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HOUSE BILL NO. 2625

Offered January 20, 1997

A BILL to amend and reenact § 15.1-227.78 of the Code of Virginia, relating to bond issues of the Virginia Baseball Stadium Authority.

Patrons—Marshall and Albo

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 15.1-227.78 of the Code of Virginia is amended and reenacted as follows:

§ 15.1-227.78. Bond issues.

A. The Authority may at any time and from time to time issue bonds for any valid purpose, including the establishment of reserves and the payment of interest. In this chapter the term "bonds" includes notes of any kind, interim certificates, refunding bonds, or any other evidence of obligation.

B. The bonds of any issue shall be payable solely from the property or receipts of the Authority, including, but not limited to:

1. Taxes, fees, charges, or other revenues payable to the Authority;

2. Payments by financial institutions, insurance companies, or others pursuant to letters or line of credit, policies of insurance, or purchase agreements;

3. Investment earnings from funds or accounts maintained pursuant to a bond resolution or trust agreement; and

4. Proceeds of refunding bonds.

C. Bonds shall be authorized by resolution of the Authority and may be secured by a trust agreement by and between the Authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the Commonwealth. The bonds shall:

1. Be issued at, above, or below par value, for cash or other valuable consideration, and mature at a time or times, whether as serial bonds or as term bonds or both, not exceeding forty years from their respective dates of issue;

2. Bear interest at the fixed or variable rate or rates determined by the method provided in the resolution or trust agreement;

3. Be payable at a time or times, in the denominations and form, and carry the registration and privileges as to conversion and for the replacement of mutilated, lost, or destroyed bonds as the resolution or trust agreement may provide;

4. Be payable in lawful money of the United States at a designated place;

5. Be subject to the terms of purchase, payment, redemption, refunding, or refinancing that the resolution or trust agreement provides;

6. Be executed by the manual or facsimile signatures of the officers of the Authority designated by the Authority which signatures shall be valid at delivery even for one who has ceased to hold office; and

7. Be sold in the manner and upon the terms determined by the Authority including private (negotiated) sale.

D. Any resolution or trust agreement may contain provisions which shall be a part of the contract with the holders of the bonds as to:

1. Pledging, assigning, or directing the use, investment, or disposition of receipts of the Authority or proceeds or benefits of any contract and conveying or otherwise securing any property rights;

2. The setting aside of loan funding deposits, debt service reserves, capitalized interest accounts, cost of issuance accounts and sinking funds, and the regulation, investment, and disposition thereof;

3. Limitations on the purpose to which or the investments in which the proceeds of sale of any issue of bonds may be applied and restrictions to investments of revenues or bond proceeds in government obligations for which principal and interest are unconditionally guaranteed by the United States of America;

4. Limitations on the issuance of additional bonds and the terms upon which additional bonds may be issued and secured and may rank on a parity with, or be subordinate or superior to, other bonds;

5. The refunding or refinancing of outstanding bonds;

6. The procedure, if any, by which the terms of any contract with bondholders may be altered or amended and the amount of bonds the holders of which must consent thereto, and the manner in which consent shall be given;

7. Defining the acts or omissions which shall constitute a default in the duties of the Authority to

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60 bondholders and providing the rights or remedies of such holders in the event of a default which may
61 include provisions restricting individual right of action by bondholders;

62 8. Providing for guarantees, pledges of property, letters of credit, or other security, or insurance for
63 the benefit of bondholders; and

64 9. Any other matter relating to the bonds which the Authority determines appropriate.

65 E. No member of the Authority nor any person executing the bonds on behalf of the Authority shall
66 be liable personally for the bonds or subject to any personal liability by reason of the issuance of the
67 bonds.

68 F. The Authority may enter into agreements with agents, banks, insurers, or others for the purpose of
69 enhancing the marketability of, or as security for, its bonds.

70 G. A pledge by the Authority of revenues as security for an issue of bonds shall be valid and
71 binding from the time the pledge is made.

72 The revenues pledged shall immediately be subject to the lien of the pledge without any physical
73 delivery or further act, and the lien of any pledge shall be valid and binding against any person having
74 any claim of any kind in tort, contract or otherwise against the Authority, irrespective of whether the
75 person has notice.

76 No resolution, trust agreement or financing statement, continuation statement, or other instrument
77 adopted or entered into by the Authority need be filed or recorded in any public record other than the
78 records of the Authority in order to perfect the lien against third persons, regardless of any contrary
79 provision of public general or public local law.

80 H. Except to the extent restricted by an applicable resolution or trust agreement, any holder of bonds
81 issued under this chapter or a trustee acting under a trust agreement entered into under this chapter,
82 may, by any suitable form of legal proceedings, protect and enforce any rights granted under the laws of
83 Virginia or by any applicable resolution or trust agreement.

84 I. The Authority may issue bonds to refund any of its bonds then outstanding, including the payment
85 of any redemption premium and any interest accrued or to accrue to the earliest or any subsequent date
86 of redemption, purchase or maturity of the bonds. Refunding bonds may be issued for the public
87 purposes of realizing savings in the effective costs of debt service, directly or through a debt
88 restructuring, for alleviating impending or actual default and may be issued in one or more series in an
89 amount in excess of that of the bonds to be refunded.

90 J. The franchise holder must agree that the franchise will not be relocated until any bonds issued
91 hereunder are defeased.

92 K. In the event a major league baseball facility is planned, no bonds shall be issued hereunder until
93 the Authority has executed a long-term lease with a major league baseball franchise *which shall be a*
94 *not-for-profit corporation*. In the event a minor league baseball facility is planned, the same
95 requirements, *mutatis mutandis*, shall apply. *The not-for-profit corporation ownership shall be structured*
96 *so that no individual or entity owns more than one percent of the outstanding shares of stock; that the*
97 *corporation shall be nonprofit-sharing and its purpose shall be exclusively for charitable purposes; that*
98 *no stockholder shall receive any dividends, pecuniary profit or emolument by virtue of his being a*
99 *stockholder; and should there be a dissolution or sale of the corporation, that the individual profits and*
100 *assets shall be transferred to the State Literary Fund for public school purposes.*