

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1100*
Committee Substitute Favorable 5/30/96

Short Title: 1996 Sch. Bonds Act.

(Public)

Sponsors:

Referred to:

May 14, 1996

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL
2 CONSTRUCTION STUDY COMMISSION TO AUTHORIZE THE ISSUANCE OF
3 GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF
4 THE QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS FOR
5 GRANTS TO COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY
6 PROJECTS, IN ORDER TO PROMOTE EQUITY IN LOCAL SCHOOL
7 FACILITIES ACROSS THE STATE AND TO ENABLE LOCAL GOVERNMENTS
8 TO GIVE LOCAL PROPERTY TAX RELIEF, AND TO ENSURE THAT
9 CERTAIN GRANTS FOR SCHOOL FACILITY NEEDS CONTINUE TO BE
10 MADE IN ACCORDANCE WITH THE 1988 PRIORITY LIST.
11

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 "Public School Building Bond Act of 1996".

15 Sec. 2. Purpose. – It is the intent of the General Assembly by this act to
16 provide for the issuance of nine hundred fifty million dollars (\$950,000,000) general
17 obligation bonds of the State to facilitate the providing of public school buildings by
18 making grants to counties to provide funds for new public school capital outlay projects.

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

- 1 (1) " Bonds" means bonds issued under this act.
- 2 (2) " Cost" means, without intending thereby to limit or restrict any proper
3 definition of this term in financing the cost of public school capital
4 outlay projects authorized by this act:
- 5 a. The cost of constructing, reconstructing, enlarging, acquiring,
6 and improving projects, and acquiring equipment and land
7 therefor,
- 8 b. The cost of engineering, architectural, and other consulting
9 services as may be required,
- 10 c. Administrative expenses and charges,
- 11 d. Finance charges and interest prior to and during construction and,
12 if deemed advisable by the State Treasurer, for a period not
13 exceeding two years after the estimated date of completion of
14 construction,
- 15 e. The cost of bond insurance, investment contracts, credit
16 enhancement and liquidity facilities, interest-rate swap
17 agreements or other derivative products, financial and legal
18 consultants, and related costs of bond and note issuance, to the
19 extent and as determined by the State Treasurer,
- 20 f. The cost of reimbursing the State for any payments made for any
21 cost described above, and
- 22 g. Any other costs and expenses necessary or incidental to the
23 purposes of this act.
- 24 Allocations in this act of proceeds of bonds to the costs of a project or
25 undertaking in each case may include allocations to pay the costs set
26 forth in items c., d., e., f., and g. in connection with the issuance of
27 bonds for the project or undertaking.
- 28 (3) " Credit facility" means an agreement entered into by the State
29 Treasurer on behalf of the State with a bank, savings and loan
30 association, or other banking institution, an insurance company,
31 reinsurance company, surety company, or other insurance institution, a
32 corporation, investment banking firm, or other investment institution, or
33 any financial institution or other similar provider of a credit facility,
34 which provider may be located within or without the United States of
35 America, such agreement providing for prompt payment of all or any
36 part of the principal or purchase price (whether at maturity, presentment
37 or tender for purchase, redemption, or acceleration), redemption
38 premium, if any, and interest on any bonds or notes payable on demand
39 or tender by the owner, in consideration of the State agreeing to repay
40 the provider of the credit facility in accordance with the terms and
41 provisions of such agreement.
- 42 (4) " Notes" means notes issued under this act.

- 1 (5) " Par formula" means any provision or formula adopted by the State to
2 provide for the adjustment, from time to time, of the interest rate or rates
3 borne by any bonds or notes, including:
4 a. A provision providing for such adjustment so that the purchase
5 price of such bonds or notes in the open market would be as close
6 to par as possible,
7 b. A provision providing for such adjustment based upon a
8 percentage or percentages of a prime rate or base rate, which
9 percentage or percentages may vary or be applied for different
10 periods of time, or
11 c. Such other provision as the State Treasurer may determine to be
12 consistent with this act and will not materially and adversely
13 affect the financial position of the State and the marketing of
14 bonds or notes at a reasonable interest cost to the State.
- 15 (6) " Public School Capital Outlay Projects" means public school buildings,
16 the purchase of equipment for a newly constructed or improved public
17 school building, the purchase of land necessary for immediate
18 construction of school buildings, and other related capital outlay
19 projects constituting facilities for individual schools that are used for
20 instructional and related purposes, but not including centralized
21 administration, maintenance, trailers, relocatable classrooms, mobile
22 classrooms, or other facilities.
- 23 (7) " State" means the State of North Carolina.

24 Sec. 4. Authorization of Bonds and Notes. – Subject to a favorable vote of a
25 majority of the qualified voters of the State who vote on the question of issuing Public
26 School Building Bonds in the election held as provided in this act, the State Treasurer is
27 authorized, by and with the consent of the Council of State, to issue and sell, at one time
28 or from time to time, general obligation bonds of the State to be designated "State of
29 North Carolina Public School Building Bonds", with any additional designations as may
30 be determined to indicate the issuance of bonds from time to time, or notes of the State as
31 provided in this act, in the aggregate principal amount not exceeding nine hundred fifty
32 million dollars (\$950,000,000) for the purposes authorized in this act. The principal
33 amounts of bonds or notes issued in any 12-month period shall not exceed three hundred
34 fifty million dollars (\$350,000,000). In determining whether this limit has been reached,
35 the issuance of a note or bond to pay an outstanding note is not considered an issuance.

36 Sec. 5. Uses of Bond and Note Proceeds. – The proceeds of Public School
37 Building Bonds and notes shall be used for the purpose of making grants to counties for
38 paying the cost of public school capital outlay projects.

39 Any additional moneys that may be received by means of a grant or grants
40 from the United States of America or any agency or department thereof or from any other
41 source to aid in financing the cost of any public school capital outlay projects authorized
42 by this act may be placed by the State Treasurer in the Public School Building Bonds

1 Fund or in a separate account or fund and shall be disbursed, to the extent permitted by
2 the terms of the grant or grants, without regard to any limitations imposed by this act.

3 Moneys in the Public School Building Bonds Fund or in any separate fund or
4 account may be invested from time to time by the State Treasurer in the same manner
5 permitted for investment of moneys belonging to the State or held in the State treasury
6 except with respect to grant money to the extent otherwise directed by the terms of the
7 grant, and any investment earnings shall be credited to the Public School Building Bonds
8 Fund or the particular fund or account from which the investment was made.

9 All moneys deposited in, or accruing to the credit of, the Public School
10 Building Bonds Fund, other than moneys set aside for administrative expenses, including
11 expenses related to determining compliance with applicable requirements of the federal
12 tax law and cost of issuance, shall be used to pay the cost of public school capital outlay
13 projects in the manner authorized by this act.

14 The proceeds of Public School Building Bonds and notes may be used with
15 any other moneys made available by the General Assembly for public school capital
16 outlay projects, including the proceeds of any other State bond issues, whether heretofore
17 made available or that may be made available at the session of the General Assembly at
18 which this act is ratified or any subsequent sessions. The proceeds of Public School
19 Building Bonds and notes shall be expended and disbursed under the direction and
20 supervision of the Director of the Budget. The funds provided by this act for public
21 school capital outlay projects shall be disbursed for the purposes provided in this act upon
22 warrants drawn on the State Treasurer by the State Controller, which warrants shall not
23 be drawn until requisition has been approved by the Director of the Budget and which
24 requisition shall be approved only after full compliance with the Executive Budget Act,
25 Article 1 of Chapter 143 of the General Statutes.

26 The Director of the Budget shall provide quarterly reports to the State Board of
27 Education, the Superintendent of Public Instruction, and the General Assembly on the
28 expenditure of moneys from the Public School Building Bonds Fund. Reports to the
29 General Assembly shall be filed with the Legislative Library, the Speaker of the House of
30 Representatives, the President Pro Tempore of the Senate, and the Fiscal Research
31 Division.

32 Sec. 6. (a) Allocation of Proceeds. – The proceeds of Public School Building
33 Bonds and notes, including premium thereon, if any, except the proceeds of bonds the
34 issuance of which has been anticipated by bond anticipation notes or the proceeds of
35 refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be
36 designated "Public School Building Bonds Fund". Moneys in the Public School Building
37 Bonds Fund shall be used for the purposes set forth in this act. The proceeds of Public
38 School Building Bonds and notes shall be allocated to counties and expended for paying
39 the cost of public school capital outlay projects, to the extent and as provided in this act
40 and subject to change as provided in this act.

41 (b) Small County School System Allocation. – The State Board of Education shall
42 allocate the proceeds of thirty million dollars (\$30,000,000) Public School Building
43 Bonds and notes for grants to counties that have a small county school system, after

1 considering whether the counties demonstrate both greater than average school
2 construction needs and high property tax rates. A "small county school system" is a
3 school system that has an average daily membership of less than 3,000 students.

4 (c) Primary Allocation. – The proceeds of nine hundred twenty million dollars
5 (\$920,000,000) shall be allocated to each county on the basis of the distribution amounts
6 provided in the following table for the local school administrative units in the State. In
7 the case of a local school administrative unit located entirely in one county, the unit's
8 total distribution amount shall be allocated to that county. In the case of a local school
9 administrative unit located in more than one county, the unit's distribution amount shall
10 be allocated among the counties in which the unit is located in proportion to average
11 daily membership of the unit in each county. A unit's distribution amount allocated to a
12 county may be used only with respect to public school capital outlay projects of that unit.

13 Local School	ADM	Low-Wealth	Growth	Total
14 Admin. Unit	Allocation	Allocation	Allocation	Bond
15				
16 Alamance Co.	\$ 5,735,665	\$ -0-	\$ 4,202,077	\$
17 9,937,742				
18 Alexander Co.	1,550,863	2,568,658	632,396	
19 4,751,918				
20 Alleghany Co.	908,851	91,149	-0-	
21 1,000,000				
22 Anson Co.	1,352,472	3,628,827	-0-	
23 4,981,300				
24 Ashe Co.	1,058,695	1,109,367	-0-	
25 2,168,062				
26 Avery Co.	1,000,000	-0-	-0-	
27 1,000,000				
28 Beaufort Co.	2,337,114	3,675,044	-0-	
29 6,012,158				
30 Bertie Co.	1,203,450	4,268,129	-0-	
31 5,471,580				
32 Bladen Co.	1,716,037	3,939,734	127,406	
33 5,783,177				
34 Brunswick Co.	2,865,547	-0-	1,206,881	
35 4,072,428				
36 Buncombe Co.	7,485,834	-0-	4,014,443	
37 11,500,276				
38 Asheville City	1,416,469	-0-	189,951	
39 1,606,420				
40 Burke Co.	4,150,060	5,797,439	2,916,436	
41 12,863,936				
42 Cabarrus Co.	5,034,135	-0-	6,782,624	
43 11,816,759				

1	Kannapolis City	1,229,049	243,210	-0-
2	1,472,259			
3	Caldwell Co.	3,652,102	5,335,955	1,329,654
4	10,317,711			
5	Camden Co.	368,441	1,123,078	183,001
6	1,674,520			
7	Carteret Co.	2,573,903	-0-	1,012,297
8	3,586,200			
9	Caswell Co.	1,063,876	2,975,837	118,140
10	4,157,853			
11	Catawba Co.	4,430,733	-0-	3,655,390
12	8,086,123			
13	Hickory City	1,311,331	-0-	407,699
14	1,719,030			
15	Newton City	838,972	-0-	-0-
16	838,972			
17	Chatham Co.	2,075,944	-0-	1,797,581
18	3,873,525			
19	Cherokee Co.	1,063,571	2,326,833	23,165
20	3,413,569			
21	Chowan Co.	792,040	1,635,934	-0-
22	2,427,974			
23	Clay Co.	478,986	430,672	90,342
24	1,000,000			
25	Cleveland Co.	2,701,897	2,851,328	1,424,629
26	6,977,854			
27	Kings Mountain			
28	City	1,275,676	1,313,947	597,649
29	3,187,272			
30	Shelby City	1,040,410	1,077,680	449,395
31	2,567,486			
32	Columbus Co.	2,332,542	6,443,050	-0-
33	8,775,593			
34	Whiteville City	849,333	2,359,628	-0-
35	3,208,961			
36	Craven Co.	4,530,081	6,583,734	280,293
37	11,394,109			
38	Cumberland Co.	15,676,854	11,170,979	11,190,867
39	38,038,700			
40	Currituck Co.	910,587	-0-	646,295
41	1,556,883			
42	Dare Co.	1,324,740	-0-	1,728,087
43	3,052,827			

1	Davidson Co.	5,490,343	3,521,292	2,770,498	
2	11,782,133				
3	Lexington City	945,938	606,862	347,471	
4	1,900,271				
5	Thomasville City	672,884	432,896	359,053	1,464,833
6	Davie Co.	1,506,980	-0-	676,409	
7	2,183,389				
8	Duplin Co.	2,552,875	5,964,831	924,272	
9	9,441,978				
10	Durham Co.	8,830,687	-0-	2,795,979	
11	11,626,667				
12	Edgecombe Co.	4,423,967	4,855,361	-0-	
13	7,279,328				
14	Forsyth Co.	12,726,588	-0-	8,608,003	
15	21,334,590				
16	Franklin Co.	2,095,448	5,261,042	1,702,606	
17	9,059,096				
18	Gaston Co.	9,082,104	-0-	1,264,793	
19	10,346,897				
20	Gates Co.	600,354	1,925,347	599,966	
21	3,125,667				
22	Graham Co.	376,059	1,119,790	-0-	
23	1,495,850				
24	Granville Co.	2,244,470	5,025,161	1,790,631	
25	9,060,263				
26	Greene Co.	869,446	2,145,293	261,761	
27	3,276,500				
28	Guilford Co.	17,893,288	-0-	11,776,934	
29	29,670,222				
30	Halifax Co.	1,927,227	5,231,956	-0-	
31	7,159,183				
32	Roanoke Rapids				
33	City	980,680	2,633,802	711,156	
34	4,325,638				
35	Weldon City	385,202	1,028,816	143,621	
36	1,557,639				
37	Harnett Co.	4,373,136	12,869,371	5,082,335	
38	22,324,842				
39	Haywood Co.	2,287,135	791,547	857,094	
40	3,935,776				
41	Henderson Co.	3,397,028	-0-	2,335,002	
42	5,732,030				

1	Hertford Co.	1,301,579	4,419,518	-0-	
2	5,721,097				
3	Hoke Co.	1,783,691	7,665,977	1,679,441	
4	11,129,108				
5	Hyde Co.	1,000,000	-0-	-0-	
6	1,000,000				
7	Iredell Co.	4,446,885	-0-	3,122,602	
8	7,569,487				
9	Mooresville City	1,041,934	-0-	1,081,792	2,123,725
10	Jackson Co.	1,086,427	-0-	196,900	
11	1,283,327				
12	Johnston Co.	5,341,930	9,217,492	5,862,986	
13	20,422,408				
14	Jones Co.	478,455	805,077	25,481	
15	1,309,013				
16	Lee Co.	2,564,151	483,947	1,345,869	
17	4,393,967				
18	Lenoir Co.	3,192,542	3,743,617	-0-	
19	6,936,159				
20	Lincoln Co.	2,976,780	1,705,618	2,365,116	
21	7,047,514				
22	Macon Co.	1,171,757	-0-	808,448	
23	1,980,205				
24	Madison Co.	794,174	1,686,382	150,571	
25	2,631,126				
26	Martin Co.	1,525,874	2,875,621	189,951	
27	4,591,446				
28	McDowell Co.	1,878,468	3,756,317	-0-	
29	5,634,784				
30	Mecklenburg Co.	28,264,782	-0-	33,903,856	
31	62,168,638				
32	Mitchell Co.	718,291	1,212,327	-0-	
33	1,930,618				
34	Montgomery Co.	1,320,778	2,696,756	398,433	
35	4,415,968				
36	Moore Co.	3,188,885	-0-	2,314,154	
37	5,503,038				
38	Nash Co.	5,455,906	7,653,676	1,918,037	
39	15,027,619				
40	New Hanover Co.	6,478,641	-0-	4,070,038	
41	10,548,679				
42	Northampton Co.	1,162,005	3,719,003	83,393	
43	4,964,401				

1	Onslow Co.	6,275,679	19,983,990	2,948,866
2	29,208,535			
3	Orange Co.	1,764,492	-0-	1,336,603
4	3,101,095			
5	Chapel			
6	Hill-Carrboro	2,496,802	-0-	3,208,311
7	5,705,113			
8	Pamlico Co.	636,619	1,226,711	30,114
9	1,893,444			
10	Pasquotank Co.	1,905,590	4,223,352	748,220
11	6,877,162			
12	Pender Co.	1,813,252	2,957,863	2,022,278
13	6,793,393			
14	Perquimans Co.	585,421	1,551,196	9,266
15	2,145,883			
16	Person Co.	1,692,266	431,045	824,663
17	2,947,975			
18	Pitt Co.	5,915,162	5,709,923	3,254,640
19	14,879,725			
20	Polk Co.	814,683	-0-	185,318
21	1,000,000			
22	Randolph Co.	4,743,405	4,811,668	3,724,884
23	13,279,956			
24	Asheboro City	1,252,820	1,235,077	924,272
25	3,412,168			
26	Richmond Co.	2,548,304	7,495,136	363,686
27	10,407,126			
28	Robeson Co.	7,059,186	24,938,179	1,223,096
29	33,220,461			
30	Rockingham Co.	4,345,404	4,393,896	310,407
31	9,049,707			
32	Rowan Co.	5,897,181	4,544,389	5,601,225
33	16,042,795			
34	Rutherford Co.	3,090,146	4,156,637	780,650
35	8,027,434			
36	Sampson Co.	2,229,537	4,107,442	1,776,733
37	8,113,712			
38	Clinton City	782,289	1,495,425	-0-
39	2,277,714			
40	Scotland Co.	2,200,891	5,739,431	-0-
41	7,940,322			
42	Stanly Co.	2,253,003	3,461,105	1,169,817
43	6,883,925			

1	Albemarle City	671,970	1,016,341	412,332	
2	2,100,642				
3	Stokes Co.	2,058,574	2,027,740	697,258	
4	4,783,572				
5	Surry Co.	2,417,262	2,115,798	1,225,413	
6	5,758,473				
7	Elkin City	323,643	281,580	176,052	
8	781,275				
9	Mount Airy City	621,991	524,801	231,647	
10	1,378,439				
11	Swain Co.	504,663	1,662,573	176,052	
12	2,343,288				
13	Transylvania Co.	1,206,193	-0-	145,938	1,352,131
14	Tyrrell Co.	291,447	567,248	141,305	
15	1,000,000				
16	Union Co.	5,767,054	3,218,683	5,374,211	
17	14,359,948				
18	Vance Co.	2,264,279	4,345,838	773,701	
19	7,383,817				
20	Wake Co.	26,153,791	-0-	37,825,640	
21	63,979,431				
22	Warren Co.	961,480	2,885,130	284,926	
23	4,131,536				
24	Washington Co.	793,564	2,133,723	-0-	
25	2,927,288				
26	Watauga Co.	1,503,627	-0-	495,725	
27	1,999,352				
28	Wayne Co.	5,813,376	12,332,062	1,575,200	
29	19,720,638				
30	Wilkes Co.	3,021,578	4,341,780	55,595	
31	7,418,954				
32	Wilson Co.	3,732,860	2,512,099	1,155,919	
33	7,400,878				
34	Yadkin Co.	1,664,230	2,457,797	1,160,552	
35	5,282,578				
36	Yancey Co.	754,252	1,109,435	118,140	
37	1,981,827				
38	<u>GRAND</u>				
39	<u>TOTAL</u>	<u>\$368,000,000</u>	<u>\$322,000,000</u>	<u>\$230,000,000</u>	
40		<u>\$920,000,000</u>			

41 If two or more local school administrative units are consolidated into one unit,
 42 the distribution amounts provided above for the units shall be considered the distribution
 43 amount for the merged unit.

1 (d) Match. – A county is not required to match bond proceeds allocated under
2 subsection (b) of this section. A county is not required to match the Low-Wealth
3 Allocation of bond proceeds under subsection (c) of this section. A county must match
4 both the ADM Allocation and the Growth Allocation of bond proceeds under subsection
5 (c) of this section. These two allocations must be matched at the rate of matching funds
6 equal to three cents (3¢) times the county's ability to pay rank for every one dollar (\$1.00)
7 of allocated bond proceeds. A county's ability to pay rank is its rank in the ranking of
8 counties from lowest to highest county wealth as a percentage of State average wealth
9 made by the State Board of Education for the 1995-96 fiscal year pursuant to Section
10 17.1 of Chapter 507 of the 1995 Session Laws. The match requirement may be satisfied
11 by non-State expenditures for public school capital purposes made on or after January 1,
12 1992. A non-State expenditure has been made for the purpose of the match if funds have
13 been budgeted, earmarked, or committed or if debt has been authorized or incurred for
14 the general purpose of public school facilities.

15 As counties satisfy the match requirements of this section, they shall document
16 the extent to which they have done so in periodic reports to the State Board of Education.
17 These reports shall include any information and documentation required by the State
18 Board of Education. The State Board of Education shall certify to the State Treasurer
19 from time to time the extent to which the match requirements of this section have been
20 met with respect to each county; this certification shall be binding and conclusive. Bond
21 proceeds shall be distributed for expenditure only as, and to the extent, the matching
22 requirements of this section are satisfied, as certified by the State Board of Education.
23 The State Board of Education shall also require counties to report annually on the impact
24 of funds provided under this act on the property tax rate for that year. These reports shall
25 be public documents and shall be furnished to any citizen upon request.

26 (e) Unmatched Proceeds. – If the State Board of Education determines that a
27 county has not met the matching requirements of this section by January 1, 2002, with
28 respect to any bond proceeds allocated under subsection (c) of this section, the State
29 Board of Education shall certify that fact to the State Treasurer by March 1, 2002.
30 Amounts that are allocated in the Growth Allocation of bond proceeds under subsection
31 (c) of this section and that have not been matched by January 1, 2002, as certified by the
32 State Board of Education, shall be reallocated among the counties that are allocated bond
33 proceeds under the Growth Allocation and have met the matching requirements for their
34 total Growth Allocation. The reallocation shall be made among the eligible counties in
35 proportion to the amount of Growth Allocations for those counties under subsection (c)
36 of this section. Amounts that are allocated in the ADM Allocation of bond proceeds
37 under subsection (c) of this section and that have not been matched by January 1, 2002,
38 as certified by the State Board of Education, shall be reallocated among the counties that
39 have met the matching requirements for their total ADM allocation. The reallocation
40 shall be made on the basis of average daily membership of the local school administrative
41 units within the remaining counties. Bond proceeds reallocated to a county because of a
42 local school administrative unit's average daily membership within the county may be
43 used only with respect to public school capital outlay projects of that unit. Bond

1 proceeds reallocated to a county under this subsection must be matched at the same rate
2 as bond proceeds allocated to the county under subsection (d) of this section.

3 (f) Administration. – Funds disbursed under this act shall be administered and
4 supervised by the State Board of Education and shall be used only for the purposes
5 provided in this act. Each school administrative unit shall submit to the State Board of
6 Education its plans for the expenditure of funds allocated under this act. After the State
7 Board of Education determines that a school administrative unit's planned expenditure of
8 part or all of the funds allocated to it is within the purposes provided in this act, the State
9 Board of Education shall make the funds to which the plans apply available to the school
10 administrative unit.

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

14 Sec. 7. Election. – The question of the issuance of the bonds authorized by this
15 act shall be submitted to the qualified voters of the State at a statewide election to be held
16 November 5, 1996. Any other primary, election, or referendum validly called or
17 scheduled by law at the time the election on the bond question provided for in this section
18 is held, may be held as called or scheduled. Notice of the election shall be given in the
19 manner and at the times required by G.S. 163-33(8). The election and the registration of
20 voters therefor shall be held under and in accordance with the general laws of the State.
21 Absentee ballots shall be authorized in the election.

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

26 Ballots, voting systems authorized by Article 14 of Chapter 163 of the General
27 Statutes, or both may be used in accordance with rules prescribed by the State Board of
28 Elections. The bond question to be used in the ballots or voting systems shall be in
29 substantially the following form:

30 **"[] FOR [] AGAINST**

31 The issuance of nine hundred fifty million dollars (\$950,000,000) State of North
32 Carolina Public School Building Bonds constituting general obligation bonds of the State
33 secured by a pledge of the faith and credit and taxing power of the State for the purpose
34 of providing funds to counties, with any other available funds, to pay the cost of public
35 school building capital improvements."

36 If a majority of those voting on the Public School Building Bond question in
37 the election vote in favor of the issuance of the bonds, the bonds may be issued as
38 provided in this act. If a majority of those voting on the Public School Building Bond
39 question in the election vote against the issuance of the bonds, the bonds shall not be
40 issued.

41 The results of the election shall be canvassed and declared as provided by law
42 for elections for State officers; the results of the election shall be certified by the State

1 Board of Elections to the Secretary of State, in the manner and at the time provided by
2 the general election laws of the State.

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

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

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

1 bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or
2 other available moneys.

3 (d) Notes; Repayment.

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

8 a. For anticipating the sale of bonds to the issuance of which the
9 Council of State shall have given consent, if the State Treasurer
10 shall deem it advisable to postpone the issuance of the bonds;

11 b. For the payment of interest on or any installment of principal of
12 any bonds then outstanding, if there shall not be sufficient funds
13 in the State treasury with which to pay the interest or installment
14 of principal as they respectively become due;

15 c. For the renewal of any loan evidenced by notes herein
16 authorized;

17 d. For the purposes authorized in this act; and

18 e. For refunding bonds or notes as herein authorized.

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

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

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

35 (g) Investment Eligibility. – Bonds and notes are hereby made securities in
36 which all public officers, agencies, and public bodies of the State and its political
37 subdivisions, all insurance companies, trust companies, investment companies, banks,
38 savings banks, savings and loan associations, credit unions, pension or retirement funds,
39 other financial institutions engaged in business in the State, executors, administrators,
40 trustees, and other fiduciaries may properly and legally invest funds, including capital in
41 their control or belonging to them. Bonds and notes are hereby made securities which
42 may properly and legally be deposited with and received by any officer or agency of the
43 State or political subdivision of the State for any purpose for which the deposit of bonds,

1 notes, or obligations of the State or any political subdivision is now or may hereafter be
2 authorized by law.

3 (h) Faith and Credit. – The faith and credit and taxing power of the State are
4 hereby pledged for the payment of the principal of and the interest on bonds and notes.

5 Sec. 9. Variable Interest Rates. – In fixing the details of bonds and notes, the
6 State Treasurer may provide that any of the bonds or notes may:

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

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

33 Sec. 10. Other Agreements. – The State Treasurer may authorize, execute,
34 obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity
35 facilities, interest rate swap agreements and other derivative products, and any other
36 related instruments and matters the State Treasurer determines to be desirable in
37 connection with the issuance of bonds and notes.

38 Sec. 11. Interpretation of Act. – (a) Additional Method. The foregoing sections of
39 this act shall be deemed to provide an additional and alternative method for the doing of
40 the things authorized thereby and shall be regarded as supplemental and additional to
41 powers conferred by other laws, and shall not be regarded as in derogation of any powers
42 now existing.

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

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

6 (d) Inconsistent Provisions. – Insofar as the provisions of this act are inconsistent
7 with the provisions of any general laws, or parts thereof, the provisions of this act shall be
8 controlling.

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

13 Sec. 12. G.S. 115C-489.2 is amended by adding a new subsection to read:

14 "(c) The Commission on School Facility Needs shall continue to use the grant
15 priority list it established in 1988 to make grants from the Fund until the next 11 local
16 school administrative units on that priority list are funded."

17 Sec. 13. Effective date. This act is effective upon ratification.