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**SENATE BILL NO. 581**

Offered January 9, 2008

Prefiled January 9, 2008

A Bill authorizing the issuance of Commonwealth of Virginia General Obligation Bonds in an amount not exceeding \$1,525,492,000 for the purpose of financing the costs of capital projects for educational facilities; authorizing the Treasury Board, by and with the consent of the Governor, to fix the details of the bonds and to provide for the sale of the bonds; authorizing the Treasury Board, by and with the consent of the Governor, to borrow money in anticipation of the issuance of the bonds; authorizing the issuance of refunding bonds, by and with the consent of the Governor; providing for the pledge of the full faith and credit of the Commonwealth for the payment of such obligations; providing that the interest income on such obligations shall be exempt from all taxation by the Commonwealth and any political subdivision thereof; and providing that the Commonwealth of Virginia Educational Facilities Bond Act of 2008 shall not become effective and that no bonds shall be issued hereunder unless the Commonwealth of Virginia Educational Facilities Bond Act of 2008 shall be approved by a majority of the qualified voters of the Commonwealth voting thereon at an election, as required by Article X, Section 9(b) of the Constitution of Virginia.

Patron—Colgan

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. § 1. Title.**

This Act shall be known and may be cited as the "Commonwealth of Virginia Educational Facilities Bond Act of 2008."

§ 2. Authorization of Bonds and BANs. The provisions of this Act shall be subject to a favorable vote of a majority of the qualified voters voting on this Act at the November 4, 2008 general election as hereinafter provided. Thereafter, the Treasury Board is hereby authorized, by and with the consent of the Governor, to sell and issue, at one time or from time to time, bonds of the Commonwealth, to be designated "Commonwealth of Virginia General Obligation Bonds, Series...." in an aggregate principal amount not exceeding \$1,525,492,000. The Treasury Board is further authorized, by and with the consent of the Governor, to borrow money in anticipation of the issuance of the bonds by the issuance of bond anticipation notes ("BANs"), including BANs issued as commercial paper.

§ 3. Purpose; Projects. The proceeds of the bonds and BANs, excluding amounts needed to pay issuance costs and other financing expenses, shall be used as provided in § 4 hereof for capital projects for educational facilities as follows:

Educational Facility	Project Description	Amount
College of William and Mary	Construct/Replace Cooling Plant & Utility Improvements Phase II	\$11,745,000
College of William and Mary	Construct Integrated Science Center, Phase III	35,000,000
University of Virginia	Construct Information Technology Engineering Building	37,921,000
University of Virginia	Renovate New Cabell Hall	77,600,000
Virginia Tech	Construct Medical School and Research Institute	59,000,000
Virginia Tech	Renovate Davidson Hall	30,124,000
Virginia Tech	Construct Sciences Building Laboratory I	28,758,000
Virginia Tech Extension	Construct Human and Agricultural Biosciences Building I	28,293,000
Virginia Military Institute	Improve Military and Leadership Field Training Grounds Phase I	15,119,000

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57	Virginia Military Institute	Renovate Science Building	16,330,000
58	Virginia Military Institute	Renovate Post Hospital	4,137,000
59	Virginia State University	Renovate/Expand Hunter	
60		McDaniel Hall	22,345,000
61	Virginia State University	Construct Multipurpose	
62		Center	50,625,000
63	Norfolk State University	Construct New Nursing and	
64		General Classroom Building	34,069,000
65	Longwood University	Renovate and Expand Bedford	
66		Hall	29,499,000
67	Longwood University	Construct University Techno-	
68		logy Center	19,871,000
69	Longwood University	Renovation of Heating Plant	
70		Facility	7,067,000
71	University of Mary	Construct Dahlgreen Campus	
72	Washington		23,000,000
73	University of Mary	Construct Jepson Science	
74	Washington	Center Addition	7,053,000
75	James Madison University	Construct Biotechnology/	
76		Centennial Hall	44,809,000
77	James Madison University	Renovate/Expand Duke Hall	43,472,000
78	Radford University	Construct New Computational	
79		Sciences Building	36,235,000
80	Old Dominion University	Construct New Student	
81		Success Facilities	11,131,000
82	Old Dominion University	Establish a Consolidated	
83		Arts Complex	19,151,000
84	Old Dominion University	Construct a Systems Research	
85		and Academic Building	18,147,000
86	Old Dominion University	Renovate and Construct Child	
87		Development Centers	9,789,000
88	Old Dominion University	Renovate the Education	
89		Building	9,984,000
90	Old Dominion University	Renovate Spong and Rollins	
91		Hall	19,076,000
92	Virginia Commonwealth	Construct New School of	
93	University	Medicine, Phase I	59,000,000
94	Virginia Commonwealth	Construct General Classroom	
95	University	Building	41,042,000
96	Virginia Commonwealth	Renovate Massey Cancer	
97	University	Laboratory Support	5,913,000
98	Richard Bland College	Construct Science and Tech-	
99		nology Center	19,000,000
100	Christopher Newport	Construct Integrated Science	
101	Center	Center	76,972,000
102	University of Virginia at	Construct New Library	
103	Wise		41,710,000
104	George Mason University	Renovate Science and Tech-	
105		nology II	49,679,000
106	George Mason University	Construct Krasnow Addition,	
107		Phase II	5,644,000
108	George Mason University	Construct Campus Library	
109		Addition, Phase I	50,291,000
110	Virginia Community College	Construct New Science and	
111	System	Technology Building,	
112		Virginia Western	22,717,000
113	Virginia Community College	Renovate Academic Classrooms	

114	System	and Administrative Building,	
115		Rappahannock	10,564,000
116	Virginia Community College	Construct Phase III Academic	
117	System	Building, Woodbridge Campus,	
118		Northern Virginia	38,222,000
119	Virginia Community College	Renovate Dalton Cantrell	
120	System	Hall, Mountain Empire	11,208,000
121	Virginia Community College	Renovate Phase I Facility,	
122	System	Downtown Campus, J. Sargeant	
123		Reynolds	10,820,000
124	Virginia Community College	Construct Academic Services	
125	System	Building, Germanna	23,286,000
126	Virginia Community College	Construct Academic Building,	
127	System	Chesapeake Campus,	
128		Tidewater	20,573,000
129	Virginia Community College	Construct Higher Education	
130	System	Center, Loudoun Campus,	
131		Northern Virginia	14,263,000
132	Virginia Community College	Construct Workforce Develop-	
133	System	ment Center, Piedmont	
134		Virginia	6,854,000
135	Virginia Community College	Renovate Hampton III Build-	
136	System	ing, Thomas Nelson	8,033,000
137	Virginia Community College	Renovate Building B, J.	
138	System	Sargeant Reynolds-Parham Road	
139		Campus	4,704,000
140	Virginia Community College	Renovate Bird and Nicholas	
141	System	Halls, John Tyler-Chester	
142		Campus	16,054,000
143	Virginia Community College	Construct Learning Resources	
144	System	Building, Southside	
145		Virginia	11,448,000
146	Virginia Community College	Construct Learning Resources	
147	System	Building, Virginia Beach	
148		Campus, Tidewater	36,891,000
149	Virginia Community College	Replace HVAC, New River	
150	System		1,439,000
151	Virginia Community College	Upgrade Electrical Systems,	
152	System	Wytheville	2,566,000
153	Virginia Community College	Upgrade Major Mechanical	
154	System	Systems, Paul D. Camp	3,442,000
155	Virginia Community College	Renovate Phase I Academic	
156	System	and Administration Building,	
157		Eastern Shore	9,287,000
158	Virginia Community College	Renovate Russell Hall,	
159	System	Southwest Virginia	9,645,000
160	Virginia Community College	Renovate Library and Learning	
161	System	Resource Center, Virginia	
162		Highlands	2,365,000
163	Virginia Community College	Construct Workforce Develop-	
164	System	ment Center, Woodbridge	
165		Campus, Northern Virginia	23,668,000
166	Virginia Community College	Construct New Location for	
167	System	Trucking Program, Portsmouth	
168		Campus, Tidewater	8,440,000
169	Virginia Community College	Construct Workforce Solutions	

170	System	& Academic Training Center,	
171		Fauquier, Lord Fairfax	13,937,000
172	Virginia Community College	Construct Occupational Pro-	
173	System	gram Building, Culinary Arts	
174		Career Studies Certification	
175		Program, Central Virginia	1,448,000
176	Virginia Community College	Construct Motorsports/	
177	System	Workforce Development	
178		Center, Patrick Henry	8,715,000
179	Virginia Community College	Renovate Engineering and	
180	System	Industrial Technology	
181		Building, Danville	6,332,000
182	Virginia Community College	Construct Classroom and	
183	System	Administration Building,	
184		Blue Ridge	5,616,000
185	Virginia Community College	Renovate Warren and Scott	
186	System	Halls, Dabney S. Lancaster	6,339,000
187	Virginia Institute of Marine	Replace Eastern Shore	
188	Science	Seawater Laboratory	4,182,000
189	Virginia Institute of Marine	Control Shoreline Erosion	
190	Science		1,200,000
191	Eastern Virginia Medical	Construct Instructional and	
192	School	Research Medical Facility	59,000,000
193	Frontier Culture Museum	Construct Early American	
194		Industry Exhibit	1,407,000
195	Science Museum of Virginia	Construct Belmont Bay	
196		Science Center	20,000,000
197	Science Museum of Virginia	Construct Danville Science	
198		Center Planetarium &	
199		Theater	2,226,000
200	Grand Total		\$1,525,492,000

201 *The General Assembly hereby finds and determines that the estimated useful life of the capital*  
 202 *projects described above is in excess of twenty-one years.*

203 *The Governor or the Governor's designee shall designate the amount of the proceeds of the bonds*  
 204 *and BANs allocated to any other capital project included herein. No allocation to a capital project may*  
 205 *be increased until it has been demonstrated to the satisfaction of the Governor or the Governor's*  
 206 *designee that (a) the cost of the capital project has been reduced to the extent reasonable, (b) the*  
 207 *capital project has not been expanded or enhanced beyond that originally approved, and (c) the capital*  
 208 *project is suitable and adequate for the scope originally intended. No increase in the amount allocated*  
 209 *to any capital project shall constitute an authorization for the issuance of bonds in an amount in excess*  
 210 *of the aggregate amount authorized hereunder.*

211 *§ 4. Application of Proceeds.*

212 *Proceeds (including any premium) of the bonds and any BANs (except the proceeds of (i) bonds the*  
 213 *issuance of which has been anticipated by BANs, (ii) refunding bonds and (iii) refunding BANs) shall be*  
 214 *deposited by the State Treasurer in a special capital outlay fund in the State Treasury and shall be*  
 215 *disbursed only for the purpose for which the bonds or any BANs have been issued. In the event that the*  
 216 *proceeds of the bonds or BANs exceed the cost of the projects as allocated in § 3, the Treasury Board*  
 217 *shall cause such excess proceeds to be applied to the retirement of bonds or BANs. The proceeds of (i)*  
 218 *bonds the issuance of which has been anticipated by BANs, (ii) refunding bonds and (iii) refunding*  
 219 *BANs and any funds provided by the General Assembly, or available from any other source, for the*  
 220 *purpose, shall be used to pay such BANs, refunded bonds and refunded BANs.*

221 *The proceeds of the bonds and any refunding bonds or BANs are hereby appropriated for*  
 222 *disbursement from the State Treasury for the current biennium pursuant to Article X, Section 7 of the*  
 223 *Constitution of Virginia, and § 2.2-1819 of the Code of Virginia. The general conditions and general*  
 224 *provisions of the general appropriation act enacted pursuant to Chapter 15, Title 2.2 (2.2-1500 et seq.)*  
 225 *of the Code of Virginia, in effect from time to time, and all of the terms and conditions contained*  
 226 *therein shall apply to the capital projects listed in § 3. The Governor or his designee is hereby*  
 227 *authorized to increase the appropriation for any project listed in § 3 by the amount of the proceeds of*  
 228 *donations, gifts, grants or other nongeneral funds paid into the state treasury in excess of such*

229 appropriation.

230 § 5. Details, sale of bonds and BANs.

231 The bonds shall be dated, shall mature at such time or times not exceeding twenty-one years from  
 232 their date or dates and may be made redeemable before their maturity or maturities at such price or  
 233 prices or within such price parameters, all as may be determined by the Treasury Board, by and with  
 234 the consent of the Governor. The principal of the bonds shall be amortized, by payment into a sinking  
 235 fund or otherwise, in annual installments. The first annual installment of principal of the bonds shall  
 236 become due not later than one-tenth of the term of the bonds, and no installment of principal of the  
 237 bonds shall be more than twice the smallest previous installment. Any such sinking fund shall not be  
 238 appropriated for any other purpose.

239 The bonds shall be in such form, shall bear interest at such rate or rates, either at fixed rates or at  
 240 rates established by formula or other method, and may contain such other provisions, all as the  
 241 Treasury Board or the State Treasurer, when authorized by the Treasury Board, may determine. The  
 242 principal of and premium, if any, and interest on the bonds and BANs shall be payable in lawful money  
 243 of the United States of America. Bonds and BANs may be certificated or uncertificated as determined by  
 244 the Treasury Board. The Treasury Board may contract for services of such registrars, transfer agents,  
 245 or other authenticating agents as it deems appropriate to maintain a record of the persons entitled to  
 246 the bonds and BANs. Bonds and BANs may be issued under a system of book entry for recording the  
 247 ownership and transfer of ownership of rights to receive payments on the bonds and BANs. The  
 248 Treasury Board shall fix the denomination or denominations of the bonds and the place or places of  
 249 payment of principal, premium, if any, and interest, which may be at the office of the State Treasurer or  
 250 at any one or more banks or trust companies within or without the Commonwealth.

251 The Treasury Board may sell the bonds and any BANs in such manner, either by competitive  
 252 bidding, negotiated sale or private placement, and for such price as it may determine, by and with the  
 253 consent of the Governor, to be in the interest of the Commonwealth.

254 At the discretion of the Treasury Board, bonds and BANs may be issued at one time or in part from  
 255 time to time and may be issued and sold at the same time with other general obligation bonds and bond  
 256 anticipation notes, respectively, of the Commonwealth authorized pursuant to Article X, Section 9(a)(3),  
 257 (b) or (c) of the Constitution of Virginia, either as separate issues, as a combined issue designated  
 258 "Commonwealth of Virginia General Obligation Bonds/Bond Anticipation Notes, Series 20....," or as a  
 259 combination of both. The bonds and BANs shall be signed on behalf of the Commonwealth by the  
 260 Governor and by the State Treasurer, or shall bear their facsimile signatures, and shall bear the lesser  
 261 seal of the Commonwealth or a facsimile thereof. In the event that the bonds or BANs bear the facsimile  
 262 signature of the State Treasurer, they shall be signed by such administrative assistant as the State  
 263 Treasurer shall determine or by such registrar or paying agent as may be designated to sign them by  
 264 the Treasury Board. If any officer whose signature or facsimile signature shall appear on any bonds or  
 265 BANs shall cease to be such officer before the delivery, such signature or such facsimile shall  
 266 nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office  
 267 until such delivery, and any bond or BAN may bear the facsimile signature of, or may be signed by,  
 268 such persons as at the actual time of the execution are the proper officers to sign such bond or BAN  
 269 although, at the date of such bond or BAN, such persons may not have been such officers.

270 § 6. Refunding.

271 The Treasury Board is hereby authorized, by and with the consent of the Governor, to sell and issue,  
 272 at one time or from time to time, refunding bonds and BANs of the Commonwealth, to refund any or all  
 273 of the bonds and BANs, respectively, issued under this Act or otherwise pursuant to Article X, Section  
 274 9(b), Constitution of Virginia. Refunding bonds and BANs may be issued in a principal amount up to  
 275 the amount necessary to pay at maturity or redeem the bonds and BANs to be refunded and pay all  
 276 issuance costs and other financing expenses of the refunding. Such refunding bonds and BANs may be  
 277 issued whether or not the bonds or BANs to be refunded are then subject to redemption. Any escrow or  
 278 trust fund established with the proceeds from the sale of refunding bonds shall be irrevocably pledged to  
 279 the payment of the bonds to be refunded, and shall be used solely to pay such bonds or BANs at  
 280 maturity or upon redemption or for the purchase of not less than all of the bonds or BANs to be  
 281 refunded. Any such escrow or trust fund shall constitute a special fund for the payment of such refunded  
 282 bonds or BANs, and such refunded bonds or BANs, to the extent of amounts, including the maturity  
 283 amounts of investments, set aside for the payment thereof in such escrow or trust fund, shall not be  
 284 included for the purposes of determining any limitations upon the amount of bonded indebtedness of the  
 285 Commonwealth that may be incurred pursuant to Article X, Section 9(b), the Constitution of Virginia.  
 286 The Treasury Board may, however, direct that the interest received from the investment of the proceeds  
 287 of the bonds or any BANs be transferred to the general fund of the State Treasury.

288 § 7. Investments and Contracts.

289 A. Pending the application of the proceeds of the bonds or BANs (including refunding bonds and

290 BANs) to the purpose for which they have been authorized and the application of funds set aside for the  
291 purpose to the payment of bonds or BANs, they may be invested by the State Treasurer in securities that  
292 are legal investments under the laws of the Commonwealth for public funds and sinking funds, as the  
293 case may be. Whenever the State Treasurer receives interest from the investment of the proceeds of  
294 bonds or any BANs, such interest shall become a part of the principal of the bonds or any BANs and  
295 shall be used in the same manner as required for principal of the bonds or BANs.

296 B. The Commonwealth may enter into any contract or other arrangement that is determined to be  
297 necessary or appropriate to place the obligation or investment of the Commonwealth, as represented by  
298 bonds, BANs or investments, in whole or in part, on the interest rate, cash flow or other basis desired  
299 by the Commonwealth. Such contract or other arrangement may include without limitation, contracts  
300 commonly known as interest rate swap agreements, and futures or contracts providing for payments  
301 based on levels of, or changes in, interest rates. These contracts or arrangements may be entered into  
302 by the Commonwealth in connection with, or incidental to, entering into, or maintaining any (i)  
303 agreement which secures bonds or BANs or (ii) investment, or contract providing for investment,  
304 otherwise authorized by law. These contracts and arrangements may contain such payment, security,  
305 default, remedy, and other terms and conditions as determined by the Commonwealth, after giving due  
306 consideration to the creditworthiness of the counterparty or other obligated party, including any rating  
307 by any nationally recognized rating agency, and any other criteria as may be appropriate. The  
308 determinations referred to in this paragraph may be made by the Treasury Board or any public funds  
309 manager with professional investment capabilities duly authorized by the Treasury Board to make such  
310 determinations.

311 C. Any money set aside and pledged to secure payments of bonds, BANs or any of the contracts  
312 entered into pursuant to this section may be invested in accordance with paragraph A. of this section  
313 and may be pledged to and used to service any of the contracts or other arrangements entered into  
314 pursuant to paragraph B. of this section.

315 § 8. Security for bonds and BANs.

316 The full faith and credit of the Commonwealth are hereby irrevocably pledged for the payment of the  
317 principal of and the interest on bonds and (unless the Treasury Board, by and with the consent of the  
318 Governor, shall provide otherwise) BANs issued under this Act. The proceeds of (i) bonds the issuance  
319 of which has been anticipated by BANs, (ii) refunding bonds and (iii) refunding BANs are hereby  
320 irrevocably pledged for the payment of principal of and interest and any premium on such bonds or  
321 BANs to be refunded thereby. In addition, the Treasury Board may pledge the full faith and credit of the  
322 Commonwealth for the payment of the principal of and interest on any BANs. If sufficient funds are not  
323 appropriated in the general appropriations act for any fiscal year for the timely payment of the  
324 principal of and the interest on the bonds, any refunding bonds or any BANs where the full faith and  
325 credit of the Commonwealth has been pledged, there shall be set apart by direction of the Governor,  
326 from the first general fund revenues received during such fiscal year and thereafter, a sum sufficient to  
327 pay such principal and interest.

328 § 9. Expenses.

329 All expenses incurred under this Act shall be paid from the proceeds of the bonds or any refunding  
330 bonds or and BANs or from any other available funds as the Treasury Board shall determine.

331 § 10. Exemption of interest from tax.

332 The bonds and BANs issued under the provisions of this Act, their transfer, and the income  
333 therefrom, including any profit made on the sale thereof, shall at all times be exempt from taxation by  
334 the Commonwealth and by any political subdivision thereof. The interest on the bonds and any  
335 refunding bonds or BANs may be subject to inclusion in gross income of the holders thereof for federal  
336 income tax purposes.

337 § 11. Referendum.

338 The question of the effectiveness of this Act and the authorization of the bonds shall be submitted to  
339 the qualified voters of the Commonwealth at the general election to be held on Tuesday, November 4,  
340 2008. The referendum shall be supervised and held, notice thereof given, ballots prepared, returns made  
341 and certified, votes canvassed and results ascertained and made known, as provided by law. The ballots  
342 to be used at the election shall pose the question in substantially the following form:

343 QUESTION: Shall Chapter \_\_, Acts of the General Assembly of 2008, authorizing the issuance of  
344 general obligation bonds of the Commonwealth of Virginia in the maximum amount of \$1,525,492,000  
345 pursuant to Article X, Section 9(b) of the Constitution of Virginia for capital projects for educational  
346 facilities, take effect?

347 The State Board of Elections shall cause to be sent to the electoral boards of each county and city  
348 sufficient copies of the full text of this Act and the question contained herein for the officers of election  
349 to post in each polling place on election day. The State Board of Elections shall without delay make out  
350 and transmit to the Governor and to the Treasury Board an official certified copy of the report of the  
351 whole number of votes cast at the election for and against the Act.

352     *If a majority of those voting thereon shall vote in favor of this Act, this Act shall take effect and the*  
353     *bonds may be issued as hereinabove provided. If a majority of those voting thereon shall vote against*  
354     *this Act, this Act shall not take effect and the bonds shall not be issued.*

355     *The expenses incurred in conducting this election shall be defrayed as in the case of election of*  
356     *members of the General Assembly.*

357     *§ 12. Severability.*

358     *The provisions of this Act or the application thereof to any person or circumstance which are held*  
359     *invalid shall not affect the validity of other provisions or applications of this Act which can be given*  
360     *effect without the invalid provisions or applications.*