

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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

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HOUSE BILL DRH40560-MCxf-230

Short Title: Invest NC Bond Act of 2020.

(Public)

Sponsors: Representative Harris.

Referred to:

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

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

6 **SECTION 1.(b)** Purpose. – It is the intent of the General Assembly by this act to  
7 provide, subject to a vote of the qualified voters of the State, for the issuance of three billion nine  
8 hundred million dollars (\$3,900,000,000) providing funds, with any other available funds, to  
9 invest in the State's public facilities, without limitation, construction, repair, renovation, and  
10 furnishing of new facilities in order to ensure that the citizens of North Carolina have access to  
11 high quality educational facilities, cultural facilities and attractions, and to ensure the viability of  
12 water and sewer infrastructure.

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

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

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



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

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

(6) State. – The State of North Carolina, including any State agency.

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

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

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

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

**Public Instruction**

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

**Water and Sewer Infrastructure**

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

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

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

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

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

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

**Department of Natural and Cultural Resources**

27	Museum of History	Renovation	\$60,000,000
28			
29	NC Zoo	AustrailAsia Complex	\$40,000,000
30			

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 "[ ] FOR [ ] AGAINST

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

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

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

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

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

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

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

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

4 (4) Notes; repayment. –

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

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

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

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

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

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

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

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

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

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

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

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