowed by law for members of other State boards, commissions and committees.

(c) The secretary-treasurer of the agency shall keep a record of the proceedings of the agency and shall be custodian of all books, documents and papers filed with the agency, the minute book or journal of the agency and its official seal. The secretary-treasurer shall have authority to cause copies to be made of all minutes and other records and documents of the agency and to give certificates under the official seal of the agency to the effect that such copies are true copies, and all persons dealing with the agency may rely upon such certificates.

(d) Four members of the board shall constitute a quorum and the affirmative vote of a majority of the members present at a meeting of the board duly called and held shall be necessary for any action taken by the board; provided, however, that the board may appoint an executive committee to act on behalf of the board during the period between regular meetings of the board, and said committee shall have full power to act upon the vote of a majority of its members. No vacancy in the membership of the agency shall impair the rights of a quorum to exercise all the rights and to perform all the duties of the agency.

(e) The agency shall be contained within the Department of Agriculture as if it had been transferred to that department by a Type II transfer as defined in G.S. 143A-6(b).

"§ 122B-6. General powers.—The agency shall have all of the powers necessary or convenient to carry out and effectuate the purposes and provisions of this Chapter, including, but without limiting the generality of the foregoing, the power:

(1) To make and execute contracts, agreements and other instruments necessary or incidental to the exercise of its powers and duties under this Chapter;

(2) To participate with lenders in the making of project loans; provided, however, that such project loans shall be made only upon the determination by the agency that loans are not otherwise available from private lenders upon reasonably equivalent terms and conditions; provided further that no such project loan shall be made in an amount greater than five hundred thousand dollars (\$500,000) with respect to any individual or two million dollars (\$2,000,000) with respect to any farmer-owned cooperative; provided further that the total amount of indebtedness with regards to project loans to any individual in his individual capacity and as a member of a farmer-owned cooperative shall not exceed five hundred thousand dollars (\$500,000) at any one time.

(3) To collect and pay reasonable fees and charges in connection with the making of, purchasing and servicing project loans, notes, bonds or other evidence of indebtedness;

(4) To acquire on a temporary basis real property, or an interest therein, in its own name, by purchase, transfer or foreclosure, where such acquisition is necessary or appropriate to protect any project loan in which the agency has an interest and to sell, transfer and convey any such property to a buyer and, in the event such sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, to rent or lease such property pending such sale, transfer or conveyance;

(5) To purchase or participate in the purchase and enter into commitments by itself or with others for the purchase of project loans made by lenders to any borrower when the agency has given its approval prior to the initial making of the project loan; provided, however, that any such purchase shall be made only upon the determination by the agency that the project loans were, at the time initial agency approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(6) To consent, whenever it deems necessary or desirable in the fulfillment of its corporate purposes, to the modification of the rate of interest, time of payment of any

installment of principal or interest, or any other terms of any project loan, contract or agreement of any kind to which the agency is a party;

(7) To borrow money as herein provided to carry out and effectuate its corporate purposes and to issue in evidence thereof its bonds and notes;

(8) To include in any borrowing such amounts as may be deemed necessary by the agency to pay financing charges, interest on its bonds for a period not exceeding two years from their date, consultant, advisory and legal fees and such other expenses as are necessary or incident to such borrowing;

(9) To make and publish rules and regulations respecting its lending programs and such other rules and regulations as are necessary to effect its corporate purposes;

(10) To employ fiscal consultants, consulting engineers, architects, attorneys, feasibility consultants, appraisers and such other consultants and employees as may be required in the judgment of the agency and to fix and pay their compensation from funds available to the agency therefor;

(11) To conduct studies and surveys reflecting the need for projects and their location, financing and construction;

(12) To service or contract for the servicing of project loans;

(13) To apply for, accept, receive and agree to and comply with the terms and conditions governing grants, loans, advances, contributions, interest subsidies and other aid with respect to any project from federal and State agencies or instrumentalities;

(14) To sue and be sued in its own name, plead and be impleaded;

(15) To purchase or to participate in the purchase and enter into commitments by itself or together with others for the purchase of federally insured securities; provided, however, that the agency shall first determine that the proceeds of such securities shall be used for the purpose of making project loans, all as specified in regulations to be adopted by the agency;

(16) To charge and to apportion among borrowers its administrative costs and expenses incurred in the exercise of its powers and duties conferred by this Chapter;

(17) To adopt bylaws for the regulation of its affairs and the conduct of its business and to prescribe rules, regulations and policies in connection with the performance of its functions and duties;

(18) To adopt an official seal and alter the same at pleasure;

(19) To do all other things necessary or convenient to carry out the purposes of this Chapter; and

(20) To provide technical assistance to any county, city, town or other political subdivision or instrumentality of the State and to profit and nonprofit entities in the development or operation of agricultural facilities and the distribution of data and information concerning the development of agricultural facilities and agricultural employment in the State.

"§ 122B-7. Criteria and requirements for project loans.—Any project loan undertaken pursuant to this Chapter shall be in accordance with the following criteria and requirements:

(1) No project loan shall be made to any borrower which is not financially responsible and capable of fulfilling its obligations, including its obligations under a

loan agreement to make loan repayments, to operate, repair and maintain at its own expense the project and to discharge such other responsibilities as may be imposed under the loan agreement; and

(2) No project loan shall be made unless the agency determines that loans are not otherwise available wholly or in part from private lenders upon reasonably equivalent terms and conditions.

"§ 122B-8. Loans to lenders.—The agency may make, and undertake commitments to make, from proceeds from the issuance of bonds or notes pursuant to this Chapter, loans to lenders under terms and conditions requiring such loans to be used by such lenders to make project loans. Project loan commitments and project loans shall be originated through and serviced by a lender.

"§ 122B-9. Requirements for lenders.—Prior to the making of any loan authorized by Section 8 hereof, the agency shall require a lender to certify that:

(1) The proceeds received by the lender in accordance with Section 8 hereof shall be used by such lender within a reasonable period of time to make project loans;

(2) The project loan is, or will be, a prudent investment; and

(3) The borrower is financially responsible and capable of fulfilling its obligations under the project loan.

"§ 122B-10. Optional requirements for lenders.—Prior to the making of any loan authorized by Section 8 hereof, the agency may, but is not obligated to, require a lender to:

(1) Obtain any type of security the agency deems reasonable or necessary to secure the project loan; or

(2) Receive funds in connection with the project loan in such amount and subject to such conditions as the agency deems reasonable or necessary.

No project loan shall be made unless it is insured by a reputable insurer or guaranteed by a reputable guarantor or both.

"§ 122B-11. Investment, purchase or assignment of project loans by agency.—The agency may invest in, purchase or make commitments to invest in or purchase, and take assignments or make commitments to take assignments of project loans. The agency shall not invest in, purchase or make commitments to invest in or purchase or take assignments or make commitments to take assignments of project loans unless the agency determines that loans were, at the time approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

"§ 122B-12. Rules and regulations.—The agency shall promulgate rules and regulations governing its activities authorized under this Chapter, including but not limited to rules and regulations relating to any or all of the following:

(1) Procedures for making loans to lenders;
(2) Procedures for the making of project loans;
(3) Procedures for the investment in, purchase, assignment or sale of project loans;

(4) Rates, fees, charges and other terms and conditions for originating or servicing project loans;

(5) The type and amount of collateral or security to be provided to assure repayment of loans made by the agency to lenders;

(6) The type and amount of collateral or security to be provided to assure repayment of project loans;

(7) The nature and amount of fees to be charged by the agency to provide for expenses and reserves of the agency;

(8) Standards and requirements for the allocation of available money of the agency to make loans among lenders;

(9) The maturities, terms, conditions and interest rates for loans made to lenders;

(10) The maturities, terms, conditions and interest rates for project loans made, purchased, sold, assigned or committed pursuant to this Chapter; and

(11) Any other matters related to the duties or powers exercised by the agency under this Chapter.

"§ 122B-13. Credit of State not pledged.—Bonds or notes issued under the provisions of this Chapter shall not be secured by a pledge of the faith and credit of the State or of any political subdivision thereof or be deemed to create an indebtedness of the State, or of any such political subdivision thereof, requiring any voter approval, but shall be payable solely from the revenues and other funds provided therefor. Each bond or note issued under this Chapter shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same nor the interest thereon except from the revenues and other funds pledged therefor and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged as security for the payment of the principal of, redemption premium, if any, or the interest on such bond or note.

Expenses incurred by the agency in carrying out the provisions of this Chapter may be made payable from funds provided pursuant to, or made available for use under, this Chapter and no liability shall be incurred by the agency hereunder beyond the extent to which moneys shall have been so provided.

"§ 122B-14. Bonds and notes.—(a) The agency is hereby authorized to provide for the issuance, at one time or from time to time, of bonds, or notes in anticipation of the issuance of bonds, of the agency in an amount not to exceed 200 million dollars to carry out and effectuate its corporate purposes. The principal of and the interest on such bonds or notes shall be payable solely from funds provided under this Chapter for such payment. Any such notes may be made payable from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, such notes may be paid from any available revenues or other funds provided therefor. The bonds or notes of each issue shall be dated and may be made redeemable before maturity at the option of the agency at such price or prices and upon such terms and conditions as may be determined by the agency. Any such bonds or notes shall bear interest at such rate or rates as may be determined by the Local Government Commission of North Carolina with the approval of the agency. Notes shall mature at such time or times not exceeding 10 years from their date or dates and bonds shall mature at such time or times not exceeding 40 years from their date or dates, as may be determined by the agency. The agency shall determine the form and manner of execution of the bonds or notes,

including any interest coupons to be attached thereto, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or notes or coupons attached thereto shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The agency may also provide for the authentication of the bonds or notes by a trustee or fiscal agent. The bonds or notes may be issued in coupon or in registered form, or both, as the agency may determine, and provision may be made for the registration of any coupon bonds or notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds or notes of any bonds or notes registered as to both principal and interest, and for the interchange of registered and coupon bonds or notes. No bonds or notes may be issued by the agency under this Chapter unless the issuance thereof is approved by the Local Government Commission of North Carolina.

(b) The agency shall file with the Secretary of the Local Government Commission an application requesting approval of the issuance of such bonds or notes which shall contain such information and have attached to it such documents concerning the proposed financing and prospective borrower, vendee or lessee as the Secretary may require.

In determining whether a proposed bond or note issue should be approved, the Local Government Commission may consider, in addition to the criteria and requirements mentioned in this Chapter, the effect of the proposed financing upon any scheduled or proposed sale of tax-exempt obligations by the State or any of its agencies or departments or by any unit of local government in the State.

The Local Government Commission shall approve the issuance of such bonds or notes if, upon the information and evidence it receives, it finds and determines that the proposed financing will effectuate the purposes of this Chapter.

Upon the filing with the Local Government Commission of a resolution of the agency requesting that its bonds or notes be sold, such bonds or notes may be sold in such manner, either at public or private sale, and for such price as the Local Government Commission shall determine to be for the best interest of the agency and shall best effectuate the purposes of this Chapter, provided that such sale shall be approved by the agency.

(c) The proceeds of any bonds or notes shall be used solely for the purposes for which issued and shall be disbursed in such manner and under such restrictions, if any, as the Agency may provide in the resolution authorizing the issuance of, or any trust agreement securing, such bonds or notes.

(d) Prior to the preparation of definitive bonds, the agency may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds, when such bonds shall have been executed and are available for delivery. The agency may also provide for the replacement of any bonds or notes which shall become mutilated or shall be destroyed or lost.

(e) Bonds or notes may be issued under the provisions of this Chapter without obtaining, except as otherwise expressly provided in this Chapter, the consent of any department, division, commission, board, body, bureau or agency of the State, and without any other proceedings or the happening of any conditions or things other than those proceedings, conditions or things which are specifically required by this Chapter and the provisions of the resolution authorizing the issuance of, or any trust agreement securing, such bonds or notes.

"§ 122B-15. Powers of the State Treasurer.—Notwithstanding any other provisions of this Chapter, the State Treasurer shall have the exclusive power to issue bonds and notes authorized under this Chapter upon request of the agency and with the approval of the Local Government Commission.

The State Treasurer in his sole discretion shall determine the interest rates, maturities, and other terms and conditions of the bonds and notes authorized by this Chapter.

The agency shall cooperate with the State Treasurer in structuring any bond issue in general, and also in soliciting proposals from financial consultants, underwriters and bond attorneys. The State Treasurer shall have the exclusive power to employ and designate the financial consultants, underwriters and bond attorneys to be associated with the bond issue.

Nothing in this Chapter is intended to abrogate or diminish the inherent power of the State Treasurer to negotiate the terms and conditions of the bonds and notes and to issue the bonds and notes authorized by this Chapter.

"§ 122B-16. Trust agreement or resolution.—In the discretion of the agency any bonds or notes issued under the provisions of this Chapter may be secured by a trust agreement by and between the agency and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or the resolution authorizing the issuance of such bonds or notes may pledge or assign all or any part of the revenues of the agency received pursuant to this Chapter, including, without limitation, fees, loan repayments, charges, insurance proceeds, condemnation awards and any other revenues and funds received in connection with any project loan and may grant a deed of trust or a mortgage on any project. Such trust agreement or resolution may contain such provisions for protecting and enforcing the rights and remedies of the holders of any such bonds or notes as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the agency in relation to the purposes to which bond or note proceeds may be applied, the disposition or pledging of the revenues of the agency, including any payments in respect of any federally guaranteed security or any federally insured mortgage note, the duties, if any, of the agency, with respect to the acquisition, construction, maintenance, repair and operation of any project, the fees, loan repayments, rents and charges to be fixed and collected in connection therewith, the terms and conditions for the issuance of additional bonds or notes, and the custody, safeguarding and application of all moneys. All bonds issued under this Chapter shall be equally and ratably secured by a pledge, charge, and lien upon revenues provided for in such trust agreement or resolution, without priority by reason of number, or of dates of bonds, execution, or delivery, in

accordance with the provisions of this Chapter and of such trust agreement or resolution; except that the agency may provide in such trust agreement or resolution that bonds issued pursuant thereto shall to the extent and in the manner prescribed in such trust agreement or resolution be subordinated and junior in standing, with respect to the payment of principal and interest and the security thereof, to any other bonds. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds or notes, revenues or other money hereunder to furnish such indemnifying bonds or to pledge such securities as may be required by the agency. Any such trust agreement or resolution may set off the rights and remedies, including foreclosure of any deed of trust or mortgage, of the holders of any bonds or notes and of the trustee, and may restrict the individual right of action by any such holders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the agency may deem reasonable and proper for the security of the holders of any bonds or notes. Expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of any project or paid from the revenues pledged or assigned to the payment of the principal of and the interest on bonds or notes or from any other funds available to the agency.

"§ 122B-17. Revenues; pledges of revenues.—(a) The agency is hereby authorized to fix and to collect fees, loan repayments and charges in connection with any project loan, and to contract with any borrower therefor. The agency may require that the borrower shall operate, repair or maintain the project and shall bear the cost thereof and other costs of the agency in connection with the project loan, all as may be provided in a loan agreement or other contract with the agency or a lender, in addition to other obligations imposed under such agreement or contract.

(b) The fees, loan repayments and charges shall be fixed as so to provide a fund sufficient, together with such other funds as may be made available therefor, (i) to pay the costs of operating, repairing and maintaining the project to the extent that adequate provision for the payment of such costs has not otherwise been provided for (ii) to pay the principal of and the interest on all bonds or notes as the same shall become due and payable and (iii) to create and maintain any reserves provided for in the resolution authorizing the issuance of, or any trust agreement securing, such bonds; and such fees, loan repayments and charges may be applied or pledged to the payment of debt service on the bonds prior to the payment of the costs of operating, repairing and maintaining the project.

(c) All pledges of fees, loan repayments, charges and other revenues under the provisions of this Chapter shall be valid and binding from the time when such pledges are made. All such revenues so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the agency, irrespective of whether such parties have notice thereof. The resolution or any trust agreement by which a pledge is created or any loan agreement, or other agreement need not be filed or recorded except in the records of the agency.

(d) The State of North Carolina does pledge to and agree with the holders of any bonds or notes issued by the agency that so long as any of such bonds or notes are outstanding and unpaid the State will not limit or alter the rights vested in the agency at the time of issuance of the bonds or notes to fix, revise, charge, and collect or cause to be fixed, revised, charged and collected loan repayments, fees and charges in connection with any project loan and in connection with which the bonds or notes were issued, so as to provide a fund sufficient, with such other funds as may be made available therefor, to pay the cost of operating, repairing and maintaining the project, to pay the principal of and the interest on all bonds and notes as the same shall become due and payable and to create and maintain any reserves provided therefor and to fulfill the terms of any agreements made with the bondholders or noteholders, nor will the State in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders or noteholders, are fully paid, met and discharged.

"§ 122B-18. Trust funds.—Notwithstanding any other provisions of law to the contrary, all moneys received pursuant to the authority of this Chapter, including without limitation, fees, loan repayments, charges, insurance proceeds, condemnation awards and any other revenues and funds received in connection with any project loan, shall be deemed to be trust funds to be held and applied solely as provided in this Chapter. The resolution authorizing the issuance of, or any trust agreement securing, any bonds or notes may provide that any of such moneys may be temporarily invested pending the disbursement thereof and shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes of this Chapter, subject to such limitations as this Chapter and such resolution or trust agreement may provide. Any such moneys may be invested as provided in G.S. 159-30, as it may from time to time be amended.

"§ 122B-19. Remedies.—Any holder of bonds or notes issued under the provisions of this Chapter or any coupons appertaining thereto, and the trustee under any trust agreement or resolution authorizing the issuance of such bonds or notes, except to the extent the rights herein given may be restricted by such trust agreement or resolution, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State or granted hereunder or under such trust agreement or resolution, or under any other contract executed by the agency pursuant to this Chapter, and may enforce and compel the performance of all duties required by this Chapter or by such trust agreement or resolution to be performed by the agency or by any officer thereof.

"§ 122B-20. Investment securities.—All bonds, notes and interest coupons appertaining thereto issued under this Chapter are hereby made investment securities within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code as enacted in this State, whether or not they are of such form and character as to be investment securities under said Article 8, subject only to the provisions of the bonds and notes pertaining to registration.

"§ 122B-21. Bonds or notes eligible for investment.—Bonds or notes issued under the provisions of this Chapter are hereby made securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds or notes are hereby made securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of this State is now or may hereafter be authorized by law.

"§ 122B-22. Refunding bonds or notes.—The agency is hereby authorized to provide for the issuance of refunding bonds or notes for the purpose of refunding any bonds or notes then outstanding which shall have been issued under the provisions of this Chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds or notes and, if deemed advisable by the agency, for any corporate purpose of the agency.

The issuance of such bonds or notes, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the agency in respect of the same shall be governed by the provisions of this Chapter which relate to the issuance of bonds or notes, insofar as such provisions may be appropriate therefor.

Refunding bonds or notes may be sold or exchanged for outstanding bonds or notes issued under this Chapter and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of such refunding bonds or notes, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the bonds or notes being refunded, and, if so provided or permitted in the resolution authorizing the issuance of, or in the trust agreement securing, such bonds or notes, to the payment of any interest on such refunding bonds or notes and any expenses in connection with such refunding, such proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America which shall mature or which shall be subject to redemption by the holders thereof, at the option of such holders, not later than the respective dates when the proceeds, together with the interest accrued thereon will be required for the purposes intended.

"§ 122B-23. Annual report.—The agency shall, promptly following the close of each fiscal year, submit an annual report of its activities under this Chapter for the preceding year to the Governor, the State Auditor, the General Assembly, the Advisory Budget Commission and the Local Government Commission. The agency shall cause an audit of its books and accounts relating to its activities under this Chapter to be made at least once in each year by an independent certified public accountant and the cost thereof may be paid from any available moneys of the agency.

"§ 122B-24. Officers not liable.—No member or officer of the agency shall be subject to any personal liability or accountability by reason of his execution of any bonds or notes or the issuance thereof.

Any bonds or notes issued by the agency under the provisions of this Chapter, their transfer and the income therefrom (including any profit made on the sale thereof) shall at all times be free from taxation by the State or any local unit or political subdivision or other instrumentality of the State, excepting inheritance or gift taxes.

"§ 122B-25. Conflict of interest.—If any member, officer or employee of the agency shall be interested either directly or indirectly, or shall be an officer or employee of or have an ownership interest in any firm or corporation interested directly or indirectly, in any contract with the agency, such interest shall be disclosed to the agency and shall be set forth in the minutes of the agency, and the member, officer or employee having such interest therein shall not participate on behalf of the agency in the authorization of any such contract.

"§ 122B-26. Additional method.—The foregoing sections of this Chapter shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing; provided, however, that the issuance of bonds or notes under the provisions of this Chapter need not comply with the requirements of any other law applicable to the issuance of bonds or notes.

"§ 122B-27. Liberal construction.—This Chapter, being necessary for the health and welfare of the people of the State, shall be liberally construed to effect the purposes thereof.

"§ 122B-28. Inconsistent laws inapplicable.—Insofar as the provisions of this Chapter are inconsistent with the provisions of any general or special laws, or parts thereof, the provisions of this Chapter shall be controlling.

"§ 122B-29. Provisions severable.—The provisions of this Chapter are severable, and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions."

Sec. 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(39) Board of directors of the North Carolina Agricultural Facilities Finance Agency as established by G.S. 122B-5."

Sec. 3. Effective Date. This Chapter shall become effective upon certification by the State Board of Elections that an amendment to the North Carolina Constitution authorizing the enactment of general laws dealing with transactions of the type contemplated by this Chapter has been approved by the people of the State.

In the General Assembly read three times and ratified, this the 18th day of July, 1983.