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HOUSE BILL NO. 31**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Joint Conference Committee
on March 9, 1996)

(Patron Prior to Substitute—Delegate Croshaw)

A BILL to amend and reenact §§ 2.1-234.11, 2.1-234.13, 2.1-234.25, and 53.1-82.2 of the Code of Virginia; to amend and reenact the tenth enactment of Chapter 878 of the 1992 Acts of Assembly; to amend and reenact the ninth and tenth enactments of Chapter 1 of the 1993 Acts of Assembly, Special Session, as amended by the seventh enactment of Chapter 841 of the 1995 Acts of Assembly; to amend and reenact the eleventh enactment of Chapter 1 of the 1993 Acts of Assembly, Special Session, as last amended by the eighth enactment of Chapter 841 of the 1995 Acts of Assembly; to amend and reenact the tenth enactment of Chapter 841 of the 1995 Acts of Assembly; to authorize projects that may be undertaken by the Virginia Public Building Authority; and to provide for certain projects to be financed by the Virginia Public Building Authority; all relating to the powers of the Virginia Public Building Authority and the projects to be financed by such Authority.

Be it enacted by the General Assembly of Virginia:**1. That §§ 2.1-234.11, 2.1-234.13, 2.1-234.25, and 53.1-82.2 of the Code of Virginia are amended and reenacted as follows:**

§ 2.1-234.11. Definitions.

The following terms, whenever used or referred to in this article, shall have the following meanings, except in those instances where the context clearly indicates otherwise:

1. The term "Authority" shall mean the body politic and corporate created by this article.

2. The term "project" shall mean any structure, facility, personal property or undertaking which the Authority is authorized to *finance, refinance*, construct, improve, furnish, equip, maintain, acquire, or operate under the provisions of this article.

3. The term "board" shall mean the governing body of the Authority.

4. The term "person" shall mean and include natural persons, firms, associations, corporations, business trusts, partnerships, and public bodies.

5. The term "federal agency" shall mean and include the United States of America, the President of the United States of America, and any department of, or corporation, agency, or instrumentality heretofore or hereafter created, designated, or established by the United States of America.

6. The term "bonds" shall mean and include the notes, bonds, and other evidences of indebtedness or obligations which the Authority is authorized to issue pursuant to this article.

7. The term "construction" shall mean and include acquisition and construction, and the term "to construct" shall mean and include to acquire and to construct all in such manner as may be deemed desirable.

8. The term "improvement" shall mean and include extension, enlargement, improvement, and renovation and the term "to improve" shall mean and include to extend, to enlarge, to improve, and to renovate all in such manner as may be deemed desirable.

9. The terms "fixtures" and "furnishings" shall mean and include any fixtures, leasehold improvements, equipment, office furniture and furnishings whatsoever as may be deemed desirable and required by the lessee of a project for the use and occupancy of such project, and the terms "to furnish" and "furnishing" shall mean and include the installation of such fixtures, equipment and furnishings.

10. The term "cost" as applied to a project financed under the provisions of this article shall mean the sum total of all costs incurred by the Authority as are reasonable and necessary for carrying out all works and undertakings necessary or incident to accomplish a project, including, without limitation because of enumeration, the cost incurred by the Authority of all necessary developmental, planning and feasibility studies, surveys, plans and specifications, architectural, engineering, financial, legal or other special services, the cost of acquisition of land and any buildings and improvements thereon, including the discharge of any obligations of the vendor of such land, buildings or improvements, site preparation and development including demolition or removal of existing structures, construction, and reconstruction, the reasonable cost of financing incurred by the Authority in the course of the development of a project, carrying charges during construction to the occupancy date, interest on bonds issued to finance a project to a date subsequent to the estimated date of completion of a project, necessary expenses incurred in connection with the initial occupancy of a project, the funding of such funds and accounts as the Authority determines to be reasonable and necessary with regard to bonds of the Authority and the cost of such other items as the Authority determines to be reasonable and necessary.

11. The term "State" shall mean the Commonwealth of Virginia and any agency or department thereof.

60 12. The term "personal property" shall mean and include all items of equipment, fixtures, and
61 furnishings, including items affixed to real property.

62 § 2.1-234.13. Purposes and general powers and duties of Authority.

63 The Authority is created for the purpose of constructing, improving, furnishing, maintaining,
64 acquiring, and operating public buildings for the use of the Commonwealth (heretofore or hereafter
65 constructed), state arsenals, armories, and military reserves, state institutions of every kind and character
66 (heretofore and hereafter constructed), additions and improvements to land grant colleges, state colleges,
67 universities and medical colleges, and the purchase of lands for rehabilitation purposes in connection
68 with state institutions and for use of state colleges, and museum facilities for a trust instrumentality of
69 the United States, and the purchase of lands for the development of public buildings which may be
70 authorized by the General Assembly in the future, ~~and~~ the acquisition of items of personal property for
71 the use of the Commonwealth, *and the financing or refinancing of reimbursements to localities or*
72 *regional jail authorities of all or any portion of the Commonwealth's share of the costs for jail projects*
73 *made pursuant to § 53.1-80, § 53.1-81, § 53.1-82, or § 53.1-95.19* (any and all of the foregoing being
74 herein called "projects"), the purpose and intent of this article being to benefit the people of the
75 Commonwealth by, among other things, increasing their commerce and prosperity. The Authority shall
76 not undertake *or finance or refinance* any project or projects which are not specifically included in a bill
77 or resolution passed by a majority of those elected to each house of the General Assembly, authorizing
78 such project or projects *or the reimbursement of all or any portion of the Commonwealth's share of the*
79 *costs of such project or projects* and, as to any project relating to a state institution of higher education,
80 not specifically designated by the board of visitors of that institution as a project to be undertaken by
81 the Authority. The Authority is hereby granted and shall have and may exercise all powers necessary or
82 convenient for the carrying out of the aforesaid purposes, including, but without limiting the generality
83 of the foregoing, the following rights and powers:

84 1. To have perpetual existence as a corporation.

85 2. To sue and be sued, implead and be impleaded, complain and defend in all courts.

86 3. To adopt, use, and alter at will a corporate seal.

87 4. To acquire, purchase, hold and use any property, real, personal or mixed, tangible or intangible, or
88 any interest therein necessary or desirable for carrying out the purposes of the Authority; without
89 limitation of the foregoing, to lease as lessee, with the approval of the Governor, any property, real,
90 personal or mixed, or any interest therein for a term not exceeding ninety-nine years at a nominal rental
91 or at such annual rental as may be determined; with the approval of the Governor, to lease as lessor to
92 the Commonwealth of Virginia and any city, county, town or other political subdivision, or any agency,
93 department, or public body of the Commonwealth, or land grant college, any project at any time
94 constructed by the Authority and any property, real, personal or mixed, tangible or intangible, or any
95 interest therein, at any time acquired by the Authority, whether wholly or partially completed; with the
96 approval of the Governor, to sell, transfer and convey to the Commonwealth of Virginia, any project at
97 any time constructed by the Authority; and, with the approval of the Governor, to sell, transfer and
98 convey any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time
99 acquired by the Authority.

100 5. To acquire by purchase, lease, or otherwise, and to construct, improve, furnish, maintain, repair,
101 and operate projects.

102 6. To make bylaws for the management and regulation of its affairs.

103 7. To fix, alter, charge, and collect rates, rentals, and other charges for the use of the facilities of, or
104 for the services rendered by, the Authority, or projects thereof, at reasonable rates to be determined by it
105 for the purpose of providing for the payment of the expenses of the Authority, the construction,
106 improvement, repair, furnishing, maintenance, and operation of its facilities and properties, the payment
107 of the principal of and interest on its obligations, and to fulfill the terms and provisions of any
108 agreements made with the purchasers or holders of any such obligations.

109 8. To borrow money; make and issue negotiable notes, bonds, and other evidences of indebtedness or
110 obligations (herein called "bonds") of the Authority and such bonds as the Authority may, from time to
111 time, determine to issue for the purpose of refunding bonds previously issued by the Authority; to
112 secure the payment of all bonds, or any part thereof, by pledge or deed of trust of all or any of its
113 revenues, rentals, and receipts; to make such agreements with the purchasers or holders of such bonds or
114 with others in connection with any such bonds, whether issued or to be issued, as the Authority shall
115 deem advisable; and in general, to provide for the security for said bonds and the rights of holders
116 thereof, provided that the total principal amount of such bonds outstanding at any time shall not exceed
117 \$990 \$1,386 million.

118 The Authority shall submit an annual report to the Governor and General Assembly on or before
119 November 1 of each year containing, at a minimum, the annual financial statements of the Authority for
120 the year ending the preceding June 30. The annual report shall be distributed in accordance with the
121 provisions of § 2.1-467.

9. To make contracts of every name and nature, and to execute all instruments necessary or convenient for the carrying on of its business.

10. Without limitation of the foregoing, to borrow money and accept grants from, and to enter into contracts, leases or other transactions with, any federal agency.

11. To have the power of eminent domain.

12. To pledge or otherwise encumber all or any of the revenues or receipts of the Authority as security for all or any of the obligations of the Authority.

13. To do all acts and things necessary or convenient to carry out the powers granted to it by this article or any other acts.

14. To acquire, by assignment from the Commonwealth or the Virginia Retirement System, all contracts, including those which are not completed, which involve constructing, improving, furnishing, maintaining, and operating the structures, facilities, or undertakings similar to those designated herein as projects.

15. To enter into contractual agreements with localities or regional jail authorities undertaking a jail project for which the financing or refinancing of reimbursements of all or any portion of the Commonwealth's share of the costs of such project will be made pursuant to subsection A 3 of § 53.1-82.2.

Except as otherwise provided by law, when projects are to be constructed, improved, furnished, maintained, repaired or operated for the use of any department of the Commonwealth, as hereinbefore listed in this section, no plans or specifications therefor shall be presented for quotations or bids until such plans and specifications shall have been submitted to and approved by the Department of General Services and any other department of the Commonwealth having any jurisdiction over the projects, so that the project will conform to standards established by such departments.

§ 2.1-234.25. Governing body of Authority.

The powers of the Authority shall be exercised by a governing body consisting of the members of the Authority acting as a board. The board shall elect in each odd-numbered year from their number a chairman, a vice-chairman, a treasurer and a secretary. *In the absence of the chairman, the vice-chairman shall exercise the powers and duties thereof.* The offices of secretary and treasurer may be combined. The board may elect such other officers from its own membership or from without as it deems appropriate.

Four members shall constitute a quorum of the board for the purpose of organizing the Authority and conducting the business thereof and for all other purposes, and all actions shall be taken by vote of a majority of the members of the Authority, unless in any case the bylaws shall require a larger number.

The board shall have full authority to manage the properties and business of the Authority, and to prescribe, amend, and repeal bylaws, rules, and regulations governing the manner in which the business of the Authority may be conducted, and the powers granted to it may be exercised and embodied. The board may assign to the Treasury Board or the State Treasurer such powers and duties as it may deem proper.

§ 53.1-82.2. Method of reimbursement; involvement of the Treasury Board.

A. Reimbursements by the Commonwealth to localities or regional jail authorities for a portion of the capital costs of a jail project, made pursuant to §§ 53.1-80, 53.1-81, 53.1-82, or § 53.1-95.19 may be effected ~~either~~ *by one of the following methods:*

1. In one lump sum payment to be made upon completion of the project, for minor renovation projects, or two equal lump sum payments, one such payment to be made upon certification that the construction, enlargement or renovation is fifty percent complete and the second such payment to be made upon completion of the project, such payments to be paid by the State Treasurer out of funds appropriated to the Department of Corrections; ~~or~~

2. Over a specified period of time through a contractual agreement entered into by the Treasury Board and approved by the Governor, on behalf of the Commonwealth, and the locality, localities or regional authority or other combination of localities undertaking a jail project, such payments to be paid by the State Treasurer out of funds appropriated to the Treasury Board; *or*

3. In one lump sum payment to be made upon completion of the project by the Virginia Public Building Authority pursuant to § 2.1-234.13, including the Commonwealth's share of the interest costs expended by the locality or regional jail authority for financing such project during the period from fifty percent completion of construction to final completion of construction.

B. The General Assembly shall have the sole authority to determine whether reimbursement will be made pursuant to subdivision A 1 ~~or subdivision~~, A 2, or A 3. The Department of Planning and Budget, after consulting with the Treasury Board, shall evaluate all proposed jail projects and make recommendations to the Governor regarding the method of reimbursement for inclusion in his biennial budget.

C. Any contract for reimbursement over a specified period of time entered into pursuant to

subdivision A 2 shall include the following:

1. The Commonwealth shall reimburse a portion of financing costs as provided in subsection E below;

2. The Commonwealth's reimbursement payments shall be subject to appropriation;

3. In the event that the jail project is financed through an issuance of securities, the Commonwealth's reimbursement payments shall be calculated using the coupon interest rates received by the locality or jail authority at the time the securities for the project are sold and shall be made pursuant to a schedule to be set forth in the contract;

4. In the event that a jail project is financed through an issuance of securities, and coupon interest rates are not available due to the structure of the securities, the Treasury Board is authorized to make such adjustments as are necessary and reasonable to calculate the Commonwealth's payments;

5. In the event that the jail project is financed through a method other than the issuance of securities, the Commonwealth's payment shall include interest payments based on an interest rate assumption equal to the prevailing AA rate for tax-exempt bonds issued by the Commonwealth or agencies thereof, or the actual rate achieved, whichever is lower, and the schedule for the Commonwealth's reimbursement payments shall be set forth in the contract; and

6. Such other terms and conditions as are necessary to specify the structure of the Commonwealth's participation in project financing and as may be required by guidelines established by the Treasury Board.

Reimbursement to localities pursuant to this section shall be available without regard to the security level of the facility constructed, enlarged or renovated, provided such facility satisfies applicable standards established by the Board pursuant to § 53.1-68.

D. For purposes of this article, "capital costs" includes, but is not limited to, actual construction costs, costs of land acquisition, if the land purchased is used exclusively for siting a jail facility, architectural and engineering fees, and fixed equipment. "Capital costs" does not include administrative costs nor a financial advisor's, an investment banker's, or attorneys' fees incurred by local governments or, except in the case of minimum security facilities, loose equipment or furnishings.

E. For purposes of this article, "financing costs" means the total of all costs incurred by the locality, localities or regional authority or other combination of localities as are deemed reasonable and necessary by the Treasury Board to execute the financing of the Commonwealth's payment of capital costs and to fund such funds and accounts as the Treasury Board determines to be reasonable and necessary.

2. That the tenth enactment of Chapter 878 of the 1992 Acts of Assembly is amended and reenacted as follows:

10. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake a project consisting of the acquisition of buildings and appurtenant land, construction, improvements and furnishings of the Kiptopeake State Park Facility located on the Eastern Shore, and to exercise any and all powers granted to it by law in connection therewith, including the power to lease such project to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds in a principal amount not to exceed ~~\$8,500,000~~ *\$11,000,000* plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

3. That the ninth and tenth enactments of Chapter 1 of the 1993 Acts of Assembly, Special Session, as amended by the seventh enactment of Chapter 841 of the 1995 Acts of Assembly, are amended and reenacted as follows:

9. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake a project consisting of the construction *and furnishing* of a Keen Mountain Prototype Facility #3 maximum-security prison, to be located in Sussex County (Sussex I), and to exercise any and all powers granted to it by law in connection therewith, including the power to lease such project to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds in a principal amount not to exceed ~~\$71,120,000~~ *\$74,472,000* plus amounts needed to fund issuance costs, reserve funds, and other financing expenses. *Of the amount provided for the Sussex I facility, no more than \$3,352,000 shall be used to furnish the facility.*

10. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake a project consisting of the demolition of existing structures and the construction *and furnishing* of a new women's multi-custody prison to be located in Fluvanna County, and to exercise any and all powers granted to it by law in connection therewith, including the power to lease such project to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds in a principal amount not to exceed ~~\$48,899,312~~ *\$53,110,312* plus amounts needed to fund issuance costs, reserve funds, and other financing expenses. *Of the amount provided for the women's multi-custody prison, no more than \$4,211,000 shall be used to furnish the facility.*

4. That the eleventh enactment of Chapter 1 of the 1993 Acts of Assembly, Special Session, as last amended by the eighth enactment of Chapter 841 of the 1995 Acts of Assembly, is amended and reenacted as follows:

11. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake a project consisting of the construction and furnishing of a maximum security youth facility and wastewater treatment plant at Beaumont in Powhatan County, and to exercise any and all powers granted to it by law in connection therewith, including the power to lease such project to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds in a principal amount not to exceed ~~\$20,432,000~~ \$21,132,000 plus amounts needed to fund issuance costs, reserve funds, and other financing expenses. Of the amounts provided for the maximum security youth facility, not more than ~~\$432,400~~ \$1,132,400 shall be used to furnish the project.

5. That the tenth enactment of Chapter 841 of the 1995 Acts of Assembly is amended and reenacted as follows:

10. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake a project consisting of the improvement of one museum facility as follows:

Facility	Principal Amount of Project
Broad Street Station (Science Museum of Virginia) Renovations and Emergency Repairs	\$1,730,450 \$9,330,450

The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to lease such project to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

6.

§ 1. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake projects consisting of the construction, improvement, and furnishing of adult and juvenile correctional facilities and the acquisition of appurtenant land as follows:

Facility	Principal Amount of Project
Southampton Reception and Classification Center: Renovation	\$5,100,000
Close Custody Juvenile Correctional Facility	

(Culpeper County) \$30,430,000 § 2. The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to lease such projects to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

7.

§ 1. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake projects consisting of the construction and furnishing of farmers market facilities and the acquisition of appurtenant land as follows:

Principal Amount Facility of Project Farmers Market Facility (Southampton County) \$4,600,000 Farmers Market Facility (Northern Neck) \$2,800,000 § 2. The Virginia Public Building Authority is also authorized to exercise any and all powers granted to it by law in connection therewith, including the power to lease such projects to the Commonwealth and to finance the cost thereof by the issuance of revenue bonds not to exceed the principal amount set forth plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.

8.

§ 1. That pursuant to § 2.1-234.13 of the Code of Virginia, the General Assembly hereby authorizes the Virginia Public Building Authority to undertake the following projects including, without limitation, constructing, improving, furnishing, maintaining, acquiring and renovating buildings, facilities, improvements and land therefor, to exercise any and all powers granted to it by law in connection therewith, including the power to lease such projects to the Commonwealth, and to finance all or any portion of the cost thereof by the issuance of revenue bonds in a principal amount not to exceed

305 \$2,163,000 plus amounts needed to fund issuance costs, reserve funds, and other financing expenses.
306 The Authority may pay all or any part of the cost of any project hereinafter listed or previously
307 authorized or any portion thereof with any income and reserve funds of the Authority available for such
308 purpose, and in such case may transfer such funds of the Authority, with or without a property interest
309 in such projects, as determined by the Authority, with the approval of the Governor.

310

311 Facility

Project Cost

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313 The College of William and Mary

314 Supplement to Facilities Management Complex \$266,000

315 Virginia Community College System, Mountain Empire

316 Economic Development/Business Technology Building \$1,250,000

317 Virginia State University

318 Daniel Gymnasium Air Conditioning \$647,000

319 Total \$2,163,000

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