

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**HOUSE BILL 1775**

Short Title: Modify UNC Special Obligation Bonds.

(Public)

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Sponsors: Representative McComas.

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Referred to: Rules, Calendar, and Operations of the House.

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May 31, 2004

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE BOARD OF GOVERNORS OF THE UNIVERSITY  
2 OF NORTH CAROLINA TO ISSUE SPECIAL OBLIGATION BONDS FOR  
3 CERTAIN EQUIPMENT PROJECTS WITHOUT PRIOR APPROVAL OF THE  
4 GENERAL ASSEMBLY OR THE BOARD OF TRUSTEES OF THE  
5 INSTITUTION WHERE THE PROJECT IS LOCATED.  
6

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 116D-26(b) reads as rewritten:

9 "(b) Approval Required. – Prior approval by a board of trustees or by the General  
10 Assembly is not required for the issuance of special obligation bonds, the proceeds of  
11 which are to be used solely for acquiring equipment and the aggregate amount of which  
12 does not exceed five percent (5%) of the annual operating revenues of the institution for  
13 whose benefit the special obligation bonds are to be issued, as shown in its most recent  
14 audited financial statements. The Board of Governors shall not issue any other special  
15 obligation bonds for a project at an institution unless the board of trustees of that  
16 institution has approved the issuance of bonds for that project. The Board of Governors  
17 shall not issue special obligation bonds under this Article until (i) the board of trustees  
18 of each institution for whose benefit the bonds are to be issued have approved the  
19 issuance of the bonds, and (ii) the effective date of legislation enacted by the General  
20 Assembly authorizing the undertaking of the special obligation bond project to be  
21 financed and fixing the maximum aggregate principal amount of special obligation  
22 bonds that shall be issued for that purpose. In submitting proposed special obligation  
23 bond projects to the General Assembly for approval, the Board of Governors shall  
24 submit information on the need for each project, project costs, estimates of increased  
25 operating costs upon completion, estimated debt service requirements, and the sources  
26 and amounts of obligated resources to be pledged for the repayment of the bonds. If the  
27 obligated resources to repay the bonds or to operate the proposed project potentially  
28 involve increased costs to students or to the General Fund, these costs shall be identified  
29 in the Board of Governors' submission.

1        Except as provided in this Article, special obligation bond projects may be  
2 undertaken, special obligation bonds may be issued, and other powers vested in the  
3 Board of Governors under this Article may be exercised by the Board without obtaining  
4 the consent of any department, division, commission, board, bureau, or agency of the  
5 State and without any other proceedings or the happening of any other conditions or  
6 things other than those proceedings, conditions, or things which are specifically  
7 required by this Article."

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