

GENERAL ASSEMBLY OF NORTH CAROLINA

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SENATE BILL 95\*

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Short Title: State Energy Conservation Program.

(Public)

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Sponsors:

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Referred to: Appropriations.

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February 9, 1993

A BILL TO BE ENTITLED

1 AN ACT TO ESTABLISH THE STATE FACILITIES ENERGY CONSERVATION  
2 PROGRAM; TO AUTHORIZE THE DEPARTMENT OF ADMINISTRATION TO  
3 ENTER INTO ALTERNATIVE FINANCING AGREEMENTS FOR THE  
4 PURCHASE OF ENERGY CONSERVATION PROJECTS; AND TO  
5 AUTHORIZE THE ISSUANCE OF BONDS THAT ARE SECURED BY AN  
6 INTEREST IN THE PROPERTY PURCHASED.  
7

8       Whereas, energy conservation projects that substantially reduce energy use  
9 provide an opportunity to save large sums of money by reducing utility bills; and

10       Whereas, energy conservation projects that substantially reduce energy use  
11 benefit the environment by slowing the depletion of nonrenewable energy sources, by  
12 lessening the need to construct more power plants, and reducing harmful emissions and  
13 other negative side effects of energy use that harm the environment and the health of the  
14 public; and

15       Whereas, the State should take a leadership role in energy conservation; and

16       Whereas, the positive impact on the State's budget and the positive impact on  
17 the environment compel the State to implement energy conservation projects in State  
18 facilities; Now, therefore,

19 The General Assembly of North Carolina enacts:

20       Section 1. G.S. 143-341(4) reads as rewritten:

21       "(4) Real Property Control:

- 1 a. To prepare and keep current a complete and accurate inventory  
2 of all land owned or leased by the State or by any State agency.  
3 This inventory shall show the location, acreage, description,  
4 source of title and current use of all land (including swamplands  
5 or marshlands) owned by the State or by any State agency, and  
6 the agency to which each tract is currently allocated. Surveys  
7 may be made where necessary to obtain information for the  
8 purposes of this inventory. Accurate plats or maps of all such  
9 land may be prepared, or copies obtained where such maps or  
10 plats are available.
- 11 b. To prepare and keep current a complete and accurate inventory  
12 of all buildings owned or leased (in whole or in part) by the  
13 State or by any State agency. This inventory shall show the  
14 location, amount of floor space and floor plans of every  
15 building owned or leased by the State or by any State agency,  
16 and the agency to which each building, or space therein, is  
17 currently allocated. Floor plans of every such building shall be  
18 prepared or copies obtained where such floor plans are  
19 available, where needed for use in the allocation of space  
20 therein.
- 21 c. To obtain and deposit with the Secretary of State the originals  
22 of all deeds and other conveyances of real property to the State  
23 or to any State agency, copies of all leases wherein the State or  
24 any State agency is lessor or lessee, and certified copies of  
25 wills, judgments, and other instruments whereby the State or  
26 any State agency has acquired title to real property. Where an  
27 original of a deed, lease, or other instrument cannot be found,  
28 but has been recorded in the registry of office of the clerk of  
29 superior court of any county, a certified copy of such deed,  
30 conveyance, or instrument shall be obtained and deposited with  
31 the Secretary of State.
- 32 d. To acquire, whether by purchase, exercise of the power of  
33 eminent domain, lease, or rental, all land, buildings, and space  
34 in buildings for all State agencies, subject to the approval of the  
35 Governor and Council of State in each instance. The Governor,  
36 acting with the approval of the Council of State, may adopt  
37 rules (i) exempting from any or all of the requirements of this  
38 paragraph such classes of lease, rental, easement, and right-of-  
39 way transactions as he deems advisable; and (ii) authorizing any  
40 State agency to enter into and/or approve the classes of  
41 transactions thus exempted from the requirements of this  
42 paragraph; and (iii) delegating to any other State agency the  
43 authority to approve the severance of buildings and standing  
44 timber from State lands; upon such approval of severance, the

1 buildings and timber so affected shall be treated, for the  
2 purposes of this Chapter, as personal property. Any contract  
3 entered into or any proceeding instituted contrary to the  
4 provisions of this paragraph is voidable in the discretion of the  
5 Governor and Council of State.

- 6 d1. To require all State departments, institutions, and agencies to  
7 use State-owned office space instead of negotiating or  
8 renegotiating leases for rental of office space. Any lease entered  
9 into contrary to the provisions of this paragraph is voidable in  
10 the discretion of the Governor and the Council of State.

11 The Department of Administration shall report to the Joint  
12 Legislative Commission on Governmental Operations and to  
13 the Fiscal Research Division no later than May 1 of each year  
14 on leased office space.

- 15 d2. To finance the cost of modification, rehabilitation, renovation,  
16 or improvement of existing buildings or facilities, or the  
17 acquisition and installation of fixtures or equipment in existing  
18 buildings or facilities, or any combination of the foregoing  
19 pursuant to an energy conservation project under Part 2 of  
20 Article 3B of Chapter 143 of the General Statutes, through  
21 installment purchase, lease purchase, or other similar  
22 installment financing agreements or the issuance of bonds of the  
23 State in the manner and to the extent set forth in Article 8 of  
24 Chapter 142 of the General Statutes.

- 25 e. To make all sales of real property (including marshlands or  
26 swamplands) owned by the State or by any State agency, with  
27 the approval of the Governor and Council of State in each  
28 instance. All conveyances in fee by the State shall be executed  
29 in accordance with the provisions of G.S. 146-74 through 146-  
30 78. Any conveyance of land made or contract to convey land  
31 entered into without the approval of the Governor and Council  
32 of State is voidable in the discretion of the Governor and  
33 Council of State. The proceeds of all sales of swamplands or  
34 marshlands shall be dealt with in the manner required by the  
35 Constitution and statutes.

- 36 f. With the approval of the Governor and Council of State, to  
37 make all leases and rentals of land or buildings owned by the  
38 State or by any State agency, and to sublease land or buildings  
39 leased by the State or by any State agency from another owner,  
40 where such land or building owned or leased by the State or by  
41 any State agency is not needed for current use. The Governor,  
42 acting with the approval of the Council of State, may adopt  
43 rules (i) exempting from any or all of the requirements of this  
44 paragraph such classes of lease or rental transactions as he

1 deems advisable; and (ii) authorizing any State agency to enter  
2 into and/or approve the classes of transactions thus exempted  
3 from the requirements of this paragraph; and (iii) delegating to  
4 any other State agency the authority to approve the severance of  
5 buildings and standing timber from State lands; upon such  
6 approval of severance, the buildings and timber so affected  
7 shall be treated, for the purposes of this Chapter, as personal  
8 property. Any lease or rental agreement entered into contrary to  
9 the provisions of this paragraph is voidable in the discretion of  
10 the Governor and Council of State.

11 g. To allocate and reallocate land, buildings, and space in  
12 buildings to the several State agencies, in accordance with rules  
13 adopted by the Governor with the approval of the Council of  
14 State; provided that if the proposed reallocation is of land with  
15 an appraised value of at least twenty-five thousand dollars  
16 (\$25,000), the reallocation may only be made after consultation  
17 with the Joint Legislative Commission on Governmental  
18 Operations. The authority granted in this paragraph shall not  
19 apply to the State Legislative Building and grounds or to the  
20 Legislative Office Building and grounds.

21 h. To require any State agency to make reports regarding the land  
22 and buildings owned by it or allocated to it at such times and in  
23 such form as the Department may deem necessary.

24 i. To determine whether all deeds, judgments, and other  
25 instruments whereby title to real estate has been or may be  
26 acquired by the State or by any State agency have been properly  
27 recorded in the county wherein the real property is situated, and  
28 to make or cause to be made proper recordation of such  
29 instruments. The Department may have previously recorded  
30 instruments which conveyed title to or from the State or any  
31 State agency or officer reindexed, where necessary, to show the  
32 State of North Carolina or grantor or grantee, as the case may  
33 be, and the cost of such reindexing shall be paid from the State  
34 Land Fund.

35 j. To call upon the Attorney General for advice and assistance in  
36 the performance of any of the foregoing duties.

37 k. None of the provisions of this subdivision apply to highway or  
38 railroad rights-of-way or other interests or estates in land held  
39 for the same or similar purposes, or to the acquisition or  
40 disposition of such rights-of-way, interests, or estates in land.

41 l. To manage and control the vacant and unappropriated lands,  
42 swamplands, lands acquired by the State by virtue of being sold  
43 for taxes, and submerged lands of the State, pursuant to Chapter  
44 146 of the General Statutes.

- 1 m. To contract for or approve all contracts for all appraisals and  
2 surveys of real property for all State agencies; provided,  
3 however, this provision shall not apply to appraisals and  
4 surveys obtained in connection with the acquisition of highway  
5 rights-of-way, borrow pits, or other interests or estates in land  
6 acquired for the same or similar purposes, or to the disposition  
7 thereof, by the Board of Transportation.
- 8 n. To petition for the annexation of state-owned lands into any  
9 municipality."

10 Sec. 2. The title of Article 3B of Chapter 143 of the General Statutes reads as  
11 rewritten:

12 "~~Energy Policy for State Agencies Concerning Major Construction or Renovation of~~  
13 ~~Buildings-Conservation in State Facilities.~~"

14 Sec. 3. Existing Article 3B of Chapter 143 of the General Statutes is  
15 designated as Part 1 of that Article, to be entitled "Energy Policy for State and State-  
16 Assisted Facilities."

17 Sec. 4. Article 3B of Chapter 143 of the General Statutes is amended by  
18 adding a new Part to read:

19 **"PART 2. STATE FACILITIES ENERGY CONSERVATION PROGRAM.**  
20 **"§ 143-64.17. Definitions.**

21 As used in this Part:

- 22 (1) 'Energy Division' means the Energy Division of the Department of  
23 Commerce.
- 24 (2) 'Energy conservation project' has the same meaning as set forth in G.S.  
25 142-62.
- 26 (3) 'Implementation cost' means cost as defined in G.S. 142-62(6) plus the  
27 interest on special indebtedness incurred pursuant to Article 8 of  
28 Chapter 142 of the General Statutes to finance the project.
- 29 (4) 'State facility' means a building owned by the State or a group of  
30 buildings owned by the State which are served by a central energy  
31 distribution system or by components of a central energy distribution  
32 system.
- 33 (5) 'Technical analysis' means a specialized engineering study conducted  
34 within a State facility to identify specific energy conservation projects,  
35 the implementation costs of these projects, and the expected energy  
36 savings and energy cost savings after implementation.

37 **"§ 143-64.17A. State Facilities Energy Conservation Program.**

38 (a) The General Assembly finds that:

- 39 (1) State government should take a leadership role in aggressively  
40 undertaking energy conservation in North Carolina.
- 41 (2) After the implementation cost of the energy conservation project is  
42 paid, the State will save substantial sums of money in reduced utility  
43 bills.

- 1           (3)   The actual energy savings that result from an energy conservation  
2           project should offset, in whole or in part, the implementation cost of  
3           the energy conservation project.
- 4           (4)   The State should undertake only those energy conservation projects  
5           that are projected to require less than an aggregate of six years for the  
6           recoupment of the implementation cost based on the projected energy  
7           cost savings from implementing the energy conservation project, and  
8           the term of the financing should not exceed the expected economic life  
9           of the energy conservation project being financed.
- 10          (5)   The State should give highest priority to those energy conservation  
11          projects that are projected to require less than an aggregate of two  
12          years for the recoupment of the implementation cost of the energy  
13          conservation project based on the projected energy cost savings of the  
14          improvement.
- 15          (6)   It is in the best interest of the State to authorize financing of energy  
16          conservation projects pursuant to Article 8 of Chapter 142 of the  
17          General Statutes.
- 18          (b)   The State Facilities Energy Conservation Program is established to more  
19          efficiently use energy resources in State facilities and to reduce the utility costs of the  
20          State. The Energy Division shall develop, administer, and coordinate the State  
21          Facilities Energy Conservation Program.
- 22          (c)   The State Facilities Energy Conservation Program shall assist State agencies  
23          as follows:
- 24               (1)   Serve as a source of technical support for energy conservation  
25               management.
- 26               (2)   Identify sources of moneys for conducting technical analyses pursuant  
27               to G.S. 143-64.17C.
- 28          (d)   The Energy Division shall:
- 29               (1)   When necessary to carry out its duties under this Part, enter into  
30               contracts with State agencies and other qualified contractors.
- 31               (2)   Promulgate rules necessary to carry out the provisions of this Article.
- 32               (3)   Provide criteria for the selection of State projects or facilities to  
33               participate in this Program and develop a format that comports with  
34               these criteria.
- 35               (4)   Develop procedures for the technical analyses required under G.S.  
36               143-64.17C and procedures for implementing energy conservation  
37               projects.
- 38               (5)   Select, in order of priority and in consultation with the Department of  
39               Administration, State projects or facilities to participate in this  
40               Program.
- 41               (6)   Assess energy conservation program savings.
- 42               (7)   Be responsible for considering the costs of the constituent fixtures or  
43               improvements over their economic life during the selection of projects  
44               or facilities to participate in this Program.

1 **"§ 143-64.17B. Energy Technical Analysis Loan Fund.**

2 (a) The Energy Technical Analysis Loan Fund is created. This Fund shall be a  
3 nonreverting revolving loan fund to be administered by the Energy Division. This Fund  
4 shall consist of moneys appropriated or allocated to it by the General Assembly and any  
5 grants, fees, or other moneys paid to it. The interest accruing to the Fund shall be  
6 credited to the Fund.

7 (b) The Energy Technical Analysis Loan Fund may be used for State  
8 departments, institutions, or agencies for the cost of conducting a technical analysis  
9 under G.S. 143-64.17C. The State department, institution, or agency for which the  
10 technical analysis was conducted shall repay the Fund within 60 days of receiving  
11 financing to implement an energy conservation project or within 180 days of  
12 determining that no energy conservation project will be implemented under this Part.

13 **"§ 143-64.17C. Identification and implementation of energy conservation projects.**

14 (a) Each State project or facility that is selected shall undergo a technical analysis  
15 conducted by an engineer qualified to conduct such analysis. When the Energy  
16 Division enters into a contract with a State agency whereby the State agency is to select  
17 and contract with an engineer to conduct the technical analysis of the agency's facilities,  
18 the State agency shall select the engineer within 60 days of entering into the contract  
19 with the Energy Division. The Energy Division, in consultation with the Department of  
20 Administration, shall review all completed technical analyses. If the Energy Division  
21 does not approve a technical analysis, the energy conservation project shall not be  
22 implemented.

23 (b) Only those energy conservation projects identified by the technical analysis  
24 that are economically practical and that are projected not to require more than an  
25 aggregate of six years for the recoupment through energy cost savings of the estimated  
26 implementation cost of the improvements may be implemented. Those energy  
27 conservation projects identified by the technical analysis that are projected to not  
28 require more than an aggregate of two years for the recoupment of the estimated  
29 implementation cost of the improvements shall be given priority.

30 (c) Selected energy conservation projects may be financed pursuant to Article 8  
31 of Chapter 142 of the General Statutes only with the prior written consent of the State  
32 agency receiving the benefit of the energy conservation project to be financed.

33 (d) The Energy Division shall notify the Joint Legislative Commission on  
34 Governmental Operations of any energy conservation project having a construction cost  
35 greater than five thousand dollars (\$5,000) prior to executing the financing documents.

36 (e) Selection of a designer for an energy conservation project shall occur within  
37 60 days of the Office of State Budget and Management certifying the availability of  
38 funds for the project.

39 **"§ 143-64.17D. Grants; appropriations.**

40 Moneys appropriated by the General Assembly and any grants, fees, or other  
41 moneys provided for the purpose of funding the cost of an energy conservation project  
42 shall be applied to pay the cost of implementing such project, including the technical  
43 analysis conducted in accordance with G.S. 143-64.17C, in a manner consistent with the  
44 provisions of Article 8 of Chapter 142 of the General Statutes.

1 **"§ 143-64.17E. Additional reporting requirements.**

2 The Energy Division shall report on a quarterly basis to the Joint Legislative  
3 Commission on Governmental Operations. This report shall include:

- 4 (1) The technical analyses conducted in the previous quarter, including the  
5 location of the State facilities subject to the analyses and the results of  
6 the analyses.
- 7 (2) The estimated implementation cost of each proposed project, the  
8 projected energy savings, and the projected payback period for each  
9 energy conservation project.
- 10 (3) The energy conservation projects that were initiated during the  
11 previous quarter, the terms of the financing, and the progress to date.
- 12 (4) The energy conservation projects that were completed during the  
13 previous quarter, including the actual cost of constructing each energy  
14 conservation project.
- 15 (5) The financings that were fully paid during the previous quarter,  
16 including the amount of time required for the implementation cost of  
17 each energy conservation project to be recouped, based on the energy  
18 savings of the project.
- 19 (6) Any other information requested by the Commission.

20 **"§ 143-64.17F. Scope of this Part.**

21 The provisions of this Part apply to all State facilities, including facilities in the  
22 University of North Carolina System and State hospitals."

23 Sec. 5. Article 8 is added to Chapter 142 of the General Statutes to read as  
24 follows:

25 **"ARTICLE 8.**

26 **"ENERGY CONSERVATION PROJECTS FINANCE ACT.**

27 **"§ 142-60. Short title.**

28 This Article may be cited as the State Energy Conservation Projects Finance Act.

29 **"§ 142-61. Findings and purpose.**

30 The General Assembly hereby finds as follows:

- 31 (1) Energy conservation projects that substantially reduce energy use  
32 provide an opportunity to save large sums of money by reducing utility  
33 bills.
- 34 (2) Energy conservation projects that substantially reduce energy use  
35 benefit the environment by slowing the depletion of nonrenewable  
36 energy sources, by lessening the need to construct more power plants,  
37 and by reducing harmful emissions and other negative side effects of  
38 energy use that harm the environment and the health of the public.
- 39 (3) The State should take a leadership role in energy conservation.
- 40 (4) The positive impact on the State's budget and the positive impact on  
41 the environment compel the State to implement energy conservation  
42 projects in State facilities.

43 **"§ 142-62. Definitions.**



1        Unless a different meaning is required by the context, the following definitions shall  
2 apply throughout this Article:

3        (1) 'Alternative financing agreement' means an agreement entered into  
4 pursuant to the provisions of this Article to finance an energy  
5 conservation project, including a lease-purchase agreement, an  
6 installment-purchase agreement, or any other similar installment-  
7 financing agreements, but does not include a contract:

8        a. Constituting an operating lease under generally accepted  
9 accounting principles;

10        b. Providing for the payment thereunder over its full term,  
11 including periods that may be added to the original term  
12 through the exercise of options to renew or extend, of an  
13 aggregate principal amount not in excess of five thousand  
14 dollars (\$5,000) or such greater amount as may be established  
15 by the Council of State, in the event that the Council of State  
16 determines (i) the aggregate amount to be paid under such  
17 contracts will not have a significant impact on the State  
18 budgetary process or the economy of the State and (ii) such  
19 change will lessen the administrative burden on the State; or

20        c. That is executed and provides for the making of all payments  
21 thereunder, including payment to be made during any period  
22 that may be added to the original term through the exercise of  
23 options to renew or extend, in the same fiscal year

24        that does not create a security interest in real property owned by the  
25 State.

26        (2) 'Alternative financing agreement indebtedness' means indebtedness  
27 incurred under an alternative financing agreement, including  
28 certificates of participation indebtedness.

29        (3) 'Bonded indebtedness' means bonds and bond anticipation notes,  
30 including refunding bonds and notes, authorized to be issued under this  
31 Article.

32        (4) 'Certificates of participation' means certificates or other instruments  
33 delivered by a special corporation evidencing the assignment of  
34 proportionate undivided interests in rights to receive payments  
35 pursuant to an alternative financing agreement.

36        (5) 'Certificates of participation indebtedness' means alternative financing  
37 agreement indebtedness incurred by the State under a plan of finance  
38 in which a special corporation obtains funds to pay the cost of an  
39 energy conservation project to be financed through the delivery by  
40 such special corporation of certificates of participation.

41        (6) 'Cost' includes, but is not limited to:

42        a. The cost of construction, modification, rehabilitation,  
43 renovation, improvement, acquisition, or installation in  
44 connection with an energy conservation project;

- 1           b.     The cost of engineering, architectural, and other consulting  
2                 services as may be required, including the cost of performing  
3                 the technical analysis in accordance with G.S. 143-64.17C;  
4           c.     Finance charges, reserves for debt service, and interest prior to  
5                 and during construction, and, if deemed advisable by the State  
6                 Treasurer, for a period not exceeding two years after the  
7                 estimated date of completion of construction;  
8           d.     Administrative expenses and charges;  
9           e.     The cost of bond insurance, investment contracts, credit and  
10                liquidity facilities, interest rate swap agreements, and other  
11                derivative products, financial and legal consultants, and related  
12                costs of the incurrence or issuance of special indebtedness, to  
13                the extent and as determined by the State Treasurer;  
14           f.     The cost of reimbursing the State for payments made for any  
15                costs described in this subdivision; and  
16           g.     Any other costs and expenses necessary or incidental to  
17                implementing the purposes of this Article.  
18       (7)    'Credit facility' means an agreement entered into by the State Treasurer  
19                or a special corporation on behalf of the State with a bank, savings and  
20                loan association, or other banking institution; an insurance company,  
21                reinsurance company, surety company, or other insurance institution; a  
22                corporation, investment banking firm, or other investment institution;  
23                or any financial institution or other similar provider of a credit facility,  
24                which provider may be located within or without the United States of  
25                America; such agreement providing for prompt payment of all or any  
26                part of the principal or purchase price (whether at maturity,  
27                presentment or tender for purchase, redemption, or acceleration),  
28                redemption premium, if any, and interest on any special indebtedness  
29                payable on demand or tender by the owner in consideration of the  
30                State agreeing to repay the provider of the credit facility in accordance  
31                with the terms and provisions of such agreement.  
32       (8)    'Department of Administration' means the North Carolina Department  
33                of Administration, or should the Department be abolished or otherwise  
34                divested of its functions under this Article, the public body succeeding  
35                it in its principal functions, or upon which are conferred by law the  
36                rights, powers, and duties given by this Article to the Department.  
37       (9)    'Energy conservation project' includes:  
38           a.     Any modification, rehabilitation, renovation, or improvement of  
39                existing State facilities;  
40           b.     Any acquisition and installation of fixtures or equipment in  
41                existing State facilities; or  
42           c.     Any combination of the foregoing

1 that is intended to reduce energy costs or consumption or to allow the  
2 use of an alternative energy source and that may include integral  
3 control and measurement devices.

4 (10) 'Fiscal year' means the fiscal year of the State beginning on July 1 of  
5 each calendar year and ending on June 30 of the next calendar year.

6 (11) 'Par formula' means any provision or formula adopted by the State to  
7 provide for the adjustment, from time to time, of the interest rate or  
8 rates borne or provided for by any special indebtedness, including:

9 a. A provision providing for such adjustment so that the special  
10 indebtedness in the open market would be as close to par as  
11 possible;

12 b. A provision providing for such adjustment based upon a  
13 percentage or percentages of a prime rate or base rate, which  
14 percentage or percentages may vary or be applied for different  
15 periods of time; or

16 c. Such other provision as the State Treasurer may determine to be  
17 consistent with this Article and will not materially and  
18 adversely affect the financial position of the State and the  
19 marketing of special indebtedness at a reasonable interest cost  
20 to the State.

21 (12) 'Special corporation' means a nonprofit corporation created under  
22 Chapter 55A of the General Statutes for the purpose of facilitating the  
23 incurrence of certificates of participation indebtedness by the State  
24 under this Article or any private corporation or other entity issuing  
25 certificates of participation pursuant to this Article.

26 (13) 'Special indebtedness' means alternative financing agreement  
27 indebtedness and bonded indebtedness.

28 (14) 'State' means the State of North Carolina.

29 (15) 'State agency' means every agency, institution, board, commission,  
30 bureau, council, department, division, officer, and employee of the  
31 State, but does not mean counties, municipal corporations, political  
32 subdivisions, county and city boards of education, and other local  
33 public bodies.

34 (16) 'State facility' means State facility as defined in G.S. 143-64.17.

35 (17) 'State Treasurer' means the incumbent Treasurer, from time to time, of  
36 the State.

37 **"§ 142-63. Authorization of special indebtedness.**

38 The State may enter into, incur, or issue special indebtedness subject to the terms  
39 and conditions set forth in this Article for the purpose of financing the cost of energy  
40 conservation projects in a principal amount not to exceed thirty million dollars  
41 (\$30,000,000) at any one time.

42 **"§ 142-64. Procedure for incurrence or issuance of special indebtedness.**

43 (a) Any State agency or the Energy Division, with the prior written consent of  
44 the State agency, shall contact the Department of Administration whenever such State

1 agency intends to use special indebtedness to finance an energy conservation project. If  
2 the Department of Administration intends to use special indebtedness to finance such  
3 capital facilities, it shall provide written notice to the State Treasurer advising the State  
4 Treasurer of its proposed intent. The State Treasurer may require a preliminary  
5 conference with the Department of Administration to consider the proposed financing.

6 After the filing of such notice and after such preliminary conference if one is  
7 required, the State Treasurer shall consult with the Office of State Budget and  
8 Management as to the revenues expected by said Office to be available to pay all sums  
9 to come due on such special indebtedness during the term thereof. If, after consulting  
10 with the Office of State Budget and Management, the State Treasurer determines by  
11 written certificate that it may be desirable to use special indebtedness to finance such  
12 capital facilities, the Department of Administration shall request the Council of State to  
13 give its preliminary approval of the use of special indebtedness to finance such capital  
14 facilities. Copies of the notice and certificate required by this subsection (a) of  
15 this section shall be filed promptly with the Council of State.

16 (b) The Council of State, upon receipt of the items required by subsection (a) of  
17 this section, shall adopt a resolution granting or denying preliminary approval of such  
18 financing. A resolution granting preliminary approval may include such other terms,  
19 conditions, and restrictions as the Council of State may deem necessary or desirable.

20 (c) Council of State approval.

21 (1) Before any special indebtedness shall be incurred or issued pursuant to  
22 this Article, the Council of State shall authorize by resolution:

23 a. The providing of a particular energy conservation project or, in  
24 general terms, the types or classifications of energy  
25 conservation projects to be provided, and

26 b. The aggregate principal amount of such special indebtedness or  
27 maximum principal amount thereof, the maturity or maximum  
28 maturity thereof and the interest rate or rates (or the equivalent  
29 thereof) or maximum rate thereof of the special indebtedness to  
30 be incurred or issued therefor.

31 Such resolution shall include such other matters as the Council of State  
32 may determine including, without limitation, the adoption or approval  
33 of documentation providing for the incurrence or issuance and sale of  
34 special indebtedness and the making of such determinations or the  
35 granting of such consents or approvals as may be authorized in G.S.  
36 142-68 and G.S. 142-69.

37 (2) If the Council of State authorizes in general terms the types or  
38 classifications of energy conservation projects to be financed, then the  
39 particular energy conservation projects and the principal amount of  
40 special indebtedness to be incurred or issued for each particular energy  
41 conservation project shall be determined by the Department of  
42 Administration after considering such factors as the Department shall  
43 deem relevant in order to determine that the particular energy  
44 conservation project to be provided is desirable for the efficient

1                    operation of the State and its agencies and is in the best interest of the  
2                    State.

3                    (3)    In the discretion of the Council of State, the resolution required by  
4                    subsection (b) of this section and the resolution required by  
5                    subdivision (1) of this subsection may be adopted at the same time as  
6                    one resolution.

7                    (d)    No special indebtedness shall be incurred or issued without the prior written  
8                    approval of the State Treasurer. In determining whether such proposed financing shall  
9                    be approved, the State Treasurer may consider such factors as the State Treasurer shall  
10                   deem relevant in order to find and determine that:

11                   (1)    The amounts to become due under the special indebtedness, including  
12                   the interest component, are not excessive for the purpose proposed;

13                   (2)    The increase, if any, in State revenues, including taxes, necessary to  
14                   pay the sums to become due under the special indebtedness are not  
15                   excessive; and

16                   (3)    The special indebtedness can be incurred or issued on terms desirable  
17                   to the State.

18                   This approval shall be in addition to any preliminary approval given pursuant to  
19                   subsection (a) of this section.

20                   (e)    In the absence of a determination by the Council of State, the State Treasurer,  
21                   after consultation with the Department of Administration, shall determine whether the  
22                   financing shall be effected by alternative financing agreement indebtedness, certificates  
23                   of participation indebtedness, bonded indebtedness, or some combination thereof.

24                   (f)    The State Treasurer, after consultation with the Department of  
25                   Administration, shall develop appropriate documents for use under this Article, and the  
26                   State Treasurer shall employ and designate the financial consultants, underwriters, and  
27                   bond attorneys to be associated with the incurrence or issuance of special indebtedness.

28                   **"§ 142-65. Security; other requirements.**

29                   (a)    Special indebtedness shall create a security interest in all or any part of the  
30                   energy conservation projects financed by such special indebtedness, and in the case of  
31                   the modification, rehabilitation, renovation, or improvement of existing facilities, in all  
32                   or some portion of such facilities, to secure:

33                   (1)    Lease or installment payments to be made to the lessor, seller, or other  
34                   individual or entity advancing moneys or providing financing under an  
35                   alternative financing agreement; or

36                   (2)    Payment of the principal of and interest on bonded indebtedness.

37                   (b)    Documentation relating to any special indebtedness may include provisions  
38                   requiring the Governor to submit in the Governor's budget proposal or any amendments  
39                   or supplements thereto appropriations necessary to make the payments required by any  
40                   special indebtedness.

41                   (c)    Amounts payable by the State under an alternative financing agreement or  
42                   issue of bonded indebtedness during any biennium or fiscal year, each being called a  
43                   fiscal period for purposes of this subsection, shall be limited to funds appropriated for  
44                   such fiscal period by the General Assembly in its discretion. During any interim period

1 after the adoption by the General Assembly of appropriation legislation for a fiscal  
2 period and prior to the adoption by the General Assembly of appropriation legislation  
3 for the next fiscal period, an alternative financing agreement or issue of bonded  
4 indebtedness, the payment of which during such interim period has not been provided  
5 for by appropriation legislation, may be incurred or issued only if, in addition to  
6 compliance with the other provisions of this Article, the Director of the Budget shall  
7 have filed with the State Treasurer a certificate stating that sufficient unencumbered  
8 money is available to make the required payments during such interim period on such  
9 alternative financing agreement or issue of bonded indebtedness. Such unencumbered  
10 money shall become appropriated and reserved for making such payments upon  
11 execution of the alternative financing agreement or issuance of bonded indebtedness,  
12 subject to the right of the General Assembly to modify or rescind such appropriations.

13 (d) No deficiency judgment shall be rendered against the State in any action for  
14 breach of any obligation contained in an alternative financing agreement or issue of  
15 bonded indebtedness, and the taxing power of the State shall not be pledged directly or  
16 indirectly to secure any moneys due under an alternative financing agreement or issue  
17 of bonded indebtedness. In the event that the General Assembly does not appropriate  
18 sums sufficient to make payments required under an alternative financing agreement or  
19 issue of bonded indebtedness, the net proceeds received from the sale or other  
20 disposition of the property subject to the lien or security interest shall be applied to  
21 satisfy such payment obligations in accordance with the deed of trust, security  
22 agreement, or other documentation relating to such lien or security interest, and such net  
23 proceeds are hereby deemed appropriated for the purpose of making such payments.  
24 Any net proceeds in excess of the amount required to satisfy the obligations of the State  
25 under an alternative financing agreement or issue of bonded indebtedness shall be paid  
26 to the State Treasurer for deposit to the General Fund.

27 (e) No alternative financing agreement or issue of bonded indebtedness may  
28 contain a nonsubstitution clause that restricts the right of the State to:

29 (1) Continue to provide a service or activity; or

30 (2) Replace or provide a substitute for any energy conservation project  
31 financed or purchased thereby.

32 (f) An alternative financing agreement or issue of bonded indebtedness may  
33 create a lien or security interest in any one or more or all of the energy conservation  
34 projects being financed, and the estimated value of the energy conservation projects  
35 subject to the lien or security interest need not bear any particular relationship to the  
36 principal amount of the agreement or issue.

37 (g) Nothing in this Article shall limit the right of the Council of State to grant  
38 multiple liens or security interests in an energy conservation project to the extent not  
39 otherwise limited by the terms of other special indebtedness.

40 (h) Special indebtedness may contain such provisions for protecting and  
41 enforcing the rights and remedies of the lessor, seller, or other individual or entity  
42 advancing moneys or providing financing under an alternative financing agreement or  
43 the owners of bonded indebtedness as may be reasonable and proper and not in violation  
44 of law, including covenants setting forth the duties of the State in respect of the

1 purposes to which the proceeds of special indebtedness may be applied, the disposition  
2 and application of the revenues of the State, including taxes, the duties of the State with  
3 respect to the capital facilities financed, including, without limitation, the payment of  
4 the costs of insurance and maintenance of the capital facilities, the disposition of any  
5 charges and collection of any revenues and administrative charges, the terms and  
6 conditions of the issuance of additional special indebtedness, and the custody,  
7 safeguarding, investment, and application of all moneys.

8 **"§ 142-66. Alternative financing agreement indebtedness.**

9 (a) The State Treasurer, after consultation with the Department of  
10 Administration, shall approve all documentation providing for the incurrence of  
11 alternative financing agreement indebtedness.

12 (b) Any alternative financing agreement may provide for payments thereunder to  
13 represent principal and interest components of the cost of the energy conservation  
14 project to be leased or acquired, such determination to be made by the State Treasurer.

15 (c) Alternative financing agreements may be entered into pursuant to any  
16 applicable public or competitive bidding process or any private or negotiated process, to  
17 the extent required by applicable law, and if not so required, as may be determined by  
18 the Department of Administration after consulting with the State Treasurer.

19 (d) All alternative financing agreements shall be executed on behalf of the State  
20 by the Department of Administration after having been approved by the State Treasurer.

21 (e) If the State Treasurer determines that it is in the best interest of the State, the  
22 State Treasurer may arrange for the delivery of a credit facility to secure payment under  
23 any alternative financing agreement. The State Treasurer may also provide that  
24 payments by the State representing the interest component of the payments to be made  
25 under an alternative financing agreement may be calculated based upon a variable  
26 interest rate.

27 (f) All other conditions set forth elsewhere in this Article with respect to  
28 alternative financing agreement indebtedness shall also be satisfied prior to incurring  
29 any alternative financing agreement indebtedness.

30 (g) To the extent applicable as may be conclusively determined by the State  
31 Treasurer, the provisions of G.S. 142-69, 142-70, and 142-71 shall apply to alternative  
32 financing agreement indebtedness.

33 **"§ 142-67. Additional requirements for certificates of participation indebtedness.**

34 (a) The State Treasurer, after consultation with the Department of  
35 Administration, shall approve the use of an alternative financing agreement in  
36 connection with the delivery of certificates of participation by a special corporation.

37 (b) The documentation providing for the delivery and sale of certificates of  
38 participation shall be approved by the State Treasurer. The special corporation, if used,  
39 shall request the approval of the State Treasurer in writing and shall furnish such  
40 information and documentation relating to the delivery and sale of the certificates of  
41 participation as the State Treasurer may request. In determining whether such approval  
42 shall be granted, the State Treasurer shall consider the factors provided for in G.S. 142-  
43 64(d), as well as the effect of the proposed financing upon any scheduled or proposed

1 sale of debt obligations by the State or any State agency or by any unit of local  
2 government in the State.

3 (c) Upon the filing with the State Treasurer of a written request of a special  
4 corporation to sell the certificates of participation, the certificates of participation may  
5 be sold by the State Treasurer in such manner, either at public or private sale, and for  
6 such price or prices as the State Treasurer shall determine to be in the best interest of the  
7 State and to effect the purposes of this Article, provided that the sale shall be approved  
8 by the special corporation. The certificates of participation shall bear interest at such  
9 rate or rates as may be determined by the State Treasurer with the approval of the  
10 special corporation.

11 (d) Certificates of participation may be delivered pursuant to a trust agreement  
12 with a corporate trustee approved by the State Treasurer, and the provisions of G.S.  
13 142-69(h) shall apply to such trust agreement to the extent applicable.

14 (e) All other conditions set forth elsewhere in this Article with respect to  
15 certificates of participation indebtedness, including the conditions set forth in G.S. 142-  
16 66, shall also be satisfied prior to incurring any certificates of participation  
17 indebtedness.

18 **"§ 142-68. Bonded indebtedness.**

19 The State Treasurer may, by and with the consent of the Council of State as provided  
20 in this Article, issue and sell at one time or from time to time bonds of the State to be  
21 designated 'State of North Carolina Limited Obligation Bonds, Series \_\_\_\_\_' or notes of  
22 the State as provided in G.S. 142-69, for the purpose of providing funds, with any other  
23 available funds, for the uses authorized in this Article.

24 **"§ 142-69. Issuance of bonds and notes.**

25 (a) Terms and Conditions. – Bonds or notes may bear the date or dates, may be  
26 serial or term bonds or notes, or any combination thereof, may mature in the amounts  
27 and at the time or times, not exceeding 10 years from their date or dates, may be  
28 payable at the place or places, either within or without the United States of America, in  
29 the coin or currency of the United States of America as at the time of payment is legal  
30 tender for payment of public and private debts, may bear interest at the rate or rates,  
31 which may vary from time to time, and may be made redeemable before maturity, at the  
32 option of the State or otherwise as may be provided by the State, at the price or prices,  
33 including a price greater than the face amount of the bonds or notes, and under the terms  
34 and conditions, all as may be determined by the State Treasurer, by and with the consent  
35 of the Council of State.

36 (b) Signatures; Form and Denomination; Registration. – Bonds or notes may be  
37 issued in certificated or uncertificated form. If issued in certificated form, bonds or  
38 notes shall be signed on behalf of the State by the Governor or shall bear the Governor's  
39 facsimile signature, shall be signed by the State Treasurer or shall bear the State  
40 Treasurer's facsimile signature, and shall bear the Great Seal of the State or a facsimile  
41 of the Great Seal shall be impressed or imprinted on the bonds or notes. If bonds or  
42 notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or  
43 notes shall also bear a manual signature which may be that of a bond registrar, trustee,  
44 paying agent, or designated assistant of the State Treasurer. Should any officer whose



1 signature or facsimile signature appears on bonds or notes cease to be the officer before  
2 the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless  
3 have the same validity for all purposes as if the officer had remained in office until  
4 delivery of the bonds and notes, and bonds or notes may bear the facsimile signatures of  
5 persons who at the actual time of the execution of the bonds or notes shall be the proper  
6 officers to sign any bond or note although at the date of the bond or note those persons  
7 may not have been the officers. The form and denomination of bonds or notes,  
8 including the provisions with respect to registration of the bonds or notes and any  
9 system for their registration, shall be as the State Treasurer may determine in  
10 conformity with this Article; provided, however, that nothing in this Article shall  
11 prohibit the State Treasurer from proceeding, with respect to the issuance and form of  
12 the bonds or notes, under the provisions of Chapter 159E of the General Statutes, the  
13 Registered Public Obligations Act, as well as under this Article.

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

25 (d) Application of Proceeds. – The proceeds of any bonds or notes shall be used  
26 solely for the purposes for which the bonds or notes were issued and shall be disbursed  
27 in the manner and under such restrictions, if any, as the Council of State may provide in  
28 the resolution authorizing the issuance of, or in any trust agreement securing, the bonds  
29 or notes.

30 Any additional moneys which may be received by means of a grant or grants from  
31 the United States of America or any agency or department thereof or from any other  
32 source to aid in financing the cost of an energy conservation project may be disbursed,  
33 to the extent permitted by the terms of such grant or grants, without regard to any  
34 limitations imposed by this Article.

35 (e) Notes; Repayment. – By and with the consent of the Council of State, the  
36 State Treasurer may borrow money, and execute and issue notes of the State for the  
37 borrowed money, but only in the following circumstances and under the following  
38 conditions:

39 (1) For anticipating the sale of bonds the issuance of which the Council of  
40 State shall have approved, if the State Treasurer shall deem it  
41 advisable to postpone the issuance of the bonds;

42 (2) For the payment of interest on or any installment of principal of any  
43 bonds then outstanding, if there shall not be sufficient funds in the

- 1                   State treasury with which to pay the interest or installment or principal  
2                   as they respectively become due;  
3                   (3) For the renewal of any loan evidenced by notes herein authorized;  
4                   (4) For the purposes authorized in this Article; and  
5                   (5) For refunding bonds or notes or alternative financing agreement  
6                   indebtedness as authorized by this Article.

7                   Funds derived from the sale of bonds or notes may be used in the payment of any  
8 bond anticipation notes issued under this Article. Funds provided by the General  
9 Assembly for the payment of interest on or principal of bonds shall be used in paying  
10 the interest on or principal of any notes and any renewals of any notes, the proceeds of  
11 which shall have been used in paying interest on or principal of the bonds.

12                   (f) Refunding Bonds and Notes. – By and with the consent of the Council of  
13 State, the State Treasurer may issue and sell refunding bonds and notes for the purpose  
14 of refunding bonds or notes or alternative financing agreement indebtedness issued  
15 pursuant to this Article. The refunding bonds and notes may be combined with any  
16 other issues of State bonds and notes similarly secured. Refunding bonds or notes may  
17 be issued at any time prior to the final maturity of the debt or obligation to be refunded.  
18 The proceeds from the sale of any refunding bonds or notes shall be applied only as  
19 follows:

- 20                   (1) To the immediate payment and retirement of the obligations being  
21 refunded; or  
22                   (2) If not required for the immediate payment of the obligations being  
23 refunded, the proceeds shall be deposited in trust to provide for the  
24 payment and retirement of the obligations being refunded and to pay  
25 any expenses incurred in connection with the refunding.

26                   Money in any trust fund may be invested in:

- 27                   (1) Direct obligations of the United States government;  
28                   (2) Obligations the principal of and interest on which are guaranteed by  
29 the United States government;  
30                   (3) To the extent then permitted by law, in obligations of any agency or  
31 instrumentality of the United States government; or  
32                   (4) Certificates of deposit issued by a bank or trust company located in the  
33 State, if such certificates shall be secured by a pledge of any of said  
34 obligations described in subdivision (1), (2), or (3) of subsection (e) of  
35 this section having any aggregate market value, exclusive of accrued  
36 interest, equal at least to the principal amount of the certificates so  
37 secured.

38 Nothing in this section shall be construed as a limitation on the duration of any deposit  
39 in trust for the retirement of obligations being refunded but which shall not have  
40 matured and which shall not be presently redeemable, or if presently redeemable, shall  
41 not have been called for redemption.

42                   (g) Security. – Payment of the principal of and the interest on bonds and notes  
43 shall be secured as provided in G.S. 142-65.

1       (h) Trust Agreement. – In the discretion of the State Treasurer, any bonds and  
2 notes issued under the provisions of this Article may be secured by a trust agreement by  
3 and between the State and a corporate trustee or by a resolution of the Council of State  
4 providing for the appointment of a corporate trustee. The corporate trustee may be, in  
5 either case, any trust company or bank having the powers of a trust company within or  
6 without the State. A trust agreement or resolution may provide for security, pledges,  
7 and assignments with respect to a trust agreement or resolution as may be permitted  
8 under this Article and further provide for the granting of a lien or security interest in the  
9 collateral authorized by G.S. 142-65. The trust agreement or resolution may contain  
10 those provisions for protecting and enforcing the rights and remedies of the owners of  
11 any bonds or notes issued thereunder as may be reasonable and proper and not in  
12 violation of law, including covenants setting forth the duties of the State in respect of  
13 the purposes to which bond or note proceeds may be applied, the disposition and  
14 application of the revenues or assets of the State, the duties of the State with respect to  
15 the energy conservation projects financed, the disposition of any charges and collection  
16 of any revenues and administrative charges, the terms and conditions of the issuance of  
17 additional bonds and notes, and the custody, safeguarding, investment, and application  
18 of all moneys. All bonds and notes issued under this Article shall be equally and ratably  
19 secured as provided in such trust agreement or resolution, without priority by reasons of  
20 number, or dates of bonds or notes, execution, or delivery, in accordance with the  
21 provisions of this Article and of such trust agreement or resolution; provided, however,  
22 that such trust agreement or resolution may provide that bonds or notes issued pursuant  
23 to this Article shall, to the extent and in the manner prescribed in such trust agreement  
24 or resolution, be subordinated and junior in standing, with respect to the payment of  
25 principal and interest and to the security of the bonds or notes, to any other bonds or  
26 notes. It shall be lawful for any bank or trust company that may act as depository of the  
27 proceeds of bonds or notes, revenues, or any other money loaned under this Article to  
28 furnish any indemnifying bonds or to pledge such securities as may be required by the  
29 State Treasurer. Any trust agreement or resolution may set out the rights and remedies  
30 of the owners of any bonds or notes and of any trustee, and may restrict the individual  
31 rights of action by the owners. In addition, any trust agreement or resolution may  
32 contain any other provisions as the State Treasurer may deem reasonable and proper for  
33 the security of the owners of any bonds or notes. Expenses incurred in carrying out the  
34 provisions of any trust agreement or resolution may be treated as a part of the cost of  
35 any energy conservation project or as an administrative charge and may be paid from  
36 the proceeds of the bonds or notes or from any other available funds.

37 **"§ 142-70. Variable rate demand bonds and notes.**

38       (a) In fixing the details of bonds and notes, the State Treasurer may provide that  
39 these bonds and notes may:

- 40           (1) Be made payable from time to time on demand or tender for purchase  
41 by the owner of the bonds or notes provided a credit facility supports  
42 the bonds or notes, unless the State Treasurer specifically determines  
43 that a credit facility is not required upon a finding and determination  
44 by the State Treasurer that the absence of a credit facility will not

1 materially and adversely affect the financial position of the State and  
2 the marketing of the bonds or notes at a reasonable interest cost to the  
3 State;

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

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

7 (4) Bear interest at a rate or rates that may vary from such period or  
8 periods of time, all as may be provided in the proceedings providing  
9 for the issuance of the bonds or notes, including, but not limited to,  
10 such variations as may be permitted pursuant to a par formula; and

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

15 (b) If the aggregate principal amount payable by the State under a credit facility  
16 is in excess of the aggregate principal amount of bonds or notes secured by the credit  
17 facility, whether as a result of the inclusion in the credit facility of a provision for the  
18 payment of interest for a limited period of time or the payment of a redemption  
19 premium or for any other reason, then the amount of authorized but unissued bonds or  
20 notes during the term of such credit facility shall not be less than the amount of such  
21 excess, unless the payment of such excess is otherwise provided for by agreement of the  
22 State executed by the State Treasurer.

23 **"§ 142-71. Other agreements.**

24 The State Treasurer may authorize, execute, obtain, or otherwise provide for bond  
25 insurance, investment contracts, credit and liquidity facilities, interest rate swap  
26 agreements and other derivative products, and any other related instruments and matters  
27 as the State Treasurer shall determine desirable in connection with the incurrence or  
28 issuance of special indebtedness.

29 **"§ 142-72. Tax exemption.**

30 Bonds and notes and alternative financing agreement indebtedness shall be exempt  
31 from all State, county, and municipal taxation or assessment, direct or indirect, general  
32 or special, whether imposed for the purpose of general revenue or otherwise, excluding  
33 inheritance and gift taxes and income taxation on gain from the transfer thereof. The  
34 interest on bonds and notes and the interest component of payments made under  
35 alternative financing agreements, including the interest component of certificates of  
36 participation, shall not be subject to taxation as to income.

37 **"§ 142-73. Investment eligibility.**

38 Bonds and notes and alternative financing agreement indebtedness are hereby made  
39 securities or obligations in which all public officers, agencies, and public bodies of the  
40 State and its political subdivisions, all insurance companies, trust companies,  
41 investment companies, banks, savings banks, savings and loan associations, credit  
42 unions, pension or retirement funds, other financial institutions engaged in business in  
43 the State, executors, administrators, trustees, and other fiduciaries may properly and  
44 legally invest funds, including capital in their control or belonging to them. Bonds and

1 notes and alternative financing agreement indebtedness are hereby made securities or  
2 obligations that may properly and legally be deposited with and received by any officer  
3 or agency of the State or political subdivision of the State for any purpose for which the  
4 deposit of bonds, notes, or obligations of the State or any political subdivision is now or  
5 may hereafter be authorized by law.

6 **"§ 142-74. Procurement of energy conservation projects.**

7 The provisions of Articles 3, 3B, 3C, 3D, and 8 of Chapter 143 of the General  
8 Statutes and any other laws or rules of the State that relate to the acquisition and  
9 construction of State property shall apply to the financing of energy conservation  
10 projects through the use of special indebtedness."

11 Sec. 6. Interpretation of act. (a) Additional method. The foregoing sections of  
12 this act shall be deemed to provide an additional and alternative method for the doing of  
13 the things authorized thereby and shall be regarded as supplemental and additional to  
14 powers conferred by other laws, and shall not be regarded as in derogation of any  
15 powers now existing.

16 (b) Liberal construction. This act, being necessary for the health and welfare of  
17 the people of the State, shall be liberally construed to effect the purposes thereof.

18 (c) Inconsistent provisions. Insofar as the provisions of this act are inconsistent  
19 with the provisions of any general laws, or parts thereof, the provisions of this act shall  
20 be controlling.

21 (d) Severability. If any provision of this act or the application thereof to any  
22 person or circumstance is held invalid, such invalidity shall not affect other provisions  
23 or applications of the act which can be given effect without the invalid provision or  
24 application, and to this end the provisions of this act are declared to be severable.

25 Sec. 7. The one million one hundred nineteen thousand six hundred fifty-two  
26 dollars (\$1,119,652) that was received from the United States Department of Energy's  
27 Stripper Well Litigation (MDL378), appropriated from the Special Reserve for Oil  
28 Overcharge Funds to the Department of Economic and Community Development for  
29 the 1992-93 fiscal year, and allocated for energy conservation programs for hospitals  
30 and schools shall be reallocated to the Department of Commerce for the 1993-94 fiscal  
31 year for energy conservation programs for hospitals and schools and for energy  
32 conservation projects for State facilities pursuant to Part 2 of Article 3B of Chapter 143  
33 of the General Statutes, as enacted by Section 5 of this act.

34 Sec. 8. This act becomes effective July 1, 1993.