

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 943
Committee Substitute Favorable 8/4/15
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PROPOSED SENATE COMMITTEE SUBSTITUTE H943-CSMCxr-22 [v.6]
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Short Title: Connect NC Bond Act of 2015.

(Public)

Sponsors:

Referred to:

August 3, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE PURPOSE OF ACCOMPLISHING CERTAIN INTERRELATED AND UNITED PROJECTS TO FURTHER ECONOMIC DEVELOPMENT IN THE STATE CONSISTENT WITH THE CONNECT NC PLAN.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Short Title. – This section shall be known as the "Connect NC Bond Act of 2015."

SECTION 1.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of two billion dollars (\$2,000,000,000) general obligation bonds of the State for the purpose of providing funds, with any other available funds, to update the State's public facilities for the twenty-first century, including, without limitation, construction, repair, renovation, and furnishing of new facilities in order to (i) enhance other economic development efforts of the State and (ii) attract new and assist existing industry, business, technology, and tourism for the benefit of the State and its citizenry.

SECTION 1.(c) Findings. – The General Assembly finds the following:

- (1) The University of North Carolina is in need of new and renovated facilities to educate and prepare students, especially in the areas of science, technology, engineering, and math, to conduct research, and to recruit, retain, and prepare researchers and faculty for the twenty-first century for the purpose of enhancing the economic attractiveness of the State.
- (2) The North Carolina Community College System is in need of new and renovated facilities to educate and prepare students and workers for the twenty-first century for the purpose of enhancing the economic attractiveness of the State.
- (3) Clean water and sewer systems are essential for the twenty-first century to attract new and assist existing industry, business, technology, and tourism for the benefit of the State and its citizenry.
- (4) Modern National Guard facilities attract new defense industry companies and suppliers.



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- 1 (5) New facilities for agriculture will assist current agricultural endeavors in the
2 State and will attract bioscience and other related industries, thereby
3 benefitting the State's economic development.
- 4 (6) New and renovated cultural resources and facilities are vital components of
5 tourism in the State, thereby benefitting the State's economic development.
- 6 (7) State facilities need routine repair and renovations in order for the facilities
7 to be up-to-date for the twenty-first century to attract new and assist existing
8 industry, business, technology, and tourism for the benefit of the State and
9 its citizenry.
- 10 (8) The components set forth above are all interrelated and united and comprise
11 a single plan for updating the State's infrastructure for the twenty-first
12 century and for providing the State with necessary economic development
13 tools to attract new and assist existing industry, business, technology, and
14 tourism for the benefit of the State and its citizenry.

15 **SECTION 1.(d) Definitions.** – Unless the context otherwise requires, the following
16 definitions apply in this section:

- 17 (1) Bonds. – Bonds issued under this section.
- 18 (2) Cost. – Without intending thereby to limit or restrict any proper definition of
19 this term in financing the cost of facilities or purposes authorized by this
20 section, any of the following:
- 21 a. The cost of constructing, reconstructing, enlarging, acquiring, and
22 improving facilities and acquiring equipment and land therefor.
- 23 b. The cost of engineering, architectural, and other consulting services
24 as may be required.
- 25 c. Administrative expenses and charges. Nothing in this section shall
26 permit use of bond funds to pay salaries or fees for bond
27 administration; such salaries and fees shall come from funds
28 appropriated by the General Assembly.
- 29 d. Finance charges and interest prior to and during construction and, if
30 deemed advisable by the State Treasurer, for a period not exceeding
31 three years after the estimated date of completion of construction.
- 32 e. The cost of bond insurance, investment contracts, credit enhancement
33 and liquidity facilities, interest-rate swap agreements or other
34 derivative products, financial and legal consultants, and related costs
35 of bond and note issuance, to the extent and as determined by the
36 State Treasurer.
- 37 f. The cost of reimbursing the State for any payments made for any cost
38 described in this subdivision.
- 39 g. Any other costs and expenses necessary or incidental to the purposes
40 of this section.

41 Allocations in this section of proceeds of bonds to the costs of a project or
42 undertaking in each case may include allocations to pay the costs set forth in
43 sub-subdivisions c. through g. of this subdivision in connection with the
44 issuance of bonds for the project or undertaking.

- 45 (3) Credit facility agreement. – An agreement entered into by the State
46 Treasurer on behalf of the State with a bank, savings and loan association, or
47 other banking institution; an insurance company, reinsurance company,
48 surety company, or other insurance institution; a corporation, investment
49 banking firm, or other investment institution; or any financial institution or
50 other similar provider of a credit facility agreement, which provider may be
51 located within or without the United States of America, such agreement

1 providing for prompt payment of all or any part of the principal or purchase
 2 price (whether at maturity, presentment or tender for purchase, redemption,
 3 or acceleration), redemption premium, if any, and interest on any bonds or
 4 notes payable on demand or tender by the owner, in consideration of the
 5 State agreeing to repay the provider of the credit facility agreement in
 6 accordance with the terms and provisions of such agreement.

7 (4) Notes. – Notes issued under this section.

8 (5) Par formula. – Any provision or formula adopted by the State to provide for
 9 the adjustment, from time to time, of the interest rate or rates borne by any
 10 bonds or notes, including the following:

11 a. A provision providing for such adjustment so that the purchase price
 12 of such bonds or notes in the open market would be as close to par as
 13 possible;

14 b. A provision providing for such adjustment based upon a percentage
 15 or percentages of a LIBOR rate, a prime rate, or base rate, which
 16 percentage or percentages may vary or be applied for different
 17 periods of time; or

18 c. Such other provision as the State Treasurer may determine to be
 19 consistent with this section and will not materially and adversely
 20 affect the financial position of the State and the marketing of bonds
 21 or notes at a reasonable interest cost to the State.

22 (6) State. – The State of North Carolina.

23 **SECTION 1.(e)** Authorization of Bonds and Notes. – Subject to a favorable vote of
 24 a majority of the qualified voters of the State who vote on the question of issuing public
 25 improvement bonds in the election called and held as provided in this section, the State
 26 Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and
 27 sell, at one time or from time to time, general obligation bonds of the State to be designated
 28 "State of North Carolina Public Improvement Bonds," with any additional designations as may
 29 be determined to indicate the issuance of bonds from time to time, or notes of the State as
 30 provided in this section, in an aggregate principal amount not exceeding two billion dollars
 31 (\$2,000,000,000) for the purpose of providing funds, with any other available funds, for the
 32 purposes authorized in this section.

33 **SECTION 1.(f)** Use of Public Improvement Bond and Note Proceeds. –

34 (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds
 35 of public improvement bonds and notes, including premium thereon, if any,
 36 shall be used for the projects in the following general amounts set forth
 37 below:

38
 39 **University of North Carolina**

40				
41	Appalachian State	Watauga	New Health Sciences Building	\$70,789,000
42	University			
43				
44	East Carolina	Pitt	Life Sciences & Biotech. Building	\$124,530,000
45	University			
46				
47	NC State University	Wake	Engineering Building	\$75,000,000
48				
49	North Carolina	Guilford	Engineering Building	\$96,000,000
50	A & T State			
51	University			

1				
2	North Carolina	Burke	North Carolina School of Technology	\$58,800,000
3	School of Science		and Engineering	
4	and Math			
5				
6	UNC – Chapel Hill	Orange	Medical Education Bldg. Replacement	\$68,840,000
7				
8	UNC – Charlotte	Mecklenburg	New Sciences Building	\$90,000,000
9				
10	UNC – Greensboro	Guilford	Nursing School Building	\$115,000,000
11				
12	UNC – Wilmington	New Hanover	Allied Health and Human Services/ Nursing Building	\$67,340,000
13				
14				
15	Western Carolina	Jackson	Science/STEM Building	\$102,860,000
16	University			
17				
18	Winston-Salem	Forsyth	Sciences Building	\$52,510,000
19	State University			
20				
21	Total for UNC System (11 projects)			\$921,669,000
22				
23				
24	<u>NC Community Colleges</u>			
25				
26	Alamance Comm. College		New Construction, Repairs, Renovations	\$6,971,817
27				
28	Asheville-Buncombe		New Construction, Repairs, Renovations	\$6,271,469
29	Technical Comm. College			
30				
31	Beaufort Co. Comm. College		New Construction, Repairs, Renovations	\$7,494,652
32				
33	Bladen Comm. College		New Construction, Repairs, Renovations	\$7,466,430
34				
35	Blue Ridge Comm. College		New Construction, Repairs, Renovations	\$3,389,803
36				
37	Brunswick Comm. College		New Construction, Repairs, Renovations	\$3,265,519
38				
39	Caldwell Comm. College		New Construction, Repairs, Renovations	\$6,433,529
40	and Technical Institute			
41				
42	Cape Fear Comm. College		New Construction, Repairs, Renovations	\$6,752,783
43				
44	Carteret Comm. College		New Construction, Repairs, Renovations	\$3,056,784
45				
46	Catawba Valley Comm. College		New Construction, Repairs, Renovations	\$7,063,164
47				
48	Central Carolina Comm. College		New Construction, Repairs, Renovations	\$7,208,098
49				
50	Central Piedmont Comm. College		New Construction, Repairs, Renovations	\$11,013,095
51				

1	Cleveland Comm. College	New Construction, Repairs, Renovations	\$6,248,409
2			
3	College of the Albermarle	New Construction, Repairs, Renovations	\$7,532,214
4			
5	Coastal Carolina Comm. College	New Construction, Repairs, Renovations	\$7,969,261
6			
7	Craven Comm. College	New Construction, Repairs, Renovations	\$6,144,732
8			
9	Davidson County Comm. College	New Construction, Repairs, Renovations	\$6,652,253
10			
11	Durham Tech. Comm. College	New Construction, Repairs, Renovations	\$4,986,283
12			
13	Edgecombe Comm. College	New Construction, Repairs, Renovations	\$8,317,572
14			
15	Fayetteville Tech. Comm. College	New Construction, Repairs, Renovations	\$12,192,076
16			
17	Forsyth Tech. Comm. College	New Construction, Repairs, Renovations	\$6,639,327
18			
19	Gaston College	New Construction, Repairs, Renovations	\$6,799,894
20			
21	Guilford Tech. Comm. College	New Construction, Repairs, Renovations	\$10,879,479
22			
23	Halifax Comm. College	New Construction, Repairs, Renovations	\$7,450,379
24			
25	Haywood Comm. College	New Construction, Repairs, Renovations	\$3,235,864
26			
27	Isothermal Comm. College	New Construction, Repairs, Renovations	\$7,775,621
28			
29	James Sprunt Comm. College	New Construction, Repairs, Renovations	\$5,145,918
30			
31	Johnston Comm. College	New Construction, Repairs, Renovations	\$4,230,251
32			
33	Lenoir Comm. College	New Construction, Repairs, Renovations	\$9,144,576
34			
35	Martin Comm. College	New Construction, Repairs, Renovations	\$7,504,827
36			
37	Mayland Comm. College	New Construction, Repairs, Renovations	\$5,334,907
38			
39	McDowell Tech. Comm. College	New Construction, Repairs, Renovations	\$5,255,979
40			
41	Mitchell Comm. College	New Construction, Repairs, Renovations	\$3,677,727
42			
43	Montgomery Comm. College	New Construction, Repairs, Renovations	\$7,239,472
44			
45	Nash Comm. College	New Construction, Repairs, Renovations	\$8,884,341
46			
47	Pamlico Comm. College	New Construction, Repairs, Renovations	\$4,792,267
48			
49	Piedmont Comm. College	New Construction, Repairs, Renovations	\$5,543,230
50			
51	Pitt Comm. College	New Construction, Repairs, Renovations	\$9,573,026

1			
2	Randolph Comm. College	New Construction, Repairs, Renovations	\$5,813,535
3			
4	Richmond Comm. College	New Construction, Repairs, Renovations	\$8,262,207
5			
6	Roanoke-Chowan Comm. College	New Construction, Repairs, Renovations	\$7,230,307
7			
8	Robeson Comm. College	New Construction, Repairs, Renovations	\$8,338,936
9			
10	Rockingham Comm. College	New Construction, Repairs, Renovations	\$7,826,735
11			
12	Rowan-Cabarrus Comm. College	New Construction, Repairs, Renovations	\$8,241,775
13			
14	Sampson Comm. College	New Construction, Repairs, Renovations	\$5,456,610
15			
16	Sandhills Comm. College	New Construction, Repairs, Renovations	\$4,361,449
17			
18	South Piedmont Comm. College	New Construction, Repairs, Renovations	\$3,644,825
19			
20	Southeastern Comm. College	New Construction, Repairs, Renovations	\$7,841,853
21			
22	Southwestern Comm. College	New Construction, Repairs, Renovations	\$8,194,969
23			
24	Stanly Comm. College	New Construction, Repairs, Renovations	\$6,298,263
25			
26	Surry Comm. College	New Construction, Repairs, Renovations	\$8,253,926
27			
28	Tri-County Comm. College	New Construction, Repairs, Renovations	\$5,160,834
29			
30	Vance-Granville Comm. College	New Construction, Repairs, Renovations	\$8,699,328
31			
32	Wake Tech. Comm. College	New Construction, Repairs, Renovations	\$14,394,374
33			
34	Wayne Comm. College	New Construction, Repairs, Renovations	\$6,692,473
35			
36	Western Piedmont Comm. College	New Construction, Repairs, Renovations	\$5,828,171
37			
38	Wilkes Comm. College	New Construction, Repairs, Renovations	\$5,992,770
39			
40	Wilson Comm. College	New Construction, Repairs, Renovations	\$7,929,632
41			
42	Total for NC Community Colleges		\$400,000,000
43			
44			
45	<u>Infrastructure</u>		
46			
47	Department of	Statewide	Water/Sewer Loans and Grants
48	Environmental		
49	Quality		
50			
51	Total for Infrastructure		\$450,600,000

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National Guard

National Guard	Guilford	McLeansville Readiness Center	\$43,960,000
National Guard	Burke	Western Youth Institution Renovation	\$26,400,000
National Guard	Wake	JFHQ Heli-Pads	\$746,000
National Guard	Davidson/ Forsyth/ Guilford/ Randolph	High Point Armory Major Renovations	\$625,000
National Guard	Wilkes	North Wilkesboro Readiness Center	\$11,000,000
Total for National Guard			\$82,731,000

Agriculture

Agriculture and Consumer Services	Wake	Veterinary/Food/Drug/Motor Fuels Lab	\$100,000,000
Total for Agriculture			\$100,000,000

Attractions

Zoo	Randolph	Australasia Exhibit Complex/ Replace Africa Pavilion	\$45,000,000
Total for Attractions			\$45,000,000

Grand Total			\$2,000,000,000
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- (2) Special Allocation Provisions. – In determining the use of the proceeds of public improvement bonds and notes, including premium thereon, if any, set forth in subdivision (1) of this subsection, the following special allocation provisions apply:
- a. The proceeds of public improvement bonds and notes, including premium thereon, if any, for NC Community Colleges, as provided in subdivision (1) of this subsection, shall be used for new construction or rehabilitation of existing facilities and repairs and renovations. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated.

- 1 b. The proceeds of public improvement bonds and notes, including
2 premium thereon, if any, for the Department of Environmental
3 Quality for Statewide Water/Sewer Loans and Grants, as provided in
4 subdivision (1) of this subsection, shall be allocated to the Water
5 Infrastructure Fund established in G.S. 159G-22. One hundred
6 million dollars (\$100,000,000) shall be used for grants, and the
7 remainder shall be used for low-interest loans. The proceeds for
8 loans and the proceeds for grants shall be allocated in equal
9 proportion to the Drinking Water Reserve and the Wastewater
10 Reserve and shall be subject to the following:
- 11 1. If the availability of loan funds exceeds project demand, the
12 limits contained in G.S. 159G-36 applicable to a loan may be
13 exceeded for the purpose of ensuring that all available loan
14 funds are utilized for projects prioritized pursuant to G.S.
15 159G-23.
 - 16 2. Loan and grant applications for projects shall be funded first
17 if both of the following criteria are met: (i) the project is
18 required to be completed due to an EPA administrative order
19 or consent decree and (ii) the application for the project is
20 deemed complete by the Division and meets the minimum
21 requirements for the program from which it is seeking
22 funding.
 - 23 3. A grant application to be funded from the Wastewater
24 Reserve and required to be prioritized under sub-sub-
25 subdivision 2. of this sub-subdivision shall be awarded a
26 grant equal to fifty percent (50%) of the project costs that are
27 reasonably necessary to comply with the EPA administrative
28 order or consent decree, notwithstanding limits otherwise
29 applicable pursuant to G.S. 159G-36; provided that, the
30 cumulative amount of all grants received by an applicant
31 under this sub-subdivision does not exceed one-third of the
32 amount of bond proceeds for grants allocated to the
33 Wastewater Reserve.
 - 34 4. A loan application to be funded from the Wastewater Reserve
35 and required to be prioritized under sub-sub-subdivision 2. of
36 this sub-subdivision shall receive a loan equal to the amount
37 sufficient to cover all project costs that are reasonably
38 necessary to comply with the EPA administrative order or
39 consent decree minus the amount of any grant awarded under
40 sub-sub-subdivision 3. of this sub-subdivision; provided that,
41 the cumulative amount of all loans received by an applicant
42 under this sub-subdivision does not exceed fifteen million
43 dollars (\$15,000,000).
- 44 c. The proceeds of public improvement bonds and notes, including
45 premium thereon, if any, for the North Carolina Zoological Park, as
46 provided in subdivision (1) of this subsection, shall be used for
47 capital improvements, as defined in G.S. 143C-1-1(d)(5). Any items
48 purchased with such proceeds and installed or replaced as part of a
49 renovation or rehabilitation must have a useful life of at least 10
50 years or must extend the life of the facility by at least 10 years once
51 renovated or rehabilitated.

- 1 (3) Reallocation. – For public improvement bonds authorized by this section, the
2 General Assembly may at this session or at any subsequent session increase
3 or decrease the allocations of the proceeds of public improvement bonds and
4 notes, including premium thereon, if any, for projects set forth in subdivision
5 (1) of this subsection or reallocate any amounts among agencies or projects
6 not listed in this subsection but listed in the six-year capital improvement
7 plan developed pursuant to G.S. 143C-8-5, so long as the aggregate amount
8 of the allocations does not exceed two billion dollars (\$2,000,000,000).

9 **SECTION 1.(g) Allocation and Tracking of Proceeds. –**

- 10 (1) Public improvement bonds. – The proceeds of public improvement bonds
11 and notes, including premium thereon, if any, except the proceeds of bonds
12 the issuance of which has been anticipated by bond anticipation notes or the
13 proceeds of refunding bonds or notes, shall be placed by the State Treasurer
14 in a special fund to be designated "Public Improvement Bonds Fund," which
15 may include such appropriate special accounts therein as may be determined
16 by the State Treasurer and shall be disbursed as provided in this section.
17 Monies in the Public Improvement Bonds Fund shall be allocated and
18 expended as provided in this section.

19 Any additional monies that may be received by means of a grant or
20 grants from the United States of America or any agency or department
21 thereof or from any other source for deposit to the Public Improvement
22 Bonds Fund may be placed in the Public Improvement Bonds Fund or in a
23 separate account or fund and shall be disbursed, to the extent permitted by
24 the terms of the grant or grants, without regard to any limitations imposed by
25 this section.

26 Monies in the Public Improvement Bonds Fund or any separate account
27 established under this section may be invested from time to time by the State
28 Treasurer in the same manner permitted for investment of monies belonging
29 to the State or held in the State treasury, except with respect to grant money
30 to the extent otherwise directed by the terms of the grant. Investment
31 earnings, except investment earnings with respect to grant monies to the
32 extent otherwise directed or restricted by the terms of the grant, may be (i)
33 credited to the Public Improvement Bonds Fund, (ii) used to pay debt service
34 on the bonds authorized by this section, (iii) used to satisfy compliance with
35 applicable requirements of the federal tax law, or (iv) transferred to the
36 General Fund of the State.

37 The proceeds of public improvement bonds and notes, including
38 premium thereon, if any, may be used with any other monies made available
39 by the General Assembly for funding the projects authorized by this section,
40 including the proceeds of any other State bond issues, whether heretofore
41 made available or that may be made available at the session of the General
42 Assembly at which this section is ratified or any subsequent sessions. The
43 proceeds of public improvement bonds and notes, including premium
44 thereon, if any, shall be expended and disbursed under the direction and
45 supervision of the Director of the Budget. The funds provided by this section
46 shall be disbursed for the purposes provided in this section upon warrants
47 drawn on the State Treasurer by the State Controller, which warrants shall
48 not be drawn until requisition has been approved by the Director of the
49 Budget and which requisition shall be approved only after full compliance
50 with the State Budget Act, Chapter 143C of the General Statutes.

- 1 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's
2 designee is hereby authorized and directed to set up a comprehensive system
3 of tracking the proceeds of the public improvement bonds and notes,
4 including premium thereon, if any, to the extent necessary to enable the State
5 Treasurer or the State Treasurer's designee to properly account for the use of
6 such proceeds for compliance with applicable requirements of the federal tax
7 law or otherwise. All recipients of such proceeds shall comply with any
8 tracking system implemented by the State Treasurer or the State Treasurer's
9 designee for this purpose. The State Treasurer may withhold such proceeds
10 from any State agency or department not complying with this subdivision.
- 11 (3) Costs. – Allocations to the costs of a capital improvement or undertaking in
12 each case may include allocations to pay the costs set forth in
13 sub-subdivisions c. through g. of subdivision (2) of subsection (d) of this
14 section in connection with the issuance of bonds for that capital
15 improvement or undertaking.

16 **SECTION 1.(i)** Election. – The question of the issuance of the bonds authorized by
17 this section shall be submitted to the qualified voters of the State at the time of the general
18 election held on the Tuesday next after the first Monday in November, 2016. Any other
19 primary, election, or referendum validly called or scheduled by law at the time the election on
20 the bond question provided for in this subsection is held may be held as called or scheduled.
21 Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8).
22 The election and the registration of voters therefor shall be held under and in accordance with
23 the general laws of the State. Absentee ballots shall be authorized in the election.

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

28 "[] FOR [] AGAINST

29 The issuance of two billion dollars (\$2,000,000,000) State of North Carolina Public
30 Improvement Bonds constituting general obligation bonds of the State secured by a pledge of
31 the faith and credit and taxing power of the State for the purpose of providing funds, with any
32 other available funds, to fund capital improvements and new facilities for the State, including,
33 without limitation, the construction and furnishing of new facilities; renovation and
34 rehabilitation of existing facilities for, without limitation, the University of North Carolina
35 System, the North Carolina Community College System, water and sewer systems, the State's
36 National Guard, the Department of Agriculture and Consumer Services, and cultural
37 resources."

38 If a majority of those voting on the bond question in the election vote in favor of the
39 issuance of the bonds described in the question, those bonds may be issued as provided in this
40 section. If a majority of those voting on a bond question in the election do not vote in favor of
41 the issuance of the bonds described in the question, those bonds shall not be issued.

42 The results of the election shall be canvassed and declared as provided by law for
43 elections for State officers; the results of the election shall be certified by the State Board of
44 Elections to the Secretary of State in the manner and at the time provided by the general
45 election laws of the State.

46 **SECTION 1.(j)** Issuance of Bonds and Notes. –

- 47 (1) Terms and conditions. – Bonds or notes may bear such date or dates, may be
48 serial or term bonds or notes, or any combination thereof, may mature in
49 such amounts and at such time or times, not exceeding 40 years from their
50 date or dates, may be payable at such place or places, either within or
51 without the United States of America, in such coin or currency of the United

1 States of America as at the time of payment is legal tender for payment of
2 public and private debts, may bear interest at such rate or rates, which may
3 vary from time to time, and may be made redeemable before maturity, at the
4 option of the State or otherwise as may be provided by the State, at such
5 price or prices, including a price less than the face amount of the bonds or
6 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 (2) Signatures; form and denomination; registration. – Bonds or notes may be
9 issued as certificated or uncertificated obligations. If issued as certificated
10 obligations, bonds or notes shall be signed on behalf of the State by the
11 Governor or shall bear the Governor's facsimile signature, shall be signed by
12 the State Treasurer or shall bear the State Treasurer's facsimile signature, and
13 shall bear the Great Seal of the State of North Carolina or a facsimile thereof
14 shall be impressed or imprinted thereon. If bonds or notes bear the facsimile
15 signatures of the Governor and the State Treasurer, the bonds or notes shall
16 also bear a manual signature, which may be that of a bond registrar, trustee,
17 paying agent, or designated assistant of the State Treasurer. Should any
18 officer whose signature or facsimile signature appears on bonds or notes
19 cease to be such officer before the delivery of the bonds or notes, the
20 signature or facsimile signature shall nevertheless have the same validity for
21 all purposes as if the officer had remained in office until delivery, and bonds
22 or notes may bear the facsimile signatures of persons who at the actual time
23 of the execution of the bonds or notes shall be the proper officers to sign any
24 bond or note, although at the date of the bond or note such persons may not
25 have been such officers. The form and denomination of bonds or notes,
26 including the provisions with respect to registration of the bonds or notes
27 and any system for their registration, shall be as the State Treasurer may
28 determine in conformity with this section; provided, however, that nothing in
29 this section shall prohibit the State Treasurer from proceeding, with respect
30 to the issuance and form of the bonds or notes, under the provisions of
31 Chapter 159E of the General Statutes, the Registered Public Obligations Act,
32 as well as under this section.

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

46 (4) Notes; repayment. –
47 a. Subject to the consent of the Council of State, the State Treasurer is
48 hereby authorized to borrow money and to execute and issue notes of
49 the State for the same, but only in the following circumstances and
50 under the following conditions:

1. For anticipating the sale of bonds to the issuance of which the Council of State shall have given consent, if the State Treasurer shall deem it advisable to postpone the issuance of the bonds.
 2. For the payment of interest on or any installment of principal of any bonds then outstanding, if there shall not be sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due.
 3. For the renewal of any loan evidenced by notes herein authorized.
 4. For the purposes authorized in this section.
 5. For refunding bonds or notes as herein authorized.
- b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.
- (5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State bonds and notes similarly secured.
 - (6) Tax exemption. – Bonds and notes shall be exempt from all State, county, and municipal taxation or assessment, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, excluding inheritance and gift taxes, income taxes on the gain from the transfer of bonds and notes, and franchise taxes. The interest on bonds and notes shall not be subject to taxation as to income.
 - (7) Investment eligibility. – Bonds and notes are hereby made securities in which all public officers, agencies, and public bodies of the State and its political subdivisions; all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State; executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Bonds and notes are hereby made securities that may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision of the State is now or may hereafter be authorized by law.
 - (8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. In addition to the State's right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner, the State expressly reserves the right to amend any provision of this section with respect to the making and repayment of loans, the disposition of any repayments of loans, and any intercept provisions relating to the failure of a

1 local government unit to repay a loan, the bonds not being secured in any
2 respect by loans, any repayments thereof, or any intercept provisions with
3 respect thereto.

4 **SECTION 1.(k)** Variable Interest Rates. – In fixing the details of bonds and notes,
5 the State Treasurer may provide that any of the bonds or notes may:

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

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

31 **SECTION 1.(l)** Interpretation of Section. –

- 32 (1) Additional method. – The foregoing subsections of this section shall be
33 deemed to provide an additional and alternative method for the doing of the
34 things authorized thereby and shall be regarded as supplemental and
35 additional to powers conferred by other laws and shall not be regarded as in
36 derogation of any powers now existing.
- 37 (2) Statutory references. – References in this section to specific sections or
38 Chapters of the General Statutes or to specific acts are intended to be
39 references to these sections, Chapters, or acts as they may be amended from
40 time to time by the General Assembly.
- 41 (3) Broad construction. – The General Assembly specifically has chosen to
42 combine what otherwise might be considered differing projects to be
43 financed into one bond bill and bond question because the General
44 Assembly finds that such differing projects, when taken together, constitute
45 an interrelated, united, and single plan for the State's infrastructure as stated
46 aforesaid. Accordingly, this section, being necessary for the health, welfare,
47 and advancement of the people of the State, shall be broadly construed to
48 affect the purposes thereof.
- 49 (4) Inconsistent provisions. – Insofar as the provisions of this section are
50 inconsistent with the provisions of any general laws, or parts thereof, the
51 provisions of this section shall be controlling.

- 1 (5) Severability. – If any provision of this section or the application thereof to
2 any person or circumstance is held invalid, such invalidity shall not affect
3 other provisions or applications of the section that can be given effect
4 without the invalid provision or application, and to this end the provisions of
5 this section are declared to be severable.

6 **SECTION 2.** Other than community colleges, each entity receiving the proceeds of
7 public improvement bonds and notes, including premium thereon, if any, issued pursuant to and
8 for projects listed in Section 1 of this act shall report by January 1, 2017, and quarterly
9 thereafter, to the Joint Legislative Oversight Committee on Capital Improvements, the House of
10 Representatives Appropriations Committee, and the Senate Committee on Appropriations/Base
11 Budget on the projects funded from public improvement general obligation bonds authorized
12 by Section 1 of this act. Community colleges receiving the proceeds of public improvement
13 bonds and notes, including premium thereon, if any, issued pursuant to and for projects listed in
14 Section 1 of this act shall report by January 1, 2017, and quarterly thereafter, to the North
15 Carolina Community Colleges System Office on the projects funded from public improvement
16 general obligation bonds authorized by Section 1 of this act, and the System Office shall
17 combine the reports and submit them to the Joint Legislative Oversight Committee on Capital
18 Improvements, the House of Representatives Appropriations Committee, and the Senate
19 Committee on Appropriations/Base Budget. Each report shall include the total project costs, the
20 amount to be funded from the bonds, the expenditures to date from the bonds and other sources,
21 and the percentage of each project completed.

22 **SECTION 3.** The State Treasurer shall not issue bonds or notes otherwise
23 authorized by Section 1 of this act in an amount or year where the issuance of the bonds or
24 notes would violate the Debt Affordability Advisory Committee's recommendations on debt
25 capacities required under G.S. 142-101.

26 **SECTION 4.(a)** The portion of funds estimated to be needed for escalation of costs
27 for projects, other than for NC Community Colleges, and DEQ Statewide Water/Sewer Loans
28 and Grants, funded in whole or in part with the proceeds of public improvement bonds and
29 notes, including premium thereon, if any, issued pursuant to Section 1 of this act, shall remain
30 with the Office of State Budget and Management and shall be disbursed only for the following
31 purposes:

- 32 (1) To address unforeseen contingencies related to the specific project for which
33 the funds were made available.
34 (2) To address inflation costs related to that specific project.

35 **SECTION 4.(b)** Any funds retained by the Office of State Budget and
36 Management pursuant to subsection (a) of this section at the time a project is completed shall
37 be retained by the Office of State Budget and Management until reallocated for other purposes
38 by the General Assembly. The Office of State Budget and Management shall report to the Joint
39 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to
40 this subsection within 90 days of a project's completion.

41 **SECTION 5.** This act is effective when it becomes law.