

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 771

Short Title: Public School Building Bond Act of 1995.

(Public)

Sponsors: Representatives Barnes; Alexander, Beall, Black, Blue, Bowie, Braswell, W. Brown, Buchanan, Church, Culpepper, Cummings, Cunningham, Dickson, Easterling, Fitch, Fox, Gamble, Grady, Hackney, Hensley, Hightower, Hunt, H. Hunter, Hurley, Lee, Lemmond, Locke, Luebke, McAllister, McCrary, McLaughlin, McMahan, Michaux, G. Miller, Oldham, Ramsey, Redwine, Richardson, Robinson, Rogers, Russell, Sexton, Sutton, Thompson, Tolson, Wainwright, Warner, Wilkins, Womble, Wright, and Yongue.

Referred to: Finance.

April 6, 1995

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS FOR GRANTS TO LOCAL SCHOOL ADMINISTRATIVE UNITS FOR PUBLIC SCHOOL BUILDING CAPITAL PROJECTS, IN ORDER TO PROMOTE EQUITY IN LOCAL SCHOOL FACILITIES ACROSS THE STATE AND TO ENABLE LOCAL GOVERNMENTS TO GIVE LOCAL PROPERTY TAX RELIEF.

The General Assembly of North Carolina enacts:

Section 1. Short title. This act shall be known and may be cited as the "Public School Building Bond Act of 1995".

Sec. 2. Purpose. It is the intent of the General Assembly by this act to provide for the issuance of five hundred million dollars (\$500,000,000) general obligation bonds of the State to facilitate the providing of public school buildings by making grants to local school administrative units.

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

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

3 (2) " Cost" means, without intending thereby to limit or restrict any proper
4 definition of this term in financing the cost of facilities or purposes
5 authorized by this act:

6 a. The cost of constructing, reconstructing, enlarging, acquiring,
7 and improving facilities, and acquiring equipment and land
8 therefor,

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

11 c. Administrative expenses and charges,

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

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

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

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

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

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

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

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

- 4 a. A provision providing for such adjustment so that the purchase
5 price of such bonds or notes in the open market would be as close
6 to par as possible,
7 b. A provision providing for such adjustment based upon a
8 percentage or percentages of a prime rate or base rate, which
9 percentage or percentages may vary or be applied for different
10 periods of time, or
11 c. Such other provision as the State Treasurer may determine to be
12 consistent with this act and will not materially and adversely
13 affect the financial position of the State and the marketing of
14 bonds or notes at a reasonable interest cost to the State.

15 (6) " State" means the State of North Carolina.

16 Sec. 4. Authorization of bonds and notes. Subject to a favorable vote of a
17 majority of the qualified voters of the State who vote on the question of issuing Public
18 School Building Bonds in the election held as provided in this act, the State Treasurer is
19 authorized, by and with the consent of the Council of State, to issue and sell, at one time
20 or from time to time, general obligation bonds of the State to be designated "State of
21 North Carolina Public School Building Bonds", with any additional designations as may
22 be determined to indicate the issuance of bonds from time to time, or notes of the State as
23 provided in this act, in the aggregate principal amount not exceeding five hundred million
24 dollars (\$500,000,000) for the purposes authorized in this act.

25 Sec. 5. Uses of bond and note proceeds. The proceeds of Public School
26 Building Bonds and notes shall be used for the purpose of making grants to local school
27 administrative units for paying the cost of providing public school buildings including the
28 planning, construction, reconstruction, enlargement, improvement, repair, or renovation
29 of public school buildings, the purchase of land necessary for immediate construction of
30 school buildings, and other related capital outlay projects constituting facilities for
31 individual schools that are used for instructional and related purposes, but not including
32 centralized administration, maintenance, or other facilities.

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

40 The proceeds of Public School Building Bonds and notes may be used with
41 any other moneys made available by the General Assembly for public school building
42 capital projects, including the proceeds of any other State bond issues, whether heretofore
43 made available or that may be made available at the session of the General Assembly at

1 which this act is ratified or any subsequent sessions. The proceeds of Public School
 2 Building 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 public
 4 school building capital projects shall be disbursed for the purposes provided in this act
 5 upon warrants drawn on the State Treasurer by the State Controller, which warrants shall
 6 not be drawn until requisition has been approved by the Director of the Budget and which
 7 requisition shall be approved only after full compliance with the Executive Budget Act,
 8 Article 1 of Chapter 143 of the General Statutes.

9 The Director of the Budget shall provide quarterly reports to the State Board of
 10 Education, the General Assembly, and the Fiscal Research Division on the expenditure of
 11 moneys from the Public School Building Bonds Fund.

12 Sec. 6. Allocation of proceeds. The proceeds of Public School Building
 13 Bonds and notes, including premium thereon, if any, except the proceeds of bonds the
 14 issuance of which has been anticipated by bond anticipation notes or the proceeds of
 15 refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be
 16 designated "Public School Building Bonds Fund". Moneys in the Public School Building
 17 Bonds Fund shall be used for the purposes set forth in this act. The proceeds of Public
 18 School Building Bonds and notes shall be allocated and expended for paying the cost of
 19 public school building capital projects, to the extent and as provided in this act and
 20 subject to change as provided in this act, as follows:

Local School Administrative Unit	Distribution Based on Ability To Pay	Distribution Based on Average Daily Membership	Total
010 Alamance County	\$ 0 \$2,457,092	\$2,457,092	
011 Burlington City	0 1,395,637	1,395,637	
020 Alexander County	1,736,320 2,805,915	1,069,595	
030 Alleghany County	14,733 333,277	318,544	
040 Anson County	2,663,252 3,610,528	947,276	
050 Ashe County	985,060 1,729,899	744,839	
060 Avery County	0 517,982	517,982	
070 Beaufort County	2,537,080 4,202,418	1,665,338	

1	080 Bertie County	3,290,395	855,162
2		4,145,557	
3	090 Bladen County	2,972,490	1,165,137
4		4,137,627	
5	100 Brunswick County	0	1,963,531
6		1,963,531	
7	110 Buncombe County	0	5,206,164
8		5,206,164	
9	111 Asheville City	0	995,047
10		995,047	
11	120 Burke County	4,027,432	2,828,119
12		6,855,551	
13	130 Cabarrus County	0	3,350,599
14		3,350,599	
15	132 Kannapolis	157,552	863,945
16		1,021,497	
17	140 Caldwell County	4,171,190	2,508,504
18		6,679,694	
19	150 Camden County	700,523	270,559
20		971,082	
21	160 Carteret County	0	1,752,740
22		1,752,740	
23	170 Caswell County	2,206,252	737,556
24		2,943,808	
25	180 Catawba County	0	3,016,418
26		3,016,418	
27	181 Hickory City	0	930,353
28		930,353	
29	182 Newton City	0	594,886
30		594,886	
31	190 Chatham County	0	1,396,279
32		1,396,279	
33	200 Cherokee County	1,719,760	737,128
34		2,456,888	
35	210 Chowan County	1,192,073	558,469
36		1,750,542	
37	220 Clay County	437,753	257,920
38		695,673	
39	230 Cleveland County	1,876,091	1,856,208
40		3,732,299	
41	231 Kings Mountain City	864,539	855,376
42		1,719,915	

1	232 Shelby City	709,082	701,567
2		1,410,649	
3	240 Columbus County	5,123,569	1,645,416
4		6,768,985	
5	241 Whiteville City	1,876,396	602,598
6		2,478,994	
7	250 Craven County	5,241,935	3,127,812
8		8,369,747	
9	260 Cumberland County	13,424,480	10,835,839
10		24,260,319	
11	270 Currituck County	0	655,939
12		655,939	
13	280 Dare County	0	878,084
14		878,084	
15	290 Davidson County	2,177,638	3,737,693
16		5,915,331	
17	291 Lexington City	375,296	644,157
18		1,019,453	
19	292 Thomasville City	267,712	459,500
20		727,212	
21	300 Davie County	0	1,029,322
22		1,029,322	
23	310 Duplin County	4,609,520	1,772,234
24		6,381,754	
25	320 Durham County	0	5,993,848
26		5,993,848	
27	330 Edgecombe County	3,607,370	1,713,324
28		5,320,694	
29	340 Forsyth County	0	8,539,840
30		8,539,840	
31	350 Franklin County	4,071,102	1,439,123
32		5,510,225	
33	360 Gaston County	0	6,248,554
34		6,248,554	
35	370 Gates County	1,265,068	423,083
36		1,688,151	
37	380 Graham County	907,413	263,704
38		1,171,117	
39	390 Granville County	3,831,515	1,512,386
40		5,343,901	
41	400 Greene County	1,527,302	592,316
42		2,119,618	

1	410 Guilford County	0	12,088,164
2		12,088,164	
3	420 Halifax County	4,092,790	1,351,936
4		5,444,726	
5	421 Roanoke Rapids	2,060,339	680,574
6		2,740,913	
7	422 Weldon City	804,810	265,846
8		1,070,656	
9	430 Harnett County	9,614,755	2,922,804
10		12,537,559	
11	440 Haywood County	329,655	1,561,228
12		1,890,883	
13	450 Henderson County	0	2,329,203
14		2,329,203	
15	460 Hertford County	3,472,710	926,711
16		4,399,421	
17	470 Hoke County	5,752,475	1,232,616
18		6,985,091	
19	480 Hyde County	0	169,233
20		169,233	
21	490 Iredell County	0	3,022,844
22		3,022,844	
23	491 Mooresville City	0	717,419
24		717,419	
25	500 Jackson County	0	738,199
26		738,199	
27	510 Johnston County	6,873,372	3,568,460
28		10,441,832	
29	520 Jones County	698,703	327,755
30		1,026,458	
31	530 Lee County	697,798	1,747,384
32		2,445,182	
33	540 Lenoir County	3,287,542	2,214,168
34		5,501,710	
35	550 Lincoln County	1,498,755	1,992,879
36		3,491,634	
37	560 Macon County	0	786,398
38		786,398	
39	570 Madison County	1,386,397	543,902
40		1,930,299	
41	580 Martin County	2,381,220	1,067,882
42		3,449,102	

1	590 McDowell County	2,848,365	1,323,017
2		4,171,382	
3	600 Mecklenburg County	0	18,917,894
4		18,917,894	
5	610 Mitchell County	997,373	508,984
6		1,506,357	
7	620 Montgomery County	2,059,025	900,148
8		2,959,173	
9	630 Moore County	0	2,177,536
10		2,177,536	
11	640 Nash County	5,563,850	3,738,336
12		9,302,186	
13	650 New Hanover County	0	4,488,102
14		4,488,102	
15	660 Northampton County	2,738,060	817,460
16		3,555,520	
17	670 Onslow County	14,410,060	4,393,846
18		18,803,906	
19	680 Orange County	0	1,205,839
20		1,205,839	
21	681 Chapel Hill-Carrboro	0	1,686,332
22		1,686,332	
23	690 Pamlico County	893,130	458,429
24		1,351,559	
25	700 Pasquotank County	3,259,095	1,342,939
26		4,602,034	
27	710 Pender County	2,301,945	1,192,129
28		3,494,074	
29	720 Perquimans County	1,283,672	411,086
30		1,694,758	
31	730 Person County	0	1,178,419
32		1,178,419	
33	740 Pitt County	4,538,117	4,122,859
34		8,660,976	
35	750 Polk County	0	453,716
36		453,716	
37	760 Randolph County	3,800,027	3,253,130
38		7,053,157	
39	761 Asheboro City	975,405	835,026
40		1,810,431	
41	770 Richmond County	5,552,952	1,787,658
42		7,340,610	

1	780 Robeson County	20,167,610	4,930,679
2		25,098,289	
3	790 Rockingham County	3,905,840	3,032,484
4		6,938,324	
5	800 Rowan County	2,949,983	3,984,259
6		6,938,324	
7	810 Rutherford County	3,340,405	2,132,336
8		5,472,741	
9	820 Sampson County	3,423,359	1,502,746
10		4,926,105	
11	821 Clinton City	1,246,366	547,115
12		1,793,481	
13	830 Scotland County	4,452,662	1,540,235
14		5,992,897	
15	840 Stanly County	2,445,889	1,550,946
16		3,996,835	
17	841 Albemarle City	718,226	455,430
18		1,173,656	
19	850 Stokes County	1,223,540	1,418,558
20		2,642,098	
21	860 Surry County	1,555,653	1,665,981
22		3,221,634	
23	861 Elkin City	207,034	221,717
24		428,751	
25	862 Mount Airy City	385,863	413,228
26		799,091	
27	870 Swain County	1,307,115	354,747
28		1,661,862	
29	880 Transylvania County	0	844,451
30		844,451	
31	890 Tyrrell County	328,235	171,804
32		500,039	
33	900 Union County	2,435,007	3,843,303
34		6,278,310	
35	910 Vance County	3,273,215	1,543,448
36		4,816,663	
37	920 Wake County	0	17,224,064
38		17,224,064	
39	930 Warren County	2,206,617	654,867
40		2,861,484	
41	940 Washington County	1,782,985	567,038
42		2,350,023	

1	950 Watauga County	0	1,043,247
2		1,043,247	
3	960 Wayne County	10,175,367	3,990,900
4		14,166,267	
5	970 Wilkes County	3,054,177	2,095,276
6		5,149,453	
7	980 Wilson County	1,999,000	2,567,200
8		4,566,200	
9	990 Yadkin County	1,833,202	1,111,797
10		2,944,999	
11	995 Yancey County	<u>842,360</u>	<u>510,912</u>
12		<u>1,353,272</u>	
13	GRAND TOTAL	\$250,000,000	\$250,000,000
14		\$500,000,000.	

15
16 If two or more local school administrative units are consolidated into one unit,
17 the amount allocated above to the units shall be allocated to the merged unit.

18 Funds disbursed under this act shall be administered and supervised by the
19 Director of the Budget and shall be used only for the purposes provided in this act. Each
20 school administrative unit shall submit to the Director of the Budget its plans for the
21 expenditure of funds allocated under this act. After the Director of the Budget
22 determines that a school administrative unit's planned expenditure of part or all of the
23 funds allocated to it is within the purposes provided in this act, the Director shall make
24 the funds to which the plans apply available to the school administrative unit.

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

28 Sec. 7. Election. The question of the issuance of the bonds authorized by this
29 act shall be submitted to the qualified voters of the State at a statewide election to be held
30 November 7, 1995. Any other primary, election, or referendum validly called or
31 scheduled by law at the time the election on the bond questions provided for in this
32 section is held, may be held as called or scheduled. Notice of the election on the bond
33 questions shall be given by publication twice in a newspaper or newspapers having
34 general circulation in each county in the State, and the election and the registration of
35 voters therefor shall be held under and in accordance with the general laws of the State.
36 Absentee ballots shall be authorized in the election.

37 The State Board of Elections shall reimburse the counties of the State for all
38 necessary expenses incurred in holding the election that are in addition to those that
39 would have otherwise been incurred, the same to be paid out of the Contingency and
40 Emergency Fund or other funds available to the State Board of Elections.

41 Voting machines, ballots, or both may be used in accordance with rules
42 prescribed by the State Board of Elections. The bond questions to be used in the voting
43 machines and ballots shall be in substantially the following forms:

1 "[] FOR [] AGAINST
2 the issuance of five hundred million dollars (\$500,000,000) State of North Carolina
3 Public School Building Bonds constituting general obligation bonds of the State secured
4 by a pledge of the faith and credit and taxing power of the State for the purpose of
5 providing funds, with any other available funds, to pay the cost of public school building
6 capital improvements for local governments."

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

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

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

27 (b) Signatures; Form and Denomination; Registration. Bonds or notes may be
28 issued as certificated or uncertificated obligations. If issued as certificated obligations,
29 bonds or notes shall be signed on behalf of the State by the Governor or shall bear his
30 facsimile signature, shall be signed by the State Treasurer or shall bear his facsimile
31 signature, and shall bear the Great Seal of the State or a facsimile thereof shall be
32 impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the
33 Governor and the State Treasurer, the bonds or notes shall also bear a manual signature
34 which may be that of a bond registrar, trustee, paying agent, or designated assistant of the
35 State Treasurer. Should any officer whose signature or facsimile signature appears on
36 bonds or notes cease to be such officer before the delivery of the bonds or notes, the
37 signature or facsimile signature shall nevertheless have the same validity for all purposes
38 as if the officer had remained in office until delivery and bonds or notes may bear the
39 facsimile signatures of persons who at the actual time of the execution of the bonds or
40 notes shall be the proper officers to sign any bond or note although at the date of the bond
41 or note such persons may not have been such officers. The form and denomination of
42 bonds or notes, including the provisions with respect to registration of the bonds or notes
43 and any system for their registration, shall be as the State Treasurer may determine in

1 conformity with this act; provided, however, that nothing in this act shall prohibit the
2 State Treasurer from proceeding, with respect to the issuance and form of the bonds or
3 notes, under the provisions of Chapter 159E of the General Statutes, the Registered
4 Public Obligations Act, as well as under this act.

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

16 (d) Notes; Repayment.

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

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

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

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

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

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

17 (h) Faith and Credit. The faith and credit and taxing power of the State are
18 hereby pledged for the payment of the principal of and the interest on bonds and notes.
19 In addition to the State's right to amend any provision of this act to the extent it does not
20 impair any contractual right of a bond owner, the State expressly reserves the right to
21 amend any provision of this act with respect to the making and repayment of loans, the
22 disposition of any repayments of loans, and any intercept provisions relating to the failure
23 of a local government unit to repay a loan, the bonds not being secured in any respect by
24 loans, any repayments thereof, or any intercept provisions with respect thereto.

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

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

1 presentment for payment to the provider of the credit facility or to the
2 State.

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

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

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

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

21 (d) Inconsistent Provisions. Insofar as the provisions of this act are inconsistent
22 with the provisions of any general laws, or parts thereof, the provisions of this act shall be
23 controlling.

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

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