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**HOUSE BILL NO. 1538**

Offered January 10, 2020

A *BILL to authorize the issuance of bonds, in an amount up to \$2 billion, for purposes of funding transportation improvement projects in the I-81 corridor.*

Patrons—Austin and Wilt

Referred to Committee on Appropriations

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

*This act shall be known and may be cited as the "Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020."*

**§ 2. Definitions.**

*"Act" means the Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020.*

*"Board" means the Commonwealth Transportation Board established pursuant to Article 1 (§ 33.2-200 et seq.) of Chapter 2 of Title 33.2 of the Code of Virginia.*

*"Bond" means a bond, a note, a credit facility, an anticipatory borrowing, and any other evidence of indebtedness issued pursuant to the provisions of the Act. A bond may contain any designation appropriate to the debt instrument.*

*"Bond Act" means Chapter 17 (§ 33.2-1700 et seq.) of Title 33.2 of the Code of Virginia and any amendments thereto.*

*"Fund" means the same as such term is defined in § 33.2-3600 of the Code of Virginia.*

*"Plan" means the same as such term is defined in § 33.2-3600 of the Code of Virginia.*

*"Program" means the same as such term is defined in § 33.2-3600 of the Code of Virginia.*

**§ 3. Authorization of bonds and bond anticipation notes.**

*The Board is hereby authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the Bond Act, revenue obligations of the Commonwealth, to be designated "Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series .....". The Board may issue bonds in one or multiple issues, provided that the aggregate amount of principal outstanding at any time does not exceed \$2,000,000,000. Such amount shall include amounts needed to fund issuance costs, reserve funds, construction period interest, and other financing expenses, but shall exclude any refunding bonds. The amount of principal shall be revolving, such that if a debt from the principal is paid off, the Board may issue another bond in an equal or lesser amount.*

**§ 4.** *The Board shall use the net proceeds of any bonds for the exclusive purpose of paying costs incurred or to be incurred in relation to the Plan and the Program. Such costs may include payment of bond interest during the construction of transportation improvements, provided that all interest related to a project shall be paid off within one year after the completion of construction of such project. Such costs may include expenditures for:*

- 1. Environmental and engineering studies;*
- 2. Acquisition of rights of way;*
- 3. Improvements to any existing mode of transportation;*
- 4. Acquisition of real and personal property;*
- 5. Construction of new modes of transportation and improvements thereto;*
- 6. Contributions to reserve funds;*
- 7. Any financing expenses; and*
- 8. Any purpose the Board deems necessary to implementing the Plan and the Program.*

**§ 5.** *The Board shall make proceeds of the bonds, including any premiums received from the sale thereof, available to pay costs for the purposes identified in § 4. The Board may make payments to any authority, commission, locality, or other entity of the Commonwealth for purposes of paying such entity's costs related to transportation projects. The Board shall use bond proceeds together with any federal, local, or private funds that may be made available for similar purposes. The Board may use proceeds from the bonds, together with any investment earnings from such bonds, to secure the payment of principal or the purchase price and redemption premium, if any, and interest on the bonds.*

**§ 6. A.** *The Board shall determine the terms and structure of each issue of bonds, provided that its determination shall be subject to approval by the Treasury Board in accordance with § 2.2-2416 of the Code of Virginia and any amendments thereto. The bonds of each issue shall:*

- 1. Be dated;*
- 2. Be issued in a principal amount subject to the limitations identified in § 3;*

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59 3. Bear interest at an identified rate or rates, which may be fixed, adjustable, variable, or a  
60 combination thereof and which may be determine according to a formula or other method;

61 4. Mature at a time or times not exceeding 40 years from the date of issue, except as provided in  
62 subsection D; and

63 5. Be issued under a system of book entry for recording the ownership and transfer of ownership of  
64 rights to receive payments of principal or purchase price and redemption premium, if any, and interest  
65 on such bonds.

66 B. The Board may determine that bonds be made subject to purchase or redemption before their  
67 maturity or maturities, at such price or prices and under such terms and conditions it deems  
68 appropriate. The Board shall:

69 1. Determine the form of the bonds;

70 2. Determine whether the bonds are certificated or uncertificated;

71 3. Fix the authorized denomination of the bonds, provided that interest on the bonds shall be made  
72 payable in lawful money of the United States; and

73 4. Fix the place or places of payment of the bonds' principal, purchase price, redemption premium, if  
74 any, and interest, provided that such place may be the office of the State Treasurer or any bank or trust  
75 company in the United States.

76 C. All bonds issued under the Act shall have, as between successive holders, all the qualities and  
77 incidents of negotiable instruments under the Commonwealth's negotiable instruments laws.

78 D. Notwithstanding the maturity limitation prescribed in subdivision A 4, if the Board enters into an  
79 agreement with the authorization of the U.S. Department of Transportation pursuant to the provisions of  
80 subdivision 18 of § 33.2-1701 of the Code of Virginia, any loan, credit facility, or other borrowing that  
81 occurs under such agreement, including any advancement under a line of credit or lending program  
82 with an individualized prepayment schedule, shall not exceed 40 years from the first scheduled payment  
83 of principal. The first scheduled payment of principal shall be not more than 10 years from the initial  
84 advancement of funds under such loan, credit facility, line of credit, or other borrowing.

85 E. The Board may sell bonds from time to time at public or private sale for such price or prices as  
86 it determines to be in the best interest of the Commonwealth. The Board may sell bonds by competitive  
87 bidding, negotiated sale, or private placement.

88 § 7. A. Any bonds issued pursuant to this act shall (i) be signed on behalf of the Board by the  
89 chairman or vice-chairman of the Board or shall bear the facsimile signature of such officer and (ii)  
90 bear the official seal of the Board, which shall be attested to by the manual or facsimile signature of  
91 the secretary or assistant secretary of the Board. If a bond bears a facsimile signature pursuant to  
92 clause (i), the bonds shall be signed by a designee of the Board, who may be an administrative  
93 assistant, a registrar, or a paying agent. If an officer whose signature or facsimile signature ceases to  
94 be an officer before the delivery of a bond that he signed, his signature or facsimile signature shall be  
95 valid and sufficient for all purposes as if he had remained an officer until delivery of such bonds.

96 B. If a loan, line of credit, or other borrowing is not evidenced by a bond, any agreements and  
97 instruments as may be necessary to provide evidence of such loan, line of credit, or other borrowing  
98 shall be signed on behalf of the Board by the chairman or vice-chairman of the Board. Such agreements  
99 and instruments may bear the official seal of the Board. Such agreements and instruments shall be  
100 signed by the secretary or assistant secretary of the Board.

101 § 8. All expenses incurred under this Act or in connection with any bond issuance shall be paid from  
102 the proceeds of such bonds or from any available funds in the Fund.

103 § 9. The Board is authorized to borrow money at any rate or rates through the executing and  
104 issuance of bonds for such borrowing, but only under the following circumstances:

105 1. In anticipation of the sale of bonds when the Board has authorized issuance and the Governor has  
106 approved issuance but the Board deems it advisable to postpone issuance of such bonds; or

107 2. To renew any anticipation notes authorized pursuant to the provisions of the Act.

108 § 10. A. The proceeds of the bonds and of any anticipation notes authorized pursuant to the Act shall  
109 be placed by the State Treasurer in a special fund in the State Treasury or placed with a trustee in  
110 accordance with the provisions of § 33.2-1716 of the Code of Virginia and any amendments thereto.  
111 Such proceeds shall be disbursed only for the purpose for which such bonds and anticipation notes were  
112 issued. Proceeds derived from the sale of bonds authorized by this Act shall first be used to pay  
113 anticipation notes, if any were issued in anticipation of the sale of such bonds and renewals of such  
114 bonds.

115 B. Subsection A shall not apply to the proceeds of bonds when the issuance of such bonds has been  
116 anticipated by anticipation notes.

117 C. In accordance with subsection C of § 33.2-3601 of the Code of Virginia, proceeds of bonds and  
118 the distribution and expenditure of such proceeds shall not reduce the share of federal, state, or local  
119 revenues otherwise available to jurisdictions along the Interstate 81 corridor. Such revenues shall not  
120 affect the calculation of a locality's ability to pay for public education for purposes of determining

appropriations of state revenues to localities for public education.

§ 11. The Board may receive any other funds that may be made available to pay costs of projects related to the Plan and the Program and, subject to appropriation by the General Assembly, may make available such funds for the payment of the principal, purchase price, and redemption premium, if any, and interest on bonds authorized under this Act. The Board is authorized to enter into agreements to allow for funds to be paid into the state treasury, or to a trustee in accordance with the provisions of § 33.2-1716 of the Code of Virginia and any amendments thereto, to pay a part of the costs of such projects or to pay the principal or purchase price of, and redemption premium, if any, and interest on the bonds.

§ 12. In connection with the issuance or planned issuance of any bonds, the Board shall establish a fund either in the state treasury with the cooperation of the State Treasurer, or with a trustee in accordance with the provisions of § 33.2-1716 of the Code of Virginia and any amendments thereto. Such fund shall secure and be used for the payments of the bonds to the credit of which there shall be deposited such amounts, subject to appropriation by the General Assembly, necessary to pay principal, purchase price of, redemption premium if any, and interest on the bonds, as and when such costs become due and payable. Such costs shall be paid from either of the following sources:

1. Revenues deposited to the Fund pursuant to subsection D of § 58.1-2299.20 of the Code of Virginia; and

2. Any other available funds in the Fund.

§ 13. In connection with the issuance or planned issuance of any bonds, the Board may pay any necessary and appropriate support costs, including debt service or deposits to reserve funds, from revenues deposited to the Fund pursuant to §§ 46.2-702.1:1, 58.1-2217.1, 58.1-2299.20, and 58.1-2701 of the Code of Virginia.

§ 14. The State Treasurer shall invest bond proceeds and moneys in any reserve funds and sinking funds related to bonds in accordance with the provisions of Chapter 18 (§ 2.2-1800 et seq.) of Title 2.2 of the Code of Virginia and any applicable law governing management of funds by a trustee pursuant to § 33.2-1716 of the Code of Virginia, and any amendments thereto.

§ 15. No tax or fee shall be imposed by the Commonwealth, a locality, or any other entity of the Commonwealth on the interest income and profit made on the sale of obligations issued under the provisions of the Act.

§ 16. Any obligation issued under this Act shall be considered a security in which any person and entity identified in § 33.2-1713 of the Code of Virginia may properly and legally invest funds.

§ 17. If any provision of this Act conflicts with a provision of the Bond Act, the provision of this Act shall control.

§ 18. Severability.

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