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SENATE BILL NO. 31
 Offered January 11, 2012
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A Bill to authorize the issuance of bonds, in an amount not to exceed \$130,781,359 plus financing costs, pursuant to Article X, Section 9 (c) of the Constitution of Virginia, for paying costs of acquiring, constructing, and equipping revenue-producing capital projects at institutions of higher learning of the Commonwealth.

Patron—Colgan

Referred to Committee on Finance

Whereas, Article X, Section 9 (c) of the Constitution of Virginia provides that the General Assembly may authorize the creation of debt secured by a pledge of net revenues derived from rates, fees or other charges and the full faith and credit of the Commonwealth of Virginia, provided that such debt is created for specific revenue-producing capital projects, including their enlargement or improvement, at, among others, institutions of higher learning of the Commonwealth.

Whereas, in accordance with Article X, Section 9 (c) of the Constitution of Virginia the Governor has certified in writing, filed with the Auditor of Public Accounts, his opinion that the anticipated net revenues of each of the capital projects identified below to be pledged to the payment of the principal of and the interest on that portion of such debt issued for each such project will be sufficient to meet such payments as the same become due and to provide such reserves as may be required by law and that each of the capital projects complies with the requirements of Article X, Section 9 (c) of the Constitution of Virginia; now, therefore,

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 Higher Educational Institutions Bond Act of 2012."

§2. Authorization of bonds and BANs.

The Treasury Board is hereby authorized, by and with the consent of the Governor, to sell and issue, pursuant to Article X, Section 9 (c) of the Constitution of Virginia, at one time or from time to time, bonds of the Commonwealth, to be designated "Commonwealth of Virginia Higher Educational Institutions Bonds, Series" in an aggregate principal amount not exceeding \$130,781,359, plus amounts needed to fund issuance costs, reserve funds, construction period interest and other financing expenses. The Treasury Board is further hereby authorized, by and with the consent of the Governor, to borrow money in anticipation of the issuance of bonds by the issuance of bond anticipation notes (BANs), including BANs issued as commercial paper. The proceeds of such bonds and BANs, excluding amounts needed to fund issuance costs, reserve funds and other financing expenses, shall be used exclusively for the purpose of providing funds, with any other available funds, for paying all or a portion of the costs of acquiring, constructing, renovating, enlarging, improving and equipping revenue-producing capital projects at institutions of higher learning of the Commonwealth as follows:

Institution	Project Title	Project Code	Amount
George Mason University	Construct Student Housing IX-A	17929	\$45,588,000
James Madison University	Student Housing Phase I	17949	\$51,000,000
Old Dominion University	Renovate Student Housing, Phase 2	17945	\$23,575,260
Radford University	Renovate Washington Hall	17948	\$ 5,518,099
The College of William and Mary in Virginia	Renovate Dormitory	17933	\$ 5,100,000

57

58 Total

\$130,781,359

59 § 3. Application of proceeds.

60 The proceeds, including any premium, of bonds and BANs (except the proceeds of (i) bonds the
61 issuance of which has been anticipated by BANs, (ii) refunding bonds, and (iii) refunding BANs) shall
62 be deposited in a special capital outlay fund in the state treasury and, together with the investment
63 income thereon, shall be disbursed by the State Treasurer for paying costs of the acquisition,
64 construction, renovation, enlargement, improvement, and equipping of the authorized capital projects,
65 including financing costs. The proceeds of (i) bonds the issuance of which has been anticipated by
66 BANs, (ii) refunding bonds, and (iii) refunding BANs shall be used to pay such BANs, refunded bonds,
67 and refunded BANs.

68 § 4. Details, sale of bonds and BANs.

69 Bonds and BANs shall be dated, and may be made redeemable before their maturity or maturities at
70 such price or prices or within such price parameters, all as may be determined by the Treasury Board,
71 by and with the consent of the Governor. Bonds and BANs shall be in such form, shall bear interest at
72 such rate or rates, either at fixed rates or at rates established by formula or other method, and may
73 contain such other provisions, all as determined by the Treasury Board or, when authorized by the
74 Treasury Board, the State Treasurer. The principal of and premium, if any, and the interest on bonds
75 and BANs shall be payable in lawful money of the United States of America. Bonds and BANs may be
76 certificated or uncertificated as determined by the Treasury Board. The Treasury Board may contract
77 for services of such registrars, transfer agents, or other authenticating agents as it deems appropriate to
78 maintain a record of the persons entitled to the bonds and BANs. Bonds and BANs issued in certificated
79 form may be issued under a system of book entry for recording the ownership and transfer of ownership
80 of rights to receive payments on the bonds and BANs. The Treasury Board shall fix the authorized
81 denomination or denominations of the bonds and the place or places of payment of certificated bonds
82 and BANs, which may be at the Office of the State Treasurer or at any bank or trust company within or
83 without the Commonwealth. Bonds shall mature at such time or times not exceeding thirty years from
84 their date or dates, and BANs shall mature at such time or times not exceeding five years from their
85 date or dates.

86 The Treasury Board may sell bonds and BANs in such manner, by competitive bidding, negotiated
87 sale, or private placement and for such price or within such price parameters as it may determine, by
88 and with the consent of the Governor, to be in the best interest of the Commonwealth.

89 In the discretion of the Treasury Board, bonds and BANs may be issued at one time or from time to
90 time, and may be sold and issued at the same time with other general obligation bonds and BANs,
91 respectively, of the Commonwealth authorized pursuant to Article X, Section 9 (a) (3), (b), and (c) of
92 the Constitution of Virginia, as separate issues or as a combined issue, designated "Commonwealth of
93 Virginia General Obligation Bonds Bond Anticipation Notes, Series".

94 § 5. Execution of bonds and BANs.

95 Certificated bonds and BANs shall be signed on behalf of the Commonwealth by the Governor and
96 by the State Treasurer, or shall bear their facsimile signatures, and shall bear the lesser seal of the
97 Commonwealth or a facsimile thereof. If the bonds or BANs bear the facsimile signature of the State
98 Treasurer, they shall be signed by such administrative assistant as the State Treasurer shall determine
99 or by such registrar or paying agent as may be designated to sign them by the Treasury Board. If any
100 officer whose signature or facsimile signature appears on any bonds or BANs ceases to be such officer
101 before delivery, such signature or facsimile signature shall nevertheless be valid and sufficient for all
102 purposes the same as if such officer had remained in office until such delivery, and any bond or BAN
103 may bear the facsimile signature of, or may be signed by, such persons as at the actual time of
104 execution are the proper officers to sign such bond or BAN although, at the date of such bond or BAN,
105 such persons may not have been such officers.

106 § 6. Sources for payment of expenses.

107 All expenses incurred under this act shall be paid from the proceeds of bonds or BANs, from
108 payments made by the institutions for which the capital projects were authorized in § 2 hereof or from
109 any other available funds as the Treasury Board shall determine.

110 § 7. Revenues.

111 The institution of higher learning named above is hereby authorized (i) to fix, revise, charge, and
112 collect rates, fees, and charges for or in connection with the use, occupancy, and services of each
113 capital project mentioned above or the system of which such capital project is a part and (ii) to pledge
114 to the portion of the bonds or BANs issued for such capital project the net revenues resulting from such
115 rates, fees, and charges and remaining after payment of the expenses of operating the project or system,
116 as the case may be. The institution is further authorized to create debt service and sinking funds for the
117 payments of the principal of, premium, if any, and interest on the bonds and other reserves required by
118 any agency of the United States of America purchasing the bonds or any portion thereof.

119 § 8. Investments and contracts.

120 A. Pending the application of the proceeds of the bonds or BANs (including refunding bonds and
121 BANs) to the purpose for which they have been authorized and the application of funds set aside for the
122 purpose to the payment of bonds or BANs, they may be invested by the State Treasurer in securities that
123 are legal investments under the laws of the Commonwealth for public funds and sinking funds, as the
124 case may be. Whenever the State Treasurer receives interest from the investment of the proceeds of
125 bonds or any BANs, such interest shall become a part of the principal of the bonds or any BANs and
126 shall be used in the same manner as required for principal of the bonds or BANs.

127 B. The Commonwealth may enter into any contract or other arrangement that is determined to be
128 necessary or appropriate to place the obligation or investment of the Commonwealth, as represented by
129 bonds, BANs or investments, in whole or in part, on the interest rate, cash flow, or other basis desired
130 by the Commonwealth. Such contract or other arrangement may include without limitation, contracts
131 commonly known as interest rate swap agreements, and futures or contracts providing for payments
132 based on levels of, or changes in, interest rates. These contracts or arrangements may be entered into
133 by the Commonwealth in connection with, or incidental to, entering into, or maintaining any (i)
134 agreement which secures bonds or BANs or (ii) investment, or contract providing for investment,
135 otherwise authorized by law. These contracts and arrangements may contain such payment, security,
136 default, remedy, and other terms and conditions as determined by the Commonwealth, after giving due
137 consideration to the creditworthiness of the counterparty or other obligated party, including any rating
138 by any nationally recognized rating agency, and any other criteria as may be appropriate. The
139 determinations referred to in this paragraph may be made by the Treasury Board or any public funds
140 manager with professional investment capabilities duly authorized by the Treasury Board to make such
141 determinations.

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

146 § 9. Security for bonds and BANs.

147 The net revenues of the capital projects set forth above and the full faith and credit of the
148 Commonwealth are hereby irrevocably pledged for the payment of the principal of and the interest on
149 bonds and BANs (unless the Treasury Board, by and with the consent of the Governor, shall provide
150 otherwise) issued under this act. The proceeds of (i) bonds the issuance of which has been anticipated
151 by BANs, (ii) refunding bonds and (iii) refunding BANs are hereby irrevocably pledged for the payment
152 of principal of and interest and any premium on the BANs or bonds to be paid or redeemed thereby. In
153 the event the net revenues pledged to the payment of the bonds or BANs are insufficient in any fiscal
154 year for the timely payment of the principal of, premium, if any, and interest on the bonds or BANs,
155 where the full faith and credit of the Commonwealth have been pledged, the General Assembly shall
156 appropriate a sum sufficient therefor or the Governor shall direct payment therefor from the general
157 fund revenues of the Commonwealth.

158 § 10. Exemption of interest from tax.

159 The bonds and BANs issued under the provisions of this Act, their transfer and the income
160 therefrom, including any profit made on the sale thereof, shall at all times be free and exempt from
161 taxation by the Commonwealth and by any county, city, or town or other political subdivision thereof.
162 The Treasury Board is authorized to take or refrain from taking any and all actions and to covenant to
163 such effect, and to require the participating institutions to do and to covenant likewise, to the extent
164 that, in the judgment of the Treasury Board, it is appropriate in order that interest on the bonds and
165 BANs may be exempt from federal income tax. Alternatively, interest on bonds and BANs may be made
166 subject to inclusion in gross income of the holders thereof for federal income tax purposes.

167 § 11. Refunding bonds and BANs.

168 The Treasury Board is authorized, by and with the consent of the Governor, to sell and issue, at one
169 time or from time to time, refunding bonds and BANs of the Commonwealth, to refund any or all of the
170 bonds and BANs, respectively, issued under this act or otherwise authorized pursuant to Article X,
171 Section 9 (c) of the Constitution of Virginia. Refunding bonds and BANs may be issued in a principal
172 amount up to the amount necessary to pay at maturity or redeem the bonds and BANs to be refunded
173 and pay all issuance costs and other financing expenses of the refunding. Such refunding bonds and
174 BANs may be issued whether or not the obligations to be refunded are then subject to redemption.

175 § 12. Defeasance.

176 Any bond or BAN for which cash or direct obligations of the United States of America shall have
177 been set aside in escrow with the State Treasurer or a bank or trust company, within or without the
178 Commonwealth, shall be deemed no longer outstanding under the applicable authorizing instrument, this
179 act and Article X, Section 9 (c) or (b), as the case may be, of the Constitution of Virginia.

180 § 13. Severability.

181 *The provisions of this act or the application thereof to any person or circumstance which are held*
182 *invalid shall not affect the validity of other provisions or applications of this act which can be given*
183 *effect without the invalid provisions or applications.*

184 **2. That an emergency exists and this act is in force from its passage.**