



1 general obligation bonds of the State to facilitate the providing of public school buildings  
2 by making grants to counties to provide funds for public school capital outlay projects.

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

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

5 (2) " Cost" means, without intending thereby to limit or restrict any proper  
6 definition of this term in financing the cost of public school capital  
7 outlay projects authorized by this act:

8 a. The cost of constructing, reconstructing, enlarging, acquiring,  
9 and improving projects, and acquiring equipment and land  
10 therefor,

11 b. The cost of engineering, architectural, and other consulting  
12 services as may be required,

13 c. Administrative expenses and charges,

14 d. Finance charges and interest prior to and during construction and,  
15 if deemed advisable by the State Treasurer, for a period not  
16 exceeding two years after the estimated date of completion of  
17 construction,

18 e. The cost of bond insurance, investment contracts, credit  
19 enhancement and liquidity facilities, interest-rate swap  
20 agreements or other derivative products, financial and legal  
21 consultants, and related costs of bond and note issuance, to the  
22 extent and as determined by the State Treasurer,

23 f. The cost of reimbursing the State for any payments made for any  
24 cost described above, and

25 g. Any other costs and expenses necessary or incidental to the  
26 purposes of this act.

27 Allocations in this act of proceeds of bonds to the costs of a project or  
28 undertaking in each case may include allocations to pay the costs set  
29 forth in items c., d., e., f., and g. in connection with the issuance of  
30 bonds for the project or undertaking.

31 (3) " Credit facility" means an agreement entered into by the State  
32 Treasurer on behalf of the State with a bank, savings and loan  
33 association, or other banking institution, an insurance company,  
34 reinsurance company, surety company, or other insurance institution, a  
35 corporation, investment banking firm, or other investment institution, or  
36 any financial institution or other similar provider of a credit facility,  
37 which provider may be located within or without the United States of  
38 America, such agreement providing for prompt payment of all or any  
39 part of the principal or purchase price (whether at maturity, presentment  
40 or tender for purchase, redemption, or acceleration), redemption  
41 premium, if any, and interest on any bonds or notes payable on demand  
42 or tender by the owner, in consideration of the State agreeing to repay

1 the provider of the credit facility in accordance with the terms and  
2 provisions of such agreement.

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

4 (5) " Par formula" means any provision or formula adopted by the State to  
5 provide for the adjustment, from time to time, of the interest rate or rates  
6 borne by any bonds or notes, including:

7 a. A provision providing for such adjustment so that the purchase  
8 price of such bonds or notes in the open market would be as close  
9 to par as possible,

10 b. A provision providing for such adjustment based upon a  
11 percentage or percentages of a prime rate or base rate, which  
12 percentage or percentages may vary or be applied for different  
13 periods of time, or

14 c. Such other provision as the State Treasurer may determine to be  
15 consistent with this act and will not materially and adversely  
16 affect the financial position of the State and the marketing of  
17 bonds or notes at a reasonable interest cost to the State.

18 (6) " Public School Capital Outlay Projects" means the construction of new  
19 public school buildings or the renovation of existing public school  
20 buildings, the purchase of equipment for a newly constructed public  
21 school building or equipment related to the improvement of an existing  
22 public school building, the purchase of land necessary for immediate  
23 construction of school buildings, and other related capital outlay  
24 projects constituting facilities for individual schools that are used for  
25 instructional and related purposes, but not including centralized  
26 administration, maintenance, trailers, relocatable classrooms, or mobile  
27 classrooms.

28 (7) " State" means the State of North Carolina.

29 Sec. 4. Authorization of Bonds and Notes. – Subject to a favorable vote of a  
30 majority of the qualified voters of the State who vote on the question of issuing Public  
31 School Building Bonds in the election held as provided in this act, the State Treasurer is  
32 authorized, by and with the consent of the Council of State, to issue and sell, at one time  
33 or from time to time, general obligation bonds of the State to be designated "State of  
34 North Carolina Public School Building Bonds", with any additional designations as may  
35 be determined to indicate the issuance of bonds from time to time, or notes of the State as  
36 provided in this act, in the aggregate principal amount not exceeding one billion eight  
37 hundred million dollars (\$1,800,000,000) for the purposes authorized in this act. The  
38 principal amounts of bonds or notes issued in any 12-month period shall not exceed four  
39 hundred fifty million dollars (\$450,000,000). In determining whether this limit has been  
40 reached, the issuance of a note or bond to pay an outstanding note is not considered an  
41 issuance.

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

4           Any additional moneys that may be received by means of a grant or grants  
5 from the United States of America or any agency or department thereof or from any other  
6 source to aid in financing the cost of any public school capital outlay projects authorized  
7 by this act may be placed by the State Treasurer in the Public School Building Bonds  
8 Fund or in a separate account or fund and shall be disbursed, to the extent permitted by  
9 the terms of the grant or grants, without regard to any limitations imposed by this act.

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

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

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

33           The Director of the Budget shall provide quarterly reports to the State Board of  
34 Education, the Superintendent of Public Instruction, and the General Assembly on the  
35 expenditure of moneys from the Public School Building Bonds Fund. Reports to the  
36 General Assembly shall be filed with the Legislative Library, the Speaker of the House of  
37 Representatives, the President Pro Tempore of the Senate, and the Fiscal Research  
38 Division.

39           Sec. 6. (a) Allocation of Proceeds. – The proceeds of Public School Building  
40 Bonds and notes, including premium thereon, if any, except the proceeds of bonds the  
41 issuance of which has been anticipated by bond anticipation notes or the proceeds of  
42 refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be  
43 designated "Public School Building Bonds Fund". Moneys in the Public School Building

1 Bonds Fund shall be used for the purposes set forth in this act. The proceeds of Public  
 2 School Building Bonds and notes shall be allocated to counties and expended for paying  
 3 the cost of public school capital outlay projects, to the extent and as provided in this act  
 4 and subject to change as provided in this act.

5 Funds shall be allocated to each county on the basis of the distribution amounts  
 6 provided in the following table for the local school administrative units in the State. In  
 7 the case of a local school administrative unit located entirely in one county, the unit's  
 8 total distribution amount shall be allocated to that county. In the case of a local school  
 9 administrative unit located in more than one county, the unit's distribution amount shall  
 10 be allocated among the counties in which the unit is located in proportion to average  
 11 daily membership of the unit in each county. A unit's distribution amount allocated to a  
 12 county may be used only with respect to public school capital outlay projects of that unit.

13 <b>Local School</b>	<b>ADM</b>	<b>Low-Wealth</b>	<b>Growth</b>	<b>Total</b>
14 <b>Admin. Unit</b>	<b>Allocation</b>	<b>Allocation</b>	<b>Allocation</b>	<b>Bond</b>
15				
16 Alamance Co.	\$11,268,239	\$ -0-\$		8,221,455
17	\$19,489,694			
18 Alexander Co.	3,046,813	5,025,636	1,237,297	
19 9,309,746				
20 Alleghany Co.	880,696	178,334	-0-	
21 1,059,030				
22 Anson Co.	2,657,056	7,099,880	-0-	
23 9,756,935				
24 Ashe Co.	2,079,903	2,170,501	-0-	
25 4,250,405				
26 Avery Co.	1,447,072	-0-	-0-	
27 1,447,072				
28 Beaufort Co.	4,591,474	7,190,303	-0-	
29 11,781,777				
30 Bertie Co.	2,364,289	8,350,688	-0-	
31 10,714,976				
32 Bladen Co.	3,371,312	7,708,176	249,272	
33 11,328,760				
34 Brunswick Co.	5,629,629	-0-	2,361,289	
35 7,990,918				
36 Buncombe Co.	14,706,606	-0-	7,854,344	
37 22,560,950				
38 Asheville City	2,782,784	-0-	371,642	
39 3,154,426				
40 Burke Co.	8,153,174	11,342,816	5,706,070	
41 25,202,060				
42 Cabarrus Co.	9,890,019	-0-	13,270,352	
43 23,160,371				

1	Kannapolis City	2,414,580	475,846	-0-
2	2,890,426			
3	Caldwell Co.	7,174,889	10,439,913	2,601,497
4	20,216,298			
5	Camden Co.	723,835	2,197,327	358,046
6	3,279,207			
7	Carteret Co.	5,056,668	-0-	1,980,582
8	7,037,250			
9	Caswell Co.	2,090,081	5,822,290	231,143
10	8,143,515			
11	Catawba Co.	8,704,582	-0-	7,151,850
12	15,856,431			
13	Hickory City	2,576,230	-0-	797,671
14	3,373,902			
15	Newton City	1,648,237	-0-	-0-
16	1,648,237			
17	Chatham Co.	4,078,383	-0-	3,517,006
18	7,595,389			
19	Cherokee Co.	2,089,483	4,552,500	45,322
20	6,687,305			
21	Chowan Co.	1,556,036	3,200,740	-0-
22	4,756,776			
23	Clay Co.	741,796	842,619	176,757
24	1,761,172			
25	Cleveland Co.	5,308,124	5,578,685	2,787,318
26	13,674,127			
27	Kings Mountain			
28	City	2,506,182	2,570,766	1,169,314
29	6,246,262			
30	Shelby City	2,043,981	2,108,505	879,251
31	5,031,737			
32	Columbus Co.	4,582,493	12,605,968	-0-
33	17,188,461			
34	Whiteville City	1,668,593	4,616,663	-0-
35	6,285,256			
36	Craven Co.	8,899,760	12,881,219	548,399
37	22,329,378			
38	Cumberland Co.	30,798,617	21,856,262	21,895,175
39	74,550,054			
40	Currituck Co.	1,788,933	-0-	1,264,491
41	3,053,423			
42	Dare Co.	2,602,574	-0-	3,381,039
43	5,983,613			

1	Davidson Co.	10,786,281	6,889,484	5,420,540
2	23,096,305			
3	Lexington City	1,858,382	1,187,338	679,834
4	3,725,554			
5	Thomasville City	1,321,942	846,971	702,495
6	2,871,407			
7	Davie Co.	2,960,600	-0-	1,323,409
8	4,284,009			
9	Duplin Co.	5,015,357	11,670,322	1,808,357
10	18,494,036			
11	Durham Public	17,348,694	-0-	5,470,395
12	22,819,089			
13	Edgecombe Co.	4,762,105	9,499,619	-0-
14	14,261,724			
15	Forsyth Co.	25,002,547	-0-	16,841,745
16	41,844,292			
17	Franklin Co.	4,116,700	10,293,343	3,331,185
18	17,741,228			
19	Gaston Co.	17,842,626	-0-	2,474,594
20	20,317,221			
21	Gates Co.	1,179,450	3,766,984	1,173,846
22	6,120,280			
23	Graham Co.	738,803	2,190,894	-0-
24	2,929,697			
25	Granville Co.	4,409,467	9,831,837	3,503,409
26	17,744,713			
27	Greene Co.	1,708,107	4,197,312	512,141
28	6,417,561			
29	Guilford Co.	35,153,003	-0-	23,041,827
30	58,194,830			
31	Halifax Co.	3,786,215	10,236,436	-0-
32	14,022,650			
33	Roanoke Rapids			
34	City	1,926,635	5,153,091	1,391,393
35	8,471,118			
36	Weldon City	756,764	2,012,901	280,998
37	3,050,663			
38	Harnett Co.	8,591,426	25,179,204	9,943,700
39	43,714,330			
40	Haywood Co.	4,493,286	1,548,679	1,676,923
41	7,718,888			
42	Henderson Co.	6,673,772	-0-	4,568,482
43	11,242,254			

1	Hertford Co.	2,557,072	8,646,882	-0-
2	11,203,954			
3	Hoke Co.	3,504,224	14,998,649	3,285,862
4	21,788,736			
5	Hyde Co.	1,000,000	-0-	-0-
6	1,000,000			
7	Iredell Co.	8,736,313	-0-	6,109,438
8	14,845,751			
9	Mooresville City	2,046,975	-0-	2,116,549
10	4,163,523			
11	Jackson Co.	2,134,386	-0-	385,239
12	2,519,625			
13	Johnston Co.	10,494,712	18,034,223	11,471,059
14	39,999,993			
15	Jones Co.	939,968	1,575,151	49,854
16	2,564,974			
17	Lee Co.	5,037,509	946,852	2,633,222
18	8,617,584			
19	Lenoir Co.	6,272,041	7,324,468	-0-
20	13,596,509			
21	Lincoln Co.	5,848,157	3,337,079	4,627,401
22	13,812,636			
23	Macon Co.	2,302,023	-0-	1,581,746
24	3,883,769			
25	Madison Co.	1,560,227	3,299,442	294,595
26	5,154,264			
27	Martin Co.	2,997,719	5,626,215	371,642
28	8,995,577			
29	McDowell Co.	3,690,422	7,349,315	-0-
30	11,039,737			
31	Mecklenburg Co.	55,528,753	-0-	66,333,632
32	121,862,385			
33	Mitchell Co.	1,411,149	2,371,944	-0-
34	3,783,093			
35	Montgomery Co.	2,594,790	5,276,263	779,543
36	8,650,595			
37	Moore Co.	6,264,856	-0-	4,527,692
38	10,792,548			
39	Nash Co.	10,718,627	14,974,583	3,752,682
40	29,445,892			
41	New Hanover Co.	12,727,884	-0-	7,963,118
42	20,691,001			



1	Northampton Co.	2,282,865	7,276,311	163,160
2	9,722,336			
3	Onslow Co.	12,329,146	39,099,110	5,769,521
4	57,197,777			
5	Orange Co.	3,466,506	-0-	2,615,093
6	6,081,599			
7	Chapel			
8	Hill-Carrboro	4,905,195	-0-	6,277,130
9	11,182,326			
10	Pamlico Co.	1,250,696	2,400,086	58,919
11	3,709,701			
12	Pasquotank Co.	3,743,707	8,263,080	1,463,908
13	13,470,695			
14	Pender Co.	3,562,299	5,787,123	3,956,632
15	13,306,054			
16	Perquimans Co.	1,150,114	3,034,949	18,129
17	4,203,192			
18	Person Co.	3,324,613	843,350	1,613,472
19	5,781,434			
20	Pitt Co.	11,620,877	11,171,588	6,367,775
21	29,160,240			
22	Polk Co.	1,311,764	-0-	362,578
23	1,674,342			
24	Randolph Co.	9,318,854	9,414,132	7,287,816
25	26,020,802			
26	Asheboro City	2,461,279	2,416,455	1,808,357
27	6,686,092			
28	Richmond Co.	5,006,377	14,664,397	711,559
29	20,382,333			
30	Robeson Co.	13,868,418	48,792,089	2,393,014
31	65,053,521			
32	Rockingham Co.	8,536,944	8,596,753	607,318
33	17,741,015			
34	Rowan Co.	11,585,553	8,891,196	10,958,918
35	31,435,667			
36	Rutherford Co.	6,070,875	8,132,550	1,527,360
37	15,730,785			
38	Sampson Co.	4,380,131	8,036,300	3,476,216
39	15,892,647			
40	Clinton City	1,536,877	2,925,832	-0-
41	4,462,709			
42	Scotland Co.	4,323,852	11,229,322	-0-
43	15,553,174			

1	Stanly Co.	4,426,231	6,771,726	2,288,773
2	13,486,730			
3	Albemarle City	1,320,146	1,988,493	806,736
4	4,115,375			
5	Stokes Co.	4,044,257	3,967,318	1,364,199
6	9,375,774			
7	Surry Co.	4,748,933	4,139,605	2,397,547
8	11,286,085			
9	Elkin City	635,825	550,918	344,449
10	1,531,193			
11	Mount Airy City	1,221,958	1,026,784	453,222
12	2,701,964			
13	Swain Co.	991,457	3,252,860	344,449
14	4,588,766			
15	Transylvania Co.	2,369,677	-0-	285,530
16	2,655,207			
17	Tyrrell Co.	477,767	1,109,833	276,466
18	1,864,066			
19	Union Co.	11,329,906	6,297,423	10,514,760
20	28,142,089			
21	Vance Co.	4,448,383	8,502,726	1,513,763
22	14,464,872			
23	Wake Co.	51,381,519	-0-	74,006,688
24	125,388,206			
25	Warren Co.	1,888,916	5,644,819	557,464
26	8,091,199			
27	Washington Co.	1,559,030	4,174,676	-0-
28	5,733,706			
29	Watauga Co.	2,954,014	-0-	969,896
30	3,923,910			
31	Wayne Co.	11,420,909	24,127,948	3,081,912
32	38,630,770			
33	Wilkes Co.	5,936,167	8,494,788	108,773
34	14,539,728			
35	Wilson Co.	7,333,546	4,914,977	2,261,580
36	14,510,102			
37	Yadkin Co.	3,269,532	4,808,733	2,270,644
38	10,348,909			
39	Yancey Co.	1,481,797	2,170,634	231,143
40	3,883,573			
41	<u>GRAND</u>			
42	<u>TOTAL</u>	<u>\$720,000,000</u>	<u>\$630,000,000</u>	<u>\$450,000,000</u>
43		<u>\$1,800,000,000</u>		

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

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

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

31           (c) Unmatched Proceeds. – If the State Board of Education determines that a  
32 county has not met the matching requirements of this section by January 1, 2003, with  
33 respect to any bond proceeds allocated under subsection (a) of this section, the State  
34 Board of Education shall certify that fact to the State Treasurer by March 1, 2003.  
35 Amounts that are allocated in the Growth Allocation of bond proceeds under subsection  
36 (a) of this section and that have not been matched by January 1, 2003, as certified by the  
37 State Board of Education, shall be reallocated among the counties that are allocated bond  
38 proceeds under the Growth Allocation and have met the matching requirements for their  
39 total Growth Allocation. The reallocation shall be made among the eligible counties in  
40 proportion to the amount of Growth Allocations for those counties under subsection (a)  
41 of this section. Amounts that are allocated in the ADM Allocation of bond proceeds  
42 under subsection (a) of this section and that have not been matched by January 1, 2003,  
43 as certified by the State Board of Education, shall be reallocated among the counties that

1 have met the matching requirements for their total ADM allocation. The reallocation  
2 shall be made on the basis of average daily membership of the local school administrative  
3 units within the remaining counties. Bond proceeds reallocated to a county because of a  
4 local school administrative unit's average daily membership within the county may be  
5 used only with respect to public school capital outlay projects of that unit. Bond  
6 proceeds reallocated to a county under this subsection must be matched at the same rate  
7 as bond proceeds allocated to the county under subsection (b) of this section.

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

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

19 Sec. 7. Election. – The question of the issuance of the bonds authorized by this  
20 act shall be submitted to the qualified voters of the State at a statewide election to be held  
21 May 6, 1997, if the sum of one million four hundred thousand dollars (\$1,400,000) for  
22 the 1996-97 fiscal year is appropriated to the State Board of Elections for the purpose of  
23 reimbursing the counties of the State for all necessary expenses incurred in holding the  
24 election that are in addition to those that would have otherwise been incurred. If the sum  
25 of one million four hundred thousand dollars (\$1,400,000) for the fiscal year 1996-97 is  
26 not appropriated to the State Board of Elections for this purpose, then the question of the  
27 issuance of the bonds authorized by this act shall be submitted to the qualified voters of  
28 the State at a statewide election to be held November 5, 1996. Any other primary,  
29 election, or referendum validly called or scheduled by law at the time the election on the  
30 bond question provided for in this section is held, may be held as called or scheduled.  
31 Notice of the election shall be given in the manner and at the times required by G.S. 163-  
32 33(8). The election and the registration of voters therefor shall be held under and in  
33 accordance with the general laws of the State. Absentee ballots shall be authorized in the  
34 election.

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

39 **"[ ] FOR [ ] AGAINST**

40 The issuance of one billion eight hundred million dollars (\$1,800,000,000) State of  
41 North Carolina Public School Building Bonds constituting general obligation bonds of  
42 the State secured by a pledge of the faith and credit and taxing power of the State for the

1 purpose of providing funds to counties, with any other available funds, to pay the cost of  
2 public school building capital improvements."

3 If a majority of those voting on the Public School Building Bond question in  
4 the election vote in favor of the issuance of the bonds, the bonds may be issued as  
5 provided in this act. If a majority of those voting on the Public School Building Bond  
6 question in the election vote against the issuance of the bonds, the bonds shall not be  
7 issued.

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

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

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

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

12 (d) Notes; Repayment.

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

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

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

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

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

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

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

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

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

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

42 Sec. 10. Other Agreements. – The State Treasurer may authorize, execute,  
43 obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity

1 facilities, interest rate swap agreements and other derivative products, and any other  
2 related instruments and matters the State Treasurer determines to be desirable in  
3 connection with the issuance of bonds and notes.

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

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

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

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

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

21 Sec. 12. Critical School Facility Needs Fund. – G.S. 115C-489.2(b) reads as  
22 rewritten:

23 "~~(b) The Commission on School Facility Needs State Board of Education shall~~  
24 ~~make grants from the Fund to the counties which it determines, according to the~~  
25 ~~following criteria, have the greatest critical school facility needs in relation to resources~~  
26 ~~available to pay for school facility needs:~~

27 (1) ~~The critical school facility needs in the county, as determined by the~~  
28 ~~Commission on School Facility Needs pursuant to G.S. 115C-489.4.~~  
29 ~~(Until the Commission issues a final report on critical school facility~~  
30 ~~needs in the counties, the Commission shall use the preliminary report.)~~

31 (2) ~~Ability to pay as measured by:~~

32 a. ~~The per pupil adjusted property tax base in the county. The per~~  
33 ~~pupil adjusted property tax base in the county is the property tax~~  
34 ~~base in the county adjusted using the sales assessment ratio study~~  
35 ~~performed by the Department of Revenue, and~~

36 b. ~~The per capita income of the county.~~

37 (3) ~~Any critical nonschool needs that may force the county to divert its resources~~  
38 ~~from school facilities, based on the grant priority list established in 1988~~  
39 ~~by The Commission on School Facility Needs until the next 11 local~~  
40 ~~school administrative units on that priority list are funded."~~

41 Sec. 13. Repeal of The Commission on School Facility Needs. – G.S. 115C-  
42 489.3 and G.S. 115C-489.4 are repealed.



1           Sec. 14. Repeal of the Critical School Facility Needs Fund. – Effective 30  
2 days after the last local school administrative unit on the priority list established in 1988  
3 by The Commission on School Facility Needs is funded under G.S. 115C-489.2, Article  
4 34A of Chapter 115C of the General Statutes is repealed. Any unexpended funds in the  
5 Critical School Facility Needs Fund, as provided for in G.S. 115C-489.1, which is  
6 repealed by this section, are transferred to the Public School Building Capital Fund  
7 created in G.S. 115C-546.1.

8           Sec. 15. Public School Building Capital Fund. – G.S. 115C-546.1(b) reads as  
9 rewritten:

10       "(b) Each calendar quarter, the Secretary of Revenue shall remit to the State  
11 Treasurer for credit to the Public School Building Capital Fund an amount equal to two  
12 thirty-firsts ( $2/31$ ) of the net collections received during the previous quarter by the  
13 Department of Revenue under ~~G.S. 105-130.3 minus two million five hundred thousand~~  
14 ~~dollars (\$2,500,000).~~ G.S. 105-130.3. All funds deposited in the Public School Building  
15 Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3."

16       Sec. 16. General Fund Expenditure Limit. – The General Assembly recognizes  
17 that the State's numerous forms of assistance to local governments in funding school  
18 facilities and other needs in the past 20 years have led to a substantial reduction in local  
19 property tax rates. It is the intent of the General Assembly that the assistance provided in  
20 this act, if approved by the voters, shall further reduce local property tax rates. Any  
21 applicable General Fund expenditure limit for a fiscal year shall be increased by the  
22 amount of any increase in debt service requirements for the fiscal year due to the issuance  
23 of bonds or notes of the State under this act. Any applicable General Fund expenditure  
24 limit for a fiscal year shall be decreased by the amount of any decrease in debt service  
25 requirements for the fiscal year due to the retirement of bonds or notes of the State under  
26 this act. For the purpose of this section, the term "General Fund expenditure limit"  
27 means the General Fund expenditure limit set in G.S. 143-2.1, if enacted.

28       Sec. 17. Effective Dates. – Sections 14 and 15 of this act become effective 30  
29 days after the last local school administrative unit on the priority list established in 1988  
30 by The Commission on School Facility Needs is funded under G.S. 115C-489.2. The  
31 remainder of this act is effective upon ratification. This act does not obligate the General  
32 Assembly to appropriate funds.