

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 396

Short Title: Community College Bonds - 2.

(Public)

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Sponsors: Senators Carpenter; Cochrane, Hartsell, Codington, Blackmon, Smith, and Speed.

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Referred to: Finance.

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February 24, 1993

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE ISSUANCE OF THREE HUNDRED ELEVEN  
2 MILLION TWO HUNDRED THOUSAND DOLLARS GENERAL OBLIGATION  
3 BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED  
4 VOTERS OF THE STATE, TO PROVIDE FUNDS, WITH ANY OTHER  
5 AVAILABLE FUNDS, FOR CAPITAL IMPROVEMENTS FOR COMMUNITY  
6 COLLEGES.  
7

8 The General Assembly of North Carolina enacts:

9 Section 1. Short title. This act shall be known and may be cited as the  
10 "Community College Bond Act."

11 Sec. 2. Findings and determinations. It is the intent and purpose of the  
12 General Assembly by this act to provide for the issuance of general obligation bonds of  
13 the State in order to make grants to particular community colleges for specified capital  
14 improvements as provided in this act.

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

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

18 (2) "Cost" means, without intending thereby to limit or restrict any proper  
19 definition of such word in financing the cost of facilities or purposes  
20 authorized by this act:

21 a. The cost of constructing, reconstructing, enlarging, acquiring,  
22 and improving facilities, and acquiring equipment and land  
23 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.     The cost of bond insurance, investment contracts, credit  
5           enhancement and liquidity facilities, interest-rate swap  
6           agreements, financial and legal consultants, and related costs of  
7           bond and note issuance, to the extent and as determined by the  
8           State Treasurer, and  
9           e.     Any other costs and expenses necessary or incidental to the  
10          purposes of this act.

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

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

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

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

- 33           a.     A provision providing for such adjustment so that the purchase  
34           price of such bonds or notes in the open market would be as  
35           close to par as possible,  
36           b.     A provision providing for such adjustment based upon a  
37           percentage or percentages of a prime rate or base rate, which  
38           percentage or percentages may vary or be applied for different  
39           periods of time, or  
40           c.     Such other provision as the State Treasurer may determine to be  
41           consistent with this act and will not materially and adversely  
42           affect the financial position of the State and the marketing of  
43           bonds or notes at a reasonable interest cost to the State.

1           Sec. 4. Authorization of bonds and notes. Subject to a favorable vote of a  
2 majority of the qualified voters of the State who vote on the question of issuing  
3 Community College bonds in the election held as provided in this act, the State  
4 Treasurer is authorized, by and with the consent of the Council of State, to issue and  
5 sell, at one time or from time to time, general obligation bonds of the State to be  
6 designated "State of North Carolina Community College Bonds," with any additional  
7 designations as may be determined to indicate the issuance of bonds from time to time,  
8 or notes of the State as provided in this act, in an aggregate principal amount not  
9 exceeding three hundred eleven million two hundred thousand dollars (\$311,200,000)  
10 for the purposes authorized in this act.

11           Sec. 5. Uses of bond and note proceeds. The proceeds of Community  
12 College bonds and notes shall be used for the purpose of making grants to community  
13 or technical colleges, as defined in Chapter 115D of the General Statutes, the proceeds  
14 of the grants to be allocated and expended for paying the cost of community college  
15 capital improvements, including, without limitation, construction and renovation of  
16 classroom buildings, laboratory buildings, research facilities, libraries, physical  
17 education facilities, continuing education centers, student cafeteria and activity facilities  
18 including sports facilities, administrative office buildings, and land acquisition.

19           The proceeds of Community College bonds and notes, including premium  
20 thereon, if any, except the proceeds of bonds the issuance of which has been anticipated  
21 by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed  
22 by the State Treasurer in a special fund to be designated "Community College Bonds  
23 Fund" and shall be disbursed as provided in this act.

24           Any additional moneys which may be received by means of a grant or grants  
25 from the United States of America or any agency or department thereof or from any  
26 other source to aid in financing the cost of any community college grants authorized by  
27 this act may be placed by the State Treasurer in the Community College Bonds Fund or  
28 in a separate account or fund and shall be disbursed, to the extent permitted by the terms  
29 of the grant or grants, without regard to any limitations imposed by this act.

30           The proceeds of Community College bonds and notes may be used with any  
31 other moneys made available by the General Assembly for the making of community  
32 college grants, including the proceeds of any other State bond issues, whether heretofore  
33 made available or which may be made available at the session of the General Assembly  
34 at which this act is ratified or any subsequent sessions. The proceeds of Community  
35 College bonds and notes shall be expended and disbursed under the direction and  
36 supervision of the Director of the Budget. The funds provided by this act for  
37 community college improvements shall be disbursed for the purposes provided in this  
38 act upon warrants drawn on the State Treasurer by the State Controller, which warrants  
39 shall not be drawn until requisition has been approved by the Director of the Budget and  
40 which requisition shall be approved only after full compliance with the Executive  
41 Budget Act, Article 1 of Chapter 143 of the General Statutes.

42           The State Board of Community Colleges shall provide quarterly reports to the  
43 Joint Legislative Commission on Governmental Operations, the chairs of the Senate and

1 House of Representatives Appropriations Committees, and the Fiscal Research Division  
 2 on the expenditure of moneys from the Community College Bonds Fund.

3 Sec. 6. Allocation of proceeds. Moneys in the Community College Bonds  
 4 Fund shall be used for the purposes provided in this act. The proceeds of Community  
 5 College bonds and notes shall be used for making grants to community or technical  
 6 colleges, as set forth in this act, the proceeds of the grants to be allocated and expended  
 7 for paying the cost of community college capital improvements, to the extent and as  
 8 provided in this act and subject to change as provided in this act, as follows:

					PROJECTED
COLLEGE	CAPITAL IMPROVEMENT		ALLOCATION		
11 Alamance CC	Phase	11B-Science			Labs/Classrooms
12	\$3,059,855				
13	Phase	111-LRC			Expansion
14	2,000,000				
15					
16 Anson CC	Advanced	Technology			Center
17	2,998,465				
18	LRC/Student				Center
19	2,500,000				
20 Union Cty.	Advanced	Technology			Center
21 2,500,000					
22					
23 Asheville-					
24 Buncombe TCC	Classroom/Lab/Office				Building
25 5,000,000					
26	LRC				Expansion
27	3,350,000				
28					
29 Beaufort County CC	Student	Services			Center
30	2,900,000				
31	Science/Fine	Arts	Classroom		Bldg.
32	2,500,000				
33					
34 Bladen CC	Allied	Health	Care		Center
35	1,015,472				
36	Child	Care			Center
37	447,045				
38					
39 Blue Ridge CC	Allied	Health			Building
40	5,000,000				
41	Center	for	Lifelong		Learning
42	2,932,658				

1	Transylvania				Cty.
2	Classroom/Office				Bldg.
3	502,225				
4					
5	Brunswick CC	Allied			Health/Classroom
6		4,000,000			
7		Vocational	Building		Renovations
8		450,000			
9					
10	Caldwell CC & TI	Classroom/Lab			Building
11		6,100,000			
12		Addition & Renov. Class/			
13		Library			Bldg.
14		3,190,290			
15	Watauga Cty.	Classroom/Lab			Bldg.
16	2,261,539				
17					
18	Cape Fear CC	Health	Sciences		Building
19		7,340,485			
20		LRC/Classroom			Building
21		2,500,000			
22	Pender Cty.	Classroom			Building
23	690,212				
24					
25	Carteret CC	Classroom/Student			Center
26		2,437,904			
27		Classroom			Building
28		1,580,188			
29					
30	Catawba Valley CC	Classroom/Lab			Building
31		4,218,275			
32		Physical	Ed/Classroom		Building
33		4,241,014			
34					
35	Central		Carolina		CC
36					
37	Classroom				Building
38					2
39	,000,000				
40		Renovation	of	Main	Bldg. & Library
41		1,120,000			
42	Chatham Cty.	Classroom			Building
43	2,000,000				

1	Harnett Cty.	Classroom		Building
2	1,000,000			
3				
4	Central		Piedmont	CC
5				
6	Science		Labs	Expansion
7				3
8	,950,000			
9		Regional Law Enforcement		
10		Trgn.		Ctr.
11		3,620,000		
12				
13	Cleveland CC	Advanced	Technology	Building
14		2,213,022		
15		Allied	Health	Building
16		706,368		
17				
18				
19	Coastal		Carolina	CC
20				
21	Public	Service	Technology	Bldg.
22				3
23	,000,000			
24		Classroom		Building
25		2,500,000		
26				
27	College of the			
28	Albemarle	Classroom/Administration Bldg.	3,215,924	
29	Dare Cty.	Class/Lab/Student Services Bldg.	1,500,000	
30				
31	Craven CC	Academic	Studies/Basic	Skills
32		2,790,276		Bldg.
33		Classroom/Lab-Havelock		
34		1,280,000		
35				
36	Davidson County CC	Advanced	Technology	Building
37		3,875,000		
38		Campus	Development	Project
39		1,175,000		
40	Davie Cty.	Class/Lab/Instructional	Support	Bldg.
41	1,980,000			
42				
43	Durham TCC	Classroom/Office		Building
44		5,800,000		

1		Classroom/Lab			Building
2		1,435,000			
3					
4	Edgecombe CC	Class/Lab		Addition-Rocky	Mount
5		1,200,000			
6		Shop		Building	Renovation-Tarboro
7		264,762			
8					
9	Fayetteville TCC	Literacy	&	Continuing	Education Bldg.
10		6,000,000			
11		Renov.	Two	Classroom	Bldgs.
12		1,797,411			
13					
14	Forsyth TCC	Class/Lab/Admin.	-	East	Campus
15		7,900,000			
16		Campus			Renovations
17		3,100,000			
18					
19	Gaston College	Work	Force	Preparedness	Center
20		5,860,000			
21		Student/Community			Center
22		2,385,257			
23					
24	Guilford TCC	Applied		Technology	Building
25		7,740,000			
26		Classroom			Building
27		7,260,000			
28					
29	Halifax CC	Literacy		Ed/Science	Building
30		2,008,592			
31		Renovations	Existing	Bldg/Parking	Areas
32		490,000			
33					
34	Haywood CC	Student		Center	Completion
35		275,000			
36		Classroom			Building
37		1,100,000			
38					
39	Isothermal CC	Cultural		Arts	Center
40		5,444,444			
41		Campus			Renovations
42		125,000			
43	Polk Cty. Classrooms/Labs Addition				358,686
44					

1	James Sprunt CC	Library/Cont.	Ed/Business	&	Industry
2		2,600,000			
3		Multi-Purpose			Center
4		2,408,406			
5					
6	Johnston CC	Allied	Health		Building
7		3,000,000			
8		Cafeteria/Student			Lounge
9		1,343,985			
10					
11	Lenoir CC	Renovations/Additions			
12		2,652,697			
13		Classroom/Auditorium			Bldg.
14		2,000,000			
15	Greene Cty.	New	Instructional		Facility
16	1,500,000				
17	Jones Cty.	New	Vocational		Annex
18	100,000				
19					
20	Martin CC	Equine			Arena
21		577,553			
22		Heating	&	Cooling	Renovations
23		350,000			
24	Bertie Cty.	Class/Lab/Office			Building
25	250,000				
26					
27	Mayland CC	Shop/Student	Lecture		Hall
28		4,037,566			
29		Classroom			Building
30		255,000			
31					
32	McDowell TCC	Renov.	Bookstore/Amphitheatre/Mezzanine		
33		283,800			
34		Classroom			Building
35		1,900,000			
36					
37	Mitchell CC	Renovate	Main		Building
38		2,200,000			
39		Mooreville	Center		Addition
40		1,000,000			
41					
42	Montgomery CC	LRC			Building
43		2,592,709			
44					



1	Nash CC	LRC/Student			Center
2		4,409,179			
3		Center	for	Business &	Industry
4		2,092,223			
5					
6	Pamlico CC	Multi-Purpose		Class/Office	Bldg.
7		1,177,503			
8					
9	Piedmont CC	Classroom/Faculty		Office	Bldg.
10		459,815			
11	Caswell Cty.	Adult		Learning	Center
12	1,300,000				
13					
14	Pitt CC	Student		Services	Building
15		4,500,000			
16		Multi-Purpose		Training	Facility
17		4,500,000			
18					
19	Randolph CC	Photography			Studio
20		1,017,500			
21		Allied	Hlth/Science	&	Tech Center
22		2,308,128			
23					
24	Richmond CC	Fine	Arts		Ctr/Auditorium
25		2,251,414			
26		Student	Center/Classroom		Building
27		1,500,000			
28					
29	Roanoke-Chowan CC	Classroom/Student		Support	Center
30		2,549,087			
31		LRC	Expansion	&	Renovations
32		200,000			
33					
34	Robeson CC	Emergency		Training	Grounds
35		855,387			
36		Teaching	Theaters/Allied	Hlth	Classroom
37		1,430,228			
38					
39	Rockingham CC	Multi-Purpose			Building
40		2,700,000			
41		Fire	Service	Training	Center
42		595,250			
43					

1	Rowan-Cabarrus CC	Engineering					Building
2		4,200,000					
3		Business					Building
4		1,790,378					
5	Cabarrus Cty.	Classroom					Building
6	1,573,312						
7							
8	Sampson CC	Multi-Purpose					Building
9		2,500,000					
10		Academic					Building
11		1,276,000					
12							
13	Sandhills CC	Cont.	Ed.				Center/Classrooms
14		5,100,000					
15		Physical		Education			Facility
16		2,011,280					
17							
18	Southeastern CC	Nursing/Allied		Health			Building
19		1,309,400					
20		Addition	&	Renovation		of	"G"Bldg.
21		896,070					
22							
23	Southwestern CC	Classroom		Renov./Expanded			Parking
24		700,000					
25		General		Classroom			Building
26		1,783,141					
27	Macon Cty.	Region	Law	Enf.	Defensive	Dr.	Course
28	300,000						
29	Swain Cty.	Class/Lab/Office					Bldg.
30	900,000						
31							
32	Stanly CC	Learning		Resource			Center
33		2,341,210					
34		Classroom					Building
35		600,000					
36							
37	Surry CC	Health/Day		Care/Library			Building
38		4,054,417					
39		Office/Cafeteria/Student				Ctr.	Bldg.
40		1,000,000					
41							
42	Tri-County CC	Student	Services	Ctr.	Classroom		Bldg.
43		1,123,010					

1		Childcare	Center/Classroom	Bldg.
2		480,000		
3	Graham Cty.	Class/Lab/Study		Bldg.
4	480,000			
5				
6	Vance-Granville CC	Allied Health/Day	Care/Classroom	Bldg.
7		2,127,400		
8	Franklin Cty.	Class/Lab/Office		Building
9	1,500,000			
10	Granville Cty.	Additional		Classrooms
11	377,500			
12	Warren Cty.	Campus		Renovations
13	212,500			
14				
15	Wake TCC	Student	Education	Bldg.
16		11,000,000		
17		Site		Acquisition
18		3,000,000		
19				
20	Wayne CC	Classroom/Laboratory		Building
21		3,900,000		
22		Student &	Telecommunications	Bldg.
23		5,873,230		
24				
25	Western			
26	Piedmont CC	Class/Office	Bldg.	(Bus. Tech.)
27	3,420,168			
28		Class/Office	Bldg.	(Cont. Ed.)
29		1,662,000		
30				
31	Wilkes CC	LRC-Student		Development
32		4,700,000		
33		Beacon	Building	Purchase
34		551,185		
35	Ashe Cty. Classroom Building	200,000		
36				
37	Wilson TCC	Multi-Purpose		Building
38		1,000,000		
39		Building I Renovation		
40	<u>175,000</u>			
41		TOTAL		
42		\$311,200,000		

43 The particular capital improvements and the amount of the allocation for the  
 44 improvements set out above may be changed from time to time as the General

1 Assembly may decide. The matching requirements of G.S. 115D-31(a)(1) apply to the  
2 proceeds of Community College bonds and notes used to make grants to technical or  
3 community colleges.

4 No Community College bonds or notes shall be issued and no proceeds of  
5 Community College bonds and notes shall be allocated for the purposes provided in this  
6 act, however, until the General Assembly authorizes issuance of some or all Community  
7 College bonds and notes and appropriates the proceeds of the bonds and notes for  
8 specific projects within these purposes by legislative action at the 1993 Session or any  
9 subsequent session. Nothing in this act or as a result of the approval of the bonds at the  
10 election provided for in this act restricts the right of the General Assembly at the 1993  
11 Session or at a subsequent session to:

- 12 (1) Establish a procedure whereby projected allocations set forth in  
13 subsequent legislation may be increased or decreased to reflect the  
14 availability of other funds, including, without limitation, contingency  
15 funds, income earned on the investment of bond and notes proceeds  
16 and the proceeds of grants.
- 17 (2) Establish a contingency account and provide for an allocation of bond  
18 proceeds thereto. The funds in the contingency account may be used  
19 to pay the cost of projects, the costs of issuance of bonds and notes,  
20 and increased project costs resulting from construction costs exceeding  
21 projections, inflationary factors and changes in projects and  
22 allocations. The funds allocated to the contingency account shall be  
23 placed by the State Treasurer in a separate account in the Community  
24 College Bonds Fund and shall be disbursed in accordance with the  
25 procedures herein established for disbursements from the Community  
26 College Bonds Fund.
- 27 (3) Empower the State Board of Community Colleges, when the State  
28 Board of Community Colleges determines it is in the best interest of  
29 the State and the community college system to do so, and if the cost of  
30 a particular project is less than the projected allocation, to use the  
31 excess funds to increase the size of that project or increase the size of  
32 any other project described by the General Assembly, or to increase  
33 the amount allocated to a particular institution within the aggregate  
34 amount of funds available under this section. To the extent that funds  
35 are not required to be expended for the specific projects prescribed by  
36 the General Assembly, the General Assembly may provide that  
37 allocations authorized by it may be used for capital outlay projects at  
38 any community college or colleges, including community colleges not  
39 described by the General Assembly as replacement projects, but none  
40 of the funds may be used for operating expenditures.

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

1           Sec. 7. Election. The question of the issuance of the three hundred eleven  
2 million two hundred thousand dollars (\$311,200,000) North Carolina Community  
3 College Bonds authorized by this act shall be submitted to the qualified voters of the  
4 State at an election to be held on the first Tuesday after the first Monday of November  
5 1993. Any other primary, election, or referendum validly called or scheduled by law at  
6 the time the election on the bond questions provided for in this section is held may be  
7 held as called or scheduled. Notice of the election on the bond question shall be given  
8 by publication twice in a newspaper or newspapers having general circulation in each  
9 county in the State, and the election and the registration of voters therefor shall be held  
10 under and in accordance with the general laws of the State. Absentee ballots shall be  
11 authorized in the election.

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

16           Voting machines may be used in accordance with rules prescribed by the  
17 State Board of Elections. The State Board of Elections may also provide, to the extent  
18 necessary, ballots for use in the election. The bond question to be used in the voting  
19 machines and any ballots shall be in substantially the following form:

20           " FOR the issuance of three hundred eleven million two hundred  
21 thousand dollars (\$311,200,000) State of North Carolina Community  
22 College Bonds secured by a pledge of the faith and credit and taxing  
23 power of the State for making grants to community and technical  
24 colleges to pay, together with other available funds, the cost of capital  
25 improvements.

26            AGAINST the issuance of three hundred eleven million two hundred  
27 thousand dollars (\$311,200,000) State of North Carolina Community  
28 College Bonds secured by a pledge of the faith and credit and taxing  
29 power of the State for making grants to community and technical  
30 colleges to pay, together with other available funds, the cost of capital  
31 improvements."

32           If a majority of those voting on the bond question in the election vote in favor  
33 of the issuance of the bonds described in the question, those bonds may be issued as  
34 provided in this act. If a majority of those voting on the bond question in the election  
35 vote against the issuance of the bonds described in the question, those bonds shall not be  
36 issued.

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

41           Sec. 8. Issuance of bonds and notes. (a)    Terms and conditions. Bonds or notes  
42 may bear such date or dates, may be serial or term bonds or notes, or any combination  
43 thereof, may mature in such amounts and at such time or times, not exceeding 40 years  
44 from their date or dates, may be payable at such place or places, either within or without

1 the United States of America, in such coin or currency of the United States of America  
2 as at the time of payment is legal tender for payment of public and private debts, may  
3 bear interest at such rate or rates, which may vary from time to time, and may be made  
4 redeemable before maturity, at the option of the State or otherwise as may be provided  
5 by the State, at such price or prices, including a price less than the face amount of the  
6 bonds or notes, and under such terms and conditions, all as may be determined by the  
7 State Treasurer, by and with the consent of the Council of State.

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

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

40 (d) Notes; repayment.

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

- 1 a. For anticipating the sale of bonds to the issuance of which the  
2 Council of State shall have given consent, if the State Treasurer  
3 shall deem it advisable to postpone the issuance of the bonds;
- 4 b. For the payment of interest on or any installment of principal of  
5 any bonds then outstanding, if there shall not be sufficient funds  
6 in the State treasury with which to pay the interest or  
7 installment of principal as they respectively become due;
- 8 c. For the renewal of any loan evidenced by notes herein  
9 authorized;
- 10 d. For the purposes authorized in this act; and
- 11 e. For refunding bonds or notes as herein authorized.
- 12 (2) Funds derived from the sale of bonds or notes may be used in the  
13 payment of any bond anticipation notes issued under this act. Funds  
14 provided by the General Assembly for the payment of interest on or  
15 principal of bonds shall be used in paying the interest on or principal  
16 of any notes and any renewals thereof, the proceeds of which shall  
17 have been used in paying interest on or principal of the bonds.
- 18 (e) Refunding bonds and notes. By and with the consent of the Council of  
19 State, the State Treasurer is authorized to issue and sell refunding bonds and notes  
20 pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding  
21 bonds or notes issued pursuant to this act. The refunding bonds and notes may be  
22 combined with any other issues of State bonds and notes similarly secured.
- 23 (f) Tax exemption. Bonds and notes shall be exempt from all State, county,  
24 and municipal taxation or assessment, direct or indirect, general or special, whether  
25 imposed for the purpose of general revenue or otherwise, excluding inheritance and gift  
26 taxes. The gain from the transfer of bonds and notes shall be exempt from State income  
27 taxation to the same extent as gain from the transfer of federal obligations. The interest  
28 on bonds and notes shall not be subject to taxation as to income, nor shall the bonds and  
29 notes be subject to taxation when constituting a part of the surplus of any bank, trust  
30 company, or other corporation.
- 31 (g) Investment eligibility. Bonds and notes are hereby made securities in  
32 which all public officers, agencies, and public bodies of the State and its political  
33 subdivisions, all insurance companies, trust companies, investment companies, banks,  
34 savings banks, savings and loan associations, credit unions, pension or retirement funds,  
35 other financial institutions engaged in business in the State, executors, administrators,  
36 trustees, and other fiduciaries may properly and legally invest funds, including capital in  
37 their control or belonging to them. Bonds and notes are hereby made securities which  
38 may properly and legally be deposited with and received by any officer or agency of the  
39 State or political subdivision of the State for any purpose for which the deposit of  
40 bonds, notes, or obligations of the State or any political subdivision is now or may  
41 hereafter be authorized by law.
- 42 (h) Faith and credit. The faith and credit and taxing power of the State are  
43 hereby pledged for the payment of the principal of and the interest on bonds and notes.

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

- 3           (1) Be made payable from time to time on demand or tender for purchase  
4 by the owner thereof provided a credit facility supports the bonds or  
5 notes, unless the State Treasurer specifically determines that a credit  
6 facility is not required upon a finding and determination by the State  
7 Treasurer that the absence of a credit facility will not materially or  
8 adversely affect the financial position of the State and the marketing of  
9 the bonds or notes at a reasonable interest cost to the State;
- 10          (2) Be additionally supported by a credit facility;
- 11          (3) Be made subject to redemption or a mandatory tender for purchase  
12 prior to maturity;
- 13          (4) Bear interest at a rate or rates that may vary for such period or periods  
14 of time, all as may be provided in the proceedings providing for the  
15 issuance of the bonds or notes, including, without limitation, such  
16 variations as may be permitted pursuant to a par formula; and
- 17          (5) Be made the subject of a remarketing agreement whereby an attempt is  
18 made to remarket bonds or notes to new purchasers prior to their  
19 presentment for payment to the provider of the credit facility or to the  
20 State.

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

29          Sec. 10. Interpretation of act. (a) Additional method. The foregoing sections of  
30 this act shall be deemed to provide an additional and alternative method for the doing of  
31 the things authorized thereby and shall be regarded as supplemental and additional to  
32 powers conferred by other laws, and shall not be regarded as in derogation of any  
33 powers now existing.

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

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

39          (d) Inconsistent provisions. Insofar as the provisions of this act are inconsistent  
40 with the provisions of any general laws, or parts thereof, the provisions of this act shall  
41 be controlling.

42          (e) Severability. If any provision of this act or the application thereof to any  
43 person or circumstance is held invalid, such invalidity shall not affect other provisions



1 or applications of the act which can be given effect without the invalid provision or  
2 application, and to this end the provisions of this act are declared to be severable.

3           Sec. 11. Effective date. This act is effective upon ratification.