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HOUSE BILL NO. 931

Offered January 11, 2006

Prefiled January 10, 2006

A *BILL to amend the Code of Virginia by adding in Title 15.2 a chapter numbered 55.2, consisting of sections numbered 15.2-5516 through 15.2-5522, relating to Tourism Financing Development Authority.*

Patron—Nutter

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 15.2 a chapter numbered 55.2, consisting of sections numbered 15.2-5516 through 15.2-5522, as follows:

CHAPTER 55.2.

TOURISM FINANCING DEVELOPMENT AUTHORITY.

§ 15.2-5516. *Short title.*

This chapter shall be known and may be cited as the "Tourism Financing Development Authority."

§ 15.2-5517. *One or more localities may create authority.*

The governing body of a locality may by ordinance or resolution, or the governing bodies of two or more localities may by concurrent ordinances or resolutions or by agreement, create a tourism financing development authority for the purpose of supporting tourism infrastructure in localities. The name of the authority shall contain the word "authority." The authority shall be a public body politic and corporate.

§ 15.2-5518. *Directors; qualifications; terms; vacancies; compensation and expenses; quorum; records; certification and distribution of report concerning bond issuance.*

A. The authority shall be governed by a board of directors in which all powers of the authority shall be vested and which board shall be composed of seven directors, appointed by the governing body of the locality. If the authority is created by two or more localities, the members of the board shall be appointed as agreed upon by the localities. The seven directors shall be appointed initially for terms of one, two, three and four years; two being appointed for one-year terms; two being appointed for two-year terms; two being appointed for three-year terms; and one being appointed for a four-year term. Subsequent appointments shall be for terms of four years, except appointments to fill vacancies, which shall be for the unexpired terms. All terms of office shall be deemed to commence upon the date of the initial appointment to the authority and thereafter, in accordance with the provisions of the immediately preceding sentence. If at the end of any term of office of any director a successor thereto has not been appointed, then the director whose term of office has expired shall continue to hold office until his successor is appointed and qualified.

B. Each director shall, upon appointment or reappointment, before entering upon his duties take and subscribe the oath prescribed by § 49-1.

C. Four members of the board of directors shall constitute a quorum of the board for the purposes of conducting its business and exercising its powers and for all other purposes, except that no facilities owned by the authority shall be leased or disposed of in any manner without a majority vote of the members of the board of directors. No vacancy in the membership of the board shall impair the right of a quorum to exercise all the powers and perform all the duties of the board.

D. The board shall keep detailed minutes of its proceedings, which shall be open to public inspection at all times. It shall keep suitable records of its financial transactions and, unless exempted by § 30-140, it shall arrange to have the records audited annually. Copies of each such audit shall be furnished to the governing body of the locality and shall be open to public inspection.

Two copies of the report concerning issuance of bonds required to be filed with the United States Internal Revenue Service shall be certified as true and correct copies by the secretary or assistant secretary of the authority. One copy shall be furnished to the governing body of the locality and the other copy mailed to the Department of Business Assistance.

§ 15.2-5519. *Powers of authority.*

The authority shall have the following powers together with all powers incidental thereto or necessary for the performance of those hereinafter stated:

1. To sue and be sued and to prosecute and defend, at law or in equity, in any court having jurisdiction of the subject matter and of the parties;

2. To adopt and use a corporate seal and to alter the same at its pleasure;

3. To enter into contracts;

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59 4. To acquire, whether by purchase, exchange, gift, lease or otherwise, and to improve, maintain,
60 equip, and furnish one or more authority facilities including all real and personal properties that the
61 board of directors of the authority may deem necessary in connection therewith and regardless of
62 whether any such facilities shall then be in existence;

63 5. To lease to others any or all of its facilities and to charge and collect rent therefor and to
64 terminate any such lease upon the failure of the lessee to comply with any of the obligations thereof;
65 and to include in any such lease, if desired, a provision that the lessee thereof shall have options to
66 renew such lease or to purchase any or all of the leased facilities, or that upon payment of all of the
67 indebtedness of the authority it may lease or convey any or all of its facilities to the lessee thereof with
68 or without consideration;

69 6. To sell, exchange, donate, and convey any or all of its facilities or properties whenever its board
70 of directors shall find any such action to be in furtherance of the purposes for which the authority was
71 organized;

72 7. To issue its bonds for the purpose of carrying out any of its powers;

73 8. As security for the payment of the principal of and interest on any bonds so issued and any
74 agreements made in connection therewith, to mortgage and pledge any or all of its facilities or any part
75 or parts thereof, whether then owned or thereafter acquired, and to pledge the revenues therefrom or
76 from any part thereof or from any loans made by the authority;

77 9. To employ and pay compensation to such employees and agents, including attorneys and real
78 estate brokers whether engaged by the authority or otherwise, as the board of directors shall deem
79 necessary in carrying on the business of the authority;

80 10. To exercise all powers expressly given the authority by the governing body of the locality which
81 established the authority and to establish bylaws and make all rules and regulations, not inconsistent
82 with the provisions of this chapter, deemed expedient for the management of the authority's affairs;

83 11. To borrow money and to accept contributions, grants, and other financial assistance from the
84 United States of America and agencies or instrumentalities thereof, the Commonwealth, or any political
85 subdivision, agency, or public instrumentality of the Commonwealth, for or in aid of the construction,
86 acquisition, ownership, maintenance, or repair of the authority facilities; for the payment of principal of
87 any bond of the authority, interest thereon, or other cost incident thereto; or in order to make loans in
88 furtherance of the purposes of this chapter of such money, contributions, grants, and other financial
89 assistance, and to this end the authority shall have the power to comply with such conditions and to
90 execute such agreements, trust indentures, and other legal instruments as may be necessary, convenient,
91 or desirable and to agree to such terms and conditions as may be imposed;

92 12. To make loans or grants to any person, partnership, association, corporation, business, or
93 governmental entity in furtherance of the purposes of this chapter including for the purposes of
94 promoting economic development, provided that such loans or grants shall be made only from revenues
95 of the authority that have not been pledged or assigned for the payment of any of the authority's bonds,
96 and to enter into such contracts, instruments, and agreements as may be expedient to provide for such
97 loans and any security therefor. An authority may also be permitted to forgive loans or other
98 obligations if it is deemed to further economic development. The word "revenues" as used in this
99 subdivision includes contributions, grants, and other financial assistance, as set out in subdivision 11;
100 and

101 13. To establish a revolving loan fund or loan guarantee program to help carry out its powers and
102 promote establishment of tourism infrastructure.

103 § 15.2-5520. Liability of Commonwealth, political subdivisions, directors and officers.

104 A. Bonds issued pursuant to this chapter shall not be deemed to constitute a debt or a pledge of the
105 faith and credit of the Commonwealth, or any political subdivision thereof, including the locality that
106 created the authority issuing such bonds, but such bonds shall be payable solely from the funds
107 provided therefor as herein authorized. All such bonds shall contain on the face thereof a statement to
108 the effect that neither the Commonwealth, nor any political subdivision thereof, nor the authority shall
109 be obligated to pay the same or the interest thereon or other costs incident thereto except from the
110 revenues and moneys pledged therefor and that neither the faith and credit nor the taxing power of the
111 Commonwealth, or any political subdivision thereof, is pledged to the payment of the principal of such
112 bonds or the interest thereon or other costs incident thereto.

113 B. Neither the directors of the authority nor any person executing the bonds shall be liable
114 personally on the bonds by reason of the issuance thereof.

115 C. All expenses incurred in carrying out the provisions of this chapter shall be payable solely from
116 the funds of the authority and no liability or obligation shall be incurred by the authority hereunder
117 beyond the extent to which moneys shall be available to the authority.

118 D. Bonds issued pursuant to the provisions of this chapter shall not constitute an indebtedness within
119 the meaning of any debt limitation or restriction.

120 § 15.2-5521. Dissolution of authority; disposition of property.

121 Whenever the board of directors of the authority by resolution determines that the purposes for
122 which the authority was formed have been substantially complied with and all bonds theretofore issued
123 and all obligations theretofore incurred by the authority have been fully paid, the then members of the
124 board of directors of the authority shall thereupon execute and file for record with the governing body
125 of the locality that created the authority, a resolution declaring such facts. If the governing body of the
126 locality that created the authority is of the opinion that the facts stated in the authority's resolution are
127 true and that the authority should be dissolved, it shall so resolve and the authority shall stand
128 dissolved. Upon such dissolution, the title to all funds and properties owned by the authority at the time
129 of such dissolution shall vest in the locality creating the authority and possession of such funds and
130 properties shall forthwith be delivered to such locality.

131 § 15.2-5522. Powers, etc., severable; provisions of chapter controlling over other statutes and
132 charters.

133 The powers granted and the duties imposed in this chapter are independent and severable. If any one
134 or more sections, subsections, sentences, or parts of any of this chapter are adjudged unconstitutional or
135 invalid, such adjudication shall not affect, impair, or invalidate the remaining provisions thereof, but
136 shall be confined in its operation to the specific provisions so held unconstitutional or invalid. Any
137 provision of this chapter that is found to be in conflict with any other statute or charter shall be
138 controlling and shall supersede such other statute or charter to the extent of such conflict.