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**HOUSE BILL NO. 1539**

Offered January 14, 2015

Prefiled January 6, 2015

*A BILL to amend and reenact § 2.2-2237 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-2240.7, relating to the Virginia Economic Development Partnership Authority making loans and equity investments in private businesses conducting research and development relating to translational medicine.*

Patron—Albo

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That § 2.2-2237 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-2240.7 as follows:**

**§ 2.2-2237. Powers of Authority.**

The Authority is granted all powers necessary or convenient for the carrying out of its statutory purposes, including, but not limited to, the power to:

1. Sue and be sued, implead and be impleaded, complain and defend in all courts;
2. Adopt, use, and alter at will a common seal;
3. Acquire, purchase, hold, use, lease or otherwise dispose of any property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of the Authority, and to lease as lessee, any property, real, personal or mixed, tangible or intangible, or any interest therein, at such annual rental and on such terms and conditions as may be determined by the Board and to lease as lessor to any person, any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired by the Authority, whether wholly or partially completed, at such annual rental and on such terms and conditions as may be determined by the Board and to sell, transfer or convey any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired or held by the Authority on such terms and conditions as may be determined by the Board, provided that the terms of any conveyance or lease of real property shall be subject to the prior written approval of the Governor;
4. Fix, alter, charge and collect rates, rentals, fees, and other charges for the use of property of, the sale of products of, or services rendered by the Authority at rates to be determined by it for the purpose of providing for the payment of the expenses of the Authority;
5. Make and enter into all contracts and agreements necessary or incidental to the performance of its duties, the furtherance of its purposes, and the execution of its powers under this article, including agreements with any person or federal agency;
6. Employ, at its discretion, consultants, researchers, architects, engineers, accountants, financial experts, investment bankers, superintendents, managers and such other employees and agents as may be necessary, and to fix their compensation to be payable from funds made available to the Authority. The Authority may hire employees within and without the Commonwealth and the United States without regard to whether such employees are citizens of the Commonwealth. Legal services for the Authority shall be provided by the Attorney General in accordance with Chapter 5 (§ 2.2-500 et seq.) of this title;
7. Receive and accept from any federal or private agency, foundation, corporation, association or person, grants or other aid to be expended in accomplishing the objectives of the Authority, and receive and accept from the Commonwealth or any state, and any municipality, county or other political subdivision thereof or from any other source, aid or contributions of either money, property, or other things of value, to be held, used, and applied only for the purposes for which such grants and contributions may be made. All federal moneys accepted under this section shall be accepted and expended by the Authority upon such terms and conditions as are prescribed by the United States and as are consistent with state law; and all state moneys accepted under this section shall be expended by the Authority upon such terms and conditions as are prescribed by the Commonwealth;
8. Render advice and assistance and to provide services to state agencies, local and regional economic development entities, private firms, and other persons providing services or facilities for economic development in Virginia;
9. Develop, undertake, and provide programs, alone or in conjunction with any person, for economic research, industrial development research, and all other research that might lead to improvements in economic development in Virginia;
10. Adopt, alter, and repeal bylaws, rules, and regulations governing the manner in which its

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HB1539

59 business shall be transacted and the manner in which the powers of the Authority shall be exercised and  
60 its duties performed;

61 11. Do all acts and things necessary or convenient to carry out the powers granted to it by law, and  
62 perform any act or carry out any function not inconsistent with state law that may be useful in carrying  
63 out the provisions of this article; ~~and~~

64 12. Administer any program established under the Virginia Jobs Investment Program described in  
65 § 2.2-2240.3; and

66 13. Administer the Virginia Translational Medicine Investment Fund established under § 2.2-2240.7.  
67 **§ 2.2-2240.7. Virginia Translational Medicine Investment Fund established; administration and**  
68 **uses of the Fund.**

69 A. As used in this section:

70 "Equity investment" means an investment of cash by the Authority in exchange for an ownership  
71 interest in a private business.

72 "Translational medicine" means a biomedical discipline that improves the health of individuals and  
73 the community by translating medical research findings into diagnostic tools, medicines, procedures,  
74 policies, and education through a multidisciplinary "bench-to-bedside" approach.

75 B. There is hereby created in the state treasury a special nonreverting fund to be known as the  
76 Virginia Translational Medicine Investment Fund, referred to in this section as "the Fund." The Fund  
77 shall be established on the books of the Comptroller. All (i) moneys appropriated by the General  
78 Assembly to the Fund from state and federal sources of revenue; (ii) moneys dedicated to the Fund from  
79 private contributions; (iii) premiums, fees, royalties, interest, repayments of principal, and returns on  
80 investments received by the Authority from its loans to and equity investments in private businesses  
81 conducting research and development in translational medicine pursuant to this section; (iv) recoveries  
82 of the Authority's equity investments in private businesses pursuant to this section; (v) proceeds from the  
83 sale, disposition, lease, or rental by the Authority of collateral relating to a loan or equity investment by  
84 the Authority pursuant to this section; and (vi) other moneys dedicated to the Fund, from whatever  
85 source, shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the  
86 Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including  
87 interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in  
88 the Fund. Moneys in the Fund shall be used solely for the purposes of making equity investments in  
89 private businesses conducting research and development on products and services relating to  
90 translational medicine as described in subsection C. Expenditures and disbursements from the Fund  
91 shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed  
92 by the president and chief executive officer.

93 C. 1. The Authority shall administer the Fund as a revolving loan and investment Fund. The  
94 Authority shall use the Fund to make loans to or equity investments in private businesses conducting  
95 research and development in the Commonwealth on products and services relating to translational  
96 medicine. The Authority shall make loans and equity investments solely for products or services that are  
97 in the advanced research stage of translational medicine and not in the initial stages of research and  
98 development.

99 2. The Authority shall enter into a memorandum of understanding with each private business to  
100 which it intends to make a loan or in which it intends to make an equity investment. The memorandum  
101 of understanding shall include (i) the repayment terms of any loan or the ownership share or interest  
102 required for any equity investment, (ii) requirements for the retention of research and development in  
103 the Commonwealth, and (iii) a provision that the liability of the Authority and the Commonwealth in  
104 making an equity investment is limited to the amount of equity investment agreed upon.

105 3. The Board shall make equity investments and loans from the Fund with the care, skill, prudence,  
106 and diligence under the circumstances then prevailing that a prudent person acting in a like capacity  
107 and familiar with such matters would use in the conduct of an enterprise of a like character and with  
108 like aims.

109 D. At the time of making an equity investment, in no case shall the Authority acquire an ownership  
110 interest in any entity or affiliated group that exceeds 25 percent.

111 E. To initially capitalize the revolving fund, the Comptroller shall deposit \$5 million into the Fund  
112 by August 15, 2015.

113 F. The Authority shall develop and publish guidelines implementing the provisions of this section.  
114 The guidelines shall include a description of the types of private businesses in which the Authority may  
115 make equity investments, the requirements for eligibility to receive a loan or equity investment from the  
116 Authority, and application procedures. Such guidelines shall be exempt from the provisions of the  
117 Administrative Process Act (§ 2.2-4000 et seq.).