

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1053

Capital Expenditures & Improvements Committee Substitute Adopted 7/7/93

Finance Committee Substitute Adopted 7/20/93

Short Title: NCSU Centennial Authority.

(Public)

Sponsors:

Referred to:

May 5, 1993

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR THE CREATION OF THE CENTENNIAL
3 AUTHORITY.

4 The General Assembly of North Carolina enacts:

5 Section 1. Article 20 of Chapter 160A of the General Statutes is amended by
6 adding a new Part to read:

7 **"PART 4. CENTENNIAL AUTHORITY.**

8 **"§ 160A-480.1. Short title.**

9 This Part is the 'Centennial Authority Act' and may be cited by that name.

10 **"§ 160A-480.2. Definitions.**

11 The following definitions apply in this Part:

- 12 (1) Authority. – The Centennial Authority.
13 (2) Member. – A person appointed by a member unit to serve as a
14 representative to the governing body of the Authority.
15 (3) Member unit. – Any of the following that has created or joined the
16 Authority: North Carolina State University, the county where the
17 University's principal campus is located, or any city or town located in
18 the county where the University's principal campus is located.
19 (4) Regional facility. – A facility consisting of an arena and other
20 buildings or areas where sports, fitness, health, recreational,
21 entertainment, or cultural activities can be conducted. The facility
22 may be composed of buildings grouped into complexes or separated

1 from each other and may include ancillary support facilities, such as
2 those for administration, sports science, sports medicine, training,
3 museums, meeting rooms and conference centers, accommodations,
4 and food services. The facility must be designed to attract to the State
5 as many major regional, national, and international tournaments,
6 events, championships training centers, training camps, and
7 headquarters for the governance of various sports, associations, and
8 events as possible.

9 **"§ 160A-480.3. Creation of Authority; additional membership.**

10 (a) Creation. – North Carolina State University, the county where the principal
11 campus of the University is located, and any one or more of the cities and towns located
12 in that county may create an Authority by adopting substantially identical resolutions to
13 that effect. The resolution must be adopted by the Board of Governors of The
14 University of North Carolina and by the governing body of each of the local
15 governmental units. The purpose of the Authority is to study, design, plan, construct,
16 own, and operate a regional facility.

17 (b) Charter. – The resolutions creating the Authority and any amendments to
18 them are the Authority's charter. The charter of the Authority shall include the name of
19 the Authority, the identity of its member units, the number of members, and a method
20 for amending the charter. The charter may also do any one or more of the following:

21 (1) Limit the powers, duties, and functions that the Authority may exercise
22 and perform.

23 (2) Set out the method of determining any financial support that will be
24 given to the Authority by each member unit of local government and
25 North Carolina State University.

26 (3) Prescribe the compensation and allowances, if any, to be paid to the
27 members of the Authority.

28 (4) Contain rules for the conduct of Authority business and any other
29 matter pertaining to the organization, powers, and functioning of the
30 Authority that the member units of local government and North
31 Carolina State University consider appropriate.

32 (c) Members. – The initial number of members shall be based upon the initial
33 financial contribution of each member unit to the Authority. The amount of the initial
34 financial contribution shall be stated in the adopted resolutions creating the Authority.
35 The members appointed by the Board of Governors of The University of North Carolina
36 shall be from nominees submitted by the North Carolina State University Board of
37 Trustees. Members shall be citizens of North Carolina and should, as near as possible,
38 represent the geographic areas of the State.

39 (d) Meetings. – The Authority shall meet at a time and place agreed upon by its
40 member units. At its first meeting, the members shall elect a chairperson and any other
41 officers that the charter may specify or the members may deem advisable. The
42 Authority shall then adopt bylaws for the conduct of its business.

43 (e) Fiscal Accountability. – The Authority is a public authority subject to the
44 provisions of Article 3 of Chapter 159 of the General Statutes.

1 **"§ 160A-480.4. Powers of the Authority.**

2 The Authority shall have all of the powers necessary or convenient to carry out and
3 effectuate the purposes and provisions of this Part. These powers may include any one
4 or more of the following:

- 5 (1) To apply for, accept, receive, and dispense funds and grants made
6 available to it by the State or any of its agencies or political
7 subdivisions, the United States, any member unit, or any private entity.
8 (2) To study, design, plan, construct, own, and operate a regional facility.
9 (3) To employ personnel.
10 (4) To contract with any public or private entity.
11 (5) To adopt bylaws for the regulation of its affairs and the conduct of its
12 business, and to adopt rules in connection with the performance of its
13 functions and duties.
14 (6) To adopt an official seal.
15 (7) To acquire and maintain an administrative building or office.
16 (8) To sue and be sued in its own name, and to plead and be impleaded.
17 (9) To receive, administer, and comply with the conditions and
18 requirements respecting any gift, grant, or donation of any property or
19 money.
20 (10) To acquire by purchase, lease, gift, or otherwise, or to obtain options
21 for the acquisition of, any property, real or personal, improved or
22 unimproved, including an interest in land less than the fee thereof.
23 (11) To sell, lease, exchange, transfer, or otherwise dispose of, or to grant
24 options for any of these purposes with respect to, any real or personal
25 property or interest therein.
26 (12) Subject to the provisions of this Part, to pledge, assign, mortgage, or
27 otherwise grant a security interest in any real or personal property or
28 interest therein, including the right and power to pledge, assign, or
29 otherwise grant a security interest in any money, rents, charges, or
30 other revenues and any proceeds derived by the Authority from any
31 and all sources.
32 (13) Subject to the provisions of this Part, to borrow money to finance part
33 or all of a regional facility, to issue revenue bonds or notes, to refund
34 any revenue bonds or notes issued by the Authority, or to provide
35 funds for other corporate purposes of the Authority.
36 (14) To use officers, employees, agents, and facilities of any member unit
37 for the purposes and upon the terms that are mutually agreeable to the
38 member units.
39 (15) To develop and make data, plans, information, surveys, and studies of
40 public facilities within the area where the principal campus of North
41 Carolina State University is located, and to prepare and make
42 recommendations in regard thereto.
43 (16) To set and collect fees and charges for the use of the regional facility.

1 (17) To employ consultants and employees as may be required in the
2 judgment of the Authority, to fix and pay their compensation from
3 funds available to the Authority, and to pay for services rendered by
4 underwriters, financial consultants, or bond attorneys in connection
5 with the issuance of revenue bonds or notes of the Authority out of the
6 proceeds of the bonds or notes. In employing consultants,
7 underwriters, attorneys, and others, the Authority shall promote
8 participation by minority businesses.

9 **"§ 160A-480.5. Withdrawal from Authority.**

10 A member unit may withdraw from the Authority at the end of any fiscal year by
11 giving at least 60 days' written notice to each of the other member units. A withdrawal
12 does not affect the validity of any revenue bonds or notes, and any revenue that was
13 pledged in payment of bonds or notes under a special obligation agreement pursuant to
14 G.S. 160A-480.10(b) remains pledged for that purpose until the bonds or notes
15 and interest on the bonds or notes have been paid. Withdrawal of a member unit does
16 not dissolve the Authority if at least one member unit remains.

17 **"§ 160A-480.6. Dissolution of Authority.**

18 The governing body of the Authority shall dissolve the Authority when it determines
19 that the purposes for which the Authority was created have been substantially fulfilled
20 and that all bonds or notes issued by the Authority and all other obligations incurred by
21 the Authority have been fully paid or satisfied. On the effective date of the resolution
22 dissolving the Authority, the title to all funds and other property owned by the Authority
23 at the time of dissolution shall vest in the Board of Governors of The University of
24 North Carolina or in the member units of local government in the manner specified by
25 the charter.

26 **"§ 160A-480.7. Construction contracts.**

27 Article 8 of Chapter 143 of the General Statutes applies to a construction contract of
28 the Authority. The Authority may solicit bids on the basis of separate specifications for
29 the branches or work described in G.S. 143-128(a) and on a single-prime contract
30 basis and accept the lowest bid.

31 **"§ 160A-480.8. Seating at regional facility arena.**

32 The Authority shall ensure that at least fifty percent (50%) of the seats for an athletic
33 event that is sponsored by North Carolina State University and is held at the arena of the
34 regional facility are made available to students at North Carolina State University and
35 members of the general public.

36 **"§ 160A-480.9. Bonds.**

37 (a) Terms. – The Authority may provide for the issuance, at one time or from
38 time to time, of bonds or notes to carry out its corporate purposes. The principal of, the
39 interest on, and any premium payable upon the redemption of the bonds or notes shall
40 be payable from the proceeds of bonds or renewal notes, or, in the event bond or
41 renewal note proceeds are not available, from any available revenues or other funds
42 provided for this purpose. The bonds or notes of each issue shall be dated and may be
43 made redeemable prior to maturity at the option of the Authority or otherwise, at one or
44 more prices, on one or more dates, and upon the terms and conditions set by the

1 Authority. The bonds or notes may also be made payable from time to time on demand
2 or tender for purchase by the owner upon terms and conditions set by the Authority.
3 Notes and bonds shall mature at times determined by the Authority, not exceeding 40
4 years from the date of issue. The Authority shall determine the form and the manner of
5 execution of the bonds or notes, and shall fix the denomination of the bonds or notes
6 and the place of payment of principal and interest. In case an officer whose signature or
7 a facsimile of whose signature shall appear on any bonds or notes shall cease to be an
8 officer before the delivery of the bond or note, the signature or facsimile shall
9 nevertheless be valid and sufficient for all purposes the same as if the officer had
10 remained in office until delivery. The Authority may also provide for the authentication
11 of the bonds or notes by a trustee or fiscal agent.

12 Bonds or notes may be issued under this Part without obtaining, except as otherwise
13 expressly provided in this Part, the consent of any department, division, commission,
14 board, body, bureau, or other agency of the State or a political subdivision of the State,
15 and without any other proceedings or conditions except as specifically required by this
16 Part or the provisions of the resolution authorizing the issuance of, or any trust
17 agreement securing, the bonds or notes.

18 Prior to the reparation of definitive bonds, the Authority may issue interim receipts
19 or temporary bonds exchangeable for definitive bonds when the bonds have been
20 executed and are available for delivery. The Authority may also provide for the
21 replacement of any bonds or notes which have been mutilated, destroyed, or lost.

22 (b) Use of Proceeds. – The proceeds of a bond or note shall be used solely for the
23 purposes for which the bond or note was issued and shall be disbursed in accordance
24 with the resolution authorizing the issuance of a bond or note and with any trust
25 agreement securing the bond or note. If the proceeds of a bond or note of any issue, by
26 reason of increased construction costs or error in estimates or otherwise, shall be less
27 than the cost, additional bonds or notes may in like manner be issued to provide the
28 amount of the deficiency.

29 (c) Security. – Bonds or notes issued by the Authority may be secured in one or
30 more of the following ways:

31 (1) By the revenues of the regional facility.

32 (2) By debt service subsidy payments.

33 (3) By security interests in real or personal property acquired with the
34 proceeds of the bonds or notes or improved with the proceeds of the
35 bonds or notes.

36 The security for the bonds or notes shall be specified in the resolution or trust
37 instrument authorizing the bonds or notes.

38 (d) Revenues. – The Authority may pledge to the payment of its revenue bonds
39 or notes the revenues from the regional facility, including revenues from improvements,
40 betterments, or extensions to the facility. The Authority may establish, maintain, revise,
41 charge, and collect such rates, fees, rentals, or other charges for the use, services, and
42 facilities of or furnished by a regional facility, and provide methods of collection of and
43 penalties for nonpayment of these rates, fees, rentals, or other charges. Except as
44 otherwise permitted, the rates, fees, rentals, and charges fixed and charged shall be in an

1 amount that will produce sufficient revenues, with any other available funds, to meet the
2 maintenance and operation expenses of the regional facility, as well as any
3 improvements and renewals and replacements to the facility, including reserves to pay
4 the principal, interest, and redemption premium due, if any, on any bonds or notes
5 secured by the facility, and to fulfill the terms of any agreements made by the Authority
6 with the holders of bonds or notes secured by revenues of the facility. In the event that
7 bonds or notes are to be secured by the revenues of the regional facility or by debt
8 service subsidy payments, the Authority may adjust the rates, fees, and charges to be
9 collected to reflect the anticipated receipt of funds from debt service subsidy payments.

10 (e) Debt Service Subsidy Payments. – Bonds or notes may be secured by and
11 payable from debt service subsidy payments to be received by the Authority from its
12 member units as provided by G.S. 160A-480.10; provided, however, that the
13 agreements and undertakings by the member units to pay such payments shall not
14 obligate the unit of local government to exercise any power of taxation by the local unit,
15 all as more fully provided in G.S. 160A-480.10. The Authority may accept debt service
16 subsidy payments from its member units and enter into memoranda of understanding or
17 similar documents relating to the debt service subsidy payments. The Authority may
18 agree to apply to the payment of its bonds or notes all amounts so received.

19 (f) Security Interests. – Bonds or notes may be secured by security interests in
20 any real or personal property either acquired with the proceeds of bonds or notes, or
21 upon which improvements are provided from the proceeds of bonds or notes. The
22 security interest may cover all real and personal property acquired or improved or any
23 portion of the property. The Authority is authorized to enter into deeds of trust,
24 mortgages, security agreements, and similar instruments as shall be necessary to carry
25 out the powers in this subsection. Bonds or notes may also be secured by security
26 interests in any real or personal property conveyed to the Authority by any of its
27 member units or any other person.

28 In the event the Authority fails to perform its obligations with respect to the bonds or
29 notes and foreclosure or similar sale of property subject to a security interest occurs, a
30 deficiency judgment may not be rendered against the Authority except to the extent that
31 the deficiency is payable from either revenues from the regional facility or debt service
32 subsidy payments.

33 (g) Issuance. – The issuance of bonds or notes of the Authority is subject to the
34 approval of the Local Government Commission. Upon the filing with the Local
35 Government Commission of a resolution of the Authority requesting that its bonds or
36 notes be sold, the Commission shall determine the manner in which the bonds or notes
37 will be sold and the price or prices at which the bonds or notes will be sold. With the
38 approval of the Authority, the Local Government Commission shall sell the bonds or
39 notes either at public or private sale in the manner and at the prices determined to be in
40 the best interests of the Authority and to effect the purposes of this Part.

41 **"§ 160A-480.10. Debt service subsidy payments; special obligation agreements.**

42 (a) Debt Service Subsidy Payments. – In addition to the other powers of a unit of
43 local government, any unit of local government that is a member unit of the Authority
44 may by resolution undertake commitments to contribute debt service subsidy payments

1 to the Authority to be applied to pay principal and interest on bonds or notes of the
2 Authority issued under the provisions of this Part. This commitment may be for a
3 specified amount, cover payments to be made during a specified time period, be limited
4 to funds derived from a specified source, provide for the amount of the contributions to
5 be based upon a formula, or contain such other terms and conditions as the governing
6 body of the unit of local government shall determine and set forth in the resolution
7 expressing the undertaking. The resolution shall state that the payment by the unit of
8 local government of a debt service subsidy payment is subject to the appropriation by
9 the governing body of the unit of local government of amounts sufficient to pay such
10 payment, and that the unit of local government is not obligated to appropriate this
11 amount.

12 (b) Special Obligation Agreements. – In addition to the powers of a unit of local
13 government set forth in subsection (a) of this section, a unit of local government that is
14 a member unit of the Authority may enter into a special obligation agreement to pay
15 debt service subsidy payments to the Authority to be applied to pay principal and
16 interest on bonds or notes of the Authority issued under the provisions of this Part.
17 Such payments may be derived from any available source or sources of revenues of the
18 unit, provided that the agreement to use these sources to make payments does not
19 constitute a pledge of the unit's taxing power. To the extent that the generation of the
20 revenues is within the power of the unit, the unit of local government may enter into
21 covenants to take action to generate the revenues, provided the covenant to generate
22 revenues does not constitute a pledge of the unit's taxing power.

23 The obligation of a unit of local government with respect to the sources of payment
24 shall be specifically identified in the proceedings of the governing body authorizing the
25 unit to enter the special obligation agreement. The sources of payment so specifically
26 identified and then held or thereafter received by a unit or any fiduciary of the unit shall
27 immediately be subject to the lien of the Authority's bond resolution or trust instrument
28 without any physical delivery or other act. The lien shall be valid and binding against
29 all parties who have claims of any kind against the unit, regardless of whether the
30 parties have notice of the lien.

31 **"§ 160A-480.11. Trust agreement or resolution.**

32 In the discretion of the Authority, any bonds or notes issued under this Part may be
33 secured by a trust instrument between the Authority and a bank or trust company or
34 individual within the State, or a bank or a trust company without the State, as trustee.
35 The trust instrument or the resolution of the Authority authorizing the issuance of bonds
36 or notes may pledge and assign all or any part of the revenues, funds, and other property
37 provided for the security of the bonds, including proceeds from the sale of any project,
38 or part thereof, insurance proceeds, and condemnation awards, and may convey or
39 mortgage property to secure a bond issue as herein provided.

40 The revenues and other funds derived from the project, except such part thereof as
41 may be necessary to provide reserves therefor, if any, shall be set aside at such regular
42 intervals as may be provided in such resolution or trust instrument in a sinking fund
43 which may be thereby pledged to, and charged with, the payment of the principal of and
44 the interest on such bonds or notes as the same shall become due and the redemption

1 price or the purchase price of bonds retired by call or purchase as therein provided.
2 Such pledge shall be valid and binding from the time when the pledge is made. The
3 revenues so pledged and thereafter received by the Authority shall immediately be
4 subject to the lien of such pledge without any physical delivery thereof or further act,
5 and the lien of any such pledge shall be valid and binding as against all parties having
6 claims of any kind in tort, contract, or otherwise against the Authority, irrespective of
7 whether such parties have notice thereof. The use and disposition of money to the credit
8 of such sinking fund shall be subject to the provisions of the resolution or trust
9 instrument. Such resolution or trust instrument may contain such provisions for
10 protecting and enforcing the rights and remedies of the bondholders as may be
11 reasonable and proper and not in violation of law, including, without limitation, any one
12 or more of the following:

- 13 (1) Acceleration of all amounts payable under the resolution or trust
14 instrument;
- 15 (2) Appointment of a receiver to manage the project and any other
16 property mortgaged or assigned as security for the bonds;
- 17 (3) Foreclosure and sale of the project and any other property mortgaged
18 or assigned as security for the bonds; and
- 19 (4) Rights to bring and maintain such other actions at law or in equity as
20 may appear necessary or desirable to collect the amounts payable
21 under, or to enforce the covenants made in, the security document.

22 It shall be lawful for any bank or trust company incorporated under the laws of this
23 State which may act as depository of the proceeds of bonds, revenues, or other funds
24 provided under this Part to furnish such indemnifying bonds or to pledge such securities
25 as may be required by the Authority. All expenses incurred in carrying out the
26 provisions of such resolution or trust instrument may be treated as a part of the cost of
27 the project in connection with which bonds or notes are issued or as an expense of
28 administration of such project.

29 The Authority may subordinate bonds or notes to any prior, contemporaneous, or
30 future securities or obligations or lien, mortgage, or other security interest securing
31 bonds or notes.

32 **"§ 160A-480.12. Trust funds.**

33 Notwithstanding any of the provisions of law to the contrary, all money received
34 pursuant to the Authority of this Part, whether as proceeds from the sale of bonds or
35 notes or as revenues, shall be deemed to be trust funds to be held and applied solely as
36 provided in this Part. The resolution authorizing the issuance of, or the trust agreement
37 securing, any bonds or notes may provide that any of such moneys may be temporarily
38 invested and reinvested pending the disbursement thereof and shall provide that any
39 officer with whom, or any bank or trust company with which, such moneys shall be
40 deposited shall act as trustee of such moneys and shall hold and apply the same for the
41 purpose hereof, subject to such regulations as this Part and such resolution or trust
42 agreement may provide. Any such moneys may be invested as provided in G.S. 159-30,
43 as it may be amended from time to time.

1 **"§ 160A-480.13. Faith and credit of State and units of local government not**
2 **pledged.**

3 Bonds or notes issued under this Part shall not constitute a debt secured by a pledge
4 of the faith and credit of the State or a political subdivision of the State and shall be
5 payable solely from the revenues, property, and other funds pledged for their payment.
6 The bonds or notes issued by the Authority shall contain a statement that the Authority
7 is obligated to pay the bond or note or the interest on the bond or note only from the
8 revenues, property, or other funds pledged for their payment and that neither the faith
9 and credit nor the taxing power of the State or any political subdivision of the State is
10 pledged as security for the payment of the principal of or the interest or premium on the
11 bonds or notes.

12 **"§ 160A-480.14. Revenue refunding bonds.**

13 The Authority may issue refunding bonds or notes for one or more of the following
14 purposes:

- 15 (1) Refunding any outstanding bonds or notes issued under this Part,
16 including any redemption premium on the bonds or notes and any
17 interest accrued or to accrue to the date of redemption.
- 18 (2) Constructing improvements, additions, extensions or enlargements of
19 the project, or projects in connection with which the bonds or notes to
20 be refunded shall have been issued.
- 21 (3) Paying all or any part of the cost of any additional project or projects.

22 Refunding bonds or notes shall be issued in accordance with the same procedures
23 and requirements as bonds or notes. Refunding bonds issued under this section may be
24 sold or exchanged for outstanding bonds or notes issued under this Part and, if sold, the
25 proceeds of the refunding bonds may be applied, in addition to any authorized purposes,
26 to the purchase, redemption, or payment of outstanding bonds or notes.

27 Pending the application of the proceeds of refunding bonds, with any other available
28 funds, to the payment of the principal of and accrued interest and any redemption
29 premium on the bonds or notes being refunded, and, if so provided or permitted in
30 securing the same, to the payment of any interest on such refunding bonds and any
31 expenses in connection with such refunding, such proceeds may be invested in direct
32 obligations of, or obligations the principal of and the interest on which are
33 unconditionally guaranteed by, the United States of America which shall mature or
34 which shall be subject to redemption by the holder thereof, at the option of such holder,
35 not later than the respective dates when the proceeds, together with the interest accruing
36 thereon, will be required for the purposes intended.

37 **"§ 160A-480.15. Bonds eligible for investment.**

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

1 may properly and legally be deposited with and received by any officer or agency of the
2 State or political subdivision of the State for any purpose for which the deposit of
3 bonds, notes, or obligations of the State or any political subdivision is authorized by
4 law. This section does not apply to any State pension or retirement fund or a pension or
5 retirement fund of a political subdivision of the State.

6 **"§ 160A-480.16. Taxation of revenue bonds.**

7 Any bonds or notes issued by an Authority under the provisions of this Part are
8 exempt from State income taxes to the same extent that federal bonds or notes are
9 exempt from State income taxes.

10 **"§ 160A-480.17. Members and officers not liable.**

11 No member or officer of the Authority shall be subject to any personal liability or
12 accountability by reason of the execution of any bonds or notes or the issuance of any
13 bonds or notes."

14 Sec. 2. The provisions of this act are severable. If any provision of this act is
15 declared invalid by a court, the invalidity does not affect other provisions or
16 applications of this act that can be given effect without the invalid provision or
17 application.

18 Sec. 3. This act is effective upon ratification.