

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 893

Short Title: Governor's Bond Proposal. (Public)

Sponsors: Representatives Harris, Hunt, Hurtado, and Farkas (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

May 6, 2021

A BILL TO BE ENTITLED
AN ACT TO ENACT THE INVEST NC BOND ACT OF 2021.
The General Assembly of North Carolina enacts:

SECTION 1.(a) Short Title. – This section may be cited as the "Invest NC Bond Act of 2021."

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 four billion seven hundred million dollars (\$4,700,000,000) providing funds, with any other available funds, to invest in the State's public facilities, without limitation, construction, repair, renovation, and furnishing of new facilities in order to ensure that the citizens of North Carolina have access to high-quality educational facilities, cultural facilities and attractions, and health care facilities.

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

- (1) There is a documented need of eight billion one hundred million dollars (\$8,100,000,000) in need in the construction and renovation of Public School Facilities.
- (2) There is a documented need of four billion four hundred million dollars (\$4,400,000,000) in deficiencies at The University of North Carolina System.
- (3) Community College facilities are necessary to educate and train the workforce of tomorrow.
- (4) Community College facilities are necessary to retrain those workers who have been adversely impacted by changing economic conditions.
- (5) Cultural facilities at the North Carolina Zoological Park and the North Carolina History Museum are key cultural and educational attractions for the citizens of the State.
- (6) State Parks are vital to the well-being of all North Carolinians.
- (7) The facilities constructed in this act will benefit all future North Carolinians for decades to come.
- (8) All facilities are necessary to support the economic vitality of North Carolina.
- (9) The State has prudently managed its finances.
- (10) The State has achieved the highest credit rating available by independent credit rating agencies.
- (11) The debt proposed by this act is affordable and preferable to address the needs of the citizens of the State.

SECTION 1.(d) Definitions. – The following definitions apply in this section unless the context otherwise requires:



- (1) Bonds. – Bonds issued under this section.
- (2) Cost. – The term includes all of the following:
 - a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights-of-way, easements, franchises, equipment, machinery, furnishings, and other interests in real or personal property acquired or used in connection with a State capital facility.
 - b. The cost of engineering, architectural, and other consulting services as may be required.
 - c. Administrative expenses and charges.
 - d. The cost of providing personnel to ensure effective project management.
 - e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.
 - f. Finance charges, reserves for debt service, and other types of reserves required pursuant to the terms of any bond or note or related documents, interest before and during construction or acquisition of a State capital facility and, if considered advisable by the State Treasurer, for a period not exceeding two years after the estimated date of completion of construction or acquisition.
 - g. The cost of bond insurance, investment contracts, credit enhancement facilities and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of the incurrence or issuance of any bond or note.
 - h. The cost of reimbursing the State for any payments made for any cost described in this subdivision.
 - i. Any other costs and expenses necessary or incidental to the purposes of this section.
- (3) Credit facility. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution, an insurance company, reinsurance company, surety company or other insurance institution, a corporation, investment banking firm, or other investment institution, or any financial institution or other similar provider of a credit facility, which provider may be located within or without the United States, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of such agreement.
- (4) Notes. – Notes issued under this section.
- (5) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including the following:
 - a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible.

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

(6) State. – The State of North Carolina, including any State agency.

(7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 1.(e) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing public improvement bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Public Improvement Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding four billion seven hundred million dollars (\$4,700,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

SECTION 1.(f) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

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

Public Instruction

Public Schools	New Schools, Additions, Renovations	\$2,500,000,000
Capital Assistance		
Total for Public Instruction		\$2,500,000,000

Department of Administration

Relocation of Health and Human Resources Headquarters	\$229,000,000
Total for Department of Administration	\$229,000,000

Department of Health and Human Services

J. Iverson Riddle Developmental Center	\$60,275,700
Black Mountain Neuromedical Center	\$20,808,000
Murdoch Developmental Center	\$50,904,000
O'Berry Neuromedical Center	\$23,833,800
Total for Department of Health and Human Services	\$155,821,500

Department of Environmental Quality

Reedy Creek Lab	\$45,000,000
Total for Department of Environmental Quality	\$45,000,000

NC Community Colleges

Alamance Comm. College	New Construction, Repairs, Renovations	\$8,439,444
Asheville – Buncombe Technical Comm. College	New Construction, Repairs, Renovations	\$13,582,502
Beaufort Co. Comm. College	New Construction, Repairs, Renovations	\$4,569,429
Bladen Comm. College	New Construction, Repairs, Renovations	\$5,095,808
Blue Ridge Comm. College	New Construction, Repairs, Renovations	\$5,049,505
Brunswick Comm. College	New Construction, Repairs, Renovations	\$5,518,081
Caldwell Comm. College Technical Institute	New Construction, Repairs, Renovations	\$9,005,483
Cape Fear Comm. College	New Construction, Repairs, Renovations	\$14,006,275
Carteret Comm. College	New Construction, Repairs, Renovations	\$3,573,070
Catawba Valley Comm. College	New Construction, Repairs, Renovations	\$9,654,288
Central Carolina Comm. College	New Construction, Repairs, Renovations	\$9,630,927
Central Piedmont Comm. College	New Construction, Repairs, Renovations	\$26,152,843
Cleveland Comm. College	New Construction, Repairs, Renovations	\$7,800,973
College of the Albemarle	New Construction, Repairs, Renovations	\$9,857,886
Coastal Carolina Comm. College	New Construction, Repairs, Renovations	\$6,890,271
Craven Comm. College	New Construction, Repairs, Renovations	\$6,540,602
Davidson County Comm. College	New Construction, Repairs, Renovations	\$8,402,462
Durham Tech. Comm. College	New Construction, Repairs, Renovations	\$8,910,697

1			
2	Edgecombe Comm. College	New Construction, Repairs, Renovations	\$7,176,160
3			
4	Fayetteville Tech. Comm.	New Construction, Repairs, Renovations	\$22,564,512
5	College		
6			
7	Forsyth Tech. Comm. College	New Construction, Repairs, Renovations	\$14,578,518
8			
9	Gaston College	New Construction, Repairs, Renovations	\$9,566,053
10			
11	Guilford Tech. Comm.	New Construction, Repairs, Renovations	\$20,199,949
12	College		
13			
14	Halifax Comm. College	New Construction, Repairs, Renovations	\$5,437,813
15			
16	Haywood Comm. College	New Construction, Repairs, Renovations	\$5,412,170
17			
18	Isothermal Comm. College	New Construction, Repairs, Renovations	\$6,599,393
19			
20	James Sprunt Comm.	New Construction, Repairs, Renovations	\$4,981,218
21	College		
22			
23	Johnston Comm. College	New Construction, Repairs, Renovations	\$7,040,622
24			
25	Lenoir Comm. College	New Construction, Repairs, Renovations	\$10,034,982
26			
27	Martin Comm. College	New Construction, Repairs, Renovations	\$5,632,270
28			
29	Mayland Comm. College	New Construction, Repairs, Renovations	\$5,275,026
30			
31	McDowell Tech. Comm.	New Construction, Repairs, Renovations	\$4,265,391
32	College		
33			
34	Mitchell Comm. College	New Construction, Repairs, Renovations	\$5,655,410
35			
36	Montgomery Comm. College	New Construction, Repairs, Renovations	\$3,586,109
37			
38	Nash Comm. College	New Construction, Repairs, Renovations	\$8,463,265
39			
40	Pamlico Comm. College	New Construction, Repairs, Renovations	\$2,846,315
41			
42	Piedmont Comm. College	New Construction, Repairs, Renovations	\$5,039,481
43			
44	Pitt Comm. College	New Construction, Repairs, Renovations	\$14,017,730
45			
46	Randolph Comm. College	New Construction, Repairs, Renovations	\$7,305,476
47			
48	Richmond Comm. College	New Construction, Repairs, Renovations	\$7,123,852
49			
50	Roanoke-Chowan Comm.	New Construction, Repairs, Renovations	\$4,651,840
51	College		

1			
2	Robeson Comm. College	New Construction, Repairs, Renovations	\$7,465,503
3			
4	Rockingham Comm. College	New Construction, Repairs, Renovations	\$6,781,942
5			
6	Rowan-Cabarrus Comm.	New Construction, Repairs, Renovations	\$12,630,914
7	College		
8			
9	Sampson Comm. College	New Construction, Repairs, Renovations	\$5,711,235
10			
11	Sandhills Comm. College	New Construction, Repairs, Renovations	\$7,250,438
12			
13	South Piedmont Comm.	New Construction, Repairs, Renovations	\$7,785,156
14	College		
15			
16	Southeastern Comm.	New Construction, Repairs, Renovations	\$6,312,161
17	College		
18			
19	Southwestern Comm. College	New Construction, Repairs, Renovations	\$6,245,628
20			
21	Stanly Comm. College	New Construction, Repairs, Renovations	\$6,618,146
22			
23	Surry Comm. College	New Construction, Repairs, Renovations	\$7,925,411
24			
25	Tri-County Comm. College	New Construction, Repairs, Renovations	\$5,051,916
26			
27	Vance -Granville Comm.	New Construction, Repairs, Renovations	\$8,663,015
28	College		
29			
30	Wake Tech. Comm. College	New Construction, Repairs, Renovations	\$30,510,523
31			
32	Wayne Comm. College	New Construction, Repairs, Renovations	\$9,016,193
33			
34	Western Piedmont Comm.	New Construction, Repairs, Renovations	\$7,613,515
35			
36	Wilkes Comm. College	New Construction, Repairs, Renovations	\$7,940,114
37			
38	Wilson Comm. College	New Construction, Repairs, Renovations	\$6,344,049
39			
40	Total for NC Community Colleges		\$500,000,000
41			
42	University of North Carolina		
43			
44	Appalachian State University	Duncan Hall Renovations	\$20,000,000
45			
46	East Carolina University	Howell Science Building South	\$30,000,000
47			
48	East Carolina University	Brody School of Medicine	\$187,000,000
49			
50	Elizabeth City State	Infrastructure Upgrades	\$27,000,000
51	University	Water and Electrical, Phase II	

1			
2	North Carolina State University	Renovation – Lampe Drive Building	\$42,000,000
3			
4	North Carolina State University	STEM Building	\$73,000,000
5			
6	UNC-Chapel Hill	Business School	\$68,000,000
7			
8	UNC-Chapel Hill	Carrington Hall Comprehensive Renovations	\$40,500,000
9			
10	UNC-Charlotte	Cameron Second Floor Renovations	\$19,100,000
11			
12	UNC-Charlotte	Burson Building Renovations	\$25,900,000
13			
14	UNC-Greensboro	Jackson Library Renovation and Addition	\$81,000,000
15			
16	UNC-Pembroke	New School of Health Sciences	\$67,500,000
17			
18	UNC-School of the Arts	Stevens Center Renovation – Phase I	\$25,00,000
19			
20	UNC-Wilmington	Randall Library Renovation and Expansion	\$56,000,000
21			
22	NC Center for the Advancement	Residence Hall and Professional	\$21,000,000
23	of Teaching (NCCAT)	Development Center	
24			
25	Total for University of North Carolina		\$783,000,000
26			
27	Department of Natural and Cultural Resources		
28			
29	Museum of History Phase I Renovations and Expansion		\$54,000,000
30			
31	NC Zoo	Asia Exhibit	\$45,000,000
32			
33	NC Zoo	Australia Expansion Design Funds	\$25,000,000
34			
35	NC Museum of Art Museum Park		\$20,000,000
36			
37	Historic Sites Funding for Colonial and Revolutionary Era Sites		\$45,000,000
38			
39	State Parks		\$250,000,000
40	Total for Natural and Cultural Resources		\$439,000,000
41			
42	Unforeseen Costs Reserve		\$48,178,500
43			
44	Grand Total		\$4,700,000,000
45			

(1b) Process for Allocating Funds from the Unforeseen Costs Reserve. – The Office of State Budget and Management (OSBM) shall set out the process for applying for funds from the Unforeseen Costs Reserve, together with the criteria for assessing such applications, in a Budget Memo. OSBM may allocate funds from the Unforeseen Costs Reserve only when it is satisfied that the conditions set out under these criteria have been met. Once agreed,

funds may only be drawn down as needed, in line with project cashflow requirements.

(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 public instruction for public schools capital assistance, as provided in subdivision (1) of this subsection, shall be allocated as follows:

1. \$1,000,000,000 of such proceeds shall be allocated equally to each county. Each county's allocation shall be distributed to the local school administrative units located in whole or in part in the county based on the average daily membership of the county's students in the school units.
2. \$375,000,000 of such proceeds shall be allocated among local school administrative units located in counties whose wealth is less than the State average wealth. The allocation for a local school administrative unit shall be the allotment in this sub-sub-subdivision multiplied by a fraction, the numerator of which is the 2020-2021 low-wealth allotment for the local school administrative unit and the denominator of which is the 2020-2021 low-wealth allotment for all local school administrative units in the State.
3. \$1,125,000,000 of such proceeds shall be allocated among local school administrative units on the basis of average daily membership for the 2020-2021 fiscal year. The allocation for a local school administrative unit shall be the allotment in this sub-sub-subdivision multiplied by a fraction, the numerator of which is the average daily membership for the local school administrative unit for the 2020-2021 fiscal year and the denominator of which is the total average daily membership for all local school administrative units in the State for the 2020-2021 fiscal year.
4. Bond proceeds for a county receiving funds pursuant to sub-sub-subdivision 2. of this sub-subdivision require no local match. Any other county receiving bond proceeds allocated shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar (\$1.00) of local matching funds for every three dollars (\$3.00) of such proceeds for a local school administrative unit located in a county that is a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of such proceeds for a local school administrative unit located in a county that is a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds for a local school administrative unit located in a county that is a development tier three area, as defined in G.S. 143B-437.08. The match

1 requirement may be satisfied by non-State expenditures for
2 public school facilities made on or after January 1, 2017. If a
3 debt has been incurred since January 1, 2017, for the general
4 purpose of public school facilities, then the face amount of the
5 debt shall be considered as a non-State expenditure for public
6 school facilities for the purpose of the match. No other
7 expenditures made or debts incurred before January 1, 2017,
8 may be used to satisfy the match requirement. As counties
9 satisfy the match requirements of this subsection, they shall
10 document the extent to which they have done so in periodic
11 reports to the State Board of Education. These reports shall
12 include any information and documentation required by the
13 State Board of Education. The State Board of Education shall
14 certify to the State Treasurer from time to time the extent to
15 which the match requirements of this subsection have been met
16 with respect to each county. Bond proceeds shall be distributed
17 for expenditure only as, and to the extent, the matching
18 requirement of this section are satisfied, as certified by the
19 State Board of Education. The State Board of Education shall
20 also require counties to report annually on the impact of funds
21 provided under this act on the property tax rate for that year.
22 These reports shall be public documents and shall be furnished
23 to any citizen upon request. If the State Board of Education
24 determines that a county has not met the matching requirement
25 set forth in this sub-subdivision by January 1, 2028, the State
26 Board of Education shall certify that fact to the State Treasurer
27 by March 1, 2028. The State Board of Education shall
28 reallocate unmatched funds in the following manner:

- 29 I. Proceeds allocated under sub-sub-subdivision (2)a.1.
30 of this subsection shall be reallocated to local
31 administrative units receiving funds under
32 sub-sub-subdivision (2)a.1. of this subsection for
33 which the State Board of Education has certified
34 matching funds.
- 35 II. Proceeds allocated under sub-sub-subdivision (2)a.2.
36 of this subsection shall be reallocated to local
37 administrative units receiving funds under
38 sub-sub-subdivision (2)a.2. of this subsection for
39 which the State Board of Education has certified
40 matching funds.
- 41 III. Proceeds allocated under sub-sub-subdivision (2)a.3.
42 of this subsection shall be reallocated to local
43 administrative units receiving funds under
44 sub-sub-subdivision (2)a.3. of this subsection for
45 which the State Board of Education has certified
46 matching funds.

- 47 5. A local school administrative unit that receives proceeds under
48 this section shall ensure that such proceeds are used for either
49 or both of the following:

- 1 I. For acquisition of real property and construction,
2 acquisition, reconstruction, enlargement, renovation,
3 or replacement of buildings and other structures.
4 II. To supplement local funds for public school capital
5 outlay projects and shall not decrease local funds for
6 those projects from one fiscal year to the next fiscal
7 year, as measured by the most recent five-year annual
8 average capital outlay expenditure.
- 9 b. The proceeds of public improvement bonds and notes, including
10 premium thereon, if any, for NC Community Colleges, as provided in
11 subdivision (1) of this subsection for new construction, repairs, and
12 renovations, shall be used for new construction or rehabilitation of
13 existing facilities and repairs and renovations. Any items purchased
14 with such proceeds and installed or replaced as part of a renovation or
15 rehabilitation must have a useful life of at least 10 years or must extend
16 the life of the facility by at least 10 years once renovated or
17 rehabilitated. In order to receive the proceeds under this
18 sub-subdivision for projects for new construction, the community
19 college receiving the proceeds shall provide local matching funds from
20 county funds, other non-State funds, or a combination of these sources
21 for such proceeds. The amount of matching funds shall be (i) one
22 dollar (\$1.00) of local matching funds for every three dollars (\$3.00)
23 of such proceeds for a community college project located in a
24 development tier one area, as defined in G.S. 143B-437.08, (ii) one
25 dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of
26 such proceeds for a community college project located in a
27 development tier two area, as defined in G.S. 143B-437.08, and (iii)
28 one dollar (\$1.00) of local matching funds for every one dollar (\$1.00)
29 of such proceeds for a community college project located in a
30 development tier three area, as defined in G.S. 143B-437.08.
31 Community colleges are not required to match bond proceeds
32 allocated in this section for rehabilitation of existing facilities and
33 repairs and renovations. The provisions of G.S. 115D-31, or any other
34 provision of law permitting prior expenditures to be used for match
35 purposes, do not apply for purposes of meeting the matching funds
36 requirements of this act.

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

- 38 (1) Public improvement bonds. – The proceeds of public improvement bonds and
39 notes, including premium thereon, if any, except the proceeds of bonds the
40 issuance of which has been anticipated by bond anticipation notes or the
41 proceeds of refunding bonds or notes, shall be placed by the State Treasurer
42 in a special fund to be designated "Public Improvement Bonds Fund," which
43 may include such appropriate special accounts therein as may be determined
44 by the State Treasurer and shall be disbursed as provided in this section.
45 Monies in the Public Improvement Bonds Fund shall be allocated and
46 expended as provided in this section.

47 Any additional monies that may be received by means of a grant or grants
48 from the United States of America or any agency or department thereof or
49 from any other source for deposit to the Public Improvement Bonds Fund may
50 be placed in the Public Improvement Bonds Fund or in a separate account or

fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this section.

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

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

(2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's designee is hereby authorized and directed to set up a comprehensive system of tracking the proceeds of the public improvement bonds and notes, including premium thereon, if any, to the extent necessary to enable the State Treasurer or the State Treasurer's designee to properly account for the use of such proceeds for compliance with applicable requirements of the federal tax law or otherwise. All recipients of such proceeds shall comply with any tracking system implemented by the State Treasurer or the State Treasurer's designee for this purpose. The State Treasurer may withhold such proceeds from any State agency or department not complying with this subdivision.

(3) Costs. – Allocations to the costs of a capital improvement or undertaking in each case may include allocations to pay the costs set forth in sub-subdivisions c. through g. of subdivision (2) of subsection (d) of this section in connection with the issuance of bonds for that capital improvement or undertaking.

SECTION 1.(h) Election. – The question of the issuance of the bonds authorized by this section shall be submitted to the qualified voters of the State at a Statewide election to be held November 2, 2021. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this subsection is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8). The election and the registration of voters therefor shall be held under and in accordance with the general laws of the State. Absentee ballots shall be authorized in the election and shall be available 50 days prior to the date on which the election is to be held.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections.

1 The bond question to be used in the ballots or voting systems shall be in substantially the
2 following form:

3 "[] FOR [] AGAINST

4 The issuance of four billion seven hundred million dollars (\$4,700,000,000) State of
5 North Carolina Public Improvement Bonds constituting general obligation bonds of the State
6 secured by a pledge of the faith and credit and taxing power of the State for the purpose of
7 providing funds, with any other available funds, to fund capital improvements and new facilities
8 for the State, including, without limitation, the construction and furnishing of new facilities and
9 the renovation and rehabilitation of existing facilities for, without limitation, the public schools
10 of the State, the Department of Health and Human Services, the Department of Natural and
11 Cultural Resources, North Carolina Community College System, and The University of North
12 Carolina System."

13 If a majority of those voting on the bond question in the election vote in favor of the
14 issuance of the bonds described in the question, those bonds may be issued as provided in this
15 section. If a majority of those voting on a bond question in the election do not vote in favor of
16 the issuance of the bonds described in the question, those bonds shall not be issued. The results
17 of the election shall be canvassed and declared as provided by law for elections for State officers;
18 the results of the election shall be certified by the State Board of Elections to the Secretary of
19 State in the manner and at the time provided by the general election laws of the State.

20 **SECTION 1.(i) Issuance of Bonds and Notes. –**

21 (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial
22 or term bonds or notes, or any combination thereof, may mature in such
23 amounts and at such time or times, not exceeding 40 years from their date or
24 dates, may be payable at such place or places, either within or without the
25 United States of America, in such coin or currency of the United States of
26 America as at the time of payment is legal tender for payment of public and
27 private debts, may bear interest at such rate or rates, which may vary from
28 time to time, and may be made redeemable before maturity, at the option of
29 the State or otherwise as may be provided by the State, at such price or prices,
30 including a price less than or greater than the face amount of the bonds or
31 notes, and under such terms and conditions, all as may be determined by the
32 State Treasurer, by and with the consent of the Council of State.

33 (2) Signatures; form and denomination; registration. – Bonds or notes may be
34 issued in certificated or uncertificated form. If issued in certificated form,
35 bonds or notes shall be signed on behalf of the State by the Governor or shall
36 bear the Governor's facsimile signature, shall be signed by the State Treasurer
37 or shall bear the State Treasurer's facsimile signature, and shall bear the Great
38 Seal of the State, or a facsimile of the Seal shall be impressed or imprinted
39 thereon. If bonds or notes bear the facsimile signatures of the Governor and
40 the State Treasurer, the bonds or notes shall also bear a manual signature
41 which may be that of a bond registrar, trustee, paying agent, or designated
42 assistant of the State Treasurer. Should any officer whose signature or
43 facsimile signature appears on bonds or notes cease to be such officer before
44 the delivery of the bonds or notes, the signature or facsimile signature shall
45 nevertheless have the same validity for all purposes as if the officer had
46 remained in office until delivery. Bonds or notes may bear the facsimile
47 signatures of persons, who at the actual time of the execution of the bonds or
48 notes shall be the proper officers to sign any bond or note, although at the date
49 of the bond or note such persons may not have been such officers. The form
50 and denomination of bonds or notes, including the provisions with respect to

1 registration of the bonds or notes and any system for their registration, shall
2 be as the State Treasurer may determine in conformity with this section.

- 3 (3) Manner of sale; expenses. – Subject to the approval by the Council of State as
4 to the manner in which bonds or notes shall be offered for sale, whether at
5 public or private sale, whether within or without the United States, and
6 whether by publishing notices in certain newspapers and financial journals,
7 mailing notices, inviting bids by correspondence, negotiating contracts of
8 purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes
9 at one time or from time to time at any rates of interest, which may vary from
10 time to time, and at any prices, including a price less than or greater than the
11 face amount of the bonds or notes, as the State Treasurer may determine. All
12 expenses incurred in the preparation, sale, and issuance of bonds or notes shall
13 be paid by the State Treasurer from the proceeds of bonds or notes or other
14 available moneys.

- 15 (4) Notes; repayment. –

16 a. By and with the consent of the Council of State, the State Treasurer is
17 hereby authorized to borrow money and to execute and issue notes of
18 the State for the same, but only in the following circumstances and
19 under the following conditions:

- 20 1. For anticipating the sale of bonds, the issuance of which the
21 Council of State has approved, if the State Treasurer considers
22 it advisable to postpone the issuance of the bonds;
- 23 2. For the payment of interest on or any installment of principal
24 of any bonds then outstanding, if there are not sufficient funds
25 in the State treasury with which to pay the interest or
26 installment of principal as they respectively become due;
- 27 3. For the renewal of any loan evidenced by notes authorized in
28 this section;
- 29 4. For the purposes authorized in this section; and
- 30 5. For refunding bonds or notes as authorized in this section.

31 b. Funds derived from the sale of bonds or notes may be used in the
32 payment of any bond anticipation notes issued under this section.
33 Funds provided by the General Assembly for the payment of interest
34 on or principal of bonds shall be used in paying the interest on or
35 principal of any notes and any renewals thereof, the proceeds of which
36 shall have been used in paying interest on or principal of the bonds.

- 37 (5) Refunding bonds and notes. – By and with the consent of the Council of State,
38 the State Treasurer is authorized to issue and sell refunding bonds and notes
39 pursuant to the provisions of the State Refunding Bond Act for the purpose of
40 refunding bonds or notes issued pursuant to this section. The refunding bonds
41 and notes may be combined with any other issues of State bonds and notes
42 similarly secured. Refunding bonds or notes may be issued at any time prior
43 to the final maturity of the debt obligation to be refunded. The proceeds from
44 the sale of any refunding bonds or notes shall be applied to the immediate
45 payment and retirement of the bonds or notes being refunded or, if not required
46 for the immediate payment of the bonds or notes being refunded, the proceeds
47 shall be deposited in trust to provide for the payment and retirement of the
48 bonds or notes being refunded and to pay any expenses incurred in connection
49 with the refunding. Money in a trust fund may be invested in (i) direct
50 obligations of the United States government, (ii) obligations the principal of
51 and interest on which are guaranteed by the United States government, (iii)

obligations of any agency or instrumentality of the United States government if the timely payment of principal and interest on the obligations is unconditionally guaranteed by the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of bonds or notes being refunded but that have not matured and are not presently redeemable, or if presently redeemable, have not been called for redemption.

(6) Tax exemption. – Bonds and notes shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance, or gift taxes, income taxes on the gain from the transfer of bonds or notes, and franchise taxes. The interest on bonds or notes is not subject to taxation as income.

(7) Investment eligibility. – Bonds and notes are securities in which all of the following may invest, including capital in their control or belonging to them: 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. Bonds and notes are hereby made securities which 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 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. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interest-rate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 1.(j) Variable Rate Demand Bonds and Notes. – In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

(1) Be made payable from time to time on demand or tender for purchase by the owner, if a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;

(2) Be additionally supported by a credit facility;

- (3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;
- (4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and
- (5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

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

SECTION 1.(k) Interpretation of Section. –

- (1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.
- (2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.
- (3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.
- (4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.
- (5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application and, to this end, the provisions of this section are declared to be severable.

SECTION 2. Any funds from the bond authorized by this act that are expended for school technology for public schools shall be reported to the State Board of Education and shall be credited against the judgment in N.C. Sch. Bds. Ass'n. v. Moore, No. 98-CVS-14159 (N.C. Super. Ct.).

SECTION 3. This act is effective when it becomes law.