

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 1088
May 14, 2020
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40560-MCxf-230

Short Title: Invest NC Bond Act of 2020. (Public)

Sponsors: Representative Harris.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE INVEST NC BOND ACT OF 2020.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.(a)** Short Title. – This act may be cited as the "Invest NC Bond Act of
5 2020."

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 three billion nine
8 hundred million dollars (\$3,900,000,000) providing funds, with any other available funds, to
9 invest in the State's public facilities, without limitation, construction, repair, renovation, and
10 furnishing of new facilities in order to ensure that the citizens of North Carolina have access to
11 high quality educational facilities, cultural facilities and attractions, and to ensure the viability of
12 water and sewer infrastructure.

13 **SECTION 1.(c)** Findings. – The General Assembly also finds:

- 14 (1) There is a documented need of \$8.1 billion in need in the construction and
15 renovation of public school facilities.
- 16 (2) There is a documented need of \$16.7 billion in need in water and sewer
17 infrastructure.
- 18 (3) There is a documented need of \$4.4 billion in deficiencies at The University
19 of North Carolina System.
- 20 (4) Community college facilities are necessary to educate and train the workforce
21 of tomorrow.
- 22 (5) Community college facilities are necessary to retrain those workers who have
23 been adversely impacted by changing economic conditions.
- 24 (6) Cultural facilities at the North Carolina Zoological Park and the North
25 Carolina History Museum are key cultural and educational attractions for the
26 citizens of the State.
- 27 (7) The facilities constructed in this act will benefit all future North Carolinians
28 for decades to come.
- 29 (8) All facilities are necessary to support the economic vitality of North Carolina.
- 30 (9) The State has prudently managed its finances.
- 31 (10) The State has achieved the highest credit rating available by independent
32 credit rating agencies.
- 33 (11) The debt proposed by this act is affordable and preferable to address the needs
34 of the citizens of the State.

35 **SECTION 1.(d)** Definitions. – The following definitions apply in this act unless the
36 context otherwise requires:



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- 1 (1) Bonds. – Bonds issued under this act.
- 2 (2) Cost. – The term includes all of the following:
- 3 a. The cost of constructing, reconstructing, renovating, repairing,
- 4 enlarging, acquiring, and improving State capital facilities, including
- 5 the acquisition of land, rights-of-way, easements, franchises,
- 6 equipment, machinery, furnishings, and other interests in real or
- 7 personal property acquired or used in connection with a State capital
- 8 facility.
- 9 b. The cost of engineering, architectural, and other consulting services as
- 10 may be required.
- 11 c. Administrative expenses and charges.
- 12 d. The cost of providing personnel to ensure effective project
- 13 management.
- 14 e. The cost of bond insurance, investment contracts, credit enhancement
- 15 and liquidity facilities, interest rate swap agreements or other
- 16 derivative products, financial and legal consultants, and related costs
- 17 of bond and note issuance, to the extent and as determined by the State
- 18 Treasurer.
- 19 f. Finance charges, reserves for debt service, and other types of reserves
- 20 required pursuant to the terms of any bond or note or related
- 21 documents, interest before and during construction or acquisition of a
- 22 State capital facility and, if considered advisable by the State
- 23 Treasurer, for a period not exceeding two years after the estimated date
- 24 of completion of construction or acquisition.
- 25 g. The cost of bond insurance, investment contracts, credit enhancement
- 26 facilities and liquidity facilities, interest rate swap agreements or other
- 27 derivative products, financial and legal consultants, and related costs
- 28 of the incurrence or issuance of any bond or note.
- 29 h. The cost of reimbursing the State for any payments made for any cost
- 30 described in this subdivision.
- 31 i. Any other costs and expenses necessary or incidental to the purposes
- 32 of this act.
- 33 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf
- 34 of the State with a bank, savings and loan association, or other banking
- 35 institution; an insurance company, reinsurance company, surety company or
- 36 other insurance institution; a corporation, investment banking firm, or other
- 37 investment institution; or any financial institution or other similar provider of
- 38 a credit facility, which provider may be located within or without the United
- 39 States, such agreement providing for prompt payment of all or any part of the
- 40 principal or purchase price (whether at maturity, presentment or tender for
- 41 purchase, redemption, or acceleration), redemption premium, if any, and
- 42 interest on any bonds or notes payable on demand or tender by the owner, in
- 43 consideration of the State agreeing to repay the provider of the credit facility
- 44 in accordance with the terms and provisions of such agreement.
- 45 (4) Notes. – Notes issued under this act.
- 46 (5) Par formula. – A provision or formula adopted by the State to provide for the
- 47 adjustment, from time to time, of the interest rate or rates borne by any bonds
- 48 or notes, including the following:
- 49 a. A provision providing for such adjustment so that the purchase price
- 50 of such bonds or notes in the open market would be as close to par as
- 51 possible.

- b. A provision providing for such adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.
- c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

- (6) State. – The State of North Carolina, including any State agency.
- (7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 1.(e) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing public improvement bonds in the election called and held as provided in this act, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Public Improvement Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this act, in an aggregate principal amount not exceeding three billion nine hundred million dollars (\$3,900,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this act.

SECTION 1.(f) Use of Public Improvement Bond and Note Proceeds. –

- (1) Subject to the provision of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

Public Instruction

Public Schools	New Schools, Additions, Renovations	\$2,000,000,000
Capital Assistance Program		
Total for Public Instruction		\$2,000,000,000

Water and Sewer Infrastructure

Department of Environmental Quality	Water/Sewer Loans and Grants	\$800,000,000
Total for Water and Sewer Infrastructure		\$800,000,000

NC Community College Prosperity Zone Projects		\$200,000,000
Alamance Comm. College	New Construction, Repairs, Renovations	5,208,446
Asheville-Buncombe Technical Comm. College	New Construction, Repairs, Renovations	7,674,446

1	Beaufort Co. Comm. College	New Construction, Repairs, Renovations	3,506,272
2			
3	Bladen Comm. College	New Construction, Repairs, Renovations	3,274,654
4			
5	Blue Ridge Comm. College	New Construction, Repairs, Renovations	3,102,116
6			
7	Brunswick Comm. College	New Construction, Repairs, Renovations	2,835,793
8			
9	Caldwell Comm. College	New Construction, Repairs, Renovations	5,000,623
10	Technical Institute		
11			
12	Cape Fear Comm. College	New Construction, Repairs, Renovations	7,928,709
13			
14	Carteret Comm. College	New Construction, Repairs, Renovations	2,216,231
15			
16	Catawba Valley Comm.	New Construction, Repairs, Renovations	5,937,352
17	College		
18			
19	Central Carolina Comm.	New Construction, Repairs, Renovations	5,923,335
20	College		
21			
22	Central Piedmont Comm.	New Construction, Repairs, Renovations	15,764,095
23	College		
24			
25	Cleveland Comm. College	New Construction, Repairs, Renovations	4,277,918
26			
27	College of the Albemarle	New Construction, Repairs, Renovations	6,059,511
28			
29	Coastal Carolina Comm.	New Construction, Repairs, Renovations	4,351,331
30	College		
31			
32	Craven Comm. College	New Construction, Repairs, Renovations	4,069,140
33			
34	Davidson County Comm.	New Construction, Repairs, Renovations	5,186,257
35	College		
36			
37	Durham Tech. Comm.	New Construction, Repairs, Renovations	5,418,808
38	College		
39			
40	Edgecombe Comm. College	New Construction, Repairs, Renovations	4,522,865
41			
42	Fayetteville Tech. Comm.	New Construction, Repairs, Renovations	13,136,041
43	College		
44			
45	Forsyth Tech. Comm. College	New Construction, Repairs, Renovations	8,272,056
46			
47	Gaston College	New Construction, Repairs, Renovations	5,884,411
48			
49	Guilford Tech. Comm.	New Construction, Repairs, Renovations	12,264,749
50	College		
51			

1	Halifax Comm. College	New Construction, Repairs, Renovations	3,479,856
2			
3	Haywood Comm. College	New Construction, Repairs, Renovations	2,772,246
4			
5	Isothermal Comm. College	New Construction, Repairs, Renovations	4,176,804
6			
7	James Sprunt Comm.	New Construction, Repairs, Renovations	2,586,064
8	College		
9			
10	Johnston Comm. College	New Construction, Repairs, Renovations	4,296,762
11			
12	Lenoir Comm. College	New Construction, Repairs, Renovations	6,238,158
13			
14	Martin Comm. College	New Construction, Repairs, Renovations	3,596,531
15			
16	Mayland Comm. College	New Construction, Repairs, Renovations	2,762,350
17			
18	McDowell Tech. Comm.	New Construction, Repairs, Renovations	2,704,014
19	College		
20			
21	Mitchell Comm. College	New Construction, Repairs, Renovations	3,465,636
22			
23	Montgomery Comm. College	New Construction, Repairs, Renovations	2,916,279
24			
25	Nash Comm. College	New Construction, Repairs, Renovations	5,295,128
26			
27	Pamlico Comm. College	New Construction, Repairs, Renovations	1,852,568
28			
29	Piedmont Comm. College	New Construction, Repairs, Renovations	3,168,468
30			
31	Pitt Comm. College	New Construction, Repairs, Renovations	8,555,417
32			
33	Randolph Comm. College	New Construction, Repairs, Renovations	3,980,619
34			
35	Richmond Comm. College	New Construction, Repairs, Renovations	4,491,480
36			
37	Roanoke-Chowan Comm.	New Construction, Repairs, Renovations	3,008,273
38	College		
39			
40	Robeson Comm. College	New Construction, Repairs, Renovations	4,696,470
41			
42	Rockingham Comm. College	New Construction, Repairs, Renovations	4,286,334
43			
44	Rowan-Cabarrus Comm.	New Construction, Repairs, Renovations	7,175,882
45	College		
46			
47	Sampson Comm. College	New Construction, Repairs, Renovations	3,024,075
48			
49	Sandhills Comm. College	New Construction, Repairs, Renovations	4,422,653
50			
51	South Piedmont Comm.	New Construction, Repairs, Renovations	3,648,592

1	College		
2			
3	Southeastern Comm.	New Construction, Repairs, Renovations	4,004,465
4	College		
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6	Southwestern Comm.	New Construction, Repairs, Renovations	4,511,990
7	College		
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9	Stanly Comm. College	New Construction, Repairs, Renovations	4,115,667
10			
11	Surry Comm. College	New Construction, Repairs, Renovations	4,972,416
12			
13	Tri-County Comm. College	New Construction, Repairs, Renovations	2,628,483
14			
15	Vance-Granville Comm.	New Construction, Repairs, Renovations	5,414,978
16	College		
17			
18	Wake Tech. Comm. College	New Construction, Repairs, Renovations	18,378,704
19			
20	Wayne Comm. College	New Construction, Repairs, Renovations	5,007,050
21			
22	Western Piedmont Comm.	New Construction, Repairs, Renovations	4,165,443
23	College		
24			
25	Wilkes Comm. College	New Construction, Repairs, Renovations	4,361,402
26			
27	Wilson Comm. College	New Construction, Repairs, Renovations	4,023,584
28			
29	Total for NC Community Colleges		\$500,000,000
30			
31	The University of North Carolina		
32			
33	Appalachian State University	Wey Hall Renovations	\$25,200,000
34			
35	East Carolina University	Howell Science Complex Renovations	38,580,000
36			
37	Elizabeth City State	Library Replacement	28,800,000
38	University		
39			
40	Fayetteville State	Rosenthal and Chick Building Renovations	13,700,000
41	University		
42			
43	North Carolina Agricultural	Carver Hall Renovations	18,500,000
44	And Technical State University		
45			
46	North Carolina Central	Lee Biology Building Renovations	8,100,000
47	University		
48			
49	North Carolina State	Daniels Hall Renovations	37,800,000
50	University		
51			

1	UNC-Asheville	Justice Center Renovations	26,800,000
2			
3	UNC-Chapel Hill	Carrington Hall Renovations	40,500,000
4			
5	UNC-Charlotte	Cameron and Brunson Building Renovations	27,000,000
6			
7	UNC-Greensboro	Jackson Library Renovation and Addition	75,600,000
8			
9	UNC-Pembroke	Givens Performing Arts Center Renovation	28,080,000
10			
11	UNC-School of the Arts	Stevens Center Renovation	37,980,000
12			
13	UNC-Wilmington	Randall Library Renovation and Expansion	56,400,000
14			
15	Western Carolina University	Moore Building Renovation	10,900,000
16			
17	Winston-Salem State	Hauser Building Renovation and Expansion	15,100,000
18	University		
19			
20	NC School of Science and	Life Safety Renovations	10,960,000
21	Mathematics		
22			
23	Total for The University of North Carolina		\$500,000,000

Department of Natural and Cultural Resources

27	Museum of History	Renovation	\$60,000,000
28			
29	NC Zoo	AustrailAsia Complex	\$40,000,000

(2) Special allocation provisions. – In determining the use of the proceeds of public improvement bonds and notes, including premium thereon, if any, set forth in subdivision (1) of this subsection, the following special allocation provisions apply:

a. The proceeds of public improvement bonds and notes, including premium thereon, if any, for public instruction for public schools capital assistance, as provided in subdivision (1) of this subsection, shall be allocated as follows:

1. One billion (\$1,000,000,000) of such proceeds shall be allocated equally to each county. Each county's allocation shall be distributed to the local school administrative units located in whole or in part in the county based on the average daily membership of the county's students in the school units.
2. Two hundred fifty million (\$250,000,000) of such proceeds shall be allocated among local school administrative units located in counties whose wealth is less than the State average wealth. The allocation shall have a numerator of the 2018-2019 low wealth allotment specific to that local school administrative unit with a denominator of the total 2018-2019 low wealth allotment, and then multiplied by the total allocation in this sub-sub-subdivision.

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- 3. Seven hundred fifty million (\$750,000,000) of such proceeds shall be allocated among local school administrative units on the basis of average daily membership for fiscal year 2018-2019 where the numerator is average daily membership for the local administrative unit and the denominator is the total average daily membership for the State for fiscal year 2018-2019.
- 4. Bond proceeds for a county for any designation require no local match if any portion of the proceeds results from low-wealth county receiving funds in sub-sub-subdivision 2 of this sub-subdivision. Any other county receiving bond proceeds allocated shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar (\$1.00) of local matching funds for every three dollars (\$3.00) of such proceeds for a local school administrative unit located in a county that is a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of such proceeds for a local school administrative unit located in a county that is a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds for a local school administrative unit located in a county that is a development tier three area, as defined in G.S. 143B-437.08. The match requirement may be satisfied by non-State expenditures for public school facilities made on or after January 1, 2015. If a debt has been incurred since January 1, 2015, for the general purpose of public school facilities, then the face amount of the debt shall be considered as a non-State expenditure for public school facilities for the purpose of the match. No other expenditures made or debts incurred before January 1, 2015, may be used to satisfy the match requirement. As counties satisfy the match requirements of this subsection, they shall document the extent to which they have done so in periodic reports to the State Board of Education. These reports shall include any information and documentation required by the State Board of Education. The State Board of Education shall certify to the State Treasurer from time to time the extent to which the match requirements of this subsection have been met with respect to each county. Bond proceeds shall be distributed for expenditure only as, and to the extent, the matching requirement of this section is satisfied, as certified by the State Board of Education. The State Board of Education shall also require counties to report annually on the impact of funds provided under this act on the property tax rate for that year. These reports shall be public documents and shall be furnished to any citizen upon request. If the State Board of Education determines that a county has not met the matching requirement set forth in this sub-subdivision by January 1, 2026, the State Board of Education shall certify that fact to the

- 1 State Treasurer by March 1, 2026. The State Board of
 2 Education shall reallocate unmatched funds in the following
 3 manner:
 4 I. Proceeds allocated under sub-sub-subdivision 1. shall
 5 be reallocated to local administrative units receiving
 6 funds under sub-sub-subdivision 1. for which the State
 7 Board of Education has certified matching funds.
 8 II. Proceeds allocated under sub-sub-subdivision 2. shall
 9 be reallocated to local administrative units receiving
 10 funds under sub-sub-subdivision 2. for which the State
 11 Board of Education has certified matching funds.
 12 III. Proceeds allocated under sub-sub-subdivision 3. shall
 13 be reallocated to local administrative units receiving
 14 funds under sub-sub-subdivision 3. for which the State
 15 Board of Education has certified matching funds.
 16 5. A local school administrative unit that receives proceeds under
 17 this section shall ensure that such proceeds are used:
 18 I. For acquisition of real property and construction,
 19 acquisition, reconstruction, enlargement, renovation,
 20 or replacement of buildings and other structures, and
 21 II. To supplement local funds for public school capital
 22 outlay projects and shall not decrease local funds for
 23 those projects from one fiscal year to the next fiscal
 24 year, as measured by the most recent five-year annual
 25 average capital outlay expenditure.
 26 b. The proceeds of public improvement bonds and notes, including
 27 premium thereon, if any, for water and sewer infrastructure, as
 28 provided in subdivision (1) of this subsection, shall be allocated as
 29 follows:
 30 1. The Department of Environmental Quality shall create a grant
 31 and loan program within the Wastewater Reserve and the
 32 Drinking Water Reserve established within G.S. 159G-22. The
 33 grant and loan program shall prioritize the following, in order:
 34 I. Requests used to substantially increase a water and/or
 35 sewer infrastructure system's financial system viability,
 36 as determined by the Department of Environmental
 37 Quality in coordination with the Local Government
 38 Commission and State Water Infrastructure Authority.
 39 II. Requests used to promote increased resiliency of
 40 systems at risk of catastrophic damages from flooding
 41 or storm events.
 42 III. Requests allowed under G.S. 159G-34.
 43 2. The Department of Environmental Quality may allocate funds
 44 to grants and loans to the amount necessary to fulfill the
 45 priorities outlined in subdivision (1) of this subsection.
 46 3. Notwithstanding G.S. 159G-36 the Department of
 47 Environmental Quality may set limits on loans and grants
 48 allocated to local governments to an amount necessary to fulfill
 49 the priorities outlined in sub-sub-sub-subdivisions I. and II. of
 50 sub-sub-sub-subdivision 1. of this sub-subdivision. Projects
 51 requested under sub-sub-sub-subdivision III. of

- 1 sub-sub-subdivision 1. of this sub-subdivision are subject to
2 limits required in G.S. 159G-36.
- 3 4. If the availability of the loan funds exceeds project demand,
4 the limits contained in G.S. 159G-36 applicable to a loan may
5 be exceeded for the purpose of ensuring that all available loan
6 funds are utilized for projects prioritized pursuant to
7 G.S. 159G-23.
- 8 5. In addition to the requirements of G.S. 159G-40, the
9 Department of Environmental Quality, in consultation with the
10 Local Government Division and State Water Infrastructure
11 Authority, shall develop requirements for grant and loan
12 recipients of system viability grants and loans provided in
13 subdivision (1) of this subsection, prior to requesting
14 applications for the use of funds. Grant and loan requirements
15 shall include financial and system performance measures
16 necessary to make recipients indecently viable. Failure of grant
17 recipients to adhere to the requirements of subdivision (4) of
18 this subsection shall result in a default pursuant to Article 10
19 of Chapter 159 of the General Statutes, and the Local
20 Government Commission shall be required to enforce the
21 provisions of the recipient requirements.
- 22 6. Projects funded under sub-sub-sub-subdivisions I. and II. of
23 sub-sub-subdivision 1. of this sub-subdivision are not subject
24 to G.S. 159G-41 if the Department of Environmental Quality
25 determines that the delay to entering a construction contract is
26 reasonable due to the nature of the project funded under
27 subdivision (1).
- 28 c. The proceeds of public improvement bonds and notes, including
29 premium thereon, if any, for Community College Prosperity Zone
30 Projects, as provided in subdivision (1) of this subsection, shall be
31 allocated as follows:
- 32 1. The North Carolina State Board of Community Colleges shall
33 create a grant program for the allocation of funds labeled
34 Community College Prosperity Zone Projects. The grant
35 program is for the purpose of funding:
- 36 I. One or more large construction projects or substantial
37 renovation of an existing facility in one or more of the
38 eight prosperity zones. Prosperity zones are identified
39 in G.S. 143B-28.1.
- 40 II. The projects funded are limited to the following
41 training and education areas for the majority of the
42 facility use: advanced manufacturing, health sciences,
43 information technology, public safety, and
44 transportation.
- 45 III. The State Board of Community Colleges will require
46 that at least two colleges in the prosperity zone
47 collaborate on the use of the requested facility. The
48 submitted application shall require that participating
49 colleges document a plan for the operations of the
50 physical plant of the facility.

IV. Projects funded under the Community College Prosperity Zones Projects shall not require a local match for construction.

d. The proceeds of public improvement bonds and notes, including premium thereon, if any, for NC Community Colleges, as provided in subdivision (1) of this subsection for new construction, repairs, and renovations, shall be used for new construction or rehabilitation of existing facilities and repairs and renovations. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend the life of the facility by at least 10 years once renovated or rehabilitated. In order to receive the proceeds under this sub-subdivision for projects for new construction, the community college receiving the proceeds shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar (\$1.00) of local matching funds for every three dollars (\$3.00) of such proceeds for a community college project located in a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of such proceeds for a community college project located in a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds for a community college project located in a development tier three area, as defined in G.S. 143B-437.08. Community colleges are not required to match bond proceeds allocated in this section for rehabilitation of existing facilities and repairs and renovations.

SECTION 1.(g) Allocation and Tracking of Proceeds. –

(1) Public improvement bonds. – The proceeds of public improvement bonds and notes, including premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be designated "Public Improvement Bonds Fund," which may include such appropriate special accounts therein as may be determined by the State Treasurer and shall be disbursed as provided in this act. Monies in the Public Improvement Bonds Fund shall be allocated and expended as provided in this act.

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

Monies in the Public Improvement Bonds Fund or any separate account established under this act may be invested from time to time by the State Treasurer in the same manner permitted for investment of monies belonging to the State or held in the State treasury, except with respect to grant money to the extent otherwise directed by the terms of the grant. Investment earnings, except investment earnings with respect to grant monies to the extent otherwise directed or restricted by the terms of the grant, may be (i) credited

1 to the Public Improvement Bonds Fund, (ii) used to pay debt service on the
 2 bonds authorized by this act, (iii) used to satisfy compliance with applicable
 3 requirements of the federal tax law, or (iv) transferred to the General Fund of
 4 the State.

5 The proceeds of public improvement bonds and notes, including premium
 6 thereon, if any, may be used with any other monies made available by the
 7 General Assembly for funding the projects authorized by this act, including
 8 the proceeds of any other State bond issues, whether heretofore made
 9 available or that may be made available at the session of the General Assembly
 10 at which this act is ratified or any subsequent sessions. The proceeds of public
 11 improvement bonds and notes, including premium thereon, if any, shall be
 12 expended and disbursed under the direction and supervision of the Director of
 13 the Budget. The funds provided by this act shall be disbursed for the purposes
 14 provided in this act upon warrants drawn on the State Treasurer by the State
 15 Controller, which warrants shall not be drawn until requisition has been
 16 approved by the Director of the Budget and which requisition shall be
 17 approved only after full compliance with the State Budget Act, Chapter 143C
 18 of the General Statutes.

19 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's
 20 designee is hereby authorized and directed to set up a comprehensive system
 21 of tracking the proceeds of the public improvement bonds and notes, including
 22 premium thereon, if any, to the extent necessary to enable the State Treasurer
 23 or the State Treasurer's designee to properly account for the use of such
 24 proceeds for compliance with applicable requirements of the federal tax law
 25 or otherwise. All recipients of such proceeds shall comply with any tracking
 26 system implemented by the State Treasurer or the State Treasurer's designee
 27 for this purpose. The State Treasurer may withhold such proceeds from any
 28 State agency or department not complying with this subdivision.

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

33 **SECTION 1.(h)** Election. – The question of the issuance of the bonds authorized by
 34 this act shall be submitted to the qualified voters of the State at a statewide election to be held
 35 November 3, 2020. Any other primary, election, or referendum validly called or scheduled by
 36 law at the time the election on the bond question provided for in this subsection is held may be
 37 held as called or scheduled. Notice of the election shall be given in the manner and at the times
 38 required by G.S. 163-33(8). The election and the registration of voters therefor shall be held
 39 under and in accordance with the general laws of the State. Absentee ballots shall be authorized
 40 in the election and shall be available 50 days prior to the date on which the election is to be held.

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

45 "[] FOR [] AGAINST

46 The issuance of three billion nine hundred million dollars (\$3,900,000,000) State of
 47 North Carolina Public Improvement Bonds constituting general obligation bonds of the State
 48 secured by a pledge of the faith and credit and taxing power of the State for the purpose of
 49 providing funds, with any other available funds, to fund capital improvements and new facilities
 50 for the State, including, without limitation, the construction and furnishing of new facilities and
 51 the renovation and rehabilitation of existing facilities for, without limitation, the public schools

1 of the State, water and sewer systems, the Department of Natural and Cultural Resources, the
2 North Carolina Community College System, and the University of North Carolina System."

3 If a majority of those voting on the bond question in the election vote in favor of the
4 issuance of the bonds described in the question, those bonds may be issued as provided in this
5 act. If a majority of those voting on a bond question in the election do not vote in favor of the
6 issuance of the bonds described in the question, those bonds shall not be issued. The results of
7 the election shall be canvassed and declared as provided by law for elections for State officers;
8 the results of the election shall be certified by the State Board of Elections to the Secretary of
9 State in the manner and at the time provided by the general election laws of the State.

10 **SECTION 1.(i) Issuance of Bonds and Notes. –**

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

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

43 (3) Manner of sale; expenses. – Subject to the approval by the Council of State as
44 to the manner in which bonds or notes shall be offered for sale, whether at
45 public or private sale, whether within or without the United States, and
46 whether by publishing notices in certain newspapers and financial journals,
47 mailing notices, inviting bids by correspondence, negotiating contracts of
48 purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes
49 at one time or from time to time at any rates of interest, which may vary from
50 time to time, and at any prices, including a price less than or greater than the
51 face amount of the bonds or notes, as the State Treasurer may determine. All

1 expenses incurred in the preparation, sale, and issuance of bonds or notes shall
2 be paid by the State Treasurer from the proceeds of bonds or notes or other
3 available monies.

4 (4) Notes; repayment. –

5 a. By and with the consent of the Council of State, the State Treasurer is
6 hereby authorized to borrow money and to execute and issue notes of
7 the State for the same, but only in the following circumstances and
8 under the following conditions:

- 9 1. For anticipating the sale of bonds, the issuance of which the
10 Council of State has approved, if the State Treasurer considers
11 it advisable to postpone the issuance of the bonds;
- 12 2. For the payment of interest on or any installment of principal
13 of any bonds then outstanding, if there are not sufficient funds
14 in the State treasury with which to pay the interest or
15 installment of principal as they respectively become due;
- 16 3. For the renewal of any loan evidenced by notes authorized in
17 this act;
- 18 4. For the purposes authorized in this act; and
- 19 5. For refunding bonds or notes as authorized in this act.

20 b. Funds derived from the sale of bonds or notes may be used in the
21 payment of any bond anticipation notes issued under this act. Funds
22 provided by the General Assembly for the payment of interest on or
23 principal of bonds shall be used in paying the interest on or principal
24 of any notes and any renewals thereof, the proceeds of which shall
25 have been used in paying interest on or principal of the bonds.

26 (5) Refunding bonds and notes. – By and with the consent of the Council of State,
27 the State Treasurer is authorized to issue and sell refunding bonds and notes
28 pursuant to the provisions of the State Refunding Bond Act for the purpose of
29 refunding bonds or notes issued pursuant to this act. The refunding bonds and
30 notes may be combined with any other issues of State bonds and notes
31 similarly secured. Refunding bonds or notes may be issued at any time prior
32 to the final maturity of the debt obligation to be refunded. The proceeds from
33 the sale of any refunding bonds or notes shall be applied to the immediate
34 payment and retirement of the bonds or notes being refunded or, if not required
35 for the immediate payment of the bonds or notes being refunded, the proceeds
36 shall be deposited in trust to provide for the payment and retirement of the
37 bonds or notes being refunded and to pay any expenses incurred in connection
38 with the refunding. Money in a trust fund may be invested in (i) direct
39 obligations of the United States government, (ii) obligations the principal of
40 and interest on which are guaranteed by the United States government, (iii)
41 obligations of any agency or instrumentality of the United States government
42 if the timely payment of principal and interest on the obligations is
43 unconditionally guaranteed by the United States government, or (iv)
44 certificates of deposit issued by a bank or trust company located in the State
45 if the certificates are secured by a pledge of any of the obligations described
46 in (i), (ii), or (iii) above having an aggregate market value, exclusive of
47 accrued interest, equal at least to the principal amount of the certificates so
48 secured. This act does not limit the duration of any deposit in trust for the
49 retirement of bonds or notes being refunded but that have not matured and are
50 not presently redeemable, or if presently redeemable, have not been called for
51 redemption.

- 1 (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by
2 the State or any political subdivision or any of their agencies, excepting estate,
3 inheritance, or gift taxes, income taxes on the gain from the transfer of bonds
4 or notes, and franchise taxes. The interest on bonds or notes is not subject to
5 taxation as income.
- 6 (7) Investment eligibility. – Bonds and notes are securities in which all of the
7 following may invest, including capital in their control or belonging to them:
8 public officers, agencies, and public bodies of the State and its political
9 subdivisions, all insurance companies, trust companies, investment
10 companies, banks, savings banks, savings and loan associations, credit unions,
11 pension or retirement funds, other financial institutions engaged in business
12 in the State, executors, administrators, trustees, and other fiduciaries. Bonds
13 and notes are hereby made securities which may properly and legally be
14 deposited with and received by any officer or agency of the State or political
15 subdivision of the State for any purpose for which the deposit of bonds, notes,
16 or obligations of the State or any political subdivision is now or may hereafter
17 be authorized by law.
- 18 (8) Faith and credit. – The faith and credit and taxing power of the State are hereby
19 pledged for the payment of the principal of and the interest on bonds and notes.
20 The State expressly reserves the right to amend any provision of this act to the
21 extent it does not impair any contractual right of a bond owner.
- 22 (9) Other agreements. – The State Treasurer may authorize, execute, obtain, or
23 otherwise provide for bond insurance, investment contracts, credit and
24 liquidity facilities, interest rate swap agreements and other derivative
25 products, and any other related instruments and matters the State Treasurer
26 determines are desirable in connection with issuance, incurrence, carrying, or
27 securing of bonds or notes. The State Treasurer is authorized to employ and
28 designate any financial consultants, underwriters, and bond attorneys to be
29 associated with any bond or note issue under this act as the State Treasurer
30 considers necessary.

31 **SECTION 1.(j) Variable Rate Demand Bonds and Notes.** – In fixing the details of
32 bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

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

50 If the aggregate principal amount payable by the State under a credit facility is in
51 excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether

1 as a result of the inclusion in the credit facility of a provision for the payment of interest for a
2 limited period of time or the payment of a redemption premium or for any other reason, then the
3 amount of authorized but unissued bonds or notes during the term of such credit facility shall not
4 be less than the amount of such excess, unless the payment of such excess is otherwise provided
5 for by agreement of the State executed by the State Treasurer.

6 **SECTION 1.(k)** Interpretation of Section. –

- 7 (1) Additional method. – The foregoing subsections of this act shall be deemed to
8 provide an additional and alternative method for the doing of the things
9 authorized under it and shall be regarded as supplemental and additional to
10 powers conferred by other laws and shall not be regarded as in derogation of
11 any powers now existing.
- 12 (2) Statutory references. – References in this act to specific sections or Chapters
13 of the General Statutes or to specific acts are intended to be references to such
14 sections, Chapters, or acts as they may be amended from time to time by the
15 General Assembly.
- 16 (3) Broad construction. – This act, being necessary for the health and welfare of
17 the people of the State, shall be broadly construed to effect the purposes
18 thereof.
- 19 (4) Inconsistent provisions. – Insofar as the provisions of this act are inconsistent
20 with the provisions of any general, special, or local laws, or parts thereof, the
21 provisions of this act shall be controlling.
- 22 (5) Severability. – If any provision of this act or the application thereof to any
23 person or circumstance is held invalid, such invalidity shall not affect other
24 provisions or applications of the act which can be given effect without the
25 invalid provision or application, and to this end the provisions of this act are
26 declared to be severable.

27 **SECTION 2.** This act is effective when it becomes law.