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## SENATE BILL NO. 306

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations  
on March 4, 1996)

(Patron Prior to Substitute—Senator Walker)

A BILL to authorize the issuance of bonds subject to the provisions of Section 9(c) of Article X of the Constitution of Virginia in an amount not to exceed \$23,433,900, plus amounts needed to fund issuance costs, reserve funds and other financing expenses, for the purpose of providing funds, together with any other available funds, for paying all or a portion of the costs incurred or to be incurred for acquiring, constructing and equipping revenue-producing capital projects at institutions of higher learning of the Commonwealth; to authorize the Treasury Board, by and with the consent of the Governor, to fix the details of such bonds and to provide for the sale of such bonds at public or private sale; to authorize the Treasury Board, by and with the consent of the Governor, to borrow money in anticipation of the issuance of the bonds; to authorize the issuance of refunding bonds, by and with the consent of the Governor; to provide for the pledge of the net revenues of such capital projects and the full faith, credit and taxing power of the Commonwealth for the payment of the principal of and the interest on such bonds; to provide that the interest income on such bonds shall be exempt from all taxation by the Commonwealth and any political subdivision thereof; and to repeal Chapters 824 and 878 of the Acts of Assembly of 1994 and Chapter 191 of the Acts of Assembly of 1995.

Whereas, Section 9(c) of Article X 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 the enlargement or improvement thereof, at, among others, institutions of higher learning of the Commonwealth; and

Whereas, in accordance with the provisions of Section 9(c) of Article X 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 set forth 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 Section 9(c) of Article X of the Constitution of Virginia; now, therefore,

**Be it enacted by the General Assembly of Virginia:**

1. § 1. This act shall be known and may be cited as the "Commonwealth of Virginia Higher Educational Institutions Bond Act of 1996."

§ 2. The Treasury Board is hereby authorized, by and with the consent of the Governor, to sell and issue, subject to the provisions of Section 9(c) of Article X 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 \$23,433,900, plus amounts needed to fund issuance costs, reserve funds and other financing expenses. The proceeds of such bonds, 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 incurred or to be incurred for acquiring, constructing, renovating, enlarging, improving and equipping revenue-producing capital projects at institutions of higher learning of the Commonwealth as follows:

Institution	Project		Project	
	Number	Debt	Name	
University of Virginia	15400	\$ 1,142,000	Newcomb Hall	Expansion
Virginia Polytechnic Institute	14303	1,078,900	Major Repairs	Dorm/Dining
Virginia Polytechnic Institute	14815	7,484,300	Parking Auxiliary	Project
Virginia Commonwealth University	15160	4,348,300	MCV Visitors Deck	

59	George Mason University	15345	2,000,000	Arlington Metro
60				Parking
61				
62	College of William			
63	and Mary	14735	1,020,400	University Center
64	College of William			
65	and Mary	15541	750,000	Dormitory Renovation II
66	College of William			
67	and Mary	14736	2,039,000	Utility System
68	Virginia State			
69	University	15622	3,571,000	Jones Dining Hall
70	TOTAL		\$23,433,900	

71  
72     § 3. The proceeds of the bonds, including any premium, except the proceeds of bonds the issuance of  
73 which has been anticipated by bond anticipation notes, and the proceeds of any bond anticipation notes  
74 shall be deposited in a special capital outlay fund in the state treasury and shall be disbursed by the  
75 State Treasurer for paying all or any part of the cost of the acquisition, construction, renovation,  
76 enlargement, improvement and equipping of said capital projects in the amounts provided in § 2 hereof,  
77 plus issuance costs, reserve funds and other financing expenses. The proceeds of the bonds the issuance  
78 of which has been anticipated by bond anticipation notes shall be used to pay such bond anticipation  
79 notes. The Treasury Board shall be authorized to supplement the special capital outlay fund in the state  
80 treasury from excess moneys in any debt service, sinking or comparable fund established in connection  
81 with previous issues of higher educational institutions bonds so long as such excess fund moneys are not  
82 otherwise restricted by law or by express contract with the holders of such prior bonds.

83     § 4. The bonds shall be dated, shall mature at such time or times not exceeding thirty years from  
84 their date or dates, and may be made redeemable before their maturity or maturities at such price or  
85 prices, all as may be determined by the Treasury Board, by and with the consent of the Governor. The  
86 bonds shall be in such form, shall bear interest at such rate or rates, either at fixed rates or at rates  
87 established by formula or other method, and may contain such other provisions, all as determined by  
88 the Treasury Board or the State Treasurer, when authorized by the Treasury Board. The principal of,  
89 premium, if any, and the interest on the bonds shall be payable in lawful money of the United States of  
90 America. The Treasury Board shall fix the denomination or denominations of the bonds and the place or  
91 places of payment of principal, premium, if any, and interest, which may be at the Office of the State  
92 Treasurer or at any bank or trust company within or without the Commonwealth.

93     The bonds may be in registered form or as may be required by federal law in effect on the date of  
94 issuance. The Treasury Board may contract for services of such registrars, transfer agents, or other  
95 authenticating agents as it deems appropriate to maintain a record of the persons entitled to the bonds  
96 and the principal, premium, if any, and interest due thereon. Bonds issued in registered form may be  
97 issued under a system of book entry for recording the ownership and transfer of ownership of rights to  
98 receive payments of principal of, premium, if any, and interest on the bonds.

99     The Treasury Board may sell the bonds in such manner, at public or private sale, and for such price  
100 as it may determine, by and with the consent of the Governor, to be in the best interest of the  
101 Commonwealth. The bonds may be sold at par, at a premium or at a discount.

102     The bonds and the refunding bonds authorized hereby may be issued at one time or in part from  
103 time to time and may, in the discretion of the Treasury Board, be issued and sold at the same time with  
104 other general obligation bonds of the Commonwealth authorized pursuant to Article X, Section 9 (a)(3),  
105 (b), and (c) of the Constitution of Virginia, either as separate issues or as a combined issue, designated  
106 "Commonwealth of Virginia General Obligation Bonds, Series .....", or as a combination of both.

107     § 5. The bonds shall be signed on behalf of the Commonwealth by the Governor, or shall bear his  
108 facsimile signature, and by the State Treasurer, or shall bear his facsimile signature, and shall bear the  
109 lesser seal of the Commonwealth or a facsimile thereof. If the bonds bear the facsimile signature of the  
110 State Treasurer, the bonds shall be signed by such administrative assistant as the State Treasurer shall  
111 determine, or by such registrar or paying agent as may be designated to sign such bonds by the  
112 Treasury Board. If any officer whose signature or facsimile signature appears on any bonds ceases to  
113 be such officer before the delivery of such bonds, such signature or facsimile signature shall  
114 nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such  
115 delivery, and any bond may bear the facsimile signature of, or may be signed by, such persons as at the  
116 actual time of the execution of such bond are the proper officers to sign such bond although, at the date  
117 of such bond, such persons may not have been such officers.

118     § 6. All expenses incurred under this act shall be paid from the proceeds of the bonds, bond  
119 anticipation notes, or refunding bonds from payments made by the institutions for which the capital

projects were authorized in § 2 hereof or from any other available funds as the Treasury Board shall determine, including excess moneys in any debt service, sinking or comparable fund created in connection with prior issues of higher educational institutions bonds to the extent not otherwise restricted by law or by contract with the holders of such prior bonds.

§ 7. The Treasury Board is hereby authorized, by and with the consent of the Governor, to borrow money in anticipation of the issuance of the bonds. Such bond anticipation notes shall be dated, shall mature at such time or times not exceeding five years from their date or dates, and may be redeemable before their maturity or maturities at such price or prices, all as may be determined by the Treasury Board, by and with the consent of the Governor. Such bond anticipation notes shall be in such form, shall be executed in such manner, shall bear interest at such rate or rates, either at fixed rates or at rates established by formula or other method, and may contain such other provisions, all as the Treasury Board or the State Treasurer, when authorized by the Treasury Board, may determine. Such bond anticipation notes shall be executed in the manner provided in § 5 hereof for the execution of bonds.

The bond anticipation notes authorized hereby may be issued at one time or in part from time to time and may, in the discretion of the Treasury Board, be issued and sold at the same time with other bond anticipation notes of the Commonwealth authorized pursuant to Article X, Section 9 (a)(3), (b), and (c) of the Constitution of Virginia, either as a separate issue or as a combined issue, designated "Commonwealth of Virginia General Obligation Bonds, Series .....", or as a combination of both.

§ 8. Pending the application of the proceeds of the bonds and any bond anticipation notes to the purpose for which they have been authorized, all or any part of such proceeds may be invested by the State Treasurer in securities that are legal investments under the laws of the Commonwealth for public funds. Such investments shall be deemed at all times to be a part of such proceeds, and the interest thereon and any profit realized from such investments shall be credited to such proceeds, and any losses shall be deducted therefrom.

§ 9. Each institution of higher learning mentioned above is hereby authorized (i) to fix, revise, charge and collect a building fee or other comprehensive student fee and other rates, fees and charges for or in connection with the use, occupation and services of each capital project mentioned above or the system of which such capital project is a part and (ii) to pledge such rates, fees and charges remaining after payment of (a) the expenses of operating the project or system, as the case may be, and (b) the expenses related to all other activities funded by the building fee or other comprehensive student fee, if applicable, to the payment of the principal of, premium, if any, and interest on the portion of the bonds issued for such capital project. Each such institution is further authorized to create debt service and sinking funds for the payments of the principal of, premium, if any, and interest on the bonds and other reserves required by any agency of the United States of America purchasing the bonds or any portion thereof.

§ 10. The net revenues of the capital projects set forth above and the full faith and credit of the Commonwealth are hereby irrevocably pledged for the payment of the principal of and the interest on the bonds and any refunding bonds herein authorized. The proceeds of bonds, the issuance of which has been anticipated by bond anticipation notes, are hereby irrevocably pledged for the payment of principal of and interest on such bond anticipation notes. In addition, the Treasury Board may pledge the full faith and credit of the Commonwealth for the payment of principal of and interest on any bond anticipation notes. In the event the net revenues pledged hereby are insufficient in any fiscal year for the timely payment of the principal of, premium, if any, and interest on the bonds, any refunding bonds or any bond anticipation notes herein authorized where the full faith and credit of the Commonwealth have been pledged, the General Assembly shall appropriate a sum sufficient therefor or the Governor shall direct payment therefor from the general fund revenues of the Commonwealth.

§ 11. The interest income on the bonds and any refunding bonds or bond anticipation notes issued under the provisions of this act shall at all times be exempt from taxation by the Commonwealth and by any county, city or town, or other political subdivision thereof. The interest on the bonds and any refunding bonds or bond anticipation notes may be subject to inclusion in gross income of the holders thereof for federal income tax purposes.

§ 12. The Treasury Board is authorized, by and with the consent of the Governor, to sell and issue, at one time or from time to time, refunding bonds of the Commonwealth, to be designated as provided in § 2 hereof to refund any or all of the bonds issued under this act. No refunding bonds shall be issued in a principal amount exceeding that necessary to amortize the principal of and premium, if any, and interest on the bonds to be refunded and pay all issuance costs and other financing expenses of the refunding bonds. Such refunding bonds may be issued whether or not the bonds to be refunded are then subject to redemption.

§ 13. The provisions of this act or the application thereof to any person or circumstance which are held invalid shall not affect the validity of other provisions or applications of this act which can be

181 *given effect without the invalid provisions or applications.*

182 **2. That Chapters 824 and 878 of the Acts of Assembly of 1994 and Chapter 191 of the Acts of**  
183 **Assembly of 1995 are repealed; however, such repeal shall not operate to invalidate, alter the**  
184 **security, or prohibit the refunding of bonds heretofore issued pursuant to such acts.**

185 **3. That an emergency exists and this act is in force from its passage.**