

GENERAL ASSEMBLY OF NORTH CAROLINA
FIRST EXTRA SESSION 2018

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SENATE BILL DRS35002-MC_x-1

Short Title: Public School Building Bond Act of 2018. (Public)

Sponsors: Senators Smith, Chaudhuri, and Foushee (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE PUBLIC SCHOOL BUILDING BOND ACT OF 2018.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.(a)** Short Title. – This section shall be known as the "Public School
5 Building Bond Act of 2018."

6 **SECTION 1.(b)** Purpose. – It is the intent of the General Assembly by this act to
7 provide, subject to a vote of the qualified voters of the State, for the issuance of one billion nine
8 hundred million dollars (\$1,900,000,000) general obligation bonds of the State for the purpose
9 of providing funds, with any other available funds, for public school facilities through grants to
10 counties for public school capital outlay projects.

11 **SECTION 1.(c)** Definitions. – Unless the context otherwise requires, the following
12 definitions apply in this section:

13 (1) Bonds. – Bonds issued under this section.

14 (2) Cost. – Without intending thereby to limit or restrict any proper definition of
15 this term in financing the cost of public school capital outlay projects
16 authorized by this section, any of the following:

17 a. The cost of constructing, reconstructing, enlarging, acquiring, and
18 improving projects and acquiring equipment and land therefor.

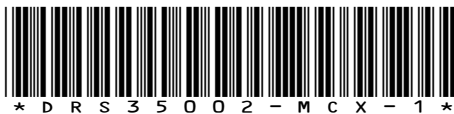
19 b. The cost of engineering, architectural, and other consulting services as
20 may be required.

21 c. Administrative expenses and charges, including expenses related to
22 determining compliance with applicable requirements of federal law
23 and expenses relating to issuance. Nothing in this section shall permit
24 use of bond funds to pay salaries or fees for bond administration; such
25 salaries and fees shall come from funds appropriated by the General
26 Assembly.

27 d. Finance charges and interest prior to and during construction and, if
28 deemed advisable by the State Treasurer, for a period not exceeding
29 three years after the estimated date of completion of construction.

30 e. The cost of bond insurance, investment contracts, credit enhancement
31 and liquidity facilities, interest-rate swap agreements or other
32 derivative products, financial and legal consultants, and related costs
33 of bond and note issuance, to the extent and as determined by the State
34 Treasurer.

35 f. The cost of reimbursing the State for any payments made for any cost
36 described in this subdivision.



1 g. Any other costs and expenses necessary or incidental to the purposes
2 of this section.

3 Allocations in this section of proceeds of bonds to the costs of a project or
4 undertaking in each case may include allocations to pay the costs set forth in
5 sub-subdivisions c. through g. of this subdivision in connection with the
6 issuance of bonds for the project or undertaking.

7 (3) Credit facility agreement. – An agreement entered into by the State Treasurer
8 on behalf of the State with a bank, savings and loan association, or other
9 banking institution; an insurance company, reinsurance company, surety
10 company, or other insurance institution; a corporation, investment banking
11 firm, or other investment institution; or any financial institution or other
12 similar provider of a credit facility agreement, which provider may be located
13 within or without the United States of America, such agreement providing for
14 prompt payment of all or any part of the principal or purchase price (whether
15 at maturity, presentment or tender for purchase, redemption, or acceleration),
16 redemption premium, if any, and interest on any bonds or notes payable on
17 demand or tender by the owner, in consideration of the State agreeing to repay
18 the provider of the credit facility agreement in accordance with the terms and
19 provisions of such agreement.

20 (4) Notes. – Notes issued under this section.

21 (5) Par formula. – Any provision or formula adopted by the State to provide for
22 the adjustment, from time to time, of the interest rate or rates borne by any
23 bonds or notes, including the following:

24 a. A provision providing for such adjustment so that the purchase price
25 of such bonds or notes in the open market would be as close to par as
26 possible;

27 b. A provision providing for such adjustment based upon a percentage or
28 percentages of a LIBOR rate, a prime rate, or base rate, which
29 percentage or percentages may vary or be applied for different periods
30 of time; or

31 c. Such other provision as the State Treasurer may determine to be
32 consistent with this section and will not materially and adversely affect
33 the financial position of the State and the marketing of bonds or notes
34 at a reasonable interest cost to the State.

35 (6) Public school capital outlay project. – A project for the construction of one or
36 more new public school buildings or the renovation of one or more existing
37 public school buildings, for the building of technology infrastructure, for the
38 purchase of equipment for a public school building that has never been used
39 for public education purposes or equipment related to the improvement of an
40 existing public school building that will be used at the building or become
41 affixed to the building during its use for public education, for the purchase of
42 land necessary for construction to commence within 24 months of one or more
43 school buildings, and for other related capital outlay projects to provide
44 facilities for individual schools that are used for instructional or related
45 purposes. The term does not include projects for facilities for centralized
46 administration, trailers, relocatable classrooms, or mobile classrooms.

47 (7) State. – The State of North Carolina.

48 **SECTION 1.(d)** Authorization of Bonds and Notes. – Subject to a favorable vote of
49 a majority of the qualified voters of the State who vote on the question of issuing bonds for public
50 school capital outlay projects in the election called and held as provided in this section, the State
51 Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell,

1 at one time or from time to time, general obligation bonds of the State to be designated "State of
 2 North Carolina Public School Building Bonds," with any additional designations as may be
 3 determined to indicate the issuance of bonds from time to time, or notes of the State as provided
 4 in this section, in an aggregate principal amount not exceeding one billion nine hundred million
 5 dollars (\$1,900,000,000) for the purpose of providing funds, with any other available funds, for
 6 the purposes authorized in this section. The principal amounts of bonds or notes issued in any
 7 12-month period shall not exceed five hundred ninety-one million dollars (\$591,000,000). In
 8 determining whether this limit has been reached, the issuance of a note or bond to pay an
 9 outstanding note is not considered an issuance.

10 **SECTION 1.(e) Use of Public School Building Bond and Note Proceeds. –**

11 (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of
 12 public school building bonds and notes, including premium thereon, if any,
 13 shall be used for the purpose of making grants to counties for paying the cost
 14 of public school capital outlay projects in the following general amounts set
 15 forth in this subdivision. Any additional monies that may be received by
 16 means of a grant or grants from the United States of America or any agency
 17 or department thereof or from any other source to aid in financing the cost of
 18 public school capital outlay projects authorized by this act may be placed by
 19 the State Treasurer in the Public School Building Bonds Fund or in a separate
 20 account or fund and shall be disbursed, to the extent permitted by the terms of
 21 the grant or grants, without regard to limitations imposed by this act.

22 LEA	ADM	Low-Wealth	ADM	Small	Total
23		County	Growth	County	
24 Alamance-Burlington					
25 Schools	\$11,894,339	\$10,655,658	\$1,984,971	\$0	\$24,534,968
26 Alexander County					
27 Schools	\$2,583,358	\$5,268,881	\$0	\$0	\$7,852,238
28 Alleghany County					
29 Schools	\$711,838	\$0	\$0	\$11,400,000	\$12,111,838
30 Anson County					
31 Schools	\$1,748,952	\$4,758,716	\$0	\$0	\$6,507,668
32 Ashe County					
33 Schools	\$1,583,956	\$0	\$0	\$11,400,000	\$12,983,956
34 Avery County					
35 Schools	\$1,065,399	\$0	\$0	\$11,400,000	\$12,465,399
36 Beaufort County					
37 Schools	\$3,578,568	\$2,208,334	\$0	\$0	\$5,786,902
38 Bertie County					
39 Schools	\$1,147,635	\$3,062,328	\$0	\$11,400,000	\$15,609,963
40 Bladen County					
41 Schools	\$2,377,506	\$4,926,454	\$0	\$0	\$7,303,960
42 Brunswick County					
43 Schools	\$6,612,390	\$0	\$2,291,422	\$0	\$8,903,812
44 Buncombe County					
45 Schools	\$12,765,935	\$0	\$0	\$0	\$12,765,935
46 Asheville City					
47 Schools	\$2,387,982	\$0	\$2,681,452	\$0	\$5,069,434
48 Burke County					
49 Schools	\$6,412,300	\$14,627,330	\$0	\$0	\$21,039,630
50 Cabarrus County					
51 Schools	\$17,154,290	\$0	\$20,239,736	\$0	\$37,394,026

1	Kannapolis City					
2	Schools	\$2,779,257	\$864,967	\$174,120	\$0	\$3,818,344
3	Caldwell County					
4	Schools	\$6,195,449	\$11,838,398	\$0	\$0	\$18,033,847
5	Camden County					
6	Schools	\$970,592	\$1,102,185	\$0	\$11,400,000	\$13,472,778
7	Carteret County Public					
8	Schools	\$4,359,023	\$0	\$0	\$0	\$4,359,023
9	Caswell County					
10	Schools	\$1,390,676	\$3,168,512	\$0	\$11,400,000	\$15,959,188
11	Catawba County					
12	Schools	\$8,579,764	\$0	\$0	\$0	\$8,579,764
13	Hickory City					
14	Schools	\$2,221,939	\$0	\$0	\$0	\$2,221,939
15	Newton Conover City					
16	Schools	\$1,579,766	\$0	\$285,557	\$0	\$1,865,323
17	Chatham County					
18	Schools	\$4,602,064	\$0	\$4,715,176	\$0	\$9,317,240
19	Cherokee County					
20	Schools	\$1,735,333	\$1,545,096	\$0	\$0	\$3,280,430
21	Edenton-Chowan					
22	Schools	\$1,070,637	\$1,033,675	\$0	\$11,400,000	\$13,504,312
23	Clay County					
24	Schools	\$704,504	\$0	\$55,718	\$11,400,000	\$12,160,223
25	Cleveland County					
26	Schools	\$7,750,596	\$13,226,975	\$0	\$0	\$20,977,572
27	Columbus County					
28	Schools	\$3,040,107	\$9,559,234	\$0	\$0	\$12,599,340
29	Whiteville City					
30	Schools	\$1,167,539	\$3,671,180	\$0	\$0	\$4,838,720
31	Craven County					
32	Schools	\$7,365,083	\$2,972,533	\$0	\$0	\$10,337,616
33	Cumberland County					
34	Schools	\$26,443,796	\$23,904,327	\$0	\$0	\$50,348,124
35	Currituck County					
36	Schools	\$2,114,037	\$0	\$787,023	\$0	\$2,901,061
37	Dare County					
38	Schools	\$2,668,736	\$0	\$1,239,736	\$0	\$3,908,472
39	Davidson County					
40	Schools	\$10,031,724	\$10,460,171	\$0	\$0	\$20,491,895
41	Lexington City					
42	Schools	\$1,591,290	\$1,659,253	\$0	\$0	\$3,250,543
43	Thomasville City					
44	Schools	\$1,219,919	\$1,272,022	\$0	\$0	\$2,491,941
45	Davie County					
46	Schools	\$3,269,529	\$233,720	\$0	\$0	\$3,503,249
47	Duplin County					
48	Schools	\$5,051,480	\$13,913,743	\$2,549,120	\$0	\$21,514,343
49	Durham Public					
50	Schools	\$17,529,851	\$0	\$2,751,100	\$0	\$20,280,951
51	Edgecombe County Public					

General Assembly Of North Carolina**First Extra Session 2018**

1	Schools	\$3,139,628	\$8,695,956	\$0	\$0	\$11,835,584
2	Winston-Salem/Forsyth County					
3	Schools	\$28,759,495	\$0	\$11,958,578	\$0	\$40,718,072
4	Franklin County					
5	Schools	\$4,417,164	\$9,580,484	\$0	\$0	\$13,997,648
6	Gaston County					
7	Schools	\$16,513,689	\$9,682,736	\$3,774,927	\$0	\$29,971,351
8	Gates County					
9	Schools	\$841,215	\$2,044,497	\$0	\$11,400,000	\$14,285,712
10	Graham County					
11	Schools	\$626,459	\$205,923	\$0	\$11,400,000	\$12,232,382
12	Granville County					
13	Schools	\$4,036,365	\$10,379,794	\$0	\$0	\$14,416,160
14	Greene County					
15	Schools	\$1,636,860	\$5,848,956	\$0	\$11,400,000	\$18,885,816
16	Guilford County					
17	Schools	\$37,701,201	\$0	\$0	\$0	\$37,701,201
18	Halifax County					
19	Schools	\$1,358,201	\$2,752,913	\$0	\$0	\$4,111,113
20	Roanoke Rapids City					
21	Schools	\$1,525,291	\$3,091,590	\$0	\$0	\$4,616,881
22	Weldon City					
23	Schools	\$454,654	\$921,533	\$0	\$0	\$1,376,187
24	Harnett County					
25	Schools	\$10,988,698	\$31,708,691	\$7,717,009	\$0	\$50,414,398
26	Haywood County					
27	Schools	\$3,757,182	\$0	\$0	\$0	\$3,757,182
28	Henderson County					
29	Schools	\$7,094,281	\$0	\$0	\$0	\$7,094,281
30	Hertford County					
31	Schools	\$1,511,149	\$3,743,868	\$0	\$11,400,000	\$16,655,017
32	Hoke County					
33	Schools	\$4,403,546	\$14,037,584	\$1,246,701	\$0	\$19,687,830
34	Hyde County					
35	Schools	\$317,944	\$0	\$229,839	\$11,400,000	\$11,947,782
36	Iredell-Statesville					
37	Schools	\$10,699,563	\$0	\$0	\$0	\$10,699,563
38	Mooreville Graded School					
39	District	\$3,186,246	\$0	\$2,792,889	\$0	\$5,979,134
40	Jackson County					
41	Schools	\$1,978,374	\$0	\$995,968	\$0	\$2,974,342
42	Johnston County					
43	Schools	\$18,475,301	\$35,189,800	\$14,605,205	\$0	\$68,270,306
44	Jones County					
45	Schools	\$585,079	\$450,538	\$0	\$11,400,000	\$12,435,617
46	Lee County					
47	Schools	\$5,254,713	\$6,713,788	\$1,218,842	\$0	\$13,187,342
48	Lenoir County Public					
49	Schools	\$4,582,683	\$8,123,174	\$0	\$0	\$12,705,858
50	Lincoln County					
51	Schools	\$5,970,217	\$586,814	\$0	\$0	\$6,557,031

1	Macon County					
2	Schools	\$2,303,651	\$0	\$0	\$0	\$2,303,651
3	Madison County					
4	Schools	\$1,224,633	\$403,668	\$0	\$11,400,000	\$13,028,301
5	Martin County					
6	Schools	\$1,693,953	\$3,441,064	\$0	\$0	\$5,135,017
7	McDowell County					
8	Schools	\$3,241,768	\$5,991,397	\$0	\$0	\$9,233,165
9	Charlotte-Mecklenburg					
10	Schools	\$78,674,026	\$0	\$72,872,801	\$0	\$151,546,827
11	Mitchell County					
12	Schools	\$969,021	\$95,246	\$0	\$11,400,000	\$12,464,267
13	Montgomery County					
14	Schools	\$2,056,420	\$2,204,655	\$0	\$0	\$4,261,074
15	Moore County					
16	Schools	\$6,650,103	\$0	\$1,372,067	\$0	\$8,022,170
17	Nash-Rocky Mount					
18	Schools	\$7,989,447	\$14,371,718	\$0	\$0	\$22,361,165
19	New Hanover County					
20	Schools	\$13,935,569	\$0	\$11,011,364	\$0	\$24,946,933
21	Northampton County					
22	Schools	\$933,927	\$2,214,071	\$0	\$11,400,000	\$14,547,998
23	Onslow County					
24	Schools	\$13,901,522	\$993,738	\$10,161,657	\$0	\$25,056,918
25	Orange County					
26	Schools	\$3,951,510	\$0	\$863,636	\$0	\$4,815,147
27	Chapel Hill-Carrboro City					
28	Schools	\$6,410,728	\$0	\$766,129	\$0	\$7,176,857
29	Pamlico County					
30	Schools	\$671,505	\$0	\$0	\$11,400,000	\$12,071,505
31	Elizabeth City-Pasquotank Public					
32	Schools	\$2,992,965	\$4,901,814	\$0	\$0	\$7,894,780
33	Pender County					
34	Schools	\$4,990,720	\$7,117,093	\$7,877,199	\$0	\$19,985,012
35	Perquimans County					
36	Schools	\$861,643	\$0	\$0	\$11,400,000	\$12,261,643
37	Person County					
38	Schools	\$2,392,696	\$1,638,918	\$0	\$0	\$4,031,614
39	Pitt County					
40	Schools	\$12,347,422	\$16,479,237	\$0	\$0	\$28,826,660
41	Polk County					
42	Schools	\$1,132,969	\$0	\$0	\$11,400,000	\$12,532,969
43	Randolph County					
44	Schools	\$9,064,274	\$17,536,732	\$0	\$0	\$26,601,006
45	Asheboro City					
46	Schools	\$2,436,171	\$4,713,281	\$0	\$0	\$7,149,452
47	Richmond County					
48	Schools	\$3,841,513	\$11,394,323	\$0	\$0	\$15,235,836
49	Public Schools of Robeson					
50	County	\$12,144,190	\$48,064,710	\$0	\$0	\$60,208,900
51	Rockingham County					

General Assembly Of North Carolina**First Extra Session 2018**

1	Schools	\$6,529,630	\$11,917,196	\$0	\$0	\$18,446,826
2	Rowan-Salisbury					
3	Schools	\$10,118,674	\$12,983,241	\$0	\$0	\$23,101,915
4	Rutherford County					
5	Schools	\$4,248,502	\$7,595,758	\$0	\$0	\$11,844,260
6	Sampson County					
7	Schools	\$4,377,880	\$11,563,052	\$0	\$0	\$15,940,932
8	Clinton City					
9	Schools	\$1,586,052	\$4,189,151	\$285,557	\$0	\$6,060,760
10	Scotland County					
11	Schools	\$3,075,201	\$9,753,031	\$0	\$0	\$12,828,232
12	Stanly County					
13	Schools	\$4,433,926	\$7,413,291	\$0	\$0	\$11,847,217
14	Stokes County					
15	Schools	\$3,173,151	\$5,676,493	\$0	\$0	\$8,849,644
16	Surry County					
17	Schools	\$4,198,218	\$6,722,208	\$0	\$0	\$10,920,426
18	Elkin City					
19	Schools	\$618,078	\$989,669	\$0	\$0	\$1,607,747
20	Mount Airy City					
21	Schools	\$838,596	\$1,342,763	\$0	\$0	\$2,181,359
22	Swain County					
23	Schools	\$1,029,257	\$427,317	\$0	\$11,400,000	\$12,856,574
24	Transylvania County					
25	Schools	\$1,787,189	\$0	\$0	\$0	\$1,787,189
26	Tyrrell County					
27	Schools	\$319,515	\$599,330	\$278,592	\$11,400,000	\$12,597,437
28	Union County Public					
29	Schools	\$21,984,205	\$0	\$10,565,616	\$0	\$32,549,821
30	Vance County					
31	Schools	\$3,180,484	\$9,876,842	\$0	\$0	\$13,057,326
32	Wake County					
33	Schools	\$85,220,418	\$0	\$84,650,293	\$0	\$169,870,711
34	Warren County					
35	Schools	\$1,125,112	\$691,281	\$0	\$11,400,000	\$13,216,393
36	Washington County					
37	Schools	\$814,501	\$1,524,139	\$0	\$11,400,000	\$13,738,640
38	Watauga County					
39	Schools	\$2,343,983	\$0	\$0	\$0	\$2,343,983
40	Wayne County Public					
41	Schools	\$9,669,782	\$13,444,191	\$0	\$0	\$23,113,973
42	Wilkes County					
43	Schools	\$5,007,481	\$7,550,886	\$0	\$0	\$12,558,367
44	Wilson County					
45	Schools	\$6,314,874	\$9,028,273	\$0	\$0	\$15,343,147
46	Yadkin County					
47	Schools	\$2,774,543	\$5,457,894	\$0	\$0	\$8,232,437
48						
49						
50	Yancey County					
51	Schools	\$1,146,064	\$0	\$0	\$11,400,000	\$12,546,064

1	Total	\$760M	\$570M	\$285M	\$285M	\$1.9B
2	(2)	Special allocation provisions. – In determining the use of the proceeds of				
3		public school building bonds and notes, including premium thereon, if any,				
4		set forth in subdivision (1) of this subsection, the following special allocation				
5		provisions apply:				
6	a.	In the case of a local school administrative unit located entirely in one				
7		county, the unit's total distribution amount shall be allocated to that				
8		county. In the case of a local school administrative unit located in more				
9		than one county, the unit's distribution amount shall be allocated				
10		among the counties in which the unit is located in proportion to				
11		average daily membership of the unit in each county. A unit's				
12		distribution amount allocated to a county may be used only with				
13		respect to public school facilities of that unit. If two or more local				
14		school administrative units are consolidated into one unit, the				
15		distribution amounts provided in subdivision (1) of this subsection for				
16		the units shall be considered the distribution amount for the merged				
17		unit.				
18	b.	Bond proceeds allocated in subdivision (1) of this subsection for				
19		low-wealth-county or small-county designations require no county				
20		match. A county receiving bond proceeds otherwise allocated in				
21		subdivision (1) of this subsection must match each one dollar of bond				
22		proceeds allocated with an amount equal to the product of three cents				
23		(3¢) multiplied by the county's ability to pay rank. A "county's ability				
24		to pay rank" is the rank assigned to the county by the State Board of				
25		Education for the 2016-17 fiscal year pursuant to Section 8.3 of				
26		S.L. 2015-241. The match requirement may be satisfied by non-State				
27		expenditures for public school facilities made on or after January 1,				
28		2017. If a debt has been authorized or incurred since January 1, 2017,				
29		for the general purpose of public school facilities, then the face amount				
30		of the debt shall be considered as a non-State expenditure for public				
31		school facilities for the purpose of the match. As counties satisfy the				
32		match requirements of this subsection, they shall document the extent				
33		to which they have done so in periodic reports to the State Board of				
34		Education. These reports shall include any information and				
35		documentation required by the State Board of Education. The State				
36		Board of Education shall certify to the State Treasurer from time to				
37		time the extent to which the match requirements of this subsection				
38		have been met with respect to each county. Bond proceeds shall be				
39		distributed for expenditure only as, and to the extent, the matching				
40		requirement of this section are satisfied, as certified by the State Board				
41		of Education. The State Board of Education shall also require counties				
42		to report annually on the impact of funds provided under this act on				
43		the property tax rate for that year. These reports shall be public				
44		documents and shall be furnished to any citizen upon request.				
45	c.	Unmatched proceeds. – If the State Board of Education determines that				
46		a county has not met the matching requirement of this subsection by				
47		January 1, 2024, with respect to any bond proceeds allocated under				
48		subdivision (1) of this subsection, the State Board of Education shall				
49		certify that fact to the State Treasurer by March 1, 2024. Amounts that				
50		are allocated in the ADM Growth Allocation of bond proceeds under				
51		subdivision (1) of this subsection and that have not been certified as				

1 matched by the State Board of Education by January 1, 2024, shall be
2 reallocated among the counties that have been certified as having met
3 the matching requirement for that allocation. The reallocation shall be
4 made among the eligible counties in proportion to the amount of ADM
5 Growth Allocations for those counties under subdivision (1) of this
6 subsection. Amounts that are allocated in the ADM Allocation of bond
7 proceeds under subdivision (1) of this subdivision and that have not
8 been certified as matched by the State Board of Education by January
9 1, 2024, shall be reallocated among the counties that have been
10 certified as having met the matching requirement for that allocation.
11 The reallocation shall be made on the basis of average daily
12 membership of the local school administrative units within the
13 remaining counties. Bond proceeds reallocated to a county because of
14 a local school administrative unit's average daily membership within
15 the county may be used only with respect to public school capital
16 outlay projects of that unit. Bond proceeds reallocated to a county
17 under this sub-subdivision must be matched at the same rate as bond
18 proceeds allocated to the county under sub-subdivision b. of this
19 subdivision.

20 **SECTION 1.(f) Allocation and Tracking of Proceeds. –**

- 21 (1) Public improvement bonds. – The proceeds of public school building bonds
22 and notes, including premium thereon, if any, except the proceeds of bonds
23 the issuance of which has been anticipated by bond anticipation notes or the
24 proceeds of refunding bonds or notes, shall be placed by the State Treasurer
25 in a special fund to be designated "Public School Building Bonds Fund,"
26 which may include such appropriate special accounts therein as may be
27 determined by the State Treasurer and shall be disbursed as provided in this
28 section. Monies in the Public School Building Bonds Fund shall be allocated
29 and expended as provided in this section.

30 Any additional monies that may be received by means of a grant or grants
31 from the United States of America or any agency or department thereof or
32 from any other source for deposit to the Public School Building Bonds Fund
33 may be placed in the Public School Building Bonds Fund or in a separate
34 account or fund and shall be disbursed, to the extent permitted by the terms of
35 the grant or grants, without regard to any limitations imposed by this section.

36 Monies in the Public School Building Bonds Fund or any separate account
37 established under this section may be invested from time to time by the State
38 Treasurer in the same manner permitted for investment of monies belonging
39 to the State or held in the State treasury, except with respect to grant money
40 to the extent otherwise directed by the terms of the grant. Investment earnings,
41 except investment earnings with respect to grant monies to the extent
42 otherwise directed or restricted by the terms of the grant, may be (i) credited
43 to the Public School Building Bonds Fund or (ii) used to satisfy compliance
44 with applicable requirements of the federal tax law.

45 The proceeds of public improvement bonds and notes, including premium
46 thereon, if any, may be used with any other monies made available by the
47 General Assembly for funding the projects authorized by this section,
48 including the proceeds of any other State bond issues, whether heretofore
49 made available or that may be made available at the session of the General
50 Assembly at which this section is ratified or any subsequent sessions. The
51 proceeds of public school building bonds and notes, including premium

1 thereon, if any, shall be expended and disbursed under the direction and
2 supervision of the Director of the Budget. The funds provided by this section
3 shall be disbursed for the purposes provided in this section upon warrants
4 drawn on the State Treasurer by the State Controller, which warrants shall not
5 be drawn until requisition has been approved by the Director of the Budget
6 and which requisition shall be approved only after full compliance with the
7 State Budget Act, Chapter 143C of the General Statutes.

8 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's
9 designee is hereby authorized and directed to set up a comprehensive system
10 of tracking the proceeds of the public improvement bonds and notes, including
11 premium thereon, if any, to the extent necessary to enable the State Treasurer
12 or the State Treasurer's designee to properly account for the use of such
13 proceeds for compliance with applicable requirements of the federal tax law
14 or otherwise. All recipients of such proceeds shall comply with any tracking
15 system implemented by the State Treasurer or the State Treasurer's designee
16 for this purpose. The State Treasurer may withhold proceeds if the recipient
17 fails to comply with this subdivision.

18 (3) Costs. – Allocations to the costs of a capital improvement or undertaking in
19 each case may include allocations to pay the costs set forth in sub-subdivisions
20 c. through g. of subdivision (2) of subsection (c) of this section in connection
21 with the issuance of bonds for that capital improvement or undertaking.

22 **SECTION 1.(g)** Election. – The question of the issuance of the bonds authorized by
23 this section shall be submitted to the qualified voters of the State at an election to be held in
24 November of 2018. Any other primary, election, or referendum validly called or scheduled by
25 law at the time the election on the bond question provided for in this subsection is held may be
26 held as called or scheduled. The election and the registration of voters therefor shall be held under
27 and in accordance with the general laws of the State. Absentee ballots shall be authorized in the
28 election.

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

33 Ballots, voting systems authorized by Chapter 163A of the General Statutes, or both
34 may be used in accordance with rules prescribed by the State Board of Elections and Ethics
35 Enforcement. The bond question to be used in the ballots or voting systems shall be in
36 substantially the following form:

37 "[] FOR [] AGAINST

38 The issuance of one billion nine hundred million dollars (\$1,900,000,000) State of
39 North Carolina Public School Building Bonds constituting general obligation bonds of the State
40 secured by a pledge of the faith and credit and taxing power of the State for the purpose of
41 providing funds, with any other available funds, for grants to counties for costs of public school
42 building capital improvements."

43 If a majority of those voting on a bond question in the election vote in favor of the
44 issuance of the bonds described in the question, those bonds may be issued as provided in this
45 section. If a majority of those voting on a bond question in the election do not vote in favor of
46 the issuance of the bonds described in the question, those bonds shall not be issued.

47 The results of the election shall be canvassed and declared as provided by law for
48 elections for State officers; the results of the election shall be certified by the State Board of
49 Elections and Ethics Enforcement to the Secretary of State in the manner and at the time provided
50 by the general election laws of the State.

51 **SECTION 1.(h)** Issuance of Bonds and Notes. –

- 1 (1) Terms and conditions. – Bonds or notes may bear such date or dates, may be
2 serial or term bonds or notes, or any combination thereof, may mature in such
3 amounts and at such time or times, not exceeding 40 years from their date or
4 dates, may be payable at such place or places, either within or without the
5 United States of America, in such coin or currency of the United States of
6 America as at the time of payment is legal tender for payment of public and
7 private debts, may bear interest at such rate or rates, which may vary from
8 time to time, and may be made redeemable before maturity, at the option of
9 the State or otherwise as may be provided by the State, at such price or prices,
10 including a price less than the face amount of the bonds or notes, and under
11 such terms and conditions, all as may be determined by the State Treasurer by
12 and with the consent of the Council of State.
- 13 (2) Signatures; form and denomination; registration. – Bonds or notes may be
14 issued as certificated or uncertificated obligations. If issued as certificated
15 obligations, bonds or notes shall be signed on behalf of the State by the
16 Governor or shall bear the Governor's facsimile signature, shall be signed by
17 the State Treasurer or shall bear the State Treasurer's facsimile signature, and
18 shall bear the Great Seal of the State of North Carolina or a facsimile thereof
19 shall be impressed or imprinted thereon. If bonds or notes bear the facsimile
20 signatures of the Governor and the State Treasurer, the bonds or notes shall
21 also bear a manual signature, which may be that of a bond registrar, trustee,
22 paying agent, or designated assistant of the State Treasurer. Should any officer
23 whose signature or facsimile signature appears on bonds or notes cease to be
24 such officer before the delivery of the bonds or notes, the signature or
25 facsimile signature shall nevertheless have the same validity for all purposes
26 as if the officer had remained in office until delivery, and bonds or notes may
27 bear the facsimile signatures of persons who at the actual time of the execution
28 of the bonds or notes shall be the proper officers to sign any bond or note,
29 although at the date of the bond or note such persons may not have been such
30 officers. The form and denomination of bonds or notes, including the
31 provisions with respect to registration of the bonds or notes and any system
32 for their registration, shall be as the State Treasurer may determine in
33 conformity with this section; provided, however, that nothing in this section
34 shall prohibit the State Treasurer from proceeding, with respect to the issuance
35 and form of the bonds or notes, under the provisions of Chapter 159E of the
36 General Statutes, the Registered Public Obligations Act, as well as under this
37 section.
- 38 (3) Manner of sale; expenses. – Subject to the consent of the Council of State, the
39 State Treasurer shall determine the manner in which bonds or notes shall be
40 offered for sale, whether at public or private sale, whether within or without
41 the United States of America, and whether by publishing notices in certain
42 newspapers and financial journals, mailing notices, inviting bids by
43 correspondence, negotiating contracts of purchase, or otherwise, and the State
44 Treasurer is authorized to sell bonds or notes at one time or from time to time
45 at such rate or rates of interest, which may vary from time to time, and at such
46 price or prices, including a price less than the face amount of the bonds or the
47 notes, as the State Treasurer may determine. All expenses incurred in
48 preparation, sale, and issuance of bonds or notes shall be paid by the State
49 Treasurer from the proceeds of bonds or notes or other available monies.
- 50 (4) Notes; repayment. –

- 1 a. Subject to the consent of the Council of State, the State Treasurer is
2 hereby authorized to borrow money and to execute and issue notes of
3 the State for the same, but only in the following circumstances and
4 under the following conditions:
- 5 1. For anticipating the sale of bonds to the issuance of which the
6 Council of State shall have given consent, if the State Treasurer
7 shall deem it advisable to postpone the issuance of the bonds.
 - 8 2. For the payment of interest on or any installment of principal
9 of any bonds then outstanding, if there shall not be sufficient
10 funds in the State treasury with which to pay the interest or
11 installment of principal as they respectively become due.
 - 12 3. For the renewal of any loan evidenced by notes herein
13 authorized.
 - 14 4. For the purposes authorized in this section.
 - 15 5. For refunding bonds or notes as herein authorized.
- 16 b. Funds derived from the sale of bonds or notes may be used in the
17 payment of any bond anticipation notes issued under this section.
18 Funds provided by the General Assembly for the payment of interest
19 on or principal of bonds shall be used in paying the interest on or
20 principal of any notes and any renewals thereof, the proceeds of which
21 shall have been used in paying interest on or principal of the bonds.
- 22 (5) Refunding bonds and notes. – By and with the consent of the Council of State,
23 the State Treasurer is authorized to issue and sell refunding bonds and notes
24 pursuant to the provisions of the State Refunding Bond Act for the purpose of
25 refunding bonds or notes issued pursuant to this section. The refunding bonds
26 and notes may be combined with any other issues of State bonds and notes
27 similarly secured.
- 28 (6) Tax exemption. – Bonds and notes shall be exempt from all State, county, and
29 municipal taxation or assessment, direct or indirect, general or special,
30 whether imposed for the purpose of general revenue or otherwise, excluding
31 inheritance and gift taxes, income taxes on the gain from the transfer of bonds
32 and notes, and franchise taxes. The interest on bonds and notes shall not be
33 subject to taxation as to income.
- 34 (7) Investment eligibility. – Bonds and notes are hereby made securities in which
35 all public officers, agencies, and public bodies of the State and its political
36 subdivisions; all insurance companies, trust companies, investment
37 companies, banks, savings banks, savings and loan associations, credit unions,
38 pension or retirement funds, other financial institutions engaged in business
39 in the State; executors, administrators, trustees, and other fiduciaries may
40 properly and legally invest funds, including capital in their control or
41 belonging to them. Bonds and notes are hereby made securities that may
42 properly and legally be deposited with and received by any officer or agency
43 of the State or political subdivision of the State for any purpose for which the
44 deposit of bonds, notes, or obligations of the State or any political subdivision
45 of the State is now or may hereafter be authorized by law.
- 46 (8) Faith and credit. – The faith and credit and taxing power of the State are hereby
47 pledged for the payment of the principal of and the interest on bonds and notes.
48 In addition to the State's right to amend any provision of this section to the
49 extent it does not impair any contractual right of a bond owner, the State
50 expressly reserves the right to amend any provision of this section with respect
51 to the making and repayment of loans, the disposition of any repayments of

1 loans, and any intercept provisions relating to the failure of a local government
2 unit to repay a loan, the bonds not being secured in any respect by loans, any
3 repayments thereof, or any intercept provisions with respect thereto.

4 **SECTION 1.(i)** Variable Interest Rates. – In fixing the details of bonds and notes,
5 the State Treasurer may provide that any of the bonds or notes may:

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

23 If the aggregate principal amount repayable by the State under a credit facility
24 agreement is in excess of the aggregate principal amount of bonds or notes secured by the credit
25 facility agreement, whether as a result of the inclusion in the credit facility agreement of a
26 provision for the payment of interest for a limited period of time or the payment of a redemption
27 premium or for any other reason, then the amount of authorized but unissued bonds or notes
28 during the term of such credit facility agreement shall not be less than the amount of such excess,
29 unless the payment of such excess is otherwise provided for by agreement of the State executed
30 by the State Treasurer.

31 **SECTION 1.(j)** Interpretation of Section. –

- 32 (1) Additional method. – The foregoing subsections of this section shall be
33 deemed to provide an additional and alternative method for the doing of the
34 things authorized thereby and shall be regarded as supplemental and
35 additional to powers conferred by other laws and shall not be regarded as in
36 derogation of any powers now existing.
- 37 (2) Statutory references. – References in this section to specific sections or
38 Chapters of the General Statutes or to specific acts are intended to be
39 references to these sections, Chapters, or acts as they may be amended from
40 time to time by the General Assembly.
- 41 (3) Broad construction. – The General Assembly specifically has chosen to
42 combine what otherwise might be considered differing projects to be financed
43 into one bond bill and bond question because the General Assembly finds that
44 such differing projects, when taken together, constitute an interrelated, united,
45 and single plan for the State's infrastructure as stated aforesaid. Accordingly,
46 this section, being necessary for the health, welfare, and advancement of the
47 people of the State, shall be broadly construed to affect the purposes thereof.
- 48 (4) Inconsistent provisions. – Insofar as the provisions of this section are
49 inconsistent with the provisions of any general laws, or parts thereof, the
50 provisions of this section shall be controlling.

- 1 (5) Severability. – If any provision of this section or the application thereof to any
2 person or circumstance is held invalid, such invalidity shall not affect other
3 provisions or applications of the section that can be given effect without the
4 invalid provision or application, and to this end, the provisions of this section
5 are declared to be severable.

6 **SECTION 1.(k)** Other Agreements. – The State Treasurer may authorize, execute,
7 obtain, or otherwise provide for bond issuance, investment contracts, credit and liquidity
8 facilities, interest-rate swap agreements and other derivative products, and any other related
9 instruments and matters the State Treasurer determines to be desirable in connection with the
10 issuance of bonds and notes.

11 **SECTION 2.** The State Board of Education, upon receiving the proceeds of public
12 improvement bonds and notes, including premium thereon, if any, issued pursuant to and for
13 projects listed in Section 1 of this act, shall administer, supervise, and ensure that use of the
14 proceeds comport with the purposes provided in this act. Each school administrative unit shall
15 submit to the State Board of Education its plans for the expenditure of proceeds allocated under
16 this act. After the State Board of Education determines that a school administrative unit's planned
17 expenditure of part or all of the proceeds allocated to it is within the purposes provided in this
18 act, the State Board of Education shall make the proceeds to which the plans apply available to
19 the school administrative unit. Each local school administrative unit receiving the proceeds of
20 public improvement bonds and notes, including premium thereon, if any, issued pursuant to and
21 for projects listed in Section 1 of this act shall report by January 1, 2019, and quarterly thereafter,
22 to the Department of Public Instruction on the projects funded from public improvement general
23 obligation bonds authorized by Section 1 of this act, and the Department of Public Instruction
24 shall combine the reports and submit them to the Joint Legislative Capital Oversight Committee,
25 the House of Representatives Appropriations Committee, and the Senate Committee on
26 Appropriations/Base Budget. Each report shall include the total project costs, the amount to be
27 funded from the bonds, the expenditures to date from the bonds and other sources, and the
28 percentage of each project completed.

29 **SECTION 3.(a)** Projects funded in whole or in part with the proceeds of public
30 improvement bonds and notes, including premium thereon, if any, issued pursuant to Section 1
31 of this act, and that portion of funds estimated to be needed for escalation of costs shall remain
32 with the Office of State Budget and Management and shall be disbursed only for the following
33 purposes:

- 34 (1) To address unforeseen contingencies related to the specific project for which
35 the funds were made available.
36 (2) To address inflation costs related to that specific project.

37 **SECTION 3.(b)** Any funds retained by the Office of State Budget and Management
38 pursuant to subsection (a) of this section at the time a project is completed shall be retained by
39 the Office of State Budget and Management. The Office of State Budget and Management shall
40 report on any funds retained pursuant to this subsection within 90 days of a project's completion.

41 **SECTION 4.** Notwithstanding the period of time provided in G.S. 163-128(a) for
42 which transfers are effective, transfers of voters from a given precinct, for the purpose of voting,
43 to an adjacent precinct for the election held in November of 2018 shall be for that election only
44 and shall not apply to any subsequent election.

45 **SECTION 5.** Any funds from the Public School Building Bond expended for school
46 technology shall be reported to the Department of Public Instruction and shall be credited against
47 the judgment in *N.C. Sch. Bds. Ass'n. v. Moore*, No. 98-CVS-14159 (N.C. Super. Ct.).

48 **SECTION 6.** This act is effective when it becomes law.