

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

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**4**

**SENATE BILL 14**

Select Committee on Bonds Committee Substitute Adopted 4/15/93

Finance Committee Substitute Adopted 6/17/93

Capital Expenditures and Improvements Committee Substitute Adopted 7/14/93

Short Title: Education/Clean Water/Parks Bonds.

(Public)

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Sponsors:

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Referred to: Appropriations.

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January 28, 1993

**A BILL TO BE ENTITLED**

1  
2 **AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS**  
3 **OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF**  
4 **THE STATE, TO PROVIDE FUNDS FOR (1) CAPITAL IMPROVEMENTS FOR**  
5 **THE UNIVERSITY OF NORTH CAROLINA, (2) CAPITAL IMPROVEMENTS**  
6 **FOR COMMUNITY COLLEGES, (3) GRANTS, LOANS, AND REVOLVING**  
7 **LOANS TO LOCAL GOVERNMENT UNITS FOR WATER SUPPLY SYSTEMS,**  
8 **WASTEWATER COLLECTION SYSTEMS, WASTEWATER TREATMENT**  
9 **WORKS, AND WATER CONSERVATION PROJECTS, AND (4) CAPITAL**  
10 **IMPROVEMENTS AND LAND ACQUISITION FOR STATE PARKS AND**  
11 **RECREATION AREAS.**

12 The General Assembly of North Carolina enacts:

13 Section 1. Short title. This act shall be known and may be cited as the  
14 "Education, Clean Water, and Parks Bond Act of 1993".

15 Sec. 2. Purpose. It is the intent of the General Assembly by this act to  
16 provide for the issuance of general obligation bonds of the State, and to provide that the  
17 proceeds realized from the sale of the bonds shall be allocated as follows:

- 18 (1) Two hundred ninety-eight million dollars (\$298,000,000) to provide  
19 capital improvements for each of the constituent institutions and  
20 certain of the affiliated institutions of The University of North

1 Carolina or for the Board of Governors of The University of North  
2 Carolina.

3 (2) Two hundred forty million dollars (\$240,000,000) to provide grants to  
4 individual community colleges to finance the costs of community  
5 college capital improvements for community colleges in this State.

6 (3) Fifty million dollars (\$50,000,000) to provide State matching funds  
7 required to receive federal wastewater or water supply assistance funds  
8 and to provide additional funding for the Clean Water Revolving Loan  
9 and Grant Fund established in Chapter 159G of the General Statutes or  
10 to provide funding by grants and loans to local government units, and  
11 one hundred million dollars (\$100,000,000) to provide loans to local  
12 government units to finance all or a portion of the cost of construction,  
13 improvements, enlargements, extensions, and reconstruction of water  
14 supply systems, wastewater collection systems, wastewater treatment  
15 works, and water conservation projects.

16 The funds to be derived from the sale of the bonds authorized by  
17 this act for water and wastewater needs are sufficient to meet no more  
18 than a fraction of the needs which now exist and will arise in the  
19 immediate future. For this reason, although public necessity and the  
20 criteria established by Chapter 159G of the General Statutes shall be  
21 the primary consideration in granting and loaning funds, great  
22 emphasis shall also be placed on the creation of efficient systems of  
23 regional wastewater disposal and regional water supply, and on the  
24 willingness and ability of local government units to meet their  
25 responsibilities through sound fiscal policies and plans and efficient  
26 operation and management.

27 (4) Sixty million dollars (\$60,000,000) to provide capital improvements in  
28 the form of repairs, renovations, new construction, and land  
29 acquisition for new and existing State parks and recreation areas.

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

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

33 (2) " Clean Water Revolving Loan and Grant Act" means Chapter 796 of  
34 the 1987 Session Laws, as the same may be amended from time to  
35 time, codified as Chapter 159G of the General Statutes.

36 (3) " Clean Water Revolving Loan and Grant Fund" means the Clean  
37 Water Revolving Loan and Grant Fund as defined in the Clean Water  
38 Revolving Loan and Grant Act.

39 (4) " Cost" means, without intending thereby to limit or restrict any proper  
40 definition of this term in financing the cost of facilities or purposes  
41 authorized by this act:

42 a. The cost of constructing, reconstructing, enlarging, acquiring,  
43 and improving facilities, and acquiring equipment and land  
44 therefor,

- 1           b.     The cost of engineering, architectural, and other consulting  
2           services as may be required,  
3           c.     Administrative expenses and charges,  
4           d.     Finance charges and interest prior to and during construction  
5           and, if deemed advisable by the State Treasurer, for a period not  
6           exceeding two years after the estimated date of completion of  
7           construction,  
8           e.     The cost of bond insurance, investment contracts, credit  
9           enhancement and liquidity facilities, interest-rate swap  
10          agreements or other derivative products, financial and legal  
11          consultants, and related costs of bond and note issuance, to the  
12          extent and as determined by the State Treasurer,  
13          f.     The cost of reimbursing the State for any payments made for  
14          any cost described above, and  
15          g.     Any other costs and expenses necessary or incidental to the  
16          purposes of this act.

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

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

35           (6)    " Local government units" means local government units as defined in  
36           the North Carolina Clean Water Revolving Loan and Grant Act.

37           (7)    " Notes" means notes issued under this act.

38           (8)    " Par formula" means any provision or formula adopted by the State to  
39           provide for the adjustment, from time to time, of the interest rate or  
40           rates borne by any bonds or notes, including:

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

- 1                   b.     A provision providing for such adjustment based upon a  
2                   percentage or percentages of a prime rate or base rate, which  
3                   percentage or percentages may vary or be applied for different  
4                   periods of time, or  
5                   c.     Such other provision as the State Treasurer may determine to be  
6                   consistent with this act and will not materially and adversely  
7                   affect the financial position of the State and the marketing of  
8                   bonds or notes at a reasonable interest cost to the State.

9           (9)    " State" means the State of North Carolina.

10          (10) " Wastewater collection systems" means wastewater collection  
11          systems as defined in the Clean Water Revolving Loan and Grant Act.

12          (11) " Wastewater treatment works" means wastewater treatment works as  
13          defined in the Clean Water Revolving Loan and Grant Act.

14          (12) " Water conservation projects" include but are not limited to any  
15          construction, repair, renovation, expansion, replacement of  
16          components, or other capital improvement, including related  
17          equipment and land acquisition, designed to:

18               a.     Eliminate the wasteful or unnecessary use or loss of water in the  
19               operations of a wastewater collection system, wastewater  
20               treatment works, or water supply system; or

21               b.     Enhance the operation of a wastewater collection system,  
22               wastewater treatment works, or water supply system to provide  
23               a more efficient use of water.

24          (13) " Water Pollution Control Revolving Fund" means the fund described  
25          by G.S. 159G-4(a) and G.S. 159G-5(c).

26          (14) " Water supply systems" means water supply systems as defined in the  
27          Clean Water Revolving Loan and Grant Act.

28          Sec. 4. Authorization of bonds and notes. (a)     University Improvement Bonds.  
29          Subject to a favorable vote of a majority of the qualified voters of the State who vote on  
30          the question of issuing University Improvement Bonds in the election held as provided  
31          in this act, the State Treasurer is authorized, by and with the consent of the Council of  
32          State, to issue and sell, at one time or from time to time, general obligation bonds of the  
33          State to be designated "State of North Carolina University Improvement Bonds", with  
34          any additional designations as may be determined to indicate the issuance of bonds from  
35          time to time, or notes of the State as provided in this act, in the aggregate principal  
36          amount not exceeding two hundred ninety-eight million dollars (\$298,000,000) for the  
37          purposes authorized in this act.

38          (b)    Community College Bonds. Subject to a favorable vote of a majority of the  
39          qualified voters of the State who vote on the question of issuing Community College  
40          Bonds in the election held as provided in this act, the State Treasurer is authorized, by  
41          and with the consent of the Council of State, to issue and sell, at one time or from time  
42          to time, general obligation bonds of the State to be designated "State of North Carolina  
43          Community College Bonds", with any additional designations as may be determined to  
44          indicate the issuance of bonds from time to time, or notes of the State as provided in this

1 act, in the aggregate principal amount not exceeding two hundred forty million dollars  
2 (\$240,000,000) for the purposes authorized in this act.

3 (c) Clean Water Bonds. Subject to a favorable vote of a majority of the qualified  
4 voters of the State who vote on the question of issuing Clean Water Bonds in the  
5 election called and held as provided in this act, the State Treasurer is hereby authorized,  
6 by and with the consent of the Council of State, to issue and sell, at one time or from  
7 time to time, general obligation bonds of the State to be designated "State of North  
8 Carolina Clean Water Bonds", with any additional designations as may be determined to  
9 indicate the issuance of bonds from time to time, or notes of the State as provided in this  
10 act, in an aggregate principal amount not exceeding one hundred fifty million dollars  
11 (\$150,000,000) for the purpose of providing funds, with any other available funds, for  
12 the purposes authorized in this act.

13 (d) State Parks Bonds. Subject to a favorable vote of a majority of the qualified  
14 voters of the State who vote on the question of issuing State Parks Bonds in the election  
15 called and held as provided in this act, the State Treasurer is hereby authorized, by and  
16 with the consent of the Council of State, to issue and sell, at one time or from time to  
17 time, general obligation bonds of the State to be designated "State of North Carolina  
18 State Parks Bonds", with any additional designations as may be determined to indicate  
19 the issuance of bonds from time to time, or notes of the State as provided in this act, in  
20 the aggregate principal amount not exceeding sixty million dollars (\$60,000,000) for the  
21 purposes authorized in this act.

22 Sec. 5. Uses of bond and note proceeds. (a) University Improvement Bonds.  
23 The proceeds of University Improvement Bonds and notes shall be used for the purpose  
24 of (i) paying the cost of capital improvements for the constituent or affiliated  
25 institutions of The University of North Carolina, under the supervision of the Board of  
26 Governors of The University of North Carolina, including, without limitation,  
27 construction and renovation of classroom buildings, laboratory buildings, research  
28 facilities, libraries, physical education facilities, continuing education centers, student  
29 cafeteria and activity facilities, including sports facilities, administrative office  
30 buildings, and land acquisition, (ii) paying the cost of capital improvements for the  
31 North Carolina Center for Public Television under the Board of Governors of The  
32 University of North Carolina and (iii) making grants to nonprofit corporations and  
33 public agencies to provide capital improvements for Area Health Education Centers.  
34 Grants made to provide capital improvements for Area Health Education Centers shall  
35 be made only to nonprofit corporations and public agencies. The rules and regulations  
36 and agreements governing the Area Health Education Center Program shall contain  
37 provisions necessary to assure that the proceeds of the bonds or notes are applied for the  
38 accomplishment of public purposes only within the meaning of Article V, Section 7 of  
39 the North Carolina Constitution, including, without limitation, provisions to assure that  
40 the grant moneys are applied to the payment of cost of capital improvements used in  
41 connection with the Area Health Education Center Program and further shall contain  
42 provisions to assure compliance with G.S. 143-6.1. The buildings constructed using the  
43 proceeds of the bonds shall comply with the energy design guidelines developed by the  
44 Energy Division of the Department of Commerce.

1 Any additional moneys that may be received by means of a grant or grants  
2 from the United States of America or any agency or department thereof or from any  
3 other source to aid in financing the cost of any university improvements authorized by  
4 this act may be placed by the State Treasurer in the University Improvement Bonds  
5 Fund or in a separate account or fund and shall be disbursed, to the extent permitted by  
6 the terms of the grant or grants, without regard to any limitations imposed by this act.

7 The proceeds of University Improvement Bonds and notes may be used with  
8 any other moneys made available by the General Assembly for the making of university  
9 improvements, including the proceeds of any other State bond issues, whether  
10 heretofore made available or which may be made available at the session of the General  
11 Assembly at which this act is ratified or any subsequent sessions. The proceeds of  
12 University Improvement Bonds and notes shall be expended and disbursed under the  
13 direction and supervision of the Director of the Budget. The funds provided by this act  
14 for university improvements shall be disbursed for the purposes provided in this act  
15 upon warrants drawn on the State Treasurer by the State Controller, which warrants  
16 shall not be drawn until requisition has been approved by the Director of the Budget and  
17 which requisition shall be approved only after full compliance with the Executive  
18 Budget Act, Article 1 of Chapter 143 of the General Statutes.

19 The Board of Governors of The University of North Carolina shall provide  
20 quarterly reports to the Joint Legislative Commission on Governmental Operations, the  
21 chairs of the Senate and House of Representatives Appropriations Committees, and the  
22 Fiscal Research Division on the expenditure of moneys from the University  
23 Improvement Bonds Fund.

24 (b) Community College Bonds. The proceeds of Community College Bonds and  
25 notes shall be used for the purpose of making grants to community colleges, as defined  
26 in Chapter 115D of the General Statutes, the proceeds of the grants to be allocated and  
27 expended for paying the cost of Community College capital improvements, including,  
28 without limitation, construction and renovation of classroom buildings, laboratory  
29 buildings, research facilities, libraries, physical education facilities, continuing  
30 education centers, student cafeteria and activity facilities, including sports facilities,  
31 administrative office buildings, and related equipment and land acquisition. The  
32 buildings constructed using the proceeds of the bonds shall comply with the energy  
33 design guidelines developed by the Energy Division of the Department of Commerce.

34 Any additional moneys which may be received by means of a grant or grants  
35 from the United States of America or any agency or department thereof or from any  
36 other source to aid in financing the cost of any Community College grants authorized by  
37 this act may be placed by the State Treasurer in the Community College Bonds Fund or  
38 in a separate account or fund and shall be disbursed, to the extent permitted by the terms  
39 of the grant or grants, without regard to any limitations imposed by this act.

40 The proceeds of Community College Bonds and notes may be used with any  
41 other moneys made available by the General Assembly for the making of Community  
42 College grants, including the proceeds of any other State bond issues, whether  
43 heretofore made available or which may be made available at the session of the General  
44 Assembly at which this act is ratified or any subsequent sessions. The proceeds of

1 Community College Bonds and notes shall be expended and disbursed under the  
2 direction and supervision of the Director of the Budget. The funds provided by this act  
3 for Community College improvements shall be disbursed for the purposes provided in  
4 this act upon warrants drawn on the State Treasurer by the State Controller, which  
5 warrants shall not be drawn until requisition has been approved by the Director of the  
6 Budget and which requisition shall be approved only after full compliance with the  
7 Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

8 The State Board of Community Colleges shall provide quarterly reports to the  
9 Joint Legislative Commission on Governmental Operations, the chairs of the Senate and  
10 House of Representatives Appropriations Committees, and the Fiscal Research Division  
11 on the expenditure of moneys from the Community College Bonds Fund.

12 (c) Clean Water Bonds. The proceeds of Clean Water Bonds and notes shall be  
13 used for the purpose of making loans and grants to local governments as follows:

- 14 (1) The proceeds of fifty million dollars (\$50,000,000) of Clean Water  
15 Bonds shall be used and allocated for the same purposes for which  
16 funds in the Clean Water Revolving Loan and Grant Fund may be used  
17 including, without limitation, to provide funds to be used to make  
18 revolving loans and grants to local government units. The revolving  
19 loans and grants shall be made for the purpose of paying the cost of  
20 water supply systems, wastewater collection systems, and wastewater  
21 treatment works.

22 The first priority for use of these proceeds shall be to provide State  
23 funds necessary for the 1993-95 fiscal biennium to match the federal  
24 wastewater or water supply assistance funds deposited in the Clean  
25 Water Pollution Control Revolving Fund or another fund that are  
26 available from year to year, unless the General Assembly has provided  
27 other funds for this purpose, in which event this priority shall cease to  
28 exist to the extent of the availability of those other funds. For the  
29 purpose of implementing this priority, the Department of Environment,  
30 Health, and Natural Resources shall certify to the State Treasurer the  
31 amount of funds required for the State match for each of the fiscal  
32 years ending June 30, 1994, and June 30, 1995, and the extent to which  
33 the General Assembly has provided other funds for this purpose.  
34 Upon certification to the State Treasurer of the amount of funds  
35 required for the State match for the fiscal year ending June 30, 1994,  
36 the State may issue up to twenty-five million dollars (\$25,000,000)  
37 Clean Water Bonds authorized by this subdivision for the purpose of  
38 funding the State match for that fiscal year and for any other purposes  
39 authorized by this subdivision. Upon certification to the State  
40 Treasurer of the amount of funds required for the State match for the  
41 fiscal year ending June 30, 1995, the State may issue the remaining  
42 balance of Clean Water Bonds authorized by this subdivision for the  
43 purpose of funding the State match for that fiscal year and for any  
44 other purposes authorized by this subdivision. The proceeds of the

1 bonds necessary for the State match for each fiscal year shall be  
2 deposited in the Clean Water Pollution Control Revolving Fund or any  
3 other fund or account determined by the State Treasurer.

4 The proceeds may be (i) transferred directly to the Clean Water  
5 Revolving Loan and Grant Fund to make revolving loans or grants, (ii)  
6 used to make revolving loans or grants directly to the appropriate local  
7 government qualifying for a revolving loan or grant from the Clean  
8 Water Revolving Loan and Grant Fund, (iii) used for any combination  
9 of (i) and (ii), or (iv) used in such other manner as shall effectuate the  
10 purposes of this act. Although public necessity and the criteria  
11 established by Chapter 159G of the General Statutes shall be the  
12 primary consideration in granting and loaning funds, great emphasis  
13 shall be placed on the creation of efficient systems of regional  
14 wastewater disposal and regional water supply, and on the willingness  
15 and ability of local government units to meet their responsibilities  
16 through sound fiscal policies and plans and efficient operation and  
17 management. Loans and grants made from bond proceeds transferred  
18 from the Clean Water Bonds Fund to the Clean Water Revolving Loan  
19 and Grant Fund shall be made and administered in accordance with the  
20 provisions of the Clean Water Revolving Loan and Grant Act. Loans  
21 made directly to local government units and any loan repayments shall,  
22 to the extent applicable, be made, administered, and applied in  
23 accordance with the provisions of the Clean Water Revolving Loan  
24 and Grant Act. Repayments of any direct loans may be initially placed  
25 into any fund or account as may be determined by the State Treasurer  
26 for the purpose of determining compliance with the applicable  
27 requirements of the federal tax law and shall be expended and  
28 disbursed therefrom under the direction and supervision of the Director  
29 of the Budget.

- 30 (2) The proceeds of one hundred million dollars (\$100,000,000) of Clean  
31 Water Bonds shall be used for the purpose of making loans to local  
32 government units to pay the cost of water supply systems, water  
33 conservation projects, wastewater collection systems, and wastewater  
34 treatment works, including water conservation projects. Sixty-nine  
35 percent (69%) of the proceeds of the bonds and notes shall be allocated  
36 for loans to local government units for wastewater collection systems,  
37 including wastewater treatment works. Thirty-one percent (31%) of  
38 the proceeds of the bonds and notes shall be allocated for loans to local  
39 government units for water supply systems and water conservation  
40 projects.

41 The proceeds shall be used to make loans directly to local  
42 government units qualifying for a loan from the Clean Water  
43 Revolving Loan and Grant Fund or loaned in such other manner as  
44 shall effectuate the purposes of this act. To qualify for a loan from the



1 Clean Water Bonds Fund for the purpose of paying the cost of water  
2 supply systems, a local government unit must have a water supply  
3 facility plan approved by the Department of Environment, Health, and  
4 Natural Resources. A water supply facility plan submitted by a local  
5 government unit to the Department under G.S. 143-355(1) will be  
6 sufficient to meet this requirement. To qualify for a loan from the  
7 Clean Water Bonds Fund for the purpose of paying the cost of  
8 wastewater collection systems or wastewater treatment works, a local  
9 government unit must have a wastewater facility plan approved by the  
10 Department of Environment, Health, and Natural Resources. A  
11 wastewater facility plan must project future wastewater treatment  
12 needs, must present a long-range plan to meet those needs, and must  
13 include plans for system operations and maintenance of the facilities  
14 being built with the bond proceeds.

15 The Department of Environment, Health, and Natural Resources  
16 shall administer the making of these loans, in accordance with the  
17 provisions of Section 10 of this act. The form of the loans and the  
18 details thereof including, without limitation, the maturity, interest rate,  
19 and amortization schedule, shall be determined, from time to time, by  
20 the State Treasurer. In making such determinations, the State  
21 Treasurer shall consider the purpose of the loans, the ability of local  
22 government units to repay the loans, and the security for the loans.  
23 The interest rates on such loans shall reflect the self-supporting nature  
24 of the loan program and shall be sufficient to cover substantially all  
25 payments of debt service on the one hundred million dollar  
26 (\$100,000,000) Clean Water Bonds and the issuance costs and  
27 administrative expenses associated with the issuance of such bonds  
28 and the making of such loans, subject to any applicable requirements  
29 of the federal tax law.

30 Repayments of the loans shall be credited to the General Fund and  
31 may be used to pay, directly or indirectly, debt service on the bonds  
32 and notes issued. Repayments may be initially placed into such fund  
33 or account as may be determined by the State Treasurer for the  
34 purpose of determining compliance with applicable requirements of  
35 the federal tax law and shall be expended and disbursed therefrom  
36 under the direction and supervision of the Director of the Budget.

37 Any additional moneys which may be received by means of a grant or grants  
38 from the United States of America or any agency or department thereof or from any  
39 other source for deposit to the Clean Water Bonds Fund may be placed in the Clean  
40 Water Bonds Fund or in a separate account or fund and shall be disbursed, to the extent  
41 permitted by the terms of the grant or grants, without regard to any limitations imposed  
42 by this act.

43 The proceeds of bonds and notes may be used with any other moneys made  
44 available by the General Assembly for making grants and loans authorized by this act,

1 including the proceeds of any other State bond issues, whether heretofore made  
2 available or which may be made available at the session of the General Assembly at  
3 which this act is ratified or any subsequent sessions. The proceeds of bonds and notes  
4 shall be expended and disbursed under the direction and supervision of the Director of  
5 the Budget. The funds provided by this act shall be disbursed for the purposes provided  
6 in this act upon warrants drawn on the State Treasurer by the State Controller, which  
7 warrants shall not be drawn until requisition has been approved by the Director of the  
8 Budget and which requisition shall be approved only after full compliance with the  
9 Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

10 (d) State Parks Bonds. The proceeds of State Parks Bonds and notes shall be  
11 used for the purpose of paying the cost of capital improvements for new and existing  
12 State parks and recreation areas including, without limitation, land acquisition and the  
13 repair, renovation, and construction of visitors' centers, parking lots and access roads,  
14 dams, picnic areas, ranger residences, tent and trailer campsites, boat and canoe  
15 launching areas, rental cabins, boathouses, swimming facilities, trails, exhibits, storage  
16 buildings, water and wastewater systems, electrical systems, and underground fuel  
17 tanks.

18 Any additional moneys which may be received by means of a grant or grants  
19 from the United States of America or any agency or department thereof or from any  
20 other source for deposit to the State Parks Bonds Fund may be placed in the State Parks  
21 Bonds Fund or in a separate account or fund and shall be disbursed, to the extent  
22 permitted by the terms of the grant or grants, without regard to any limitations imposed  
23 by this act.

24 The proceeds of bonds and notes may be used with any other moneys made  
25 available by the General Assembly for the cost of State parks and recreation facilities  
26 including the proceeds of any other State bond issues, whether heretofore made  
27 available or which may be made available at the session of the General Assembly at  
28 which this act is ratified or any subsequent sessions. The proceeds of bonds and notes  
29 shall be expended and disbursed under the direction and supervision of the Director of  
30 the Budget. The funds provided by this act shall be disbursed for the purposes provided  
31 in this act upon warrants drawn on the State Treasurer by the State Controller, which  
32 warrants shall not be drawn until requisition has been approved by the Director of the  
33 Budget and which requisition shall be approved only after full compliance with the  
34 Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

35 Sec. 6. Allocation of proceeds. (a) University Improvement Bonds. The  
36 proceeds of University Improvement Bonds and notes, including premium thereon, if  
37 any, except the proceeds of bonds the issuance of which has been anticipated by bond  
38 anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the  
39 State Treasurer in a special fund to be designated "University Improvement Bonds  
40 Fund". Moneys in the University Improvement Bonds Fund shall be used for the  
41 purposes set forth in this act. The proceeds of University Improvement Bonds and notes  
42 shall be allocated and expended for paying the cost of university capital improvements,  
43 to the extent and as provided in this act and subject to change as provided in this act, as  
44 follows:

	<u>Constituent or Affiliated Institution or Board of Governors Capital Improvement</u>	<u>Projected Allocation</u>
1		
2		
3		
4	Appalachian State University	
5	Academic Support Services Building	\$
6	8,794,900	
7	Science/Mathematics Complex,	Phase
8	15,000,000	I
9		
10	East Carolina University	
11	Addition to Joyner	Library
12	28,900,000	
13	Land 5,000,000	
14		
15	Elizabeth City State University	
16	Fine Arts and Mass Communications	Building
17	6,432,600	
18		
19	Fayetteville State University	
20	Residence Hall	Renovations
21	9,479,600	
22		
23	North Carolina A & T State University	
24	School of Technology Classroom/Laboratory	Building
25	7,961,900	
26	Renovation of Bluford Library	Building
27	5,051,400	
28		
29	North Carolina Central University	
30	Conversion of Women's Gymnasium in Support of	
31	Academic	Programs
32	1,970,900	
33	Chidley Hall	Complex
34	9,018,300	
35		
36	North Carolina School of the Arts	
37	School of Filmmaking	Production Facility
38	6,999,200	
39		
40	North Carolina State University at Raleigh	
41	Engineering Graduate Research	Center
42	34,918,200	
43	Agricultural Communications	Building
44	4,484,900	

1     Agricultural            Programs       -       Laboratory        Animal        Facilities  
2     4,484,100  
3  
4     Pembroke State University  
5     New                    Administrative                    Office                    Building  
6     5,723,300  
7     Repairs    and    Renovations    to    Business    Administration    Building  
8     422,700  
9  
10    The University of North Carolina at Asheville  
11    Ramsey                                    Library                                    (Remodeling)  
12    3,974,400  
13    Physical                Education                Building                (Health                Promotion)  
14    5,475,600  
15    The                        North                        Carolina                        Arboretum  
16    2,500,000  
17  
18    The University of North Carolina at Chapel Hill  
19    New        Building,        School        of        Business        Administration  
20    13,490,900  
21    Addition        to        Lineberger        Cancer        Research        Center  
22    8,119,900  
23    Carolina Living and Learning Center for Autistic Adults, Phase II 1,190,400  
24    Addition                to                School                of                Dentistry  
25    8,887,100  
26    Area    Health    Education    Centers    -    Construction    Grants  
27    3,370,800  
28  
29    The University of North Carolina at Charlotte  
30    Classroom                and                Academic                    Support                Facility  
31    22,610,400  
32  
33    The University of North Carolina at Greensboro  
34    New                                    Music                                    Building  
35    23,357,000  
36  
37    The University of North Carolina at Wilmington  
38    Physical    Sciences    Building    and    Renovation    of    DeLoach    Hall  
39    18,522,900  
40    Construct West Wing of Bear Hall and  
41    Renovate                West                End                of                Bear                Hall  
42    992,050  
43  
44    Western Carolina University

1	Completion	of	Belk	Building	and	Asbestos	Removal
2	3,280,200						
3	Renovate		Moore	Hall,		Phase	II
4	2,043,900						
5	Renovate		Camp			Lab	School
6	1,896,500						
7	Renovate			Reid			Gym
8	2,379,400						
9							
10	Winston-Salem State University						
11	Student		Services/Cafeteria/Student			Union	Complex
12	6,073,350						
13	Renovations		to			O'Kelly	Library
14	1,119,500						
15							
16	North Carolina School of Science and Mathematics						
17	Educational		Technologies	Center		and	Auditorium
18	8,073,700						
19							
20	UNC Center for Public Television						
21	Improvements to Facilities						
22	<u>6,000,000</u>						
23				TOTAL			
24				\$298,000,000			
25							

26 Projected allocations set forth above may be adjusted to reflect the  
27 availability of other funds.

28 The Director of the Budget is empowered, when the Director of the Budget  
29 determines it is in the best interest of the State and The University of North Carolina to  
30 do so, and if the cost of a particular project is less than the projected allocation, to do  
31 one or more of the following:

- 32 (1) Use the excess funds to increase the size of that project.
- 33 (2) Increase the size of any other project itemized in this section.
- 34 (3) Increase the amount allocated to a particular institution or the Board of  
35 Governors within the aggregate amount of funds available under this  
36 section.

37 The Director of the Budget is empowered, when the Director of the Budget  
38 determines it is in the best interest of the State and The University of North Carolina to  
39 do so, upon the request of the Board of Governors of The University of North Carolina  
40 and the Chancellor of the affected constituent institution, if any, to substitute a different  
41 capital improvement in place of part or all of any particular capital improvement set  
42 forth above and to change the amount of the projected allocation therefor, within the  
43 purposes provided in this act, except that none of the funds may be used for operating  
44 expenditures.

1 The Director of the Budget shall, at least 20 days before changing any  
2 allocation or any project, report the proposed change to both the Advisory Budget  
3 Commission and the Joint Legislative Commission on Governmental Operations. The  
4 provisions of G.S. 116-11(9) with respect to appropriations to the Board of Governors  
5 of The University of North Carolina shall not apply to proceeds of University  
6 Improvements Bonds and notes issued pursuant to the provisions of this act.

7 Allocations to the costs of a capital improvement or undertaking in each case  
8 may include allocations to pay the costs set forth in Section 3(4)c., d., e., f., and g. of  
9 this act in connection with the issuance of bonds for that capital improvement or  
10 undertaking.

11 (b) Community College Bonds. The proceeds of Community College Bonds and  
12 notes, including premium thereon, if any, except the proceeds of bonds the issuance of  
13 which has been anticipated by bond anticipation notes or the proceeds of refunding  
14 bonds or notes, shall be placed by the State Treasurer in a special fund to be designated  
15 "Community College Bonds Fund" and shall be disbursed as provided in this act.  
16 Moneys in the Community College Bonds Fund shall be used for making grants to  
17 community colleges, as set forth in this act, the proceeds of the grants to be allocated  
18 and expended for particular projects to be determined as hereinafter provided.

19 No Community College Bonds or notes shall be issued and no proceeds of  
20 Community College Bonds or notes shall be allocated for the purposes provided in this  
21 act, however, until the General Assembly authorizes the issuance of some or all of the  
22 Community College Bonds or notes and appropriates the proceeds of the bonds and  
23 notes for specific projects within these purposes by separate legislative action in  
24 addition to this act in 1993 or at any subsequent session.

25 It is the intent of the General Assembly to appropriate the proceeds of the  
26 bonds and notes in 1994 or at a subsequent session based on the recommendations of  
27 the State Board of Community Colleges in its report submitted to the General Assembly  
28 in May 1994 as provided in Section 11 of this act. Actual appropriations by the General  
29 Assembly in 1993 or at a subsequent session may be made without regard to the  
30 expressed intentions set forth above.

31 Nothing in this act or as a result of the approval of the bonds at the election  
32 provided for in this act restricts the right of the General Assembly, in addition to the  
33 right to specify the projects and the allocations therefor, in 1993 or at a subsequent  
34 session to:

- 35 (1) Establish a procedure whereby projected allocations set forth in  
36 subsequent legislation may be increased or decreased to reflect the  
37 availability of other funds, including, without limitation, contingency  
38 funds, income earned on the investment of bond and notes proceeds,  
39 and the proceeds of grants.
- 40 (2) Establish a contingency account and provide for an allocation of bond  
41 proceeds thereto. The funds in the contingency account may be used  
42 to pay the cost of projects, the costs of issuance of bonds and notes,  
43 and increased project costs resulting from construction costs exceeding  
44 projections, inflationary factors, and changes in projects and

1 allocations. The funds allocated to the contingency account shall be  
2 placed by the State Treasurer in a separate account in the Community  
3 College Bonds Fund and shall be disbursed in accordance with the  
4 procedures established for disbursements from the Community College  
5 Bonds Fund.

- 6 (3) Empower the Director of the Budget, when the Director determines it  
7 is in the best interest of the State and the Community College System  
8 to do so, and if the cost of a particular project is less than the projected  
9 allocation, to use the excess funds to increase the size of that project or  
10 increase the size of any other project authorized by the General  
11 Assembly.

12 Allocations to the costs of a capital improvement or undertaking in each case  
13 may include allocations to pay the costs set forth in Section 3(4)c., d., e., f., and g. of  
14 this act in connection with the issuance of bonds for that capital improvement or  
15 undertaking. The matching requirements of G.S. 115D-31(a)(1) apply to the proceeds  
16 of Community College Bonds and notes used to make grants to community colleges.

17 (c) Clean Water Bonds. The proceeds of Clean Water Bonds and notes,  
18 including premium thereon, if any, except the proceeds of bonds the issuance of which  
19 has been anticipated by bond anticipation notes or the proceeds of refunding bonds or  
20 notes, shall be placed by the State Treasurer in a special fund to be designated "Clean  
21 Water Bonds Fund", which may include such appropriate special accounts therein as  
22 may be determined by the State Treasurer, and shall be disbursed as provided in this act.  
23 Moneys in the Clean Water Bonds Fund shall be allocated and expended as provided in  
24 this act.

25 (d) State Parks Bonds. The proceeds of State Parks Bonds and notes, including  
26 premium thereon, if any, except the proceeds of bonds the issuance of which has been  
27 anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall  
28 be placed by the State Treasurer in a special fund to be designated "State Parks Bonds  
29 Fund", which may include such appropriate special accounts therein as may be  
30 determined by the State Treasurer, and shall be disbursed as provided in this act.  
31 Moneys in the State Parks Bonds Fund shall be used for the purposes set forth in this  
32 act, and the particular projects within such purposes to be financed in whole or in part  
33 from the proceeds shall be determined as hereinafter provided.

34 No State Parks Bonds or notes shall be issued and no proceeds of State Parks  
35 Bonds and notes shall be allocated for the purposes provided in this act, however, until  
36 the General Assembly authorizes issuance of some or all of State Parks Bonds and notes  
37 and appropriates the proceeds of the bonds and notes for specific projects within these  
38 purposes by separate legislative action in addition to this act in 1993 or at any  
39 subsequent session. It is the intent of the General Assembly to appropriate  
40 approximately one-half the proceeds of the bonds and notes for repairs, renovations, and  
41 new construction and approximately one-half the proceeds of the bonds and notes for  
42 land acquisition. It is the intent of the General Assembly to appropriate the proceeds of  
43 the bonds and notes in 1994 or at a subsequent session based on the recommendations  
44 of the Department of Environment, Health, and Natural Resources in its State parks

1 capital improvement and land acquisition plan submitted to the General Assembly in  
2 May 1994 as provided in Section 11 of this act. Actual appropriations by the General  
3 Assembly in 1993 or at a subsequent session may be made without regard to the  
4 expressed intentions set forth above.

5 Nothing in this act or as a result of the approval of the bonds at the election  
6 provided for in this act restricts the right of the General Assembly in 1993 or at a  
7 subsequent session to:

- 8 (1) Establish a procedure whereby projected allocations set forth in  
9 subsequent legislation may be increased or decreased to reflect the  
10 availability of other funds, including, without limitation, contingency  
11 funds, income earned on the investment of bonds and notes proceeds,  
12 and the proceeds of grants.
- 13 (2) Establish a contingency account and provide for an allocation of bond  
14 proceeds thereto. The funds in the contingency account may be used  
15 to pay the cost of projects, the costs of issuance of bonds and notes,  
16 and increased project costs resulting from construction costs exceeding  
17 projections, inflationary factors, and changes in projects and  
18 allocations. The funds allocated to the contingency account shall be  
19 placed by the State Treasurer in a separate account in the State Parks  
20 Bonds Fund and shall be disbursed in accordance with the procedures  
21 established for disbursements from the State Parks Bonds Fund.
- 22 (3) Empower the Director of the Budget, when the Director determines it  
23 is in the best interest of the State and the State Parks System to do so,  
24 and if the cost of a particular project is less than the projected  
25 allocation, to use the excess funds to increase the size of that project or  
26 increase the size of any other project itemized by the General  
27 Assembly, or to increase the amount allocated to a particular project  
28 within the aggregate amount of funds available under this section; the  
29 Director of the Budget having the right to consult with the Advisory  
30 Budget Commission and the Joint Legislative Commission on  
31 Governmental Operations.
- 32 (4) Provide that to the extent that funds are not required to be expended  
33 for the specific projects identified by the General Assembly,  
34 allocations may be used for capital outlay projects at any State park as  
35 replacement projects, but no such funds may be used for operating  
36 expenditures.

37 Allocations to the costs of a capital improvement or undertaking in each case  
38 may include allocations to pay the costs set forth in Section 3(4)c., d., e., f., and g. of  
39 this act in connection with the issuance of bonds for that capital improvement or  
40 undertaking.

41 Sec. 7. Election. The questions of the issuance of the bonds authorized by  
42 this act shall be submitted to the qualified voters of the State at an election to be held on  
43 the first Tuesday after the first Monday of November 1993. Any other primary,  
44 election, or referendum validly called or scheduled by law at the time the election on the



1 bond questions provided for in this section is held may be held as called or scheduled.  
2 Notice of the election on the bond questions shall be given by publication twice in a  
3 newspaper or newspapers having general circulation in each county in the State, and the  
4 election and the registration of voters therefor shall be held under and in accordance  
5 with the general laws of the State. Absentee ballots shall be authorized in the election.

6 The State Board of Elections shall reimburse the counties of the State for all  
7 necessary expenses incurred in holding the election which are in addition to those which  
8 would have otherwise been incurred, the same to be paid out of the Contingency and  
9 Emergency Fund or other funds available to the State Board of Elections.

10 Voting machines, ballots, or both may be used in accordance with rules  
11 prescribed by the State Board of Elections. The bond questions to be used in the voting  
12 machines and ballots shall be in substantially the following forms:

13 "[ ] FOR the issuance of two hundred ninety-eight million dollars  
14 (\$298,000,000) State of North Carolina University Improvement  
15 Bonds constituting general obligation bonds of the State secured by a  
16 pledge of the faith and credit and taxing power of the State for the  
17 purpose of providing funds, with any other available funds, to pay the  
18 cost of capital improvements for the constituent or affiliated  
19 institutions and the Center for Public Television of The University of  
20 North Carolina.

21 [ ] AGAINST the issuance of two hundred ninety-eight million dollars  
22 (\$298,000,000) State of North Carolina University Improvement  
23 Bonds constituting general obligation bonds of the State secured by a  
24 pledge of the faith and credit and taxing power of the State for the  
25 purpose of providing funds, with any other available funds, to pay the  
26 cost of capital improvements for the constituent or affiliated  
27 institutions and the Center for Public Television of The University of  
28 North Carolina.

29 [ ] FOR the issuance of two hundred forty million dollars (\$240,000,000)  
30 State of North Carolina Community College Bonds constituting  
31 general obligation bonds of the State secured by a pledge of the faith  
32 and credit and taxing power of the State for the purpose of providing  
33 funds, with any other available funds, to make grants to community  
34 colleges to pay, with any other available funds, the cost of capital  
35 improvements.

36 [ ] AGAINST the issuance of two hundred forty million dollars  
37 (\$240,000,000) State of North Carolina Community College Bonds  
38 constituting general obligation bonds of the State secured by a pledge  
39 of the faith and credit and taxing power of the State for the purpose of  
40 providing funds, with any other available funds, to make grants to  
41 community colleges to pay, with any other available funds, the cost of  
42 capital improvements.

43 [ ] FOR the issuance of one hundred fifty million dollars (\$150,000,000)  
44 State of North Carolina Clean Water Bonds constituting general

1 obligation bonds of the State secured by a pledge of the faith and credit  
2 and taxing power of the State for the purpose of providing funds, with  
3 any other available funds, to make loans and grants to local  
4 government units to pay, with any other available funds, the cost of  
5 clean water capital improvements.

6 [ ] AGAINST the issuance of one hundred fifty million dollars  
7 (\$150,000,000) State of North Carolina Clean Water Bonds  
8 constituting general obligation bonds of the State secured by a pledge  
9 of the faith and credit and taxing power of the State for the purpose of  
10 providing funds, with any other available funds, to make loans and  
11 grants to local government units to pay, with any other available funds,  
12 the cost of clean water capital improvements.

13 [ ] FOR the issuance of sixty million dollars (\$60,000,000) State of North  
14 Carolina State Parks Bonds constituting general obligation bonds of  
15 the State secured by a pledge of the faith and credit and taxing power  
16 of the State for the purpose of providing funds, with any other  
17 available funds, to pay the cost of land acquisition and capital  
18 improvements for new and existing State parks and recreation areas.

19 [ ] AGAINST the issuance of sixty million dollars (\$60,000,000) State of  
20 North Carolina State Parks Bonds constituting general obligation  
21 bonds of the State secured by a pledge of the faith and credit and  
22 taxing power of the State for the purpose of providing funds, with any  
23 other available funds, to pay the cost of land acquisition and capital  
24 improvements for new and existing State parks and recreation areas."

25 If a majority of those voting on a bond question in the election vote in favor  
26 of the issuance of the bonds described in the question, those bonds may be issued as  
27 provided in this act. If a majority of those voting on a bond question in the election vote  
28 against the issuance of the bonds described in the question, those bonds shall not be  
29 issued.

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

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

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

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

33 (d) Notes; Repayment.

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

- 38 a. For anticipating the sale of bonds to the issuance of which the  
39 Council of State shall have given consent, if the State Treasurer  
40 shall deem it advisable to postpone the issuance of the bonds;
- 41 b. For the payment of interest on or any installment of principal of  
42 any bonds then outstanding, if there shall not be sufficient funds  
43 in the State treasury with which to pay the interest or  
44 installment of principal as they respectively become due;

- 1 c. For the renewal of any loan evidenced by notes herein  
2 authorized;  
3 d. For the purposes authorized in this act; and  
4 e. For refunding bonds or notes as herein authorized.

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

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

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

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

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

41 Sec. 9. Variable interest rates. In fixing the details of bonds and notes, the  
42 State Treasurer may provide that any of the bonds or notes may:

- 43 (1) Be made payable from time to time on demand or tender for purchase  
44 by the owner thereof provided a credit facility supports the bonds or

1 notes, unless the State Treasurer specifically determines that a credit  
2 facility is not required upon a finding and determination by the State  
3 Treasurer that the absence of a credit facility will not materially or  
4 adversely affect the financial position of the State and the marketing of  
5 the bonds or notes at a reasonable interest cost to the State;

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

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

25 Sec. 10. Special provisions governing clean water loans. (a) Scope. The  
26 provisions of this section shall apply to loans being made from the proceeds of bonds  
27 authorized by this act for clean water projects, other than from funds deposited in the  
28 Clean Water Revolving Loan and Grant Fund.

29 (b) Clean Water Bonds Loan Fund.

- 30 (1) There is established in the Department of State Treasurer a fund to be  
31 known as the Clean Water Bonds Loan Fund. The Fund shall contain  
32 any special or segregated accounts the State Treasurer considers  
33 appropriate. There shall be deposited to accounts of the Clean Water  
34 Bonds Loan Fund the proceeds of the Clean Water Bonds and notes to  
35 be used to make loans, other than loans to be made through the Clean  
36 Water Revolving Loan and Grant Fund, for costs of clean water  
37 projects. The funds may be invested in the same manner permitted for  
38 investments of funds belonging to the State or held in the State  
39 treasury. Interest earnings derived from these investments shall be  
40 credited to the Fund.  
41 (2) Distribution of funds. All appropriated or bond funds accruing to the  
42 Clean Water Bonds Loan Fund, other than funds set aside for  
43 administrative expenses, including expenses related to determining  
44 compliance with applicable requirements of the federal tax law and

- 1 costs of issuance, shall be used to make loans for the purposes  
2 provided in this act.
- 3 (3) The maximum principal amount of a loan may be one hundred percent  
4 (100%) of the cost of any eligible project.
- 5 (4) The State Treasurer shall be responsible for investing and distributing  
6 all funds appropriated or accruing to the Clean Water Bonds Loan  
7 Fund. Subject to any applicable requirements of the federal tax law,  
8 the State Treasurer shall arrange for the funds to be transferred from  
9 the appropriate accounts to a local government unit or shall invest the  
10 funds as authorized by this act with the interest on and the principal of  
11 the investments to be transferred to the local government unit to  
12 provide funds for one or more loans.
- 13 (c) Application for Loans; Hearings.
- 14 (1) Eligibility/Initial Hearing.
- 15 a. Prior to filing an application for a loan, a local government unit  
16 shall hold a public hearing. A notice of the public hearing shall  
17 be published once at least 10 days before the date fixed for the  
18 hearing.
- 19 b. All applications for loans shall be filed with the Department of  
20 Environment, Health, and Natural Resources. The form of the  
21 application shall be prescribed by the Department and shall  
22 require any information necessary to determine the eligibility  
23 for a loan under the provisions of this section. All applications  
24 approved by the Department of Environment, Health, and  
25 Natural Resources shall be filed with the Local Government  
26 Commission. Each applicant shall furnish information in  
27 addition or supplemental to the information contained in its  
28 application, upon request.
- 29 c. A local government unit shall not be eligible for a loan unless it  
30 demonstrates to the satisfaction of the Department of  
31 Environment, Health, and Natural Resources and the Local  
32 Government Commission that:
- 33 1. The applicant is a local government unit;
- 34 2. The applicant has the financial capacity to pay the  
35 principal of and interest on its proposed loan as  
36 evidenced by the approval of the Local Government  
37 Commission;
- 38 3. The applicant has substantially complied or will  
39 substantially comply with all applicable laws, rules,  
40 regulations, and ordinances, whether federal, State, or  
41 local; and
- 42 4. The applicant has agreed by official resolution to adopt  
43 and place into effect a schedule of fees and charges or  
44 the application of other sources of revenue which will

- 1 provide adequate funds for proper operation,  
2 maintenance, and administration of the project and  
3 repayment of all principal and interest on the loan.
- 4 (2) Assessment. Every applicant shall file with its application an  
5 assessment of the impact the project for which the funds are sought  
6 will have upon meeting the facility needs of the area within which the  
7 project is to be located.
- 8 (3) Hearing by the Department of Environment, Health, and Natural  
9 Resources or the Local Government Commission. A public hearing  
10 may be held by the Department of Environment, Health, and Natural  
11 Resources or the Local Government Commission at any time on any  
12 application. Public hearings may also be held by the Department of  
13 Environment, Health, and Natural Resources in its discretion upon  
14 written request from any citizen or taxpayer who is a resident of the  
15 county or counties in which the project is to be located or a resident of  
16 the local government unit that proposes to borrow moneys under this  
17 act, if it appears that the public interest will be served by the hearing.  
18 The written request shall set forth each objection to the proposed  
19 project or other reason for requesting a hearing on the application and  
20 shall contain the name and address of the persons submitting it. The  
21 Department of Environment, Health, and Natural Resources may  
22 consider all written objections to the proposed project and other  
23 statements along with the application including any significant  
24 considerations on facility needs and shall determine if the public  
25 interest will be served by a hearing. The determination by the  
26 Department of Environment, Health, and Natural Resources shall be  
27 conclusive and all written requests for a hearing shall be retained as a  
28 permanent part of the records pertaining to the application.
- 29 (4) Petition for Vote. A petition, demanding that the question of whether  
30 to enter into a loan agreement with the State under this act be  
31 submitted to voters, may be filed with the clerk of the local  
32 government unit applying for the loan within 15 days after the public  
33 hearing required by the local government unit. The petition's  
34 sufficiency shall be determined and a referendum, if any, shall be  
35 conducted, according to the standards, procedures, and limitations set  
36 out in G.S. 159-60 through G.S. 159-62.
- 37 (d) Priorities.
- 38 (1) Determination. Determination of priorities to be assigned each eligible  
39 project shall be made semiannually by the Department of  
40 Environment, Health, and Natural Resources during each fiscal year.  
41 Every eligible project shall be considered by the Department of  
42 Environment, Health, and Natural Resources with every other project  
43 eligible during this same priority period.

- 1           (2) Priority Factors. All applications for loans under this act shall be  
2 assigned a priority by the Department of Environment, Health, and  
3 Natural Resources. The Department of Environment, Health, and  
4 Natural Resources shall establish by rule the priority factors criteria.
- 5           (3) Assignment of Priority. A written statement relative to each priority  
6 assigned shall be prepared by the Department of Environment, Health,  
7 and Natural Resources and shall be attached to the application. The  
8 priority assigned shall be conclusive.
- 9           (4) Failure to Qualify. If an application does not qualify for a loan as of  
10 the prior period in which the application was eligible for consideration  
11 by reason of the priority assigned, the application shall be considered  
12 during the next succeeding priority period upon request of the  
13 applicant. If the application again fails to qualify for a loan during the  
14 second priority period by reason of the priority assigned, the  
15 application shall receive no further consideration. An applicant may  
16 file a new application at any time and may amend any pending  
17 application to include additional data or information.
- 18           (5) Withdrawal of Commitment. Failure of an applicant within one year  
19 after the date of acceptance of the loan to arrange for necessary  
20 financing of the proposed project or award of the contract of the  
21 construction of the proposed project shall constitute sufficient cause  
22 for withdrawal of the commitment. Prior to withdrawal of a  
23 commitment, the Department of Environment, Health, and Natural  
24 Resources shall give due consideration to any extenuating  
25 circumstances presented by the applicant as reasons for failure to  
26 arrange necessary financing or to award a contract, and the  
27 commitment may be extended for an additional period of time if, in the  
28 judgment of the Department of Environment, Health, and Natural  
29 Resources, the extension is justified.
- 30           (e) Disbursement. No funds shall be disbursed until the Department of  
31 Environment, Health, and Natural Resources gives a certificate of eligibility to the  
32 effect that the applicant meets all eligibility criteria and that all procedural requirements  
33 of this act have been met.
- 34           (f) Intercept. The governing body of a local government unit shall by  
35 resolution authorize to be included in its loan agreement a provision authorizing the  
36 State Treasurer, upon failure of the local government unit to make a scheduled  
37 repayment of the loan, to withhold from the local government unit any State funds that  
38 would otherwise be distributed to the local government unit in an amount sufficient to  
39 pay all sums then due and payable to the State as a repayment of such loan. In such  
40 event, notwithstanding any other provision of law, the State Treasurer shall be  
41 authorized to withhold and apply such funds to the repayment of such loan; provided,  
42 however, that such funds shall not be withheld if (i) prior to the execution of such loan  
43 agreement, such funds have been legally pledged to secure special obligation bonds or  
44 other obligations of the local government unit, or (ii) subsequent to the execution of



1 such loan agreement, such funds are legally pledged to secure special obligation bonds  
2 or other obligations of the local government unit as authorized in this subsection.  
3 Subsequent to the execution of a loan agreement, all or any portion of the State funds  
4 specified in such loan agreement to be so withheld may be pledged to secure special  
5 obligation bonds or other obligations of the local government unit only with the prior  
6 written consent of the State Treasurer.

7 The State Treasurer shall notify the Secretary of Revenue and the State  
8 Controller of the amount to be withheld from the local government unit, and the  
9 Secretary of Revenue and the State Controller shall transfer to the State Treasurer the  
10 amount so requested to be applied by the State Treasurer to the repayment of the loan.

11 (g) Inspection. Inspection of a project for which a loan has been made under  
12 this act may be performed by qualified personnel of the Department of Environment,  
13 Health, and Natural Resources or may be performed by qualified engineers registered in  
14 this State approved by the Department of Environment, Health, and Natural Resources.  
15 No person shall be approved to perform inspections who is an officer employed by the  
16 local government unit to which the loan was made or who is an owner, officer,  
17 employer, or agent of a contractor or subcontractor engaged in the construction of the  
18 project for which the loan was made. For the purpose of payment of inspection fees,  
19 inspection services shall be included in the term "cost" as used in this act.

20 (h) Rules. The State Treasurer, the Local Government Commission, and the  
21 Department of Environment, Health, and Natural Resources may adopt, modify, and  
22 repeal rules necessary for the administration of their respective duties under this act.  
23 Uniform rules may be jointly adopted where feasible and desirable, and no rule, jointly  
24 adopted, may be modified or revoked except upon concurrence of all agencies involved.

25 (i) Federal Grants and Loans. In order to carry out the purposes of this act to  
26 secure the greatest possible benefits to the citizens of this State of the funds  
27 appropriated, the State Treasurer, the Local Government Commission, and the  
28 Department of Environment, Health, and Natural Resources shall adopt rules and  
29 criteria, not inconsistent with provisions of this act, as are necessary and appropriate to  
30 conform to regulations for federal grants and loans for any of the purposes set forth in  
31 this act.

32 (j) Reports. The Department of Environment, Health, and Natural Resources  
33 shall prepare and file each year on or before July 31 with the Joint Legislative  
34 Commission on Governmental Operations a consolidated report for the preceding fiscal  
35 year concerning the allocation of loans authorized by this act. The report shall set forth  
36 for the preceding fiscal year:

- 37 (1) Itemized and total allocations of loans authorized and unallocated  
38 funds for the loan program as of the end of the preceding fiscal year;
- 39 (2) Identification of each loan agreement entered into by the State during  
40 the preceding fiscal year and the total amount of loans authorized by  
41 such loan agreements;
- 42 (3) The amount disbursed to each local government unit pursuant to such  
43 loan agreements during the preceding fiscal year and the total amount  
44 of such disbursements;

1           (4) The loan repayments made by each local government unit pursuant to  
2           such loan agreements and the total amount of such loan repayments  
3           during the preceding fiscal year; and

4           (5) A summary for all preceding years of the information required by  
5           paragraphs (1) to (4).

6 The report shall be signed by the Secretary of the Department of Environment, Health,  
7 and Natural Resources.

8           (k) Local Government Commission.

9           (1) Local government units may execute debt instruments payable to the  
10          State in order to obtain loans provided for in this act. Local  
11          government units shall pledge or agree to apply as security for such  
12          obligations:

13          a. Any available source of revenues of the local government unit,  
14          including revenues from benefitted facilities or systems,  
15          provided that (i) the local government unit has not otherwise  
16          pledged the revenues as security for, or contractually agreed to  
17          apply the revenues to, the payment of any other obligations of  
18          the local government unit, (ii) the use of revenues is not  
19          otherwise restricted by law, or (iii) the revenues are not derived  
20          from the exercise of the local government unit's taxing power;  
21          or

22          b. Their faith and credit; or

23          c. Any combination of a. or b. above.

24                 The faith and credit of such local government units shall not be  
25          pledged or be deemed to have been pledged unless the requirements of  
26          Article 4 of Chapter 159 of the General Statutes have been met. The  
27          State Treasurer, with the assistance of the Local Government  
28          Commission, shall develop and adopt appropriate debt instruments for  
29          use under this act.

30          (2) Nothing contained in this act shall prohibit any local government unit  
31          from applying any funds of the local government unit not otherwise  
32          restricted as to use by law to the payment of any debt instrument  
33          payable to the State incurred pursuant to the provisions of this act.

34          (3) The Local Government Commission shall review and approve  
35          proposed loans to local government units under this act under the  
36          provisions of Articles 4 and 5 of Chapter 159 of the General Statutes.  
37          The Local Government Commission in considering the ability of a  
38          local government unit to repay a loan may regard as a source of  
39          revenue for repayment of a loan revenue sources that may not be  
40          available other than on an annual discretionary basis and that may not  
41          be subject to a pledge or agreement to apply. Loans under this act  
42          shall be outstanding debts for the purposes of Article 10 of Chapter  
43          159 of the General Statutes.

- 1 (4) The State Treasurer shall annually certify to the General Assembly the  
2 financial condition of the loan program and identify existing  
3 delinquencies.

4 Sec. 11. Community college and State parks reports. (a) Community Colleges  
5 Projects Report. The State Board of Community Colleges shall study and evaluate the  
6 capital needs of the Community College System and recommend a priority list of  
7 specific projects based on valid needs of the Community College System. The Board's  
8 recommendations shall be based on all of the following:

- 9 (1) Consideration of the fundamental mission of the Community College  
10 System to provide job training and workforce preparedness.  
11 (2) Assignment of high priority to facilities that will enhance occupational  
12 training by programs with high or critical occupational demands.  
13 (3) Assignment of high priority to facilities to be used in regional  
14 programs.  
15 (4) Consideration of the ability of students to have access to existing  
16 programs through the availability of technology and transportation.  
17 (5) Consideration of the possible negative impact of new facilities on  
18 other existing colleges, campuses, and centers.  
19 (6) Consideration of the adequacy of existing facilities in relation to the  
20 number of full-time equivalent students.  
21 (7) Consideration of trends of increasing and decreasing enrollment at  
22 some colleges.  
23 (8) Consideration of whether the project is needed to meet a current need  
24 as opposed to a projected future need.

25 The State Board of Community Colleges shall report its recommendations to the 1994  
26 Regular Session of the 1993 General Assembly on or before May 1, 1994.

27 (b) State Parks Capital Improvement and Land Acquisition Plan. The  
28 Department of Environment, Health, and Natural Resources shall develop a State parks  
29 capital improvement and land acquisition plan that recommends two priority lists of  
30 needed projects for the entire park system, one priority list for renovations, repairs, and  
31 new construction, and one priority list for land acquisition. The priority lists shall be  
32 based on objective criteria and shall include the costs of each project and the basis for  
33 calculating the costs. The Department of Environment, Health, and Natural Resources  
34 shall report its recommendations to the General Assembly on or before May 1, 1994, by  
35 delivering copies to the President Pro Tempore of the Senate, the Speaker of the House  
36 of Representatives, and the Fiscal Research Division.

37 Sec. 12. (a) G.S. 159G-4(b) reads as rewritten:

38 "(b) Of the appropriations made from the General Fund to the Clean Water  
39 Revolving Loan and Grant Fund for use of the Department of Environment, Health, and  
40 Natural Resources as provided in this Chapter, allocations are made as follows after first  
41 subtracting the amounts allocated under subsection (a) of this section, to the extent that  
42 there are any excess funds available:

43 Wastewater Accounts

44 General Wastewater Revolving

1            Loan Account    ~~45.00%~~39.00%

2        Emergency Wastewater Revolving

3            Loan Account    ~~14.00%~~10.00%

4        High-Unit Cost Wastewater

5            Account    ~~10.00%~~20.00%

6        Water Supply Accounts

7            General Water Supply

8            Revolving Loan Account        ~~23.00%~~21.00%

9            High-Unit Cost Water Supply

10          Account    ~~3.00%~~5.00%

11        Emergency Water Supply Revolving

12          Loan Account    5.00%".

13                    (b) G.S. 159G-6(a) reads as rewritten:

14        "(a)    Revolving loans and grants.

15            (1)    All funds appropriated or accruing to the Clean Water Revolving Loan  
16                    and Grant Fund, other than funds set aside for administrative expenses,  
17                    shall be used for revolving loans and grants to local government units  
18                    for construction costs of wastewater treatment works, wastewater  
19                    collection systems and water supply systems and other assistance as  
20                    provided in this Chapter.

21            (2)    The maximum principal amount of a revolving loan or a grant may be  
22                    one hundred percent (100%) of the nonfederal share of the  
23                    construction costs of any eligible project. The maximum principal  
24                    amount of revolving loans made to any one local government unit  
25                    during any fiscal year shall be three million dollars (\$3,000,000). The  
26                    maximum principal amount of grants made to any one local  
27                    government unit during any fiscal year shall be ~~five hundred thousand~~  
28                    ~~dollars (\$500,000).~~ one million dollars (\$1,000,000).

29            (3)    The State Treasurer shall be responsible for investing and distributing  
30                    all funds appropriated or accruing to the Clean Water Revolving Loan  
31                    and Grant Fund for revolving loans and grants under this Chapter. In  
32                    fulfilling his responsibilities under this section, the State Treasurer  
33                    shall make a written request to the Department of Environment,  
34                    Health, and Natural Resources to arrange for the appropriated funds to  
35                    be (i) transferred from the appropriate accounts to a local government  
36                    unit to provide funds for one or more revolving loans or grants or (ii)  
37                    invested as authorized by this Chapter with the interest on and the  
38                    principal of such investments to be transferred to the local government  
39                    unit to provide funds for one or more revolving loans or grants."

40        (c)    If a majority of those voting on the question of the issuance of one hundred  
41        fifty million dollar (\$150,000,000) State of North Carolina Clean Water Bonds in the  
42        election held as provided in Section 7 of this act vote in favor of the issuance of the  
43        bonds, this section becomes effective January 1, 1994. If a majority of those voting on  
44        the question of the issuance of one hundred fifty million dollar (\$150,000,000) State of

1 North Carolina Clean Water Bonds in the election held as provided in Section 7 of this  
2 act vote against the issuance of the bonds, this section does not become effective.

3 Sec. 13. G.S. 142-29.5 reads as rewritten:

4 **"§ 142-29.5. Authorization of refunding obligations.**

5 By and with the consent of the Council of State, the State Treasurer is authorized to  
6 issue and sell, from time to time, refunding obligations for the purpose of refunding  
7 outstanding obligations as and to the extent authorized by this Article. ~~The principal  
8 amount of any such refunding obligations shall not exceed the principal amount of outstanding  
9 obligations to be refunded.~~

10 Refunding obligations issued pursuant to the provisions of this Article shall not be  
11 subject to limitations imposed by any other law including, without limitation, the other  
12 Articles of this Chapter."

13 Sec. 14. Interpretation of act. (a) Additional Method. The foregoing sections of  
14 this act shall be deemed to provide an additional and alternative method for the doing of  
15 the things authorized thereby and shall be regarded as supplemental and additional to  
16 powers conferred by other laws, and shall not be regarded as in derogation of any  
17 powers now existing.

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

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

23 (d) Inconsistent Provisions. Insofar as the provisions of this act are inconsistent  
24 with the provisions of any general laws, or parts thereof, the provisions of this act shall  
25 be controlling.

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

30 Sec. 15. Effective date. This act is effective upon ratification.