

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1995**

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**SENATE BILL 1129\***

Short Title: 1996 School Bonds Act.

(Public)

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Sponsors: Senators Hobbs, Winner, Conder, Edwards; Plexico, Lucas, Gulley, Odom, Dannelly, Speed, Cooper, Rand, Little, Davis, and Cochrane.

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Referred to: Education/Higher Education.

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May 14, 1996

**A BILL TO BE ENTITLED**

**AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE SCHOOL CAPITAL CONSTRUCTION STUDY COMMISSION TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF THE STATE, TO PROVIDE FUNDS FOR GRANTS TO COUNTIES FOR PUBLIC SCHOOL CAPITAL OUTLAY PROJECTS, IN ORDER TO PROMOTE EQUITY IN LOCAL SCHOOL FACILITIES ACROSS THE STATE AND TO ENABLE LOCAL GOVERNMENTS TO GIVE LOCAL PROPERTY TAX RELIEF.**

The General Assembly of North Carolina enacts:

Section 1. Short Title. – This act shall be known and may be cited as the "Public School Building Bond Act of 1996".

Sec. 2. Purpose. – It is the intent of the General Assembly by this act to provide for the issuance of nine hundred fifty million dollars (\$950,000,000) general obligation bonds of the State to facilitate the providing of public school buildings by making grants to counties to provide funds for new public school capital outlay projects.

Sec. 3. Definitions. – As used in this act, unless the context otherwise requires:

(1) " Bonds" means bonds issued under this act.

- 1 (2) " Cost" means, without intending thereby to limit or restrict any proper  
2 definition of this term in financing the cost of facilities or purposes  
3 authorized by this act:  
4 a. The cost of constructing, reconstructing, enlarging, acquiring,  
5 and improving facilities, and acquiring equipment and land  
6 therefor,  
7 b. The cost of engineering, architectural, and other consulting  
8 services as may be required,  
9 c. Administrative expenses and charges,  
10 d. Finance charges and interest prior to and during construction and,  
11 if deemed advisable by the State Treasurer, for a period not  
12 exceeding two years after the estimated date of completion of  
13 construction,  
14 e. The cost of bond insurance, investment contracts, credit  
15 enhancement and liquidity facilities, interest-rate swap  
16 agreements or other derivative products, financial and legal  
17 consultants, and related costs of bond and note issuance, to the  
18 extent and as determined by the State Treasurer,  
19 f. The cost of reimbursing the State for any payments made for any  
20 cost described above, and  
21 g. Any other costs and expenses necessary or incidental to the  
22 purposes of this act.  
23 Allocations in this act of proceeds of bonds to the costs of a project or  
24 undertaking in each case may include allocations to pay the costs set  
25 forth in items c., d., e., f., and g. in connection with the issuance of  
26 bonds for the project or undertaking.
- 27 (3) " Credit facility" means an agreement entered into by the State  
28 Treasurer on behalf of the State with a bank, savings and loan  
29 association, or other banking institution, an insurance company,  
30 reinsurance company, surety company, or other insurance institution, a  
31 corporation, investment banking firm, or other investment institution, or  
32 any financial institution or other similar provider of a credit facility,  
33 which provider may be located within or without the United States of  
34 America, such agreement providing for prompt payment of all or any  
35 part of the principal or purchase price (whether at maturity, presentment  
36 or tender for purchase, redemption, or acceleration), redemption  
37 premium, if any, and interest on any bonds or notes payable on demand  
38 or tender by the owner, in consideration of the State agreeing to repay  
39 the provider of the credit facility in accordance with the terms and  
40 provisions of such agreement.
- 41 (4) " Notes" means notes issued under this act.

- 1 (5) " Par formula" means any provision or formula adopted by the State to  
2 provide for the adjustment, from time to time, of the interest rate or rates  
3 borne by any bonds or notes, including:  
4 a. A provision providing for such adjustment so that the purchase  
5 price of such bonds or notes in the open market would be as close  
6 to par as possible,  
7 b. A provision providing for such adjustment based upon a  
8 percentage or percentages of a prime rate or base rate, which  
9 percentage or percentages may vary or be applied for different  
10 periods of time, or  
11 c. Such other provision as the State Treasurer may determine to be  
12 consistent with this act and will not materially and adversely  
13 affect the financial position of the State and the marketing of  
14 bonds or notes at a reasonable interest cost to the State.
- 15 (6) " Public School Capital Outlay Projects" means the planning,  
16 construction, reconstruction, enlargement, improvement, repair, or  
17 renovation of public school buildings, the purchase of land necessary for  
18 immediate construction of school buildings, and other related capital  
19 outlay projects constituting facilities for individual schools that are used  
20 for instructional and related purposes, but not including centralized  
21 administration, maintenance, trailers, relocatable classrooms, mobile  
22 classrooms, or other facilities.
- 23 (7) " State" means the State of North Carolina.

24 Sec. 4. Authorization of Bonds and Notes. – Subject to a favorable vote of a  
25 majority of the qualified voters of the State who vote on the question of issuing Public  
26 School Building Bonds in the election held as provided in this act, the State Treasurer is  
27 authorized, by and with the consent of the Council of State, to issue and sell, at one time  
28 or from time to time, general obligation bonds of the State to be designated "State of  
29 North Carolina Public School Building Bonds", with any additional designations as may  
30 be determined to indicate the issuance of bonds from time to time, or notes of the State as  
31 provided in this act, in the aggregate principal amount not exceeding nine hundred fifty  
32 million dollars (\$950,000,000) for the purposes authorized in this act. These bonds shall  
33 be issued within a three-year period.

34 Sec. 5. Uses of Bond and Note Proceeds. – The proceeds of Public School  
35 Building Bonds and notes shall be used for the purpose of making grants to counties for  
36 paying the cost of public school capital outlay projects.

37 Any additional moneys that may be received by means of a grant or grants  
38 from the United States of America or any agency or department thereof or from any other  
39 source to aid in financing the cost of any public school capital outlay projects authorized  
40 by this act may be placed by the State Treasurer in the Public School Building Bonds  
41 Fund or in a 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 this act.

1 Moneys in the Public School Building Bonds Fund or in any separate fund or  
2 account may be invested from time to time by the State Treasurer in the same manner  
3 permitted for investment of moneys belonging to the State or held in the State treasury  
4 except with respect to grant money to the extent otherwise directed by the terms of the  
5 grant, and any investment earnings shall be credited to the Public School Building Bonds  
6 Fund or the particular fund or account from which the investment was made.

7 All moneys deposited in, or accruing to the credit of, the Public School  
8 Building Bonds Fund, other than moneys set aside for administrative expenses, including  
9 expenses related to determining compliance with applicable requirements of the federal  
10 tax law and cost of issuance, shall be used to pay the cost of public school buildings in  
11 the manner authorized by this act.

12 The proceeds of Public School Building Bonds and notes may be used with  
13 any other moneys made available by the General Assembly for public school capital  
14 outlay projects, including the proceeds of any other State bond issues, whether heretofore  
15 made available or that may be made available at the session of the General Assembly at  
16 which this act is ratified or any subsequent sessions. The proceeds of Public School  
17 Building Bonds and notes shall be expended and disbursed under the direction and  
18 supervision of the Director of the Budget. The funds provided by this act for public  
19 school capital outlay projects shall be disbursed for the purposes provided in this act upon  
20 warrants drawn on the State Treasurer by the State Controller, which warrants shall not  
21 be drawn until requisition has been approved by the Director of the Budget and which  
22 requisition shall be approved only after full compliance with the Executive Budget Act,  
23 Article 1 of Chapter 143 of the General Statutes.

24 The Director of the Budget shall provide quarterly reports to the State Board of  
25 Education, the Superintendent of Public Instruction, and the General Assembly on the  
26 expenditure of moneys from the Public School Building Bonds Fund. Reports to the  
27 General Assembly shall be filed with the Legislative Library, the Speaker of the House of  
28 Representatives, the President Pro Tempore of the Senate, and the Fiscal Research  
29 Division.

30 Sec. 6. (a) Allocation of Proceeds. – The proceeds of Public School Building  
31 Bonds and 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 proceeds of  
33 refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be  
34 designated "Public School Building Bonds Fund". Moneys in the Public School Building  
35 Bonds Fund shall be used for the purposes set forth in this act. The proceeds of Public  
36 School Building Bonds and notes shall be allocated to counties and expended for paying  
37 the cost of public school capital outlay projects, to the extent and as provided in this act  
38 and subject to change as provided in this act.

39 (b) Small County School System Allocation. – The State Board of Education shall  
40 allocate the proceeds of thirty million dollars (\$30,000,000) Public School Building  
41 Bonds and notes for grants to counties that have a small county school system, after  
42 considering whether the counties demonstrate (i) greater than average school construction  
43 needs in that system, (ii) high tax rates, and (iii) limited bonding capacity.

(c) Primary Allocation. – The proceeds of nine hundred twenty million dollars (\$920,000,000) shall be allocated to each county on the basis of the distribution amounts provided in the following table for the local school administrative units in the State. In the case of a local school administrative unit located entirely in one county, the unit's total distribution amount shall be allocated to that county. In the case of a local school administrative unit located in more than one county, the unit's distribution amount shall be allocated among the counties in which the unit is located in proportion to average daily membership of the unit in each county. A unit's distribution amount allocated to a county may be used only with respect to public school facilities of that unit.

| <b>Local School<br/>Admin. Unit</b> | <b>ADM<br/>Allocation</b> | <b>Low-Wealth<br/>Allocation</b> | <b>Growth<br/>Allocation</b> | <b>Total<br/>Bond</b> |
|-------------------------------------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Alamance Co.<br>9,937,742           | \$ 5,735,665              | \$ -0-                           | \$ 4,202,077                 | \$                    |
| Alexander Co.<br>4,751,918          | 1,550,863                 | 2,568,658                        | 632,396                      |                       |
| Alleghany Co.<br>1,000,000          | 908,851                   | 91,149                           | -0-                          |                       |
| Anson Co.<br>4,981,300              | 1,352,472                 | 3,628,827                        | -0-                          |                       |
| Ashe Co.<br>2,168,062               | 1,058,695                 | 1,109,367                        | -0-                          |                       |
| Avery Co.<br>1,000,000              | 1,000,000                 | -0-                              | -0-                          |                       |
| Beaufort Co.<br>6,012,158           | 2,337,114                 | 3,675,044                        | -0-                          |                       |
| Bertie Co.<br>5,471,580             | 1,203,450                 | 4,268,129                        | -0-                          |                       |
| Bladen Co.<br>5,783,177             | 1,716,037                 | 3,939,734                        | 127,406                      |                       |
| Brunswick Co.<br>4,072,428          | 2,865,547                 | -0-                              | 1,206,881                    |                       |
| Buncombe Co.<br>11,500,276          | 7,485,834                 | -0-                              | 4,014,443                    |                       |
| Asheville City<br>1,606,420         | 1,416,469                 | -0-                              | 189,951                      |                       |
| Burke Co.<br>12,863,936             | 4,150,060                 | 5,797,439                        | 2,916,436                    |                       |
| Cabarrus Co.<br>11,816,759          | 5,034,135                 | -0-                              | 6,782,624                    |                       |
| Kannapolis City<br>1,472,259        | 1,229,049                 | 243,210                          | -0-                          |                       |

|    |                 |            |            |            |
|----|-----------------|------------|------------|------------|
| 1  | Caldwell Co.    | 3,652,102  | 5,335,955  | 1,329,654  |
| 2  | 10,317,711      |            |            |            |
| 3  | Camden Co.      | 368,441    | 1,123,078  | 183,001    |
| 4  | 1,674,520       |            |            |            |
| 5  | Carteret Co.    | 2,573,903  | -0-        | 1,012,297  |
| 6  | 3,586,200       |            |            |            |
| 7  | Caswell Co.     | 1,063,876  | 2,975,837  | 118,140    |
| 8  | 4,157,853       |            |            |            |
| 9  | Catawba Co.     | 4,430,733  | -0-        | 3,655,390  |
| 10 | 8,086,123       |            |            |            |
| 11 | Hickory City    | 1,311,331  | -0-        | 407,699    |
| 12 | 1,719,030       |            |            |            |
| 13 | Newton City     | 838,972    | -0-        | -0-        |
| 14 | 838,972         |            |            |            |
| 15 | Chatham Co.     | 2,075,944  | -0-        | 1,797,581  |
| 16 | 3,873,525       |            |            |            |
| 17 | Cherokee Co.    | 1,063,571  | 2,326,833  | 23,165     |
| 18 | 3,413,569       |            |            |            |
| 19 | Chowan Co.      | 792,040    | 1,635,934  | -0-        |
| 20 | 2,427,974       |            |            |            |
| 21 | Clay Co.        | 478,986    | 430,672    | 90,342     |
| 22 | 1,000,000       |            |            |            |
| 23 | Cleveland Co.   | 2,701,897  | 2,851,328  | 1,424,629  |
| 24 | 6,977,854       |            |            |            |
| 25 | Kings Mountain  |            |            |            |
| 26 | City            | 1,275,676  | 1,313,947  | 597,649    |
| 27 | 3,187,272       |            |            |            |
| 28 | Shelby City     | 1,040,410  | 1,077,680  | 449,395    |
| 29 | 2,567,486       |            |            |            |
| 30 | Columbus Co.    | 2,332,542  | 6,443,050  | -0-        |
| 31 | 8,775,593       |            |            |            |
| 32 | Whiteville City | 849,333    | 2,359,628  | -0-        |
| 33 | 3,208,961       |            |            |            |
| 34 | Craven Co.      | 4,530,081  | 6,583,734  | 280,293    |
| 35 | 11,394,109      |            |            |            |
| 36 | Cumberland Co.  | 15,676,854 | 11,170,979 | 11,190,867 |
| 37 | 38,038,700      |            |            |            |
| 38 | Currituck Co.   | 910,587    | -0-        | 646,295    |
| 39 | 1,556,883       |            |            |            |
| 40 | Dare Co.        | 1,324,740  | -0-        | 1,728,087  |
| 41 | 3,052,827       |            |            |            |
| 42 | Davidson Co.    | 5,490,343  | 3,521,292  | 2,770,498  |
| 43 | 11,782,133      |            |            |            |

|    |                  |            |            |            |           |
|----|------------------|------------|------------|------------|-----------|
| 1  | Lexington City   | 945,938    | 606,862    | 347,471    |           |
| 2  | 1,900,271        |            |            |            |           |
| 3  | Thomasville City | 672,884    | 432,896    | 359,053    | 1,464,833 |
| 4  | Davie Co.        | 1,506,980  | -0-        | 676,409    |           |
| 5  | 2,183,389        |            |            |            |           |
| 6  | Duplin Co.       | 2,552,875  | 5,964,831  | 924,272    |           |
| 7  | 9,441,978        |            |            |            |           |
| 8  | Durham Co.       | 8,830,687  | -0-        | 2,795,979  |           |
| 9  | 11,626,667       |            |            |            |           |
| 10 | Edgecombe Co.    | 4,423,967  | 4,855,361  | -0-        |           |
| 11 | 7,279,328        |            |            |            |           |
| 12 | Forsyth Co.      | 12,726,588 | -0-        | 8,608,003  |           |
| 13 | 21,334,590       |            |            |            |           |
| 14 | Franklin Co.     | 2,095,448  | 5,261,042  | 1,702,606  |           |
| 15 | 9,059,096        |            |            |            |           |
| 16 | Gaston Co.       | 9,082,104  | -0-        | 1,264,793  |           |
| 17 | 10,346,897       |            |            |            |           |
| 18 | Gates Co.        | 600,354    | 1,925,347  | 599,966    |           |
| 19 | 3,125,667        |            |            |            |           |
| 20 | Graham Co.       | 376,059    | 1,119,790  | -0-        |           |
| 21 | 1,495,850        |            |            |            |           |
| 22 | Granville Co.    | 2,244,470  | 5,025,161  | 1,790,631  |           |
| 23 | 9,060,263        |            |            |            |           |
| 24 | Greene Co.       | 869,446    | 2,145,293  | 261,761    |           |
| 25 | 3,276,500        |            |            |            |           |
| 26 | Guilford Co.     | 17,893,288 | -0-        | 11,776,934 |           |
| 27 | 29,670,222       |            |            |            |           |
| 28 | Halifax Co.      | 1,927,227  | 5,231,956  | -0-        |           |
| 29 | 7,159,183        |            |            |            |           |
| 30 | Roanoke Rapids   |            |            |            |           |
| 31 | City             | 980,680    | 2,633,802  | 711,156    |           |
| 32 | 4,325,638        |            |            |            |           |
| 33 | Weldon City      | 385,202    | 1,028,816  | 143,621    |           |
| 34 | 1,557,639        |            |            |            |           |
| 35 | Harnett Co.      | 4,373,136  | 12,869,371 | 5,082,335  |           |
| 36 | 22,324,842       |            |            |            |           |
| 37 | Haywood Co.      | 2,287,135  | 791,547    | 857,094    |           |
| 38 | 3,935,776        |            |            |            |           |
| 39 | Henderson Co.    | 3,397,028  | -0-        | 2,335,002  |           |
| 40 | 5,732,030        |            |            |            |           |
| 41 | Hertford Co.     | 1,301,579  | 4,419,518  | -0-        |           |
| 42 | 5,721,097        |            |            |            |           |

|    |                 |            |            |            |           |
|----|-----------------|------------|------------|------------|-----------|
| 1  | Hoke Co.        | 1,783,691  | 7,665,977  | 1,679,441  |           |
| 2  | 11,129,108      |            |            |            |           |
| 3  | Hyde Co.        | 1,000,000  | -0-        | -0-        |           |
| 4  | 1,000,000       |            |            |            |           |
| 5  | Iredell Co.     | 4,446,885  | -0-        | 3,122,602  |           |
| 6  | 7,569,487       |            |            |            |           |
| 7  | Mooreville City | 1,041,934  | -0-        | 1,081,792  | 2,123,725 |
| 8  | Jackson Co.     | 1,086,427  | -0-        | 196,900    |           |
| 9  | 1,283,327       |            |            |            |           |
| 10 | Johnston Co.    | 5,341,930  | 9,217,492  | 5,862,986  |           |
| 11 | 20,422,408      |            |            |            |           |
| 12 | Jones Co.       | 478,455    | 805,077    | 25,481     |           |
| 13 | 1,309,013       |            |            |            |           |
| 14 | Lee Co.         | 2,564,151  | 483,947    | 1,345,869  |           |
| 15 | 4,393,967       |            |            |            |           |
| 16 | Lenoir Co.      | 3,192,542  | 3,743,617  | -0-        |           |
| 17 | 6,936,159       |            |            |            |           |
| 18 | Lincoln Co.     | 2,976,780  | 1,705,618  | 2,365,116  |           |
| 19 | 7,047,514       |            |            |            |           |
| 20 | Macon Co.       | 1,171,757  | -0-        | 808,448    |           |
| 21 | 1,980,205       |            |            |            |           |
| 22 | Madison Co.     | 794,174    | 1,686,382  | 150,571    |           |
| 23 | 2,631,126       |            |            |            |           |
| 24 | Martin Co.      | 1,525,874  | 2,875,621  | 189,951    |           |
| 25 | 4,591,446       |            |            |            |           |
| 26 | McDowell Co.    | 1,878,468  | 3,756,317  | -0-        |           |
| 27 | 5,634,784       |            |            |            |           |
| 28 | Mecklenburg Co. | 28,264,782 | -0-        | 33,903,856 |           |
| 29 | 62,168,638      |            |            |            |           |
| 30 | Mitchell Co.    | 718,291    | 1,212,327  | -0-        |           |
| 31 | 1,930,618       |            |            |            |           |
| 32 | Montgomery Co.  | 1,320,778  | 2,696,756  | 398,433    |           |
| 33 | 4,415,968       |            |            |            |           |
| 34 | Moore Co.       | 3,188,885  | -0-        | 2,314,154  |           |
| 35 | 5,503,038       |            |            |            |           |
| 36 | Nash Co.        | 5,455,906  | 7,653,676  | 1,918,037  |           |
| 37 | 15,027,619      |            |            |            |           |
| 38 | New Hanover Co. | 6,478,641  | -0-        | 4,070,038  |           |
| 39 | 10,548,679      |            |            |            |           |
| 40 | Northampton Co. | 1,162,005  | 3,719,003  | 83,393     |           |
| 41 | 4,964,401       |            |            |            |           |
| 42 | Onslow Co.      | 6,275,679  | 19,983,990 | 2,948,866  |           |
| 43 | 29,208,535      |            |            |            |           |

|    |                |           |            |           |
|----|----------------|-----------|------------|-----------|
| 1  | Orange Co.     | 1,764,492 | -0-        | 1,336,603 |
| 2  | 3,101,095      |           |            |           |
| 3  | Chapel         |           |            |           |
| 4  | Hill-Carrboro  | 2,496,802 | -0-        | 3,208,311 |
| 5  | 5,705,113      |           |            |           |
| 6  | Pamlico Co.    | 636,619   | 1,226,711  | 30,114    |
| 7  | 1,893,444      |           |            |           |
| 8  | Pasquotank Co. | 1,905,590 | 4,223,352  | 748,220   |
| 9  | 6,877,162      |           |            |           |
| 10 | Pender Co.     | 1,813,252 | 2,957,863  | 2,022,278 |
| 11 | 6,793,393      |           |            |           |
| 12 | Perquimans Co. | 585,421   | 1,551,196  | 9,266     |
| 13 | 2,145,883      |           |            |           |
| 14 | Person Co.     | 1,692,266 | 431,045    | 824,663   |
| 15 | 2,947,975      |           |            |           |
| 16 | Pitt Co.       | 5,915,162 | 5,709,923  | 3,254,640 |
| 17 | 14,879,725     |           |            |           |
| 18 | Polk Co.       | 814,683   | -0-        | 185,318   |
| 19 | 1,000,000      |           |            |           |
| 20 | Randolph Co.   | 4,743,405 | 4,811,668  | 3,724,884 |
| 21 | 13,279,956     |           |            |           |
| 22 | Asheboro City  | 1,252,820 | 1,235,077  | 924,272   |
| 23 | 3,412,168      |           |            |           |
| 24 | Richmond Co.   | 2,548,304 | 7,495,136  | 363,686   |
| 25 | 10,407,126     |           |            |           |
| 26 | Robeson Co.    | 7,059,186 | 24,938,179 | 1,223,096 |
| 27 | 33,220,461     |           |            |           |
| 28 | Rockingham Co. | 4,345,404 | 4,393,896  | 310,407   |
| 29 | 9,049,707      |           |            |           |
| 30 | Rowan Co.      | 5,897,181 | 4,544,389  | 5,601,225 |
| 31 | 16,042,795     |           |            |           |
| 32 | Rutherford Co. | 3,090,146 | 4,156,637  | 780,650   |
| 33 | 8,027,434      |           |            |           |
| 34 | Sampson Co.    | 2,229,537 | 4,107,442  | 1,776,733 |
| 35 | 8,113,712      |           |            |           |
| 36 | Clinton City   | 782,289   | 1,495,425  | -0-       |
| 37 | 2,277,714      |           |            |           |
| 38 | Scotland Co.   | 2,200,891 | 5,739,431  | -0-       |
| 39 | 7,940,322      |           |            |           |
| 40 | Stanly Co.     | 2,253,003 | 3,461,105  | 1,169,817 |
| 41 | 6,883,925      |           |            |           |
| 42 | Albemarle City | 671,970   | 1,016,341  | 412,332   |
| 43 | 2,100,642      |           |            |           |

|    |                  |                      |                      |                      |           |
|----|------------------|----------------------|----------------------|----------------------|-----------|
| 1  | Stokes Co.       | 2,058,574            | 2,027,740            | 697,258              |           |
| 2  | 4,783,572        |                      |                      |                      |           |
| 3  | Surry Co.        | 2,417,262            | 2,115,798            | 1,225,413            |           |
| 4  | 5,758,473        |                      |                      |                      |           |
| 5  | Elkin City       | 323,643              | 281,580              | 176,052              |           |
| 6  | 781,275          |                      |                      |                      |           |
| 7  | Mount Airy City  | 621,991              | 524,801              | 231,647              |           |
| 8  | 1,378,439        |                      |                      |                      |           |
| 9  | Swain Co.        | 504,663              | 1,662,573            | 176,052              |           |
| 10 | 2,343,288        |                      |                      |                      |           |
| 11 | Transylvania Co. | 1,206,193            | -0-                  | 145,938              | 1,352,131 |
| 12 | Tyrrell Co.      | 291,447              | 567,248              | 141,305              |           |
| 13 | 1,000,000        |                      |                      |                      |           |
| 14 | Union Co.        | 5,767,054            | 3,218,683            | 5,374,211            |           |
| 15 | 14,359,948       |                      |                      |                      |           |
| 16 | Vance Co.        | 2,264,279            | 4,345,838            | 773,701              |           |
| 17 | 7,383,817        |                      |                      |                      |           |
| 18 | Wake Co.         | 26,153,791           | -0-                  | 37,825,640           |           |
| 19 | 63,979,431       |                      |                      |                      |           |
| 20 | Warren Co.       | 961,480              | 2,885,130            | 284,926              |           |
| 21 | 4,131,536        |                      |                      |                      |           |
| 22 | Washington Co.   | 793,564              | 2,133,723            | -0-                  |           |
| 23 | 2,927,288        |                      |                      |                      |           |
| 24 | Watauga Co.      | 1,503,627            | -0-                  | 495,725              |           |
| 25 | 1,999,352        |                      |                      |                      |           |
| 26 | Wayne Co.        | 5,813,376            | 12,332,062           | 1,575,200            |           |
| 27 | 19,720,638       |                      |                      |                      |           |
| 28 | Wilkes Co.       | 3,021,578            | 4,341,780            | 55,595               |           |
| 29 | 7,418,954        |                      |                      |                      |           |
| 30 | Wilson Co.       | 3,732,860            | 2,512,099            | 1,155,919            |           |
| 31 | 7,400,878        |                      |                      |                      |           |
| 32 | Yadkin Co.       | 1,664,230            | 2,457,797            | 1,160,552            |           |
| 33 | 5,282,578        |                      |                      |                      |           |
| 34 | Yancey Co.       | 754,252              | 1,109,435            | 118,140              |           |
| 35 | 1,981,827        |                      |                      |                      |           |
| 36 | <b>GRAND</b>     |                      |                      |                      |           |
| 37 | <b>TOTAL</b>     | <u>\$368,000,000</u> | <u>\$322,000,000</u> | <u>\$230,000,000</u> |           |
| 38 |                  | <u>\$920,000,000</u> |                      |                      |           |

39 If two or more local school administrative units are consolidated into one unit,  
40 the distribution amounts provided above for the units shall be considered the distribution  
41 amount for the merged unit.

42 (d) Match. – A county is not required to match bond proceeds allocated under  
43 subsection (b) of this section. A county is not required to match bond proceeds allocated

1 under subsection (c) of this section on the basis of ability to pay. Bond proceeds  
2 allocated under subsection (c) of this section on the basis of high growth and the basis of  
3 average daily membership must be matched by the county at the rate of matching funds  
4 equal to three cents (3¢) times the county's ability to pay rank for every one dollar (\$1.00)  
5 of allocated bond proceeds. A county's ability to pay rank is its rank in the ranking of  
6 counties from lowest to highest county wealth as a percentage of State average wealth  
7 made by the State Board of Education for the 1995-96 fiscal year pursuant to Section  
8 17.1 of Chapter 507 of the 1995 Session Laws. The match requirement may be satisfied  
9 by non-State expenditures for public school capital outlay projects made on or after  
10 January 1, 1992. A non-State expenditure has been made for the purpose of the match if  
11 funds have been budgeted, earmarked, or committed or if debt has been authorized or  
12 incurred.

13 As local school administrative units satisfy the match requirements of this  
14 section, they shall document the extent to which they have done so in periodic reports to  
15 the State Board of Education. These reports shall include any information and  
16 documentation required by the State Board of Education. The State Board of Education  
17 shall certify to the State Treasurer from time to time the extent to which the match  
18 requirements of this section have been met with respect to each local school  
19 administrative unit; this certification shall be binding and conclusive. Bond proceeds  
20 shall be distributed for expenditure only as, and to the extent, the matching requirements  
21 of this section are satisfied, as certified by the State Board of Education. The State Board  
22 of Education shall also require counties to report annually on the impact of funds  
23 provided under this act on the property tax rate for that year. These reports shall be  
24 public documents and shall be furnished to any citizen upon request.

25 (e) Unmatched Proceeds. – If the State Board of Education determines that a  
26 county has not met the matching requirements of this section by January 1, 2002, with  
27 respect to any bond proceeds allocated under subsection (c) of this section, the State  
28 Board of Education shall certify that fact to the State Treasurer by March 1, 2002. All of  
29 the bond proceeds that are to be allocated on the basis of high growth under subsection  
30 (c) of this section and with respect to which the State Board of Education certifies that the  
31 matching requirement has not been met by January 1, 2002, shall be reallocated among  
32 the remaining counties that were eligible to receive a primary allocation on the basis of  
33 high growth in proportion to those eligible counties. All of the bond proceeds that are to  
34 be allocated on the basis of average daily membership under subsection (c) of this section  
35 and with respect to which the State Board of Education certifies that the matching  
36 requirement has not been met by January 1, 2002, shall be reallocated among the  
37 remaining counties on the basis of average daily membership of the local school  
38 administrative units within the remaining counties. Bond proceeds reallocated to a  
39 county because of a local school administrative unit's average daily membership within  
40 the county may be used only with respect to public school facilities of that unit. Bond  
41 proceeds reallocated to a county under this subsection must be matched at the same rate  
42 as bond proceeds allocated to the county under subsection (d) of this section.

1 (f) Administration. – Funds disbursed under this act shall be administered and  
2 supervised by the State Board of Education and shall be used only for the purposes  
3 provided in this act. Each school administrative unit shall submit to the State Board of  
4 Education its plans for the expenditure of funds allocated under this act. After the State  
5 Board of Education determines that a school administrative unit's planned expenditure of  
6 part or all of the funds allocated to it is within the purposes provided in this act, the State  
7 Board of Education shall make the funds to which the plans apply available to the school  
8 administrative unit.

9 Allocations to the costs of a capital improvement or undertaking in each case  
10 may include allocations to pay the costs set forth in Section 3(2)c., d., e., f., and g. of this  
11 act in connection with the issuance of bonds for that capital improvement or undertaking.

12 Sec. 7. Election. – The question of the issuance of the bonds authorized by this  
13 act shall be submitted to the qualified voters of the State at a statewide election to be held  
14 on a date set by the General Assembly. Any other primary, election, or referendum  
15 validly called or scheduled by law at the time the election on the bond question provided  
16 for in this section is held, may be held as called or scheduled. Notice of the election shall  
17 be given in the manner and at the times required by G.S. 163-33(8). The election and the  
18 registration of voters therefor shall be held under and in accordance with the general laws  
19 of the State. Absentee ballots shall be authorized in the election.

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

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

28 **"[ ] FOR [ ] AGAINST**

29 The issuance of nine hundred fifty million dollars (\$950,000,000) State of North  
30 Carolina Public School Building Bonds constituting general obligation bonds of the State  
31 secured by a pledge of the faith and credit and taxing power of the State for the purpose  
32 of providing funds to counties, with any other available funds, to pay the cost of public  
33 school building capital improvements."

34 If a majority of those voting on the Public School Building Bond question in  
35 the election vote in favor of the issuance of the bonds, the bonds may be issued as  
36 provided in this act. If a majority of those voting on the Public School Building Bond  
37 question in the election vote against the issuance of the bonds, the bonds shall not be  
38 issued.

39 The results of the election shall be canvassed and declared as provided by law  
40 for elections for State officers; the results of the election shall be certified by the State  
41 Board of Elections to the Secretary of State, in the manner and at the time provided by  
42 the general election laws of the State.

1       Sec. 8. Issuance of Bonds and Notes. – (a) Terms and Conditions. Bonds or notes  
2 may bear such date or dates, may be serial or term bonds or notes, or any combination  
3 thereof, may mature in such amounts and at such time or times, not exceeding 40 years  
4 from their date or dates, may be payable at such place or places, either within or without  
5 the United States of America, in such coin or currency of the United States of America as  
6 at the time of payment is legal tender for payment of public and private debts, may bear  
7 interest at such rate or rates, which may vary from time to time, and may be made  
8 redeemable before maturity, at the option of the State or otherwise as may be provided by  
9 the State, at such price or prices, including a price less than the face amount of the bonds  
10 or notes, and under such terms and conditions, all as may be determined by the State  
11 Treasurer, by and with the consent of the Council of State.

12       (b) Signatures; Form and Denomination; Registration. – Bonds or notes may be  
13 issued as certificated or uncertificated obligations. If issued as certificated obligations,  
14 bonds or notes shall be signed on behalf of the State by the Governor or shall bear his  
15 facsimile signature, shall be signed by the State Treasurer or shall bear his facsimile  
16 signature, and shall bear the Great Seal of the State or a facsimile thereof shall be  
17 impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the  
18 Governor and the State Treasurer, the bonds or notes shall also bear a manual signature  
19 which may be that of a bond registrar, trustee, paying agent, or designated assistant of the  
20 State Treasurer. Should any officer whose signature or facsimile signature appears on  
21 bonds or notes cease to be such officer before the delivery of the bonds or notes, the  
22 signature or facsimile signature shall nevertheless have the same validity for all purposes  
23 as if the officer had remained in office until delivery and bonds or notes may bear the  
24 facsimile signatures of persons who at the actual time of the execution of the bonds or  
25 notes shall be the proper officers to sign any bond or note although at the date of the bond  
26 or note such persons may not have been such officers. The form and denomination of  
27 bonds or notes, including the provisions with respect to registration of the bonds or notes  
28 and any system for their registration, shall be as the State Treasurer may determine in  
29 conformity with this act; provided, however, that nothing in this act shall prohibit the  
30 State Treasurer from proceeding, with respect to the issuance and form of the bonds or  
31 notes, under the provisions of Chapter 159E of the General Statutes, the Registered  
32 Public Obligations Act, as well as under this act.

33       (c) Manner of Sale; Expenses. – Subject to determination by the Council of State  
34 as to the manner in which bonds or notes shall be offered for sale, whether at public or  
35 private sale, whether within or without the United States of America, and whether by  
36 publishing notices in certain newspapers and financial journals, mailing notices, inviting  
37 bids by correspondence, negotiating contracts of purchase or otherwise, the State  
38 Treasurer is authorized to sell bonds or notes at one time or from time to time at such rate  
39 or rates of interest, which may vary from time to time, and at such price or prices,  
40 including a price less than the face amount of the bonds or the notes, as the State  
41 Treasurer may determine. All expenses incurred in preparation, sale, and issuance of  
42 bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or  
43 other available moneys.

1 (d) Notes; Repayment.

2 (1) By and with the consent of the Council of State, the State Treasurer is  
3 hereby authorized to borrow money and to execute and issue notes of  
4 the State for the same, but only in the following circumstances and  
5 under the following conditions:

6 a. For anticipating the sale of bonds to the issuance of which the  
7 Council of State shall have given consent, if the State Treasurer  
8 shall deem it advisable to postpone the issuance of the bonds;

9 b. For the payment of interest on or any installment of principal of  
10 any bonds then outstanding, if there shall not be sufficient funds  
11 in the State treasury with which to pay the interest or installment  
12 of principal as they respectively become due;

13 c. For the renewal of any loan evidenced by notes herein  
14 authorized;

15 d. For the purposes authorized in this act; and

16 e. For refunding bonds or notes as herein authorized.

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

23 (e) Refunding Bonds and Notes. – By and with the consent of the Council of  
24 State, the State Treasurer is authorized to issue and sell refunding bonds and notes  
25 pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding  
26 bonds or notes issued pursuant to this act. The refunding bonds and notes may be  
27 combined with any other issues of State bonds and notes similarly secured.

28 (f) Tax Exemption. – Bonds and notes shall be exempt from all State, county,  
29 and municipal taxation or assessment, direct or indirect, general or special, whether  
30 imposed for the purpose of general revenue or otherwise, excluding inheritance and gift  
31 taxes, income taxes on the gain from the transfer of bonds and notes, and franchise taxes.  
32 The interest on bonds and notes shall not be subject to taxation as to income.

33 (g) Investment Eligibility. – Bonds and notes are hereby made securities in  
34 which all public officers, agencies, and public bodies of the State and its political  
35 subdivisions, all insurance companies, trust companies, investment companies, banks,  
36 savings banks, savings and loan associations, credit unions, pension or retirement funds,  
37 other financial institutions engaged in business in the State, executors, administrators,  
38 trustees, and other fiduciaries may properly and legally invest funds, including capital in  
39 their control or belonging to them. Bonds and notes are hereby made securities which  
40 may properly and legally be deposited with and received by any officer or agency of the  
41 State or political subdivision of the State for any purpose for which the deposit of bonds,  
42 notes, or obligations of the State or any political subdivision is now or may hereafter be  
43 authorized by law.

1 (h) Faith and Credit. – The faith and credit and taxing power of the State are  
2 hereby pledged for the payment of the principal of and the interest on bonds and notes.

3 Sec. 9. Variable Interest Rates. – In fixing the details of bonds and notes, the  
4 State Treasurer may provide that any of the bonds or notes may:

- 5 (1) Be made payable from time to time on demand or tender for purchase  
6 by the owner thereof provided a credit facility supports the bonds or  
7 notes, unless the State Treasurer specifically determines that a credit  
8 facility is not required upon a finding and determination by the State  
9 Treasurer that the absence of a credit facility will not materially or  
10 adversely affect the financial position of the State and the marketing of  
11 the bonds or notes at a reasonable interest cost to the State;
- 12 (2) Be additionally supported by a credit facility;
- 13 (3) Be made subject to redemption or a mandatory tender for purchase prior  
14 to maturity;
- 15 (4) Bear interest at a rate or rates that may vary for such period or periods  
16 of time, all as may be provided in the proceedings providing for the  
17 issuance of the bonds or notes, including, without limitation, such  
18 variations as may be permitted pursuant to a par formula; and
- 19 (5) Be made the subject of a remarketing agreement whereby an attempt is  
20 made to remarket bonds or notes to new purchasers prior to their  
21 presentment for payment to the provider of the credit facility or to the  
22 State.

23 If the aggregate principal amount repayable by the State under a credit facility  
24 is in excess of the aggregate principal amount of bonds or notes secured by the credit  
25 facility, whether as a result of the inclusion in the credit facility of a provision for the  
26 payment of interest for a limited period of time or the payment of a redemption premium  
27 or for any other reason, then the amount of authorized but unissued bonds or notes during  
28 the term of such credit facility shall not be less than the amount of such excess, unless the  
29 payment of such excess is otherwise provided for by agreement of the State executed by  
30 the State Treasurer.

31 Sec. 10. Interpretation of Act. – (a) Additional Method. The foregoing sections of  
32 this act shall be deemed to provide an additional and alternative method for the doing of  
33 the things authorized thereby and shall be regarded as supplemental and additional to  
34 powers conferred by other laws, and shall not be regarded as in derogation of any powers  
35 now existing.

36 (b) Statutory References. – References in this act to specific sections or Chapters  
37 of the General Statutes or to specific acts are intended to be references to these sections,  
38 Chapters, or acts as they may be amended from time to time by the General Assembly.

39 (c) Liberal Construction. – This act, being necessary for the health and welfare of  
40 the people of the State, shall be liberally construed to effect the purposes thereof.

41 (d) Inconsistent Provisions. – Insofar as the provisions of this act are inconsistent  
42 with the provisions of any general laws, or parts thereof, the provisions of this act shall be  
43 controlling.

1           (e) Severability. – If any provision of this act or the application thereof to any  
2 person or circumstance is held invalid, such invalidity shall not affect other provisions or  
3 applications of the act which can be given effect without the invalid provision or  
4 application, and to this end the provisions of this act are declared to be severable.

5           Sec. 11. Effective date. This act is effective upon ratification.