

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 943
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PROPOSED SENATE COMMITTEE SUBSTITUTE H943-PCS40518-MCxr-23

Short Title: Connect NC Bond Act of 2015.

(Public)

Sponsors:

Referred to:

August 3, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE PURPOSE OF ACCOMPLISHING CERTAIN INTERRELATED AND UNITED PROJECTS TO FURTHER ECONOMIC DEVELOPMENT IN THE STATE CONSISTENT WITH THE CONNECT NC PLAN.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Short Title. – This section shall be known as the "Connect NC Bond Act of 2015."

SECTION 1.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of two billion dollars (\$2,000,000,000) general obligation bonds of the State for the purpose of providing funds, with any other available funds, to update the State's public facilities for the 21st century, including, without limitation, construction, repair, renovation, and furnishing of new facilities in order to (i) enhance other economic development efforts of the State and (ii) attract new and assist existing industry, business, technology, and tourism for the benefit of the State and its citizenry.

SECTION 1.(c) Findings. – The General Assembly finds the following:

- (1) The University of North Carolina is in need of new and renovated facilities to educate and prepare students; especially in the areas of science, technology, engineering, and math; to conduct research; and to recruit, retain, and prepare researchers and faculty for the 21st century for the purpose of enhancing the economic attractiveness of the State.
- (2) The North Carolina Community College System is in need of new and renovated facilities to educate and prepare students and workers for the 21st century for the purpose of enhancing the economic attractiveness of the State.
- (3) Parks and public facilities that are accessible to children with disabilities and veterans with disabilities are essential for the 21st century to attract new and assist existing industry, business, technology, and tourism for the benefit of the State and its citizenry.
- (4) Clean water and sewer systems are essential for the 21st century to attract new and assist existing industry, business, technology, and tourism for the benefit of the State and its citizenry.



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- 1 (5) Modern National Guard facilities attract new defense industry companies
2 and suppliers.
- 3 (6) New facilities for agriculture will assist current agricultural endeavors in the
4 State and will attract bioscience and other related industries, thereby
5 benefitting the State's economic development.
- 6 (7) New and renovated State parks and attractions are vital components of
7 tourism in the State, thereby benefitting the State's economic development.
- 8 (8) Adequate public safety is essential for the public welfare, for orderly
9 economic development, and to attract new and assist existing industry,
10 business, technology, and tourism for the benefit of the State and its
11 citizenry.
- 12 (9) State facilities need routine repair and renovations in order for the facilities
13 to be up-to-date for the 21st century to attract new and assist existing
14 industry, business, technology, and tourism for the benefit of the State and
15 its citizenry.
- 16 (10) The components set forth above are all interrelated and united and comprise
17 a single plan for updating the State's infrastructure for the 21st century and
18 for providing the State with necessary economic development tools to attract
19 new and assist existing industry, business, technology, and tourism for the
20 benefit of the State and its citizenry.

21 **SECTION 1.(d)** Definitions. – Unless the context otherwise requires, the following
22 definitions apply in this section:

- 23 (1) Bonds. – Bonds issued under this section.
- 24 (2) Cost. – Without intending thereby to limit or restrict any proper definition of
25 this term in financing the cost of facilities or purposes authorized by this
26 section, any of the following:
- 27 a. The cost of constructing, reconstructing, enlarging, acquiring, and
28 improving facilities and acquiring equipment and land therefor.
- 29 b. The cost of engineering, architectural, and other consulting services
30 as may be required.
- 31 c. Administrative expenses and charges. Nothing in this section shall
32 permit use of bond funds to pay salaries or fees for bond
33 administration; such salaries and fees shall come from funds
34 appropriated by the General Assembly.
- 35 d. Finance charges and interest prior to and during construction and, if
36 deemed advisable by the State Treasurer, for a period not exceeding
37 three years after the estimated date of completion of construction.
- 38 e. The cost of bond insurance, investment contracts, credit enhancement
39 and liquidity facilities, interest-rate swap agreements or other
40 derivative products, financial and legal consultants, and related costs
41 of bond and note issuance, to the extent and as determined by the
42 State Treasurer.
- 43 f. The cost of reimbursing the State for any payments made for any cost
44 described in this subdivision.
- 45 g. Any other costs and expenses necessary or incidental to the purposes
46 of this section.

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

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

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

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

- a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible;
- b. A provision providing for such adjustment based upon a percentage or percentages of a LIBOR rate, a prime rate, or base rate, which percentage or percentages may vary or be applied for different periods of time; or
- c. Such other provision as the State Treasurer may determine to be consistent with this section 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.

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 section, 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 section, in an aggregate principal amount not exceeding two billion dollars (\$2,000,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

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

(1) Subject to the provisions 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:

University of North Carolina

Appalachian State University	Watauga	New Health Sciences Building	\$70,000,000
East Carolina	Pitt	Life Sciences & Biotech. Building	\$90,000,000

1	University			
2				
3	Fayetteville State	Cumberland	Lyons Science Bldg. Renovation	\$10,000,000
4	University			
5				
6	NC Central	Durham	New Business School	\$30,000,000
7	University			
8				
9	NC State University	Wake	Engineering Building	\$75,000,000
10				
11	North Carolina	Guilford	Engineering Building	\$90,000,000
12	A & T State			
13	University			
14				
15	North Carolina	Burke	North Carolina School of Technology	\$58,000,000
16	School of Science		and Engineering	
17	and Math			
18				
19	UNC – Chapel Hill	Orange	Medical Education Bldg. Replacement	\$68,000,000
20				
21	UNC – Charlotte	Mecklenburg	New Sciences Building	\$90,000,000
22				
23	UNC – Greensboro	Guilford	Nursing School Building	\$105,000,000
24				
25	UNC – Pembroke	Robeson	New Business School	\$23,000,000
26				
27	UNC – Wilmington	New Hanover	Allied Health and Human Services/ Nursing Building	\$66,000,000
28				
29				
30	Western Carolina	Jackson	Science/STEM Building	\$110,000,000
31	University			
32				
33	Winston-Salem	Forsyth	Sciences Building	\$50,000,000
34	State University			
35				
36	Various	Statewide	Capital Repairs and Renovations	\$45,000,000
37				
38	Total for University of North Carolina			\$980,000,000
39				
40				
41	<u>NC Community Colleges</u>			
42				
43	Alamance Comm. College		New Construction, Repairs, Renovations	\$6,100,339
44				
45	Asheville-Buncombe		New Construction, Repairs, Renovations	\$5,487,535
46	Technical Comm. College			
47				
48	Beaufort Co. Comm. College		New Construction, Repairs, Renovations	\$6,557,819
49				
50	Bladen Comm. College		New Construction, Repairs, Renovations	\$6,533,125
51				

1	Blue Ridge Comm. College	New Construction, Repairs, Renovations	\$2,966,077
2			
3	Brunswick Comm. College	New Construction, Repairs, Renovations	\$2,857,328
4			
5	Caldwell Comm. College	New Construction, Repairs, Renovations	\$5,629,337
6	and Technical Institute		
7			
8	Cape Fear Comm. College	New Construction, Repairs, Renovations	\$5,908,685
9			
10	Carteret Comm. College	New Construction, Repairs, Renovations	\$2,674,685
11			
12	Catawba Valley Comm. College	New Construction, Repairs, Renovations	\$6,180,268
13			
14	Central Carolina Comm. College	New Construction, Repairs, Renovations	\$6,307,085
15			
16	Central Piedmont Comm. College	New Construction, Repairs, Renovations	\$9,636,457
17			
18	Cleveland Comm. College	New Construction, Repairs, Renovations	\$5,467,357
19			
20	College of the Albermarle	New Construction, Repairs, Renovations	\$6,590,687
21			
22	Coastal Carolina Comm. College	New Construction, Repairs, Renovations	\$6,973,103
23			
24	Craven Comm. College	New Construction, Repairs, Renovations	\$5,376,640
25			
26	Davidson County Comm. College	New Construction, Repairs, Renovations	\$5,820,720
27			
28	Durham Tech. Comm. College	New Construction, Repairs, Renovations	\$4,362,997
29			
30	Edgecombe Comm. College	New Construction, Repairs, Renovations	\$7,277,875
31			
32	Fayetteville Tech. Comm. College	New Construction, Repairs, Renovations	\$10,668,066
33			
34	Forsyth Tech. Comm. College	New Construction, Repairs, Renovations	\$5,809,410
35			
36	Gaston College	New Construction, Repairs, Renovations	\$5,949,907
37			
38	Guilford Tech. Comm. College	New Construction, Repairs, Renovations	\$9,519,543
39			
40	Halifax Comm. College	New Construction, Repairs, Renovations	\$6,519,080
41			
42	Haywood Comm. College	New Construction, Repairs, Renovations	\$2,831,380
43			
44	Isothermal Comm. College	New Construction, Repairs, Renovations	\$6,803,668
45			
46	James Sprunt Comm. College	New Construction, Repairs, Renovations	\$4,502,677
47			
48	Johnston Comm. College	New Construction, Repairs, Renovations	\$3,701,470
49			
50	Lenoir Comm. College	New Construction, Repairs, Renovations	\$8,001,502
51			

1	Martin Comm. College	New Construction, Repairs, Renovations	\$6,566,722
2			
3	Mayland Comm. College	New Construction, Repairs, Renovations	\$4,668,043
4			
5	McDowell Tech. Comm. College	New Construction, Repairs, Renovations	\$4,598,981
6			
7	Mitchell Comm. College	New Construction, Repairs, Renovations	\$3,218,011
8			
9	Montgomery Comm. College	New Construction, Repairs, Renovations	\$6,334,537
10			
11	Nash Comm. College	New Construction, Repairs, Renovations	\$7,773,798
12			
13	Pamlico Comm. College	New Construction, Repairs, Renovations	\$4,193,233
14			
15	Piedmont Comm. College	New Construction, Repairs, Renovations	\$4,850,325
16			
17	Pitt Comm. College	New Construction, Repairs, Renovations	\$8,376,397
18			
19	Randolph Comm. College	New Construction, Repairs, Renovations	\$5,086,842
20			
21	Richmond Comm. College	New Construction, Repairs, Renovations	\$7,229,431
22			
23	Roanoke-Chowan Comm. College	New Construction, Repairs, Renovations	\$6,326,517
24			
25	Robeson Comm. College	New Construction, Repairs, Renovations	\$7,296,568
26			
27	Rockingham Comm. College	New Construction, Repairs, Renovations	\$6,848,392
28			
29	Rowan-Cabarrus Comm. College	New Construction, Repairs, Renovations	\$7,211,552
30			
31	Sampson Comm. College	New Construction, Repairs, Renovations	\$4,774,533
32			
33	Sandhills Comm. College	New Construction, Repairs, Renovations	\$3,816,267
34			
35	South Piedmont Comm. College	New Construction, Repairs, Renovations	\$3,189,221
36			
37	Southeastern Comm. College	New Construction, Repairs, Renovations	\$6,861,620
38			
39	Southwestern Comm. College	New Construction, Repairs, Renovations	\$7,170,597
40			
41	Stanly Comm. College	New Construction, Repairs, Renovations	\$5,510,980
42			
43	Surry Comm. College	New Construction, Repairs, Renovations	\$7,222,184
44			
45	Tri-County Comm. College	New Construction, Repairs, Renovations	\$4,515,728
46			
47	Vance-Granville Comm. College	New Construction, Repairs, Renovations	\$7,611,910
48			
49	Wake Tech. Comm. College	New Construction, Repairs, Renovations	\$12,595,127
50			
51	Wayne Comm. College	New Construction, Repairs, Renovations	\$5,855,913

1				
2	Western Piedmont Comm. College		New Construction, Repairs, Renovations	\$5,099,649
3				
4	Wilkes Comm. College		New Construction, Repairs, Renovations	\$5,243,674
5				
6	Wilson Comm. College		New Construction, Repairs, Renovations	\$6,938,426
7				
8	Total for NC Community Colleges			\$350,000,000
9				
10				
11	<u>Local Parks and Infrastructure</u>			
12				
13	DENR	Statewide	Children With Disabilities and	\$3,000,000
14			Veterans With Disabilities Local	
15			Parks (Matching Grants)	
16				
17	Department of	Statewide	Water/Sewer Loans and Grants	\$309,500,000
18	Environmental			
19	Quality			
20				
21	Total for Local Parks and Infrastructure			\$312,500,000
22				
23				
24	<u>National Guard</u>			
25				
26	National Guard	Guilford/	Readiness Centers	\$70,000,000
27		Burke/		
28		Wilkes		
29				
30	Total for National Guard			\$70,000,000
31				
32				
33	<u>Agriculture</u>			
34				
35	NC State University	Wake	Plant Sciences Building	\$85,000,000
36			Ag/NCSU Partnership	
37				
38	Agriculture and	Wake	Veterinary/Food/Drug/Motor Fuels Lab	\$94,000,000
39	Consumer Services			
40				
41	Total for Agriculture			\$179,000,000
42				
43				
44	<u>State Parks and Attractions</u>			
45				
46	State Parks	Cumberland	Carvers Creek	\$5,700,750
47				
48	State Parks	Durham/	Eno River	\$2,830,500
49		Orange		
50				
51	State Parks	Washington/	Goose Creek	\$1,477,500

1		Beaufort		
2				
3	State Parks	Onslow	Hammocks Beach	\$1,125,000
4				
5	State Parks	Dare	Jockeys Ridge	\$751,500
6				
7	State Parks	Vance/ Warren	Kerr Lake State Recreation Area	\$3,750,000
8				
9				
10	State Parks	Burke/ McDowell	Lake James	\$3,021,000
11				
12				
13	State Parks	Iredell	Lake Norman	\$2,307,000
14				
15	State Parks	Yancey	Mount Mitchell	\$600,000
16				
17	State Parks	Various	Mountain-To-Sea/Other State Trails	\$4,500,000
18				
19	State Parks	Surry/ Yadkin	Pilot Mountain	\$4,481,850
20				
21				
22	State Parks	Camden	Dismal Swamp	\$990,750
23				
24	State Parks	Watauga	Elk Knob	\$900,000
25				
26	State Parks	Durham/ Wake	Falls Lake State Recreation Area	\$789,750
27				
28				
29	State Parks	New Hanover	Fort Fisher State Recreation Area	\$1,125,000
30				
31	State Parks	Transylvania	Gorges	\$2,505,750
32				
33	State Parks	Stokes	Hanging Rock	\$2,100,000
34				
35	State Parks	Guilford/ Rockingham	Haw River	\$1,500,000
36				
37				
38	State Parks	Chatham/ Wake	Jordan Lake State Recreation Area	\$3,000,000
39				
40				
41	State Parks	Columbus	Lake Waccamaw	\$1,506,000
42				
43	State Parks	Scotland/ Hoke/ Robeson/ Columbus	Lumber River	\$2,628,750
44				
45				
46				
47				
48	State Parks	Rockingham	Mayo River	\$750,000
49				
50	State Parks	Tyrell/ Washington	Pettigrew	\$2,830,500
51				

1				
2	State Parks	Burke	South Mountain	\$2,250,000
3				
4	State Parks	Alleghany/ Wilkes	Stone Mountain	\$1,338,000
5				
6				
7	State Parks	Wake	William B. Umstead	\$1,725,000
8				
9	State Parks	Avery	Yellow Mountain State Natural Area	\$2,250,000
10				
11	State Parks	Watauga	Beech Creek Bog State Natural Area	\$600,000
12				
13	State Parks	New Hanover	Carolina Beach	\$855,000
14				
15	State Parks	Rutherford	Chimney Rock	\$1,500,000
16				
17	State Parks	Wayne	Cliffs of the Neuse	\$692,400
18				
19	State Parks	Gaston	Crowders Mountain	\$750,000
20				
21	State Parks	Chatham	Deep River State Trail	\$1,281,000
22				
23	State Parks	Carteret	Fort Macon	\$135,000
24				
25	State Parks	Watauga	Grandfather Mountain	\$1,501,500
26				
27	State Parks	Bladen	Jones Lake	\$651,750
28				
29	State Parks	Chatham	Lower Haw River State Natural Area	\$203,250
30				
31	State Parks	Halifax	Medoc Mountain	\$1,383,750
32				
33	State Parks	Gates	Merchants Millpond	\$870,750
34				
35	State Parks	Stanly	Morrow Mountain	\$1,537,500
36				
37	State Parks	Ashe	Mount Jefferson State Natural Area	\$1,500,000
38				
39	State Parks	Ashe	New River	\$675,000
40				
41	State Parks	Harnett	Raven Rock	\$1,125,000
42				
43	State Parks	Bladen	Singletary Lake	\$575,250
44				
45	State Parks	Moore	Weymouth Woods State Natural Area	\$428,250
46				
47	Zoo	Randolph	Australasia Exhibit Complex/ Replace Africa Pavilion and Related Projects	\$25,000,000
48				
49				
50				
51	Total for State Parks and Attractions			\$100,000,000

Public Safety

DPS Moore Samarcand Training Academy \$8,500,000

Total for Public Safety \$8,500,000

Grand Total \$2,000,000,000

(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 Statewide capital repairs and renovations for The University of North Carolina, as provided in subdivision (1) of this subsection, shall be used for projects that are eligible to receive funds from the Repairs and Renovations Reserve under G.S. 143C-4-3(b). 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. Such proceeds (i) shall be prioritized to constituent institutions not otherwise specified as receiving proceeds under subdivision (1) of this subsection and (ii) shall not be used to increase any amount to a constituent institution otherwise specified as receiving proceeds under subdivision (1) of this subsection.

b. 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, 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 with a main campus 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 with a main campus 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 with a main campus located in a development tier three area, as defined in

1 G.S. 143B-437.08. Community colleges are not required to match
2 bond proceeds allocated in this section for rehabilitation of existing
3 facilities and repairs and renovations.

4 c. The proceeds of public improvement bonds and notes, including
5 premium thereon, if any, for the Department of Environment and
6 Natural Resources for Statewide Children With Disabilities and
7 Veterans With Disabilities Local Parks (Matching Grants), as
8 provided in subdivision (1) of this subsection, shall be allocated to
9 the Parks and Recreation Trust Fund established in G.S. 113-44.15
10 and shall be used exclusively for grants to local government units or
11 public authorities, as defined in G.S. 159-7, for construction of
12 special facilities or adaptation of existing facilities that meet the
13 unique needs of children with physical and developmental disabilities
14 and veterans with physical and developmental disabilities and enable
15 them to participate in recreational and sporting activities, regardless
16 of their abilities. In order to receive such proceeds under this
17 sub-subdivision, a local government unit or public authority shall
18 provide matching funds in the amount of one dollar (\$1.00) of local
19 funds for every four dollars (\$4.00) of such proceeds. Grants made
20 using such proceeds under this sub-subdivision shall not exceed five
21 hundred thousand dollars (\$500,000) per project.

22 d. The proceeds of public improvement bonds and notes, including
23 premium thereon, if any, for the Department of Environmental
24 Quality for Statewide Water/Sewer Loans and Grants, as provided in
25 subdivision (1) of this subsection, shall be allocated to the Water
26 Infrastructure Fund established in G.S. 159G-22. One hundred
27 million dollars (\$100,000,000) shall be used for grants, and the
28 remainder shall be used for low-interest loans. The proceeds for
29 loans and the proceeds for grants shall be allocated in equal
30 proportion to the Drinking Water Reserve and the Wastewater
31 Reserve and shall be subject to the following:

32 1. If the availability of loan funds exceeds project demand, the
33 limits contained in G.S. 159G-36 applicable to a loan may be
34 exceeded for the purpose of ensuring that all available loan
35 funds are utilized for projects prioritized pursuant to
36 G.S. 159G-23.

37 2. Loan and grant applications for projects shall be funded first
38 if both of the following criteria are met: (i) the project is
39 required to be completed due to an EPA administrative order
40 or consent decree and (ii) the application for the project is
41 deemed complete by the Division and meets the minimum
42 requirements for the program from which it is seeking
43 funding.

44 3. A grant application to be funded from the Wastewater
45 Reserve and required to be prioritized under
46 sub-sub-subdivision 2. of this sub-subdivision shall be
47 awarded a grant equal to fifty percent (50%) of the project
48 costs that are reasonably necessary to comply with the EPA
49 administrative order or consent decree, notwithstanding limits
50 otherwise applicable pursuant to G.S. 159G-36; provided that,
51 the cumulative amount of all grants received by an applicant

- 1 under this sub-subdivision does not exceed one-third of the
2 amount of bond proceeds for grants allocated to the
3 Wastewater Reserve.
- 4 4. A loan application to be funded from the Wastewater Reserve
5 and required to be prioritized under sub-sub-subdivision 2. of
6 this sub-subdivision shall receive a loan equal to the amount
7 sufficient to cover all project costs that are reasonably
8 necessary to comply with the EPA administrative order or
9 consent decree minus the amount of any grant awarded under
10 sub-sub-subdivision 3. of this sub-subdivision; provided that,
11 the cumulative amount of all loans received by an applicant
12 under this sub-subdivision does not exceed fifteen million
13 dollars (\$15,000,000).
- 14 e. The proceeds of public improvement bonds and notes, including
15 premium thereon, if any, for National Guard, as provided in
16 subdivision (1) of this subsection, shall be used for capital
17 improvements, as defined in G.S. 143C-1-1(d)(5), for readiness
18 centers located in Guilford, Burke, and Wilkes Counties.
- 19 f. The proceeds of public improvement bonds and notes, including
20 premium thereon, if any, for the North Carolina Zoological Park, as
21 provided in subdivision (1) of this subsection, shall be used for
22 capital improvements, as defined in G.S. 143C-1-1(d)(5). Any items
23 purchased with such proceeds and installed or replaced as part of a
24 renovation or rehabilitation must have a useful life of at least 10
25 years or must extend the life of the facility by at least 10 years once
26 renovated or rehabilitated.
- 27 (3) Reallocation. – For public improvement bonds authorized by this section, the
28 General Assembly may at this session or at any subsequent session increase
29 or decrease the allocations of the proceeds of public improvement bonds and
30 notes, including premium thereon, if any, for projects set forth in subdivision
31 (1) of this subsection or reallocate any amounts among agencies or projects
32 not listed in this subsection but listed in the six-year capital improvement
33 plan developed pursuant to G.S. 143C-8-5, so long as the aggregate amount
34 of the allocations does not exceed two billion dollars (\$2,000,000,000).

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

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

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

1 Monies in the Public Improvement Bonds Fund or any separate account
2 established under this section may be invested from time to time by the State
3 Treasurer in the same manner permitted for investment of monies belonging
4 to the State or held in the State treasury, except with respect to grant money
5 to the extent otherwise directed by the terms of the grant. Investment
6 earnings, except investment earnings with respect to grant monies to the
7 extent otherwise directed or restricted by the terms of the grant, may be (i)
8 credited to the Public Improvement Bonds Fund, (ii) used to pay debt service
9 on the bonds authorized by this section, (iii) used to satisfy compliance with
10 applicable requirements of the federal tax law, or (iv) transferred to the
11 General Fund of the State.

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

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

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

41 **SECTION 1.(i)** Election. – The question of the issuance of the bonds authorized by
42 this section shall be submitted to the qualified voters of the State at the time of the election in
43 2016 when voters of this State are given an opportunity to express their preference for the
44 person to be the presidential candidate of their political party. Any other primary, election, or
45 referendum validly called or scheduled by law at the time the election on the bond question
46 provided for in this subsection is held may be held as called or scheduled. Notice of the election
47 shall be given in the manner and at the times required by G.S. 163-33(8). The election and the
48 registration of voters therefor shall be held under and in accordance with the general laws of the
49 State. Absentee ballots shall be authorized in the election and shall be available 50 days prior to
50 the date on which the election is to be held.

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

5 "[] FOR [] AGAINST

6 The issuance of two billion dollars (\$2,000,000,000) State of North Carolina Public
7 Improvement Bonds constituting general obligation bonds of the State secured by a pledge of
8 the faith and credit and taxing power of the State for the purpose of providing funds, with any
9 other available funds, to fund capital improvements and new facilities for the State, including,
10 without limitation, the construction and furnishing of new facilities and the renovation and
11 rehabilitation of existing facilities for, without limitation, the University of North Carolina
12 System, the North Carolina Community College System, water and sewer systems, the State's
13 National Guard, the Department of Agriculture and Consumer Services, and attractions and
14 parks."

15 If a majority of those voting on the bond question in the election vote in favor of the
16 issuance of the bonds described in the question, those bonds may be issued as provided in this
17 section. If a majority of those voting on a bond question in the election do not vote in favor of
18 the issuance of the bonds described in the question, those bonds shall not be issued.

19 The results of the election shall be canvassed and declared as provided by law for
20 elections for State officers; the results of the election shall be certified by the State Board of
21 Elections to the Secretary of State in the manner and at the time provided by the general
22 election laws of the State.

23 **SECTION 1.(j)** Issuance of Bonds and Notes. –

24 (1) Terms and conditions. – Bonds or notes may bear such date or dates, may be
25 serial or term bonds or notes, or any combination thereof, may mature in
26 such amounts and at such time or times, not exceeding 40 years from their
27 date or dates, may be payable at such place or places, either within or
28 without the United States of America, in such coin or currency of the United
29 States of America as at the time of payment is legal tender for payment of
30 public and private debts, may bear interest at such rate or rates, which may
31 vary from time to time, and may be made redeemable before maturity, at the
32 option of the State or otherwise as may be provided by the State, at such
33 price or prices, including a price less than the face amount of the bonds or
34 notes, and under such terms and conditions, all as may be determined by the
35 State Treasurer by and with the consent of the Council of State.

36 (2) Signatures; form and denomination; registration. – Bonds or notes may be
37 issued as certificated or uncertificated obligations. If issued as certificated
38 obligations, bonds or notes shall be signed on behalf of the State by the
39 Governor or shall bear the Governor's facsimile signature, shall be signed by
40 the State Treasurer or shall bear the State Treasurer's facsimile signature, and
41 shall bear the Great Seal of the State of North Carolina or a facsimile thereof
42 shall be impressed or imprinted thereon. If bonds or notes bear the facsimile
43 signatures of the Governor and the State Treasurer, the bonds or notes shall
44 also bear a manual signature, which may be that of a bond registrar, trustee,
45 paying agent, or designated assistant of the State Treasurer. Should any
46 officer whose signature or facsimile signature appears on bonds or notes
47 cease to be such officer before the delivery of the bonds or notes, the
48 signature or facsimile signature shall nevertheless have the same validity for
49 all purposes as if the officer had remained in office until delivery, and bonds
50 or notes may bear the facsimile signatures of persons who at the actual time
51 of the execution of the bonds or notes shall be the proper officers to sign any

1 bond or note, although at the date of the bond or note such persons may not
2 have been such officers. The form and denomination of bonds or notes,
3 including the provisions with respect to registration of the bonds or notes
4 and any system for their registration, shall be as the State Treasurer may
5 determine in conformity with this section; provided, however, that nothing in
6 this section shall prohibit the State Treasurer from proceeding, with respect
7 to the issuance and form of the bonds or notes, under the provisions of
8 Chapter 159E of the General Statutes, the Registered Public Obligations Act,
9 as well as under this section.

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

23 (4) Notes; repayment. –

24 a. Subject to the consent of the Council of State, the State Treasurer is
25 hereby authorized to borrow money and to execute and issue notes of
26 the State for the same, but only in the following circumstances and
27 under the following conditions:

- 28 1. For anticipating the sale of bonds to the issuance of which the
29 Council of State shall have given consent, if the State
30 Treasurer shall deem it advisable to postpone the issuance of
31 the bonds.
- 32 2. For the payment of interest on or any installment of principal
33 of any bonds then outstanding, if there shall not be sufficient
34 funds in the State treasury with which to pay the interest or
35 installment of principal as they respectively become due.
- 36 3. For the renewal of any loan evidenced by notes herein
37 authorized.
- 38 4. For the purposes authorized in this section.
- 39 5. For refunding bonds or notes as herein authorized.

40 b. Funds derived from the sale of bonds or notes may be used in the
41 payment of any bond anticipation notes issued under this section.
42 Funds provided by the General Assembly for the payment of interest
43 on or principal of bonds shall be used in paying the interest on or
44 principal of any notes and any renewals thereof, the proceeds of
45 which shall have been used in paying interest on or principal of the
46 bonds.

47 (5) Refunding bonds and notes. – By and with the consent of the Council of
48 State, the State Treasurer is authorized to issue and sell refunding bonds and
49 notes pursuant to the provisions of the State Refunding Bond Act for the
50 purpose of refunding bonds or notes issued pursuant to this section. The

1 refunding bonds and notes may be combined with any other issues of State
2 bonds and notes similarly secured.

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

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

22 (8) Faith and credit. – The faith and credit and taxing power of the State are
23 hereby pledged for the payment of the principal of and the interest on bonds
24 and notes. In addition to the State's right to amend any provision of this
25 section to the extent it does not impair any contractual right of a bond owner,
26 the State expressly reserves the right to amend any provision of this section
27 with respect to the making and repayment of loans, the disposition of any
28 repayments of loans, and any intercept provisions relating to the failure of a
29 local government unit to repay a loan, the bonds not being secured in any
30 respect by loans, any repayments thereof, or any intercept provisions with
31 respect thereto.

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

34 (1) Be made payable from time to time on demand or tender for purchase by the
35 owner thereof, provided a credit facility agreement supports the bonds or
36 notes, unless the State Treasurer specifically determines that a credit facility
37 agreement is not required, upon a finding and determination by the State
38 Treasurer, that the absence of a credit facility agreement will not materially
39 or adversely affect the financial position of the State and the marketing of
40 the bonds or notes at a reasonable interest cost to the State;

41 (2) Be additionally supported by a credit facility agreement;

42 (3) Be made subject to redemption or a mandatory tender for purchase prior to
43 maturity;

44 (4) Bear interest at a rate or rates that may vary for such period or periods of
45 time, all as may be provided in the proceedings providing for the issuance of
46 the bonds or notes, including, without limitation, such variations as may be
47 permitted pursuant to a par formula; and

48 (5) Be made the subject of a remarketing agreement whereby an attempt is made
49 to remarket bonds or notes to new purchasers prior to their presentment for
50 payment to the provider of the credit facility agreement or to the State.

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

9 **SECTION 1.(I)** Interpretation of Section. –

- 10 (1) Additional method. – The foregoing subsections of this section shall be
11 deemed to provide an additional and alternative method for the doing of the
12 things authorized thereby and shall be regarded as supplemental and
13 additional to powers conferred by other laws and shall not be regarded as in
14 derogation of any powers now existing.
- 15 (2) Statutory references. – References in this section to specific sections or
16 Chapters of the General Statutes or to specific acts are intended to be
17 references to these sections, Chapters, or acts as they may be amended from
18 time to time by the General Assembly.
- 19 (3) Broad construction. – The General Assembly specifically has chosen to
20 combine what otherwise might be considered differing projects to be
21 financed into one bond bill and bond question because the General
22 Assembly finds that such differing projects, when taken together, constitute
23 an interrelated, united, and single plan for the State's infrastructure as stated
24 aforesaid. Accordingly, this section, being necessary for the health, welfare,
25 and advancement of the people of the State, shall be broadly construed to
26 affect the purposes thereof.
- 27 (4) Inconsistent provisions. – Insofar as the provisions of this section are
28 inconsistent with the provisions of any general laws, or parts thereof, the
29 provisions of this section shall be controlling.
- 30 (5) Severability. – If any provision of this section or the application thereof to
31 any person or circumstance is held invalid, such invalidity shall not affect
32 other provisions or applications of the section that can be given effect
33 without the invalid provision or application, and to this end, the provisions
34 of this section are declared to be severable.

35 **SECTION 2.** Other than community colleges, each entity receiving the proceeds of
36 public improvement bonds and notes, including premium thereon, if any, issued pursuant to and
37 for projects listed in Section 1 of this act shall report by January 1, 2017, and quarterly
38 thereafter, to the Joint Legislative Oversight Committee on Capital Improvements, the House of
39 Representatives Appropriations Committee, and the Senate Committee on Appropriations/Base
40 Budget on the projects funded from public improvement general obligation bonds authorized
41 by Section 1 of this act. Community colleges receiving the proceeds of public improvement
42 bonds and notes, including premium thereon, if any, issued pursuant to and for projects listed in
43 Section 1 of this act shall report by January 1, 2017, and quarterly thereafter, to the North
44 Carolina Community Colleges System Office on the projects funded from public improvement
45 general obligation bonds authorized by Section 1 of this act, and the System Office shall
46 combine the reports and submit them to the Joint Legislative Oversight Committee on Capital
47 Improvements, the House of Representatives Appropriations Committee, and the Senate
48 Committee on Appropriations/Base Budget. Each report shall include the total project costs, the
49 amount to be funded from the bonds, the expenditures to date from the bonds and other sources,
50 and the percentage of each project completed.

1 **SECTION 3.** The State Treasurer shall not issue bonds or notes otherwise
2 authorized by Section 1 of this act in an amount or year where the issuance of the bonds or
3 notes would violate the Debt Affordability Advisory Committee's recommendations on debt
4 capacities required under G.S. 142-101.

5 **SECTION 4.(a)** The portion of funds estimated to be needed for escalation of costs
6 for projects, other than for NC Community Colleges, for DEQ Statewide Water/Sewer Loans
7 and Grants, and for State parks, funded in whole or in part with the proceeds of public
8 improvement bonds and notes, including premium thereon, if any, issued pursuant to Section 1
9 of this act, shall remain with the Office of State Budget and Management and shall be
10 disbursed only for the following purposes:

11 (1) To address unforeseen contingencies related to the specific project for which
12 the funds were made available.

13 (2) To address inflation costs related to that specific project.

14 **SECTION 4.(b)** Any funds retained by the Office of State Budget and
15 Management pursuant to subsection (a) of this section at the time a project is completed shall
16 be retained by the Office of State Budget and Management until reallocated for other purposes
17 by the General Assembly. The Office of State Budget and Management shall report to the Joint
18 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to
19 this subsection within 90 days of a project's completion.

20 **SECTION 5.** This act is effective when it becomes law.