

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend the Code of Virginia by adding in Title 15.2 a chapter numbered 24.3, consisting of
2 sections numbered 15.2-2430 through 15.2-2440, relating to creation of the Virginia
3 Infrastructure in Urban Development Areas Loan Fund.

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

5 **1. That the Code of Virginia is amended by adding in Title 15.2 a chapter numbered 24.3,**
6 **consisting of sections numbered 15.2-2430 through 15.2-2440, as follows:**

7 CHAPTER 24.3.

8 VIRGINIA INFRASTRUCTURE IN URBAN DEVELOPMENT AREAS LOAN FUND.

9 § 15.2-2430. Definitions.

10 As used in this chapter, unless the context requires a different meaning:

11 "Authority" means the Virginia Resources Authority created in Chapter 21 (§ 62.1-197 et seq.)
12 of Title 62.1.

13 "Cost," as applied to any project financed under the provisions of this chapter, means the total of
14 all costs incurred by the local government as reasonable and necessary for carrying out all works and
15 undertakings necessary or incident to the accomplishment of any project.

16 "Fund" means the Virginia Infrastructure in Urban Development Areas Loan Fund.

17 "Local government" means any county, city, or town that has, pursuant to § 15.2-2223.1,
18 amended its comprehensive plan to incorporate one or more urban development areas.

19 "Project" means (i) the design and construction of roads located or to be located within an urban
20 development area in the Commonwealth and (ii) any small water facility project as defined in § 62.1-
21 229 and any wastewater treatment facility located or to be located within an urban development area in
22 the Commonwealth, all or part of which facility serves the citizens of the Commonwealth. The term
23 includes, without limitation, sewage and wastewater (including surface and ground water) collection,

24 treatment and disposal facilities; drainage facilities and projects; related office, administrative, storage,
25 maintenance and laboratory facilities; and interests in land related thereto.

26 "Urban development area" shall have the same meaning as provided in § 15.2-2223.1.

27 § 15.2-2431. Creation and management of Fund.

28 There shall be set apart as a permanent and perpetual fund, to be known as the Virginia
29 Infrastructure in Urban Development Areas Loan Fund, consisting of such sums that may be
30 appropriated to the Fund by the General Assembly, all receipts by the Fund from loans made by it to
31 local governments, all income from the investment of moneys held in the Fund, and any other sums
32 designated for deposit to the Fund from any source, public or private. The Fund shall be administered
33 and managed by the Authority as prescribed in this chapter. The Authority shall establish guidelines
34 regarding the distribution of loans or grants from the Fund, prioritization of such loans and grants, and
35 shall establish interest rates and repayment terms of such loans as provided in this chapter. The
36 Authority may disperse from the Fund its reasonable costs and expenses incurred in the administration
37 and management of the Fund.

38 § 15.2-2432. Deposit of money; expenditures; investments.

39 All money belonging to the Fund shall be deposited in an account or accounts in banks or trust
40 companies organized under the laws of the Commonwealth or in national banking associations located
41 in Virginia or in savings institutions located in Virginia organized under the laws of the Commonwealth
42 or the United States. The money in these accounts shall be paid by check signed by the Executive
43 Director of the Authority or other officers or employees designated by the Board of Directors of the
44 Authority. All deposits of money shall, if required by the Authority, be secured in a manner determined
45 by the Authority to be prudent, and all banks, trust companies, and savings institutions are authorized to
46 give security for the deposits. Money in the Fund shall not be comingled with other money of the
47 Authority. Money in the Fund not needed for immediate use or disbursement may be invested or
48 reinvested by the Authority in obligations or securities that are considered lawful investments for public
49 funds under the laws of the Commonwealth.

50 § 15.2-2433. Annual audit.

51 The Auditor of Public Accounts, or his legally authorized representatives, shall annually audit
52 the accounts of the Authority, and the cost of such audit services as shall be required shall be borne by
53 the Authority. The audit shall be performed at least each fiscal year, in accordance with generally
54 accepted auditing standards and, accordingly, include such tests of the accounting records and such
55 auditing procedures as are considered necessary under the circumstances. The Authority shall furnish
56 copies of such audit to the Governor.

57 § 15.2-2434. Collection of money due Fund.

58 The Authority is empowered to collect, or to authorize others to collect on its behalf, amounts
59 due to the Fund under any loan to a local government, including, if appropriate, taking the action
60 required by § 15.2-2659 to obtain payment of any amounts in default. Proceedings to recover amounts
61 due to the Fund may be instituted by the Authority in the name of the Fund in the appropriate circuit
62 court.

63 § 15.2-2435. Loans to local governments.

64 Except as otherwise provided in this chapter, money in the Fund shall be used solely to make
65 loans to local governments to finance or refinance the cost of any project. No loan from the Fund shall
66 exceed the total cost of the project to be financed or the outstanding principal amount of indebtedness to
67 be refinanced plus reasonable financing expenses.

68 The Authority shall determine the terms and conditions of any loan from the Fund, which may
69 vary between local governments. Each loan shall be evidenced by appropriate bonds or notes of the local
70 government payable to the Fund. The bonds or notes shall have been duly authorized by the local
71 government and executed by its authorized legal representatives. The Authority is authorized to require
72 in connection with any loan from the Fund such documents, instruments, certificates, legal opinions, and
73 other information as it may deem necessary or convenient. In addition to any other terms or conditions
74 that the Authority may establish, the Authority may require, as a condition to making any loan from the
75 Fund, that the local government receiving the loan covenant perform any of the following:

76 1. Establish and collect rents, rates, fees, and charges to produce revenue sufficient to pay all or a
77 specified portion of (i) the costs of operation, maintenance, replacement, renewal, and repairs of the
78 project; (ii) any outstanding indebtedness incurred for the purposes of the project, including the principal
79 and premium, if any, and interest on the loan from the Fund to the local government; and (iii) any
80 amounts necessary to create and maintain any required reserve, including any rate stabilization fund
81 deemed necessary or appropriate by the Authority to offset the need, in whole or in part, for future
82 increases in rents, rates, fees, or charges;

83 2. Levy and collect ad valorem taxes on all property within the jurisdiction of the local
84 government subject to local taxation sufficient to pay the principal and premium, if any, and interest on
85 the loan from the Fund to the local government;

86 3. Create and maintain a special fund or funds for the payment of the principal and premium, if
87 any, and interest on the loan from the Fund to the local government and any other amounts becoming
88 due under any agreement entered into in connection with the loan, or for the operation, maintenance,
89 repair, or replacement of the project or any portions thereof or other property of the local government,
90 and deposit into any fund or funds amounts sufficient to make any payments on the loan as they become
91 due and payable;

92 4. Create and maintain other special funds as required by the Authority; and

93 5. Perform other acts, including the conveyance of, or the granting of liens on or security
94 interests in, real and personal property, together with all rights, title and interest therein, to the Fund, or
95 to take other actions as may be deemed necessary or desirable by the Authority to secure payment of the
96 principal and premium, if any, and interest on the loan from the Fund to the local government and to
97 provide for the remedies of the Fund in the event of any default by the local government in the payment
98 of the loan, including, without limitation, any of the following:

99 a. The procurement of insurance, guarantees, letters of credit, and other forms of collateral,
100 security, liquidity arrangements or credit supports for the loan from any source, public or private, and
101 the payment therefor of premiums, fees, or other charges;

102 b. The combination of one or more projects, or the combination of one or more projects with one
103 or more other undertakings, facilities, utilities, or systems, for the purpose of operations and financing,
104 and the pledging of the revenues from such combined projects, undertakings, facilities, utilities, and
105 systems to secure the loan from the Fund to the local government made in connection with such
106 combination or any part or parts thereof;

107 c. The maintenance, replacement, renewal, and repair of the project; and

108 d. The procurement of casualty and liability insurance.

109 All local governments borrowing money from the Fund are authorized to perform any acts, take
110 any action, adopt any proceedings, and make and carry out any contracts that are contemplated by this
111 chapter. Such contracts need not be identical among all local governments, but may be structured as
112 determined by the Authority according to the needs of the contracting local governments and the Fund.

113 Subject to the rights, if any, of the registered owners of any of the bonds of the Authority, the
114 Authority may consent to and approve any modification in the terms of any loan to any local
115 government subject to the guidelines adopted by the Board.

116 § 15.2-2436. Prioritization of loans.

117 In approving loans, the Authority shall give preference to loans for projects that will serve two or
118 more local governments to encourage regional cooperation.

119 § 15.2-2437. Pledge of loans to secure bonds of Authority.

120 The Authority is empowered at any time and from time to time to transfer from the Fund to
121 banks or trust companies designated by the Authority any or all assets of the Fund to be held in trust as
122 security for the payment of the principal and premium, if any, and interest on any or all of the bonds (as
123 defined in § 62.1-199) of the Authority. The interests of the Fund in any obligations so transferred shall
124 be subordinate to the rights of the trustee under the pledge. To the extent funds are not available from
125 other sources pledged for such purpose, any payments of principal and interest received on the assets
126 transferred or held in trust may be applied by the trustee thereof to the payment of the principal and
127 premium, if any, and interest on such bonds of the Authority to which the obligations have been

128 pledged, and, if such payments are insufficient for such purpose, the trustee is empowered to sell any or
129 all of such assets and apply the net proceeds from the sale to the payment of the principal and premium,
130 if any, and interest on such bonds of the Authority. Any assets of the Fund transferred in trust as set
131 forth above and any payments of principal, interest, or earnings received thereon shall remain part of the
132 Fund but shall be subject to the pledge to secure the bonds of the Authority and shall be held by the
133 trustee to which they are pledged until no longer required for such purpose by the terms of the pledge.
134 On or before January 10 each year, the Authority shall transfer, or shall cause the trustee to transfer, to
135 the Fund any assets transferred or held in trust as set forth above that are no longer required to be held in
136 trust pursuant to the terms of the pledge.

137 § 15.2-2438. Sale of loans.

138 The Authority is empowered at any time and from time to time to sell, upon such terms and
139 conditions as the Authority shall deem appropriate, any loan, or interest therein, made pursuant to this
140 chapter. The net proceeds of sale remaining after payment of the costs and expenses of the sale shall be
141 designated for deposit to, and become part of, the Fund.

142 § 15.2-2439. Powers of the Authority.

143 The Authority is authorized to do any act necessary or convenient to the exercise of the powers
144 granted in this chapter or reasonably implied thereby.

145 § 15.2-2440. Liberal construction of chapter.

146 The provisions of this chapter shall be liberally construed to the end that its beneficial purposes
147 may be effectuated. Insofar as the provisions of this chapter are inconsistent with the provisions of any
148 other law, general, special, or local, the provisions of this chapter shall be controlling.

149 #

SUMMARY

Virginia Infrastructure in Urban Development Areas Loan Fund. Creates the Virginia Infrastructure in Urban Development Areas Loan Fund. The Fund would be administered by the Virginia Resources Authority. Money in the Fund would be used exclusively for the financing of road, small water facility, and wastewater treatment facility projects located or to be located within an urban development area in the Commonwealth and undertaken by a local government. Priority for loans would be given to projects that will serve two or more local governments to encourage regional cooperation.