

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1115*

Short Title: School Facilities Bonds.

(Public)

Sponsors: Senators Winner, Hobbs, Conder, Edwards, Plexico, Dannelly, Lucas, Odom, Gulley, Hartsell, Carpenter, Perdue, Little, Davis, Kerr, Cooper, Hoyle, and Foxx.

Referred to: Education/Higher Education.

May 14, 1996

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL CONSTRUCTION STUDY COMMISSION 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 COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY 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 1996".

Sec. 2. Purpose. It is the intent of the General Assembly by this act to provide for the issuance of one billion eight hundred million dollars (\$1,800,000,000) general obligation bonds of the State to facilitate the providing of public school buildings by making grants to counties to provide funds for new public school capital outlay projects.

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

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

- 1 (2) " Cost" means, without intending thereby to limit or restrict any proper
2 definition of this term 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. Finance charges and interest prior to and during construction and,
11 if deemed advisable by the State Treasurer, for a period not
12 exceeding two years after the estimated date of completion of
13 construction;
14 e. The cost of bond insurance, investment contracts, credit
15 enhancement and liquidity facilities, interest-rate swap
16 agreements or other derivative products, financial and legal
17 consultants, and related costs of bond and note issuance, to the
18 extent and as determined by the State Treasurer;
19 f. The cost of reimbursing the State for any payments made for any
20 cost described above; and
21 g. Any other costs and expenses necessary or incidental to the
22 purposes of this act.
23 Allocations in this act of proceeds of bonds to the costs of a project or
24 undertaking in each case may include allocations to pay the costs set
25 forth in items c., d., e., f., and g. in connection with the issuance of
26 bonds for the project or undertaking.
- 27 (3) " Credit facility" means an agreement entered into by the State
28 Treasurer on behalf of the State with a bank, savings and loan
29 association, or other banking institution, an insurance company,
30 reinsurance company, surety company, or other insurance institution, a
31 corporation, investment banking firm, or other investment institution, or
32 any financial institution or other similar provider of a credit facility,
33 which provider may be located within or without the United States of
34 America, such agreement providing for prompt payment of all or any
35 part of the principal or purchase price (whether at maturity, presentment
36 or tender for purchase, redemption, or acceleration), redemption
37 premium, if any, and interest on any bonds or notes payable on demand
38 or tender by the owner, in consideration of the State agreeing to repay
39 the provider of the credit facility in accordance with the terms and
40 provisions of such agreement.
- 41 (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) " Public School Capital Outlay Projects" means the planning,
16 construction, reconstruction, enlargement, improvement, repair, or
17 renovation of public school buildings, the purchase of land necessary for
18 immediate construction of school buildings, and other related capital
19 outlay projects constituting facilities for individual schools that are used
20 for instructional and related purposes, but not including centralized
21 administration, maintenance, trailers, relocatable classrooms, mobile
22 classrooms, or other facilities.
- 23 (7) " State" means the State of North Carolina.

24 Sec. 4. Authorization of bonds and notes. Subject to a favorable vote of a
25 majority of the qualified voters of the State who vote on the question of issuing Public
26 School Building 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 Building Bonds", with any additional designations as may
30 be determined to indicate the issuance of bonds from time to time, or notes of the State as
31 provided in this act, in the aggregate principal amount not exceeding one billion eight
32 hundred million dollars (\$1,800,000,000) for the purposes authorized in this act. No
33 more than four hundred million dollars (\$400,000,000) of these bonds may be issued
34 within a 12-month period. The State Board of Education shall implement a process for
35 allocating available proceeds if more than four hundred million dollars (\$400,000,000) of
36 projects are ready during a period when the amount of bonds that may be issued is limited
37 to four hundred million dollars (\$400,000,000).

38 Sec. 5. Uses of bond and note proceeds. The proceeds of Public School
39 Building Bonds and notes shall be used for the purpose of making grants to counties for
40 paying the cost of public school capital outlay projects.

41 Any additional moneys that may be received by means of a grant or grants
42 from the United States of America or any agency or department thereof or from any other
43 source to aid in financing the cost of any public school capital outlay projects authorized

1 by this act may be placed by the State Treasurer in the Public School Building Bonds
2 Fund or in a separate account or fund and shall be disbursed, to the extent permitted by
3 the terms of the grant or grants, without regard to any limitations imposed by this act.

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

10 All moneys deposited in, or accruing to the credit of, the Public School
11 Building Bonds Fund, other than moneys set aside for administrative expenses, including
12 expenses related to determining compliance with applicable requirements of the federal
13 tax law and cost of issuance, shall be used to pay the cost of public school buildings in
14 the manner authorized by this act.

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

27 The Director of the Budget shall provide quarterly reports to the State Board of
28 Education, the Superintendent of Public Instruction, and the General Assembly on the
29 expenditure of moneys from the Public School Building Bonds Fund. Reports to the
30 General Assembly shall be filed with the Legislative Library, the Speaker of the House of
31 Representatives, the President Pro Tempore of the Senate, and the Fiscal Research
32 Division.

33 Sec. 6. (a) Allocation of proceeds. The proceeds of Public School Building
34 Bonds and notes, including premium thereon, if any, except the proceeds of bonds the
35 issuance of which has been anticipated by bond anticipation notes or the proceeds of
36 refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be
37 designated "Public School Building Bonds Fund". Moneys in the Public School Building
38 Bonds Fund shall be used for the purposes set forth in this act. The proceeds of Public
39 School Building Bonds and notes shall be allocated to counties and expended for paying
40 the cost of public school capital outlay projects, to the extent and as provided in this act
41 and subject to change as provided in this act.

42 (b) Small county school system allocation. The State Board of Education shall
43 allocate the proceeds of thirty million dollars (\$30,000,000) Public School Building

1 Bonds and notes as grants to counties that have a small county school system, after
 2 considering whether the counties demonstrate (i) greater than average school construction
 3 needs in that unit, (ii) high tax rates, and (iii) limited bonding capacity.

4 (c) Primary allocation. The proceeds of one billion seven hundred seventy million
 5 dollars (\$1,770,000,000) Public School Building Bonds and notes shall be allocated to
 6 each county on the basis of the distribution amounts provided in the following table for
 7 the local school administrative units in the State. In the case of a local school
 8 administrative unit located entirely in one county, the unit's total distribution amount
 9 shall be allocated to that county. In the case of a local school administrative unit located
 10 in more than one county, the unit's distribution amount shall be allocated among the
 11 counties in which the unit is located in proportion to average daily membership of the
 12 unit in each county. A unit's distribution amount allocated to a county may be used only
 13 with respect to public school facilities of that unit.

14	15	Distribution	Distribution	Distribution	
16	17	Based on	Based on	Based on	
18	19	High	Ability	Average Daily	Total
20	21	Growth	to Pay	Membership	
22	23	\$8,084,430	\$0	\$11,080,174	\$19,164,604
24	25	1,216,676	4,941,875	2,995,962	9,154,513
26	27	0	175,362	865,997	1,041,359
28	29	0	6,981,548	2,612,710	9,594,258
30	31	0	2,134,326	2,045,190	4,179,516
32	33	0	0	1,422,920	1,422,920
34	35	0	7,070,465	4,514,843	11,585,308
36	37	0	8,211,510	2,324,829	10,536,339
38	39	245,118	7,579,706	3,315,045	11,139,869
40	41	2,321,934	0	5,535,672	7,857,606
42	43	7,723,439	0	14,461,155	22,184,594
44	45	365,448	0	2,736,340	3,101,788
46	47	5,610,969	11,153,769	8,017,098	24,781,837
48	49	13,049,180	0	9,724,956	22,774,136
50	51	0	467,915	2,374,281	2,842,196
52	53	2,558,138	10,265,914	7,055,141	19,879,193
54	55	352,078	2,160,704	711,754	3,224,537
56	57	1,947,572	0	4,972,273	6,919,845
58	59	227,291	5,725,252	2,055,198	8,007,741
60	61	7,032,652	0	8,559,304	15,591,956
62	63	784,377	0	2,533,234	3,317,610
64	65	0	0	1,620,728	1,620,728
66	67	3,458,389	0	4,010,315	7,468,705
68	69	44,567	4,476,625	2,054,610	6,575,801
70	71	0	3,147,395	1,530,066	4,677,461

1	Clay Co.	173,811	828,575	729,416	1,731,802
2	Cleveland Co.	2,740,863	5,485,707	5,219,533	13,446,102
3	Kings Mtn. City	1,149,825	2,527,920	2,464,354	6,142,100
4	Shelby City	864,597	2,073,363	2,009,867	4,947,828
5	Columbus Co.	0	12,395,869	4,506,012	16,901,881
6	Whiteville City	0	4,539,719	1,640,744	6,180,463
7	Craven Co.	539,259	12,666,532	8,751,224	21,957,016
8	Cumberland Co.	21,530,255	21,491,991	30,284,593	73,306,839
9	Currituck Co.	1,243,416	0	1,759,076	3,002,491
10	Dare Co.	3,324,689	0	2,559,137	5,883,825
11	Davidson Co.	5,330,198	6,774,659	10,606,260	22,711,117
12	Lexington City	668,503	1,167,549	1,827,366	3,663,419
13	Thomasville City	690,786	832,854	1,299,879	2,823,520
14	Davie Co.	1,301,353	0	2,911,188	4,212,540
15	Duplin Co.	1,778,218	11,475,816	4,931,652	18,185,686
16	Durham Co.	5,379,221	0	17,059,147	22,438,368
17	Edgecombe Co.	0	9,341,292	4,682,626	14,023,918
18	Forsyth Co.	16,561,049	0	24,585,259	41,146,308
19	Franklin Co.	3,275,665	10,121,787	4,047,993	17,445,446
20	Gaston Co.	2,433,351	0	17,544,835	19,978,187
21	Gates Co.	1,154,282	3,704,201	1,159,765	6,018,248
22	Graham Co.	0	2,154,379	726,472	2,880,852
23	Granville Co.	3,445,019	9,667,973	4,335,874	17,448,866
24	Greene Co.	503,606	4,127,357	1,679,599	6,310,562
25	Guilford Co.	22,657,797	0	34,566,305	57,224,102
26	Halifax Co.	0	10,065,828	3,723,023	13,788,852
27	Roanoke Rapids	1,368,203	5,067,206	1,894,480	8,329,888
28	Weldon City	276,315	1,979,352	744,134	2,999,801
29	Harnett Co.	9,777,971	24,759,550	8,448,037	42,985,558
30	Haywood Co.	1,648,974	1,522,867	4,418,294	7,590,135
31	Henderson Co.	4,492,341	0	6,562,388	11,054,728
32	Hertford Co.	0	8,502,768	2,514,395	11,017,162
33	Hoke Co.	3,231,098	14,748,672	3,445,739	21,425,510
34	Hyde Co.	0	0	1,000,000	1,000,000
35	Iredell Co.	6,007,614	0	8,590,505	14,598,119
36	Mooreville City	2,081,273	0	2,012,811	4,094,084
37	Jackson Co.	378,818	0	2,098,763	2,477,582
38	Johnston Co.	11,279,875	17,733,652	10,319,556	39,333,083
39	Jones Co.	49,024	1,548,899	924,280	2,522,202
40	Lee Co.	2,589,335	931,071	4,953,434	8,473,841
41	Lenoir Co.	0	7,202,394	6,167,361	13,369,755
42	Lincoln Co.	4,550,277	3,281,461	5,750,552	13,582,290
43	Macon Co.	1,555,384	0	2,263,603	3,818,987

1	Madison Co.	289,685	3,244,452	1,534,187	5,068,323
2	Martin Co.	365,448	5,532,445	2,947,688	8,845,581
3	McDowell Co.	0	7,226,827	3,628,829	10,855,656
4	Mecklenburg Co.	65,228,072	0	54,601,986	119,830,058
5	Mitchell Co.	0	2,332,411	1,387,597	3,720,009
6	Montgomery Co.	766,550	5,188,325	2,551,484	8,506,359
7	Moore Co.	4,452,230	0	6,160,297	10,612,527
8	Nash Co.	3,690,137	14,725,007	10,539,735	28,954,879
9	New Hanover Co.	7,830,399	0	12,515,457	20,345,856
10	Northampton Co.	160,441	7,155,039	2,244,764	9,560,244
11	Onslow Co.	5,673,363	38,447,459	12,123,374	56,244,195
12	Orange Co.	2,571,508	0	3,408,650	5,980,159
13	Chapel Hill-				
14	Carrboro	6,172,512	0	4,823,329	10,995,840
15	Pamlico Co.	57,937	2,360,084	1,229,822	3,647,844
16	Pasquotank Co.	1,439,510	8,125,362	3,681,225	13,246,097
17	Pender Co.	3,890,688	5,690,671	3,502,844	13,084,204
18	Perquimans Co.	17,827	2,984,367	1,130,918	4,133,112
19	Person Co.	1,586,581	829,294	3,269,125	5,685,000
20	Pitt Co.	6,261,645	10,985,395	11,426,926	28,673,967
21	Polk Co.	356,535	0	1,289,871	1,646,406
22	Randolph Co.	7,166,353	9,257,230	9,163,323	25,586,906
23	Asheboro City	1,778,218	2,376,181	2,420,201	6,574,600
24	Richmond Co.	699,700	14,419,990	4,922,821	20,042,511
25	Robeson Co.	2,353,131	47,978,887	13,636,956	63,968,974
26	Rockingham Co.	597,196	8,453,474	8,394,464	17,445,134
27	Rowan Co.	10,776,269	8,743,009	11,392,192	30,911,471
28	Rutherford Co.	1,501,904	7,997,008	5,969,553	15,468,465
29	Sampson Co.	3,418,279	7,902,362	4,307,027	15,627,668
30	Clinton City	0	2,877,068	1,511,227	4,388,295
31	Scotland Co.	0	11,042,166	4,251,688	15,293,854
32	Stanly Co.	2,250,627	6,658,864	4,352,358	13,261,849
33	Albemarle City	793,290	1,955,352	1,298,113	4,046,755
34	Stokes Co.	1,341,463	3,901,196	3,976,759	9,219,417
35	Surry Co.	2,357,587	4,070,611	4,669,674	11,097,873
36	Elkin City	338,708	541,736	625,214	1,505,658
37	Mount Airy City	445,669	1,009,671	1,201,564	2,658,903
38	Swain Co.	338,708	3,198,646	974,909	4,512,263
39	Transylvania Co.	280,771	0	2,330,127	2,610,899
40	Tyrrell Co.	271,858	1,091,336	469,793	1,832,987
41	Union Co.	10,339,514	6,192,466	11,140,812	27,672,792
42	Vance Co.	1,488,533	8,361,014	4,374,140	14,223,687
43	Wake Co.	72,773,243	0	50,523,969	123,297,212

1	Warren Co.	548,173	5,550,739	1,857,391	7,956,302
2	Washington Co.	0	4,105,098	1,533,010	5,638,108
3	Watauga Co.	953,731	0	2,904,712	3,858,443
4	Wayne Co.	3,030,547	23,725,815	11,230,296	37,986,659
5	Wilkes Co.	106,960	8,353,208	5,837,093	14,297,261
6	Wilson Co.	2,223,887	4,833,060	7,211,150	14,268,097
7	Yadkin Co.	2,232,800	4,728,588	3,214,964	10,176,352
8	Yancey Co.	227,291	2,134,456	1,457,066	3,818,813
9					
10	GRAND TOTAL	\$442,500,000	\$619,500,000	\$708,000,000	\$1,770,000,000

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

14 (d) Match. A county is not required to match bond proceeds allocated under
 15 subsection (b) of this section. A county is not required to match bond proceeds allocated
 16 under subsection (c) of this section on the basis of ability to pay. Bond proceeds
 17 allocated under subsection (c) of this section on the basis of high growth and the basis of
 18 average daily membership must be matched by the county at the rate of matching funds
 19 equal to three cents (3¢) times the county's ability to pay rank for every one dollar (\$1.00)
 20 of allocated bond proceeds. A county's ability to pay rank is its rank in the ranking of
 21 counties from lowest to highest county wealth as a percentage of State average wealth
 22 made by the State Board of Education for the 1995-96 fiscal year pursuant to Section
 23 17.1 of Chapter 507 of the 1995 Session Laws. The match requirement may be satisfied
 24 by non-State expenditures for public school capital outlay projects made on or after
 25 January 1, 1992. A non-State expenditure has been made for the purpose of the match if
 26 funds have been budgeted, earmarked, or committed or if debt has been authorized or
 27 incurred.

28 As local school administrative units satisfy the match requirements of this
 29 section, they shall document the extent to which they have done so in periodic reports to
 30 the State Board of Education. These reports shall include any information and
 31 documentation required by the State Board of Education. The State Board of Education
 32 shall certify to the State Treasurer from time to time the extent to which the match
 33 requirements of this section have been met with respect to each local school
 34 administrative unit; this certification shall be binding and conclusive. Bond proceeds
 35 shall be distributed for expenditure only as, and to the extent, the matching requirements
 36 of this section are satisfied, as certified by the State Board of Education. The State Board
 37 of Education shall also require counties to report annually on the impact of funds
 38 provided under this act on the property tax rate for that year. These reports shall be
 39 public documents and shall be furnished to any citizen upon request.

40 (e) Unmatched Proceeds. If the State Board of Education determines that a
 41 county has not met the matching requirements of this section by January 1, 2002, with
 42 respect to any bond proceeds allocated under subsection (c) of this section, the State
 43 Board of Education shall certify that fact to the State Treasurer by March 1, 2002. All of

1 the bond proceeds that are to be allocated on the basis of high growth under subsection
2 (c) of this section and with respect to which the State Board of Education certifies that the
3 matching requirement has not been met by January 1, 2002, shall be reallocated among
4 the remaining counties that were eligible to receive a primary allocation on the basis of
5 high growth in proportion to those eligible counties. All of the bond proceeds that are to
6 be allocated on the basis of average daily membership under subsection (c) of this section
7 and with respect to which the State Board of Education certifies that the matching
8 requirement has not been met by January 1, 2002, shall be reallocated among the
9 remaining counties on the basis of average daily membership of the local school
10 administrative units within the remaining counties. Bond proceeds reallocated to a
11 county because of a local school administrative unit's average daily membership within
12 the county may be used only with respect to public school facilities of that unit. Bond
13 proceeds reallocated to a county under this subsection must be matched at the same rate
14 as bond proceeds allocated to the county under subsection (d) of this section.

15 (f) Administration. Funds disbursed under this act shall be administered and
16 supervised by the State Board of Education and shall be used only for the purposes
17 provided in this act. Each school administrative unit shall submit to the State Board of
18 Education its plans for the expenditure of funds allocated under this act. After the State
19 Board of Education determines that a school administrative unit's planned expenditure of
20 part or all of the funds allocated to it is within the purposes provided in this act, the State
21 Board of Education shall make the funds to which the plans apply available to the school
22 administrative unit.

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

26 Sec. 7. Election. The question of the issuance of the bonds authorized by this
27 act shall be submitted to the qualified voters of the State at a statewide election to be held
28 on a date set by the General Assembly. Any other primary, election, or referendum
29 validly called or scheduled by law at the time the election on the bond question provided
30 for in this section is held, may be held as called or scheduled. Notice of the election shall
31 be given in the manner and at the times required by G.S. 163-33(8). The election and the
32 registration of voters therefor shall be held under and in accordance with the general laws
33 of the State. Absentee ballots shall be authorized in the election.

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

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

42 **"[] FOR [] AGAINST**

1 The issuance of one billion eight hundred million dollars (\$1,800,000,000) State of
2 North Carolina Public School Building Bonds constituting general obligation bonds of
3 the State secured by a pledge of the faith and credit and taxing power of the State for the
4 purpose of providing funds to counties, with any other available funds, to pay the cost of
5 public school building capital improvements."

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

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

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

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

1 State Treasurer from proceeding, with respect to the issuance and form of the bonds or
2 notes, under the provisions of Chapter 159E of the General Statutes, the Registered
3 Public Obligations Act, as well as under this act.

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

15 (d) Notes; Repayment.

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

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

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

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

42 (f) Tax Exemption. Bonds and notes shall be exempt from all State, county,
43 and municipal taxation or assessment, direct or indirect, general or special, whether

1 imposed for the purpose of general revenue or otherwise, excluding inheritance and gift
2 taxes, income taxes on the gain from the transfer of bonds and notes, and franchise taxes.
3 The interest on bonds and notes shall not be subject to taxation as to income.

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

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

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

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

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

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

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

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

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

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

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

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