

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017**

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**HOUSE BILL 866**

Short Title: Public School Building Bond Act of 2017. (Public)

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Sponsors: Representatives Johnson, Horn, Corbin, and Carney (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

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Referred to: Education - K-12, if favorable, Appropriations, Capital

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April 21, 2017

A BILL TO BE ENTITLED  
AN ACT TO ENACT THE PUBLIC SCHOOL BUILDING BOND ACT OF 2017.  
The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Short Title. – This section shall be known as the "Public School Building Bond Act of 2017."

**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 one billion nine hundred million dollars (\$1,900,000,000) general obligation bonds of the State for the purpose of providing funds, with any other available funds, for public school facilities through grants to counties for public school capital outlay projects.

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

- (1) Bonds. – Bonds issued under this section.
- (2) Cost. – Without intending thereby to limit or restrict any proper definition of this term in financing the cost of public school capital outlay projects authorized by this section, any of the following:
  - a. The cost of constructing, reconstructing, enlarging, acquiring, and improving projects and acquiring equipment and land therefor.
  - b. The cost of engineering, architectural, and other consulting services as may be required.
  - c. Administrative expenses and charges, including expenses related to determining compliance with applicable requirements of federal law and expenses relating to issuance. Nothing in this section shall permit use of bond funds to pay salaries or fees for bond administration; such salaries and fees shall come from funds appropriated by the General Assembly.
  - d. Finance charges and interest prior to and during construction and, if deemed advisable by the State Treasurer, for a period not exceeding three years after the estimated date of completion of construction.
  - e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.



- 1 f. The cost of reimbursing the State for any payments made for any cost  
2 described in this subdivision.
- 3 g. Any other costs and expenses necessary or incidental to the purposes  
4 of this section.
- 5 Allocations in this section of proceeds of bonds to the costs of a project or  
6 undertaking in each case may include allocations to pay the costs set forth in  
7 sub-subdivisions c. through g. of this subdivision in connection with the  
8 issuance of bonds for the project or undertaking.
- 9 (3) Credit facility agreement. – An agreement entered into by the State  
10 Treasurer on behalf of the State with a bank, savings and loan association, or  
11 other banking institution; an insurance company, reinsurance company,  
12 surety company, or other insurance institution; a corporation, investment  
13 banking firm, or other investment institution; or any financial institution or  
14 other similar provider of a credit facility agreement, which provider may be  
15 located within or without the United States of America, such agreement  
16 providing for prompt payment of all or any part of the principal or purchase  
17 price (whether at maturity, presentment or tender for purchase, redemption,  
18 or acceleration), redemption premium, if any, and interest on any bonds or  
19 notes payable on demand or tender by the owner, in consideration of the  
20 State agreeing to repay the provider of the credit facility agreement in  
21 accordance with the terms and provisions of such agreement.
- 22 (4) Notes. – Notes issued under this section.
- 23 (5) Par formula. – Any provision or formula adopted by the State to provide for  
24 the adjustment, from time to time, of the interest rate or rates borne by any  
25 bonds or notes, including the following:
- 26 a. A provision providing for such adjustment so that the purchase price  
27 of such bonds or notes in the open market would be as close to par as  
28 possible;
- 29 b. A provision providing for such adjustment based upon a percentage  
30 or percentages of a LIBOR rate, a prime rate, or base rate, which  
31 percentage or percentages may vary or be applied for different  
32 periods of time; or
- 33 c. Such other provision as the State Treasurer may determine to be  
34 consistent with this section and will not materially and adversely  
35 affect the financial position of the State and the marketing of bonds  
36 or notes at a reasonable interest cost to the State.
- 37 (6) Public school capital outlay project. – A project for the construction of one  
38 or more new public school buildings or the renovation of one or more  
39 existing public school buildings, for the building of technology  
40 infrastructure, for the purchase of equipment for a public school building  
41 that has never been used for public education purposes or equipment related  
42 to the improvement of an existing public school building that will be used at  
43 the building or become affixed to the building during its use for public  
44 education, for the purchase of land necessary for construction to commence  
45 within 24 months of one or more school buildings, and for other related  
46 capital outlay projects to provide facilities for individual schools that are  
47 used for instructional or related purposes. The term does not include projects  
48 for facilities for centralized administration, trailers, relocatable classrooms,  
49 or mobile classrooms.
- 50 (7) State. – The State of North Carolina.

**SECTION 1.(d)** 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 bonds for public school capital outlay projects 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 School Building 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 one billion nine hundred million dollars (\$1,900,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section. The principal amounts of bonds or notes issued in any 12-month period shall not exceed five hundred ninety-one million dollars (\$591,000,000). In determining whether this limit has been reached, the issuance of a note or bond to pay an outstanding note is not considered an issuance.

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

(1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public school building bonds and notes, including premium thereon, if any, shall be used for the purpose of making grants to counties for paying the cost of public school capital outlay projects in the following general amounts set forth in this subdivision. 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 to aid in financing the cost of public school capital outlay projects authorized by this act may be placed by the State Treasurer in the Public School Building 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 limitations imposed by this act.

LEA	ADM	Low-Wealth County	ADM Growth	Small County	Total
Alamance-Burlington Schools	\$11,894,339	\$10,655,658	\$1,984,971	\$0	\$24,534,968
Alexander County Schools	\$2,583,358	\$5,268,881	\$0	\$0	\$7,852,238
Alleghany County Schools	\$711,838	\$0	\$0	\$11,400,000	\$12,111,838
Anson County Schools	\$1,748,952	\$4,758,716	\$0	\$0	\$6,507,668
Ashe County Schools	\$1,583,956	\$0	\$0	\$11,400,000	\$12,983,956
Avery County Schools	\$1,065,399	\$0	\$0	\$11,400,000	\$12,465,399
Beaufort County Schools	\$3,578,568	\$2,208,334	\$0	\$0	\$5,786,902
Bertie County Schools	\$1,147,635	\$3,062,328	\$0	\$11,400,000	\$15,609,963
Bladen County Schools	\$2,377,506	\$4,926,454	\$0	\$0	\$7,303,960
Brunswick County Schools	\$6,612,390	\$0	\$2,291,422	\$0	\$8,903,812
Buncombe County Schools	\$12,765,935	\$0	\$0	\$0	\$12,765,935
Asheville City					

1	Schools	\$2,387,982	\$0	\$2,681,452	\$0	\$5,069,434
2	Burke County					
3	Schools	\$6,412,300	\$14,627,330	\$0	\$0	\$21,039,630
4	Cabarrus County					
5	Schools	\$17,154,290	\$0	\$20,239,736	\$0	\$37,394,026
6	Kannapolis City					
7	Schools	\$2,779,257	\$864,967	\$174,120	\$0	\$3,818,344
8	Caldwell County					
9	Schools	\$6,195,449	\$11,838,398	\$0	\$0	\$18,033,847
10	Camden County					
11	Schools	\$970,592	\$1,102,185	\$0	\$11,400,000	\$13,472,778
12	Carteret County Public					
13	Schools	\$4,359,023	\$0	\$0	\$0	\$4,359,023
14	Caswell County					
15	Schools	\$1,390,676	\$3,168,512	\$0	\$11,400,000	\$15,959,188
16	Catawba County					
17	Schools	\$8,579,764	\$0	\$0	\$0	\$8,579,764
18	Hickory City					
19	Schools	\$2,221,939	\$0	\$0	\$0	\$2,221,939
20	Newton Conover City					
21	Schools	\$1,579,766	\$0	\$285,557	\$0	\$1,865,323
22	Chatham County					
23	Schools	\$4,602,064	\$0	\$4,715,176	\$0	\$9,317,240
24	Cherokee County					
25	Schools	\$1,735,333	\$1,545,096	\$0	\$0	\$3,280,430
26	Edenton-Chowan					
27	Schools	\$1,070,637	\$1,033,675	\$0	\$11,400,000	\$13,504,312
28	Clay County					
29	Schools	\$704,504	\$0	\$55,718	\$11,400,000	\$12,160,223
30	Cleveland County					
31	Schools	\$7,750,596	\$13,226,975	\$0	\$0	\$20,977,572
32	Columbus County					
33	Schools	\$3,040,107	\$9,559,234	\$0	\$0	\$12,599,340
34	Whiteville City					
35	Schools	\$1,167,539	\$3,671,180	\$0	\$0	\$4,838,720
36	Craven County					
37	Schools	\$7,365,083	\$2,972,533	\$0	\$0	\$10,337,616
38	Cumberland County					
39	Schools	\$26,443,796	\$23,904,327	\$0	\$0	\$50,348,124
40	Currituck County					
41	Schools	\$2,114,037	\$0	\$787,023	\$0	\$2,901,061
42	Dare County					
43	Schools	\$2,668,736	\$0	\$1,239,736	\$0	\$3,908,472
44	Davidson County					
45	Schools	\$10,031,724	\$10,460,171	\$0	\$0	\$20,491,895
46	Lexington City					
47	Schools	\$1,591,290	\$1,659,253	\$0	\$0	\$3,250,543
48	Thomasville City					
49	Schools	\$1,219,919	\$1,272,022	\$0	\$0	\$2,491,941
50	Davie County					
51	Schools	\$3,269,529	\$233,720	\$0	\$0	\$3,503,249

1	Duplin County					
2	Schools	\$5,051,480	\$13,913,743	\$2,549,120	\$0	\$21,514,343
3	Durham Public					
4	Schools	\$17,529,851	\$0	\$2,751,100	\$0	\$20,280,951
5	Edgecombe County Public					
6	Schools	\$3,139,628	\$8,695,956	\$0	\$0	\$11,835,584
7	Winston-Salem/Forsyth County					
8	Schools	\$28,759,495	\$0	\$11,958,578	\$0	\$40,718,072
9	Franklin County					
10	Schools	\$4,417,164	\$9,580,484	\$0	\$0	\$13,997,648
11	Gaston County					
12	Schools	\$16,513,689	\$9,682,736	\$3,774,927	\$0	\$29,971,351
13	Gates County					
14	Schools	\$841,215	\$2,044,497	\$0	\$11,400,000	\$14,285,712
15	Graham County					
16	Schools	\$626,459	\$205,923	\$0	\$11,400,000	\$12,232,382
17	Granville County					
18	Schools	\$4,036,365	\$10,379,794	\$0	\$0	\$14,416,160
19	Greene County					
20	Schools	\$1,636,860	\$5,848,956	\$0	\$11,400,000	\$18,885,816
21	Guilford County					
22	Schools	\$37,701,201	\$0	\$0	\$0	\$37,701,201
23	Halifax County					
24	Schools	\$1,358,201	\$2,752,913	\$0	\$0	\$4,111,113
25	Roanoke Rapids City					
26	Schools	\$1,525,291	\$3,091,590	\$0	\$0	\$4,616,881
27	Weldon City					
28	Schools	\$454,654	\$921,533	\$0	\$0	\$1,376,187
29	Harnett County					
30	Schools	\$10,988,698	\$31,708,691	\$7,717,009	\$0	\$50,414,398
31	Haywood County					
32	Schools	\$3,757,182	\$0	\$0	\$0	\$3,757,182
33	Henderson County					
34	Schools	\$7,094,281	\$0	\$0	\$0	\$7,094,281
35	Hertford County					
36	Schools	\$1,511,149	\$3,743,868	\$0	\$11,400,000	\$16,655,017
37	Hoke County					
38	Schools	\$4,403,546	\$14,037,584	\$1,246,701	\$0	\$19,687,830
39	Hyde County					
40	Schools	\$317,944	\$0	\$229,839	\$11,400,000	\$11,947,782
41	Iredell-Statesville					
42	Schools	\$10,699,563	\$0	\$0	\$0	\$10,699,563
43	Mooreville Graded School					
44	District	\$3,186,246	\$0	\$2,792,889	\$0	\$5,979,134
45	Jackson County					
46	Schools	\$1,978,374	\$0	\$995,968	\$0	\$2,974,342
47	Johnston County					
48	Schools	\$18,475,301	\$35,189,800	\$14,605,205	\$0	\$68,270,306
49	Jones County					
50	Schools	\$585,079	\$450,538	\$0	\$11,400,000	\$12,435,617
51	Lee County					

1	Schools	\$5,254,713	\$6,713,788	\$1,218,842	\$0	\$13,187,342
2	Lenoir County Public					
3	Schools	\$4,582,683	\$8,123,174	\$0	\$0	\$12,705,858
4	Lincoln County					
5	Schools	\$5,970,217	\$586,814	\$0	\$0	\$6,557,031
6	Macon County					
7	Schools	\$2,303,651	\$0	\$0	\$0	\$2,303,651
8	Madison County					
9	Schools	\$1,224,633	\$403,668	\$0	\$11,400,000	\$13,028,301
10	Martin County					
11	Schools	\$1,693,953	\$3,441,064	\$0	\$0	\$5,135,017
12	McDowell County					
13	Schools	\$3,241,768	\$5,991,397	\$0	\$0	\$9,233,165
14	Charlotte-Mecklenburg					
15	Schools	\$78,674,026	\$0	\$72,872,801	\$0	\$151,546,827
16	Mitchell County					
17	Schools	\$969,021	\$95,246	\$0	\$11,400,000	\$12,464,267
18	Montgomery County					
19	Schools	\$2,056,420	\$2,204,655	\$0	\$0	\$4,261,074
20	Moore County					
21	Schools	\$6,650,103	\$0	\$1,372,067	\$0	\$8,022,170
22	Nash-Rocky Mount					
23	Schools	\$7,989,447	\$14,371,718	\$0	\$0	\$22,361,165
24	New Hanover County					
25	Schools	\$13,935,569	\$0	\$11,011,364	\$0	\$24,946,933
26	Northampton County					
27	Schools	\$933,927	\$2,214,071	\$0	\$11,400,000	\$14,547,998
28	Onslow County					
29	Schools	\$13,901,522	\$993,738	\$10,161,657	\$0	\$25,056,918
30	Orange County					
31	Schools	\$3,951,510	\$0	\$863,636	\$0	\$4,815,147
32	Chapel Hill-Carrboro City					
33	Schools	\$6,410,728	\$0	\$766,129	\$0	\$7,176,857
34	Pamlico County					
35	Schools	\$671,505	\$0	\$0	\$11,400,000	\$12,071,505
36	Elizabeth City-Pasquotank Public					
37	Schools	\$2,992,965	\$4,901,814	\$0	\$0	\$7,894,780
38	Pender County					
39	Schools	\$4,990,720	\$7,117,093	\$7,877,199	\$0	\$19,985,012
40	Perquimans County					
41	Schools	\$861,643	\$0	\$0	\$11,400,000	\$12,261,643
42	Person County					
43	Schools	\$2,392,696	\$1,638,918	\$0	\$0	\$4,031,614
44	Pitt County					
45	Schools	\$12,347,422	\$16,479,237	\$0	\$0	\$28,826,660
46	Polk County					
47	Schools	\$1,132,969	\$0	\$0	\$11,400,000	\$12,532,969
48	Randolph County					
49	Schools	\$9,064,274	\$17,536,732	\$0	\$0	\$26,601,006
50	Asheboro City					
51	Schools	\$2,436,171	\$4,713,281	\$0	\$0	\$7,149,452

1	Richmond County					
2	Schools	\$3,841,513	\$11,394,323	\$0	\$0	\$15,235,836
3	Public Schools of Robeson					
4	County	\$12,144,190	\$48,064,710	\$0	\$0	\$60,208,900
5	Rockingham County					
6	Schools	\$6,529,630	\$11,917,196	\$0	\$0	\$18,446,826
7	Rowan-Salisbury					
8	Schools	\$10,118,674	\$12,983,241	\$0	\$0	\$23,101,915
9	Rutherford County					
10	Schools	\$4,248,502	\$7,595,758	\$0	\$0	\$11,844,260
11	Sampson County					
12	Schools	\$4,377,880	\$11,563,052	\$0	\$0	\$15,940,932
13	Clinton City					
14	Schools	\$1,586,052	\$4,189,151	\$285,557	\$0	\$6,060,760
15	Scotland County					
16	Schools	\$3,075,201	\$9,753,031	\$0	\$0	\$12,828,232
17	Stanly County					
18	Schools	\$4,433,926	\$7,413,291	\$0	\$0	\$11,847,217
19	Stokes County					
20	Schools	\$3,173,151	\$5,676,493	\$0	\$0	\$8,849,644
21	Surry County					
22	Schools	\$4,198,218	\$6,722,208	\$0	\$0	\$10,920,426
23	Elkin City					
24	Schools	\$618,078	\$989,669	\$0	\$0	\$1,607,747
25	Mount Airy City					
26	Schools	\$838,596	\$1,342,763	\$0	\$0	\$2,181,359
27	Swain County					
28	Schools	\$1,029,257	\$427,317	\$0	\$11,400,000	\$12,856,574
29	Transylvania County					
30	Schools	\$1,787,189	\$0	\$0	\$0	\$1,787,189
31	Tyrrell County					
32	Schools	\$319,515	\$599,330	\$278,592	\$11,400,000	\$12,597,437
33	Union County Public					
34	Schools	\$21,984,205	\$0	\$10,565,616	\$0	\$32,549,821
35	Vance County					
36	Schools	\$3,180,484	\$9,876,842	\$0	\$0	\$13,057,326
37	Wake County					
38	Schools	\$85,220,418	\$0	\$84,650,293	\$0	\$169,870,711
39	Warren County					
40	Schools	\$1,125,112	\$691,281	\$0	\$11,400,000	\$13,216,393
41	Washington County					
42	Schools	\$814,501	\$1,524,139	\$0	\$11,400,000	\$13,738,640
43	Watauga County					
44	Schools	\$2,343,983	\$0	\$0	\$0	\$2,343,983
45	Wayne County Public					
46	Schools	\$9,669,782	\$13,444,191	\$0	\$0	\$23,113,973
47	Wilkes County					
48	Schools	\$5,007,481	\$7,550,886	\$0	\$0	\$12,558,367
49	Wilson County					
50	Schools	\$6,314,874	\$9,028,273	\$0	\$0	\$15,343,147
51	Yadkin County					

1	Schools	\$2,774,543	\$5,457,894	\$0	\$0	\$8,232,437
2						
3						
4	Yancey County					
5	Schools	\$1,146,064	\$0	\$0	\$11,400,000	\$12,546,064
6	<b>Total</b>	<b>\$760M</b>	<b>\$570M</b>	<b>\$285M</b>	<b>\$285M</b>	<b>\$1.9B</b>
7	(2)	Special allocation provisions. – In determining the use of the proceeds of				
8		public school building bonds and notes, including premium thereon, if any,				
9		set forth in subdivision (1) of this subsection, the following special				
10		allocation provisions apply:				
11	a.	In the case of a local school administrative unit located entirely in				
12		one county, the unit's total distribution amount shall be allocated to				
13		that county. In the case of a local school administrative unit located				
14		in more than one county, the unit's distribution amount shall be				
15		allocated among the counties in which the unit is located in				
16		proportion to average daily membership of the unit in each county. A				
17		unit's distribution amount allocated to a county may be used only				
18		with respect to public school facilities of that unit. If two or more				
19		local school administrative units are consolidated into one unit, the				
20		distribution amounts provided in subdivision (1) of this subsection				
21		for the units shall be considered the distribution amount for the				
22		merged unit.				
23	b.	Bond proceeds allocated in subdivision (1) of this subsection for				
24		low-wealth-county or small-county designations require no county				
25		match. A county receiving bond proceeds otherwise allocated in				
26		subdivision (1) of this subsection must match each one dollar of bond				
27		proceeds allocated with an amount equal to the product of three cents				
28		(3¢) multiplied by the county's ability to pay rank. A "county's ability				
29		to pay rank" is the rank assigned to the county by the State Board of				
30		Education for the 2016-17 fiscal year pursuant to Section 8.3 of				
31		S.L. 2015-241. The match requirement may be satisfied by non-State				
32		expenditures for public school facilities made on or after January 1,				
33		2017. If a debt has been authorized or incurred since January 1, 2017,				
34		for the general purpose of public school facilities, then the face				
35		amount of the debt shall be considered as a non-State expenditure for				
36		public school facilities for the purpose of the match. As counties				
37		satisfy the match requirements of this subsection, they shall				
38		document the extent to which they have done so in periodic reports to				
39		the State Board of Education. These reports shall include any				
40		information and documentation required by the State Board of				
41		Education. The State Board of Education shall certify to the State				
42		Treasurer from time to time the extent to which the match				
43		requirements of this subsection have been met with respect to each				
44		county. Bond proceeds shall be distributed for expenditure only as,				
45		and to the extent, the matching requirement of this section are				
46		satisfied, as certified by the State Board of Education. The State				
47		Board of Education shall also require counties to report annually on				
48		the impact of funds provided under this act on the property tax rate				
49		for that year. These reports shall be public documents and shall be				
50		furnished to any citizen upon request.				



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

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

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

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

44 Monies in the Public School Building Bonds Fund or any separate  
45 account established under this section may be invested from time to time by  
46 the State Treasurer in the same manner permitted for investment of monies  
47 belonging to the State or held in the State treasury, except with respect to  
48 grant money to the extent otherwise directed by the terms of the grant.  
49 Investment earnings, except investment earnings with respect to grant  
50 monies to the extent otherwise directed or restricted by the terms of the  
51 grant, may be (i) credited to the Public School Building Bonds Fund or (ii)

1 used to satisfy compliance with applicable requirements of the federal tax  
2 law.

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

17 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's  
18 designee is hereby authorized and directed to set up a comprehensive system  
19 of tracking the proceeds of the public improvement bonds and notes,  
20 including premium thereon, if any, to the extent necessary to enable the State  
21 Treasurer or the State Treasurer's designee to properly account for the use of  
22 such proceeds for compliance with applicable requirements of the federal tax  
23 law or otherwise. All recipients of such proceeds shall comply with any  
24 tracking system implemented by the State Treasurer or the State Treasurer's  
25 designee for this purpose. The State Treasurer may withhold proceeds if the  
26 recipient fails to comply with this subdivision.

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

32 **SECTION 1.(g)** Election. – The question of the issuance of the bonds authorized  
33 by this section shall be submitted to the qualified voters of the State at an election to be held in  
34 November of 2018. Any other primary, election, or referendum validly called or scheduled by  
35 law at the time the election on the bond question provided for in this subsection is held may be  
36 held as called or scheduled. Notice of the election shall be given in the manner and at the times  
37 required by G.S. 163-33(8). The election and the registration of voters therefor shall be held  
38 under and in accordance with the general laws of the State. Absentee ballots shall be authorized  
39 in the election.

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

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

48 "[ ] FOR [ ] AGAINST

49 The issuance of one billion nine hundred million dollars (\$1,900,000,000) State of  
50 North Carolina Public School Building Bonds constituting general obligation bonds of the State  
51 secured by a pledge of the faith and credit and taxing power of the State for the purpose of

1 providing funds, with any other available funds, for grants to counties for costs of public school  
2 building capital improvements."

3 If a majority of those voting on a 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 section. If a majority of those voting on a bond question in the election do not vote in favor of  
6 the issuance of the bonds described in the question, those bonds shall not be issued.

7 The results of the election shall be canvassed and declared as provided by law for  
8 elections for State officers; the results of the election shall be certified by the State Board of  
9 Elections to the Secretary of State in the manner and at the time provided by the general  
10 election laws of the State.

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

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

24 (2) Signatures; form and denomination; registration. – Bonds or notes may be  
25 issued as certificated or uncertificated obligations. If issued as certificated  
26 obligations, bonds or notes shall be signed on behalf of the State by the  
27 Governor or shall bear the Governor's facsimile signature, shall be signed by  
28 the State Treasurer or shall bear the State Treasurer's facsimile signature, and  
29 shall bear the Great Seal of the State of North Carolina or a facsimile thereof  
30 shall be impressed or imprinted thereon. If bonds or notes bear the facsimile  
31 signatures of the Governor and the State Treasurer, the bonds or notes shall  
32 also bear a manual signature, which may be that of a bond registrar, trustee,  
33 paying agent, or designated assistant of the State Treasurer. Should any  
34 officer whose signature or facsimile signature appears on bonds or notes  
35 cease to be such officer before the delivery of the bonds or notes, the  
36 signature or facsimile signature shall nevertheless have the same validity for  
37 all purposes as if the officer had remained in office until delivery, and bonds  
38 or notes may bear the facsimile signatures of persons who at the actual time  
39 of the execution of the bonds or notes shall be the proper officers to sign any  
40 bond or note, although at the date of the bond or note such persons may not  
41 have been such officers. The form and denomination of bonds or notes,  
42 including the provisions with respect to registration of the bonds or notes  
43 and any system for their registration, shall be as the State Treasurer may  
44 determine in conformity with this section; provided, however, that nothing in  
45 this section shall prohibit the State Treasurer from proceeding, with respect  
46 to the issuance and form of the bonds or notes, under the provisions of  
47 Chapter 159E of the General Statutes, the Registered Public Obligations Act,  
48 as well as under this section.

49 (3) Manner of sale; expenses. – Subject to the consent of the Council of State,  
50 the State Treasurer shall determine the manner in which bonds or notes shall  
51 be offered for sale, whether at public or private sale, whether within or

1 without the United States of America, and whether by publishing notices in  
2 certain newspapers and financial journals, mailing notices, inviting bids by  
3 correspondence, negotiating contracts of purchase, or otherwise, and the  
4 State Treasurer is authorized to sell bonds or notes at one time or from time  
5 to time at such rate or rates of interest, which may vary from time to time,  
6 and at such price or prices, including a price less than the face amount of the  
7 bonds or the notes, as the State Treasurer may determine. All expenses  
8 incurred in preparation, sale, and issuance of bonds or notes shall be paid by  
9 the State Treasurer from the proceeds of bonds or notes or other available  
10 monies.

11 (4) Notes; repayment. –

12 a. Subject to the consent of the Council of State, the State Treasurer is  
13 hereby authorized to borrow money and to execute and issue notes of  
14 the State for the same, but only in the following circumstances and  
15 under the following conditions:

- 16 1. For anticipating the sale of bonds to the issuance of which the  
17 Council of State shall have given consent, if the State  
18 Treasurer shall deem it advisable to postpone the issuance of  
19 the bonds.
- 20 2. For the payment of interest on or any installment of principal  
21 of any bonds then outstanding, if there shall not be sufficient  
22 funds in the State treasury with which to pay the interest or  
23 installment of principal as they respectively become due.
- 24 3. For the renewal of any loan evidenced by notes herein  
25 authorized.
- 26 4. For the purposes authorized in this section.
- 27 5. For refunding bonds or notes as herein authorized.

28 b. Funds derived from the sale of bonds or notes may be used in the  
29 payment of any bond anticipation notes issued under this section.  
30 Funds provided by the General Assembly for the payment of interest  
31 on or principal of bonds shall be used in paying the interest on or  
32 principal of any notes and any renewals thereof, the proceeds of  
33 which shall have been used in paying interest on or principal of the  
34 bonds.

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

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

47 (7) Investment eligibility. – Bonds and notes are hereby made securities in  
48 which all public officers, agencies, and public bodies of the State and its  
49 political subdivisions; all insurance companies, trust companies, investment  
50 companies, banks, savings banks, savings and loan associations, credit  
51 unions, pension or retirement funds, other financial institutions engaged in

1 business in the State; executors, administrators, trustees, and other  
2 fiduciaries may properly and legally invest funds, including capital in their  
3 control or belonging to them. Bonds and notes are hereby made securities  
4 that may properly and legally be deposited with and received by any officer  
5 or agency of the State or political subdivision of the State for any purpose  
6 for which the deposit of bonds, notes, or obligations of the State or any  
7 political subdivision of the State is now or may hereafter be authorized by  
8 law.

- 9 (8) Faith and credit. – The faith and credit and taxing power of the State are  
10 hereby pledged for the payment of the principal of and the interest on bonds  
11 and notes. In addition to the State's right to amend any provision of this  
12 section to the extent it does not impair any contractual right of a bond owner,  
13 the State expressly reserves the right to amend any provision of this section  
14 with respect to the making and repayment of loans, the disposition of any  
15 repayments of loans, and any intercept provisions relating to the failure of a  
16 local government unit to repay a loan, the bonds not being secured in any  
17 respect by loans, any repayments thereof, or any intercept provisions with  
18 respect thereto.

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

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

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

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

- 47 (1) Additional method. – The foregoing subsections of this section shall be  
48 deemed to provide an additional and alternative method for the doing of the  
49 things authorized thereby and shall be regarded as supplemental and  
50 additional to powers conferred by other laws and shall not be regarded as in  
51 derogation of any powers now existing.

- 1 (2) Statutory references. – References in this section to specific sections or  
2 Chapters of the General Statutes or to specific acts are intended to be  
3 references to these sections, Chapters, or acts as they may be amended from  
4 time to time by the General Assembly.
- 5 (3) Broad construction. – The General Assembly specifically has chosen to  
6 combine what otherwise might be considered differing projects to be  
7 financed into one bond bill and bond question because the General  
8 Assembly finds that such differing projects, when taken together, constitute  
9 an interrelated, united, and single plan for the State's infrastructure as stated  
10 aforesaid. Accordingly, this section, being necessary for the health, welfare,  
11 and advancement of the people of the State, shall be broadly construed to  
12 affect the purposes thereof.
- 13 (4) Inconsistent provisions. – Insofar as the provisions of this section are  
14 inconsistent with the provisions of any general laws, or parts thereof, the  
15 provisions of this section shall be controlling.
- 16 (5) Severability. – If any provision of this section or the application thereof to  
17 any person or circumstance is held invalid, such invalidity shall not affect  
18 other provisions or applications of the section that can be given effect  
19 without the invalid provision or application, and to this end, the provisions  
20 of this section are declared to be severable.

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

26 **SECTION 2.** The State Board of Education, upon receiving the proceeds of public  
27 improvement bonds and notes, including premium thereon, if any, issued pursuant to and for  
28 projects listed in Section 1 of this act, shall administer, supervise, and ensure that use of the  
29 proceeds comport with the purposes provided in this act. Each school administrative unit shall  
30 submit to the State Board of Education its plans for the expenditure of proceeds allocated under  
31 this act. After the State Board of Education determines that a school administrative unit's  
32 planned expenditure of part or all of the proceeds allocated to it is within the purposes provided  
33 in this act, the State Board of Education shall make the proceeds to which the plans apply  
34 available to the school administrative unit. Each local school administrative unit receiving the  
35 proceeds of public improvement bonds and notes, including premium thereon, if any, issued  
36 pursuant to and for projects listed in Section 1 of this act shall report by January 1, 2019, and  
37 quarterly thereafter, to the Department of Public Instruction on the projects funded from public  
38 improvement general obligation bonds authorized by Section 1 of this act, and the Department  
39 of Public Instruction shall combine the reports and submit them to the Joint Legislative Capital  
40 Oversight Committee, the House of Representatives Appropriations Committee, and the Senate  
41 Committee on Appropriations/Base Budget. Each report shall include the total project costs, the  
42 amount to be funded from the bonds, the expenditures to date from the bonds and other sources,  
43 and the percentage of each project completed.

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

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

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

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

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

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