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HOUSE BILL NO. 529
Offered January 18, 2000

A *BILL* authorizing the issuance of Commonwealth of Virginia Higher Education and Related Educational Facilities Bonds in an amount not exceeding \$249,000,000 for the purpose of providing funds for paying, together with any other available funds, the cost of capital projects for acquiring, constructing, restoring, repairing, improving, and refurbishing the physical plants, including incidental equipment, of higher education and related educational facilities; authorizing 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 the bonds; authorizing the Treasury Board, by and with the consent of the Governor, to borrow money in anticipation of the issuance of the bonds; authorizing the issuance of refunding bonds, by and with the consent of the Governor; providing for the pledge of the full faith and credit of the Commonwealth for the payment of such obligations; providing that interest on such obligations shall be exempt from all taxation by the Commonwealth and any political subdivision thereof; and providing that this act shall not become effective and that no bonds shall be issued hereunder unless this act is approved by a majority of the qualified voters of the Commonwealth voting thereon at an election, as required by Article X, Section 9 (b) of the Constitution of Virginia.

Patron—Diamonstein

Referred to Committee on Finance

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 Education and Related Facilities Bond Act of 2000."

§ 2. **Authorization of Bonds and BANs.** Subject to a favorable vote of a majority of the qualified voters voting on this act at the November 7, 2000, general election as hereinafter provided, the Treasury Board is hereby authorized, by and with the consent of the Governor, to sell and issue, at one time or from time to time, bonds of the Commonwealth, to be designated "Commonwealth of Virginia Higher Education and Related Facilities Bonds, Series...", in an aggregate principal amount not exceeding \$249,000,000. The Treasury Board is further authorized, by and with the consent of the Governor, to borrow money in anticipation of the issuance of the bonds by the issuance of bond anticipation notes ("BANs"), including BANs as commercial paper.

§ 3. **Purpose; Projects.** The proceeds of the bonds and BANs, excluding amounts needed to pay issuance costs and other financing expenses, shall be used as provided in § 4 hereof for capital projects for acquiring, constructing, restoring, repairing, improving, renovating, and refurbishing the physical plants, including incidental equipment, of higher education and related educational facilities as follows:

Project	2000-2002
Christopher Newport University	
New Construction: Performing Arts Center	\$10,000,000
College of William and Mary	
Improvements: Millington Hall Renovations	\$16,000,000
George Mason University	
Improvements: Renovation of Thompson/West Academic Buildings	\$9,000,000
New Construction: Academic IV	\$5,000,000
James Madison University	
Improvements: Harrison Hall and Roop Hall Renovation	\$8,300,000
Improvements: Technology Classrooms and Infrastructure	\$5,000,000
Longwood College	
New Construction: Science Building	\$14,200,000

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59	Mary Washington College	
60	Improvements: Lee Hall Renovation	\$6,700,000
61		
62	Norfolk State University	
63	Improvements: Teacher Education Building Renovations	\$3,500,000
64		
65	Old Dominion University	
66	New Construction: Engineering and Computer Science Facility	\$13,000,000
67		
68	Radford University	
69	Improvements: Peters Hall Renovation	\$10,000,000
70		
71	University of Virginia	
72	Improvements: Renovate Fayerweather Hall/Studio Art Bldg.	\$12,000,000
73		
74	University of Virginia at Wise	
75	Improvements: Drama Building Renovations	\$6,300,000
76		
77	Virginia Commonwealth University	
78	Improvements: Classrooms, Libraries & Lecture Hall Renovations	\$9,000,000
79		
80	Acquisition: Biotechnology Research Park	\$5,000,000
81		
82	Virginia Community College System	
83	New Construction: Academic Bldg., VA Beach Campus, Tidewater	\$14,000,000
84		
85	New Construction: Parham Road Campus Phase IV,	
86		
87	J. Sargeant Reynolds	\$12,000,000
88		
89	New Construction: Learning Resource Bldg., Southwest Virginia	\$8,000,000
90		
91	New Construction: Science Lab, Lord Fairfax	\$7,900,000
92		
93	New Construction: Performing Arts Center, Blue Ridge	\$5,000,000
94		
95	New Construction: Manufacturing Technology Bldg.,	
96		
97	Central Virginia	\$4,500,000
98		
99	Improvements: Renovation of Instructional Labs, John Tyler	\$4,000,000
100		
101	New Construction: Loudoun Campus Phase II-A, Northern Virginia	\$3,800,000
102		
103	New Construction: Webber Hall Addition, Virginia Western	\$3,000,000
104		
105	New Construction: Ft. Pickett Heavy Equipment Program,	
106		
107	Southside	\$2,000,000
108		
109	Improvements: Instructional Renovations, Wytheville	\$1,300,000
110		
111	Improvements: Learning Resource Center Renovations,	
112		
113	Patrick Henry	\$1,200,000
114		

115	Virginia Cooperative Extension and Research Station	
116	New Construction: Livestock Arena	\$1,900,000
117		
118	Virginia Institute of Marine Science	
119	Improvements: Brooke and Davis Hall Renovations	\$6,000,000
120		
121	Virginia Military Institute	
122	Improvements: Nichols Engineering Hall Renovations	\$16,500,000
123		
124	Virginia Polytechnic Institute and State University	
125	Improvements: Upper Quad Conversion, Phase II	\$15,000,000
126		
127	Virginia State University	
128	Improvements: Renovate Daniels Gymnasium	\$9,900,000
129		
130		
131	Total	
132		
133	Fund Sources: Debt Service	\$249,000,000
134		

135 *The General Assembly hereby finds and determines that the estimated useful life of the capital*
136 *projects listed above is in excess of twenty-five years.*

137 *Upon the request of the governing board of an educational institution, the Governor or the*
138 *Governor's designee may increase or decrease the allocation to any capital project for such institution,*
139 *within the total amount allocated to capital projects for such institution. To the extent that the cost of*
140 *any capital project is less than the amount allocated to such capital project, the Governor or the*
141 *Governor's designee may increase the amount allocated to any other capital project included herein. No*
142 *allocation to a capital project may be increased until it has been demonstrated to the satisfaction of the*
143 *Governor or the Governor's designee that (i) the cost of the capital project has been reduced to the*
144 *extent reasonable, (ii) the capital project has not been expanded or enhanced beyond that originally*
145 *approved, and (iii) the capital project is suitable and adequate for the scope originally intended. No*
146 *increase in the amount allocated to any capital project shall constitute an authorization for the issuance*
147 *of bonds in an amount in excess of the aggregate amount authorized hereunder.*

148 **§ 4. Application of Proceeds.** *Proceeds (including any premium) of the bonds and any BANs (except*
149 *the proceeds of (i) bonds the issuance of which has been anticipated by BANs, (ii) refunding bonds and*
150 *(iii) refunding BANs) shall be deposited by the State Treasurer in a special capital outlay fund in the*
151 *state treasury and shall be disbursed only for the purpose for which the bonds or any BANs have been*
152 *issued. In the event that the proceeds of the bonds or BANs exceed the cost of the projects specified in*
153 *§ 3, the Treasury Board shall cause such excess proceeds to be applied to the retirement of the bonds*
154 *or BANs. The proceeds of (i) bonds the issuance of which has been anticipated by BANs, (ii) refunding*
155 *bonds, and (iii) refunding BANs, and any funds provided by the General Assembly, or available from*
156 *any other source, for the purpose, shall be used to pay such BANs, refunded bonds and refunded BANs.*

157 *The proceeds of the bonds and any refunding bonds or BANs are hereby appropriated for*
158 *disbursement from the state treasury for the current biennium pursuant to Article X, Section 7 of the*
159 *Constitution of Virginia, and § 2.1-224 of the Code of Virginia. The general conditions and general*
160 *provisions of the general appropriation act enacted pursuant to Chapter 27 (§ 2.1-387 et seq.) of Title*
161 *2.1 of the Code of Virginia, in effect from time to time, and all of the terms and conditions contained*
162 *therein shall apply to the capital projects listed in § 3. The Governor or his designee is hereby*
163 *authorized to increase the appropriation for any project listed in § 3 by the amount of the proceeds of*
164 *donations, gifts, grants or other nongeneral funds paid into the state treasury in excess of such*
165 *appropriation.*

166 **§ 5. Details, sale of bonds and BANs.** *The bonds shall be dated, shall mature at such time or times*
167 *not exceeding twenty-five years from their date or dates and may be made redeemable before their*
168 *maturity or maturities at such price or prices or within such price parameters, all as may be determined*
169 *by the Treasury Board, by and with the consent of the Governor. The principal of the bonds shall be*
170 *amortized, by payment into a sinking fund or otherwise, in annual installments. The first annual*
171 *installment of principal of the bonds shall become due not later than one-tenth of the term of the bonds,*
172 *and no installment of principal of the bonds shall be more than twice the smallest previous installment.*
173 *Any such sinking fund shall not be appropriated for any other purpose.*

174 *The bonds shall be in such form, shall bear interest at such rate or rates, either at fixed rates or at*

175 rates established by formula or other method, and may contain such other provisions, all as the
176 Treasury Board or the State Treasurer, when authorized by the Treasury Board, may determine. The
177 principal of and premium, if any, and interest on the bonds and BANs shall be payable in lawful money
178 of the United States of America. Bonds and BANs may be certificated or uncertificated as determined by
179 the Treasury Board. The Treasury Board may contract for services of such registrars, transfer agents,
180 or other authenticating agents as it deems appropriate to maintain a record of the persons entitled to
181 the bonds and BANs. Bonds and BANs may be issued under a system of book entry for recording the
182 ownership and transfer of ownership of rights to receive payments on the bonds and BANs. The
183 Treasury Board shall fix the denomination or denominations of the bonds and the place or places of
184 payment of principal, premium, if any, and interest, which may be at the office of the State Treasurer or
185 at any one or more banks or trust companies within or without the Commonwealth.

186 The Treasury Board may sell the bonds and any BANs in such manner, either by competitive
187 bidding, negotiated sale or private placement, and for such price as it may determine, by and with
188 consent of the Governor, to be in the interest of the Commonwealth.

189 In the discretion of the Treasury Board, bonds and BANs may be issued at one time or in part from
190 time to time and may be issued and sold at the same time with other general obligation bonds and bond
191 anticipation notes, respectively, of the Commonwealth authorized pursuant to Article X, Section 9 (a)(3),
192 (b), or (c) of the Constitution of Virginia, either as separate issues, as a combined issue designated
193 "Commonwealth of Virginia General Obligation Bonds [Bond Anticipation Notes], Series 20....," or as a
194 combination of both. The bonds and BANs shall be signed on behalf of the Commonwealth by the
195 Governor and by the State Treasurer, or shall bear their facsimile signatures, and shall bear the lesser
196 seal of the Commonwealth or a facsimile thereof. In the event that the bonds or BANs bear the facsimile
197 signature of the State Treasurer, they shall be signed by such administrative assistant as the State
198 Treasurer shall determine or by such registrar or paying agent as may be designated to sign them by
199 the Treasury Board. If any officer whose signature or facsimile signature shall appear on any bonds or
200 BANs shall cease to be such officer before the delivery, such signature or such facsimile shall
201 nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office
202 until such delivery, and any bond or BAN may bear the facsimile signature of, or may be signed by,
203 such persons as at the actual time of the execution are the proper officers to sign such bond or BAN
204 although, at the date of such bond or BAN, such persons may not have been such officers.

205 § 6. **Refunding.** The Treasury Board is hereby authorized, by and with the consent of the Governor,
206 to sell and issue, at one time or from time to time, refunding bonds and BANs of the Commonwealth to
207 refund any or all of the bonds and BANs, respectively, issued under this act or otherwise pursuant to
208 Article X, Section 9(b) of the Constitution of Virginia. Refunding bonds and BANs may be issued in a
209 principal amount up to the amount necessary to pay at maturity or redeem the bonds and BANs to be
210 refunded and pay all issuance costs and other financing expenses of the refunding. Such refunding
211 bonds and BANs may be issued whether or not the bonds or BANs to be refunded are then subject to
212 redemption. Any escrow or trust fund established with the proceeds from the sale of refunding bonds
213 shall be irrevocably pledged to the payment of the bonds to be refunded, and shall be used solely to pay
214 such bonds or BANs at maturity or upon redemption or for the purchase of not less than all of the
215 bonds or BANs to be refunded. Any such escrow or trust fund shall constitute a special fund for the
216 payment of such refunded bonds or BANs, and such refunded bonds or BANs, to the extent of amounts,
217 including the maturity amounts of investments, set aside for the payment thereof in such escrow or trust
218 fund, shall not be included for the purposes of determining any limitations upon the amount of bonded
219 indebtedness of the Commonwealth that may be incurred pursuant to Article X, Section 9(b) of the
220 Constitution of Virginia. The Treasury Board may, however, direct that the interest received from the
221 investment of the proceeds of the bonds or any BANs be transferred to the general fund of the state
222 treasury.

223 § 7. **Authorized Investments.** Pending the application of the proceeds of the bonds or BANs
224 (including refunding bonds and BANs) to the purpose for which they have been authorized and the
225 application of funds set aside for the purpose to the payment of bonds or BANs, they may be invested by
226 the State Treasurer in securities that are legal investments under the laws of the Commonwealth for
227 public funds and sinking funds, as the case may be. Whenever the State Treasurer receives interest from
228 the investment of the proceeds of bonds or any BANs, such interest shall become a part of the principal
229 of the bonds or any BANs and shall be used in the same manner as required for principal of the bonds
230 or BANs.

231 § 8. **Security for bonds and BANs.** The full faith and credit of the Commonwealth are hereby
232 irrevocably pledged for the payment of the principal of and the interest on bonds and refunding bonds,
233 and (unless the Treasury Board, by and with the consent of the Governor, shall provide otherwise)
234 BANs issued under this act. The proceeds of (i) bonds the issuance of which have been anticipated by
235 BANs, (ii) refunding bonds and (iii) refunding BANs are hereby irrevocably pledged for the payment of
236 principal of and interest and any premium on such bonds or BANs to be refunded thereby. In addition,

237 the Treasury Board may pledge the full faith and credit of the Commonwealth for the payment of the
 238 principal of and interest on any BANs. If sufficient funds are not appropriated in the general
 239 appropriations act for any fiscal year for the timely payment of the principal of and the interest on the
 240 bonds, any refunding bonds or any BANs where the full faith and credit of the Commonwealth have
 241 been pledged, there shall be set apart by direction of the Governor, from the first general fund revenues
 242 received during such fiscal year and thereafter, a sum sufficient to pay such principal and interest.

243 § 9. **Expenses.** All expenses incurred under this act shall be paid from the proceeds of the bonds, or
 244 any refunding bonds or BANs, or from any other available funds as the Treasury Board shall determine.

245 § 10. **Exemption of interest from tax.** The bonds and BANs issued under the provisions of this Act,
 246 their transfer, and the income therefrom, including any profit made on the sale thereof, shall at all times
 247 be exempt from taxation by the Commonwealth and by any political subdivision thereof. The interest on
 248 the bonds and any refunding bonds or BANs may be subject to inclusion in gross income of the holders
 249 thereof for federal income tax purposes.

250 § 11. **Referendum.** The question of the effectiveness of this act and the authorization of the bonds
 251 shall be submitted to the qualified voters of the Commonwealth at the general election to be held on
 252 Tuesday, November 7, 2000. Notice of the election shall be given, the ballots shall be prepared,
 253 distributed and voted, and the results thereof ascertained and certified, in accordance with Title 24.2 of
 254 the Code of Virginia, relating to special elections. The ballots to be used at the election shall pose the
 255 question in substantially the following form:

256 **QUESTION:** Shall Chapter. . ., Acts of the General Assembly of 2000, authorizing the issuance of
 257 general obligation bonds of the Commonwealth of Virginia in the maximum amount of \$ 249,000,000
 258 pursuant to Article X, Section 9(b) of the Constitution of Virginia for capital projects for HIGHER
 259 EDUCATION AND RELATED FACILITIES, take effect?

260 The State Board of Elections shall cause to be sent to the electoral boards of each county and city
 261 sufficient copies of the full text of this act and the question contained herein for the officers of election
 262 to post in each polling place on election day. The State Board of Elections shall without delay make out
 263 and transmit to the Governor and to the Treasury Board an official copy of the report of the whole
 264 number of votes cast at the election for and against the act, certified by it.

265 If a majority of those voting thereon shall vote in favor of this act, this act shall take effect and the
 266 bonds may be issued as hereinabove provided. If a majority of those voting thereon shall vote against
 267 this act, this act shall not take effect and the bonds shall not be issued.

268 The expenses incurred in conducting this election shall be defrayed as in the case of election of
 269 members of the General Assembly.

270 § 12. **Severability.** The provisions of this act or the application thereof to any person or circumstance
 271 which are held invalid shall not affect the validity of other provisions or applications of this act which
 272 can be given effect without the invalid provisions or applications.