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HOUSE BILL NO. 106**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Finance
on March 3, 2004)

(Patron Prior to Substitute—Delegate Sherwood)

A BILL to amend the Code of Virginia by adding in Chapter 22 of Title 2.2 an article numbered 6.1, consisting of sections numbered 2.2-2278.1 and 2.2-2278.2, relating to the financing of projects by the Virginia Public Building Authority.

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding in Chapter 22 of Title 2.2 an article numbered 6.1, consisting of sections numbered 2.2-2278.1 and 2.2-2278.2, as follows:***Article 6.1.**Capital Repairs And Improvements Revolving Fund Program.**§ 2.2-2278.1. Authority to make loans for major physical plant deficiencies.*

In addition to all powers and responsibilities of the Virginia Public Building Authority pursuant to Article 6 (§ 2.2-2260 et seq.) of this chapter, the Authority shall administer the Capital Repairs and Improvements Revolving Fund established under § 2.2-2278.2 and shall make loans from moneys available in the Fund solely to provide financing for major physical plant deficiencies including but not limited to (i) roof repair and replacement; (ii) heating and cooling system repair and replacement; (iii) major electrical system repair and replacement; and (iv) such other major physical plant deficiencies as approved by the Director of the Department of Planning and Budget. In no case shall any loan be made from the Fund to finance new construction or to materially expand any existing capital asset.

The Authority shall make loans only for the financing of major physical plant deficiencies of facilities of state agencies or facilities supporting educational and general programs at state institutions of higher education. The Authority shall not make any loan for financing of any major physical plant deficiency project where the estimated useful life of the project is less than 15 years.

The Authority shall adopt policies and guidelines relating to the making of loans from moneys in the Fund for purposes of the following:

- 1. Defining projects that may qualify for a loan from the Fund;*
- 2. Establishing criteria for qualification of a loan from the Fund;*
- 3. Establishing procedures for the making of loans from moneys in the Fund and the repayment to the Fund of such loans; and*
- 4. Establishing policies for setting the terms of repayment of any loan made from the Fund.*

Such policies and guidelines shall take into consideration recommendations from the Capital Repairs and Improvements Revolving Fund Committee, which Committee shall be composed of the Secretary of Finance, State Treasurer, Director of the Department of General Services, the Auditor of Public Accounts, a staff representative of the State Council of Higher Education, a representative of the State Council of Higher Education's Finance Advisory Committee, and the Director of the Joint Audit and Legislative Review Commission. The Capital Repairs and Improvements Revolving Fund Committee shall meet at such times as its members deem appropriate. All agencies of the Commonwealth shall provide assistance to the Capital Repairs and Improvements Revolving Fund Committee, upon request.

As part of his normal oversight responsibilities, the Auditor of Public Accounts shall incorporate into his audit procedures and processes a review process to ensure that (i) no loans from the Fund were used to finance new construction or materially expand any existing capital asset, and (ii) all major physical plant deficiency projects were in compliance with policies and guidelines adopted by the Authority for the making of loans from moneys in the Fund and the repayment to the Fund of such loans.

*§ 2.2-2278.2. Capital Repairs and Improvements Revolving Fund created.**As used in this section, the term or phrase:*

"Tax-supported debt" means all tax-supported debt, as determined by the Debt Capacity Advisory Committee established under § 2.2-2712, issued or entered into on or after July 1, 2004.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Capital Repairs and Improvements Revolving Fund (the "Fund"). The Fund shall be established on the books of the Comptroller. The Fund shall consist of moneys appropriated to it by the General Assembly, including pursuant to subsection B, and such other sums as may be made available to it from any source, public or private, all of which shall be credited to the Fund. The Fund shall also consist of moneys paid for the payment of principal and interest on any loans made from the Fund for the financing of major physical plant deficiencies pursuant to § 2.2-2278.1. Any moneys remaining in the Fund, including interest earned on moneys in the Fund, at the end of each fiscal year shall not revert to

60 the general fund but shall remain in the Fund.

61 B. Except as provided herein, no later than the last the day of each fiscal year the Comptroller shall
 62 deposit into the Fund an amount equivalent to (i) two percent of all tax-supported debt issued or
 63 entered into in the fiscal year plus (ii) beginning with the Commonwealth's fiscal year starting on July
 64 1, 2005, at the time of deposit, two percent of all the then outstanding tax-supported debt issued or
 65 entered into on or after July 1, 2004, but not including any amounts under (i). In no event, however,
 66 shall the Comptroller deposit more than \$30 million into the Fund in any fiscal year. In addition, the
 67 Comptroller shall not make any deposit into the Fund in any fiscal year in which an amount is
 68 transferred from the Revenue Stabilization Fund established under § 2.2-1828 to offset, in part,
 69 anticipated shortfalls in revenues. For the purposes of the Comptroller making such deposits to the
 70 Fund, in each fiscal year the State Treasurer shall make all necessary written certifications to the
 71 Comptroller indicating the amount required to be deposited into the Fund for such fiscal year. Such
 72 certifications shall be provided to the Comptroller in a timely manner in order for the Comptroller to
 73 comply with the provisions of this section.

74 Such deposits to the Fund shall be made from general funds of the Commonwealth, provided that in
 75 no way shall any funds derived, either directly or indirectly, from the proceeds of any tax-supported
 76 debt be deposited into the Fund.

77 The Fund shall receive any other appropriations made directly to it by the General Assembly.

78 C. By November 1 of each year, the Auditor of Public Accounts shall determine the balance of the
 79 Fund. If the balance of the Fund, including the balance of all outstanding loans made from the Fund, as
 80 computed by the Auditor exceeds 2.25 percent of the value of the Commonwealth's capital assets
 81 excluding land and infrastructure before accumulated depreciation and the total capital assets of
 82 state-supported institutions of higher education excluding land and assets not funded by any
 83 tax-supported debt before accumulated depreciation, as reported by the Comptroller in his annual
 84 Comprehensive Annual Financial Report, the Governor shall include in the Budget Bill described in
 85 subsection A of § 2.2-1509 or in amendments to the general appropriation act as described in
 86 subsection E of such section, required to be submitted by the twentieth of the immediately following
 87 month, a proposed appropriation or appropriations to reduce the balance of the Fund to the level where
 88 it equals such 2.25 percent.

89 D. For all tax-supported debt issued by the Virginia Public Building Authority on or after July 1,
 90 2004, the Authority may at any time and from time to time pledge the assets of the Fund as security for
 91 the payment of the principal of and premium, if any, and interest on any or all of such tax-supported
 92 debt.

93 In addition, the Authority shall include as part of any covenants for any bonds it issues on or after
 94 July 1, 2004, that all moneys credited to the Fund shall be used exclusively as provided in § 2.2-2278.1.
 95 2. § 1. That pursuant to § 2.2-2264 of the Code of Virginia, the General Assembly hereby authorizes the
 96 Virginia Public Building Authority to undertake the development, acquisition, construction, improvement,
 97 and furnishing of the following projects including, without limitation, constructing, improving,
 98 furnishing, maintaining, acquiring, and renovating buildings, facilities, improvements and land therefore;
 99 and to exercise any and all powers granted to it by law in connection therewith, including the power to
 100 finance all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount
 101 not to exceed \$378,302,000 plus amounts needed to fund issuance costs, reserve funds, original issue
 102 discount, interest prior to and during acquisition, construction or renovation and for up to one year
 103 after completion thereof, and other financing expenses.

104	Agency	Project	Amount
105			
106	Department of State	Statewide Agencies Radio	
107			
108	Police	System (STARS)	\$159,300,000
109			
110	Department of Emergency	Equip Emergency Operations	
111			
112	Management	Center	\$1,713,000
113			
114	Department of Juvenile	Repair Fire Safety Systems	
115			
116	Justice	at Various Juvenile	
117			
118		Correctional Centers	\$900,000
119			

120	Department of Juvenile	Repair Life Safety Systems	
121			
122	Justice	at Various Juvenile	
123			
124		Correctional Centers	\$2,000,000
125			
126	Department of Corrections,	Replace St. Brides,	
127			
128	Central Activities	Phase II	\$32,475,000
129			
130	Department of Corrections,	Powhatan Electrical System	
131			
132	Central Activities	Upgrade	\$750,000
133			
134	Department of Corrections,	Coffeewood Water Treatment	
135			
136	Central Activities	Plant Upgrade	\$2,209,000
137			
138	Department of Corrections,	Roof Repairs System Wide	
139			
140	Central Activities		\$3,000,000
141			
142	Department of Corrections,	Construct New Bridge and	
143			
144	Central Activities	and Entrance Road at	
145			
146		Bland	\$1,962,000
147			
148	Department of Corrections,	Upgrade Haynesville	
149			
150	Central Activities	Wastewater Treatment	
151			
152		Plant	\$1,987,000
153			
154	Department of Corrections,	Construct Medium Security	
155			
156	Central Activities	Correctional Facility #1	
157			
158		in Tazewell County	\$68,645,000
159			
160	Department of Corrections,	Construct Medium Security	
161			
162	Central Activities	Correctional Facility #2	
163			
164		in Pittsylvania County	\$73,553,000
165			
166	Department of Corrections,	Expand Deerfield	
167			
168	Central Activities	Correctional Center	\$21,908,000
169			
170	Department of Corrections,	Construct New Dairy and	
171			
172	Central Activities	Dairy Processing Center	\$7,900,000
173			
174	TOTAL		\$378,302,000
175			

176 *The Statewide Agencies Radio System (STARS) project may consist of, but is not limited to, land, mobile*
177 *telecommunications equipment and towers, software, radio frequency rights and licenses,*
178 *communications control buildings and facilities, related infrastructure, and other project costs necessary,*
179 *incidental or convenient to undertake, develop, acquire and construct the integrated statewide shared*
180 *land-mobile radio communications system for the Commonwealth and its localities and governmental*
181 *units. The authorization provided in this section shall constitute the first phase of the STARS project.*
182 *§ 2. The Virginia Public Building Authority is also authorized to exercise any and all powers granted*
183 *to it by law in connection therewith pursuant to Article 6 (§ 2.2-2260 et seq.) of Chapter 22 of Title 2.2,*
184 *including the power to finance the cost of the projects set forth in § 1 by the issuance of revenue bonds*
185 *not to exceed the principal amount set forth in such section plus amounts needed to fund issuance*
186 *costs, reserve funds, original issue discount, interest prior to or during improvement and for up to one*
187 *year after completion, and other financing expenses.*