

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 14

Short Title: Education Bond Act.

(Public)

Sponsors: Senators Perdue; Jordan, Warren, and Seymour.

Referred to: Education/Higher Education.

January 28, 1993

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS
2 OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF
3 THE STATE, TO PROVIDE FUNDS, WITH ANY OTHER AVAILABLE
4 FUNDS, FOR CAPITAL IMPROVEMENTS FOR CERTAIN OF THE
5 CONSTITUENT OR AFFILIATED INSTITUTIONS OF THE UNIVERSITY OF
6 NORTH CAROLINA, FOR CAPITAL IMPROVEMENTS FOR COMMUNITY
7 COLLEGES, AND FOR PUBLIC SCHOOL BUILDINGS FOR GRADES K
8 THROUGH TWELVE.
9

10 The General Assembly of North Carolina enacts:

11 Section 1. Short title. This act shall be known and may be cited as the
12 "Education Bond Act".

13 Sec. 2. Findings and determinations. It is the intent and purpose of the
14 General Assembly by this act to provide for the issuance of general obligation bonds of
15 the State in order to:

16 (1) Facilitate the providing of capital improvements for certain of the
17 constituent or affiliated institutions of The University of North
18 Carolina;

19 (2) Make grants to particular community colleges for specified capital
20 improvements as provided in this act; and

21 (3) Facilitate the providing of public school buildings.

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

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

- 1 (2) " Cost" means, without intending thereby to limit or restrict any proper
2 definition of such word in financing the cost of facilities or purposes
3 authorized by this act:
4 a. The cost of constructing, reconstructing, enlarging, acquiring,
5 and improving facilities, and acquiring equipment and land
6 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 Allocations in this act of proceeds of bonds to the costs of a project or
18 undertaking in each case may include allocations to pay the costs set
19 forth in items c., d., and e. in connection with the issuance of bonds for
20 such project or undertaking.

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

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

- 36 (5) " Par formula" means any provision or formula adopted by the State to
37 provide for the adjustment, from time to time, of the interest rate or
38 rates borne by any bonds or notes, including:
39 a. A provision providing for such adjustment so that the purchase
40 price of such bonds or notes in the open market would be as
41 close to par as possible,
42 b. A provision providing for such adjustment based upon a
43 percentage or percentages of a prime rate or base rate, which

1 percentage or percentages may vary or be applied for different
2 periods of time, or

- 3 c. Such other provision as the State Treasurer may determine to be
4 consistent with this act and will not materially and adversely
5 affect the financial position of the State and the marketing of
6 bonds or notes at a reasonable interest cost to the State.

7 Sec. 4. Authorization of bonds and notes. (a) University Improvement Bonds.
8 Subject to a favorable vote of a majority of the qualified voters of the State who vote on
9 the question of issuing University Improvement bonds in the election held as provided
10 in this act, the State Treasurer is authorized, by and with the consent of the Council of
11 State, to issue and sell, at one time or from time to time, general obligation bonds of the
12 State to be designated "State of North Carolina University Improvement Bonds," with
13 any additional designations as may be determined to indicate the issuance of bonds from
14 time to time, or notes of the State as provided in this act for the purposes authorized in
15 this act.

16 (b) Community College Bonds. Subject to a favorable vote of a majority of the
17 qualified voters of the State who vote on the question of issuing Community College
18 bonds in the election held as provided in this act, the State Treasurer is authorized, by
19 and with the consent of the Council of State, to issue and sell, at one time or from time
20 to time, general obligation bonds of the State to be designated "State of North Carolina
21 Community College Bonds," with any additional designations as may be determined to
22 indicate the issuance of bonds from time to time, or notes of the State as provided in this
23 act, for the purposes authorized in this act.

24 (c) Public School Buildings Bonds. Subject to a favorable vote of a majority
25 of the qualified voters of the State who vote on the question of issuing Public School
26 Buildings bonds in the election held as provided in this act, the State Treasurer is
27 authorized, by and with the consent of the Council of State, to issue and sell, at one time
28 or from time to time, general obligation bonds of the State to be designated "State of
29 North Carolina Public School Buildings Bonds," with any additional designations as
30 may be determined to indicate the issuance of bonds from time to time, or notes of the
31 State as provided in this act, for the purposes authorized in this act.

32 Sec. 5. Uses of bond and note proceeds. (a) University Improvement Bonds. The
33 proceeds of University Improvement bonds and notes shall be used for the purpose of
34 paying (i) the cost of improvements to the facilities of the constituent or affiliated
35 institutions of The University of North Carolina, under the supervision of the Board of
36 Governors of The University of North Carolina, including, without limitation,
37 construction and renovation of classroom buildings, laboratory buildings, research
38 facilities, libraries, physical education facilities, continuing education centers, student
39 cafeteria and activity facilities, including sports facilities, administrative office
40 buildings, and land acquisition and (ii) the cost of improvements to the North Carolina
41 Center for Public Television under the Board of Governors of The University of North
42 Carolina.

43 Any additional moneys that may be received by means of a grant or grants
44 from the United States of America or any agency or department thereof or from any

1 other source to aid in financing the cost of any university improvements authorized by
2 this act may be placed by the State Treasurer in the University Improvement Bonds
3 Fund or in a separate account or fund and shall be disbursed, to the extent permitted by
4 the terms of the grant or grants, without regard to any limitations imposed by this act.

5 The proceeds of University Improvement bonds and notes may be used with
6 any other moneys made available by the General Assembly for the making of university
7 improvements, including the proceeds of any other State bond issues, whether
8 heretofore made available or which may be made available at the session of the General
9 Assembly at which this act is ratified or any subsequent sessions. The proceeds of
10 University Improvement bonds and notes shall be expended and disbursed under the
11 direction and supervision of the Director of the Budget. The funds provided by this act
12 for university improvements shall be disbursed for the purposes provided in this act
13 upon warrants drawn on the State Treasurer by the State Controller, which warrants
14 shall not be drawn until requisition has been approved by the Director of the Budget and
15 which requisition shall be approved only after full compliance with the Executive
16 Budget Act, Article 1 of Chapter 143 of the General Statutes.

17 The Board of Governors of The University of North Carolina shall provide
18 quarterly reports to the Joint Legislative Commission on Governmental Operations, the
19 chairs of the Senate and House of Representatives Appropriations Committees, and the
20 Fiscal Research Division on the expenditure of moneys from the University
21 Improvement Bonds Fund.

22 (b) Community College Bonds. The proceeds of Community College bonds and
23 notes shall be used for the purpose of making grants to community or technical colleges,
24 as defined in Chapter 115D of the General Statutes, the proceeds of the grants to be
25 allocated and expended for paying the cost of community college capital improvements,
26 including, without limitation, construction and renovation of classroom buildings,
27 laboratory buildings, research facilities, libraries, physical education facilities,
28 continuing education centers, student cafeteria and activity facilities including sports
29 facilities, administrative office buildings, and land acquisition.

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

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

41 The proceeds of Community College bonds and notes may be used with any
42 other moneys made available by the General Assembly for the making of community
43 college grants, including the proceeds of any other State bond issues, whether heretofore
44 made available or which may be made available at the session of the General Assembly

1 at which this act is ratified or any subsequent sessions. The proceeds of Community
2 College bonds and notes shall be expended and disbursed under the direction and
3 supervision of the Director of the Budget. The funds provided by this act for
4 community college improvements shall be disbursed for the purposes provided in this
5 act upon warrants drawn on the State Treasurer by the State Controller, which warrants
6 shall not be drawn until requisition has been approved by the Director of the Budget and
7 which requisition shall be approved only after full compliance with the Executive
8 Budget Act, Article 1 of Chapter 143 of the General Statutes.

9 The State Board of Community Colleges shall provide quarterly reports to the
10 Joint Legislative Commission on Governmental Operations, the chairs of the Senate and
11 House of Representatives Appropriations Committees, and the Fiscal Research Division
12 on the expenditure of moneys from the Community College Bonds Fund.

13 (c) Public School Buildings Bonds. The proceeds of Public School Buildings
14 bonds and notes shall be used as provided in this act for paying the cost of providing
15 public school buildings including the planning, construction, reconstruction,
16 enlargement, improvement, repair, or renovation of public school buildings, the
17 purchase of land necessary for immediate construction of school buildings and other
18 related capital outlay projects constituting facilities for individual schools that are used
19 for instructional and related purposes, but not including centralized administration,
20 maintenance, or other facilities.

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

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

32 The proceeds of Public School Buildings bonds and notes may be used with
33 any other moneys made available by the General Assembly to aid in financing the cost
34 of public school buildings, including the proceeds of any other State bond issues,
35 whether heretofore made available or which may be made available at the session of the
36 General Assembly at which this act is ratified or any subsequent sessions. The proceeds
37 of Public School Buildings bonds and notes shall be expended and disbursed under the
38 direction and supervision of the Director of the Budget. The funds provided by this act
39 to aid in financing the cost of public school buildings shall be disbursed for the purposes
40 provided in this act upon warrants drawn on the State Treasurer by the State Controller,
41 which warrants shall not be drawn until requisition has been approved by the Director of
42 the Budget and which requisition shall be approved only after full compliance with the
43 Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

1 The Office of State Budget and Management and the Department of Public
2 Education shall provide quarterly reports to the Joint Legislative Commission on
3 Governmental Operations, the chairs of the Senate and House of Representatives
4 Appropriations Committees, and the Fiscal Research Division on the expenditure of
5 moneys from the Public School Buildings Bonds Fund.

6 Sec. 6. Allocation of proceeds. (a) University Improvement Bonds. The proceeds
7 of University Improvement bonds and notes, including premium thereon, if any, except
8 the proceeds of bonds the issuance of which has been anticipated by bond anticipation
9 notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer
10 in a special Fund to be designated "University Improvement Bonds Fund." Moneys in
11 the University Improvement Bonds Fund shall be used for the purposes set forth in this
12 act. The proceeds of University Improvement bonds and notes shall be allocated and
13 expended for paying the cost of university capital improvements, to the extent and as
14 provided in this act and subject to change as provided in this act, as follows:

<u>Constituent</u> <u>Institution or Board</u> <u>of Governors</u>	<u>Capital Improvement</u>	<u>Projected</u> <u>Allocation</u>
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20 The particular capital improvements and the amount of the allocation for the
21 improvements set out above may be changed from time to time as the General
22 Assembly may decide.

23 No University Improvement bonds or notes shall be issued and no proceeds
24 of University Improvement bonds and notes shall be allocated for the purposes provided
25 in this act, however, until the General Assembly authorizes issuance of some or all of
26 University Improvement bonds and notes and appropriates the proceeds of the bonds
27 and notes for specific projects within these purposes by legislative action at the 1993
28 session or any subsequent session. Nothing in this act or as a result of the approval of
29 the bonds at the election provided for in this act restricts the right of the General
30 Assembly at the 1993 session or at a subsequent session to:

31 (1) Establish a procedure whereby projected allocations set forth in
32 subsequent legislation may be increased or decreased to reflect the
33 availability of other funds, including, without limitation, contingency
34 funds, income earned on the investment of bond and notes proceeds,
35 and the proceeds of grants.

36 (2) Establish a contingency account and provide for an allocation of bond
37 proceeds thereto. The funds in the contingency account may be used
38 to pay the cost of projects, the costs of issuance of bonds and notes,
39 and increased project costs resulting from construction costs exceeding
40 projections, inflationary factors and changes in projects and
41 allocations. The funds allocated to the contingency account shall be
42 placed by the State Treasurer in a separate account in the University
43 Improvement Bonds Fund and shall be disbursed in accordance with

the procedures herein established for disbursements from the University Improvement Bonds Fund.

(3) Empower the Director of the Budget or the Board of Governors of The University of North Carolina, when the Director or the Board determines it is in the best interest of the State and The University of North Carolina to do so, and if the cost of a particular project is less than the projected allocation, to use the excess funds to increase the size of that project or increase the size of any other project itemized by the General Assembly, or to increase the amount allocated to a particular institution or the Board of Governors within the aggregate amount of funds available under this section; the Director of the Budget having the right to consult with the Advisory Budget Commission and the Joint Legislative Commission on Governmental Operations.

(4) Provide that the provisions of G.S. 116-11(9) with respect to appropriations to the Board of Governors of The University of North Carolina shall not apply to proceeds of University Improvement bonds and notes issued pursuant to the provisions of this act.

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

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

			PROJECTED
COLLEGE	CAPITAL IMPROVEMENT	ALLOCATION	

The particular capital improvements and the amount of the allocation for the improvements set out above may be changed from time to time as the General Assembly may decide. The matching requirements of G.S. 115D-31(a)(1) apply to the proceeds of Community College bonds and notes used to make grants to technical or community colleges.

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

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

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

33 (c) Public School Buildings Bonds. Moneys in the Public School Buildings
34 Bonds Fund shall be used for the purposes set forth in this act, the particular projects
35 within these purposes and the projected allocations for the projects to be determined by
36 legislative action of the General Assembly at the 1993 session or any subsequent
37 session. Nothing in this act or as a result of the approval of the bonds at the election
38 provided for in this act restricts the right of the General Assembly at the 1993 session or
39 at a subsequent session to:

- 40 (1) Establish a procedure whereby projected allocations set forth in
41 subsequent legislation may be increased or decreased to reflect the
42 availability of other funds, including, without limitation, contingency
43 funds, income earned on the investment of bond and notes proceeds
44 and the proceeds of grants.

1 (2) Establish a contingency account and provide for an allocation of bond
2 proceeds thereto. The funds in such contingency account may be used
3 to pay the cost of projects, the costs of issuance of bonds and notes,
4 and increased project costs resulting from construction costs exceeding
5 projections, inflationary factors and changes in projects and
6 allocations. The funds allocated to the contingency account shall be
7 placed by the State Treasurer in a separate account in the School
8 Buildings Bonds Fund and shall be disbursed in accordance with the
9 procedures herein established for disbursements from the School
10 Buildings Bonds Fund.

11 (3) Empower the Director of the Budget, when the Director of the Budget
12 determines it is in the best interest of the State to do so, and if the cost
13 of a particular project is less than the projected allocation, to use the
14 excess funds to increase the size of that project or increase the size of
15 any other project itemized by the General Assembly, or to increase the
16 amount allocated to a particular project within the aggregate amount of
17 funds available under this section; the Director of the Budget having
18 the right to consult with the Advisory Budget Commission and the
19 Joint Legislative Commission on Governmental Operations.

20 Sec. 7. Election. The questions of the issuance of the North Carolina
21 University Improvement Bonds, the issuance of the North Carolina Community College
22 Bonds, and the issuance of the North Carolina Public School Buildings Bonds
23 authorized by this act shall be submitted to the qualified voters of the State at an
24 election to be held on the first Tuesday after the first Monday of November 1993. Any
25 other primary, election, or referendum validly called or scheduled by law at the time the
26 election on the bond questions provided for in this section is held may be held as called
27 or scheduled. Notice of the election on the bond questions shall be given by publication
28 twice in a newspaper or newspapers having general circulation in each county in the
29 State, and the election and the registration of voters therefor shall be held under and in
30 accordance with the general laws of the State. Absentee ballots shall be authorized in
31 the election.

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

36 Voting machines may be used in accordance with rules prescribed by the
37 State Board of Elections. The State Board of Elections may also provide, to the extent
38 necessary, ballots for use in the election. The bond questions to be used in the voting
39 machines and any ballots shall be in substantially the following forms:

40 "[] FOR the issuance of State of North Carolina University Improvement
41 Bonds secured by a pledge of the faith and credit and taxing power of
42 the State for paying, with any other available funds, the cost of capital
43 improvements at the constituent or affiliated institutions and the Center
44 for Public Television of The University of North Carolina.

- 1 [] AGAINST the issuance of State of North Carolina University
2 Improvement Bonds secured by a pledge of the faith and credit and
3 taxing power of the State for paying, with any other available funds,
4 the cost of capital improvements at the constituent or affiliated
5 institutions and the Center for Public Television of The University of
6 North Carolina.
- 7 [] FOR the issuance of State of North Carolina Community College
8 Bonds secured by a pledge of the faith and credit and taxing power of
9 the State for making grants to community and technical colleges to
10 pay, together with other available funds, the cost of capital
11 improvements.
- 12 [] AGAINST the issuance of State of North Carolina Community
13 College Bonds secured by a pledge of the faith and credit and taxing
14 power of the State for making grants to community and technical
15 colleges to pay, together with other available funds, the cost of capital
16 improvements.
- 17 [] FOR the issuance of State of North Carolina Public School Buildings
18 Bonds secured by a pledge of the faith and credit and taxing power of
19 the State for paying, with any other available funds, the cost of
20 providing public school buildings and other capital projects to be used
21 for instructional purposes.
- 22 [] AGAINST the issuance of State of North Carolina Public School
23 Buildings Bonds secured by a pledge of the faith and credit and taxing
24 power of the State for paying, with any other available funds, the cost
25 of providing public school buildings and other capital projects to be
26 used for instructional purposes."

27 If a majority of those voting on a bond question in the election vote in favor
28 of the issuance of the bonds described in the question, those bonds may be issued as
29 provided in this act. If a majority of those voting on a bond question in the election vote
30 against the issuance of the bonds described in the question, those bonds shall not be
31 issued.

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

36 Sec. 8. Issuance of bonds and notes. (a) Terms and conditions. Bonds or notes
37 may bear such date or dates, may be serial or term bonds or notes, or any combination
38 thereof, may mature in such amounts and at such time or times, not exceeding 40 years
39 from their date or dates, may be payable at such place or places, either within or without
40 the United States of America, in such coin or currency of the United States of America
41 as at the time of payment is legal tender for payment of public and private debts, may
42 bear interest at such rate or rates, which may vary from time to time, and may be made
43 redeemable before maturity, at the option of the State or otherwise as may be provided
44 by the State, at such price or prices, including a price less than the face amount of the

1 bonds or notes, and under such terms and conditions, all as may be determined by the
2 State Treasurer, by and with the consent of the Council of State.

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

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

35 (d) Notes; repayment.

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

- 40 a. For anticipating the sale of bonds to the issuance of which the
41 Council of State shall have given consent, if the State Treasurer
42 shall deem it advisable to postpone the issuance of the bonds;
- 43 b. For the payment of interest on or any installment of principal of
44 any bonds then outstanding, if there shall not be sufficient funds

1 in the State treasury with which to pay the interest or
2 installment of principal as they respectively become due;

3 c. For the renewal of any loan evidenced by notes herein
4 authorized;

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

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

7 (2) Funds derived from the sale of bonds or notes may be used in the
8 payment of any bond anticipation notes issued under this act. Funds
9 provided by the General Assembly for the payment of interest on or
10 principal of bonds shall be used in paying the interest on or principal
11 of any notes and any renewals thereof, the proceeds of which shall
12 have been used in paying interest on or principal of the bonds.

13 (e) Refunding bonds and notes. By and with the consent of the Council of
14 State, the State Treasurer is authorized to issue and sell refunding bonds and notes
15 pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding
16 bonds or notes issued pursuant to this act. The refunding bonds and notes may be
17 combined with any other issues of State bonds and notes similarly secured.

18 (f) Tax exemption. Bonds and notes shall be exempt from all State, county,
19 and municipal taxation or assessment, direct or indirect, general or special, whether
20 imposed for the purpose of general revenue or otherwise, excluding inheritance and gift
21 taxes. The gain from the transfer of bonds and notes shall be exempt from State income
22 taxation to the same extent as gain from the transfer of federal obligations. The interest
23 on bonds and notes shall not be subject to taxation as to income, nor shall the bonds and
24 notes be subject to taxation when constituting a part of the surplus of any bank, trust
25 company, or other corporation.

26 (g) Investment eligibility. Bonds and notes are hereby made securities in
27 which all public officers, agencies, and public bodies of the State and its political
28 subdivisions, all insurance companies, trust companies, investment companies, banks,
29 savings banks, savings and loan associations, credit unions, pension or retirement funds,
30 other financial institutions engaged in business in the State, executors, administrators,
31 trustees, and other fiduciaries may properly and legally invest funds, including capital in
32 their control or belonging to them. Bonds and notes are hereby made securities which
33 may properly and legally be deposited with and received by any officer or agency of the
34 State or political subdivision of the State for any purpose for which the deposit of
35 bonds, notes, or obligations of the State or any political subdivision is now or may
36 hereafter be authorized by law.

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

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

41 (1) Be made payable from time to time on demand or tender for purchase
42 by the owner thereof provided a credit facility supports the bonds or
43 notes, unless the State Treasurer specifically determines that a credit
44 facility is not required upon a finding and determination by the State

1 Treasurer that the absence of a credit facility will not materially or
2 adversely affect the financial position of the State and the marketing of
3 the bonds or notes at a reasonable interest cost to the State;

4 (2) Be additionally supported by a credit facility;

5 (3) Be made subject to redemption or a mandatory tender for purchase
6 prior to maturity;

7 (4) Bear interest at a rate or rates that may vary for such period or periods
8 of time, all as may be provided in the proceedings providing for the
9 issuance of the bonds or notes, including, without limitation, such
10 variations as may be permitted pursuant to a par formula; and

11 (5) Be made the subject of a remarketing agreement whereby an attempt is
12 made to remarket bonds or notes to new purchasers prior to their
13 presentment for payment to the provider of the credit facility or to the
14 State.

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

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

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

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

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

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

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