

2002 SESSION

INTRODUCED

024286208

SENATE BILL NO. 31

Offered January 9, 2002

Prefiled December 19, 2001

An Act authorizing the issuance of Commonwealth of Virginia General Obligation Bonds in an amount not exceeding \$608,190,000 for the purpose of financing the costs of capital projects for educational facilities; authorizing the Treasury Board, by and with the consent of the Governor, to fix the details of the 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 the interest income 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 shall be 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.

Patrons—Chichester and Rerras

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 Educational Facilities Bond Act of 2002."

§ 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 5, 2002, 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 General Obligation Bonds, Series....," in an aggregate principal amount not exceeding \$608,190,000. 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 issued 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 educational facilities as follows:

College of William and Mary	Renovate/Expand Rogers Hall	\$19,750,000
University of Virginia	Construct Materials Science	
	Engineering & Nanotechnology	
	Building	7,000,000
University of Virginia	Construct Medical Research	
	Building (MR-6)	25,000,000
University of Virginia	Renovate Fayerweather Hall	4,600,000
University of Virginia	Renovate Gilmer Hall Teaching	
	Laboratories	5,700,000
University of Virginia	Replace Campbell Hall Chiller	1,719,000
University of Virginia	Upgrade Cavalier Substation	4,700,000
Virginia Polytechnic Institute		

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57			
58	and State University	Construct Biomedical Science	
59			
60		Complex, Phase II	24,394,000
61			
62	Virginia Polytechnic Institute		
63			
64	and State University	Construct Biology Building	16,116,000
65			
66	Virginia Polytechnic Institute		
67			
68	and State University	Construct New Engineering	
69			
70		Facility, Phase I	17,000,000
71			
72	Virginia Polytechnic Institute		
73			
74	and State University	Renovate Williams Hall	5,218,000
75			
76	Virginia Military Institute	Construct Women's Athletic	
77			
78		Facilities	1,629,000
79			
80	Virginia Military Institute	Renovate Nichols Engineering	
81			
82		Building	19,585,000
83			
84	Virginia State University	Construct New Academic Science	
85			
86		& Technology Building	19,697,000
87			
88	Virginia State University	Renovate Gandy Hall	7,389,000
89			
90	Norfolk State University	Construct Rise Center	21,000,000
91			
92	Norfolk State University	Increase student access to	
93			
94		technology	4,300,000
95			
96	Norfolk State University	Renovate HVAC Systems	2,048,000
97			
98	Norfolk State University	Renovate Robinson Technology	
99			
100		Building	9,650,000
101			
102	Norfolk State University	Renovate Teacher's Education	
103			
104		Building	4,217,000
105			
106	Longwood College	Construct Bedford Wygal Connector	8,856,000
107			
108	Longwood College	Renovate Jarman Building	6,266,000
109			
110	Mary Washington College	Construct James Monroe Center	
111			
112		Campus building #2	9,072,000
113			

114	Mary Washington College	Renovate / Alter Portions of 4	
115			
116		Academic buildings	2,242,000
117			
118	James Madison University	Construct CISAT Academic 3a Bldg	28,405,000
119			
120	James Madison University	Renovate and upgrade technology	
121			
122		infrastructure	8,768,000
123			
124	Radford University	Construct Fine Arts Center	20,000,000
125			
126	Old Dominion University	Renovate Batten Arts and Letters	
127			
128		Building	11,406,000
129			
130	Old Dominion University	Renovate Technology Building	10,816,000
131			
132	Virginia Cooperative Extension		
133			
134	and Agricultural		
135			
136	Experiment Station	Construct Agriculture and Natural	
137			
138		Resources Research Laboratory	
139			
140		Facility	21,808,000
141			
142	Virginia Commonwealth Univ	Renovate West Hospital and	
143			
144		G.B. Johnston Lecture	14,529,000
145			
146	Virginia Commonwealth Univ	Construct Massey Cancer	
147			
148		Center Addition	13,000,000
149			
150	Virginia Commonwealth Univ	Construct Medical Sciences	
151			
152		Building, Phase II	26,250,000
153			
154	Virginia Commonwealth Univ	Renovate Business Building	
155			
156		Classrooms	1,796,000
157			
158	Richard Bland College	Renovate/Expand Library and	
159			
160		Art buildings	3,627,000
161			
162	Christopher Newport University	Construct Performing Arts Center,	
163			
164		Ferguson Hall Portion	16,107,000
165			
166	George Mason University	Construct Academic II -	
167			
168		Arlington - Campus	35,955,000
169			

170	George Mason University	Construct Academic IIIA -	
171			
172		Prince William-Campus	
173			
174		(Life Sciences Initiative)	21,381,000
175			
176	Virginia Community Coll System	Complete ADA compliance and	
177			
178		life safety improvements at	
179			
180		John Tyler, Mountain Empire,	
181			
182		New River, Northern Virginia,	
183			
184		Paul D. Camp, Piedmont Virginia,	
185			
186		Tidewater and Wytheville	
187			
188		Community Colleges	5,650,000
189			
190	Virginia Community Coll System	Complete Franklin Campus	
191			
192		Renovations, Paul D. Camp	500,000
193			
194	Virginia Community Coll System	Construct Advanced Technology	
195			
196		and Workforce Development Center,	
197			
198		Germanna	7,055,000
199			
200	Virginia Community Coll System	Construct computing services	
201			
202		expansion, New River	300,000
203			
204	Virginia Community Coll System	Construct maintenance buildings	
205			
206		at Blue Ridge, Mountain Empire,	
207			
208		New River, Rappahannock,	
209			
210		Southside Virginia (Christanna	
211			
212		and Daniel Campuses), and Central	
213			
214		Virginia Community Colleges	3,745,000
215			
216	Virginia Community Coll System	Construct Manufacturing Technology	
217			
218		Building, Central Virginia	4,355,000
219			
220	Virginia Community Coll System	Construct phase III building and	
221			
222		renovate phase I & II buildings,	
223			
224		Alexandria Campus, Northern Virginia	
225			
226			17,697,000

227			
228	Virginia Community Coll System	Construct phase IV building and	
229			
230		replace exterior panels on existing	
231			
232		building, Parham Campus,	
233			
234		J. Sargeant Reynolds	13,905,000
235			
236	Virginia Community Coll System	Construct science laboratory	
237			
238		building, Lord Fairfax	11,828,000
239			
240	Virginia Community Coll System	Install fire suppression system,	
241			
242		main academic building,	
243			
244		Piedmont Virginia	235,000
245			
246	Virginia Community Coll System	Renovate academic and administrative	
247			
248		facilities, Thomas Nelson	3,290,000
249			
250	Virginia Community Coll System	Renovate instructional buildings,	
251			
252		Wytheville	2,248,000
253			
254	Virginia Community Coll System	Renovate instructional labs,	
255			
256		John Tyler	4,750,000
257			
258	Virginia Community Coll System	Renovate Learning Resource Center	
259			
260		and West Hall, Patrick Henry	4,194,000
261			
262	Virginia Community Coll System	Renovate science building,	
263			
264		Annandale Campus,	
265			
266		Northern Virginia	9,600,000
267			
268	Virginia Community Coll System	Renovate South Campus,	
269			
270		Virginia Western	2,102,000
271			
272	Virginia Community Coll System	Repair or replace major	
273			
274		mechanical systems at Blue Ridge,	
275			
276		Northern Virginia, Rappahannock,	
277			
278		Thomas Nelson and Virginia Highlands	
279			
280		Community Colleges	7,684,000
281			
282	Virginia Community Coll System	Replace exterior doors and windows,	

283		
284	Thomas Nelson	974,000
285		
286	Virginia Institute of	
287		
288	Marine Science	Construct Marine Research
289		
290		Building Complex
291		24,982,000
292	Southwest Virginia Higher	
293		
294	Education Center	Construct Southwest Virginia Higher
295		
296		Education Center Addition
297		2,100,000
298		\$608,190,000
299		

300 *The General Assembly hereby finds and determines that the estimated useful life of the capital*
301 *projects described above is in excess of twenty-one years.*

302 *To the extent that the cost of any capital project is less than the amount allocated to such capital*
303 *project, the Governor or the Governor's designee may increase the amount allocated to any other*
304 *project included herein. No allocation to a capital project may be increased until it has been*
305 *demonstrated to the satisfaction of the Governor or the Governor's designee that (i) the cost of the*
306 *capital project has been reduced to the extent reasonable, (ii) the capital project has not been expanded*
307 *or enhanced beyond that originally approved, and (iii) the capital project is suitable and adequate for*
308 *the scope originally intended. No increase in the amount allocated to any capital project shall constitute*
309 *an authorization for the issuance of bonds in an amount in excess of the aggregate amount authorized*
310 *hereunder.*

311 *§ 4. Application of Proceeds. Proceeds (including any premium) of the bonds and any BANs (except*
312 *the proceeds of (i) bonds the issuance of which has been anticipated by BANs, (ii) refunding bonds and*
313 *(iii) refunding BANs) shall be deposited by the State Treasurer in a special capital outlay fund in the*
314 *state treasury and shall be disbursed only for the purpose for which the bonds or any BANs have been*
315 *issued. In the event that the proceeds of the bonds or BANs exceed the cost of the projects specified in*
316 *§ 3, the Treasury Board shall cause such excess proceeds to be applied to the retirement of bonds or*
317 *BANs. The proceeds of (a) bonds the issuance of which has been anticipated by BANs, (b) refunding*
318 *bonds and (c) refunding BANs and any funds provided by the General Assembly, or available from any*
319 *other source, for the purpose, shall be used to pay such BANs, refunded bonds and refunded BANs.*

320 *The proceeds of the bonds and any refunding bonds or BANs are hereby appropriated for*
321 *disbursement from the state treasury for the current biennium pursuant to Article X, Section 7 of the*
322 *Constitution of Virginia, and § 2.2-1819 of the Code of Virginia. The general conditions and general*
323 *provisions of the general appropriation act enacted pursuant to Chapter 15 (§ 2.2-1500 et seq.) of Title*
324 *2.2 of the Code of Virginia, in effect from time to time, and all of the terms and conditions contained*
325 *therein shall apply to the capital projects listed in § 3. The Governor or his designee is hereby*
326 *authorized to increase the appropriation for any project listed in § 3 by the amount of the proceeds of*
327 *donations, gifts, grants or other nongeneral funds paid into the state treasury in excess of such*
328 *appropriation.*

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

337 *The bonds shall be in such form, shall bear interest at such rate or rates, either at fixed rates or at*
338 *rates established by formula or other method, and may contain such other provisions, all as the*
339 *Treasury Board or the State Treasurer, when authorized by the Treasury Board, may determine. The*
340 *principal of and premium, if any, and interest on the bonds and BANs shall be payable in lawful money*
341 *of the United States of America. Bonds and BANs may be certificated or uncertificated as determined by*
342 *the Treasury Board. The Treasury Board may contract for services of such registrars, transfer agents,*

or other authenticating agents as it deems appropriate to maintain a record of the persons entitled to the bonds and BANs. Bonds and BANs may be issued under a system of book entry for recording the ownership and transfer of ownership of rights to receive payments on the bonds and BANs. The Treasury Board shall fix the denomination or denominations of the bonds and the place or places of payment of principal, premium, if any, and interest, which may be at the office of the State Treasurer or at any one or more banks or trust companies within or without the Commonwealth.

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

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

§ 6. Refunding. 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, refunding bonds and BANs of the Commonwealth, to refund any or all of the bonds and BANs, respectively, issued under this act or otherwise pursuant to Article X, Section 9(b) of the Constitution of Virginia. Refunding bonds and BANs may be issued in a principal amount up to the amount necessary to pay at maturity or redeem the bonds and BANs to be refunded and pay all issuance costs and other financing expenses of the refunding. Such refunding bonds and BANs may be issued whether or not the bonds or BANs to be refunded are then subject to redemption. Any escrow or trust fund established with the proceeds from the sale of refunding bonds shall be irrevocably pledged to the payment of the bonds to be refunded, and shall be used solely to pay such bonds or BANs at maturity or upon redemption or for the purchase of not less than all of the bonds or BANs to be refunded. Any such escrow or trust fund shall constitute a special fund for the payment of such refunded bonds or BANs, and such refunded bonds or BANs, to the extent of amounts, including the maturity amounts of investments, set aside for the payment thereof in such escrow or trust fund, shall not be included for the purposes of determining any limitations upon the amount of bonded indebtedness of the Commonwealth that may be incurred pursuant to Article X, Section 9(b) of the Constitution of Virginia. The Treasury Board may, however, direct that the interest received from the investment of the proceeds of the bonds or any BANs be transferred to the general fund of the state treasury.

§ 7. Investments and Contracts.

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

B. The Commonwealth may enter into any contract or other arrangement that is determined to be necessary or appropriate to place the obligation or investment of the Commonwealth, as represented by bonds, BANs or investments, in whole or in part, on the interest rate, cash flow or other basis desired by the Commonwealth. Such contract or other arrangement may include, without limitation, contracts commonly known as interest rate swap agreements, and futures or contracts providing for payments based on levels of, or changes in, interest rates. These contracts or arrangements may be entered into by the Commonwealth in connection with, or incidental to, entering into, or maintaining any (i) agreement that secures bonds or BANs or (ii) investment, or contract providing for investment, otherwise authorized by law. These contracts and arrangements may contain such payment, security, default, remedy, and other terms and conditions as determined by the Commonwealth, after giving due

404 consideration to the creditworthiness of the counterparty or other obligated party, including any rating
405 by any nationally recognized rating agency, and any other criteria as may be appropriate. The
406 determinations referred to in this paragraph may be made by the Treasury Board or any public funds
407 manager with professional investment capabilities duly authorized by the Treasury Board to make such
408 determinations.

409 C. Any money set aside and pledged to secure payments of bonds, BANs or any of the contracts
410 entered into pursuant to this section may be invested in accordance with paragraph A of this section
411 and may be pledged to and used to service any of the contracts or other arrangements entered into
412 pursuant to paragraph B of this section.

413 § 8. Security for bonds and BANs. The full faith and credit of the Commonwealth are hereby
414 irrevocably pledged for the payment of the principal of and the interest on bonds and (unless the
415 Treasury Board, by and with the consent of the Governor, shall provide otherwise) BANs issued under
416 this act. The proceeds of (i) bonds the issuance of which has been anticipated by BANs, (ii) refunding
417 bonds and (iii) refunding BANs are hereby irrevocably pledged for the payment of principal of and
418 interest and any premium on such bonds or BANs to be refunded thereby. In addition, the Treasury
419 Board may pledge the full faith and credit of the Commonwealth for the payment of the principal of and
420 interest on any BANs. If sufficient funds are not appropriated in the general appropriations act for any
421 fiscal year for the timely payment of the principal of and the interest on the bonds, any refunding bonds
422 or any BANs where the full faith and credit of the Commonwealth has been pledged, there shall be set
423 apart by direction of the Governor, from the first general fund revenues received during such fiscal year
424 and thereafter, a sum sufficient to pay such principal and interest.

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

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

432 § 11. Referendum. The question of the effectiveness of this act and the authorization of the bonds
433 shall be submitted to the qualified voters of the Commonwealth at the general election to be held on
434 Tuesday, November 5, 2002. Notice of the election shall be given, the ballots shall be prepared,
435 distributed and voted, and the results thereof ascertained and certified in accordance with Title 24.2 of
436 the Code of Virginia, relating to special elections. The ballots to be used at the election shall pose the
437 question in substantially the following form:

438 "QUESTION: Shall Chapter ___, Acts of the General Assembly of 2002, authorizing the issuance of
439 general obligation bonds of the Commonwealth of Virginia in the maximum amount of \$608,190,000
440 pursuant to Article X, Section 9(b) of the Constitution of Virginia for capital projects for educational
441 facilities, take effect?"

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

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

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

452 § 12. Severability. The provisions of this act or the application thereof to any person or circumstance
453 that are held invalid shall not affect the validity of other provisions or applications of this act that can
454 be given effect without the invalid provisions or applications.