

LD8388661

SENATE BILL NO. 686

Offered January 11, 1995

A BILL to amend the Code of Virginia by adding a section numbered 22.1-126.1; by adding in Title 22.1 a chapter numbered 10.1, consisting of sections numbered 22.1-161.1 through 22.1-161.8; and by adding a section numbered 23-3.1 and to repeal § 15.1-22; Chapter 6, consisting of §§ 15.1-228 through 15.1-235, of Title 15.1; and §§ 15.1-264 and 15.1-265 of the Code of Virginia, relating to local governments acquiring land for education purposes and borrowing by school boards from the Virginia Retirement System.

Patrons—Reasor and Gartlan; Delegates: Cohen and Murphy

Referred to the Committee on Local Government

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 22.1-126.1; by adding in Title 22.1 a chapter numbered 10.1, consisting of sections numbered 22.1-161.1 through 22.1-161.8; and by adding a section numbered 23-3.1 as follows:

§ 22.1-126.1. Acquisition of property for educational purposes by counties, cities and towns.

Any county, city or town or any combination thereof acting jointly may acquire for educational purposes by gift, purchase, condemnation or otherwise, real property and any improvements thereon within the county, city, town or combination thereof acquiring the property or within any county or city adjacent to any such county, city or town and may construct buildings thereon to be used for educational purposes. The powers of condemnation granted by this section shall be subject to the provisions of § 25-233 to the same extent as though such county, city or town were a corporation possessing the power of eminent domain. Whenever the property is not within a county, city or town acquiring the property, not more than fifty acres may be acquired. Property acquired pursuant to this section shall be under the control of the school board of the county, city or town acquiring it, or, in the case of joint action by two or more counties, cities or towns or combinations thereof, control of such property shall be under a board chosen in the manner and for the term provided in § 22.1-53. Such property may be leased on such terms as may be agreed upon to any state-supported institution of higher learning to provide for education beyond high school of residents in the general region of such political subdivisions, or the property may, with the approval of the governing body of each such participating political subdivision, be conveyed to any such institution of higher learning upon such terms and conditions as shall be agreed upon by such governing bodies and the governing body of the institution and approved by the Governor.

CHAPTER 10.1.

BORROWING BY SCHOOL BOARDS FROM VIRGINIA RETIREMENT SYSTEM.

§ 22.1-161.1. Borrowing for capital projects for school purposes authorized.

In conformity with Article VII, Section 10 of the Constitution of Virginia, any school board is hereby authorized to contract to borrow money from the Virginia Retirement System for capital projects for school purposes, with the approval of the governing body of each county and city or part thereof constituting the school division, or of the town if the town constitutes the school division; and the Board of Trustees of the Virginia Retirement System is hereby authorized to lend the money if it is available for investment, subject to and in conformity with the provisions of this chapter.

§ 22.1-161.2. Resolution by school board; approval or rejection by governing body; indebtedness evidenced by bonds.

Whenever a school board desires to contract with the Board of Trustees of the Virginia Retirement System to borrow money for capital projects for school purposes, it shall adopt a resolution setting forth the purpose for which it is desired to borrow the money and the amount of such proposed borrowing. Such resolution shall be entered in the minutes of the school board, and a copy of the same, certified by the clerk of the school board, shall be submitted by the school board to the governing body of the county, city or town for its approval or rejection. If the governing body approves the resolution, it shall enter its approval in its minutes, and the school board may then endeavor to negotiate an agreement with the Board of Trustees of the Virginia Retirement System for the borrowing of such money. If agreement is reached, the question of borrowing such money on the terms agreed upon by the school board and the Board of Trustees of the Virginia Retirement System shall again be submitted to the governing body of the county, city or town for its approval or rejection. If the governing body approves the terms of the agreement, it shall enter its approval in its minutes, and the school board may then, by resolution entered in its minutes, provide for the issuance of negotiable bonds evidencing the

INTRODUCED

SB686

indebtedness for sale to the Virginia Retirement System. Such bonds shall be issued in conformity with the provisions of this chapter.

§ 22.1-161.3. Issuance of bonds; procedure; form and requirements.

Such bonds shall be issued by the school board in the name of the county, city or town. For the payment of the principal of and the interest on such bonds, the full faith and credit of the county, city or town shall be pledged. The bonds shall be signed by the chairman of the school board and countersigned by the clerk thereof, but the bonds may bear or be executed with the facsimile signature of one of such officials, and in the case of coupon bonds, the coupons may bear the facsimile signatures of both of such officials; the bonds shall be under the seal of the school board, but in lieu of impressing such seal physically upon such bonds, a facsimile of such seal may be imprinted on the bonds if so authorized by the school board. The bonds shall be in the denomination or denominations of not less than \$1,000 each; they may be in coupon or registered form, or both, as may be agreed upon by the school board and the Board of Trustees of the Virginia Retirement System; they shall bear interest at the agreed rate or rates, and such interest shall be payable semiannually; they shall be serial bonds with maturities and amounts as agreed upon but the first maturity date shall not be longer than two years from the date of such bonds and the maximum maturity date shall not be longer than thirty years from the date of such bonds. The place or places of payment of principal and interest shall be as agreed upon by the school board and the Board of Trustees of the Virginia Retirement System. In case any officer whose signature or a facsimile thereof shall appear on any bond or coupon shall cease to be such officer before the delivery of such bond, the signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any bond may bear the signature of a person who at the actual time of the execution of such bond shall be the proper officer to sign the bond although at the date of the bond, the person may not have been such officer.

§ 22.1-161.4. Disposition of proceeds from sale of bonds; separate fund.

All proceeds received from the sale of the bonds issued under the provisions of this chapter shall be paid to the treasurer or chief financial officer of the county, city or town, who shall promptly deposit such funds in a bank or banks as prescribed by general law. He shall account for such money through a fund, separate from all other funds, in the system of accounting.

§ 22.1-161.5. Investment of proceeds pending application to authorized purpose.

Pending the application of the proceeds of any bonds issued under the provisions of this chapter to the purpose for which such bonds have been issued, all or any part of such proceeds may be invested, upon resolution of the school board, in securities that are legal investments under the laws of this Commonwealth for public sinking funds, which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the date on which the moneys will be required to make the payments for which such moneys have been designated. Any security so purchased as investment of the proceeds of such bonds shall be deemed at all times to be a part of such proceeds, and the interest accruing thereon and any profit realized from such investment shall be credited to such proceeds. Any security so purchased shall be held by the treasurer or chief financial officer of the county, city or town, and shall be sold by him upon resolution of the school board directing such sale, at the best price obtainable, or presented for redemption, whenever it shall be necessary, as determined by such resolution, in order to provide moneys to meet the purpose for which the bonds shall have been issued.

§ 22.1-161.6. Bonds mutilated, lost or destroyed.

Subject to the approval of the State Council on Local Debt, the school board may, in case any bond thereof shall become mutilated or be destroyed or lost, cause a new bond of like date, number and tenor to be executed and delivered in exchange and substitution for and upon the cancellation of such mutilated bond and its interest coupons, if any, or in lieu of and in substitution for such bond and its coupons, if any, destroyed or lost, upon the holder's paying the reasonable expense and charges in connection therewith, and in the case of a bond destroyed or lost, his filing with the treasurer or other officer having custody of the funds from which the same is to be paid, evidence satisfactory to such treasurer or other officer that such bond and coupons, if any, were destroyed or lost, and of his ownership thereof and furnishing indemnity satisfactory to such treasurer or other officer.

§ 22.1-161.7. Tax to pay principal and interest on bonds.

For the payment of the principal of and the interest on any bonds issued under the provisions of this chapter, the governing body of the county, city or town is hereby authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the county, city or town are assessed, levied and collected, a tax upon all locally taxable property within the county, city or town over and above all other taxes authorized or limited by law sufficient to pay such principal and interest as the same respectively become due and payable.

§ 22.1-161.8. Bonds deemed negotiable instruments; sale of bonds by Trustees of Retirement System; bonds made legal investments.

Bonds issued under the provisions of this chapter and purchased by the Board of Trustees of the Virginia Retirement System shall be deemed negotiable instruments under the laws of this Commonwealth. The Board of Trustees may, in its discretion, sell any such bonds so purchased and held by it at such time or times as to it may seem desirable in the management of the funds under its control; and such bonds are hereby made securities in which all public officers and bodies of this Commonwealth, and all counties, cities and towns and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, trust companies, beneficial and benevolent associations, administrators, guardians, executors, trustees and other fiduciaries in this Commonwealth may properly and legally invest funds under their control.

§ 23-3.1. Conveyance of property and appropriation of funds to Commonwealth for certain educational purposes.

The governing body of any county, city or town may, subject to written advice from the Governor that the gift is acceptable, convey to the Commonwealth by deed of gift any land, either heretofore or hereafter acquired, which, in the discretion of such governing body, is not required for the purposes of such county, city, or town, provided such land is to be used for the establishment, operation or maintenance of a branch of a state-supported college or university. For the purpose of acquiring such land the governing body may appropriate a portion of the general funds of such county, city or town.

The governing body of any county, city or town may appropriate a portion of the public funds thereof for capital outlays in connection with, and the operation or maintenance of, any state-supported college or university or branch thereof.

2. That § 15.1-22; Chapter 6, consisting of sections numbered 15.1-228 through 15.1-235, of Title 15.1; and §§ 15.1-264 and 15.1-265 of the Code of Virginia are repealed.