

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 249
Finance Committee Substitute Adopted 3/18/97

Short Title: Bond Payment Change.

(Public)

Sponsors:

Referred to:

February 26, 1997

A BILL TO BE ENTITLED

AN ACT TO CLARIFY WHAT FUNDS MAY BE USED TO REPAY REVENUE
BONDS AND SPECIAL OBLIGATION BONDS AND TO MAKE OTHER
CHANGES IN THE LAWS CONCERNING THESE BONDS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 159-94(a) reads as rewritten:

"(a) Revenue bonds shall be special obligations of the State or the municipality issuing them. The principal of and interest on revenue bonds shall not be ~~payable from~~ secured by the general funds of the State or the municipality, as the case may be, nor shall they constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of its property or upon any of its income, receipts, or revenues, except the funds which are pledged under the bond order authorizing the bonds. Neither the credit nor the taxing power of the State or the municipality, as the case may be, are pledged for the payment of the principal or interest of revenue bonds, and no holder of revenue bonds has the right to compel the exercise of the taxing power by the State or the municipality, as the case may be, or the forfeiture of any of its property in connection with any default thereon. Every revenue bond shall recite in substance that the principal of and interest on the bond is ~~payable solely from~~ secured solely by the revenues pledged to its payment and that the

1 State or the municipality, as the case may be, is not obligated to pay the principal or
2 interest except from ~~such those~~ revenues."

3 Section 2. G.S. 159I-30 reads as rewritten:

4 **"§ 159I-30. Additional powers of units of local government; issuance of special**
5 **obligation bonds and notes.**

6 (a) Any unit of local government may borrow money for the purpose of financing
7 or refinancing its cost of the acquisition or construction of a project and may issue special
8 obligation bonds and notes, including bond anticipation notes and renewal notes,
9 pursuant to the provisions of this section and the applicable provisions of this Chapter for
10 ~~such this~~ purpose.

11 (b) Each unit of local government may ~~agree to apply to~~ pledge for the payment of a
12 special obligation bond or note any available source or sources of revenues of the unit
13 and, to the extent the generation of the revenues is within the power of the unit, ~~to may~~
14 enter into covenants to take action in order to generate the revenues, ~~provided the~~
15 ~~agreement to use such as long as the pledge of these sources to make for~~ payments or such
16 the covenant to generate revenues does not constitute a pledge of the unit's taxing power.

17 No agreement or covenant shall contain a nonsubstitution clause which restricts the
18 right of a unit of local government to replace or provide a substitute for any project
19 financed pursuant to this section.

20 ~~The obligation sources of payment pledged by of a~~ unit of local government ~~with~~
21 ~~respect to the sources of payment~~ shall be specifically identified in the proceedings of the
22 governing body authorizing the unit to issue the special obligation bonds or notes.

23 After the issuance of special obligation bonds or notes, the governing body of the
24 issuing unit may identify one or more additional sources of payment for the bonds or
25 notes and pledge these sources, as long as the pledge of the sources does not constitute a
26 pledge of the taxing power of the unit. Each source of additional payment pledged shall
27 be specifically identified in the proceedings of the governing body of the unit pledging
28 the source. The governing body of the unit may not pledge an additional source of
29 revenue pursuant to this paragraph unless the pledge is first approved by the Local
30 Government Commission pursuant to the procedures provided in subsection (i) of this
31 section.

32 The sources of payment so ~~specifically identified~~ pledged and then held or thereafter
33 received by a unit or any fiduciary thereof shall immediately be subject to the lien of the
34 ~~proceedings~~ pledge without any physical delivery of the sources or further act. The lien
35 shall be valid and binding as against all parties having claims of any kind in tort, contract,
36 or otherwise against a unit without regard to whether the parties have notice thereof. The
37 proceedings or any other document or action by which the lien on a source of payment is
38 created need not be filed or recorded in any manner other than as provided in this
39 Chapter.

40 ~~Any special obligation bonds or notes may provide additional security by the granting~~
41 ~~of a security interest in the project financed to secure payment of the purchase money~~
42 ~~provided by such bonds or notes, including a deed of trust on any real property so~~
43 ~~acquired.~~

1 **(b1)** In connection with issuing its special obligation bonds or special obligation
2 bond anticipation notes under this Chapter, a unit of local government may grant a
3 security interest in the project financed, or in all or some portion of the property on which
4 the project is located, or in both. If a unit of local government determines to provide
5 additional security as authorized by this subsection, the following conditions apply:

6 **(1)** No bond order may contain a nonsubstitution clause that restricts the
7 right of a unit of local government to:

8 **a.** Continue to provide a service or activity; or

9 **b.** Replace or provide a substitute for any municipal purpose
10 financed pursuant to the bond order.

11 **(2)** A bond order is subject to approval by the Commission under Article 8
12 of Chapter 159 of the General Statutes if it:

13 **a.** Meets the standards set out in G.S. 159-148(a)(1), 159-148(a)(2),
14 and 159-148(a)(3), or involves the construction or repair of
15 fixtures or improvements on real property; and

16 **b.** Is not exempted from the provisions of that Article by one of the
17 exemptions contained in G.S. 159-148(b)(1) and (2).

18 The Commission approval required by this subdivision is in addition to
19 the Commission approval required by subsection (i) of this section.

20 **(3)** No deficiency judgment may be rendered against any unit of local
21 government in any action for breach of a bond order authorized by this
22 section, and the taxing power of a unit of local government is not and
23 may not be pledged directly or indirectly to secure any moneys due
24 under a bond order authorized by this section. This prohibition does not
25 impair the right of the holder of a bond or note to exercise a remedy
26 with respect to the revenues pledged to secure the bond or note, as
27 provided in the bond order, resolution, or trust agreement under which
28 the bond or note is authorized and secured. A unit of local government
29 may, in its sole discretion, use tax proceeds to pay the principal of or
30 interest or premium on bonds or notes, but shall not pledge or agree to
31 do so.

32 **(4)** Before granting a security interest under this subsection, a unit of local
33 government shall hold a public hearing on the proposed security
34 interest. A notice of the public hearing shall be published once at least
35 10 days before the date fixed for the hearing.

36 **(c)** Any bond anticipation notes may be made payable from the proceeds of bonds
37 or renewal notes or, in the event bond or renewal note proceeds are not available, the
38 notes may be paid from any sources available under G.S. 159I-30(b). Bonds or notes
39 may also be paid from the proceeds of any credit facility. The bonds and notes of each
40 issue shall be dated and may be made redeemable prior to maturity at the option of the
41 unit of local government or otherwise, at such price or prices, on such date or dates, and
42 upon such terms and conditions as may be determined by the unit. The bonds or notes

1 may also be made payable from time to time on demand or tender for purchase by the
2 owner, upon terms and conditions determined by the unit.

3 (d) The interest payable by a unit on any special obligation bonds or notes may be
4 at such rate or rates, including variable rates as authorized in this section, as may be
5 determined by the Local Government Commission with the approval of the governing
6 body of the unit. ~~Such~~ This approval may be given as the governing body of the unit may
7 direct, including, without limitation, a certificate signed by a representative of the unit
8 designated by the governing body of the unit.

9 (e) Special obligation bonds and notes shall be special obligations of the unit of
10 local government issuing them. The principal of, and interest and any premium on,
11 special obligation bonds and notes shall be ~~payable-secured solely from-by~~ any one or
12 more of the sources of payment authorized by this section as may be ~~specified-pledged~~ in
13 the proceedings, resolution, or trust agreement under which they are authorized or
14 secured. Neither the faith and credit nor the taxing power of the unit of local government
15 are pledged for the payment of the principal of, or interest or any premium on, any
16 special obligation bonds or notes, and no owner of special obligation bonds or notes has
17 the right to compel the exercise of the taxing power by the unit in connection with any
18 default thereon. Every special obligation bond and note shall recite in substance that the
19 principal and interest and any premium on ~~such-the~~ bond or note are ~~payable-secured~~
20 solely ~~from-by~~ the sources of payment ~~specified-pledged~~ in the bond ~~order-or-trust,~~ order,
21 resolution, or trust agreement under which it is authorized or secured, ~~provided that:~~ as
22 long as:

23 (1) Any such use of ~~such-these~~ sources will not constitute a pledge of the
24 unit's taxing power; and

25 (2) The ~~municipality-unit~~ is not obligated to pay ~~such-the~~ principal or interest
26 or premium except from ~~such-these~~ sources.

27 (f) In fixing the details of bonds or notes, the unit of local government may
28 provide that any of the bonds or notes may:

29 (1) Be made payable from time to time on demand or tender for purchase
30 by the owner thereof ~~provided-as long as~~ a credit facility supports ~~such~~
31 the bonds or notes, unless the Local Government Commission
32 specifically determines that a credit facility is not required upon a
33 finding and determination by the Local Government Commission that
34 the absence of a credit facility will not materially and adversely affect
35 the financial position of the unit and the marketing of the bonds or notes
36 at a reasonable interest cost to the unit;

37 (2) Be additionally supported by a credit facility;

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

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

- 1 (5) Be made the subject of a remarketing agreement whereby an attempt is
2 made to remarket the bonds or notes to new purchasers prior to their
3 presentment for payment to the provider of the credit facility or to the
4 unit.
- 5 (g) As used in this section:
- 6 (1) 'Credit facility' means an agreement entered into by the unit with a bank,
7 savings and loan association or other banking institution, an insurance
8 company, reinsurance company, surety company or other insurance
9 institution, a corporation, investment banking firm or other investment
10 institution, or any financial institution ~~proving~~ providing for prompt
11 payment of all or any part of the principal, or purchase price (whether at
12 maturity, presentment, or tender for purchase, redemption, or
13 acceleration), redemption premium, if any, and interest on any bonds or
14 notes payable on demand or tender by the owner, in consideration of the
15 unit agreeing to repay the provider of ~~such~~ the credit facility in
16 accordance with the terms and provisions of ~~such~~ the agreement; the
17 provider of any credit facility may be located either within or without
18 the United States of America.
- 19 (2) 'Par formula' means any provision or formula adopted by the unit to
20 provide for the adjustment, from time to time of the interest rate or rates
21 borne by any bonds or notes including:
- 22 a. A provision providing for such adjustment so that the purchase
23 price of such bonds or notes in the open market would be as close
24 to par as possible;
- 25 b. A provision providing for such adjustment based upon a
26 percentage or percentages of a prime rate or base rate, which
27 percentage or percentages may vary or be applied for different
28 periods of time; or
- 29 c. ~~Such~~ Any other provision as the unit may determine to be
30 consistent with this section and the applicable provisions of this
31 Chapter and does not materially and adversely affect the financial
32 position of the unit and the marketing of the bonds or notes at a
33 reasonable interest cost to the unit.

34 The obligation of a unit of local government under a credit facility to repay any
35 drawing thereunder may be made payable and otherwise secured, to the extent applicable,
36 as provided in this section.

- 37 (h) Notes shall mature at such time or times and bonds shall mature, not exceeding
38 40 years from their date or dates, as may be determined by the unit of local government,
39 ~~provided except~~ that no such maturity dates may exceed the maximum maturity periods
40 prescribed by the Local Government Commission pursuant to G.S. 159-122, as it may be
41 amended from time to time. The unit shall determine the form and manner of execution
42 of the bonds or notes, including any interest coupons to be attached thereto, and shall fix
43 the denomination or denominations and the place or places of payment of principal and

1 interest, which may be any bank or trust company within or without the United States. In
2 case any officer of ~~such the~~ unit whose signature, or a facsimile of whose signature, ~~shall~~
3 ~~appear~~ appears on any bonds or notes or coupons, if any, ~~shall cease to be such~~ ceases to be
4 the officer before delivery thereof, ~~such signature or such the signature or~~ facsimile shall
5 nevertheless be valid and sufficient for all purposes the same as if ~~such the~~ officer had
6 remained in office until ~~such the~~ delivery. Any bond or note or coupon may bear the
7 facsimile signatures of such persons who at the actual time or the execution thereof ~~shall~~
8 ~~be were~~ the proper officers to sign although at the date of ~~such the~~ bond or note or coupon
9 ~~such these~~ persons may not have been ~~such officer the proper officers~~. The unit may also
10 provide for the authentication of the bonds or notes by a trustee or other authenticating
11 agent. The bonds or notes may be issued as certificated or uncertificated obligations or
12 both, and in coupon or in registered form, or both, as the unit may determine, and
13 provision may be made for the registration of any coupon bonds or notes as to principal
14 alone and also as to both principal and interest, and for the reconversion into coupon
15 bonds or notes of any bonds or notes registered as to both principal and interest, and for
16 the interchange of registered and coupon bonds or notes. Any system for registration
17 may be established as the unit may determine.

18 (i) No bonds or notes may be issued by a unit of local government under this
19 section unless the issuance is approved and the bonds or notes are sold by the Local
20 Government Commission as provided in this section and the applicable provisions of this
21 Chapter. The unit shall file with the Secretary of the Local Government Commission an
22 application requesting approval of the issuance of ~~such the~~ bonds or notes, which
23 application shall contain such information and shall have attached to it such documents
24 concerning the proposed financing as the Secretary of the Local Government
25 Commission may require. The Commission may prescribe the form of the application.
26 Before the Secretary accepts the application, the Secretary may require the governing
27 body of the unit or its representatives to attend a preliminary conference, at which time
28 the Secretary or the deputies of the Secretary may informally discuss the proposed issue
29 and the timing of the steps taken in issuing the special obligation bonds or notes.

30 In determining whether a proposed bond or note issue should be approved, the Local
31 Government Commission may consider, to the extent applicable as shall be determined
32 by the Local Government Commission, the criteria set forth in G.S. 159-52 and G.S. 159-
33 86, as either may be amended from time to time, as well as the effect of the proposed
34 financing upon any scheduled or proposed sale of obligations by the State or by any of its
35 agencies or departments or by any unit of local government in the State. The Local
36 Government Commission shall approve the issuance of ~~such the~~ bonds or notes if, upon
37 the information and evidence it receives, it finds and determines that the proposed
38 financing will satisfy such criteria and will effect the purposes of this section and the
39 applicable provisions of this Chapter. An approval of an issue shall not be regarded as an
40 approval of the legality of the issue in any respect. A decision by the Local Government
41 Commission denying an application is final.

42 Upon the filing with the Local Government Commission of a written request of the
43 unit requesting that its bonds or notes be sold, ~~such the~~ bonds or notes may be sold by the

1 Local Government Commission in such manner, either at public or private sale, and for
2 such price or prices as the Local Government Commission shall determine to be in the
3 best interests of the unit and to effect the purposes of this section and the applicable
4 provisions of this Chapter, ~~provided that such sale shall be~~ if the sale is approved by the
5 unit.

6 (j) The proceeds of any bonds or notes shall be used solely for the purposes for
7 which the bonds or notes were issued and shall be disbursed in such manner and under
8 such restrictions, if any, as the unit may provide in the resolution authorizing the issuance
9 of, or in any trust agreement securing, the bonds or notes.

10 (k) Prior to the preparation of definitive bonds, the unit may issue interim receipts
11 or temporary bonds, with or without coupons, exchangeable for definitive bonds when
12 ~~such definitive~~ bonds have been executed and are available for delivery. The unit may
13 also provide for the replacement of any bonds or notes which shall become mutilated or
14 shall be destroyed or lost.

15 (l) Bonds or notes may be issued under the provisions of this section and the
16 applicable provisions of this Chapter without obtaining, except as otherwise expressly
17 provided in this section and the applicable provisions of this Chapter, the consent of any
18 department, division, commission, board, body, bureau, or agency of the State and
19 without any other proceedings or the happening of any conditions or things other than
20 those proceedings, conditions, or things that are specifically required by this section, the
21 applicable provisions of this Chapter, and the provisions of the resolution authorizing the
22 issuance of, or any trust agreement securing, ~~such the~~ bonds or notes.

23 (m) In the discretion of the unit of local government, any bonds and notes issued
24 under the provisions of this section may be secured by a trust agreement by and between
25 the unit and a corporate trustee or by a resolution providing for the appointment of a
26 corporate trustee. Bonds and notes may also be issued under an order or resolution
27 without a corporate trustee. The corporate trustee may be, in either case any trust
28 company or bank having the powers of a trust company within or without the State. ~~Such~~
29 The trust agreement or resolution may pledge or assign such sources of revenue as may
30 be permitted under this section. The trust agreement or resolution may contain such
31 provisions for protecting and enforcing the rights and remedies of the owners of any
32 bonds or notes issued thereunder as may be reasonable and proper and not in violation of
33 law, including covenants setting forth the duties of the unit in respect of the purposes to
34 which bond or note proceeds may be applied, the disposition and application of the
35 revenues of the unit, the duties of the unit with respect to the project, the disposition of
36 any charges and collection of any revenues and administrative charges, the terms and
37 conditions of the issuance of additional bonds and notes, and the custody, safeguarding,
38 investment, and application of all moneys. All bonds and notes issued under this section
39 shall be equally and ratably secured by a lien upon the revenues ~~provided in such pledged~~
40 in the trust agreement or resolution, without priority by reasons of number, or dates of
41 bonds or notes, execution, or delivery, in accordance with the provision of this section
42 and of ~~such the~~ trust agreement or resolution; ~~provided, however, resolution, except that the~~
43 unit may provide in ~~such the~~ trust agreement or resolution that bonds or notes issued

1 pursuant thereto shall, to the extent and in the manner prescribed in ~~such~~the trust
2 agreement or resolution, be subordinated and junior in standing, with respect to the
3 payment of principal and interest and to the security thereof, to any other bonds or notes.
4 It shall be lawful for any bank or trust company that may act as ~~depository~~depository of
5 the proceeds of bonds or notes, revenues, or any other money hereunder to furnish such
6 indemnifying bonds or to pledge such securities as may be required by the unit. Any
7 trust agreement or resolution may set out the rights and remedies of the owners of any
8 bonds or notes and of any trustee, and may restrict the individual rights of action by the
9 owners. In addition to the foregoing, any trust agreement or resolution may contain such
10 other provisions as the unit may deem reasonable and proper for the security of the
11 owners of any bonds or notes. Expenses incurred in carrying out the provisions of any
12 trust agreement or resolution may be treated as a part of the cost of any project or as an
13 administrative charge and may be paid from the revenues or from any other funds
14 available.

15 The State does pledge to, and agree with, the holders of any bonds or notes issued by
16 any unit that so long as any of ~~such~~the bonds or notes are outstanding and unpaid the
17 State will not limit or alter the rights vested in the unit at the time of issuance of the
18 bonds or notes to set the terms and conditions of the bonds or notes and to fulfill the
19 terms of any agreements made with the bondholders or noteholders. The State shall in no
20 way impair the rights and remedies of the bondholders or noteholders until the bonds or
21 notes and all costs and expenses in connection with any action or proceedings by or on
22 behalf of the bondholders or noteholders, are fully paid, met, and discharged.

23 (n) The provisions of G.S. 159I-15(a), (d), and (e) relating to the Agency and its
24 bonds and notes shall apply to a unit of local government and its bonds and notes issued
25 under this section and the applicable provisions of this Chapter, ~~provided~~except that the
26 source or sources of revenue ~~available~~pledged to pay bonds and notes of a unit of local
27 government shall be limited as provided in this section.

28 (o) The provisions of G.S. 159I-17 relating to the Agency and its trust funds and
29 investments shall apply to a unit of local government and its trust funds and investments,
30 ~~provided~~except that any such moneys of a unit shall be deposited and invested only as
31 provided in G.S. 159-30, as it may be amended from time to time.

32 (p) The provisions of G.S. 159I-18, 159I-19, 159I-20, and 159I-23 relating to
33 remedies, the Uniform Commercial Code, investment ~~eligibility and tax exemption as such~~
34 eligibility, and tax exemption, as they relate to the Agency's bonds and ~~notes~~notes, shall
35 apply to a unit of local government and its bonds and notes."

36 Section 3. G.S. 159-86(b) reads as rewritten:

37 "(b) The Commission shall approve the application if, upon the information and
38 evidence it receives, it finds and ~~determines~~determines all of the following:

- 39 (1) That the proposed revenue bond issue is necessary or expedient.
- 40 (2) That the amount proposed is adequate and not
41 excessive for the proposed purpose of the issue.
- 42 (3) That the proposed project is feasible.

- 1 (4) That the State's or the municipality's, as the case may be, debt
2 management procedures and policies are good, or that reasonable
3 assurances have been given that its debt will henceforth be managed in
4 strict compliance with law.
- 5 (5) That the proposed revenue bonds can be marketed at reasonable interest
6 cost to the State or the municipality, as the case may be.
- 7 (6) That the probable net revenues of the project to be financed will be
8 sufficient, when combined with other available funds, to service the
9 proposed revenue bonds."

10 Section 4. G.S. 159-83(a) reads as rewritten:

11 "(a) In addition to the powers they may now or hereafter have, the State and each
12 municipality shall have the ~~following powers,~~ powers listed in this subsection. These
13 powers are subject to the provisions of this Article and of any revenue bond order or trust
14 agreement securing revenue bonds. The trustee of a trust agreement securing
15 revenue bonds issued under this Article shall be a trust company or a bank that has the
16 powers of a trust company and may be located inside or outside the State. The powers
17 granted are:

- 18 (1) To acquire by gift, purchase, or exercise of the power of eminent
19 domain or to construct, reconstruct, improve, maintain, better, extend,
20 and operate, one or more revenue bond projects or any portion thereof
21 without regard to location within or without its boundaries, upon
22 determination (i) in the case of the State, by the Council of State and (ii)
23 in the case of a municipality, by resolution of the governing board that a
24 location wholly or partially outside its boundaries is necessary and in
25 the public interest.
- 26 (2) To sell, exchange, transfer, assign or otherwise dispose of any revenue
27 bond project or portion thereof or interest therein determined (i) in the
28 case of the State, by the Council of State and (ii) in the case of a
29 municipality, by resolution of the governing board not to be required for
30 any public purpose.
- 31 (3) To sell, furnish, and distribute the services, facilities, or commodities of
32 revenue bond projects.
- 33 (4) To enter into contracts with any person, firm, or corporation, public or
34 private, on such terms (i) in the case of the State, as the Council of State
35 and (ii) in the case of a municipality, as the governing board may
36 determine, with respect to the acquisition, construction, reconstruction,
37 extension, betterment, improvement, maintenance, or operation of
38 revenue bond projects, or the sale, furnishing, or distribution of the
39 services, facilities or commodities thereof.
- 40 (5) To borrow money for the purpose of acquiring, constructing,
41 reconstructing, extending, bettering, improving, or otherwise paying the
42 cost of revenue bond projects, and to issue its revenue bonds or bond
43 anticipation notes therefor, in the name of the State or a municipality, as

1 the case may be, but no encumbrance, mortgage, or other pledge or real
2 property of the State or a municipality may be created in any manner.
3 Notwithstanding the foregoing, the North Carolina Low-Level
4 Radioactive Waste Management Authority may create an encumbrance,
5 mortgage, or other pledge of real property of the Authority in
6 connection with its financing of a low-level radioactive waste facility
7 and the North Carolina Hazardous Waste Management Commission
8 may create an encumbrance, mortgage, or other pledge of real property
9 of the Commission in connection with its financing of a hazardous
10 waste facility.

11 (6) To establish, maintain, revise, charge, and collect such rates, fees,
12 rentals, tolls, or other charges, free of any control or regulation by the
13 North Carolina Utilities Commission or any other regulatory body
14 except as provided in G.S. 159-95 for the use, services, facilities, and
15 commodities of or furnished by any revenue bond project, and to
16 provide methods of collection of and penalties for nonpayment of such
17 rates, fees, rentals, tolls, or other charges. The rates, fees, rentals, tolls
18 and charges so fixed and charged shall be such as will produce revenues
19 at least sufficient with any other available funds to meet the expense and
20 maintenance and operation of and renewals and replacements to the
21 revenue bond project, including reserves therefor, to pay when due the
22 principal, interest, and redemption premiums (if any) on all revenue
23 bonds or bond anticipation notes secured thereby, and to fulfill the terms
24 of any agreements made by the State or the issuing municipality with
25 the holders of revenue bonds issued to finance all or any portion of the
26 cost of the project.

27 (7) To pledge all or part of any proceeds derived from the use of on-street
28 parking meters to the payment of the cost of operating, maintaining, and
29 improving parking facilities whether on-street or off-street, and the
30 principal of and the interest on revenue bonds or bond anticipation notes
31 issued for on-street or off-street parking facilities.

32 (8) To pledge to the payment of its revenue bonds or bond anticipation
33 notes and interest thereon revenues from one or more revenue bond
34 projects and any leases or agreements to secure such payment, including
35 revenues from improvements, betterments, or extensions to such
36 projects thereafter constructed or acquired as well as the revenues from
37 existing systems, plants, works, instrumentalities, and properties of the
38 projects to be improved, bettered, or extended.

39 (8a) In the case of any county, city, town, or incorporated village, to make
40 loans or advances to a municipality to provide funds to the municipality
41 to pay any costs of any revenue bond project. Funds received by a
42 municipality in reimbursement of a loan or advance shall be distributed
43 and restricted as provided in G.S. 159-27.1.

- 1 (9) To appropriate, apply, or expend for the following purposes the
2 proceeds of its revenue bonds, notes issued in anticipation thereof, and
3 revenues pledged under any resolution or order authorizing or securing
4 the bonds: (i) to pay interest on the bonds or notes and the principal or
5 redemption price thereof when due; (ii) to meet reserves and other
6 requirements set forth in the bond order or trust agreement; (iii) to pay
7 the costs of the revenue bond projects authorized in the bond order,
8 reimburse funds loaned or advanced for the costs of these revenue bond
9 projects in accordance with the bond order, and provide working capital
10 for initial maintenance and operation until funds are available from
11 revenues; (iv) to pay and discharge revenue bonds and notes issued in
12 anticipation thereof; (v) to pay and discharge general obligation bonds
13 issued under Article 4 of this Chapter or under any act of the General
14 Assembly, when the revenues of the project financed in whole or in part
15 by the general obligation bonds will be pledged to the payment of the
16 revenue bonds or notes.
- 17 (10) To make and enforce rules and regulations governing the use,
18 maintenance, and operation of revenue bond projects.
- 19 (11) To accept gifts or grants of real or personal property, money, material,
20 labor, or supplies for the acquisition, construction, reconstruction,
21 extension, improvement, betterment, maintenance, or operation of any
22 revenue bond project and to make and perform such agreements or
23 contracts as may be necessary or convenient in connection with the
24 procuring or acceptance of such gifts or grants.
- 25 (12) To accept loans, grants, or contributions from, and to enter into
26 contracts and cooperate with the United States of America, the State of
27 North Carolina, or any agency thereof, with respect to any revenue bond
28 project.
- 29 (13) To enter on any lands, waters, and premises for the purpose of making
30 surveys, borings, soundings, examinations, and other preliminary
31 studies for constructing and operating any revenue bond project.
- 32 (14) To retain and employ consultants and other persons on a contract basis
33 for rendering professional, financial, or technical assistance and advice
34 and to select and retain subject to approval of the Local Government
35 Commission the financial consultants, underwriters and bond attorneys
36 to be associated with the issuance of any bonds and to pay for services
37 rendered by underwriters, financial consultants or bond attorneys out of
38 the proceeds of any such issue with regard to which the services were
39 performed.
- 40 (15) Subject to any provisions of law requiring voter approval for the sale or
41 lease of utility or enterprise systems, to lease to or from any person,
42 firm, or corporation, public or private, all or part of any revenue bond
43 project, upon such terms and conditions as and for such term of years,

1 not in excess of 40 years, (i) in the case of the State, as the Council of
2 State and (ii) in the case of a municipality, as the governing board may
3 deem advisable to carry out the provisions of this Article, and to provide
4 in such lease for the extension or renewal thereof and, if deemed
5 advisable, for an option to purchase or otherwise lawfully acquire the
6 project upon terms and conditions therein specified.

7 (16) To execute such instruments and agreements and to do all things
8 necessary or therein in the exercise of the powers herein granted, or in
9 the performance of the covenants or duties of the State or a
10 municipality, as the case may be, or to secure the payment of its revenue
11 bonds."

12 Section 5. Section 3 of this act becomes effective October 1, 1997, and applies
13 to applications filed on or after that date. The remainder of this act is effective when it
14 becomes law.