

VIRGINIA ACTS OF ASSEMBLY -- 1994 SESSION

CHAPTER 272

An Act to amend the Code of Virginia by adding a section numbered 22.1-167.1, relating to the pass-through of savings realized by refunding issues of the Virginia Public School Authority.

[H 545]

Approved April 4, 1994

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 22.1-167.1 as follows:

§ 22.1-167.1. Refunding issues; pass-through of savings realized.

A. In the event the Authority refunds any bonds previously issued to finance the purchase of local school bonds, the Authority shall pass-through to the issuers of such local school bonds, an allocable share of any savings realized. Such pass-through shall be accomplished, at the option of the Authority, by means of a debt service reduction over the remaining term of the local school bonds, by a lump sum payment of the present value of such allocable share of the savings, or by such other method as the Authority shall determine to be in the mutual best interests of the issuers of the local school bonds and the Authority.

B. For the purposes of this section, "savings" means the net reduction in debt service, if any, to be realized by the Authority, after subtracting the total costs, expenses, and equity contributions associated with the refunding and with the pass-through of such savings to the issuers of the local school bonds and of any Authority funds transferred, or required to be transferred, by mandate of the General Assembly, other than to the issuers of the local school bonds.

Notwithstanding the provisions of this section, no savings shall be passed-through to the issuers of local school bonds for which an interest rate subsidy has been paid or which were issued at below market interest rates. The savings in connection with the refunding of bonds issued by the Authority and allocable to local school bonds for which an interest rate subsidy has been paid, to the extent such subsidy was paid from the Literary Fund, shall be transferred to the Literary Fund and used exclusively for Literary Fund loans to local school boards pursuant to Chapter 10 (§ 22.1-142 et seq.) of Title 22.1.

C. This section shall have no application if it conflicts with a preexisting trust indenture.