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SENATE BILL NO. 1446

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Joint Conference Committee on February 27, 2011)

(Patrons Prior to Substitute—Senators Colgan and Wampler)

A BILL to amend and reenact §§ 33.1-23.05, 33.1-23.4:01, 33.1-268, 33.1-269, 33.1-276, 33.1-277, and 33.1-280 of the Code of Virginia; to amend and reenact § 2 of the second enactment of Chapter 896 of the Acts of Assembly of 2007; and to amend the Code of Virginia by adding in Chapter 1 of Title 33.1 an article numbered 1.2, consisting of sections numbered 33.1-23.6 through 33.1-23.13, and an article numbered 1.3, consisting of sections numbered 33.1-23.14 through 33.1-23.26, and by adding a section numbered 33.1-221.1:1.3, relating to transportation funding.

Be it enacted by the General Assembly of Virginia:

1. That §§ 33.1-23.05, 33.1-23.4:01, 33.1-268, 33.1-269, 33.1-276, 33.1-277, and 33.1-280 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 1 of Title 33.1 an article numbered 1.2, consisting of sections numbered 33.1-23.6 through 33.1-23.13, and an article numbered 1.3, consisting of sections numbered 33.1-23.14 through 33.1-23.26, and by adding a section numbered 33.1-221.1:1.3 as follows:

§ 33.1-23.05. Revenue-sharing funds for systems in certain counties, cities, and towns.

A. From revenues made available by the General Assembly ~~after January 1, 2008,~~ and appropriated for the improvement, construction, or reconstruction of the systems of state highways, the Commonwealth Transportation Board ~~shall~~ *may* make an equivalent matching allocation to any county, city, or town for designations by the governing body of up to ~~$1~~ *$10* million ~~in county, city, or town general funds~~ for use by the county, city, or town to improve, construct, or reconstruct the highway systems within such county, city, or town. After adopting a resolution supporting the action, the governing body may request revenue-sharing funds to improve, construct, or reconstruct a highway system located in another locality, between two or more localities, or to bring subdivision streets, used as such prior to ~~July 1, 1992~~ *the date specified in § 33.1-72.1*, up to standards sufficient to qualify them for inclusion in the state primary and secondary system of highways. All requests for funding shall be accompanied by a prioritized listing of specified projects.

B. ~~The allocation of funds to localities shall be only for the purposes set forth in subsection A.~~ In allocating funds under this section, the Board shall give priority ~~(i) first when such project is administered by the county, city, or town, either directly or by contract with another entity, (ii) second, when such county, city, or town commits more local funding than the amount of revenue-sharing funding requested, and (iii) third when the allocation will accelerate an existing project in the Six-Year Improvement Program or the locality's capital plans. Any funds remaining may be applied to any other project that requires an equivalent matching allocation from the governing body~~ *to allocations that will accelerate projects in the Commonwealth Transportation Six-Year Improvement Program or the locality's capital plan.*

C. The Department will contract with the county, city, or town for the implementation of the project or projects. Such contract may cover either a single project or may provide for the locality's implementation of several projects during the fiscal year. The county, city, or town will undertake implementation of the particular project or projects by obtaining the necessary permits from the Department of Transportation in order to ensure that the improvement is consistent with the Department's standards for such improvements. At the request of the locality, the Department may provide the locality with engineering, right-of-way acquisition, and/or construction services for a project with its own forces. The locality shall provide payment to the Department for any such services. If administered by the Department, such contract shall also require that the governing body pay to the Department within 30 days the local revenue-sharing funds ~~from its general fund~~ upon written notice by the Department of its intent to proceed. Any project having funds allocated under this program shall be initiated in such a fashion where at least a portion of such funds have been expended within two subsequent fiscal years of allocation. Any revenue-sharing funds for projects not initiated after two subsequent fiscal years of allocation may be reallocated at the discretion of the Commonwealth Transportation Board.

D. Total Commonwealth funds allocated by the Board under this section shall not exceed ~~$50~~ *$200* million in any one fiscal year and no less than $15 million each fiscal year, subject to appropriation for such purpose.

E. ~~No more than three months prior to the end of any fiscal year in which less than the full program allocation has been allocated by the Board to specific governing bodies, those localities requesting the maximum allocation under subsection A may be allowed an additional allocation~~ *The funds allocated by*

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the Commonwealth Transportation Board under this section shall be distributed and administered in accordance with the revenue-sharing program guidelines established by the Board.

§ 33.1-23.4:01. Allocation of proceeds of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds.

The Commonwealth Transportation Board shall allocate, use, and distribute the proceeds of any bonds it is authorized to issue on or after July 1, 2007, pursuant to subdivision 4f of § 33.1-269, as follows:

1. A minimum of ~~20%~~ *20 percent* of the bond proceeds shall be used for transit capital consistent with subdivision A 4 g of § 58.1-638.

2. A minimum of ~~4.3%~~ *4.3 percent* of the bond proceeds shall be used for rail capital consistent with the provisions of §§ 33.1-221.1:1.1 and 33.1-221.1:1.2.

3. The remaining amount of bond proceeds shall be used for paying the costs incurred or to be incurred for construction of transportation projects with such bond proceeds used or allocated as follows: ~~(a)~~ *(i)* first, to match federal highway funds projected to be made available and allocated to highway and public transportation capital projects *to the extent determined* by the Commonwealth Transportation Board, for purposes of allowing additional state construction funds to be allocated to the primary, urban, and secondary systems of highways pursuant to subdivisions B 1, B 2, and B 3 of § 33.1-23.1; ~~(b)~~ *(ii)* next, to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds pursuant to § 33.1-23.05 *to the extent determined by the Commonwealth Transportation Board*; and ~~(c)~~ *(iii)* third, to pay or fund the costs of statewide or regional projects throughout the Commonwealth. Costs incurred or to be incurred for construction or funding of these transportation projects shall include, but are not limited to, environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs or other financing expenses relating to such bonds. Such costs may include the payment of interest on such bonds for a period during construction and not exceeding one year after completion of construction of the relevant project.

4. The total amount of bonds authorized shall be used for purposes of applying the percentages in subdivisions 1 through 3.

Article 1.2.

Virginia Transportation Infrastructure Bank.

§ 33.1-23.6. Legislative findings and purposes.

The General Assembly finds that there exists in the Commonwealth a critical need for additional sources of funding to finance the present and future needs of the Commonwealth for the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities. This need can be alleviated in part through the creation of a transportation infrastructure bank. The purpose of such bank is to encourage the investment of both public and private funds and to make loans and other financial assistance available to localities, private entities, and other Eligible Borrowers to finance eligible transportation projects. The General Assembly determines that the creation of a transportation infrastructure bank for this purpose is in the public interest, serves a public purpose and will promote the health, safety, welfare, convenience, or prosperity of the people of the Commonwealth.

§ 33.1-23.7. Definitions.

As used in this article, whether in capitalized or uncapitalized form, each of the following terms has the meaning given it in this section, unless the context requires a different meaning to be consistent with the manifest intention of the General Assembly:

"Bank" means the Virginia Transportation Infrastructure Bank created in § 33.1-23.8.

"Board" means the Commonwealth Transportation Board.

"Cost," as applied to any project financed under the provisions of this article, means the total of all costs including, but not limited to, the costs of planning, design, right-of-way acquisition, engineering, and construction incurred by an Eligible Borrower or other Project Sponsor as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project. The term also includes capitalized interest, reasonably required reserve funds, and financing, credit enhancement, and issuance costs.

"Credit enhancements" means surety bonds, insurance policies, letters of credit, guarantees, and other forms of collateral or security.

"Creditworthiness" means attributes such as revenue stability, debt service coverage, reserves, and other factors commonly considered in assessing the strength of the security for indebtedness.

"Eligible Borrower" means any (i) Private Entity; (ii) Governmental Entity; (iii) instrumentality, corporation, or entity established by any of the foregoing pursuant to § 33.1-23.11; or (iv) combination of two or more of the foregoing.

"Finance" and any variation of the term, when used in connection with a cost or a project, includes both the initial financing and any refinancing of the cost or project and any variation of such terms.

Governmental Entity" means any (i) Locality; (ii) local, regional, state, or federal entity; transportation authority, planning district, commission, or political subdivision created by the General Assembly or pursuant to the Constitution and laws of the Commonwealth; or public transportation entity owned, operated, or controlled by one or more local entities; (iii) entity established by interstate compact; (iv) instrumentality, corporation, or entity established by any of the foregoing pursuant to § 33.1-23.11; or (v) any combination of two or more of the foregoing

"Grant" means a transfer of moneys or property that does not impose any obligation or condition on the grantee to repay any amount to the transferor other than in connection with assuring that the transferred moneys or property will be spent or used in accordance with the governmental purpose of the transfer. Such term includes, without limitation, direct cash payments made to pay or reimburse all or a portion of interest payments made by a grantee on a debt obligation. As provided in §§ 33.1-23.8 and 33.1-23.9, only Governmental Entities may receive grants of moneys or property held in or for the credit of the Bank.

"Loan" means an obligation subject to repayment that is provided by the Bank to an Eligible Borrower to finance all or a part of the eligible cost of a project incurred by the Eligible Borrower or other Project Sponsor. A loan may be disbursed (i) in anticipation of reimbursement (including an advance or draw under a credit enhancement instrument), (ii) as direct payment of eligible costs or (iii) to redeem or defease a prior obligation incurred by the Eligible Borrower or other Project Sponsor to finance the eligible costs of a project.

"Locality" means any county, city, or town in the Commonwealth.

"Management agreement" means the memorandum of understanding or interagency agreement among the Manager, the Secretary of Finance and the Board as authorized under subsection B of § 33.1-23.8.

"Manager" means the Virginia Resources Authority serving as the manager, administrator and trustee of funds disbursed from the Bank in accordance with the provisions of this article and the management agreement.

"Other financial assistance" means, but is not limited to, grants, capital or debt reserves for bonds or debt instrument financing, provision of letters of credit and other forms of credit enhancement, and other lawful forms of financing and methods of leveraging funds that are approved by the Manager.

"Private Entity" means any private or nongovernmental entity that has executed an interim or comprehensive agreement to develop and construct a transportation infrastructure project pursuant to the Public-Private Transportation Act of 1995 (§ 56-556 et seq.).

"Project" means (i) the construction, reconstruction, rehabilitation, or replacement of any interstate, state highway, toll road, tunnel, local road, or bridge; or (ii) the construction, reconstruction, rehabilitation, replacement, of any (a) mass transit, (b) commuter, passenger or freight rail, (c) port, or (d) airport facility; or the acquisition of any rolling stock, vehicle or equipment to be used therewith.

"Project obligation" means any bond, note, debenture, interim certificate, grant or revenue anticipation note, lease or lease-purchase or installment sales agreement, or credit enhancements issued, incurred, or entered into by an Eligible Borrower to evidence a loan, or any financing agreements, reimbursement agreements, guarantees, or other evidences of an obligation of an Eligible Borrower or other Project Sponsor to pay or guarantee a loan.

"Project Sponsor" means any Private Entity or Governmental Entity that is involved in the planning, design, right-of-way acquisition, engineering, construction, maintenance or financing of a project.

"Reliable repayment source" means any means by which an Eligible Borrower or other Project Sponsor generates funds that are dedicated to the purpose of retiring a project obligation.

"Substantial project completion" means the opening of a project for vehicular or passenger traffic or the handling of cargo and freight.

§ 33.1-23.8. Creation of the Virginia Transportation Infrastructure Bank.

A. There is hereby created in the state treasury a special nonreverting, revolving loan fund that is a subfund of the Transportation Trust Fund, known as the Virginia Transportation Infrastructure Bank. The Bank shall be established on the books of the Comptroller. The Bank shall be capitalized with moneys appropriated by the General Assembly and credited to the Bank. Disbursements from the Bank shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Commonwealth Transportation Commissioner or his or her designee. Payments on project obligations and interest earned on the moneys in the Bank shall be credited to the Bank. Any moneys remaining in the Bank, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Bank. Notwithstanding anything to the contrary set forth in this article or in the management agreement, the Board will have the right to determine the projects for which loans or other financial assistance may be provided by the Bank. Moneys in the Bank shall be used solely for the purposes enumerated in subsections C and D.

B. The Board, the Manager and the Secretary of Finance are authorized to enter into a management agreement which may include provisions (i) setting forth the terms and conditions under which the

Manager will advise the Board on the financial propriety of providing particular loans or other financial assistance, (ii) setting forth the terms and conditions under which the substantive requirements of subsections C through F and § 33.1-23.11 will be applied and administered, and (iii) authorizing the Manager to request the Board to disburse from the moneys in the Bank, the reasonable costs and expenses the Manager may incur in the management and administration of the Bank and a reasonable fee to be approved by the Board for the Manager's management and administrative services.

C. 1. Moneys deposited in the Bank shall be used for the purpose of making loans and other financial assistance to finance projects.

2. Each project obligation shall be payable, in whole or in part, from reliable repayment sources pledged for such purpose.

3. The interest rate on a project obligation shall be determined by reference to the current market rates for comparable obligations, the nature of the project and the financing structure therefor, and the creditworthiness of the Eligible Borrower and other Project Sponsors. In no case, however, shall such interest rate be less than the yield on United States Treasury securities of a similar maturity.

4. The repayment schedule for each project obligation shall require (i) the amortization of principal beginning within five years following the later of substantial project completion or the date of incurrence of the project obligation and (ii) a final maturity date of not more than 35 years following substantial project completion.

D. A portion not to exceed 20 percent of the capitalization of the Bank may be used for grants to Governmental Entities to finance projects.

E. The pledge of reliable repayment sources and other property securing any project obligation may be subordinate to the pledge securing any other senior debt obligations incurred to finance the project.

F. Notwithstanding subdivision C 4, the Manager may at any time following substantial project completion defer payments on a project obligation if the project is unable to generate sufficient revenues to pay the scheduled payments.

G. No loan or other financial assistance may be provided or committed to be provided by the Bank in a manner that would cause such loan or other financial assistance to be tax-supported debt within the meaning of § 2.2-2713 or be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth but shall be payable solely from legally available moneys held by the Bank.

H. Neither the Bank nor the Manager is authorized or empowered to be or to constitute a bank or trust company within the jurisdiction or under the control of the Commonwealth or an agency thereof or the Comptroller of Currency of the U.S. Treasury Department; or a bank, banker, or dealer in securities within the meaning of, or subject to the provisions of, any securities, securities exchange, or securities dealers law of the United States or of the Commonwealth.

I. The Board or the Manager may establish or direct the establishment of federal and state accounts or subaccounts as may be necessary to meet any applicable federal law requirements or desirable for the efficient administration of the Bank in accordance with this article.

§ 33.1-23.9. Eligibility and project selection.

A. Any entity constituting an Eligible Borrower or other Project Sponsor is eligible to apply to the Board for project financing from the Bank.

B. Notwithstanding subsection A, only Governmental Entities are eligible to apply for a grant from the Bank.

C. Any Governmental Entity applying for a grant must demonstrate, among other things as determined by the Manager, that the project cannot be financed on reasonable terms or would otherwise be financially infeasible without the grant.

D. All applicants for a loan or other financial assistance (other than a grant) must file an application with the Board, which must include all items determined by the Board in consultation with the Manager to be necessary and appropriate for the Board to determine whether or not to approve the loan, including the availability of reliable repayment sources to retire the project obligation as well as creditworthiness.

E. Each applicant for a loan or other financial assistance must demonstrate that the project is of local, regional or statewide significance, and it meets the goal of generating economic benefits, improving air quality, reducing congestion, and/or improving safety through enhancement of the state transportation network. Another criterion to be considered is whether or not the loan or other financial assistance will enable the project to be completed at an earlier date than otherwise feasible. The Secretary of Transportation shall issue guidelines for scoring projects in accordance with the criteria set out in this subsection and shall apply the scoring guidelines to each proposed project. Further, the Secretary of Transportation shall promptly publish each proposed project and its score using the scoring guidelines.

F. All projects for which a loan or other financial assistance is provided must meet and remain in compliance with the policies and guidelines established by the Board and the Manager.

§ 33.1-23.10. Grants from the Commonwealth Transportation Board.

The Board may make grants of money or property to the Bank for the purpose of enabling it to carry out its corporate purposes and for the exercise of its powers. This section shall not be construed to limit any other power the Board may have to make grants to the Bank.

§ 33.1-23.11. Project Obligations.

A. Subject to the terms determined by the Manager in accordance with the management agreement, each loan or other financial assistance (which for purposes of this section shall not include grants) shall be evidenced or guaranteed by project obligations provided to finance the costs of any project. The Manager may also sell any project obligations so acquired and apply the proceeds of such a sale to the making of additional loans and the provision of other financial assistance for financing the cost of any project or for any other corporate purpose of the Bank.

B. The Manager may require, as a condition to provision of a loan or other financial assistance and the acquisition of any project obligations, that the Eligible Borrower or any other Project Sponsor covenant to perform any of the following:

1. Establish and collect tolls, rents, rates, fees, and other charges to produce revenue sufficient to pay all or a specified portion of (i) the costs of operation, maintenance, replacement, renewal, and repairs of the project; (ii) any outstanding indebtedness incurred for the purposes of the project, including the principal of and premium, if any, and interest on the project obligations; and (iii) any amounts necessary to create and maintain any required reserve, including any rate stabilization fund deemed necessary or appropriate by the Manager to offset the need, in whole or part, for future increases in tolls, rents, rates, fees, or charges;

2. Create and maintain a special fund or funds as security for or the source of the scheduled payments on the project obligations or for the operation, maintenance, repair, or replacement of the project or any portions thereof or other property of the Eligible Borrower or any other Project Sponsor, and deposit into any fund or funds amounts sufficient to make any payments as they become due and payable;

3. Create and maintain other special funds as required by the Manager; and

4. Perform other acts, including the conveyance or mortgaging of real and personal property together with all right, title and interest therein to secure project obligations, or take other actions as may be deemed necessary or desirable by the Manager to secure payment of the project obligations and to provide for remedies in the event of any default or nonpayment by the Eligible Borrower or any other Project Sponsor, including, without limitation, any of the following:

a. The procurement of credit enhancements or liquidity arrangements for project obligations from any source, public or private, and the payment therefor of premiums, fees, or other charges.

b. The combination of one or more projects, or the combination of one or more projects with one or more other undertakings, facilities, or systems, for the purpose of operations and financing, and the pledging of the revenues from such combined projects, undertakings, facilities, and systems to secure project obligations issued in connection with such combination or any part or parts thereof.

c. The payment of such fees and charges in connection with the acquisition of the project obligations as may be determined by the Manager.

C. All Eligible Borrowers and other Project Sponsors, including any Governmental Entities, providing project obligations to the Bank are authorized to perform any acts, take any action, adopt any proceedings and make and carry out any contracts with the Bank, the Manager, or the Board that are contemplated by this article. Such contracts need not be identical among all Eligible Borrowers or other Project Sponsors, but may be structured as determined by the Manager according to the needs of the contracting Eligible Borrowers and other Project Sponsors and the purposes of the Bank.

In addition, subject to the approval of the Manager, any Project Sponsor is authorized to establish and contract with a special purpose or limited purpose instrumentality, corporation, or other entity for the purpose of having such entity serve as the Eligible Borrower with respect to a particular project.

§ 33.1-23.12. Exemption from taxation; exemption from Virginia Public Procurement Act.

A. The Bank will be performing an essential governmental function in the exercise of the powers conferred upon it by this article. Accordingly, the Bank shall not be required to pay any taxes or assessments to the Commonwealth or its localities or any political subdivision thereof upon any capital, moneys or any property or upon any operations of the Bank or the income therefrom, or any taxes or assessments upon any project or any property or project obligation acquired by the Bank under the provisions of this article or upon the income therefrom.

B. The provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq.) shall not apply to the Bank in the exercise of any power conferred under this article.

§ 33.1-23.13. Reporting requirement.

A. No loan or other financial assistance shall be awarded from the Bank until the Secretary of Transportation has provided copies of the management agreement and related criteria and guidelines to

the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Transportation.

B. Within 30 days after each six-month period ending June 30 and December 31, the Manager shall provide a report to the Chairmen of the House Committees on Appropriations, Finance, and Transportation and the Senate Committees on Finance and Transportation, which shall include, but not be limited to, the amounts of loans and other financial assistance provided by the Bank and the projects for which the loans and other financial assistance were provided.

Article 1.3.

Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes.

§ 33.1-23.14. Short title; definitions.

A. This article shall be known and may be cited as the "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes Act of 2011."

B. As used in this article, unless the context requires a different meaning:

"Federal highway reimbursements" means all federal-aid highway construction reimbursements and any other federal highway assistance received from time to time by the Commonwealth under or in accordance with Title 23 of the United States Code or any successor program established under federal law from the Federal Highway Administration and any successor or additional federal agencies.

"GARVEE" means an "eligible debt financing instrument" as defined under § 122 of Chapter 1 of Title 23 of the United States Code, the principal of and interest on which and certain other costs associated therewith may be reimbursed by federal highway reimbursements.

"Notes" means those notes authorized and issued pursuant to § 33.1-23.15.

"Project-specific reimbursements" means the federal highway reimbursements received by the Commonwealth from time to time only with respect to the project or projects to be financed by the Notes or any series thereof.

"Series" means any grouping of Notes issued at one time or from time to time as designated as such by the Board as necessary or desirable for administrative convenience, satisfaction of federal tax or securities law requirements, or any similar purpose.

§ 33.1-23.15. Authorization of Notes.

The Board is hereby authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act (§ 33.1-267 et seq.), in one or more series from time to time revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series .," (the Notes) provided that the aggregate principal amount outstanding at any time shall not exceed the amount authorized pursuant to the second enactments of Chapters 1019 and 1044 of the Acts of Assembly of 2000 as amended by Chapter 655 of the Acts of Assembly of 2005, less any principal amounts outstanding from revenue obligations issued pursuant to those enactments prior to July 1, 2011, and exclusive of (i) the amount of any revenue obligations that may be issued to refund Notes issued under this Article or the revenue obligations issued under those enactments in accordance with § 33.1-293, and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount).

§ 33.1-23.16. Use of proceeds of Notes.

A. The net proceeds of the Notes shall be used exclusively for the purpose of providing funds, together with any other available funds, for paying the costs incurred or to be incurred for construction or funding of such projects to be designated by the Board.

B. The proceeds of Notes, including any premium received on the sale thereof, shall be made available by the Board to pay costs of the projects and, where appropriate, may be paid to any authority, locality, commission, or other entity for the purposes of paying for costs of the projects. The proceeds of Notes may be used together with any federal, local, or private funds that may be made available for such purpose. The proceeds of Notes, together with any investment earnings thereon, may at the discretion of the Board secure the payment of principal or purchase price of and redemption premium, if any, and interest on Notes.

§ 33.1-23.17. Details of Notes.

A. The terms and structure of each issue of Notes shall be determined by the Board, subject to approval by the Treasury Board if required in accordance with § 2.2-2416. The Notes of each issue shall be dated, shall be issued in a principal amount (subject to the limitation as to amount outstanding at any one time set forth in § 33.1-23.15), shall bear interest at such rate or rates that may be fixed, adjustable, variable, or a combination thereof, and may be determined by a formula or other method, shall mature at such time or times not exceeding 20 years after the issuance thereof, and may be made subject to purchase or redemption before their maturity or maturities, at such price or prices and under such terms and conditions, all as may be determined by the Board. The Board shall determine the form and series designations of Notes, whether Notes are certificated or uncertificated, and fix the authorized denomination or denominations of Notes and the place or places of payment of principal or purchase price of, and redemption premium, if any, and interest on, Notes, which may be at the office of the State

Treasurer or any bank or trust company within or without the Commonwealth. The principal or purchase price of, and redemption premium, if any, and interest on, Notes shall be made payable in lawful money of the United States of America. Each issue of Notes may be issued under a system of book entry for recording the ownership and transfer of ownership of rights to receive payments of principal or purchase price of and redemption premium, if any, and interest on such Notes. All Notes shall have and are hereby declared to have, as between successive holders, all the qualities and incidents of negotiable instruments under the negotiable instruments law of the Commonwealth.

B. The Board may sell Notes from time to time at public or private sale, by competitive bidding, negotiated sale, or private placement, for such price or prices as it may determine to be in the best interests of the Commonwealth.

§ 33.1-23.18. Form and manner of execution; signature of person ceasing to be officer.

The Notes shall be signed on behalf of the Board by the Chairman or Vice-Chairman of the Board, or shall bear the facsimile signature of such officer, and shall bear the official seal of the Board, which shall be attested by the manual or facsimile signature of the secretary or assistant secretary of the Board. In the event that Notes shall bear the facsimile signature of the Chairman or Vice-Chairman of the Board, such Notes shall be signed by such administrative assistant as the Chairman of the Board shall determine or by any registrar/paying agent that may be designated by the Board. In case any officer whose signature or a facsimile of whose signature appears on any Notes shall cease to be such officer before the delivery of such Notes, such signature or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in office until such delivery.

§ 33.1-23.19. Authority to obtain GARVEE approval.

The Board is authorized to seek any necessary approvals for the issuance of Notes as GARVEEs from the Federal Highway Administration and any successor or additional federal agencies.

§ 33.1-23.20. Expenses.

All expenses incurred under this article or in connection with issuance of Notes shall be paid from the proceeds of such Notes or from any available funds as the Board shall determine.

§ 33.1-23.21. Deposit of proceeds.

The proceeds of each series of Notes shall be placed by the State Treasurer in a special fund in the state treasury or may be placed with a trustee in accordance with § 33.1-283 and shall be disbursed only for the purpose for which such series shall be issued.

§ 33.1-23.22. Other funds.

The Board is hereby authorized to receive any other funds that may be made available to pay costs of the projects and, subject to appropriation by the General Assembly or allocation or designation by the Board, as the case may be, to make available the same to the payment of the principal or purchase price of, and redemption premium, if any, and interest on Notes authorized hereby and to enter into the appropriate agreements to allow for those funds to be paid into the state treasury, or to a trustee in accordance with § 33.1-283 to pay a part of the costs of the projects or to pay principal or purchase price of, and redemption premium, if any, and interest on Notes.

§ 33.1-23.23. Application of project-specific reimbursements.

A. In accordance with Article X, Section 7 of the Constitution of Virginia, and § 2.2-1802, all federal highway reimbursements are paid into the state treasury. In connection with each series of Notes issued pursuant to this article, the Board shall establish a fund in accordance with § 33.1-286 either in the state treasury or with a trustee in accordance with § 33.1-283, which secures and is used for the payment of such series of Notes to the credit of which there shall be deposited such amounts, appropriated therefor by the General Assembly, as are required to pay principal or purchase price of, and redemption premium, if any, and interest on Notes, as and when due and payable, (i) first from the project-specific reimbursements; (ii) then, at the discretion of the Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose.

B. The Board is authorized to provide that the pledge of federal highway reimbursements and any other federal highway assistance received for all or any series of the Notes will be subordinate to any prior pledge thereof to notes issued pursuant to subdivision 4d of § 33.1-269 and the second enactments of Chapters 1019 and 1044 of the Acts of Assembly of 2000, as amended and that the obligation to make transfers of federal highway reimbursements and any other federal highway assistance received or other amounts into any fund established under subsection A will be subordinate to the obligation to make any required payments or deposits on or with respect to notes issued pursuant to subdivision 4d of § 33.1-269 and the second enactments of Chapters 1019 and 1044 of the Acts of Assembly of 2000, as amended.

§ 33.1-23.24. Investment of proceeds and other amounts.

Notes proceeds and moneys in any reserve funds and sinking funds in respect of Notes shall be invested by the State Treasurer in accordance with the provisions of general law relating to the

investment of such funds belonging to or in the control of the Commonwealth, or by a trustee in accordance with § 33.1-283.

§ 33.1-23.25. Exemption from taxation.

The interest income from and any profit made on the sale of the Notes issued under the provisions of this article shall at all times be free and exempt from taxation by the Commonwealth and by any municipality, county, or other political subdivision thereof.

§ 33.1-23.26. Notes as eligible securities.

All Notes issued under the provisions of this article are hereby made securities in which all persons and entities listed in § 33.1-280 may properly and legally invest funds under their control.

§ 33.1-221.1:1.3. Intercity Passenger Rail Operating and Capital Fund.

A. The General Assembly declares it to be in the public interest that developing and continuing intercity passenger rail operations and the development of rail infrastructure, rolling stock, and support facilities to support intercity passenger rail service are important elements of a balanced transportation system in the Commonwealth and further declares it to be in the public interest that the retention, maintenance, improvement, and development of intercity passenger rail-related infrastructure improvements and operations are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Intercity Passenger Rail Operating and Capital Fund, which shall be considered a special fund within the Transportation Trust Fund. The Intercity Passenger Rail Operating and Capital Fund shall be established on the books of the Comptroller and shall consist of funds as may be set forth in the appropriation act and by allocation of funds for operations and projects pursuant to this section by the Commonwealth Transportation Board in accordance with § 33.1-23.1. Interest earned on moneys in the Intercity Passenger Rail Operating and Capital Fund shall remain in the Intercity Passenger Rail Operating and Capital Fund and be credited to it. Any moneys remaining in the Intercity Passenger Rail Operating and Capital Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Intercity Passenger Rail Operating and Capital Fund. Moneys in the Intercity Passenger Rail Operating and Capital Fund shall be used solely as provided in this section. Expenditures and disbursements from the Intercity Passenger Rail Operating and Capital Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Virginia Department of Rail and Public Transportation or his designee.

C. The Director of the Virginia Department of Rail and Public Transportation or his designee shall administer and expend or commit, subject to the approval of the Commonwealth Transportation Board, the Intercity Passenger Rail Operating and Capital Fund to support the cost of operating intercity passenger rail service; acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way, or facilities; or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way, or facilities for intercity passenger rail transportation purposes whenever the Board shall have determined that such acquisition, lease, and/or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole. Funds provided in this section may also be used as matching funds for federal grants to support intercity passenger rail projects.

D. Capital projects including tracks and facilities constructed and property, equipment, and rolling stock purchased with funds under this section shall be the property of the Commonwealth for the useful life of the project, as determined by the Director of the Department of Rail and Public Transportation, and shall be made available for use by all intercity passenger rail operations and common carriers using the railway system to which they connect under the trackage rights or operating agreements between the parties. Projects undertaken pursuant to this section shall be limited to those of a region of the Commonwealth or the Commonwealth as a whole. Such projects undertaken pursuant to this section shall not require a matching contribution; however, projects proposed with matching funds may receive more favorable consideration. Matching funds may be provided from any source except Commonwealth Transportation Fund revenues.

§ 33.1-268. Definitions.

As used in this article, the following words and terms shall have the following meanings:

(1) The word "Board" means the Commonwealth Transportation Board, or if the Commonwealth Transportation Board is abolished, any board, commission or officer succeeding to the principal functions thereof or upon whom the powers given by this article to the Board shall be given by law.

(2) The word "project" or "projects" means any one or more of the following:

(a) York River Bridges, extending from a point within the Town of Yorktown in York County, or within York County across the York River to Gloucester Point or some point in Gloucester County.

(b) Rappahannock River Bridge, extending from Greys Point, or its vicinity, in Middlesex County, across the Rappahannock River to a point in the vicinity of White Stone, in Lancaster County, or at some other feasible point in the general vicinity of the two respective points.

(c), (d) [Reserved.]

(e) James River Bridge, from a point at or near Jamestown, in James City County, across the James River to a point in Surry County.

(f), (g) [Reserved.]

(h) James River, Chuckatuck and Nansemond River Bridges, together with necessary connecting roads, in the Cities of Newport News and Suffolk and the County of Isle of Wight.

(i) [Reserved.]

(j) Hampton Roads Bridge, Tunnel, or Bridge and Tunnel System, extending from a point or points in the Cities of Newport News and Hampton on the northwest shore of Hampton Roads across Hampton Roads to a point or points in the City of Norfolk or Suffolk on the southeast shore of Hampton Roads.

(k) The Norfolk-Virginia Beach Highway, extending from a point in the vicinity of the intersection of Interstate Route 64 and Primary Route 58 at Norfolk to some feasible point between London Bridge and Primary Route 60.

(l) The Henrico-James River Bridge, extending from a point on the eastern shore of the James River in Henrico County to a point on the western shore, between Falling Creek and Bells Road interchanges of the Richmond-Petersburg Turnpike; however, the project shall be deemed to include all property, rights, easements and franchises relating to any of the foregoing projects and deemed necessary or convenient for the operation thereof and to include approaches thereto.

(m) The limited access highway between the Patrick Henry Airport area and the Newport News downtown area which generally runs parallel to tracks of the Chesapeake and Ohio Railroad.

(n) Transportation improvements in the Dulles Corridor, with an eastern terminus of the East Falls Church Metrorail station at Interstate Route 66 and a western terminus of Virginia Route 772 in Loudoun County, including without limitation the Dulles Toll Road, the Dulles Access Road, outer roadways adjacent or parallel thereto, mass transit, including rail, bus rapid transit, and capacity enhancing treatments such as High-Occupancy Vehicle lanes, High-Occupancy Toll (HOT) lanes, interchange improvements, commuter parking lots, and other transportation management strategies.

(o), (p) [Repealed.]

(q) Subject to the limitations and approvals of § 33.1-279.1, any other highway for a primary highway transportation improvement district or transportation service district which the Board has agreed to finance under a contract with any such district or any other alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Commonwealth Transportation Board, the financing for which is to be secured by Transportation Trust Fund revenues under any appropriation made by the General Assembly for that purpose and payable first from revenues received under such contract or other local funding source, second, to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project is located or to the county or counties in which the project is located and third, to the extent required from other legally available revenues of the Trust Fund and from any other available source of funds.

(r) U.S. 58 Corridor Development Program projects as defined in §§ 33.1-221.1:2 and 58.1-815.

(s) The Northern Virginia Transportation District Program as defined in § 33.1-221.1:3.

(t) Any program for highways or mass transit or transportation facilities, endorsed by the local jurisdiction or jurisdictions affected, which agree that certain distributions of state recordation taxes will be dedicated and used for the payment of any bonds or other obligations, including interest thereon, the proceeds of which were used to pay the cost of the program. Any such program shall be referred to as a "Transportation Improvement Program."

(u) Any project designated from time to time by the General Assembly financed in whole or part through the issuance of Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes.

(v) Any project authorized by the General Assembly financed in whole or in part by funds from the Priority Transportation Fund established pursuant to § 33.1-23.03:8 or from the proceeds of bonds whose debt service is paid in whole or in part by funds from such Fund.

(w) Any project identified by the Commonwealth Transportation Board to be financed in whole or in part through the issuance of Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes.

(3) The word "undertaking" means all of the projects authorized to be acquired or constructed under this article.

(4) The word "improvements" means such repairs, replacements, additions and betterments of and to a project acquired by purchase or by condemnation as are deemed necessary to place it in a safe and efficient condition for the use of the public, if such repairs, replacements, additions and betterments are ordered prior to the sale of any bonds for the acquisition of such project.

(5) The term "cost of project" as applied to a project to be acquired by purchase or by condemnation, includes the purchase price or the amount of the award, cost of improvements, financing

charges, interest during any period of disuse before completion of improvements, cost of traffic estimates and of engineering and legal expenses, plans, specifications and surveys, estimates of cost and of revenues, other expenses necessary or incident to determining the feasibility or practicability of the enterprises, administrative expenses and such other expenses as may be necessary or incident to the financing herein authorized and the acquisition of the project and the placing of the project in operation.

(6) The term "cost of project" as applied to a project to be constructed, embraces the cost of construction, the cost of all lands, properties, rights, easements and franchises acquired which are deemed necessary for such construction, the cost of acquiring by purchase or condemnation any ferry which is deemed by the Board to be competitive with any bridge to be constructed, the cost of all machinery and equipment, financing charges, interest prior to and during construction and for one year after completion of construction, cost of traffic estimates and of engineering data, engineering and legal expenses, cost of plans, specifications and surveys, estimates of cost and of revenues, other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized, the construction of the project, the placing of the project in operation and the condemnation of property necessary for such construction and operation.

(7) The word "owner" includes all individuals, incorporated companies, copartnerships, societies or associations having any title or interest in any property rights, easements or franchises authorized to be acquired by this article.

(8) [Repealed.]

(9) The words "revenue" and "revenues" include tolls and any other moneys received or pledged by the Board pursuant to this article, including, without limitation, legally available Transportation Trust Fund revenues and any federal highway reimbursements and any other federal highway assistance received from time to time by the Commonwealth.

(10) The terms "toll project" and "toll projects" mean projects financed in whole or in part through the issuance of revenue bonds which are secured by toll revenues generated by such project or projects.

§ 33.1-269. General powers of Board.

The Commonwealth Transportation Board may, subject to the provisions of this article:

1. Acquire by purchase or by condemnation, construct, improve, operate and maintain any one or more of the projects mentioned and included in the undertaking defined in this article;

2. Issue revenue bonds of the Commonwealth, to be known and designated as "Commonwealth of Virginia Toll Revenue Bonds," payable from earnings and from any other available sources of funds, to pay the cost of such projects;

3. Subject to the limitations and approvals of § 33.1-279.1, issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Contract Revenue Bonds," secured by Transportation Trust Fund revenues under a payment agreement between the Board and the Treasury Board, subject to their appropriation by the General Assembly and payable first from revenues received pursuant to contracts with a primary highway transportation improvement district or transportation service district or other local revenue sources for which specific funding of any such bonds may be authorized by law; second, to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the county or counties in which the project or projects to be financed are located; and third, to the extent required, from other legally available revenues of the Trust Fund and from any other available source of funds;

4. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Revenue Bonds," secured (i) by revenues received from the U.S. Route 58 Corridor Development Fund, subject to their appropriation by the General Assembly, (ii) to the extent required, from revenues legally available from the Transportation Trust Fund and (iii) to the extent required, from any other legally available funds which have been appropriated by the General Assembly;

4a. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Revenue Bonds," secured, subject to their appropriation by the General Assembly, first from (i) revenues received from the Northern Virginia Transportation District Fund, (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the city or county in which the project or projects to be financed are located, (iii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iv) such other funds which may be appropriated by the General Assembly;

4b. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Program Revenue Bonds" secured, subject to their appropriation by the General Assembly, first from (i) any revenues received from any Set-aside Fund established by the General Assembly pursuant to § 58.1-816.1, (ii) to the extent required, revenues received pursuant to any contract with a local jurisdiction or any alternative mechanism for generation of local revenues for

specific funding of a project satisfactory to the Commonwealth Transportation Board, (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the city or county in which the project or projects to be financed are located, (iv) to the extent required, legally available revenues of the Transportation Trust Fund, and (v) such other funds which may be appropriated by the General Assembly. No bonds for any project or projects shall be issued under the authority of this subsection unless such project or projects are specifically included in a bill or resolution passed by the General Assembly;

4c. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Program Revenue Bonds" secured, subject to their appropriation by the General Assembly, first from (i) any revenues received from the Commonwealth Transit Capital Fund established by the General Assembly pursuant to subdivision A 4 g of § 58.1-638, (ii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iii) such other funds which may be appropriated by the General Assembly. No bonds for any project or projects shall be issued under the authority of this subsection unless such project or projects are specifically included in a bill or resolution passed by the General Assembly;

4d. Issue revenue bonds of the Commonwealth from time to time to be known and designated as "Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes" secured, subject to their appropriation by the General Assembly, (i) first from any federal highway reimbursements and any other federal highway assistance received from time to time by the Commonwealth, (ii) then, at the discretion of the Board, to the extent required, from legally available revenues of the Transportation Trust Fund, and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose;

4e. Issue revenue bonds of the Commonwealth from time to time to be known and designated as "Commonwealth of Virginia Credit Assistance Revenue Bonds," secured, subject to their appropriation by the General Assembly, solely from revenues with respect to or generated by the project or projects being financed thereby and any tolls or other revenues pledged by the Board as security therefor and in accordance with the applicable federal credit assistance authorized with respect to such project or projects by the United States Department of Transportation;

4f. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds," secured, subject to their appropriation by the General Assembly, (i) from the revenues deposited into the Priority Transportation Fund established pursuant to § 33.1-23.03:8; (ii) to the extent required, from revenues legally available from the Transportation Trust Fund; and (iii) to the extent required, from any other legally available funds;

4g. Issue grant anticipation notes of the Commonwealth from time to time to be known and designated as "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes" secured, subject to their appropriation by the General Assembly, (i) first from the project-specific reimbursements pursuant to § 33.1-23.23; (ii) then, at the discretion of the Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose;

5. Fix and collect tolls and other charges for the use of such projects or to refinance the cost of such projects;

6. Construct grade separations at intersections of any projects with public highways, streets or other public ways or places and change and adjust the lines and grades thereof so as to accommodate the same to the design of such grade separations, the cost of such grade separations and any damage incurred in changing and adjusting the lines and grades of such highways, streets, ways and places to be ascertained and paid by the Board as a part of the cost of the project;

7. Vacate or change the location of any portion of any public highway, street or other public way or place and reconstruct the same at such new location as the Board deems most favorable for the project and of substantially the same type and in as good condition as the original highway, streets, way or place, the cost of such reconstruction and any damage incurred in vacating or changing the location thereof to be ascertained and paid by the Board as a part of the cost of the project. Any public highway, street or other public way or place vacated or relocated by the Board shall be vacated or relocated in the manner provided by law for the vacation or relocation of public roads and any damages awarded on account thereof may be paid by the Board as a part of the cost of the project;

8. Make reasonable regulations for the installation, construction, maintenance, repair, renewal and relocation of pipes, mains, sewers, conduits, cables, wires, towers, poles and other equipment and appliances herein called "public utility facilities," of the Commonwealth and of any municipality, county, or other political subdivision, public utility or public service corporation owning or operating the same in, on, along, over or under the project. Whenever the Board determines that it is necessary that any such public utility facilities should be relocated or removed, the Commonwealth or such municipality,

county, political subdivision, public utility or public service corporation shall relocate or remove the same in accordance with the order of the Board. The cost and expense of such relocation or removal, including the cost of installing such public utility facilities in a new location or locations, and the cost of any lands or any rights or interests in lands, and any other rights acquired to accomplish such relocation or removal shall be ascertained by the Board.

On any toll project, the Board shall pay the cost and expense of relocation or removal as a part of the cost of the project for those public utility facilities owned or operated by the Commonwealth or such municipality, county, political subdivision, public utility or public service corporation. On all other projects, under this article, the Board shall pay the cost and expense of relocation or removal as a part of the cost of the project for those public utility facilities owned or operated by the Commonwealth or such municipality, county, or political subdivision. The Commonwealth or such municipality, county, political subdivision, public utility or public service corporation may maintain and operate such public utility facilities with the necessary appurtenances, in the new location or locations, for as long a period and upon the same terms and conditions as it had the right to maintain and operate such public utility facilities in their former location or locations;

9. Acquire by the exercise of the power of eminent domain any lands, property, rights, rights-of-way, franchises, easements and other property, including public lands, parks, playgrounds, reservations, highways or parkways, or parts thereof or rights therein, of any municipality, county or other political subdivision, deemed necessary or convenient for the construction or the efficient operation of the project or necessary in the restoration, replacement or relocation of public or private property damaged or destroyed.

The cost of such projects shall be paid solely from the proceeds of Commonwealth of Virginia Toll or Transportation Contract Revenue Bonds or a combination thereof or from such proceeds and from any grant or contribution which may be made thereto pursuant to the provisions of this article;

10. Notwithstanding any provision of this article to the contrary, the Board shall be authorized to exercise the powers conferred herein, in addition to its general powers to acquire rights-of-way and to construct, operate and maintain state highways, with respect to any project which the General Assembly has authorized or may hereafter authorize to be financed in whole or in part through the issuance of bonds of the Commonwealth pursuant to the provisions of Section 9 (c) of Article X of the Constitution of Virginia; and

11. Enter into any agreements or take such other actions as the Board shall determine in connection with applying for or obtaining any federal credit assistance, including without limitation loan guarantees and lines of credit, pursuant to authorization from the United States Department of Transportation with respect to any project included in the Commonwealth's long-range transportation plan and the approved State Transportation Improvement Program.

§ 33.1-276. Revenue bonds.

The Board may provide by resolution, at one time or from time to time, for the issuance of revenue bonds, notes, or other revenue obligations of the Commonwealth for the purpose of paying all or any part of the cost as hereinabove defined of any one or more projects as hereinabove defined. The principal or purchase price of, and redemption premium, if any, and interest on such obligations shall be payable solely from the special funds herein provided for such payment. "Special funds" for the purposes of this section shall include any such funds established for Commonwealth of Virginia Toll Revenue Bonds, Commonwealth of Virginia Transportation Contract Revenue Bonds, Commonwealth of Virginia Transportation Revenue Bonds, ~~or~~ Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes, *or Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes*.

§ 33.1-277. Credit of Commonwealth not pledged.

A. Commonwealth of Virginia Toll Revenue Bonds issued under the provisions of this article shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the faith and credit of the Commonwealth, but such bonds shall be payable solely from the funds herein provided therefor from tolls and revenues, from bond proceeds or earnings thereon and from any other available sources of funds. All such bonds shall state on their face that the Commonwealth of Virginia is not obligated to pay the same or the interest thereon except from the special fund provided therefor from tolls and revenues under this article, from bond proceeds or earnings thereon and from any other available sources of funds and that the faith and credit of the Commonwealth are not pledged to the payment of the principal or interest of such bonds. The issuance of such revenue bonds under the provisions of this article shall not directly or indirectly or contingently obligate the Commonwealth to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, other than appropriate available funds derived as revenues from tolls and charges under this article or derived from bond proceeds or earnings thereon and from any other available sources of funds.

B. Commonwealth of Virginia Transportation Contract Revenue Bonds issued under the provisions of this article shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the

faith and credit of the Commonwealth, but such bonds shall be payable solely from the funds herein provided therefor (i) from revenues received pursuant to contracts with a primary highway transportation district or transportation service district or any other alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Commonwealth Transportation Board, (ii) to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the county or counties in which such project or projects are located, (iii) from bond proceeds or earnings thereon, (iv) to the extent required, from other legally available revenues of the Trust Fund, and (v) from any other available source of funds. All such bonds shall state on their face that the Commonwealth of Virginia is not obligated to pay the same or the interest thereon except from revenues in clauses (i) and (iii) ~~hereof~~ and that the faith and credit of the Commonwealth are not pledged to the payment of the principal and interest of such bonds. The issuance of such revenue bonds under the provisions of this article shall not directly or indirectly or contingently obligate the Commonwealth to levy or to pledge any form of taxation whatever or to make any appropriation for their payment, other than to appropriate available funds derived as revenues under this article from the sources set forth in clauses (i) and (iii) ~~hereof~~. Nothing in this article shall be construed to obligate the General Assembly to make any appropriation of the funds set forth in clause (ii) or (iv) ~~hereof~~ for payment of such bonds.

C. Commonwealth of Virginia Transportation Revenue Bonds issued under the provisions of this article shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth, but such bonds shall be payable solely from the funds herein provided therefor (i) from revenues received from the U.S. Route 58 Corridor Development Fund, subject to their appropriation by the General Assembly, (ii) to the extent required, from revenues legally available from the Transportation Trust Fund and (iii) to the extent required, from any other legally available funds which shall have been appropriated by the General Assembly.

D. Commonwealth of Virginia Transportation Revenue Bonds issued under this article for Category 1 projects as provided in subdivision (2) (s) of § 33.1-268 shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the faith and credit of the Commonwealth. Such bonds shall be payable solely, subject to their appropriation by the General Assembly, first from (i) revenues received from the Northern Virginia Transportation District Fund, (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the city or county in which the project or projects to be financed are located, (iii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iv) such other funds which may be appropriated by the General Assembly.

E. Commonwealth of Virginia Transportation Program Revenue Bonds issued under this article for projects defined in subdivision (2) (t) of § 33.1-268 shall not be deemed to constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth. Such bonds shall be payable solely, subject to their appropriation by the General Assembly, first from (i) any revenues received from any Set-aside Fund established by the General Assembly pursuant to § 58.1-816.1, (ii) to the extent required, revenues received pursuant to any contract with a local jurisdiction or any alternative mechanism for generation of local revenues for specific funding of a project satisfactory to the Commonwealth Transportation Board, (iii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the city or county in which the project or projects to be financed are located, (iv) to the extent required, legally available revenues from the Transportation Trust Fund, and (v) such other funds which may be appropriated by the General Assembly.

F. Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes issued under this article shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth, but such obligations shall be payable solely, subject to appropriation by the General Assembly, (i) first from any federal highway reimbursements and any other federal highway assistance received from time to time by the Commonwealth, (ii) then, at the discretion of the Board, to the extent required, from legally available revenues of the Transportation Trust Fund, and (iii) then, from such other funds, if any, which are designated by the General Assembly for such purpose.

G. Commonwealth of Virginia Transportation Credit Assistance Revenue Bonds issued under the provisions of this article shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth, but such obligations shall be payable solely, subject to appropriation by the General Assembly, from revenues with respect to or generated by the project or projects being financed thereby and any tolls or other revenues pledged by the Board as

security therefor and in accordance with the applicable federal credit assistance authorized with respect to such project or projects by the United States Department of Transportation.

H. Commonwealth of Virginia Transportation Capital Projects Revenue Bonds issued under the provisions of this article for projects as provided in subdivision ~~2 v~~ *(2) (v)* of § 33.1-268 shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth, but such bonds shall be payable solely, subject to their appropriation by the General Assembly, (i) from the revenues deposited into the Priority Transportation Fund established pursuant to § 33.1-23.03:8; (ii) to the extent required, from revenues legally available from the Transportation Trust Fund; and (iii) to the extent required, from any other legally available funds.

I. Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes issued under the provisions of Article 1.3 (§ 33.1-23.14 et seq.) of Chapter 1 and this article shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth, but such notes shall be payable solely, subject to their appropriation by the General Assembly, (i) first from the project-specific reimbursements pursuant to § 33.1-23.23, (ii) then, at the discretion of the Board, to the extent required, from legally available revenues of the Transportation Trust Fund, and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose.

§ 33.1-280. Sale of bonds; bonds as legal investments.

The Board may sell such bonds in such manner and for such price as it may determine to be for the best interests of the Commonwealth, but no such sale shall be made at a price so low as to require the payment of interest on the money received therefor at more than the maximum per centum per annum approved by the Commonwealth Treasury Board with respect to such obligations in accordance with § 2.2-2416 ~~of the Code of Virginia, as amended, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, excluding, however, from such computations the amount of any premium to be paid on redemption for any bonds prior to maturity~~.

All bonds heretofore or hereafter issued pursuant to the authority of this article are hereby made securities in which all public officers and bodies of this Commonwealth and all political subdivisions thereof, all insurance companies and associations, all national banks and trust companies, and savings institutions, including savings and loan associations, in the Commonwealth, and all executors, administrators, trustees, and other fiduciaries, both individual or corporate, may properly and legally invest funds within their control.

2. That § 2 of the second enactment of Chapter 896 of the Acts of Assembly of 2007 is amended and reenacted as follows:

§ 2. The Commonwealth Transportation Board is hereby authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act (§ 33.1-267 et seq. of the Code of Virginia) as amended from time to time, revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series ....." *(the Bonds)*at one or more times in an aggregate principal amount not to exceed $3 billion~~, after all costs~~ *(the Overall Limitation)*; provided that the aggregate principal amount issued in any one fiscal year shall not exceed $300 million *(the Annual Limitation)*, excluding any refunding bonds, *except for the fiscal years ending June 30, 2012, and June 30, 2013, in which the Annual Limitation shall be increased by $200 million and $300 million respectively*. If~~,~~ the aggregate principal amount issued in any fiscal year is less than ~~$300 million~~ *the Annual Limitation*, then the amount by which such issuance is less than ~~$300 million~~ *the Annual Limitation* may be issued in any subsequent fiscal year in addition to the ~~$300 million authorized in~~ *maximum Annual Limitation for* the subsequent fiscal year. *In determining compliance with either the Overall Limitation or any Annual Limitation there shall be excluded (i) the principal amount of Bonds issued under this enactment to pay issuance or financing expenses or costs (including any original issue discount) and (ii) the principal amount of Bonds issued under § 33.1-293 to refund any outstanding Bonds.* The issuance of any bonds under this Act is subject to the provisions of subsection C of § 33.1-23.03:8 of the Code of Virginia.

3. That the authority to issue additional Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes pursuant to the second enactment of Chapters 1019 and 1044 of the Acts of Assembly of 2000, as amended by Chapter 655 of the Acts of Assembly of 2005, shall expire on July 1, 2011. Nothing in this enactment shall in any way affect such notes issued prior to July 1, 2011.