## GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2001

S SENATE BILL 1352

Short Title: Local Special Obligation Bonds.

Sponsors: Senator Clodfelter.

Referred to: Finance.

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June 12, 2002

(Public)

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE PURPOSES FOR WHICH MUNICIPALITIES MAY USE SPECIAL OBLIGATION BONDS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 159I-30(a) reads as rewritten:

"(a) Authorization. – Any unit of local government may borrow money for the purpose of financing or refinancing its cost of the acquisition or construction of a project and may issue special obligation bonds and notes, including bond anticipation notes and renewal notes, pursuant to the provisions of this section and the applicable provisions of this Chapter for this purpose. As used in this section, the term 'project' has the meaning provided in G.S. 159I-3 and also includes any of the following as defined in S.L. 1998-132: water supply systems, water conservation projects, water reuse projects, wastewater collection systems, and wastewater treatment works."

## **SECTION 2.** G.S. 159I-30(g) reads as rewritten:

- "(g) Definitions. As used The following definitions apply in this section:
  - (1) "Credit facility" means an Credit facility. An agreement entered into by the unit with a bank, a savings and loan association or other banking institution, association, or another banking institution; an insurance company, a reinsurance company, a surety company or other company, or another insurance institution, institution; a corporation, an investment banking firm or other firm, or another investment institution, institution; or any financial institution institution, providing for prompt payment of all or any part of the principal, or purchase price (whether at maturity, presentment, or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the unit agreeing to repay the provider of the credit facility in accordance with the terms

1		and	provisions of the agreement; the provider of any credit facility	
2		may	be located either within or without the United States of America.	
3	(2)	"Par formula" means any Par formula. – Any provision or formula		
4		adop	ted by the unit to provide for the adjustment, from time to time of	
5		the in	nterest rate or rates borne by any bonds or notes including:	
6		a.	A provision providing for such adjustment so that the purchase	
7			price of such bonds or notes in the open market would be as	
8			close to par as possible;	
9		b.	A provision providing for such adjustment based upon a	
10			percentage or percentages of a prime rate or base rate, which	
11			percentage or percentages may vary or be applied for different	
12			periods of time; or	
13		c.	Any other provision as the unit may determine to be consistent	
14			with this section and the applicable provisions of this Chapter	
15			and does not materially and adversely affect the financial	
16			position of the unit and the marketing of the bonds or notes at a	
17			reasonable interest cost to the unit.	
18	<u>(3)</u>	<u>Proje</u>	ect. – Any of the following:	
19		<u>a.</u>	A project as defined in G.S. 159I-3.	
20		<u>b.</u>	Any of the following as defined in S.L. 1998-132: water supply	
21			systems, water conservation projects, water reuse projects	
22			wastewater collection systems, and wastewater treatment	
23			works.	
24		<u>c.</u>	Any project or purpose authorized or described in G.S	
25			159-48(b) or (d).	
26	(g1) <u>Credit Facility.</u> The obligation of a unit of local government under a credi			
27	facility to repay any drawing thereunder may be made payable and otherwise secured, to			
28	* *		as provided in this section."	
29	SEC'	ΓΙΟΝ	<b>3.</b> G.S. 160A-543 reads as rewritten:	
30	"§ 160A-543. I			
31			issue its general obligation bonds under the Local Government	
32	Bond Act to finance services, facilities or functions provided within a service district. I			
33	a proposed bond issue is required by law to be submitted to and approved by the voters			
34	of the city, and if the proceeds of the proposed bond issue are to be used in connection			
35	with a service that is or, if the bond issue is approved, will be provided only for one o			

- with a service that is or, if the bond issue is approved, will be provided only for one or more service districts or at a higher level in service districts than city wide, the proposed bond issue must be approved concurrently by a majority of those voting throughout the entire city and by a majority of the total of those voting in all of the affected or to be affected service districts.
- A city may issue special obligation bonds pursuant to G.S. 159I-30 to finance services, facilities, or functions provided within a service district."
  - **SECTION 4.** This act is effective when it becomes law.

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