

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 342

Short Title: State Bond Act of 1991.

(Public)

Sponsors: Representatives Pope; Bowie, Bowman, J.W. Crawford, Hurley, Lilley, Loflin, Robinson, Russell, and Warner.

Referred to: Courts, Justice, Constitutional Amendments and Referenda.

March 26, 1991

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE A BOND REFERENDUM ON THE ISSUANCE OF
2 THREE HUNDRED FIFTY-FIVE MILLION DOLLARS GENERAL
3 OBLIGATION BONDS OF THE STATE, TO BE VOTED ON BY THE
4 QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS, WITH ANY
5 OTHER AVAILABLE FUNDS, FOR EDUCATION FACILITIES, MENTAL
6 HEALTH FACILITIES, WATER AND WASTEWATER FACILITIES, AND
7 SOLID WASTE DISPOSAL FACILITIES.
8

9 The General Assembly of North Carolina enacts:

10 Section 1. **Short Title.** This act shall be known and may be cited as the
11 "Education, Mental Health, Water and Wastewater, and Solid Waste Disposal Facilities
12 Bond Act of 1991."

13 Sec. 2. **Findings and Determinations.** It is the intent and purpose of the
14 General Assembly by this act to provide for a vote of the people regarding the issuance
15 of general obligation bonds of the State in order to facilitate the payment of the capital
16 costs required in connection with providing additional education facilities, mental health
17 facilities, water and wastewater facilities, and solid waste disposal facilities.

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

- 20 (1) " Bonds" means the bonds issued under this act.
21 (2) " Costs" means, without intending thereby to limit or restrict any
22 proper definition of such word in financing the cost of additional

- 1 education facilities, mental health facilities, water and wastewater
2 facilities, and solid waste disposal facilities as authorized by this act,
- 3 a. The cost of constructing, reconstructing, enlarging, acquiring
4 and improving additional education facilities, mental health
5 facilities, water and wastewater facilities, and solid waste
6 disposal facilities, and acquiring equipment and land therefor,
7 b. The cost of engineering, architectural and other consulting
8 services as may be required,
9 c. Administrative expenses and charges,
10 d. The cost of bond insurance, investment contracts, credit
11 enhancement and liquidity facilities, interest-rate swap
12 agreements, financial and legal consultants and related costs of
13 bond and note issuance, to the extent and as determined by the
14 State Treasurer, and
15 e. Any other costs and expenses necessary or incidental to the
16 purposes of this act.
- 17 (3) " Credit facility" means an agreement entered into by the State
18 Treasurer on behalf of the State with a bank, savings and loan
19 association or other banking institution, an insurance company,
20 reinsurance company, surety company or other insurance institution, a
21 corporation, investment banking firm or other investment institution,
22 or any financial institution or other similar provider of a credit facility,
23 which provider may be located within or without the United States of
24 America, such agreement providing for prompt payment of all or any
25 part of the principal or purchase price (whether at maturity,
26 presentment or tender for purchase, redemption or acceleration),
27 redemption premium, if any, and interest on any bonds or notes
28 payable on demand or tender by the owner, in consideration of the
29 State agreeing to repay the provider of the credit facility in accordance
30 with the terms and provisions of such agreement.
- 31 (4) " Notes" means the notes issued under this act.
- 32 (5) " Par formula" means any provision or formula adopted by the State to
33 provide for the adjustment, from time to time, of the interest rate or
34 rates borne by any bonds or notes, including:
- 35 a. A provision providing for such adjustment so that the purchase
36 price of such bonds or notes in the open market would be as
37 close to par as possible,
38 b. A provision providing for such adjustment based upon a
39 percentage or percentages of a prime rate or base rate, which
40 percentage or percentages may vary or be applied for different
41 periods of time, or
42 c. Such other provision as the State Treasurer may determine to be
43 consistent with this act and will not materially and adversely

1 affect the financial position of the State and the marketing of
2 bonds or notes at a reasonable interest cost to the State.

3 Sec. 3.1. **Election.** The questions of the issuance of the following bonds
4 authorized by this act shall each be submitted to the qualified voters of the State at an
5 election to be held on Tuesday, November 5, 1991:

6 \$130,000,000 State of North Carolina Public School
7 Construction Bonds,

8 \$100,000,000 State of North Carolina University of North
9 Carolina Construction Funds,

10 \$ 25,000,000 State of North Carolina Area Mental Health
11 Facilities Bonds,

12 \$ 25,000,000 State of North Carolina Community College
13 Construction Bonds,

14 \$ 10,000,000 State of North Carolina Solid Waste
15 Revolving Loan Bonds,

16 \$ 65,000,000 State of North Carolina Clean Water Bonds.

17 Any other primary, election or referendum validly called or scheduled by law
18 at the time the election on the bond questions provided for in this section is held may be
19 held as called or scheduled. Notice of the election on the bond questions shall be given
20 by publication twice in a newspaper or newspapers having general election in each
21 county in the State, and the election and the registration of voters therefor shall be held
22 under and in accordance with the general laws of the State. Absentee ballots shall be
23 authorized in the election.

24 The State Board of Elections shall reimburse the counties of the State for all
25 necessary expenses incurred in holding the election which are in addition to those which
26 would have otherwise been incurred, the same to be paid out of the Contingency and
27 Emergency Fund.

28 Voting machines may be used in accordance with the rules and regulations
29 prescribed by the State Board of Elections. The State Board of Elections may also
30 cause to be printed and distributed, to the extent necessary, ballots for use in the
31 election. The bond questions to be used in the voting machines and any ballots shall be
32 in substantially the following forms:

33 "[] FOR the issuance of one hundred thirty million dollars (\$130,000,000)
34 State of North Carolina Public School Construction Bonds constituting
35 general obligation bonds of the State secured by a pledge of the faith
36 and credit and taxing power of the State for the purpose of providing
37 funds, with any other available funds, for construction of public
38 schools as set forth in the Education, Mental Health, Water and
39 Wastewater, and Solid Waste Disposal Facilities Bond Act of 1991.

40 [] AGAINST the issuance of one hundred thirty million dollars
41 (\$130,000,000) State of North Carolina Public School Construction
42 Bonds constituting general obligation bonds of the State secured by a
43 pledge of the faith and credit and taxing power of the State for the
44 purpose of providing funds, with any other available funds, for

- 1 construction of public schools as set forth in the Education, Mental
2 Health, Water and Wastewater, and Solid Waste Disposal Facilities
3 Bond Act of 1991."
- 4 "[] FOR the issuance of one hundred million dollars (\$100,000,000) State
5 of North Carolina University of North Carolina Construction Bonds
6 constituting general obligation bonds of the State secured by a pledge
7 of the faith and credit and taxing power of the State for the purpose of
8 providing funds, with any other available funds, for The University of
9 North Carolina for paying the cost of facility construction.
- 10 [] AGAINST the issuance of one hundred million dollars (\$100,000,000)
11 State of North Carolina University of North Carolina Construction
12 Bonds constituting general obligation bonds of the State secured by a
13 pledge of the faith and credit and taxing power of the State for the
14 purpose of providing funds, with any other available funds, for The
15 University of North Carolina for paying the cost of facility
16 construction."
- 17 "[] FOR the issuance of twenty-five million dollars (\$25,000,000) State of
18 North Carolina Area Mental Health Facilities Bonds constituting
19 general obligation bonds of the State secured by a pledge of the faith
20 and credit and taxing power of the State for the purpose of providing
21 funds, with any other available funds, for making grants to counties or
22 Area Mental Health, Developmental Disabilities, and Substance Abuse
23 Authorities for capital improvements to provide mental health,
24 developmental disabilities, and substance abuse treatment services.
- 25 [] AGAINST the issuance of twenty-five million dollars (\$25,000,000)
26 State of North Carolina Area Mental Health Facilities Bonds
27 constituting general obligation bonds of the State secured by a pledge
28 of the faith and credit and taxing power of the State for the purpose of
29 providing funds, with any other available funds, for making grants to
30 counties or Area Mental Health, Developmental Disabilities, and
31 Substance Abuse Authorities for capital improvements to provide
32 mental health, developmental disabilities, and substance abuse
33 treatment services."
- 34 "[] FOR the issuance of twenty-five million dollars (\$25,000,000) State of
35 North Carolina Community College Construction Bonds constituting
36 general obligation bonds of the State secured by a pledge of the faith
37 and credit and taxing power of the State for the purpose of providing
38 funds, with any other available funds, for community colleges for
39 paying the cost of facility construction.
- 40 [] AGAINST the issuance of twenty-five million dollars (\$25,000,000)
41 State of North Carolina Community College Construction Bonds
42 constituting general obligation bonds of the State secured by a pledge
43 of the faith and credit and taxing power of the State for the purpose of

1 providing funds, with any other available funds, for community
2 colleges for paying the cost of facility construction."

3 "[] FOR the issuance of ten million dollars (\$10,000,000) State of North
4 Carolina Solid Waste Revolving Loan Bonds constituting general
5 obligation bonds of the State secured by a pledge of the faith and credit
6 and taxing powers of the State for the purpose of providing funds, with
7 any other available funds, for making deposits to the Solid Waste
8 Management Loan Fund established by Chapter 159I of the General
9 Statutes as a loan fund for financing the capital expenses of local and
10 regional governmental solid waste management programs.

11 [] AGAINST the issuance of ten million dollars (\$10,000,000) State of
12 North Carolina Solid Waste Revolving Loan Bonds constituting
13 general obligation bonds of the State secured by a pledge of the faith
14 and credit and taxing powers of the State for the purpose of providing
15 funds, with any other available funds, for making deposits to the Solid
16 Waste Management Loan Fund established by Chapter 159I of the
17 General Statutes as a loan fund for financing the capital expenses of
18 local and regional governmental solid waste management programs."

19 "[] FOR the issuance of sixty-five million dollars (\$65,000,000) State of
20 North Carolina Clean Water Bonds constituting general obligation
21 bonds of the State secured by a pledge of the faith and credit and
22 taxing power of the State for the purpose of providing funds, with any
23 other available funds, for making deposits to the Clean Water
24 Revolving Loan and Grant Fund established by Chapter 159G as
25 amended, of the General Statutes, in order to provide funds to make
26 revolving loans and grants to assist local government units in paying
27 the cost of construction or financing the cost of construction of clean
28 water projects.

29 [] AGAINST the issuance of sixty-five million dollars (\$65,000,000)
30 State of North Carolina Clean Water Bonds constituting general
31 obligation bonds of the State secured by a pledge of the faith and credit
32 and taxing power of the State for the purpose of providing funds, with
33 any other available funds, for making deposits to the Clean Water
34 Revolving Loan and Grant Fund established by Chapter 159G as
35 amended, of the General Statutes, in order to provide funds to make
36 revolving loans and grants to assist local government units in paying
37 the cost of construction or financing the cost of construction of clean
38 water projects."

39 If a majority of those voting on a bond question in the election shall vote in
40 favor of the issuance on the bonds described in question, such bonds may be issued as
41 herein provided. If a majority of those voting on a bond question in the election shall
42 vote against the issuance of the bonds described in the question, such bonds shall not be
43 issued.

1 The results of the election shall be canvassed and declared as provided by law
2 for the holding of elections for State officers and the results thereof certified by the
3 State Board of Elections to the Secretary of State, in the manner and at the time
4 provided by the general election laws of the State.

5 **Sec. 4. Authorization of Bonds and Notes.** The State Treasurer may, by
6 and with the consent of the Council of State as herein provided, issue and sell at one
7 time or from time to time, general obligation bonds of the State to be designated "State
8 of North Carolina Capital Improvement Bonds" or notes of the State as herein provided,
9 in an aggregate principal amount not to exceed three hundred fifty-five million dollars
10 (\$355,000,000), for the purpose of providing funds, with any other available funds, for
11 the uses authorized in this act.

12 **Sec. 5. Uses of Bond and Note Proceeds.** The proceeds of bonds and notes
13 shall be used for the purposes of financing the cost of additional education facilities,
14 mental health facilities, water and wastewater facilities, and solid waste disposal
15 facilities, under the supervision of the department of Public Instruction for education
16 facilities, the Board of Governors of The University of North Carolina for education
17 facilities, the State Board of Community Colleges for education facilities, the
18 Department of Human Resources for mental health facilities, and pursuant to Chapter
19 159G of the General Statutes for water and wastewater facilities, and Chapter 159I of
20 the General Statutes for solid waste facilities, including without limitation, the cost of
21 constructing capital facilities, renovating or reconstructing existing facilities, acquiring
22 equipment related thereto, purchasing land, paying costs of issuance of bonds and notes
23 and paying contractual services necessary for the completion of the purposes of this act.

24 The proceeds of bonds and notes, including premium thereon, if any, except
25 the proceeds of bonds the issuance of which has been anticipated by bond anticipation
26 notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer
27 in a special fund to be designated the "Education, Mental Health, Water and
28 Wastewater, and Solid Waste Disposal Facilities Bond Fund" and shall be disbursed as
29 herein provided.

30 Any additional moneys which may be received by means of a grant or grants
31 from the United States of America or any agency or department thereof or from any
32 other source to aid in financing the cost of any additional education facilities, mental
33 health facilities, water and wastewater facilities, and solid waste disposal facilities
34 authorized by this act may be placed by the State Treasurer in the Education, Mental
35 Health, Water and Wastewater, and Solid Waste Disposal Facilities Bond Fund, or in a
36 separate fund and, shall be disbursed, to the extent permitted by the terms of such grant
37 or grants, without regard to any limitations imposed by this act.

38 The proceeds of bonds and notes may be used with any other moneys made
39 available by the General Assembly for the cost of additional education facilities, mental
40 health facilities, water and wastewater facilities, and solid waste disposal facilities,
41 including the proceeds of any other State bond issues, whether heretofore made
42 available or which may be made available at the session of the General Assembly at
43 which this act is ratified or any subsequent sessions. The proceeds of bonds and notes
44 shall be expended and disbursed under the direction and supervision of the Director of

1 the Budget. The funds provided by this act shall be disbursed for the purposes provided
2 in this act upon warrants drawn on the State Treasurer by the State Comptroller, which
3 warrants shall not be drawn until requisition has been approved by the Director of the
4 Budget and which requisition shall be approved only after full compliance with the
5 Executive Budget Act, Article 1 of Chapter 143 of the General Statutes, as it may be
6 amended from time to time.

7 Sec. 6. Allocation of Proceeds.

8 (a) The proceeds of bonds and notes shall be allocated and expended for paying
9 the cost of additional education facilities, mental health facilities, water and wastewater
10 facilities, and solid waste disposal facilities, to the extent and as provided in this act and
11 subject to change as herein provided, as follows:

12		
13	Public School Construction	\$ 130,000,000
14	University of North Carolina	100,000,000
15	Community Colleges	25,000,000
16	Water and Wastewater Loans and Grants for	
17	Facilities Construction	65,000,000
18	Area Mental Health Facilities Grants	25,000,000
19	Solid Waste Revolving Loan Program	10,000,000.
20		

21 (b) **Increases in Projected Allocations.** Projected allocations set forth above
22 may be increased to reflect the availability of other funds, including, without limitation,
23 contingency funds, income earned on the investment of bond and note proceeds and the
24 proceeds of any grants.

25 (c) **Contingency Funds.** The amount allocated for contingencies set forth above
26 shall be placed by the State Treasurer in a special account in the Education, Mental
27 Health, Water and Wastewater, and Solid Waste Disposal Facilities Bond Fund to be
28 designated the "Education, Mental Health, Water and Wastewater, and Solid Waste
29 Disposal Facilities Contingency Account." The funds in the Education, Mental Health,
30 Water and Wastewater, and Solid Waste Disposal Facilities Contingency Account shall
31 be disbursed in accordance with the procedures herein established for disbursements
32 from the Education, Mental Health, Water and Wastewater, and Solid Waste Disposal
33 Facilities Bond Fund of 1991. The funds in the Education, Mental Health, Water and
34 Wastewater, and Solid Waste Disposal Facilities Contingency Account shall be
35 expended for paying the cost of projects, including, without limitation; the costs of
36 issuance of bonds and notes, increased project costs resulting from construction costs
37 exceeding projected costs, inflationary factors and changes in projects and allocations.

38 (d) **Changes.** The Director of the Budget is empowered, when the Director
39 determines it is in the best interest of the State to do so, and if the cost of a particular
40 project is less than the projected allocation to use the excess funds to increase the size of
41 that project or increase the size of any other project itemized in this section, or to
42 increase the amount allocated to a particular institution within the aggregate amount of
43 funds available under this act including the proceeds of any investment earnings. Prior

1 to taking any action under this subsection, the Governor may consult with the Advisory
2 Budget Commission.

3 Sec. 7. Public School Construction Funds.

4 (a) The one hundred thirty million dollar (\$130,000,000) bond proceeds
5 designated for public school construction in Section 6 of this act shall be deposited into
6 a fund to be administered by the Commission on School Facility Needs for grants/loans
7 to meet a particular critical construction need in local school administrative units. The
8 criteria developed by the Commission on School Facility Needs for grants from the
9 Critical School Facilities Needs Fund shall be the basis for grants/loans from the bond
10 proceeds.

11 (b) Repayment of the bond indebtedness shall be one hundred million dollars
12 (\$100,000,000) from State funds and thirty million dollars (\$30,000,000) from local
13 funds.

14 (c) The State shall use the ten million dollars (\$10,000,000) established in G.S.
15 115C-489.1 for the Critical School Facilities Needs Fund for repayment of the State
16 share of the bond indebtedness.

17 (d) Counties may use their share of funds deposited into the Public School
18 Building Capital Fund as established in G.S. 115C-546.1 for repayment of grant/loan
19 indebtedness.

20 (e) Grants/loans to counties and repayment of these grants/loans shall be in
21 compliance with regulations of the Local Government Commission. Counties shall be
22 liable for interest at the same rate as the State of North Carolina.

23 Sec. 8. G.S. 115C-489.1(c) reads as rewritten:

24 "**§ 115C-489.1. Creation of fund; administration.**

25 (a) There is created the Critical School Facility Needs Fund.

26 (b) All funds deposited in the Critical School Facility Needs Fund shall be
27 invested as provided in G.S. 147-69.2 and G.S. 147-69.3.

28 (c) The Fund shall be administered by the State Board of Education. Monies in
29 the Fund, except those deposited after July 1, 1992, shall be used only for the purposes
30 specified in this Article. Funds deposited after July 1, 1992, shall be used to repay the
31 bond indebtedness of the State of North Carolina incurred in the issuance of bonds for
32 school construction."

33 Sec. 9. University of North Carolina Construction Funds.

34 Funds authorized in Section 6 of this act in the amount of one hundred
35 million dollars (\$100,000,000) shall be distributed for projects as approved by The
36 University of North Carolina Board of Governors based on its Schedule of Priorities-
37 Capital Improvements as submitted for the 1991-93 biennium.

38 Sec. 10. Community Colleges Construction Funds.

39 Funds authorized in Section 6 of this act in the amount of twenty-five million
40 dollars (\$25,000,000) shall be distributed for projects by the Board of Community
41 Colleges based on the Capital Improvement Budget Request of the Board for the 1991-
42 93 biennium.

43 Sec. 11. Water and Wastewater Loans and Grants.

1 Funds authorized in Section 6 of this act in the amount of sixty-five million
2 dollars (\$65,000,000) shall be used in accordance with Chapter 159G of the General
3 Statutes.

4 Sec. 12. Area Mental Health Center Grants.

5 Funds authorized in Section 6 of this act in the amount of twenty-five million
6 dollars (\$25,000,000) shall be for grants to local government by the Secretary of the
7 Department of Human Resources upon recommendation of the North Carolina Medical
8 Care Commission.

9 Sec. 13. Solid Waste Revolving Loan Program.

10 Funds authorized in Section 6 of this act in the amount of ten million dollars
11 (\$10,000,000) shall be used in accordance with Chapter 159I of the General Statutes.

12 Sec. 14. Issuance of Bonds and Notes.

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

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

1 Registered Public Obligations Act, as said Chapter may be amended from time to time,
2 as well as under this act.

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

14 (d) Notes; Repayment.

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

- 19 a. For anticipating the sale of bonds to the issuance of which the
20 Council of State shall have given consent, if the State Treasurer
21 shall deem it advisable to postpone the issuance of such bonds;
22 b. For the payment of interest on or any installment of principal of
23 any bonds then outstanding, if there shall not be sufficient funds
24 in the State treasury with which to pay the interest or
25 installment of principal as they respectively become due;
26 c. For the renewal of any loan evidenced by notes herein
27 authorized;
28 d. For the providing of prison facilities as herein authorized; and
29 e. For refunding bonds or notes as herein authorized.

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

36 (e) **Refunding Bonds and Notes.** By and with the consent of the Council of
37 State, the State Treasurer may issue and sell refunding bonds and notes pursuant to the
38 provisions of the State Refunding Bond Act, as it may be amended from time to time,
39 for the purpose of refunding bonds or notes issued pursuant to this act. The refunding
40 bonds and notes may be combined with any other issues of State bonds and notes
41 similarly secured.

42 (f) **Tax Exemption.** Bonds and notes and their transfer (including any profit
43 made on the sale thereof) shall be exempt from all State, county and municipal taxation
44 or assessment, direct or indirect, general or special, whether imposed for the purpose of

1 general revenue or otherwise, excluding inheritance and gift taxes. The interest on
2 bonds and notes shall not be subject to taxation as to income, nor shall the bonds and
3 notes be subject to taxation when constituting a part of the surplus of any bank, trust
4 company or other corporation.

5 (g) **Investment Eligibility.** Bonds or notes are hereby made securities in
6 which all public officers, agencies and public bodies of the State and its political
7 subdivisions, all insurance companies, trust companies, investment companies, banks,
8 savings banks, savings and loan associations, credit unions, pension or retirement funds,
9 other financial institutions engaged in business in the State, executors, administrators,
10 trustees and other fiduciaries may properly and legally invest funds, including capital in
11 their control or belonging to them. Bonds and notes are hereby made securities which
12 may properly and legally be deposited with and received by any officer or agency of the
13 State or political subdivision of the State for any purpose for which the deposit of
14 bonds, notes or obligations of the State or any political subdivision is now or may
15 hereafter be authorized by law.

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

18 Sec. 15. **Variable Interest Rates.** In fixing the details of bonds and notes,
19 the State Treasurer may provide that any of the bonds or notes may:

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

38 If the aggregate principal amount repayable by the State under a credit facility
39 is in excess of the aggregate principal amount of bonds or notes secured by the credit
40 facility, whether as a result of the inclusion in the credit facility of a provision for the
41 payment of interest for a limited period of time or the payment of a redemption
42 premium or for any other reason, then the amount of authorized but unissued bonds or
43 notes during the term of such credit facility shall not be less than the amount of such

1 excess, unless the payment of such excess is otherwise provided for by agreement of the
2 State executed by the State Treasurer.

3 Sec. 16. Interpretation of Act.

4 (a) **Additional Method.** The foregoing sections of this act shall be deemed to
5 provide an additional and alternative method for the doing of the things authorized
6 thereby and shall be regarded as supplemental and additional to powers conferred by
7 other laws, and shall not be regarded as in derogation of any powers now existing.

8 (b) **Liberal Construction.** This act, being necessary for the health and welfare
9 of the people of the State, shall be liberally construed to effect the purposes thereof.

10 (c) **Inconsistent Provisions.** Insofar as the provisions of this act are inconsistent
11 with the provisions of any general laws, or parts thereof, the provisions of this act shall
12 be controlling.

13 (d) **Severability.** If any provision of this act or the application thereof to any
14 person or circumstance is held invalid, such invalidity shall not affect other provisions
15 or applications of the act which can be given effect without the invalid provision or
16 application, and to this end the provisions of this act are declared to be severable.

17 Sec. 17. This act is effective upon ratification.